

REPUBLIC OF KENYA



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ON

DEKUT ENTERPRISES COMPANY

FOR THE YEAR ENDED

30 JUNE, 2024

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DEKUT ENTERPRISES COMPANY
ANNUAL REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING
JUNE 30, 2024

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

DEKUT ENTERPRISES COMPANY
Annual Reports and Financial Statements for the year ended June 30, 2024

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1. Acronyms and Glossary of Terms

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

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

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2. Key Entity Information

a) Background information

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

b) Principal Activities

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

c) Directors

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

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

d) Corporate Secretary

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

e) Registered Office

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

f) Corporate Headquarters

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

g) Corporate Contacts

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

h) Corporate Bankers

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

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i) Independent Auditors

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

j) Principal Legal Advisers

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

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3. The Board of Directors

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

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John G. Rukioyah - Company Secretary

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

DEKUT ENTERPRISES COMPANY

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4. Key Management Team

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

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5. Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Managing Director	Dr. Paul Sang
2.	Head of Business Development	CPA CS Chris Githinji
3.	Head of Finance	CPA Joseph Mungai
4.	Head of Procurement	Gladys Njeri Thuku

6. Fiduciary Oversight Arrangements

1. Risk and Audit Committee

The Board currently has only three directors since the position of DVC-AA has not yet been filled. The law prohibits having the same individuals in both Risk and Audit as well as Finance committee which would be the case if these two committees are constituted at the moment. For this reason, Risk and Audit Committee shall be constituted when the Board expands in the near future. However, its functions are currently handled by the full Board of Directors in their quarterly meetings

2. Finance Committee

The Board currently has only three directors since the position of DVC-AA has not yet been filled. The law prohibits having the same individuals in both Risk and Audit as well as Finance committee which would be the case if these two committees are constituted at the moment. For this reason, Finance Committee shall be constituted when the Board expands in the near future. However, its functions are currently handled by the full Board of Directors in their quarterly meetings

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7. Chairman's Statement



On behalf of the Board, I am delighted to present DeKUTES' Annual Report and Financial Statements for the year ended 30th June 2024. The company generated total revenue of Ksh. 16,605,682 and achieved a profit before tax of Ksh. 565,842. As we reflect on our performance, this report highlights an opportunity to build on our successes and turn our challenges into prospects. One of the key challenges the Company is addressing today is the instability of revenue across various divisions. During the year under review, the Board undertook a comprehensive review of the Company's performance since its inception, focusing on revenue divisions and operations. This led to the initiation of a five-year strategic plan aimed at addressing current business constraints and defining a roadmap for sustainable growth.

The Company has developed a Strategic Plan for the period 2024/25 – 2028/29, aimed at enhancing performance and sustainability. Our strategy focuses on four strategic pillars and objectives: creating a platform for the commercialization of university innovations that provide solutions to societal problems; maximizing returns and creating value for the shareholder; catalyzing societal transformation; and acting as a center for business development. To drive sales, we aim to grow the revenue divisions that offer the highest returns by fast-tracking customer needs and developing products and services that meet these needs. Recognizing the pivotal role of the University as our sole shareholder, we intend to leverage its brand and position. We will utilize the expertise of university staff to conduct impactful research and offer customized consultancies, and we will make use of well-established university infrastructures to improve our financial position.

Additionally, we are re-engineering our revenue divisions by proposing the introduction of new revenue streams with consistent income throughout the year, accompanied by clear strategic initiatives to restore business profitability and ensure financial stability. As we move forward, we are confident that our Company will continue to thrive and achieve our goal of building a sustainable business. We see immense opportunities to grow our revenue divisions through the implementation of the strategic goals and objectives outlined in our plan.

In conclusion, I would like to express my heartfelt appreciation to the council members, my fellow Board of Directors, all staff members, and students for their dedication and support in serving this company. I would also like to extend my gratitude to all our stakeholders for their continuous partnership and collaboration. It is through your support that we are able to thrive and grow. As we move forward, we eagerly anticipate many more fruitful and successful years to come.

A handwritten signature in black ink, appearing to read 'Peter N. Muchiri'.

Prof. Peter N. Muchiri
Chairman, DeKUTES Board of Directors

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8. Report of the Managing Director



During the financial year 2023-2024, our business experienced a reduction in revenue due to unsteady income, particularly from conferences and consultancies, which have been our main revenue streams. The revenue for the year was Ksh.16,605,682, with a profit before income tax of Ksh. 565,842. This situation necessitated a reassessment of our existing revenue streams and a focus on business reengineering. Consequently, we embarked on the development of a five-year strategic plan covering 2024/2025 – 2028/2029. This strategic plan aligns with the Dedan Kimathi University of Technology's 2023 – 2028 Strategic Plan and Vision 2040. It outlines the goals, objectives, and actionable steps DeKUTES will undertake in the coming years, addressing the challenges of over-reliance on existing, unstable revenue streams.

A key aspect of our strategic plan is the establishment of an external outlet to serve both internal and external customers. With the support of all stakeholders, the implementation of these strategies is expected to spur growth in revenue and profitability. Moreover, the anticipated introduction of additional revenue streams and the external outlet will enhance our financial performance and sustainability. As we refine our strategies to seize emerging opportunities, I urge all stakeholders to provide the necessary support for the next stage of our strategic plan implementation.

We commend the dedicated efforts of the numerous institutes, departments, and centers responsible for converting raw products into finished goods and overseeing the operations of our income-generating units. Additionally, the company has established service level agreements with several university departments, enabling the provision of essential services such as internal audit, legal, and procurement. These partnerships have greatly contributed to the seamless operation of our company.

Finally, I am encouraged by the remarkable support from our Board of Directors and other stakeholders as we strive to improve our service delivery and business performance. I would like to extend my appreciation to all our valued customers and stakeholders. Your continuous partnership and utilization of our products and services are crucial to our success and growth.

A handwritten signature in black ink, appearing to be 'PS' with a stylized flourish.

Dr. Paul Sang
MANAGING DIRECTOR, DeKUTES

DEKUT ENTERPRISES COMPANY

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9. Statement of Performance against Predetermined Objectives for 2023/2024 FY

a) Performance during the year 2023/2024 financial year

Performance during the 2023/2024 financial year resulted to revenue of KShs. 16,605,682 and a profit before tax of KShs. 565,842. The divisions that contributed to this result were as follows: DeKUT Coffee KShs. 2,180,063; yoghurt KShs. 2,329,487; detergent KShs. 322,578; retail products KShs. 307,741; Fashion and Design sales KShs. 367,956; conferences KShs. 3,959,629; Consultancy & Short courses KShs. 7,138,228. The cost of sales amounted to KShs. 12,356,889, administration cost KShs. 6,913,777 while selling and distribution amounted to KShs. 125,685.

b) DeKUTES Strategic Pillars

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

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

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

Pillar 3: To catalyse transformation of society

Pillar 4: To act as a centre for business development

DeKUTES develops its annual work plans based on the above four pillars. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The company slightly did not achieve its performance targets set for the 2023/2024 FY period for its four strategic pillars.

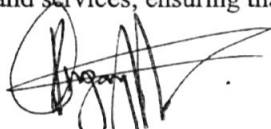
Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1:	To create a platform for commercialization of innovations emanating from the University that provides solutions to societal problems.	<ul style="list-style-type: none"> • Consultancies & Training • Commercialized products 	<ul style="list-style-type: none"> • Bid and offer consultancy and training • Sale of products 	<ul style="list-style-type: none"> • Offered consultancies and conferences with Kshs. 7,138,228 and Kshs. 3,959,629 respectively.
Pillar 2:	To maximize returns and create value for the shareholder.	<ul style="list-style-type: none"> • Increased revenue and profitability 	<ul style="list-style-type: none"> • Product diversification 	<ul style="list-style-type: none"> • Generated sales revenue and profit before tax Kshs. 16,605,682 and Kshs.565,842 Respectively.
Pillar 3:	To catalyse transformation of society.	<ul style="list-style-type: none"> • Capacity building • Mentorship and coaching • Corporate responsibility 	<ul style="list-style-type: none"> • Capacity building activities • CSR 	<ul style="list-style-type: none"> • Supported mater heart run
Pillar 4:	To act as a centre for business development	<ul style="list-style-type: none"> • Strategic plan • Partnerships and strategic alliance 	<ul style="list-style-type: none"> • Develop strategic plan 	<ul style="list-style-type: none"> • 2024 – 2029 strategic plan was developed

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c) Projections for 2024/2025 FY

The Company is dedicated to consistently delivering quality and innovative products and services. In the upcoming financial year 2024/2025, we are committed to increasing our revenue generation by implementing 2024 – 2029 strategic plan, effective marketing strategies, and fostering strong relationships with our stakeholders. Our primary objective is to achieve a 20% increase in net income across all revenue streams. To accomplish this, we will focus on enhancing our existing offerings, exploring new market opportunities, and optimizing our operational processes.

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



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

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10. Corporate Governance Statement

Corporate Governance:

The company is governed by a Board of Directors whose conduct is guided by the articles and memorandum of association. The Board of Directors is responsible for the governance of the Company and is accountable to the University Council on behalf of the University which is the sole shareholder in ensuring that the Company complies with the law and the highest standards of corporate governance and business ethics. The Board attaches great importance to the need to conduct business in a manner that promotes integrity and in accordance with the generally accepted corporate practice.

The Board of Directors:

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

Composition of Board:

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

Board Meetings:

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

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

Directors' Benefits:

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

Conflict of Interest:

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

Annual General Meeting

The company successfully held its 3rd Annual General Meeting on August 28, 2023. During this meeting, key updates and progress reports were shared with the stakeholders.

Looking ahead, the company plans to hold its 4th Annual General Meeting on July 15th, 2024. The primary agenda for this meeting will be to present and discuss the audited financial statements for the fiscal year 2022/2023. These financial statements provide a comprehensive overview of the company's financial performance during that period.

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

Board Evaluation

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

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11. Management Discussion and Analysis

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

During the year 2023/2024 under review, there was a shortfall in meeting the projected revenue targets, primarily due to a decrease in the number of conferences and consultancies held during this period. In response, the company embarked formulating strategic goals and objectives as well as initiatives geared towards revenue growth. This was well captured in the five years strategic plan which outlines the strategies put in place to enhance performance and sustainability.

1.0 Revenue Divisions Performance

Revenue Divisions Performance

During the year 2023/2024 the company sales revenue amounted to KShs 16,605,682 compared to KShs. 27,935,372 generated in the year 2022/2023.

Revenue Divisions	Year 2023/2024	Year 2022/2023
Coffee sales	2,180,063	1,961,606
Yoghurt sales	2,329,487	1,604,073
Detergents sales	322,578	363,525
Merchandise Sales	307,741	396,968
Fashion and Design Sales	367,956	2,798,220
Conferences	3,959,629	12,263,049
Consultancy & Short courses	7,138,228	8,547,931
Total Revenue	16,605,682	27,935,372

1.1 Major Risks Facing the Organisation

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

Liquidity risks

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

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Operational risk

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

Market risk

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

1.2 Compliance with Statutory Requirements

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

12. Environmental and Sustainability Reporting

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

i) Sustainability strategy and profile -

Significant progress was made in pursuit of four DeKUTES objectives, with specific achievements as managing to generate revenue and profit after tax of KShs 16,605,862 and KShs 565,842 despite the challenges associate with unsteady income of existing revenue divisions. In response, DeKUTES developed five-year strategic plan aimed at addressing current business constraints and defining a roadmap for sustainable growth. Among the key strategic pillar is the establishment of an external outlet to serve both internal and external customers. In addition, the plan proposes additional revenue divisions to supplement the existing divisions.

DeKUTES remains committed to achieving its strategic goals and objectives and continuing to provide innovative solutions, maximize shareholder value, and contribute to the transformation and development of society.

ii) Environmental performance

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

iii) Employee welfare

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

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

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

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iv) Market place practices

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

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

v) Corporate Social Responsibility / Community Engagements

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

- a) Contributed KShs. 6,500 towards Mater Heart Run.

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13. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2024 which show the state of the *entity's* affairs.

i) Principal activities

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

ii) Results

The results of the entity for the year ended June 30, 2024 are set out on page 1 *and the comparative figures for the year 2023-2024 and 2022-2023*. Below is summary of the profit or loss made during the year.

Financial Year	2023-2024	2022-2023.
	Kshs	Kshs
Profit (Loss) before taxation	565,842	3,571,024
Income tax charge	(256,646)	(1,273,057)
Profit (Loss) after taxation	309,197	2,297,967

iii) Dividends

The company declares no dividend

iv) Directors

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

v) Auditors

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

By Order of the Board

Name: **John G. Rukioyah** Signature  Date: 10th July 2024
Corporate Secretary/Secretary to the Board

DEKUT ENTERPRISES COMPANY

Annual Reports and Financial Statements for the year ended June 30, 2024

14. Statement of Directors' Responsibilities

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

The Directors are responsible for the preparation and presentation of the Company's financial statements, which give a true and fair view of the state of affairs of the Company for and as at the end of the financial year (period) ended on June 30, 2024. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the Company; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

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

DEKUT ENTERPRISES COMPANY
Annual Reports and Financial Statements for the year ended June 30, 2024


STATEMENT OF DIRECTORS' RESPONSIBILITIES (Continued)

The Directors are of the opinion that the Company's financial statements give a true and fair view of the state of Company's transactions during the financial year ended June 30, 2024, and of the Company's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Company, which have been relied upon in the preparation of the Company's financial statements as well as the adequacy of the systems of internal financial control.


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

Approval of the financial statements

The Company's financial statements were approved by the Board on 10th July 2024 and signed on its behalf by:


Signature.....

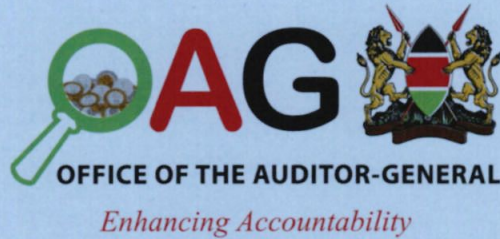
Name: Prof. Peter N. Muchiri
Chairman of the Board


Signature.....

Name: Dr. Paul Sang
Managing Director

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON DEKUT ENTERPRISES COMPANY FOR THE YEAR ENDED 30 JUNE, 2024

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 the 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 the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities 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

Opinion

I have audited the accompanying financial statements of Dekut Enterprises Company set out on pages 1 to 55, which comprise the statement of financial position as at 30 June,

2024 and the statement of profit or loss and other comprehensive income, 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, the financial statements present fairly, in all material respects, the financial position of Dekut Enterprises Company as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Companies Act, 2015 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements, I have determined that there are no other key audit matters to communicate in my report.

Other Information

The Management is responsible for the Other Information set out on page iii to xx which comprise of Key Entity Information, The Board of Directors, Key Management Team, Fiduciary Management, Fiduciary Oversight Arrangements, Chairman's Statement, Report of the Managing Director, Statement of Performance Against Project's Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors, and Statement of Directors' Responsibilities.

The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Company's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is

materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

REPORT ON THE 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 effects of the matter described in the Basis for Conclusion on the 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

Failure to Approve Budget within Stipulated Time

Review of minutes of the Board of Directors' meeting held on 19 July ,2023 revealed that 2023/2024 financial year budget was tabled and approved on that date in the full Board meeting. However, this is in breach of the Company's Finance Manual which requires that's the final budget must be approved on or before 30 June of every year.

In the circumstances, the Company flouted its own internal budget making stipulations.

The audit was conducted in accordance with ISSAIs 3000 and 4000. The Standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to

believe that internal controls, risk management and governance were not effective.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Conclusion

As required by the Companies Act, I report based on my audit that 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 Information given in the statement of Directors' Responsibilities report on page xx is consistent with the financial statements; and

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

Responsibilities of the Management and the Board of Directors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the INTOSAI Framework of Professional Pronouncements (IFPP). The Framework requires that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

31 December, 2024

DEKUT ENTERPRISES COMPANY**Annual Reports and Financial Statements for the year ended June 30, 2024****16. Statement of Profit or Loss and Other Comprehensive Income for The Year Ended 30 June 2024.**

	Note	2023-2024	2022-2023
		Kshs	Kshs
REVENUES			
Revenue	6	16,605,682	27,935,372
Cost of sales	7	(12,356,889)	(17,241,604)
Gross profit		4,248,793	10,693,768
Other Income			
Grants from the national government	8	0	0
Finance income	9	297,869	213,151
Other income	10	3,058,643	791,261
Other gains/(losses)	11	0	82,794
TOTAL OTHER INCOMES		3,356,512	1,087,206
TOTAL REVENUES		7,605,305	11,780,975
OPERATING EXPENSES			
Administration Costs	12	6,913,777	8,102,427
Selling and Distribution Costs	13	125,685	107,524
TOTAL OPERATING EXPENSES		7,039,462	8,209,951
PROFIT/(LOSS) BEFORE TAXATION		565,842	3,571,024
INCOME TAX EXPENSE/(CREDIT)	16	256,646	1,273,057
PROFIT/(LOSS) AFTER TAXATION		309,197	2,297,967

DEKUT ENTERPRISES COMPANY

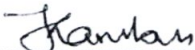
Annual Reports and Financial Statements for the year ended June 30, 2024

17. Statement of Financial Position as At 30 June 2024

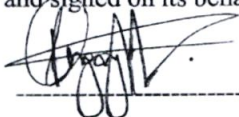
	Note	2023-2024	2022-2023
		Kshs	Kshs
ASSETS			
Non-Current Assets			
Property, plant and equipment	19	3,581,087	4,129,768
Intangible assets	20	0	16,666
Total Non-Current Assets		3,581,087	4,146,434
Current Assets			
Inventories	26	4,466,224	4,452,012
Trade and other receivables	27(a)	9,395,716	27,586,955
Tax Recoverable	28	446,152	10,470
Short-term deposits	29	0	0
Bank and cash balances	30	12,483,265	7,695,626
Total Current Assets		26,791,357	39,745,063
TOTAL ASSETS		30,372,444	43,891,497
EQUITY AND LIABILITIES			
Capital and Reserves			
Ordinary share capital	31	200,000	200,000
Retained earnings	34	8,183,910	7,874,713
Capital and Reserves		8,383,910	8,074,713
Current Liabilities			
Trade and other payables	39	21,988,534	35,816,784
Tax payable	16	0	0
Total Current Liabilities		21,988,534	35,816,784
TOTAL EQUITY AND LIABILITIES		30,372,444	43,891,497

The financial statements were approved by the Board on 10th July 2024 and signed on its behalf by:

Managing Director

Dr. Paul Sang

Assistant Accountant

Joseph K Mungai
ICPAK M/NO: 24915

Chairman of the Board

Prof. Peter N. Muchiri

DEKUT ENTERPRISES COMPANY
Annual Reports and Financial Statements
For the year ended June 30, 2024

18. Statement of Changes in Equity for the Year Ended 30 June 2024

	Notes	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/ Development Grants/Fund	Total
As at July 1, 2023		200,000	0	0	7,874,713			8,074,713
Profit for the year		0	0	0	309,197	0	0	309,197
As at June 30, 2024		200,000	0	0	8,183,910			8,383,910
As at July 1, 2022		200,000	0	0	5,576,746	0	0	5,776,746
Profit for the year		0	0	0	2,297,967	0	0	2,297,967
As at June 30, 2023		200,000	0	0	7,874,713			8,074,713

DEKUT ENTERPRISES COMPANY
Annual Reports and Financial Statements
For the year ended June 30, 2024

19. Statement of Cash Flows for the Year Ended 30 June 2024

	Note	2023-2024	2022-2023
		Kshs	Kshs
CASH FLOWS FROM OPERATING ACTIVITIES			
CASH GENERATED FROM/(USED IN) OPERATIONS	43	5,479,968	5,604,304
Tax paid		(692,328)	(1,283,526)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES		4,787,640	4,320,778
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	19	0	(85,259)
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES		0	(85,259)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of new share capital			
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES			
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		4,787,640	4,235,519
		0	0
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		7,695,625	3,460,107
			0
Effects of foreign exchanges rate fluctuations			0
			0
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	30	12,483,265	7,695,626

DEKUT ENTERPRISES COMPANY
Annual Reports and Financial Statements
For the year ended June 30, 2024

20. Statement of Comparison of Budget and Actual Amounts for the Period Ended 30 June 2024

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	2023-2024	2023-2024	2023-2024	2023-2024	2023-2024	2023-2024
	Kshs	Kshs	Kshs	Kshs	Kshs	0%
Revenue						
Sale of goods	8,572,911	-2,622,911	5,950,000	5,507,825	442,175	92.57
Sale of services	36,166,044	-22,666,044	13,500,000	11,097,857	2,402,143	82.21
Interest Income	358,734	41,266	400,000	297,869	102,131	74.47
Royalty	694,458	-144,458	550,000	501,886	48,114	91.25
Others		1,500,000	1,500,000	2,556,757	-1,056,757	170.45
Total income	45,792,148	-23,892,148	21,900,000	19,962,194	1,937,806	91.15
Cost of Sales	21,665,696	-7,778,247	13,887,449	12,356,889	1,530,560	88.98
Gross profit	24,126,452	-16,113,901	8,012,551	7,605,305	407,246	94.92
Expenses		0			0	
Administration expenses	13,107,051	-6,226,062	6,880,988	6,913,777	-32,789	100.48
Selling and distribution	396,100	-280,900	115,200	125,685	-10,485	109.10
Total expenditure	13,503,151	-6,506,962	6,996,188	7,039,463	-43,274	100.62
Surplus for the period	10,623,301	-9,606,939	1,016,363	565,842	450,520	55.67

DEKUT ENTERPRISES COMPANY
Annual Reports and Financial Statements for the year ended June 30, 2024

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

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

- (i) *The Revenue target achieved was 91.15% in comparison with revised budget*

21. Notes to the Financial Statements

1. General Information

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

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

2. Statement of Compliance and Basis of Preparation

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

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

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

DEKUT ENTERPRISES COMPANY
Annual Reports and Financial Statements
For the year ended June 30, 2024

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

- i. *New and amended standards and interpretations in issue and effective in the year ended 30 June 2024.*

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

(The Directors have assessed the applicable standards and amendments. Based on their assessment of impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements. Or the following has been assessed to be significant for the company and has been addressed as follows....)

DEKUT ENTERPRISES COMPANY
Annual Reports and Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements (Continued)

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

- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.*

Title	Description	Effective Date
IFRS 18 Presentation and Disclosure in Financial statements	The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.	The new standard is effective for annual periods beginning on or after January 1, 2027. Earlier application is permitted.

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

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

- iii. **Early adoption of standards**

DeKUTES did not early – adopt any new or amended standards in year 2023-2024.

DEKUT ENTERPRISES COMPANY
Annual Reports and Financial Statements for the year ended June 30, 2024

NOTES TO THE FINANCIAL STATEMENTS (Continues)

4. Summary of Significant Accounting Policies

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

a) Revenue recognition

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

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

DEKUT ENTERPRISES COMPANY
Annual Reports and Financial Statements for the year ended June 30, 2024

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

b) In-kind contributions

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

c) Property, plant and equipment

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

Certain categories of property, plant and equipment are subsequently carried at re-valued amounts, being their fair value at the date of re-valuation less any subsequent accumulated depreciation and impairment losses.

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

DEKUT ENTERPRISES COMPANY

Annual Reports and Financial Statements for the year ended June 30, 2024

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

d) Depreciation and impairment of property, plant and equipment

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

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

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

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

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

DEKUT ENTERPRISES COMPANY
Annual Reports and Financial Statements for the year ended June 30, 2024

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

e) Intangible assets

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

f) Amortization and impairment of intangible assets

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

g) Investment property

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

b) Right of Use Asset

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

i) Fixed interest investments (bonds)

Fixed interest investments refer to investment funds placed under Central Bank of Kenya (CBK) long-term infrastructure bonds and other corporate bonds with the intention of earning interest income upon the bond's disposal or maturity. Fixed interest investments are freely traded at the Nairobi Securities Exchange. These bonds are measured at amortized cost/ at fair value through other comprehensive income (FVTOCI) or at fair value through profit or loss (FVTPL) (entity to amend appropriately based on measurement/ classification)

j) Quoted investments

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

DEKUT ENTERPRISES COMPANY
Annual Reports and Financial Statements for the year ended June 30, 2024

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

k) Unquoted investments

Unquoted investments are measured at fair value through profit or loss (FVTPL). *(Entity to elaborate how this fair value is obtained)*

l) Inventories

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

m) Trade and other receivables

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

DEKUT ENTERPRISES COMPANY

Annual Reports and Financial Statements for the year ended June 30, 2024

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

n) Taxation

i) Current income tax

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

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

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

o) Deferred tax

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

DEKUT ENTERPRISES COMPANY
Annual Reports and Financial Statements for the year ended June 30, 2024

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

Deferred Tax

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

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

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

DEKUT ENTERPRISES COMPANY

Annual Reports and Financial Statements for the year ended June 30, 2024

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

p) Borrowing costs

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

q) Cash and cash equivalents

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

r) Borrowings

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

DEKUT ENTERPRISES COMPANY
Annual Reports and Financial Statements for the year ended June 30, 2024

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

s) Trade and other payables

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

t) Retirement benefit obligations

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

u) Provision for staff leave pay

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

v) Exchange rate differences

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

DEKUT ENTERPRISES COMPANY
Annual Reports and Financial Statements for the year ended June 30, 2024

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

w) Budget information

The original budget for FY 2023-2024 was approved by the Company board of Directors. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by DeKUTES upon receiving the respective approvals in order to conclude the final budget.

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

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

DEKUT ENTERPRISES COMPANY
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NOTES TO THE FINANCIAL STATEMENTS (Continues)

a) Service concession arrangements

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

b) Comparative figures

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

c) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2024.

5. Significant Judgments and Sources of Estimation Uncertainty

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

State all judgements, estimates and assumptions made:

DEKUT ENTERPRISES COMPANY
Annual Reports and Financial Statements for the year ended June 30, 2024

NOTES TO THE FINANCIAL STATEMENTS (Continues)

a) Estimates and assumptions

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

b) Useful lives and residual values

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

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

c) Provisions

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

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

DEKUT ENTERPRISES COMPANY
Annual Reports and Financial Statements for the year ended June 30, 2024

NOTES TO THE FINANCIAL STATEMENTS (Continues)

6. Revenue

	2023-2024	2022-2023
	Kshs	Kshs
Sales of goods	6,389,049	8,264,232
Sales of services	12,873,514	24,140,738
Less: value added tax on gross sales	(2,656,880)	(4,469,597)
Total	16,605,682	27,935,372

[Revenues for the year under review decreased. The decrease was as a result of decline in conferences]

7. Cost of Sales

	2023-2024	2022-2023
	Kshs	Kshs
Cost of sales on goods	4,459,077	5,559,433
Cost of sales on services	7,897,812	11,682,171
Total	12,356,889	17,241,604

8. Grants from National Government

	2023-2024	2022-2023
	Kshs	Kshs
Recurrent grants received	0	0
Capital grants realized (see note below)		0
In Kind contributions/ donations		0
Total	0	0

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

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

DEKUT ENTERPRISES COMPANY
Annual Reports and Financial Statements for the year ended June 30, 2024

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. Finance Income

	2023-2024	2022-2023
Description	Kshs	Kshs
Interest from commercial banks and financial institutions	297,869	213,151
Total	297,869	213,151

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

10. Other Income

	2023-2024	2022-2023
Description	Kshs	Kshs
Royalty	501,886	578,715
Decrease in bad debt provision	957,434	209,546
Microsoft refund	317,115	3,000
Research income	1,282,208	0
Total	3,058,643	791,261

11. Other Gains and Losses

	2023-2024	2022-2023
Description	Kshs	Kshs
Total	0	82,794

12. Administration Costs

	2023-2024	2022-2023
Description	Kshs	Kshs
Office welfare	6,790	1,900
Travelling and accommodation	145,584	263,058
Telephone expenses	26,006	28,615
Printing & stationery	29,009	29,950
Subscription to Microsoft	317,040	233,010
Entertainment expenses	0	11,620
Licenses/fees/levies	144,450	60,150
Board Allowances	52,000	37,800
Bank charges and commissions	19,792	26,433
Repairs and maintenance	39,520	172,639
AGM Expenses	192,476	221,050

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Annual Reports and Financial Statements for the year ended June 30, 2024

Description	2023-2024 Kshs	2022-2023 Kshs
Staff Management Costs	5,542,531	5,885,210
Corporate Social Responsibility	6,500	100,000
Seminars & workshops expenses	32,880	55,000
Penalty & interest	23,320	127,030
Refund claim disallowed	0	199,729
Bad debts Provision -Specific	0	0
Bad debts Provision -General	0	0
Auditors Fee-Provision	300,000	600,000
Total	6,913,777	8,102,428

12 b Staff Costs

Description	2023-2024 Kshs	2022-2023 Kshs
Salaries and allowances of permanent employees	0	0
Wages of temporary employees	154,915	0
Medical insurance schemes	0	0
Employer's contributions to National social security schemes	10,491	0
Employer's contributions to pension scheme	0	0
Leave pay	0	0
Gratuity provisions	0	0
Fringe Benefit tax	0	0
Staff welfare		
Total	0	0
The average number of employees at the end of the year was:		
Permanent employees – Management	0	0
Permanent employees – Unionisable	0	0
Temporary and contracted employees	1	0
Total	1	0

DEKUT ENTERPRISES COMPANY

Annual Reports and Financial Statements for the year ended June 30, 2024

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. Selling and distribution costs

	2023-2024	2022-2023
Description	Kshs	Kshs
Amortization on Software	16,666	16,667
Staff Management Costs	0	0
Publicity material	0	0
Exhibitions	74,495	43,731
Depreciation	34,525	47,126
Total	125,685	107,524

14. Finance Costs

	2023-2024	2022-2023
Description	Kshs	Kshs
Interest expense on loans	0	0
Interest expense on Bank overdrafts	0	0
Interest on Lease liabilities	0	0
Total	0	0

15. Operating profit/ (loss)

	2023-2024	2022-2023
Description	Kshs	Kshs
The operating profit/(loss) is arrived at after charging/(crediting):		
Staff costs (note 12b)		0
Staff Management costs	5,542,531	5,885,210
Depreciation of property, plant and equipment	548,682	642,965
Amortization of intangible assets	16,667	16,667
Provision for bad and doubtful debts	494,511	1,661,945
Auditors' remuneration – current year provision	300,000	300,000
Interest receivable	0	0
Total	6,902,391	8,506,787

DEKUT ENTERPRISES COMPANY
Annual Reports and Financial Statements for the year ended June 30, 2024

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. Income Tax Expense/(Credit)

(a) Current taxation

	2023-2024	2022-2023
	Kshs	Kshs
Current taxation based on the adjusted profit for the year at 30%	256,646	1,273,057
Current tax: prior year under/(over) provision	0	1,283,527
Total	256,646	(10,470)

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

	2023-2024	2022-2023
	Kshs	Kshs
Profit before taxation	565,842	3,887,783
Tax at the applicable tax rate of 30%	256,646	1,273,057
Current tax	0	0
Tax effects of expenses not deductible for tax purposes	0	0
Tax effects of specific provision(bad debt)	0	0
Tax effects of excess capital allowances over depreciation/amortization	0	0
Total	256,646	1,273,057

DEKUT ENTERPRISES COMPANY
Annual Reports and Financial Statements for the year ended June 30, 2024

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. Earnings Per Share

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

18. Dividend Per Share

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

DEKUT ENTERPRISES COMPANY
Annual Reports and Financial Statements
For the year ended June 30, 2024

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. Property, Plant and Equipment

Jun-24	Plant and machinery	Office equipment	Computers & related equipment	furniture & fittings	Total
COST At July 1, 2023	4,519,136	811,981	606,756	700,862	6,638,735
Additions			-		-
At July 1, 2023	4,519,136	811,981	606,756	700,862	6,638,735
DEPRECIATION					-
At June 30, 2024	1,589,176	253,194	421,264	245,333	2,508,967
Charge for the year	366,245	69,848	55,647	56,941	548,681
At 30 June, 2024	1,955,421	323,041	476,912	302,274	3,057,648
NET BOOK VALUE At JUNE 30, 2024	2,563,715	488,940	129,844	398,588	3,581,087
Jun-23	Plant and machinery	Office equipment	Computers & related equipment	furniture & fittings	Total
COST At July 1, 2022	4,519,136	726,723	606,756	700,862	6,553,477
Additions		85,258			85,258
At June 30, 2023	4,519,136	811,981	606,756	700,862	6,638,735
DEPRECIATION					0
At July 1, 2022	1,170,610	173,367	341,768	180,257	1,866,002
Charge for the year	418,566	79,827	79,496	65,076	642,965
At June 30, 2023	1,589,176	253,194	421,264	245,333	2,508,967
NET BOOK VALUE At June 30, 2023	2,929,960	558,787	185,492	455,529	4,129,768

DEKUT ENTERPRISES COMPANY

Annual Reports and Financial Statements for the year ended June 30, 2024

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. Intangible Assets

	2023-2024	2022-2023
	Kshs	Kshs
COST		
At July 1	83,333	83,333
Additions	0	0
At June 30	83,333	83,333
AMORTISATION		
At July 1	66,666	50,000
Charge for the year	16,667	16,666
At June 30	83,333	66,666
NET BOOK VALUE At June 30	0	16,666

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

21. Investment Property

Description	2023-2024	2022-2023
	Kshs	Kshs
Opening Valuation	0	0
Movements During The Year	0	0

22. Right-of-use assets

Description	Buildings	Plant	Equipment	Total
	Kshs	Kshs	Kshs	Kshs
Cost	0	0	0	0
Accumulated Depreciation	0	0	0	0
Carrying Amount				
As At 30 June 2024	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
As At 30 June 2023	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

DEKUT ENTERPRISES COMPANY

Annual Reports and Financial Statements for the year ended June 30, 2024

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**23. Fixed Interest Investments**

Description	2023-2024	2022-2023
	Kshs	Kshs
Central Bank of Kenya 12.5% 15-Year Infrastructure Bond	0	0
Corporate Bond (Give Details)	0	0
Corporate Bond (Give Details)	0	0
Total	0	0

24. Quoted Investments

Description	2023-2024	2022-2023
	Kshs	Kshs
B/f Valuation	0	0

25. Unquoted Investments

Description	2023-2024	2022-2023
	Kshs	Kshs
Cost		
At July 1	0	0
At June 30	0	0
Impairment	0	0
At July 1	0	0
At June 30	0	0
Net Book Value	0	0

DEKUT ENTERPRISES COMPANY

Annual Reports and Financial Statements for the year ended June 30, 2024

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

	2023-2024	2022-2023
	Kshs	Kshs
Raw Materials		
Coffee	803,134	417,988
Detergent	757,203	767,338
Yoghurt	487,153	774,159
Equipment Production	0	0
Work in Progress	0	0
Equipment production	1,920,715	1,920,716
	0	0
Finished Goods	0	0
Fashion and Design	302,817	429,673
Assorted Merchandise	195,202	142,138
Total	4,466,224	4,452,012

27 (a) Trade Receivables

	2023-2024	2022-2023
	Kshs	Kshs
Gross trade receivables	9,890,228	29,038,900
Provision for doubtful receivables	(494,511)	(1,451,945)
Net Trade Receivables	9,395,716	27,586,955
At June 30, the ageing analysis of the gross trade receivables was as follows:		
Less than 30 days	982,946	96,535
Between 30 and 60 days	376,539	179,070
Between 61 and 90 days	130,196	817,390
Between 91 and 120 days	137,206	13,228,693
Over 120 days	8,263,341	14,717,212
	0	0
Total	9,890,228	29,038,900

[The provision of Kshs 494,511 is 5% of the total outstanding debt giving net trade receivables of KShs 9,395,716 as at 30th June 2024]

DEKUT ENTERPRISES COMPANY

Annual Reports and Financial Statements for the year ended June 30, 2024

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

Description	2023-2024	2022-2023
	Kshs	Kshs
At the beginning of the year	0	0
Additional provisions during the year	0	0
Recovered during the year	0	0
Written off during the year	0	0
At the end of the year	0	0

27 (c) Staff Receivables

Description	2023-2024	2022-2023
	Kshs	Kshs
Gross staff loans and advances	0	0
Provision for impairment loss	0	0
Net staff loans	0	0
Less: Amounts due within one year	0	0
Amounts due after one year	0	0

27 (d) Reconciliation of Impairment Allowance for Staff Receivables

Description	2023-2024	2022-2023
	Kshs	Kshs
At the beginning of the year	0	0
Additional provisions during the year	0	0
Recovered during the year	0	0
Written off during the year	0	0
At the end of the year	0	0

DEKUT ENTERPRISES COMPANY
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

28. Tax Recoverable

	2023-2024	2022-2023
	Kshs	Kshs
At beginning of the year		
Income tax charge for the year (note 16)	256,646	1,273,057
Under/(over) provision in prior year/s (note 16)	10,470	
Income tax paid during the year	692,328	1,283,527
At end of the year	446,152	10,470

29. Short Term Deposits

	2023-2024	2022-2023
	Kshs	Kshs
Other commercial banks		
Consolidated bank	0	0
	0	0

30. Bank and Cash Balances

	2023-2024	2022-2023
	Kshs	Kshs
Cash at bank	12,452,491	7,653,897
Cash in hand	0	0
Mpesa cash balance	0	0
Petty cash	30,774	41,729
Total	12,483,265	7,695,626

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

DEKUT ENTERPRISES COMPANY
Annual Reports and Financial Statements for the year ended June 30, 2024

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Detailed analysis of the cash and cash equivalents

Financial institution	Account number	2023-2024	2022-2023
		KShs	KShs
a) Current account			
Consolidated Bank	10061202000162	1,036,095	311,554
Consolidated Bank collection	10061211000010	11,416,396	7,342,343
b) Others		0	0
Cash in hand		0	0
M pesa		0	0
Petty cash		30,774	41,729
Total		12,483,265	7,695,626
c) On - call deposits			
Consolidated Bank	10061101000242	0	0
Sub- total		12,483,265	7,695,626
Grand total		12,483,265	7,695,626

31. Ordinary Share Capital

	2023-2024	2022-2023
	KShs	KShs
Authorized:		
ordinary shares of KShs par value each	0	0
Capital reserves	200,000	200,000
Issued and fully paid:		
ordinary shares of KShs par value each	0	0

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

DEKUT ENTERPRISES COMPANY

Annual Reports and Financial Statements for the year ended June 30, 2024

NOTES TO THE FINANCIAL STATEMENTS (Continued)**32. Revaluation Reserve**

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

33. Fair Value Adjustment Reserve

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

34. Retained Earnings

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

Description	2023-2024
	Kshs
As at July 1, 2023	7,874,713
Profit for the year	309,197
As at June 30, 2024	8,183,910
As at July 1, 2022	5,576,746
Profit for the year	2,297,967
As at June 30, 2023	7,874,713

DEKUT ENTERPRISES COMPANY
Annual Reports and Financial Statements for the year ended June 30, 2024

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

35. Borrowings

Description	2023-2024	2022-2023
	Kshs	Kshs
a) External borrowings		
Balance at end of the year	0	0
b) Domestic borrowings		
Balance at end of the year	0	0
Balance at end of the period - domestic and external borrowings c = a+b	0	0

Notes to the Financial Statements (Continued)

Description	2023-2024	2022-2023
	Kshs	Kshs
Short term borrowings (Current Portion)	0	0
Long term borrowings	0	0
Total	0	0

36. Deferred Tax Liability

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

	2023-2024	2022-2023
	Kshs	Kshs
Accelerated capital allowances	0	0
Unrealised exchange gains/(losses)	0	0
Revaluation surplus	0	0
Tax losses carried forward	(0)	(0)
Provisions for liabilities and charges	(0)	(0)
Net deferred tax liability	0	0

37. Lease Liability

Description	2023-2024	2022-2023
	Kshs	Kshs
At the start of the year	0	0
Paid during the year	0	0
At end of the year	0	0

DEKUT ENTERPRISES COMPANY

Annual Reports and Financial Statements for the year ended June 30, 2024

NOTES TO THE FINANCIAL STATEMENTS (Continued)

38. Deferred Income

Description	2023-2024	2022-2023
	Kshs	Kshs
National Government	0	0
International Funders	0	0
Public Contributions and Donations	0	0
Other (specify)	0	0
Total Deferred Income	0	0

39. Trade and Other Payables

	2023-2024	2022-2023
	Kshs	Kshs
Trade payables	21,988,534	35,816,784
Accrued expenses	0	0
Retention/ contract monies	0	0
Other payables	0	0
Total	21,988,534	35,816,784

40. Retirement Benefit Obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Benefits	2023-2024	2022-2023
				Kshs	Kshs
Current benefit obligation	0	0	0	0	0
Non-current benefit obligation	0	0	0	0	0
Total employee benefits obligation	0	0	0	0	0

DEKUT ENTERPRISES COMPANY
Annual Reports and Financial Statements for the year ended June 30, 2024

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

41. Provisions

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

42. Dividends Payable

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

Description	2023-2024	2022-2023
	Kshs	Kshs
At the beginning of the year	0	0
Additional declared during the year	0	0
Paid during the year	0	0
Balance at end of the year	0	0

DEKUT ENTERPRISES COMPANY**Annual Reports and Financial Statements for the year ended June 30, 2024****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****43. Notes to The Statement of Cash Flows**

	2023-2024	2022-2023
	Kshs	Kshs
Operating profit/(loss)	565,842	3,897,783
Depreciation	548,682	642,965
Amortisation	16,667	16,667
Operating profit/(loss) before working capital changes	1,131,191	4,557,415
(Increase)/decrease in inventories	(14,212)	757,979
(Increase)/decrease in trade and other receivables	18,191,238	3,981,383
Increase/(decrease) in trade and other payables	(13,828,250)	(3,034,243)
		0
Cash generated from/(used in) operations	5,479,968	6,262,533
(b) Analysis of cash and cash equivalents		
Short term deposits		0
Cash at bank	12,452,491	7,653,897
Cash in hand	0	0
M-pesa	0	0
Petty cash	30,774	41,729
Balance at end of the year	12,483,265	7,695,626

DEKUT ENTERPRISES COMPANY

Annual Reports and Financial Statements for the year ended June 30, 2024

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

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

Other related parties include:

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

Transactions with related parties

	2023-2024	2022-2023
	Kshs	Kshs
a) Sales to related parties		
Sales of goods to the university	16,570,117	10,526,727
Sale of services to the university		13,000,000
Total	16,570,117	23,526,727
b) Grants from the Government		
Grants from National Govt	0	0
Grants from County Government	0	0
Donations in kind	0	0
Total	0	0
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for employees	5,351,795	5,885,210
Total		5,885,210
d) Key management compensation		
Managing Director compensation	1,440,000	2,400,000
Board allowances	52,000	37,800
Compensation to key management	3,911,795	3,485,210
Total	5,403,795	5,923,010

DEKUT ENTERPRISES COMPANY

Annual Reports and Financial Statements for the year ended June 30, 2024

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

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

	2023-2024	2022-2023
	Kshs	Kshs
Amounts authorized and contracted for	0	0
Amounts authorizes but not contracted for	0	0
Less: Amounts included in Work in progress	0	(0)
	0	0

[Provide short appropriate explanations as necessary]

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

	2023-2024	2022-2023
	Kshs	Kshs
Contingent assets		
Insurance reimbursements	0	0
Assets arising from determination of court cases	0	0
Reimbursable indemnities and guarantees	0	0
Receivables from other government entities	0	0
Others (Specify)	0	0
Total	0	0

(Give details)

Contingent Liabilities

	2023-2024	2022-2023
	Kshs	Kshs
Contingent liabilities	0	0
Court case 0 against DeKUTES	0	0
Bank guarantees in favour of subsidiary	0	0
Contingent liabilities arising from contracts including PPPs	0	0
Others (Specify)	0	0
Total	0	0

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

DEKUT ENTERPRISES COMPANY

Annual Reports and Financial Statements for the year ended June 30, 2024

NOTES TO THE FINANCIAL STATEMENTS (Continued)

47. Financial Risk Management

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

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

(i) Credit risk

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

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

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

DEKUT ENTERPRISES COMPANY

Annual Reports and Financial Statements for the year ended June 30, 2024

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 JUNE 2024				
Receivables from exchange transactions	9,885,918	9,885,918	0	494,511
Receivables from non-exchange transactions	4,310	4,310	0	0
Bank balances	12,483,235	12,483,235	0	0
Total	22,373,463	22,373,463	0	494,511
At 30 JUNE 2023				
Receivables from exchange transactions	16,034,590	16,034,590	0	1,451,945
Receivables from non-exchange transactions	13,004,310	13,004,310	0	0
Bank balances	7,695,626	7,695,626	0	0
Total	36,734,526	36,734,526	0	1,451,945

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

Credit Risk (Continued)

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

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

ii) Liquidity risk management

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

DEKUT ENTERPRISES COMPANY**Annual Reports and Financial Statements for the year ended June 30, 2024****NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 JUNE 2024				
Trade payables	1,684,789	3,506,577	16,797,168	21,988,534
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	1,684,789	3,506,577	16,797,168	21,988,534
At 30 JUNE 2023				
Trade payables	4,854,006	1,815,429	29,147,349	35,816,784
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	4,854,006	1,815,429	29,147,349	35,816,784

(iii) Market risk

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

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

DEKUT ENTERPRISES COMPANY**Annual Reports and Financial Statements for the year ended June 30, 2024****NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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

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

a) Foreign currency risk

DeKUTES has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

(iii) Market risk (Continued)

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

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 JUNE 2024			
Financial assets			
Investments	0	0	0
Cash	0	0	0
Debtors	0	0	0
Financial Liabilities			
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	0	0	0

DeKUTES manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

DEKUT ENTERPRISES COMPANY

Annual Reports and Financial Statements for the year ended June 30, 2024

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2024			
Financial assets			
Investments	0	0	0
Cash	0	0	0
Debtors	0	0	0
Financial Liabilities			
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	0	0	0

b) Foreign currency sensitivity analysis

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

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2024			
Euro	10%	0	0
USD	10%	0	0
2023			
Euro	10%	0	0
USD	10%	0	0

c) Interest rate risk

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

DEKUT ENTERPRISES COMPANY

Annual Reports and Financial Statements for the year ended June 30, 2024

i) Management of interest rate risk

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

ii) Sensitivity analysis

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

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

iii) Fair value of financial assets and liabilities

a) *Financial instruments measured at fair value*

Determination of fair value and fair values hierarchy

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

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

DEKUT ENTERPRISES COMPANY
Annual Reports and Financial Statements for the year ended June 30, 2024

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

At 30 JUNE 2024	Level 1 Kshs	Level 2 Kshs	Level 3 Kshs	Total Kshs
Financial Assets				
Quoted equity investments	0	0	0	0
Non- financial Assets				
Investment property	0	0	0	0
Land and buildings	0	0	0	0
	0	0	0	0
At 30 June 2024				
Financial Assets				
Quoted equity investments	0	0	0	0
Non- financial Assets				
Investment property	0	0	0	0
Land and buildings	0	0	0	0
	0	0	0	0

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

Financial instruments not measured at fair value

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

DEKUT ENTERPRISES COMPANY
Annual Reports and Financial Statements for the year ended June 30, 2024

NOTES TO THE FINANCIAL STATEMENTS (Continued)

iv). Capital Risk Management

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

	2023-2024	2022-2023
	Kshs	Kshs
Revaluation reserve	0	0
Retained earnings	8,183,910	7,874,713
Capital reserve	200,000	200,000
	0	0
Total funds	8,383,910	8,074,713
Total borrowings	21,988,534	35,816,784
Less: cash and bank balances	12,483,235	7,695,626
Net debt/(excess cash and cash equivalents)	9,505,299	28,121,158
Gearing	1.13%	3.48%

48. Incorporation

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

49. Events After The Reporting Period

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

DEKUT ENTERPRISES COMPANY
Annual Reports and Financial Statements for the year ended June 30, 2024

22. Appendices

Appendix 1: Progress on Follow up Of Auditor Recommendations

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Time frame:																
1. Inaccurate Computation of Income Tax Expense (Credit)	The statement of profit or loss and other comprehensive income reflects an income tax expense (credit) balance of Kshs.1,941,756 and as disclosed in Note 16 to the financial statements. However, a recomputation of the income tax expense at the rate of 30% indicates the income tax expense as Kshs.1,169,334.90 resulting to unreconciled variance of Kshs.772,421.10. Additionally, Note 28, on tax recoverable indicates	<p>In regard to the above conclusion the amount of income tax reported in the financial statements was the total amount paid to KRA for the year ended 30 June 2022 as per the itax ledger. This amount was tabulated as follows:</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 80%;">Tax expense 2021-2022 balance b/f</td> <td style="text-align: right;">1,614,997</td> </tr> <tr> <td>Penalty non payment of instalment tax</td> <td style="text-align: right;">90,736</td> </tr> <tr> <td>Interest charged</td> <td style="text-align: right;">36,294</td> </tr> <tr> <td>Refund disallowed</td> <td style="text-align: right;"><u>199,729</u></td> </tr> <tr> <td>TOTAL INCOME TAX EXPENSED</td> <td style="text-align: right;"><u>1,941,756</u></td> </tr> </table> <p>However the reported tax was on cash basis and not the accrued tax for the year ended June 2023. A re-computation of the current tax for the year ended 30 June 2023 is as follows based on the adjusted profit for the year as opposed to direct 30% method.</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 80%;">Tax re-computation for the year 2022-2023</td> <td></td> </tr> <tr> <td>Profit for the year</td> <td style="text-align: right;">3,571,024</td> </tr> <tr> <td>Add back</td> <td></td> </tr> </table>	Tax expense 2021-2022 balance b/f	1,614,997	Penalty non payment of instalment tax	90,736	Interest charged	36,294	Refund disallowed	<u>199,729</u>	TOTAL INCOME TAX EXPENSED	<u>1,941,756</u>	Tax re-computation for the year 2022-2023		Profit for the year	3,571,024	Add back		Resolved	
Tax expense 2021-2022 balance b/f	1,614,997																			
Penalty non payment of instalment tax	90,736																			
Interest charged	36,294																			
Refund disallowed	<u>199,729</u>																			
TOTAL INCOME TAX EXPENSED	<u>1,941,756</u>																			
Tax re-computation for the year 2022-2023																				
Profit for the year	3,571,024																			
Add back																				

DEKUT ENTERPRISES COMPANY

Annual Reports and Financial Statements for the year ended June 30, 2024

	<p>income tax charge for the year (Note 16) as Kshs.1,614,997 while Note 16 reflects a balance of Kshs.1,941,756 resulting to a further unreconciled variance of Kshs.326,759.</p> <p>In the circumstances, the accuracy and completeness of the income tax expense (credit) balance of Kshs.1,941,756 could not be confirmed.</p>	<table border="0"> <tr> <td>Disallowable expenses (penalty, interest & disallowed refund)</td> <td>326,759</td> </tr> <tr> <td>Adjusted profits</td> <td><u>3,897,783</u></td> </tr> <tr> <td>Add depreciation</td> <td>642,965</td> </tr> <tr> <td></td> <td>4,540,748</td> </tr> <tr> <td colspan="2"><u>Less allowable expenses</u></td> </tr> <tr> <td>Capital allowances</td> <td>280,557</td> </tr> <tr> <td>Software allowance</td> <td>16,667</td> </tr> <tr> <td>Adjusted profits for tax</td> <td><u>4,243,524</u></td> </tr> <tr> <td>Tax 30%</td> <td><u>1,273,057</u></td> </tr> <tr> <td colspan="2">In addition the variance of the Kshs 326,759 is the total sum of the penalty, interest and disallowed refund</td> </tr> <tr> <td>Penalty nonpayment of installments tax</td> <td>90,736</td> </tr> <tr> <td>Interest charged</td> <td>36,294</td> </tr> <tr> <td>Refund disallowed</td> <td><u>199,729</u></td> </tr> <tr> <td>TOTALS</td> <td><u>326,759</u></td> </tr> </table>	Disallowable expenses (penalty, interest & disallowed refund)	326,759	Adjusted profits	<u>3,897,783</u>	Add depreciation	642,965		4,540,748	<u>Less allowable expenses</u>		Capital allowances	280,557	Software allowance	16,667	Adjusted profits for tax	<u>4,243,524</u>	Tax 30%	<u>1,273,057</u>	In addition the variance of the Kshs 326,759 is the total sum of the penalty, interest and disallowed refund		Penalty nonpayment of installments tax	90,736	Interest charged	36,294	Refund disallowed	<u>199,729</u>	TOTALS	<u>326,759</u>		
Disallowable expenses (penalty, interest & disallowed refund)	326,759																															
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Penalty nonpayment of installments tax	90,736																															
Interest charged	36,294																															
Refund disallowed	<u>199,729</u>																															
TOTALS	<u>326,759</u>																															
<p>2. Inaccuracies in the Statement of Cash Flows</p>	<p>The statement of cash flows reflects cash and cash equivalents at the end of the year balance of Kshs.7,695,626. However, the cash generated from/(used) in operations of Kshs.6,262,533 as analyzed in Note 42 to the financial statements, used in arriving at the balance of net cash and cash equivalents at the end of</p>	<p>As per the above conclusion, the variance is the figure for the income tax payable for the year ended 30 June 2022 reported as a separate line in the financial statements, therefore the amount of kshs 1,614,997 should be added up together with other payables of KShs 37,567,500 giving a total of Kshs 39,182,497 as per the comparative figure of total current liabilities. However due to the income tax re-computation and financial statements adjustments the cash flow has also been adjusted accordingly. See revised financial statements-comparative figures 2022-2023</p>	<p>Resolved</p>																													

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	<p>the year had the following errors of misstatements: -</p> <p>(i).Decrease in trade and other payables was indicated as Kshs.3,034,243 while the movement from Kshs.37,567,500 in 2022 to Kshs.36,148,254 in 2023 reflects a balance of Kshs.1,419,246 resulting to unreconciled variance of Kshs.1,614,997.</p> <p>In the circumstances, the accuracy and completeness of the balance of cash generated/(used) in operations of Kshs.6,262,533 could not be confirmed.</p>			
<p>3. Payment of Penalty and Interest on Tax Due</p>	<p>Payment of Penalty and Interest on Tax Due</p> <p>Examination of the iTax ledger for the DEKUT</p>	<p>The above was as a result of nonpayment of installment tax in the financial year ended 30 June 2022 but since then the company is now paying its installments taxes as stipulated without fail and as per the deadlines</p>	<p>Resolved</p>	

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	<p>Enterprise Company indicated that the Company paid a penalty of Kshs.90,736.22 and interest of Kshs.36,294.49 on 13 December, 2022, all translating to a total expenditure of Kshs.127,030.71. This is contrary to the provisions of the Income Tax Act, Cap 470 Section 92 (a) which requires that all taxes due shall be paid on or before 30 September in that following year.</p> <p>In the circumstances, Management was in breach of the law.</p>			
<p>Report On Effectiveness Of Internal Controls, Risk Management And Governance</p>	<p>Lack of a Strategic Plan</p>	<p>DeKUTES 2024 – 2029 Strategic plan was developed</p>	<p>Resolved</p>	

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

Guidance Notes:

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



.....
Managing Director
Dr. Paul Sang

Date. 22 / 11 / 2024



.....
Chairman of the Board
Prof. Peter N. Muchiri

Date. 22 / 11 / 2024

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Appendix II: Projects Implemented By DeKUTES

Projects

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

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

Status of Projects completion

(No Project was undertaken by DeKUTES)

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

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Appendix III: Inter-Entity Transfers

ENTITY NAME:			
Break down of Transfers from the State Department of 0			
FY 2023/24			
a.	Recurrent Grants	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>
			<u>Indicate the FY to which the amounts relate</u>
		Total	0
b.	Development Grants	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>
			<u>Indicate the FY to which the amounts relate</u>
		Total	0
c.	Direct Payments	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>
			<u>Indicate the FY to which the amounts relate</u>
		Total	0
d.	Donor Receipts	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>
			<u>Indicate the FY to which the amounts relate</u>
		Total	0

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

Finance Manager

Head of Accounting Unit

XXX entity

xxx Ministry

Sign -----

Sign-----

(DeKUTES does not receive any transfers from state department)

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Appendix IV: Transfers From Other Government Entities

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

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

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Appendix V- Inter-Entity Confirmation Letter
[Insert your Letterhead]

[Insert name of beneficiary entity]

[Insert Address]

The *[insert SC/SAGA/Fund name here]* wishes to confirm the amounts disbursed to you as at 30th June 2024 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by <i>[Insert name of beneficiary entity]</i> as at 30 th June 2024							
Reference Number	Date Disbursed	Amounts Disbursed by <i>[SC/SAGA/Fund]</i> (KShs) as at 30 th June 2024				Amount Received by <i>[beneficiary entity]</i> (Kshs) as at 30 th June 2021 (E)	Differences (Kshs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
Total							

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

Head of Accountants department of beneficiary entity:

Name SignDate

No inter entities to confirm during the year

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Appendix VI: Reporting Of Climate Relevant Expenditures

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

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

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

There were no climate relevant expenditures to report during the year

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Appendix VII: Disaster Expenditure Reporting Template

Date:

Entity

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

There were no disaster expenditure to report during the year