

REPUBLIC OF KENYA



Enhancing Accountability

PARLIAMENT
OF KENYA
LIBRARY

REPORT

DATE: 03 MAY 2023

DAY:

Wednesday

**TABLED
BY:**

Hon. Kimani Ichung'uwa
(Leader of the Majority Party)

**CLERK-AT
THE-TABLE:**

Kalama

OF

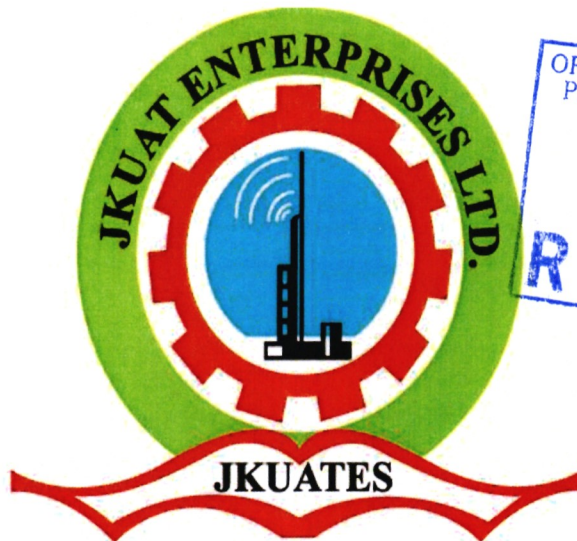
THE AUDITOR-GENERAL

ON

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

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

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Taking the University to the People

JKUAT ENTERPRISES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30 JUNE 2022**

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

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I. KEY ENTITY INFORMATION

a) Background information

JKUAT Enterprises Ltd was established under the Companies Act (Cap. 486) on eighth October two thousand and two. At Cabinet level, the entity is represented by the Cabinet Secretary for Education who is responsible for the general policy and strategic direction of the entity.

b) Principle Activities

The principle activities of the company are to offer Training, Consultancy services and Production and sale of Tissue Culture and horticulture seedlings. The entity is currently venturing on E-commerce and trade. The company's vision and mission are as follows:

Vision

To be the Africa's leading provider in training, production and consultancy in emerging technologies to improve livelihoods.

Mission

To train, produce and consult in innovative emerging technologies, using highly qualified human resource for increased performance of public, private and non-governmental organizations.

c) Directors

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

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

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d) Corporate Secretary

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

e) Registered Office

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

f) Corporate Headquarters

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

g) Corporate Contacts

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

h) Corporate Bankers

1. Kenya Commercial Bank Ltd,
Moi Avenue Branch
P.O. Box 30081 - 00100
NAIROBI
2. Cooperative Bank of Kenya,
Thika Branch
P.O BOX 1815-01000
THIKA
3. Standard Chartered Bank
Thika Branch
P.O. BOX 300-01000
THIKA

i) Independent Auditors

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








j) Principal Legal Advisor

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

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II.THE BOARD OF DIRECTORS

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

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

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III.MANAGEMENT TEAM

	<p>Dr. Winifred N. Karugu, Managing Director BSc Agriculture (Oklahoma state university) MSc Agricultural Economics (Oklahoma state university) PhD Economics (JKUAT)</p>
	<p>Mr. Erastus Mvuria, General Manager Certified Public Accountant Bachelor of Commerce Master of Business Administration</p>
	<p>CPA. Joseph Macharia, Finance Manager Certified Public Accountant Bachelor of Commerce</p>
	<p>Mr. Evans Mutugi, Projects Manager B. Com in Business Administration and Management Master of Procurement and Logistics Certified Procurement and Supply Professional-(CPSP-part 1) Certified Public Accountant (CPA- part 1)</p>
	<p>Mr. John Kiumi Wambugu, Company Secretary Master in Strategic Management – University of Nairobi (2011); Post Graduate Diploma in Law – Kenya School of Law (2004 - 2005); Bachelor of Laws (Hons) – University of Nairobi (2000 - 2004); Certified Public Accountant, (CPA.K) Strathmore University (1999 – 2001) Certified Public Secretary, Section 6 (CPS. K) (June 2007)</p>

IV. CHAIRMAN'S STATEMENT

Introduction

JKUAT Enterprises Limited exists to enhance entrepreneurial activity through the latest technological research to provide practical solutions for business problems by drawing on resources. We enhance JKUAT University's link with the industry, government, the public, and other stakeholders to provide a forum for networking to propel development, and to market its innovations while providing peerless consultancy to our clientele based on our competence in research and innovation.

Financial Performance

The company attained a revenue of **Ksh 355.88** million in the previous financial year, with a gross profit of **Ksh 70.25** million and an after-tax profit of **Ksh 0.72 million**. Revenue was **Ksh 357.65** million in 2020/2021, with a gross profit of **Ksh 59.96** million and a net profit of Ksh 2.24 million.

Key Highlights

The fiscal year presented challenges to the organisation with regard to capititation delays due the global economic problems affecting the world in general and, as a consequence, the government.

The corporation however made necessary adjustments to ensure that the effects of this were cushioned, enabling the organisation to recover during the fourth quarter of the year. A decision to target alternative markets as opposed to the traditional parastatals, NGOs as our primary customers, led to this discovery.

To expand business activities, the organisation formed strategic alliances with industry players in several industries as well as underwent restructuring of its activities to ensure that the company operated efficiently.

Corporate Social Responsibility

The CSR activities with our local primary school, JKUAT Primary included tending to the mini orchard as well as painting some buildings within the school including the head teacher's office, admin block, as well as building a gate for the school. The corporation, on the other hand, was involved in building activities such as Kengo Gate maintenance.

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Challenges

This being an election year most players adopted a wait and see attitude, resulting in a downturn in economic activity. Locally the economy is reeling from the after effects of the covid pandemic, inflation, supply chain disruptions and unpredictable financial markets while globally, the war between Russia and Ukraine has greatly added to existing problems.

Conclusion

Management is optimistic about navigating the current times and meeting its goals for the coming financial year by pursuing and focusing on more substantial business opportunities, motivating staff for improved performance, re-engineering our operations and innovating with a view to improved performance.

Signature: 
Chairman

Date: 7/3/2023

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

Financial Performance

The company attained a revenue of **Ksh 355.88** million in the previous financial year, with a gross profit of **Ksh 70.25** million and an after-tax profit of **Ksh 0.72 million**. Revenue was **Ksh 357.65** million in 2020/2021, with a gross profit of **Ksh 59.96** million and a net profit of Ksh 2.24 million.

The first two quarters were better than those of the previous three years, but the third quarter presented new challenges that the company had not encountered before. Our main customers, while expressing willingness to work, informed us that their capitation had been delayed due to the global economic problems affecting the world in general and our government in particular. The result was that we received extremely low income during the quarter. In order to address these problems Management convened a meeting of all divisions and brainstormed.

Performance of Divisions

The divisions contributed to the aforementioned results as follows:

- Consultancy division Ksh 163.6 m
- Products division Ksh 131 m
- Support Services & Logistics division Ksh 39.9 m
- EDC division Ksh 11.9 m
- Animal Feeds Ksh 7.01 m
- Construction Ksh 0.945 m
- E-Commerce Ksh 0.27 m

Environmental Impact

JKUAT Enterprises continues to make a significant contribution to environmental protection due to its active role in production of seedlings that are planted in orchards across the country. This has helped green the countryside, as well as clean the atmosphere. During the time period in question, the company sold more than 600,000 seedlings both tissue cultured and grafted. The company also in collaboration with the University held a tree planting day that further improved the microenvironment in the Juja Main Campus.

Social Impact

In order to promote security at the Kengo gate, JKUATES installed electricity from our premises which not only lit up the area but the University will not incur any bills.

Reports from the Company's Divisions

Products Division

The Products unit produces propagation materials, convenience foods, and biotechnology products.

Propagation Materials

Despite the challenges of the current fiscal year, the propagation materials unit continues to consistently produce seedlings. The unit had prepared enough supplies for the March to May season. However, as a result of the poor rains and the current low treasury-backed orders, sales have not been as expected. The division however during this period launched an aggressive marketing campaign to attract individuals and organizations that do not rely on the treasury for funding. This trend is anticipated to continue within the short term. In response to market feedback, the division also introduced new crops such as coffee in order to expand its product range and attract more buyers. This will, however, be done on a small scale.

Convenience Foods

Due to rising raw material and factory operating costs, as well as the country's financial difficulties, our current sales have stalled. We are, however, working on solutions to these problems in order to reduce our production costs and provide affordable products to the market while maintaining reasonable margins. In order to meet the country's emerging food safety challenges, we would like to inform the board that, in addition to the existing infrastructure, we intend to install manufacturing equipment and infrastructure to improve our flour quality. To propel the company forward, we recognize that more aggressive and fundamental measures are required, but we hope that these efforts will help our company grow in the short term, with an impact visible in the coming fiscal year.

Consultancy Division

The Consultancy Unit generally undertakes consultancy services aimed to solve the problems of clients, in strategic management, HR, ICT, and architectural and engineering design and project management.

The financial year 2021 - 2022 has been the Division's best performing year, with revenues of over 163M. This is attributed to diversification into new business lines and clients and securing more business from existing clients. As a result, within a year, we increased our client base by getting business from KPC, Biovax, Mathari hospital, KEMRI, IDRC, VinsBio India and Fraunhofer ICT Germany. Furthermore, the division diversified into new research and risk management areas. The division expects to meet its financial targets for the coming financial year and embarked on exploring the open market.

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Corporate Social Responsibility

The company installed electricity from our premises to promote security at Kengo gate and did paint works within the offices and building of Jomo Kenyatta Primary School.

Support Services and Logistics Division

The Support Services and Logistics division offers non-core solutions to professionals, projects, and organizations as an outsourced service. The solutions revolve around but are not limited to payroll management, procurement, IT, HR, business development, admin, and logistics. For the services rendered, the division realizes income by charging a commission on the total project budget.

During the period in review, the division continued to provide support services to different projects and organizations that it had secured the previous quarters, including the Foundation of Innovative New Diagnostics project on digital tools for COVID-19 mapping, the Bodaboda Project, Praesens mobile clinic project, Healthynsect, and the HIV self testing project. The division continues to shape up and expand to meet its clientele's growing demands and maintain its efficiency.

The division looks forward to meeting the financial targets for the financial year 2022/2023.

Moreover, the division acquired furniture and is refurbishing its office into a more presentable working space

Enterprise Development Centre

EDC engages in all forms of training ranging from computer packages, practical training, and business training for SMEs.

During the period under review the division engaged in training various short courses including basic computer packages (Word, Xcel, Database, Data Security, Powerpoint and Publisher), as well as other computer courses such as SPSS, Stata, Java programming, Blockchain, ICDL, Cyber Security, Python programming, IT Essentials, computer graphics, and Mobile App development. Other courses include mushroom cultivation, M & E, Project Management, and CPA.

The division also introduced new market oriented products in data science namely: data science with python and R, Big data, Design thinking for practitioners, Digital innovation and Entrepreneurship.

The division embarked on marketing its products both physically and digitally and as a result, had an uptake of number on short certificate courses

The division also expanded its mushroom house to upscale production of oyster mushrooms and

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button mushrooms.

E-Commerce Division

The E-Commerce division engages in trading specialty teas online as well as an online “agrimart” platform capable of trading all JKUAT products together with the products generated by JKUATES customers.

TeaSoko

Our platform TeaSoko continues to attract gradual interest from tea lovers both locally and internationally.

Avocado Export Business

The E-Commerce division did not ship any containers to the international market during the financial year due to the second wave of Covid-19. They however spent the period preparing for the international market season, which begins in February by establishing strong receivers and clients in Dubai/Middle East, Europe, Malaysia/Far East Market and Egypt and plan to place at least 5 containers in the international markets in 2022. The division continued to train people in avocado agribusiness and added harvesting materials to their product portfolio.

Construction

The main activities include construction of new buildings and renovation of existing buildings. The main client is the University.

During the period in question, the division engaged in activities as described below.

COETEC Building

Construction at the COETEC building has stalled awaiting funds. We have raised a variation of Ksh.44,972,590.58 due to price and design changes. The building is usable on one wing having installed the tiles. So far JKUATES has received the entire contract sum of Ksh. 208,748,244.81.

JKUATES Projects

The division during the period undertook a project to build a 20mtrs by 5mtrs chicken house for breeding chicken under the animal feeds division.

The division is also constructing Black Soldier Fries cages in a greenhouse at a cost of Ksh. 519,100.00. This will bring in a saving of about Ksh. 150,000.00.

Animal Feeds Division Report

This division develops and promotes animal production resources, and activities include livestock breeding, feeding, and feed technologies, alongside other disruptive agriculture technologies (DAT).

The division during the period in question managed to sell 350 tons for Ksh 2.3m and succeeded in securing two contracts from E4Impact and Bug Picture projects to make special formulations. The design and construction of an animal feed factory are currently ongoing. The division is growing its Black Soldier Fly project and improving on existing feed products and is hopeful of meeting its targets in the financial year.

HR Division

JKUATES during the quarter in question, had a total of 135 employees with 75 of them being female and 60 being male. In comparison to the same period in the previous fiscal year, ethnic diversity improved to 37% from one ethnic group, down from 41%. JKUAT Noodles had a total employee count of 4 people, 2 of whom are female and 2 of whom are male.

During the quarter the division worked on a draft HR policy for the organisation for deliberation and adoption. The department is growing and working to ensure that the company complies with Labour laws in terms of payment, the implementation of various policies on staff recruitment and on-boarding, monthly probation reviews of new employees, leave management, as well as addressing and discussing employee concerns with management to ensure that employee concerns are addressed timely and adequately.

Conclusion

During the period under review, the company experienced very tough times with significant financial challenges, aggravated by the COVID 19 pandemic. However, we still managed to grow our top line and improve the bottom line. Management is hopeful that the company will be able to steer through the current tough times to meet the targets for this year and beyond.

Signature 
Managing Director

Date 7/3/23

VI. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

JKUAT Enterprises Ltd (JKUATES) is a State Corporation owned by Jomo Kenyatta University of Agriculture and Technology (JKUAT) that develops and commercializes quality solutions and products for individuals and institutions in Africa and beyond through research, consulting, training, and innovation.

Its broad objectives include:

1. To enhance entrepreneurial activity through the latest innovations in technological research.
2. To provide practical solutions for business problems by drawing on resource personnel from various disciplines in JKUAT.
3. To link the University with industry, government, the public, and other stakeholders and to provide a forum for networking to propel development.
4. To commercialize the University's innovations.
5. Consultancy

The institution is further divided into divisions that execute the above objectives in various activities. These are Construction, Consultancy, Products, Support Services and Logistics, Enterprise Development Centre, and E-Commerce Division.

JKUAT Enterprises had objectives within the estimated Budget Plan for the FY 2021/2022. The budget estimates were tabled to the Board of Directors for approval. The objectives for the year were as follows:

- Economic - Survival, Innovation, Profit earning, and Growth of Institution
- Human - Employee Welfare, Workplace Environment, Entrepreneurial ecosystem creation
- Organic - Specific Divisional Developments, Market Share
- Social - Supply of quality products and services at fair prices, protection of the environment, Community service, generation of employment opportunities, and training.

The objectives were incorporated into various divisional and management activities throughout the financial year and the progress of divisions was reported by management to the Board of Directors on a quarterly basis.

JKUAT Enterprises achieved its performance targets set for the FY 2021/2022 period for its strategic pillars as follows:

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Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Finance	Economic	Gross Profit Margin Revenue Per Client Operating Cashflow Debt Equity Ratio	Bookkeeping and Payables/Receivables Financial Reporting and Controls Tax and compliance Budgets and Forecasting	Increase in Revenue Up-to-Date with Statutory Obligations Increase in revenue per client
Employee Welfare	Human	Employee Retention Work Environment Employee Motivation	Staff Training Assessment Office space Renovations Peer to Peer Relation enhancement	Minimum Employee turnover Increased Employee Satisfaction Healthy work environment Increased Productivity
Organizational Processes	Organic	Repeat Business Rate Leads Generated Regional Sales Efficiency	Brand and Reputation Enhancement To use growth models to contribute to the success of a business. Increase production capacity in order to meet demand	Client retention Increase Market Share Improved work processes Brand growth
Customers and Society	Social (fair prices,	Customer Satisfaction	CSR Environmental	Customer satisfaction and increased

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	quality products)	Repeat Business Rate	preservation Customer Care Enhancement Customer training to enhance societal agricultural and technological knowledge	clientele Over 600000 seedlings sold and planted Wholesome quality products introduced to the market Empowered communities through various training programs.
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VII. CORPORATE GOVERNANCE STATEMENT

Corporate Governance:

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

The Board of Directors:

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

Board Meetings:

The Board meets quarterly for scheduled meetings and on other occasions to deal with any specific matter that requires attention in between the quarterly meetings. Scheduled meetings review the quarterly performance against targets as well as monitoring of business and operational issues.

Composition of Board:

Eight out of the nine members of the Board are non-executive, including the Chairman of the Board. Majority of the directors are drawn from the main university or related fields. However, they are considered to be independent and free from any business, interest or other relationship that could interfere with the exercise of their independent judgment.

Board Meetings:

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

Directors' Benefits and Loans:

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

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

VIII.MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

The divisions contributed to the above result as follows; EDC division Ksh 11.9m, Products division Ksh 131m, E-commerce 0.3m, Support services and Logistics 40m, Construction Services 0.9m, Animal feeds 7m and Consultancy division Ksh 163.6 m. This can be represented in the following chart:-

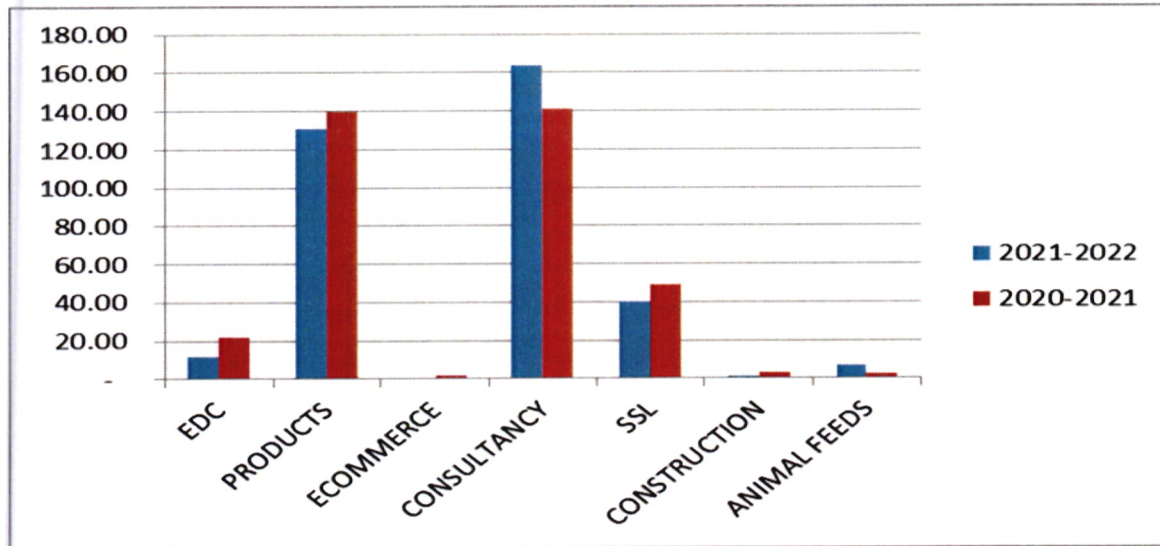


Figure 1: Revenue Contribution

Cost of sales

Cost of sales as per divisions was as follows: - EDC division Ksh 8m, Products division Ksh 101.3m, E-commerce 6.6m, SSL 15.2m, Animal feeds 6.7m and Consultancy division Ksh 147.9 m. This could be shown by the following chart:

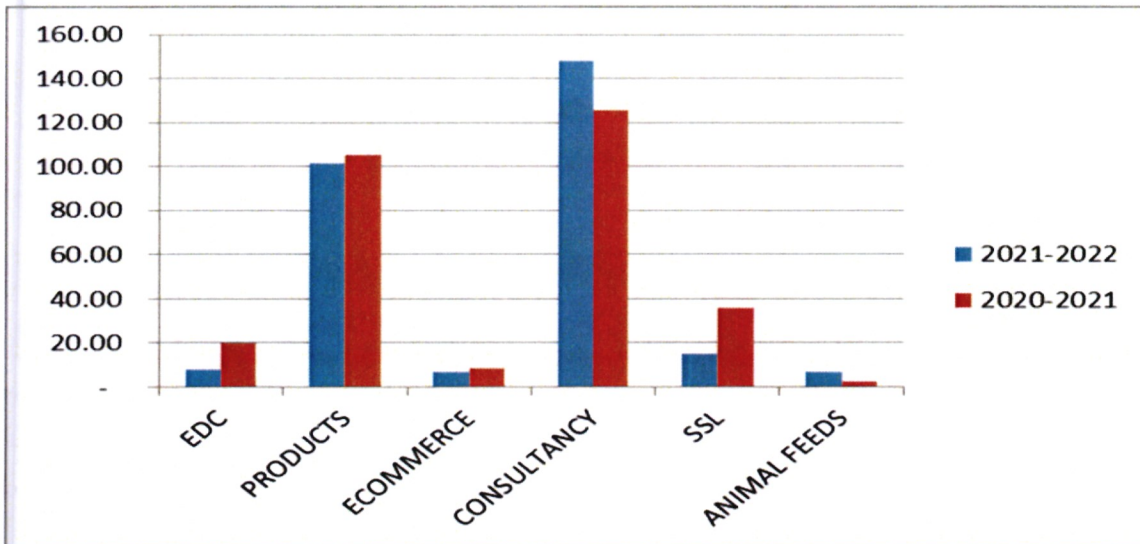


Figure 2: Cost of Sales

Expenses analysis

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

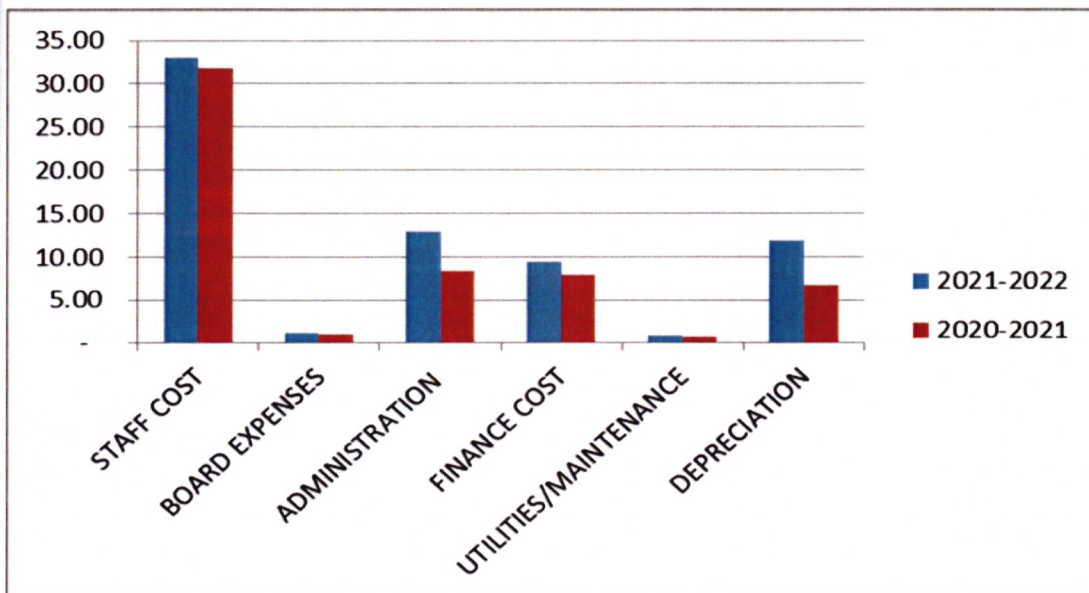


Figure 3: Expenses analysis

Finance cost

The finance cost for the financial year 2021-2022 increased slightly compared to the precedent financial year 200-2021 i.e. ksh 9.4m and 8m respectively. This can be depicted by the following chart:

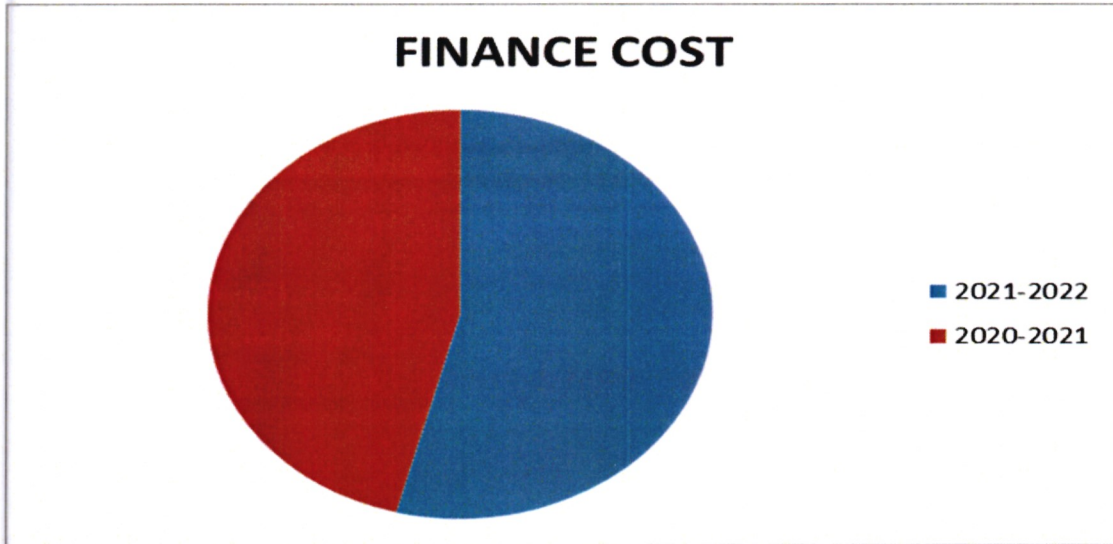


Figure 4: Finance Cost

The performance results for the years measured in terms of profitability were as follows:

	2021/2022	2020/2021
	Ksh	Ksh
Profit for the year	0.7m	2.2m

This can be summarized in the chart below:

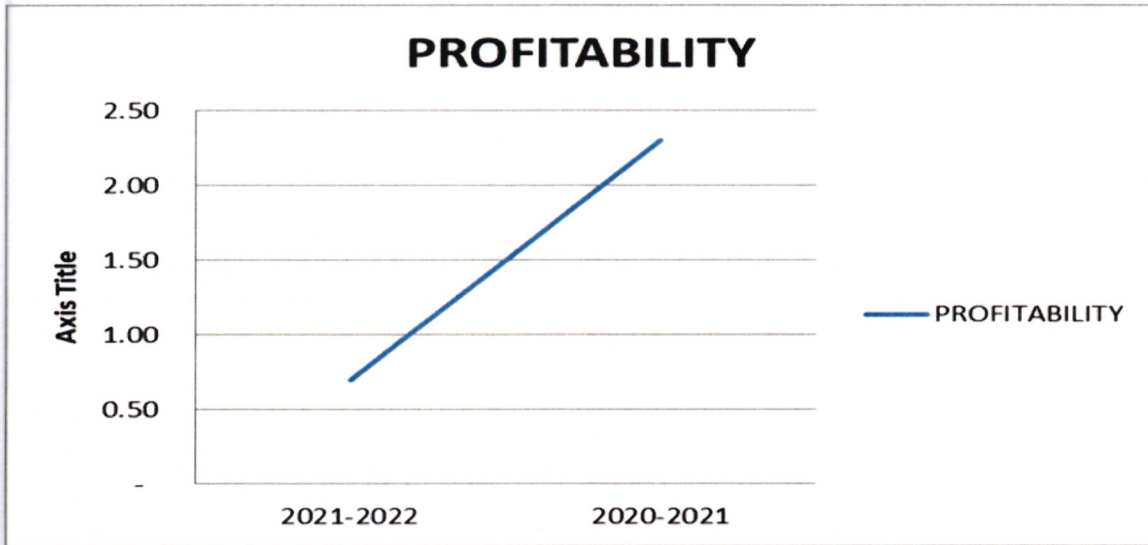


Figure 5: Performance comparison

Investment activities

The company did not invest much to its Property, Plant and Equipment in the year under consideration.

This can be demonstrated by a fall in PPE value from 67.8m to 66.1m in the year 2020/2021 to 2021/2022 respectively. This can be seen in the chart below:

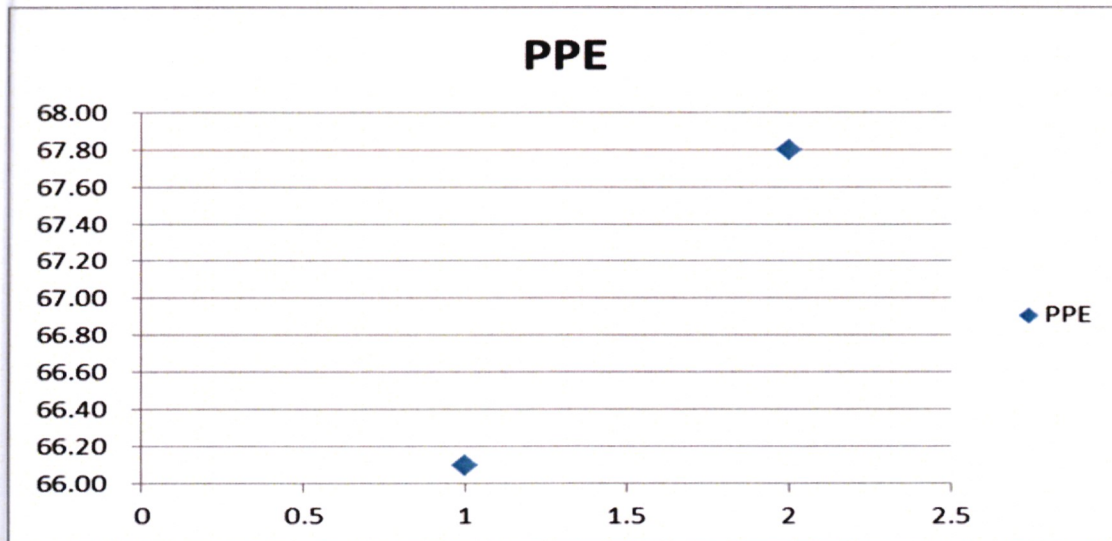


Figure 6: Property, Plant and Equipment

Current Assets

Current assets increased from kshs. 198.7m to Kshs. 297.8m in the financial year 2020/2021 and 2021/2022 respectively. This was as shown below:



Figure 7: Current Assets

Capital and reserves

Capital and reserves increased from kshs.17m to Kshs 17.7m in the financial year 2020/2021 to 2021/2022 respectively. Their status can be represented as in the picture below:

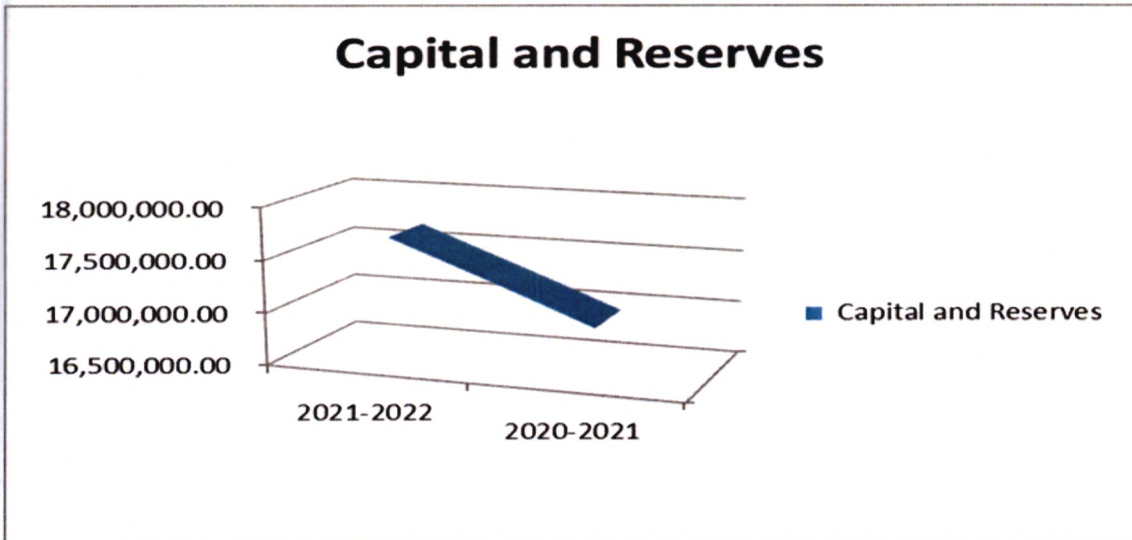


Figure 8: Capital and Reserves

Current Liabilities

Current liabilities increased from Kshs.204.5m from Kshs. 312m. This was as represented in the chart below:

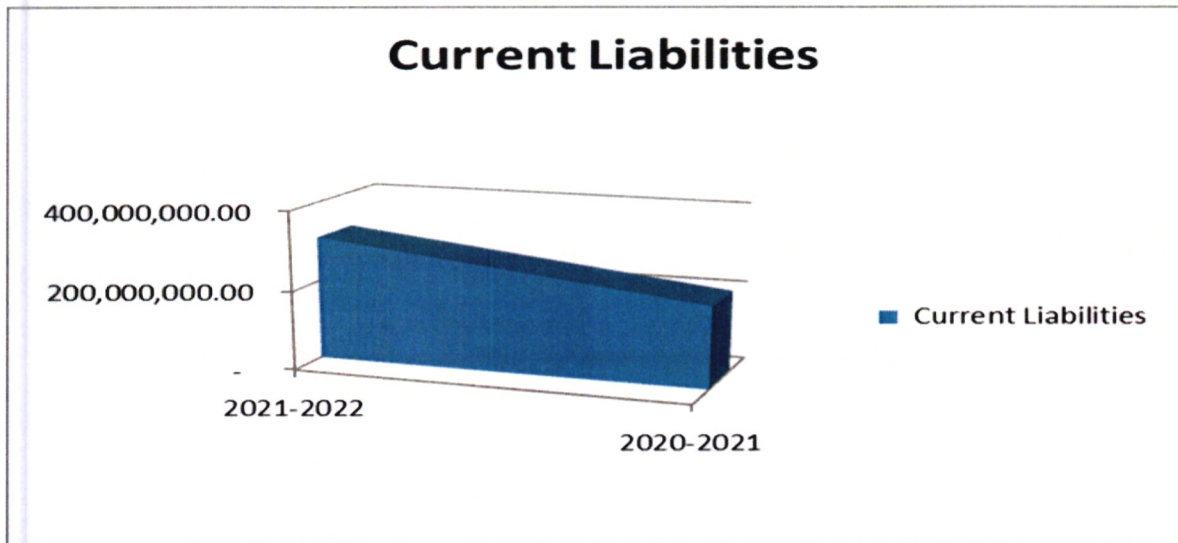


Figure 9: Current Liabilities

Non-Current Liabilities

The Long term liabilities decreased from Kshs. 45m to Kshs. 34.1m. This is shown in the table below:

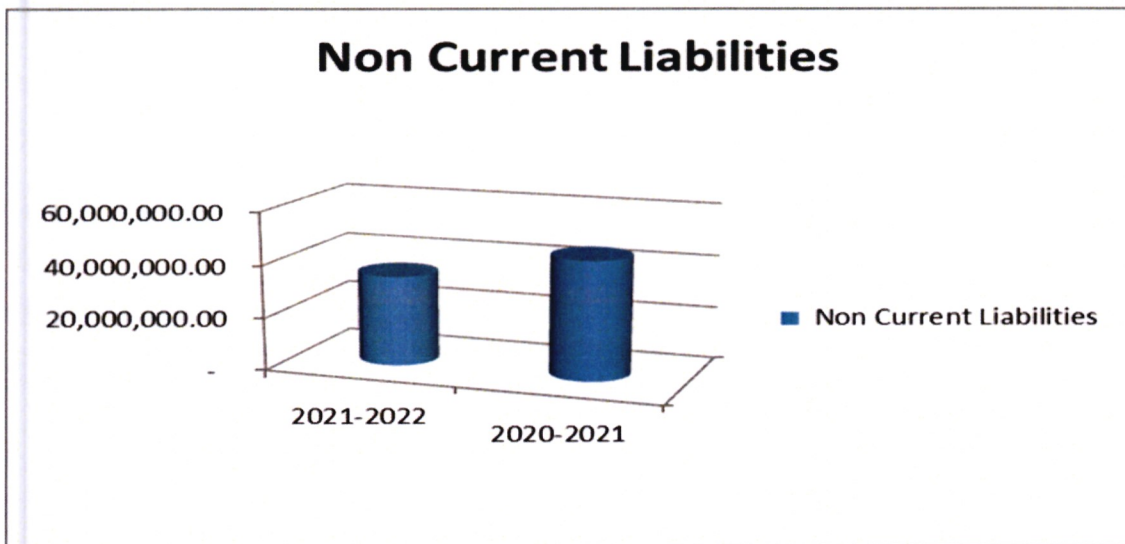


Figure 10: Non-Current Liabilities

IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

JKUAT Enterprises Limited exists to promote, create and commercialize quality solutions and products through research, consulting, training, and innovation, to transform individuals and institutions in Africa and beyond.

In order to provide a forum for networking, advance development, and market its innovations, we strengthen JKUAT University's ties with industry, government, the general public, and other stakeholders. We also offer unmatched consulting to our clientele based on our expertise in research and innovation.

Below is an outline of the organization's policies and activities that promote sustainability.

i. Sustainability strategy and profile

The company's top management is in charge of project development, the research and development of new goods and services, as well as the expansion of domestic and international markets. They research global and domestic macroeconomic trends and formulate strategies in line with their findings. They also work to ensure that the business complies with all applicable regulations and best practices. The creation of 7 income generating divisions

ii. Environmental performance

JKUAT Enterprises is aware of how our activities affect the natural environment and natural resources. We committed to protecting the environment, complying with relevant legislation and government policy commitments. We make a conscious effort as a business and as individuals to have as much impact on the environment as we can in order to protect our quality of life for both the now and the future. The company sold more than 600,000 seedlings both tissue cultured and grafted. These seedlings were planted in orchards across the country, helping green the countryside and clean the atmosphere. Our production activities have also improved the microenvironment in the Juja Main Campus.

iii. Employee welfare

JKUAT Enterprises is committed to providing equal employment opportunities to all people regardless of race, religion, ethnic or national origin, age, disability, sexual orientation, gender identity, or on any other basis. We are committed to improve the life of the working class, and bring about holistic development of our staff's personality. As an organization, we continuously strive to improve efficiency

and the work environment in order to keep them content. This contributes to high employee morale, and in turn better outcomes for the company. During the fiscal year, the company updated its HR policy to better suit the growing needs of the organization.

iv. Marketplace practices

a) Responsible competition practice.

JKUAT Enterprises Limited does not engage in predatory or other practices in order to limit or restrict production, market outlets, or market access, investment, distribution, technical development, or technological progress.

The organization ensures that it does not, either directly or indirectly, impose unfair purchase or selling prices or other unfair trading conditions.

b. Responsible Supply chain and supplier relations

Article 227 of Kenya's 2010 Constitution ("the Constitution") states that the Government and its Corporations should acquire products and services through a system that is competitive and cost-effective, among other things. The organization is entirely in compliance with the law and the article's procurement procedures.

JKUAT Enterprises Limited is dedicated to supporting and ensuring the implementation of a system for asset disposal and public procurement that surpasses the expectations of our stakeholders and consumers.

c. Responsible marketing and advertising

JKUAT Enterprises has used customer-centric marketing techniques throughout the years to make sure that it fulfills the requirements of its clients and benefits both them and the neighbourhood in which it operates. All product and service marketing initiatives and messages are honest and ethical. The organization respects the privacy and data of its customers. For the purpose of customizing the consumer experience, it stays up to date with evolving legislation and compliance guidelines.

d. Product stewardship

JKUAT Enterprises keeps its products consistent and reliable, and goes well beyond local regulations. For all our brands, we give information covering every stage of the product's life cycle. It appears on product packs and online to demonstrate that ingredients are safe for people and the environment.

Corporate Social Responsibility / Community Engagements

The corporation, during the fiscal year, was involved in construction activities such as the reconstruction and maintenance of the Kengo Gate. The Kengo gate construction was completed and handed over to the University. In order to promote security at the Kengo gate, JKUATES installed electricity from our premises.

JKUAT ENTERPRISES LIMITED

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

X.REPORT OF THE DIRECTORS

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

Principle Activities

The principle activities of the company are to offer Trainings, Consultancy services, Export Trade and Production and sale of Tissue Culture and Horticulture seedlings as well as production and sale of animal feeds.

Financial results

The results of the entity for the year ended June 30, 2022 are set out on page 1. Below is summary of the profit or loss made during the year.

	2021/2022	2020/2021
	Ksh	Ksh
PROFIT/(LOSS) BEFORE TAXATION	1,031,349	3,194,816
Tax @30%	309,405	958,445
Profit after tax	721,944	2,236,371

Directors

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

Auditors

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

By Order of the Board



Managing Director

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

JKUAT ENTERPRISES LIMITED

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

XI.STATEMENT OF DIRECTORS RESPONSIBILITIES

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

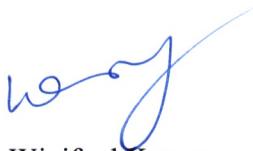
The company's board accepts responsibilities for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with International Financial Reporting Standards and in a manner required by the companies Act. The company's board is of the opinion that the Financial Statements give a true and fair view of the state of financial affairs of the company as at 30 June 2022 and of its profit for the year ended. The board further confirms the accuracy and completeness of the accounting records, which have been relied upon in the preparation of financial statements, as well as on adequate systems of internal financial control.

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

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


Approval of the financial statements

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



Dr. Winifred Karugu

MANAGING DIRECTOR

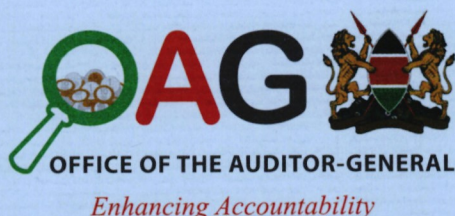


Ambassador (Eng.) M. Maalim

CHAIRMAN

REPUBLIC OF KENYA

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HEADQUARTERS
Anniversary Towers
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY ENTERPRISES LIMITED FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Jomo Kenyatta University of Agriculture and Technology Enterprises Limited set out on pages 1 to 23, which comprise

Report of the Auditor-General on Jomo Kenyatta University of Agriculture and Technology Enterprises Limited for the year ended 30 June, 2022

of the statement of financial position as at 30 June, 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Jomo Kenyatta University of Agriculture and Technology Enterprises Limited as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) and comply with the Public Finance Management Act, 2012 and the Companies Act, 2015.

Basis for Qualified Opinion

1. Inaccurate Cash and Bank Balances

The statement of financial position reflects cash and bank balance of Kshs.104,232,702 as disclosed in Note 13 to the financial statements, which includes Standard Chartered bank account balance of Kshs.8,371,075. However, the cash book and the bank reconciliation statements provided for audit reflect bank balance of Kshs.8,324,179 and Kshs.8,280,926, resulting to un-reconciled variances of Kshs.46,896 and Kshs.90,149 respectively.

In the circumstances, the accuracy and completeness of the Standard Chartered cash and bank balance of Kshs.8,371,075 could not be confirmed.

2. Long Outstanding Trade and Other Receivables

The statement of financial position reflects trade and other receivables amounting to Kshs.145,610,394 which includes trade receivables amounting to Kshs.91,411,072 as disclosed in Note 11 to the financial statements. Analysis of the accounts receivables listing indicated that debts owed by the Jomo Kenyatta University of Agriculture and Technology amounting to Kshs.3,177,037 included debts of Kshs.2,250,612 which were outstanding for a period of more than six (6) years. In addition, the balance of Kshs.3,177,037 was not traced to the University's list of creditors as at 30 June, 2022.

In addition, the accounts receivables listing included debts amounting to Kshs.631,762 owed by supermarkets for over a period of five (5) years, which further includes a debt of Kshs.588,428 owed by one supermarket for supply of yoghurt. However, purchase requisitions, delivery notes and demand notices in relation to the receivables were not provided for audit.

Further, no documentary evidence was provided in form of correspondences with the customers indicating efforts made by the Management to recover the outstanding

amounts from the debtors. Also, no provision for bad and doubtful debts was made in the financial statements.

In the circumstances, the accuracy and full recoverability of accounts receivables balance of Kshs.3,177,037 as at 30 June, 2022 could not be confirmed.

3. Accuracy of Trade and Other Payables

The statement of financial position reflects trade and other payables balance of Kshs.312,089,901, as disclosed in Note 17 to the financial statements. Review of the trade and other payables listing indicated that payables increased by Kshs.128,952,760 from Kshs.183,023,953 as at 30 June, 2021 to Kshs.311,976,713 as at 30 June, 2022. Further, analysis of the trade payables listing revealed debts owed to Jomo Kenyatta University of Agriculture and Technology (JKUAT) amounting to Kshs.2,900,094. However, records maintained at the University reflected amount owed to the Enterprise of Kshs.14,687,258 resulting in un-reconciled variance of Kshs.11,787,164. No explanations were provided for the failure to remit the outstanding amounts to the creditors.

In the circumstances, the accuracy of trade and other payables of Kshs.2,900,094 owed to Jomo Kenyatta University of Agriculture and Technology could not be confirmed.

4. Over-expenditure on Overhead Costs

The statement of profit or loss and other comprehensive income reflects overheads expenditure totalling to Kshs.69,214,983 against an approved budget of Kshs.66,750,000 resulting to an over-expenditure of Kshs.2,464,983 which was not authorized by the Accounting Officer.

In the circumstances, the propriety of the over-expenditure of Kshs.2,464,983 could not be confirmed.

5. Unsupported Staff Costs

The statement of profit or loss and other comprehensive income reflects staff costs amounting to Kshs.32,917,333 which includes wages of Kshs.1,611,043. However, there was no evidence that a needs assessment and staff rationalization was carried out to identify the departments with variances or staff shortage, to justify the need for hiring casual employees. In addition, there was no documentary evidence of how the casual workers were identified and recruited. Further, muster roll records indicating the work performed by the casual workers were not provided for audit.

In the circumstances, the regularity of the expenditure of Kshs.1,611,043 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Jomo Kenyatta University of Agriculture and Technology Enterprises Limited Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial

statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Failure to Disclose Material Uncertainty Relating to Going Concern

The statement of financial position reflects total current assets balance amounting to Kshs.297,805,184 and total current liabilities balance amounting to Kshs.312,089,901 resulting to a negative working capital amounting to Kshs.14,284,717 (2020/2021: Kshs.5,803,203).

The Company has reported negative working Capital position for the third consecutive year. As disclosed in Note 20 by the Board and Management in the past and current financial statements, strategic initiative has been undertaken to improve the financial results, including working capital of the Company. However, these initiatives appear not to have yielded the intended results. The negative working capital condition indicates that the material uncertainty persists, which may cast significant doubt on the Company's ability to continue as a going concern

My opinion is not qualified with respect to this matter.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non-Compliance in Cash and Bank Management

The statement of financial position reflects cash and bank balances amounting to Kshs.104,232,702. However, board of survey report as at 30 June, 2022 confirming the cashbook balances for all the bank accounts was not provided for audit. Further, the Management did not submit bank reconciliation statements to the National Treasury with a copy to the Auditor-General by 10th of the subsequent month. This was contrary to Regulation 90.(1) of the Public Finance Management (National Government) Regulations, 2015 requiring Accounting Officers to ensure bank accounts reconciliations are completed for each bank account held by that Accounting Officer, every month and

submitted not later than the 10th of the subsequent month to the National Treasury with a copy to the Auditor-General.

In the circumstances, Management was in breach of law.

2. Non-Compliance with the National Cohesion and Integration Act, 2008

Review of staff records provided for audit revealed that the dominant ethnic community employed by the Company constituted 40.79% of the total population of 152 staff members. This was contrary to Section 7(1) & (2) of the National Cohesion and Integration Act, 2008 which provides that no public establishment shall have more than one third of its staff members from the same ethnic community.

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

3. Irregular Procurement of Potting Bags

Review of payment voucher numbered 20028 for Kshs.946,200 revealed that the Company made request for quotation for supply of 200,000(100,000 6*9 and 100,000 5*8) potting bags. The request for quotation for two (2) suppliers was to be responded to not later than 22 July, 2021 while one (1) supplier was to respond not later than 15 July, 2021 which they all adhered to. However, the professional opinion was done on 15 July, 2021 before the two suppliers responded to the request for quotation on 22 July, 2021. In addition, different dates were given for the same quotation which is contrary to provisions of Public Procurement and Asset Disposal Act, 2015 on fair competition.

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

4. Splitting of Tenders

Review of documents provided for audit revealed that the Company's capital requirements included construction of animal feeds factory whose budget amounted to Kshs.7,000,000. Review of sampled payment vouchers relating to the construction of the factory whose completion status was 77% as at 30 June, 2022 revealed that the Company used request for quotation method to procure building materials and labour for construction amounting to Kshs.5,055,150. This was contrary to the requirement as set out in the second schedule of the threshold matrix of the Public Procurement and Asset Disposal Regulation, 2020 which sets the maximum level of expenditure in a request for quotation method at Kshs.5,000,000. No explanation was provided for splitting the tender to justify the use of request for quotation method of procurement for the project.

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

5. Lack of Rotation of Suppliers Registered in Various Categories

Review of the documents provided for audit revealed that whereas the Company complied with the requirement of giving request for quotation to persons registered by the Company, rotation of the persons on the list was not fairly and equitably done as detailed in the following procurements done in the year under review.

5.1 Office Partitioning – Consultancy Division

The total budget for office partitioning of the consultancy division in the financial year 2021-2022 was Kshs.3,500,000. Audit of the procurement processes revealed that the Company used request for quotation to procure construction materials and labour for the project.

The number of registered suppliers under construction category was ninety (90). Review of five (5) different quotations floated for the project revealed that one contractor was the successful bidder in all the five quotations at cost of Kshs.3,341,954 for materials supplied and works done. The Supplier who was awarded the 5 contracts was not invited to quote in all the 5 requests for quotations, and no rotation was done to bring on board other registered suppliers in this category. No explanation was provided for the failure to rotate the suppliers when requesting of quotations.

5.2 Construction of University Classrooms-COETEC Building

The University entered into an agreement with JKUAT Enterprises Limited for the construction of lecture rooms (COETEC Building) from Ground floor to 4th floor, at a total contract cost of Kshs.208,748,245 on 5 April, 2019. The duration of the assignment was 18 months from the date of signing the contract. The company used its list of the registered suppliers to source for labour and supply for building materials for the project.

Review of sampled payment vouchers revealed that the Company paid an amount of Kshs.31,532,963 for labour and construction materials during the year under review. However, examination of the quotation register revealed that the Company invited bids from the same suppliers. It was further observed that out of Kshs.31,532,963 spent, a total of Kshs.22,468,861 was paid to only three (3) suppliers who were deemed to have won the various bids for supply of construction materials and labour.

No explanation was provided for the failure to rotate amongst the suppliers in the prequalified list of suppliers, contrary to Regulation 91(5) of the Public Procurement and Asset Disposal Regulations, 2020 which requires such rotation

Consequently, Management was in breach of the law.

6. Payment for Works not Done-Inspo Factory Roof Project

The Instant Porridge Plant Engineer through a memo dated 7 July, 2021 requested for a change of the roof support from a wooden one to a metallic one following Public Health Office requirement that a food processing factory should not have a roof supported by wooden material due to likelihood of lice infestation. Subsequently, procurement of roofing materials and fabrication of truss, bending of black sheet for fabrication of gutters and installation of metallic roof of 30 meters by 10 meters factory was requested. The project cost as per the bill of quantities prepared by the project manager was Kshs.1,303,650.

Review of documents provided for audit revealed that JKUATES engaged three (3) entities for removal and installation of metallic roof for the factory, supply of fabrication materials and labour for fabrication of gutters and trusses at a total cost of Kshs.1,342,946.

Physical inspection of the factory carried out on 23 August, 2022 revealed that whereas the entire project cost had been paid, the change of the roof support from a wooden one to a metallic one had not been done. It was not clear the circumstances under which the entire project cost was paid with no work done.

In the circumstances, there was no value for money for the amount incurred on works which were not done, and a project which was not completed.

7. Lack of Inspection and Acceptance Certificate

During the year under review the Company paid Kshs.10,711,816 for the construction of an animal feeds factory, greenhouses, roofing of the INSPO factory and office partitioning of the consultancy division. However, there was no inspection and acceptance certificate for the goods and works before making the payment.

In the absence of inspection and acceptance certificate, it was not possible to confirm whether the works done and goods delivered and paid for met the right quantity, quality and specifications. In addition, it was not possible to confirm whether there was value for money on the Kshs.10,711,816 for the goods and works.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for 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. Gaps in Receipt and Invoice Numbers

Review of the Company's system generated income report revealed gaps in the receipt number sequence whereby some receipts were not accounted for. The reason for the gaps in the receipt number sequence was not provided by the Management.

Further, analysis of invoice data from the system for the period under review revealed several gaps in the Invoice Identification as summarised in the table below:

Missing Records	Number of Missing Invoices
036111 - 132107	95997
132434	1
132768	1
132919	1

No explanation or reconciliation was provided for the gaps.

In the circumstances, it was not possible to confirm the existence of effective internal controls in relation to receipts and invoices.

2. Inadequate Internal Control over Fees Collection

Review of income ledgers revealed that the Company received an amount of Kshs.1,830,550 from short courses for computer packages. However, policy on fee payment, admission policy and procedures and list of all bonafide students within the financial year, was not provided for audit.

In the circumstances, it was not possible to confirm the adequacy of internal controls over short courses, in relation to collection of fees.

3. Lack of Annual Recruitment Plan

Review of employee data revealed that the Company recruited thirteen (13) employees during the year. However, human resource planning documents including annual recruitment plan were not provided for audit.

In the absence of human resources planning documents, it was not possible to confirm how it was established that there existed a need in the positions filled during the year under review. This casts doubt on the adequacy of internal controls over the recruitment process.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

Responsibilities of Management and Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards 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 overall 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 an intention to liquidate the Company or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in

an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal controls components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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


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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Company to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

18 April, 2023

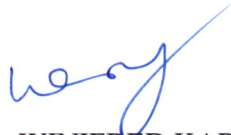
JKUAT ENTERPRISES LIMITED**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022****XIII. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR
THE YEAR ENDED 30 JUNE 2022**

	NOTES	<u>2021-2022</u>	<u>2020-2021</u>
		<u>Kshs.</u>	<u>Kshs.</u>
INCOME			
Revenue	1	355,876,431	357,645,020
TOTAL INCOME		<u>355,876,431</u>	<u>357,645,020</u>
COST OF GOOD SOLD			
Cost of Sales	2	285,630,099	297,682,412
TOTAL COGS		<u>285,630,099</u>	<u>297,682,412</u>
GROSS PROFIT		<u>70,246,333</u>	<u>59,962,608</u>
OVERHEADS			
Staff Costs	3	32,917,333	31,783,238
Board Expenses	4	1,096,746	913,495
Administration Expenses	5	12,993,109	8,417,112
Finance costs	6	9,440,336	7,956,976
Utilities/Maintenance	7	849,482	728,876
Depreciation	8	11,917,978	6,700,298
Exchange loss	9	-	267,797
TOTAL OVERHEAD		<u>69,214,983</u>	<u>56,767,792</u>
PROFIT/(LOSS) BEFORE TAXATION		<u>1,031,349</u>	<u>3,194,816</u>
Tax @30%		309,405	958,445
Profit after tax		<u><u>721,944</u></u>	<u><u>2,236,371</u></u>

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

ASSETS	NOTES	2021-2022	2020-2021
		<u>Kshs.</u>	<u>Kshs.</u>
Non-Current Assets			
Property Plant and Equipment	10	66,117,867	67,801,204
Current Assets			
Trade and Other Receivables	11	145,610,394	105,648,834
Inventories	12	47,962,088	47,091,895
Cash and Bank Balances	13	104,232,702	45,913,257
		<u>297,805,184</u>	<u>198,653,986</u>
TOTAL ASSETS		<u>363,923,050</u>	<u>266,455,190</u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Issued Share Capital	14	102,040	102,040
Capital Fund	15	25,644,004	25,644,004
Revenue reserves	16	(8,059,666)	(8,781,610)
Capital and Reserves		<u>17,686,378</u>	<u>16,964,434</u>
Current Liabilities			
Trade and Other Payables	17	312,089,901	183,023,953
Overdraft	18	-	21,433,236
Total Current Liabilities		<u>312,089,901</u>	<u>204,457,189</u>
Non Current Liabilities	19	34,146,771	45,033,567
TOTAL EQUITY AND LIABILITIES		<u>363,923,050</u>	<u>266,455,190</u>

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


DR. WINIFRED KARUGU
MANAGING DIRECTOR


CPA. JOSEPH MACHARIA
FINANCE MANAGER ICPAK NO: 25735


AMBASSADOR (ENG.) MAHBOUB M. MAALIM
CHAIRMAN

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

		Share Capital	Capital Funding	Revenue Reserve	Total
	NOTES	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>
As at 1/07/2020	14&15	102,040	25,644,004	(11,017,981)	14,728,063
Surplus for the year	16	-	-	2,236,371	2,236,371
As at 30/6/2021		102,040	25,644,004	(8,781,610)	16,964,434
		Share Capital	Capital Funding	Revenue Reserve	Total
		<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>
As at 1/07/2021	14&15	102,040	25,644,004	(8,781,610)	16,964,434
Surplus for the year	16	-	-	721,944	721,944
As at 30/6/2022		102,040	25,644,004	(8,059,666)	17,686,378

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

	NOTE	<u>2021-2022</u>	<u>2020-2021</u>
		Kshs.	Kshs.
Net profit after tax		721,944	2,236,371
Adjustment for the year			
Depreciation	9	11,917,978	6,700,298
		<u>12,639,922</u>	<u>8,936,669</u>
Changes in working capital			
Decrease in Trade and Other Receivables	11	(39,961,560)	(26,489,935)
Increase in Trade and Other Payables	17	129,065,949	13,902,944
Decrease in overdraft	18	(21,433,236)	(22,108,420)
Increase in inventories	12	(870,193)	(1,993,770)
Net Cashflow from operating activities		<u>79,440,881</u>	<u>(27,752,513)</u>
Cashflow from investing activities			
Purchase of Assets	10	(10,234,640)	(6,412,091)
Net Cashflow from investing activities		<u>(10,234,640)</u>	<u>(6,412,091)</u>
Cashflow from financing activities			
Asset Loan	19	(10,886,796)	41,555,701
Net Cash flow from financing Activities		<u>(10,886,796)</u>	<u>41,555,701</u>
Net Increase in cash and cash equivalents		<u>58,319,445</u>	<u>7,391,097</u>
Cash and Cash Equivalents at the beginning of the year	13	45,913,257	38,522,160
Cash and Cash Equivalents at the end of the year		<u>104,232,702</u>	<u>45,913,257</u>

JKUAT ENTERPRISES LIMITED

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

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

	Original Budget 2021-2022	Adjustments 2021-2022	Final budget 2021-2022	Actuals on Comparable basis		Performance difference 2021-2022	% of utilisation	Notes
				<u>Kshs</u>	<u>Kshs</u>			
INCOME								
PRODUCTS								
Convenience Food	25,000,000	-	25,000,000	8,330,257	(16,669,743)	(0.67)	a	
Horticultural products	90,000,000	-	90,000,000	97,856,060	7,856,060	0.09	b	
Tissue Culture Products	35,000,000	-	35,000,000	24,797,026	(10,202,974)	(0.29)	c	
Total Products Division	150,000,000	-	150,000,000	130,983,343	(19,016,657)	(0.13)		
ECCOMMERCE DIVISION								
Ecommerce	25,000,000	-	25,000,000	273,030	(24,726,970)	(0.99)	d	
ECCOMMERCE DIVISION	25,000,000	-	25,000,000	273,030	(24,726,970)	(0.99)		
CONSULTANCY								
External Consultancy	130,000,000	-	130,000,000	163,551,657	33,551,657	0.26	e	
Total consultancy	130,000,000	-	130,000,000	163,551,657	33,551,657	0.26		
ENTERPRISE DEVELOPMENT CENTRE								
Trainings	20,000,000	-	20,000,000	11,921,991	(8,078,009)	(0.40)	f	
Total for EDC	20,000,000	-	20,000,000	11,921,991	(8,078,009)	(0.40)		
Support services and Logistics	45,000,000	-	45,000,000	39,883,688	(5,116,312)	(0.11)	g	
	45,000,000	-	45,000,000	39,883,688	(5,116,312)	(0.11)		
OTHER INCOMES								
Construction services	5,000,000	-	5,000,000	945,610	(4,054,390)	(0.81)	h	
Animal Feeds	8,000,000	-	8,000,000	7,019,012	(980,988)	(0.12)	i	

JKUAT ENTERPRISES LIMITED

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
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Exchange gain	-	-	1,298,099	1,298,099	1.00 j
Total Other Incomes	13,000,000	-	9,262,722	(3,737,278)	(0.29)
TOTAL INCOME	383,000,000	-	355,876,431		
COST OF SALE					
PRODUCTS					
Convenient Food	20,500,000	-	10,285,121	10,214,879	0.50 k
Horticultural products	62,151,600	-	81,963,837	(19,812,237)	(0.32) l
Tissue Culture Products	22,500,000	-	9,027,279	13,472,721	0.60 m
Total Products Division	105,151,600	-	101,276,237	3,875,363	0.04
Ecommerce	21,250,000	-	6,635,102	14,614,898	0.69 n
Total Ecommerce	21,250,000	-	6,635,102	14,614,898	0.69
CONSULTANCY					
External Consultancy	112,000,000	-	147,849,881	(35,849,881)	(0.32) o
Total consultancy	112,000,000	-	147,849,881	(35,849,881)	(0.32)
ENTERPRISE DEVELOPMENT CENTRE					
Training	16,000,000	-	8,035,634	7,964,366	0.50 p
Total for EDC	16,000,000	-	8,035,634	7,964,366	0.50
Support services and Logistics	40,500,000	-	15,173,563	25,326,437	0.63 q
	40,500,000	-	15,173,563	25,326,437	0.63
OTHER INCOMES					

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Animal feeds	6,800,000	-	6,800,000	6,659,683	140,317	0.02
	6,800,000	-	6,800,000	6,659,683	140,317	0.02
TOTAL COST OF SALE	301,701,600	-	301,701,600	285,630,099	16,071,501	0.05
GROSS PROFIT	81,298,400	-	81,298,400	70,246,332		-
OVERHEADS			Kshs	Kshs		
Staff costs	35,000,000	-	35,000,000	32,917,333	2,082,667	0.06
Board Expenses	1,250,000	-	1,250,000	1,096,746	153,254	0.12
Administration Expenses	10,000,000	-	10,000,000	12,993,109	(2,993,109)	(0.30)
Utilities/Maintenance	1,000,000	-	1,000,000	849,482	150,518	0.15
Depreciation	9,500,000	-	9,500,000	11,917,978	(2,417,978)	(0.25)
Finance Costs	10,000,000	-	10,000,000	9,440,336	559,664	0.06
TOTAL OVERHEADS	66,750,000	-	66,750,000	69,214,983	(2,464,983)	(0.04)
PROFIT BEFORE TAX	14,548,400	-	14,548,400	1,031,349		
INCOME TAX						
Current taxation based on the profit for the year at 30%	4,364,520	-	4,364,520	309,405	(4,055,115)	(0.93)
PROFIT AFTER TAX	10,183,880	-	10,183,880	721,944	(9,461,936)	(0.93)

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EXPLANATION TO VARIANCES

- a) There was little activity from Yoghurt section within the year of audit while the flour factory was under testing hence the convenient foods section did not do much.
- b) There was higher demand for horticultural seedlings than had been estimated. The section usually has high activity during the 4th quarter.
- c) Tissue culture section fell short of revenue target by 29%. This was due to decrease in demand for the products.
- d) The division is still establishing its market for export products and has begun special focus on Avocado fruits. It's perfecting on timings and methodologies.
- e) External consultancy section surpassed its target by 26%. This was due to more jobs secured by the section.
- f) This section fell short of revenue target by 40%. This was due to low students turn out during the year.
- g) This section fell short of target by 11%. This was due to low revenue streams from the research and grants
- h) The section fell short of target by 81%. This section depends on jobs and assignments from the university. There were a few of those during the year.
- i) The section revenue fell by 12%. It is anticipated the section will do better in the financial year 2022-2023.
- j) This revenue arose from exchange differences within the course of the year which could not be budgeted for at the beginning and therefore 100% change.
- k) Convenience foods section did not have many activities during the year. This was because the flour factory was not in operation during the year of audit accompanied by low activity from Yoghurt production.
- l) The cost division of operation in horticulture section increased by 32%. This was accompanied by revenue increase from the same division though not proportionately.
- m) The cost of operation in Tissue Culture Products section decreased by 60%. This was also accompanied by 29% decrease in revenue. This means that the management effectively managed costs efficiently than the decrease in revenue from this section.
- n) The cost increased relatively by 69%. The management is on process of restructuring this division.
- o) The cost rose by 32% accompanied by 26% increase in revenue. The division is expected to perform better in cost management this financial year 2021-2022.
- p) This section only utilized 50% of the budgeted cost while it fell short of revenue by 40%. It stands a good chance of good performance this year 2021-2022.
- q) This section only utilized 63% of its budgeted cost. This was due to low business secured by the section.
- r) This section spent its cost in tandem with its budget with only 2% difference.
- s) Staff costs decreased slightly than had anticipated with only 6% difference. This well within the acceptable 10% difference ceiling.
- t) The number of board meetings budgeted became less therefore less cost due to reduced board allowances
- u) The administration costs went up because of litigation costs which were unplanned for.
- v) The company saved on costs by 15% than it had budgeted.

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- w) The Company transferred much of its Property Plant and Equipment from work in progress to their relevant classes and hence much depreciation was from assets put into use.
- x) Finance costs went down due to reducing method of costing used during loan amortization without obtaining more debt.
- y) The company had anticipated to make a profit before tax of 14.5m during the year of audit. The company however made a profit of 1m hence decline in corporate tax by 93m.
- z) The magnitude of fall in profit before tax brought about same magnitude in fall in profit after tax.

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

XVIII.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Statement of compliance and basis of preparation

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

b) Revenue recognition

Revenue is recognized to the extent that it is probable that future economic benefits will flow to the entity and the revenue can be reliably measured. Revenue is recognized at fair value of consideration received or expected to be received in the ordinary course of 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

c) Property, plant and equipment

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

Furniture and Fitting	10%
Computer and Electronic Equipment	33.3%
Office Equipment	10%
Production Structures and Equipment	25%
Building	2.5%
Vehicle	25%

d) Inventory

The company stocks are valued at the lower of cost and net realizable value in accordance with IAS 2.

e) Trade and other receivables

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

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f) Taxation

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

g) Cash and cash equivalents

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

h) Trade and other payables

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

i) Exchange rate difference

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

j) Comparative figures

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

k) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2022.

l) Reporting Currency

Accounts have been reported in Kenya shillings

m) Number of employees

The number of employees as at 30/06/2022 was 151

n) Borrowing costs

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

m) Related Parties

The company regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Authority, or vice versa. The

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company directors, the university, JKUAT Noodles Limited and managing director are therefore treated as related parties to the company.

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XIX. NOTES TO FINANCIAL STATEMENTS

1	INCOME	2021-2022	2020-2021
		Kshs	Kshs
	EDC		
	Short Courses	11,921,991	21,730,031
	Total EDC	11,921,991	21,730,031
	PRODUCTS		
	Convenience Food	8,330,257	456,119
	Horticultural products	97,856,060	83,948,908
	Banana Products	24,541,185	54,058,434
	Organic Products	255,841	290,976
	Total Products Division	130,983,343	138,754,437
	ECOMMERCE		
	Ecommerce	273,030	1,863,430
	Total Ecommerce	273,030	1,863,430
	CONSULTANCY		
	External Consultancy	157,602,557	134,957,260
	Instant Hand Sanitizer	510,772	2,459,400
	PPE	5,438,327	3,927,136
		163,551,657	141,343,796
	Support Services & Logistics	39,883,688	48,959,487
	Total Support Services & Logistics	39,883,688	48,959,487
	Construction services	945,610	2,682,455
	Total construction services	945,610	2,682,455
	ANIMAL FEEDS		
	Animal Feeds	7,019,012	2,311,384
		7,019,012	2,311,384
	Exchange gain	1,298,099	-
		1,298,099	-
	TOTAL INCOME	355,876,431	357,645,020
2	COST OF SALE		
	EDC		
	Short Courses	8,035,634	19,778,672
	Total EDC	8,035,634	19,778,672
	PRODUCTS		

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Convenience Food	10,285,121	4,705,002
Horticultural products	81,963,837	64,735,578
Banana Products	9,015,279	36,121,331
Organic Products	12,000	(66,300)
Total Products Division	101,276,237	105,495,611
CONSULTANCY		
External Consultancy	143,034,145	119,971,822
Instant Hand Sanitizer	82,318	2,042,214
PPE	4,733,418	3,736,418
Total consultancy	147,849,881	125,750,454
Support Services & Logistics	15,173,563	35,704,089
Total Support Services&Logistics	15,173,563	35,704,089
ECOMMERCE		
Ecommerce	6,635,102	8,640,936
Total Ecommerce	6,635,102	8,640,936
ANIMAL FEEDS		
Animal feeds	6,659,683	2,312,650
Total Animal Feeds	6,659,683	2,312,650
TOTAL COST OF SALE		
	285,630,099	297,682,412
3 STAFF COSTS		
Gratuity	3,065,089	3,455,642
N.S.S.F Company Contribution	45,800	43,000
NSSF Staff Contribution	45,800	43,000
NHIF Staff Contribution	288,100	266,100
PAYE Staff Deduction	7,308,984	6,248,994
NET Salary	19,362,095	18,750,827
Staff Other Deduction	1,841,800	2,016,011
Pension company contribution	959,664	959,664
	32,917,333	31,783,238
4 DIRECTORS FEES		
Board Expenses	1,096,746	913,495
5 ADMINISTRATION EXPENSES		
Insurance	6,511,750	5,604,599
Medical expenses	458,612	11,563
Staff Welfare	797,049	852,451

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	Travel And Subsistence	87,750	279,850
	Motor Vehicle expenses	656,005	108,137
	Stationery Ordinary	573,102	447,436
	Computer Stationery	94,352	98,716
	Strategic Planning	1,033,723	-
	Professional Fees	2,391,335	699,847
	trading licence	16,450	16,200
	Subscription to Professional Organization	8,500	17,000
	Telephone	78,520	29,199
	Corporate Social Responsibility	285,962	252,114
		12,993,109	8,417,112
6	FINANCE COSTS		
	Bank Charges	769,710	802,647
	Interest on ABF loan and Overdraft	4,921,712	6,042,449
	Term loan 1 interest	2,587,180	791,658
	Term loan 2 interest	1,161,734	320,222
		9,440,336	7,956,976
7	MAINTENANCE/UTILITY COST		
	Electricity	768,862	602,191
	Cleaning	49,165	68,235
	Repair and Maint-Building	31,455	58,450
		849,482	728,876
8	DEPRECIATION		
	Depreciation Comp Equipment	480,276	572,998
	Depreciation Furniture	210,120	100,363
	Depreciation Motor Vehicle	792,641	792,645
	Depreciation Office Equipment	321,228	245,782
	Depreciation Production Structures & Equip	8,971,464	4,054,826
	Depreciation Instant mini factory	149,906	124,433
	Depreciation Yoghurt Factory	146,175	146,175
	Depreciation Premises fence	69,005	69,005
	Depreciation Washroom	13,964	13,964
	Depreciation Civil Works	112,267	112,267
	Depreciation office Building	525,639	467,840
	Depreciation Animal Feeds factory	125,292	-
		11,917,978	6,700,298
9	Other Expenses		
	Exchange Loss	-	267,797
		-	267,797

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

	2021-2022	2020-2021
11 TRADE AND OTHER RECEIVABLES		
Trade Receivables	91,411,072	58,106,535
Sundry Deposit	284,000	284,000
Withholding Tax	47,940,034	41,943,599
Staff Advances	-	214,682
Insurance prepayment	4,672,102	5,100,018
JKUAT Noodles Limited	1,303,186	-
	145,610,394	105,648,833
12 INVENTORIES		
Mushroom Spawn	-	41,475
Paw paw seedlings	768,480	571,460
Banana	11,436,930	7,057,630
Mango Seedlings	1,046,850	937,670
Avocado Seedlings	26,431,225	32,589,765
Templates Seedlings	2,815,520	2,486,700
Lemon Seedlings	3,615,325	830,000
Other Assorted Seedlings	1,527,305	2,096,265
Animal Feeds	318,334	480,930
Yoghurt	2,118	-
Total Stock	47,962,088	47,091,895
13 CASH & BANK BALANCES		
KCB main account	3,020,389	-
EURO A/C	55,285	55,882
Cooperative Bank	982,544	659,177
Standard Chartered Bank	8,371,075	18,425,247
KCB 2	2,656,594	3,299,279
USD A/C No 1259991709	28,847	22,281
KCB KSHS ECOMMERCE	9,100	3,118,485
KCB Moi Av-USD Account	89,108,869	20,332,906
Total Cash & Bank Balances	104,232,702	45,913,257
14 -Authorized Share capital-10,000 ordinary shares of Kshs 20.00 each		
-Issued Share Capital 5102 @ 20	102,040	102,040
15 Capital Funding	25,644,005	25,644,005

JKUAT ENTERPRISES LIMITED**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022****16 REVENUE RESERVE**

Bal B/F	(8,781,610)	(11,017,981)
Net Profit for the year	721,944	2,236,371
	(8,059,666)	(8,781,610)

17 TRADE AND OTHER PAYABLES

Trade Payables	89,101,227	33,643,489
P.A.Y.E Control	1,320,382	1,151,437
N.H.I.F Control	66,150	63,150
N.S.S.F Control	20,800	20,800
Sundry Deduction	235,095	174,488
Net Salary Control	3,923,674	3,498,337
Prov For Audit Fee	1,020,800	1,091,200
Provision For Gratuity	11,047,488	17,647,892
Pension Control	119,958	719,748
Prepayment-debtors	2,018,000	16,522,183
Staff Welfare	623,956	536,356
Casuals Control	1,465,842	1,836,193
Other Provision	491,524	13,785,691
VAT Control A/C	14,613,131	9,181,891
KRA Supporters	1,530,000	3,715,000
University Classes	26,381,811	33,202,178
HIV Test Project	16,764,072	14,654,376
Safari Project	271,732	374,512
AMR Project	340,815	-
Spheir Project	-	103,083
African Acade	-	1,043,256
JKUAT Noodles	18,390	18,390
Gemix Project	292,846	-
Strawberry Project	-	28,500
WWF	-	45,000
National Academy Of Science	80,361	121,630
ICRISAT	-	152,100
SCHOOL OF COMPUTING -C1	1,851,723	1,215,557
Healthysect Project	11,967,203	9,407,469
Green Planet Project	-	26,242
IHE DELFT	71,382	71,382
FIND-COVID 19 DIGITALTOOLS	103,535,437	12,819,917
DSA Project	-	61,750
E4Impact Foundation	625,114	507
GRANFIELD UNIVERSITY	261,502	208,085

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	NAVINUT PROJECT -DISTL	223,398	106,714
	NCF Project	3,489,309	5,257,443
	BAOBAB Project	14,085,391	490,560
	ZINDI UMOJA HACKATHON	-	27,447
	CBD	936,000	-
	AREF Project	944,690	-
	KHEMIS Project	1,057,043	-
	UNIDO	803,444	-
	DUPC2 water PIP TOPUP	449,212	-
	Snake Venom Study	41,000	-
		<hr/>	<hr/>
		312,089,901	183,023,953
18	OVERDRAFT	-	21,433,236
		<hr/>	<hr/>
		-	21,433,236
	LONG TERM LIABILITIES		
19	Asset Based Finance	10,334,682	12,131,320
	Term loan 1	15,743,091	23,264,617
	Term loan 2	8,068,998	9,637,630
		<hr/>	<hr/>
		34,146,771	45,033,567

20. GOING CONCERN CONCEPT

During the year the company registered a net profit of Ksh 0.7m. This is decline from a profit of 2.2m. The overall company performance was not good compared to the previous year. This was amid the struggle brought about by COVID 19 pandemic. Despite all the storms, the company did not default in repayment of its debt from the financier i.e. Kenya Commercial Bank. During the current year 2022/2023, the company has embarked on upscaling seedlings production by employing better production method and research. This pertains to both fruits and tissue culture seedlings as well as all other production areas. The company is also working towards growing its' revenue generation unit on external consultancy to have more projects and help generate more revenue. The Support services and Logistics section is also picking up with much referral. This will be expected to gear up financial performance and improve working capital.

21. FINANCIAL RISK MANAGEMENT

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company's overall risk management programme focuses on

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unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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

(i) Credit risk

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

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

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

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

ii) Liquidity risk management

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

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(iii) Market risk

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

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

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

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

a) Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid approximately after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The entity manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

b) Foreign currency sensitivity analysis

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

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c) Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

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XX.APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

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


**MANAGING DIRECTOR
(DR. WINIFRED N. KARUGU)**

DATE..... 2/3/23

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XXI.APPENDIX I1: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

Projects were no projects implemented by the company during the year under audit.

