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**JKUAT ENTERPRISES LTD**

**REPORT OF THE  
AUDITOR-GENERAL  
ON**

**THE FINANCIAL STATEMENTS OF  
JOMO KENYATTA UNIVERSITY OF  
AGRICULTURE AND TECHNOLOGY  
ENTERPRISES LIMITED**

**FOR THE YEAR ENDED 30 JUNE 2015**

श्री ३००० ३१



Paper Laid  
on the Table  
of the House by  
the Leader of

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

the Majority Party  
on Wednesday

**ANNUAL REPORT AND**

16<sup>th</sup> November 2016  
in the Afternoon.

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2015**

A large, circular handwritten scribble in blue ink, partially overlapping the text 'FOR THE YEAR ENDED 30 JUNE 2015'. The scribble contains several vertical and horizontal lines, and some illegible characters. Below the scribble, the name 'Finlay' is written in blue ink.

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## **KEY ENTITY INFORMATION**

### **Background information**

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

### **Principle Activities**

The principle activities of the company is to offer ICT training, consultancy services, production, sale of Tissue Culture and horticulture seedlings.

### **Directors**

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

- |                                    |   |
|------------------------------------|---|
| <b>1. Dr. Ekuru Aukot</b>          | Director,Chairman JKUAT Council           |
| <b>2. Prof. Mabel Imbuga</b>       | Director, Vice Chancellor                 |
| <b>3. Dr. W.N. Karugu</b>          | Managing Director, JKUAT Enterprises Ltd. |
| <b>4. Prof. E.M. Kahangi</b>       | Director, Deputy Vice Chancellor (RPE)    |
| <b>5. Prof. Victoria W Ngumi</b>   | Director,Ag Deputy Vice Chancellor (APD)  |
| <b>6. Prof. R. Odhiambo Otieno</b> | Director, Deputy Vice Chancellor (AA)     |
| <b>7. Prof. Bernard Otoki</b>      | Director,Deputy Vice Chancellor (Finance) |
| <b>8. Ms Bertha J.Dena</b>         | Director, Representing JKUAT Council      |
| <b>9. Mr. Abraham Koech</b>        | Director, Representing Permanent          |

Secretary, Treasury

**Corporate Secretary/Legal Advisor**

Vivian Waithaka  
JKUAT Legal Officer  
P.O Box 62000-00200  
NAIROBI

**Registered Office**

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

**Corporate Contacts**

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

**Corporate Bankers**

Barclays Bank of Kenya Limited  
Juja Branch  
P.O. Box 580 – 01001  
KALIMONI

Kenya Commercial Bank Ltd,  
Moi Avenue Branch  
P.O. Box 30081 - 00100  
NAIROBI

**Independent Auditors**

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

## THE BOARD OF DIRECTORS

	<p><b>Dr. Ekuru Aukot, Chairman</b> JKUAT Council Chair</p>
	<p>Prof. Mabel O. Imbuga, Director The Vice-Chancellor JKUAT Professor of Biotechnology</p>
	<p><b>Dr. Winifred N. Karugu, Managing Director</b> BSc Agriculture (Oklahoma state university) MSc Agricultural Economics (Oklahoma state university) PhD Economics (JKUAT)</p>
	<p>Prof. Esther Murugi Kahangi, Director DVC Research Production and Extension–JKUAT Professor of Horticulture</p>
	<p>Prof. Victoria Ngumi, Director DVC Administration -JKUAT Professor of Botany</p>
	<p><b>Prof. Romanus Odhiambo, Director</b> DVC Academic Affairs-JKUAT Professor of Mathematics</p>
	<p><b>Prof. Bernard Moirongo Otoki</b> DVC Finance Professor of Architecture &amp; Urban Design</p>

	<b>Ms. Bertha Joseph Dena, Director</b> Representing JKUAT Council
	<b>Mr. Abraham Koech, Director</b> Representing Permanent Secretary, Treasury MBA
	<b>Ms. Vivian Waithaka, Company Secretary</b> JKUAT legal Officer

## MANAGEMENT TEAM

	<b>Dr. Winifred N. Karugu, Managing Director</b> BSc Agriculture (Oklahoma state university) MSc Agricultural Economics (Oklahoma state university) PhD Economics (JKUAT)
	<b>Mr. Erastus Mvuria, General Manager</b> BSc MBA
	<b>Mr. Kelvin Muoki, Business Development Manager</b> BSc MBA

## **MANAGING DIRECTOR'S REPORT**

**1ST JULY 2014 TO 30TH JUNE 2015**

### **Performance during 2014/2015 Financial Year**

#### **Financial**

Performance during 2014/2015 financial year resulted in revenue of **Ksh 204.4 m**, with gross profit of **Ksh 38.38 m** and profit before tax of **Ksh 5.09 m**. During the same period in the 2013/2014 financial year performance stood at Ksh 276.52 m, gross profit at Ksh 34.08 m and net income at Ksh 9.28 m. Management had warned the Board of Director's of this impending decline during the Board meeting held on 17th September 2014 due to the ongoing massive capital investment in factories, offices and infrastructure. Management is pleased to report that there has been substantial progress in this with the yoghurt factory already complete and currently testing production. There have been various mostly minor hitches preventing optimal work flow but all of them have since been ironed out. We already have Kenya Bureau of Standards certification for our yoghurt and are in the process of finalizing the final requirements for Dairy Board certification. With regard to the instant porridge factory, the basic machinery required for production has already been installed, and the necessary connections comprising of silos, conveyors, bucket elevators, screws etc., are in the process of being finalized. We expect to start testing production next month. In the current financial year the company will acquire more machinery including the packing machine and generators.

Staff costs, administrative expenses, finance costs and depreciation all increased substantially due to inflationary pressure. The divisions contributed to this result as follows; ICT division Ksh 51.8 m, Products division Ksh 35.53 m, Consultancy division Ksh 113.6 m and EDC division Ksh 3.1 m. The net income levels of the company have been low since inception to the present time due to the fact that the company has had

to rely heavily on facilities owned by other entities. For example training is generally conducted in AICAD or in off campus hotels, which shrinks margins substantially. This situation is set to change in this financial year as both the instant porridge and yoghurt factories stabilize operations and the new office building with its training facilities is completed.

The office building is likely to take a few more months before it is ready for occupation however due to the fact that we have been building without a bank facility. In fact the company has relied heavily on internal funds to construct the two factories, the office building and the accompanying infrastructure. This capital investment has necessarily been at the expense of investment in new business but Management believes that it will pay handsome dividends in terms of future revenue. The ongoing construction of facilities will go a long way towards improving net income to optimal levels.

During the year the company encountered many challenges, including the fact that costs went up tremendously due to inflation, serious need for additional staff and most of all heavy investment in capital infrastructure, namely plant and equipment for two factories and the office building. Space continues to be a major challenge for the company over and currently 35 members of staff work out of a standard residential house within the campus. This is undesirable on several levels including that of productivity. The new office building will alleviate this problem. Demand for propagation materials continues to exceed the company's production capacity, and the company is addressing this by investing in capital and human resources. The company is forging ahead with its foray into consultancy, and is beginning to reap tangible results as evidenced by the improvement in external consultancy which has taken the form of architectural design, ICT and management audit activities.

Apart from the instant porridge factory the company continues to develop the flagship projects of all divisions, including training labs for ICT and seminar rooms for EDC. All these facilities will be housed in the hub currently being developed on the land allocated to JKUATES in JKUAT's

Industrial area.

Management gratefully acknowledges the role played by the Board in facilitating the University Council to approve Guarantees for asset financing worth Ksh 35 m and the extension of the overdraft of Ksh 40 m. The results of the facilities are now tangible as evidenced by the fact that property and equipment in the company's financial position increased to Ksh 51.4 m in the last financial year up from Ksh 6.8 m in the previous financial year. The Company is eagerly anticipating its era of industrial production.

The company also engaged in a new activity by constructing a new classroom building for the University opposite the Food Science labs at a cost of Ksh 14 m. The classrooms are already in use.

### **Social**

The company donated 200 fruit seedlings to an orphanage and two needy primary schools in the neighbourhood during the time period in question, as part of its social responsibility.

### **Environmental**

Due to the pressure of facility and infrastructure development, the company did not engage in environmental activities, but intends to plant 200 trees in the environs of its industrial area in a bid to improve the micro-climate, once the basic infrastructure is up.

## **Performance of the Company's Divisions**

### **Products Unit**

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

The Products Unit generated an income of Ksh 35.5 m during this time period, down from Ksh 64.5 m in the previous year. The main reason for this decline is the fact that the Rwanda contract had ended during the

previous financial year. The company has been aggressively growing its domestic seedlings business and the results so far have been encouraging with more medium scale farmers buying our seedlings. Tissue cultured banana seedlings in particular have been in short supplies but modalities are being put in place to quadruple seedling production during the next financial year.

With regard to convenience foods, our probiotic yoghurt range is already undergoing production and market testing and the response has been encouraging. The company is set to upscale both production and marketing. Testing of instant porridge is set to begin in two weeks and the company is strategizing for the market accordingly.

The division has also produced its first batch of TAQ Polymerase enzyme used in DNA testing. The enzyme is currently being marketed to targeted customers including JKUAT.

### **ICT Unit**

*The ICT Unit engages in ICT support services, training, software development & maintenance, digitalisation, and computer assembly. The division focuses on corporate, parastatal and governmental clients.*

The ICT division brought in Ksh 51.8 m during the time period in question, compared to Ksh 68.6 m during the same period in the previous year. Most of the income (Ksh 37 m) was derived from ICT support services to KRA under which they outsource personnel from JKUATES. ICT training to parastatal clients especially KRA brought in Ksh 9.5 m, while computer packages training continued to grow and contributed Ksh 4.5 m to the total.

The ICT division has continually been innovating new products and services, in addition to expanding the client base. The division has diversified into IT systems Audit, which to date has not had a serious player in the Kenya market thus the prospects of growing this line of business look promising. The division is also venturing into ICT Project

Management, especially monitoring and evaluation where the key focus will be tools and soft skills. The training section has developed a new line of business in Data Warehousing and Business Intelligence. They have already secured a key client in this area and shall be expanding and growing it in the next one year. New partnerships with reputable firms, both local and international will provide an edge in designing and implementing new products and services. Ongoing staff recruitment and training will in the medium and long term lead to new, sustainable business lines.

### **Enterprise Development Centre**

*EDC engages in entrepreneurship and business management training, business counselling and market research. EDC aims to position itself as the trainer of choice for forward and backward SME businesses of major corporations, NGO, parastatals and government.*

EDC division earned Ksh 3.19 m during the financial year in question, down from Ksh 5.8 during the same period in the previous year. The bulk of the income came from training to County personnel in diverse disciplines. The main client during the year in question was Nyandarua County government which commissioned fiscal training to MCAs. EDC is performing well below its potential due to serious constraints in space. Furthermore earnings are eroded by the high cost of suitable facilities such as AICAD.

### **Consultancy Unit**


*The Consultancy Unit generally undertakes mutually beneficial joint projects with the schools, faculties and institutes within the University, and/or outside entities on a voluntary basis.*

Consultancy recorded the best performance during the year in question with income topping Ksh 113 m, down from Ksh 137 m from the previous year. This income was obtained from an architectural design project for KASNEB and Karatina University and an ICT audit of IFMIS for the Office of the Auditor General.

The division has grown from humble beginnings of less than Ksh 4 m per annum to its current level due to concerted effort by Management to enter this business space. The potential for consultancy is huge and the division is currently vigorously targeting counties and parastatals with some measure of success. Current opportunities include human resource audits and agricultural cooperative indebtedness audits.

**Conclusion**

The outlook for the 2015/2016 financial year is promising. Management is enthusiastic about factory production, up scaling seedling production, growing consultancy and enterprise development and of course occupying the new office space.

Signature  Date 22/2/2016  
Managing Director

## **CORPORATE GOVERNANCE STATEMENT**

### **Corporate Governance:**

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

### **The Board of Directors:**

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

### **Board Meetings:**

The Board meets quarterly for scheduled meetings and on other occasions to deal with any specific matter that requires attention in between the quarterly meetings.

Scheduled meetings review the quarterly performance against targets as well as monitoring of business and operational issues.

### **Composition of Board:**

Eight out of the nine members of the Board are non-executive, including the Chairman of the Board.

Majority of the directors are drawn from the main university or related fields. However, they are considered to be independent and free from any business, interest or other relationship that could interfere with the exercise of their independent judgment.

### **Board Meetings:**

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

### **Directors' Benefits and Loans:**

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

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

## STATEMENT OF DIRECTORS RESPONSIBILITIES FOR THE YEAR ENDED 30 JUNE 2015

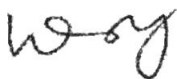
The JKUAT Enterprises board is required to prepare statements, which give a true and fair view of the state of affairs of the company at the end of financial year and the results of the operations for the year. The board is required to ensure that the company keeps proper accounting records, which disclose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

The company's board accepts responsibilities for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with International Financial Reporting Standards and in a manner required by the companies Act. The company's board is of the opinion that the Financial Statements give a true and fair view of the state of financial affairs of the company as at 30 June 2015 and of its profit for the year ended. The board further confirms the accuracy and completeness of the accounting records, which have been relied upon in the preparation of financial statements, as well as on adequate systems of internal financial control.

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

### Approval of the financial statements

The entity's financial statements were approved by the company's Board and signed on its behalf by:



Dr. Winifred Karugu  
**MANAGING DIRECTOR**



Prof. Romanus Odhiambo, PhD  
**DIRECTOR**

REPUBLIC OF KENYA



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Website: kenao.go.ke

P.O. Box 30084-00100  
NAIROBI

**OFFICE OF THE AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON JOMO KENYATTA  
UNIVERSITY OF AGRICULTURE AND TECHNOLOGY  
ENTERPRISES LIMITED FOR THE YEAR ENDED 30 JUNE 2015**

**REPORT ON THE FINANCIAL STATEMENTS**

I have audited the accompanying financial statements of Jomo Kenyatta University of Agriculture and technology enterprises Ltd set out on pages 13 to 24, which comprises the statement of financial position as at 30 June 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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 14 of the Public Audit Act, 2003. 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.

**Management's Responsibility for the Financial Statements**

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

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provision of section 13 of the Public Audit Act, 2003.

**Auditor-General's Responsibility**

My responsibility is to express an opinion on these financial statement

based on the audit and report in accordance with the provisions of Section 15 (2) of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

### **Basis for Qualified Opinion**

#### **Construction of Buildings**

Include under note 14 to the financial statements is addition to land and work in progress of Kshs. 13,518,459 and Kshs.27,040,547 respectively. However the buildings design drawings, bills of quantities and materials and works specifications prepared by technically qualified professionals were not availed for audit review. In addition, management did not avail for audit review approvals from the National Environmental Management Authority (NEMA) as required by Sections 58 and 63 of the Environmental Management and Coordination Cap.387.

In the circumstances, it has not been possible to confirm that the various construction works for buildings and work in progress totaling Kshs.40,559,006 as at 30 June 2015 were in accordance with the construction rules and regulations.

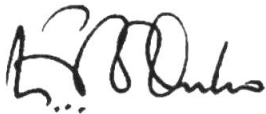
### **Qualified Opinion**

In my opinion, except for the effects, of the matter described in Basis for qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Company as at 30 June 2015 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, Cap 486 of the Laws of Kenya.

### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

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

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



FCCA Edward R. O. Ouko, CBS  
AUDITOR-GENERAL

Nairobi

09 February 2016

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2015**


	NOTES	2014-2015	2013-2014
		Kshs.	Kshs.
<b>INCOME</b>			
Sales	2	204,413,210	276,521,196
<b>TOTAL INCOME</b>		204,413,210	276,521,196
<b>COST OF GOOD SOLD</b>			
Cost of Sales	3	166,024,410	242,434,514
<b>TOTAL COGS</b>		166,024,410	242,434,514
<b>GROSS PROFIT</b>		38,388,800	34,086,682
<b>OPERATING EXPENSES</b>			
Staff Costs	4	19,049,043	15,305,357
Director's Allowances	5	371,000	320,000
Administration Expenses	6	5,901,597	4,883,982
Advertising and sales Promotion	7	388,768	973,547
Telephone and Internet	8	435,000	486,698
Utilities/Maintenance	9	354,861	386,702
Professional fees	10	507,200	440,850
Depreciation	11	3,588,770	1,589,180
<b>TOTAL OPERATING EXPENSES</b>		30,596,240	24,386,316
<b>OPERATING PROFIT/(LOSS)</b>		<b>7,792,560</b>	<b>9,700,366</b>
Finance costs	12	2,697,087	412,621
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		<b>5,095,472</b>	<b>9,287,745</b>
<b>INCOME TAX EXPENSES</b>	13	<b>1,528,642</b>	<b>2,786,323</b>
<b>PROFIT/(LOSS) AFTER TAXATION</b>		<b>3,566,831</b>	<b>6,501,421</b>

JOMO KENYATTA UNIVERSITY OF AGRICULTURE & TECHNOLOGY  
ENTERPRISES LIMITED

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2015**

	NOTES	30-Jun-15	30-Jun-14
		Kshs.	Kshs.
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property Plant and Equipment	14	51,408,058	6,812,591
<b>Current Assets</b>			
Trade and Other Receivables	15	57,983,600	97,547,802
Inventories	16	11,552,955	7,723,855
Cash and Bank Balances	17	1,978,095	11,342,896
		<u>71,514,650</u>	<u>116,614,553</u>
<b>TOTAL ASSETS</b>		<u><u>122,922,708</u></u>	<u><u>123,427,143</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Issued Share Capital	18	102,040	102,040
Capital Fund	19	25,644,004	25,644,004
Revenue reserves	20	13,385,219	9,818,388
<b>Capital and Reserves</b>		<u><u>39,131,263</u></u>	<u><u>35,564,432</u></u>
<b>Current Liabilities</b>			
Trade and Other Payables	21	54,766,398	87,862,711
Bank Overdraft	22	14,285,350	
<b>Total Current Liabilities</b>		<u>69,051,748</u>	<u>87,862,711</u>
<b>Longterm Liabilities</b>			
Asset Based Finance	23	14,739,697	0
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>122,922,708</u></u>	<u><u>123,427,143</u></u>

  
DR. WINIFRED KARUGU  
MANAGING DIRECTOR

  
PROF.ROMANUS ODHIAMBO,Phd  
DIRECTOR

JOMO KENYATTA UNIVERSITY OF AGRICULTURE & TECHNOLOGY  
ENTERPRISES LIMITED

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2015**

	Share Capital <u>Kshs</u>	Capital Funding <u>Kshs</u>	Re-instated Revenue Reserve <u>Kshs</u>	Total <u>Kshs</u>
<b>As at 1 July 2013</b>	102,040	25,644,004	3,316,967	29,063,011
Share Capital				-
Capital Funding				-
Surplus for the year			6,501,421	6,501,421
<b>As at 30.6.2014</b>	<b>102,040</b>	<b>25,644,004</b>	<b>9,818,388</b>	<b>35,564,432</b>

	Share Capital <u>Kshs</u>	Capital Funding <u>Kshs</u>	Revenue Reserve <u>Kshs</u>	Total <u>Kshs</u>
<b>As at 1 July 2014</b>	102,040	25,644,004	9,818,388	35,564,432
Share Capital				-
Capital Funding				-
Surplus for the year			3,566,831	3,566,831
<b>As at 30.6.2015</b>	<b>102,040</b>	<b>25,644,004</b>	<b>13,385,219</b>	<b>39,131,263</b>

JOMO KENYATTA UNIVERSITY OF AGRICULTURE & TECHNOLOGY  
ENTERPRISES LIMITED

**STATEMENT OF CASH FLOW  
FOR THE YEAR ENDED 30 JUNE 2015**

	2014-2015	2013-2014
	Kshs.	Kshs.
Net Profit before tax for the Year	5,095,472	9,287,745
<b>Adjustment for the year</b>		
Gain on disposal of a computer		(11,970)
Depreciation	<u>3,588,770</u>	<u>1,589,180</u>
	8,684,242	10,864,955
<b>Changes in working capital</b>		
(Increase)/Decrease in Trade and Other Receivables	39,564,203	(35,556,823)
Increase/(Decrease in Trade and Other Payables	(18,810,963)	21,342,084
(Increase)/Decrease in inventories	(3,829,101)	5,892,501
Income tax	<u>(1,528,642)</u>	<u>(2,786,323)</u>
<b>Net Cashflow from operating activities</b>	<u>24,079,740</u>	<u>(243,607)</u>
<b>Cashflow from investing activities</b>		
Purchase of Assets	(48,184,237)	(6,405,186)
Proceed on sale of a Computer	0	46,000
Net Cashflow from investing activities	<u>(48,184,237)</u>	<u>(6,359,186)</u>
<b>Cashflow from financing activities</b>		
Asset Loan	<u>14,739,697</u>	
<b>Net Cash flow from financing Activities</b>	<u>14,739,697</u>	<u>0</u>
<b>Net Increase in cash and cash equivalents</b>	(9,364,801)	(6,602,793)
Cash and Cash Equivalents at the beginning of the year	<u>11,342,896</u>	<u>17,945,689</u>
<b>Cash and Cash Equivalents at the end of the year</b>	<u><u>1,978,095</u></u>	<u><u>11,342,896</u></u>

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2015

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### a) Statement of compliance and basis of preparation

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

#### b) Revenue recognition

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

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

#### c) Property, plant and equipment

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

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

#### d) Inventory

The company stocks are valued at the lower of cost and net realizable value.

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2015**

**e) Trade and other receivables**

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

**f) Taxation**

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

**g) Cash and cash equivalents**

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

**h) Trade and other payables**

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

**i) Exchange rate difference**

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

**j) Comparative figures**

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

**k) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2015.

JOMO KENYATTA UNIVERSITY OF AGRICULTURE & TECHNOLOGY  
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**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2015**

	<b>2014-2015</b>	<b>2013-2014</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>2 INCOME</b>		
<b>ICT DEPARTMENT</b>		
IT Training and Computer accessories	9,585,960	11,513,328
Computer Short Courses	4,572,190	4,959,935
KRA-IT Support Services	37,727,000	52,224,000
<b>Total ICT Department</b>	<b>51,885,150</b>	<b>68,697,263</b>
<b>PRODUCTS</b>		
Convenient Food	439,021	276,870
Mushroom Products	1,563,199	1,686,140
Horticultural products	14,928,023	11,568,262
Rwanda Project		34,643,889
Banana Products	18,341,990	16,191,035
Other IBR Products	263,004	225,885
<b>Total Products Division</b>	<b>35,535,237</b>	<b>64,592,081</b>
<b>CONSULTANCY</b>		
Internal Consultancy		
External Consultancy	113,691,605	137,282,290
<b>Total consultancy</b>	<b>113,691,605</b>	<b>137,282,290</b>
<b>ENTERPRISE DEVELOPMENT CENTRE</b>		
Publishing	141,448	457,792
Memorabilia	1,135,588	0
SME Project	1,920,620	5,425,800
<b>Total for EDC</b>	<b>3,197,656</b>	<b>5,883,592</b>
<b>OTHER INCOME</b>		
Gain on disposal of a computer		11,970
Exchange gain	103,562	
Sales of tender documents		54,000
	<b>103,562</b>	<b>65,970</b>
<b>TOTAL INCOME</b>	<b>204,413,210</b>	<b>276,521,196</b>
<b>3 COST OF SALE</b>		
<b>ICT DEPARTMENT</b>		
IT Training and Computer accessories	4,714,146	7,880,550
Computer Short Courses	3,046,138	2,690,111
KRA-IT Support Services	30,462,324	46,133,472
<b>Total ICT Department</b>	<b>38,222,608</b>	<b>56,704,133</b>
<b>PRODUCTS</b>		
Convenient Food	4,466,473	2,723,959
Mushroom Products	1,093,306	820,634
Horticultural products	8,691,210	11,174,264
Rwanda Project		31,562,956
Banana Products	12,895,113	11,358,016
Other IBR Products	89,257	709,257
<b>Total Products Division</b>	<b>27,235,359</b>	<b>58,349,086</b>
<b>CONSULTANCY</b>		
Internal Consultancy		
External Consultancy	98,451,502	124,330,764
<b>Total consultancy</b>	<b>98,451,502</b>	<b>124,330,764</b>

JOMO KENYATTA UNIVERSITY OF AGRICULTURE & TECHNOLOGY  
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**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2015**

	<u>2014-2015</u>	<u>2013-2014</u>
	<u>Kshs</u>	<u>Kshs</u>
<b>ENTERPRISE DEVELOPMENT CENTRE</b>		
Publishing	74,948	576,083
Memorabilia	1,026,496	
SME Project	1,013,497	2,474,448
<b>Total for EDC</b>	<u>2,114,941</u>	<u>3,050,531</u>
<b>TOTAL COST OF SALE</b>	<u>166,024,410</u>	<u>242,434,514</u>
<b>GROSS PROFIT</b>	<u>38,388,800</u>	<u>34,086,682</u>
<b>4 STAFF COSTS</b>		
Gratuity	1,544,188	937,865
N.S.S.F CO. Contribution	29,800	26,000
Staff Training		481,400
NSSF Staff Contribution	29,800	26,000
NHIF Staff Contribution	82,140	41,040
PAYE Staff Deduction	4,163,929	2,624,483
NET Salary	10,111,772	7,778,768
Staff Other Deduction	2,241,654	1,043,077
Pension Co. Contribution	845,760	
Prov for MD's salary	0	2,346,724
	<u>19,049,043</u>	<u>15,305,357</u>
<b>5 DIRECTORS ALLOWANCES</b>		
Director's Sitting Allowances	<u>371,000</u>	<u>320,000</u>
<b>6 ADMINISTRATION EXPENSES</b>		
Staff Mileage Claim	596,939	397,175
Medical expenses	600,989	310,645
Staff Welfare	495,208	662,651
Travel And Subsistence	431,727	317,040
Motor Vehicle Expenses	572,500	958,300
Generator Fuel	19,890	16,000
Stationery Ordinary	557,730	523,253
Computer Stationery	145,894	537,978
Photocopying	74,075	44,730
Insurance	1,396,649	799,301
Newspaper and Periodicals	3,310	1,660
Bad debt	604,324	
Exchange Loss		314,124
Misc Postage	595	1,125
Overseas travel	401,768	
	<u>5,901,597</u>	<u>4,883,982</u>
<b>7 ADVERTISING AND SALES PROMOTION</b>		
Field Promotion	<u>388,768</u>	<u>973,547</u>
	<u>388,768</u>	<u>973,547</u>

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**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2015**

	2014-2015	2013-2014
	Kshs	Kshs
<b>8 TELEPHONE AND INTERNET</b>		
Telephone	12,460	17,359
Internet Services	422,540	469,339
	435,000	486,698
<b>9 MAINTENANCE/UTILITY COST</b>		
Electricity and Water	269,155	169,979
Cleaning	85,706	42,813
Repair and Maint-Building		134,950
Repair and Maint-EQUIP		38,960
	354,861	386,702
<b>10 PROFESSIONAL SERVICES</b>		
Audit Fees	400,000	400,000
Legal fees	107,200	40,850
	507,200	440,850
<b>11 DEPRECIATION</b>		
Depreciation Comp Equipments	802,382	770,697
Depreciation Furniture	105,252	120,839
Depreciation Office Equipment	273,584	273,584
Depreciation Production Structures & Eq	1,981,207	424,060
Depreciation porridge factory	124,433	
Depreciation yoghurt factory	142,860	
Depreciation Premises Fence	66,793	
Depreciation Civil works	78,295	
Depreciation Wash room	13,964	
	3,588,770	1,589,180
<b>12 FINANCE COSTS</b>		
Bank Charges	375,735	412,621
Interest on Loan and Overdraft	2,321,352	
	2,697,087	412,621
<b>PROFIT BEFORE TAX</b>	<b>5,095,473</b>	<b>9,287,745</b>
<b>13 Provision for income Tax-30%</b>	1,528,642	2,786,323
<b>PROFIT AFTER TAX</b>	3,566,831	6,501,421

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2015

ASSET MOVEMENT SCHEDULE

14 PROPERTY PLANT & EQUIPMENT  
SCHEDULE

	2.5%	33.33%	10%	10%	25%		
	<u>BUILDINGS</u>	<u>COMPUTERS</u>	<u>FURNITURES</u>	<u>OFFICE EQUIPMENTS</u>	<u>PRODUCTION STRUCTURES &amp; EQUIPMENTS</u>	<u>WORK IN PROGRESS</u>	<u>TOTAL</u>
<u>COST</u>	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>
As at 01-07-2013	0	3,513,402	1,020,163	1,795,219	1,301,238		7,630,022
Disposal-Note pad		(61,249)					(61,249)
Addition in the year	0	1,346,011	188,230	940,625	395,000	3,535,320	6,405,186
<b>As at 30th June 2014</b>	<b>0</b>	<b>4,798,164</b>	<b>1,208,393</b>	<b>2,735,844</b>	<b>1,696,238</b>	<b>3,535,320</b>	<b>13,973,959</b>
<b>DEPRECIATION</b>							
As at 01-07-2013		2,869,291	809,048	684,145	1,236,923		5,599,407
Disposal-Note pad		(27,219)					(27,219)
Charge for the year		770,697	120,839	273,584	424,060		1,589,180
<b>As at 30th June 2014</b>	<b>0</b>	<b>3,612,769</b>	<b>929,887</b>	<b>957,729</b>	<b>1,660,983</b>		<b>7,161,368</b>
<b>NET BOOK VALUE- 6/30/2014</b>	<b>0</b>	<b>1,185,395</b>	<b>278,506</b>	<b>1,778,115</b>	<b>35,255</b>	<b>3,535,320</b>	<b>6,812,591</b>
<b>COST</b>							
As at 01-07-2014	3,535,320	4,798,164	1,208,393	2,735,844	1,696,238		13,973,959
Disposal-							0
Addition in the year	13,518,459	95,405			7,529,827	27,040,547	48,184,237
<b>As at 30th June 2015</b>	<b>17,053,779</b>	<b>4,893,569</b>	<b>1,208,393</b>	<b>2,735,844</b>	<b>9,226,065</b>	<b>27,040,547</b>	<b>62,158,196</b>
<b>DEPRECIATION</b>							
As at 01-07-2014	0	3,612,769	929,887	957,729	1,660,983		7,161,368
Disposal							0
Charge for the year	426,344	802,383	105,252	273,584	1,981,207		3,588,770
<b>As at 30th June 2015</b>	<b>426,344</b>	<b>4,415,152</b>	<b>1,035,139</b>	<b>1,231,313</b>	<b>3,642,190</b>	<b>0</b>	<b>10,750,138</b>
<b>NET BOOK VALUE- 6/30/2015</b>	<b>16,627,434</b>	<b>478,417</b>	<b>173,254</b>	<b>1,504,531</b>	<b>5,583,875</b>	<b>27,040,547</b>	<b>51,408,058</b>
<b>NET BOOK VALUE- 6/30/2014</b>	<b>0</b>	<b>1,185,395</b>	<b>278,506</b>	<b>1,778,115</b>	<b>35,255</b>	<b>3,535,320</b>	<b>6,812,591</b>

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**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2015**

	<u>2014-2015</u>	<u>2013-2014</u>
	<u>Kshs</u>	<u>Kshs</u>
<b>15 TRADE AND OTHER RECEIVABLES</b>		
Trade Receivables	43,645,899	84,876,370
Sundry Deposit	2,380,850	3,861,255
Withholding Tax	8,479,790	8,166,188
Insurance Prepayment	1,725,060	643,989
Other Prepayment	1,752,000	0
	57,983,600	97,547,802
<b>16 INVENTORIES</b>		
Mushroom Spawn	22,635	15,925
Books:		
Basics of Geometry	95,611	109,355
Basics of Calculus	72,438	88,167
Algebra And Maths	96,626	112,182
Statistics and Probability	82,385	99,208
Basics of Graphs	97,646	110,743
Noodles	6,106	46,434
Chuff Cutters	16,682	16,682
Paw paw seedlings	279,120	103,320
Banana	2,434,732	2,284,294
Aloe Vera Seedlings	6,000	74,400
Mango Seedlings	759,950	2,214,125
Avocado Seedlings	274,920	187,065
Assorted Thika road seedlings	0	1,790
Templates Seedlings	1,281,600	514,200
Orange seedlings	596,860	216,150
Lemon Seedlings	574,325	50,625
Guava Seedlings	66,440	72,100
Other Assorted Seedlings	3,694,885	1,407,090
Memorabilia	948,610	
Yoghurt	145,384	
<b>Total Stock</b>	11,552,955	7,723,855
<b>17 CASH &amp; BANK BALANCES</b>		
KCB Moi Av-Bank Current Account	0	4,953,436
BARCLAYS Juja-Bank Current Account	798,612	592,860
KCB Moi Av-USD Account	1,179,483	5,796,600
Total Cash & Bank Balances	1,978,095	11,342,896
<b>18 -Authorized Share capital-10,000 ordinary shares of Kshs 20.00 each</b>		
-Issued Share Capital 5102 @ 20	102,040	102,040

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**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2015**

	<u>2014-2015</u>	<u>2013-2014</u>
	<u>Kshs</u>	<u>Kshs</u>
<b>19 Capital Funding</b>	25,644,004	25,644,004
<b>20 REVENUE RESERVE</b>		
Bal B/F	9,818,388	3,316,967
Net Profit for the year	3,566,831	6,501,421
	13,385,219	9,818,388
<b>21 TRADE AND OTHER PAYABLES</b>		
Trade Payables	44,276,433	66,629,194
Provision for Audit Fee	464,000	464,000
Provision for Gratuity	3,114,733	1,610,868
Staff Welfare	181,800	119,800
Other Provisions		1,199,550
Customers, Credit Balances	4,810,850	2,833,770
Provision for MD's Salary		7,293,124
VAT Control Account	389,940	4,926,082
Taxation	1,528,642	2,786,323
Total Current Liabilities	54,766,398	87,862,711
<b>22 Bank Overdraft</b>		
KCB Moi Av-Bank Current Account	14,285,350	0
<b>23 LOAN</b> KCB Asset Based Finance	14,739,697	0



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