

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



 THE NATIONAL ASSEMBLY <b>REPORT</b> PAPERS LAID	
DATE: 03 JUL 2019	DAY: <i>Wed</i>
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OF KENYA  
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**THE AUDITOR-GENERAL**

**ON**

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

**FOR THE YEAR  
ENDED 30 JUNE 2018**



**EGERTON**



**UNIVERSITY**

P.O. BOX 536-20115 - EGERTON

Email: [euic@egerton.ac.ke](mailto:euic@egerton.ac.ke)  
Tel: (051) 51-211 3382, 020- 2588772

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## **INVESTMENT COMPANY**

# **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018**

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





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### **Establishment and Incorporation**

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

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

Egerton University-ARC Hotel  
P.O. Box 536 - 20115,

**EGERTON**  
**KENYA**

### **Bankers**

Kenya Commercial Bank Ltd,  
Egerton University Branch  
P.O. Box 248 - 20115,

**EGERTON**

### **Independent Auditors**

The Auditor General,  
Kenya National Audit Office  
P.O. Box 30084 - 00100  
NAIROBI

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

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

Farming

Hotel Hospitality and Tourism

### **Vision**

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

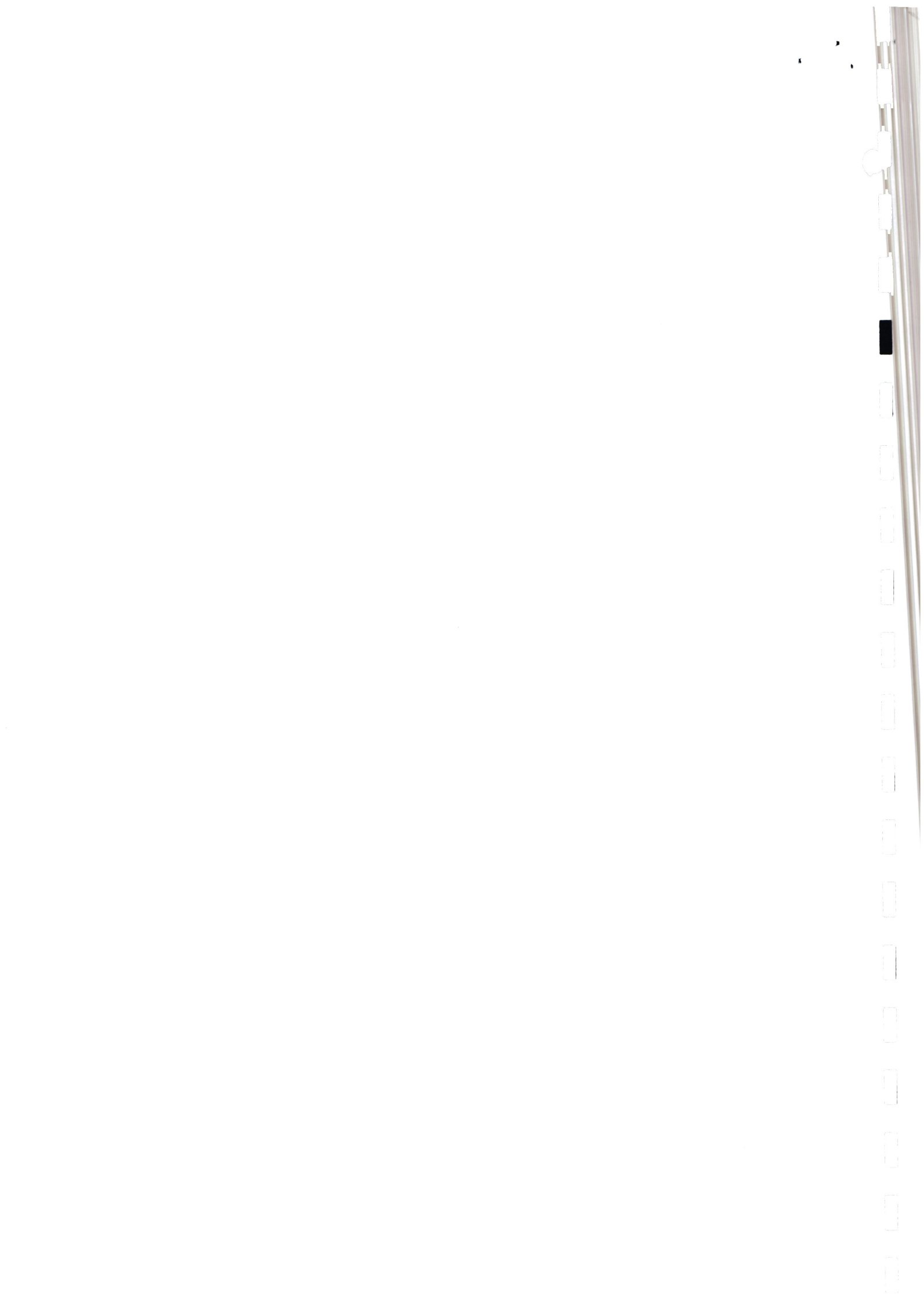


**Mission**

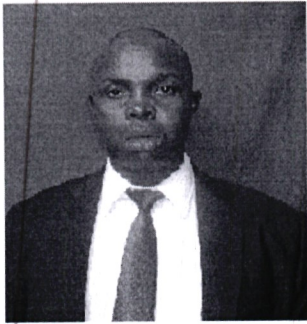
Create value for the shareholder through production and marketing of quality products and services and provision of a platform for education, research and outreach

**Core Values**

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



## MEMBERS OF THE COMPANY BOARD OF DIRECTORS



**NAME:** Mr. Joshua Nyangidi Otieno

**YOB:** 1976

**POSITION/KEY RESPONSIBILITIES:**

Board Chairman

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

**WORK EXPERIENCE**

KCA University: Manager, Centre for Entrepreneurship & Leadership;

Lecturer KCA University, Lead Researcher in the Africa Bio-diversity

Conservation and Innovation Centre & CIC Insurance Company

Business Consultant & Trainer at Kenya Market Trust and Parsons Ltd.

Business Trainer, Africa Youth Trust

Part-time Lecturer: JKUAT, Kenyatta University & Moi University



**NAME:** Mr. Joseph Mwaura Kamau

**YOB:**

**POSITION/KEY RESPONSIBILITIES:**

Director

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

**WORK EXPERIENCE**

Government of Kenya National Treasury Investment Officer,

Equity Bank (K) Ltd Operations Manager Corporate Division,

Standard Chartered Bank (K) Ltd Customer Service Manager Langata.





**NAME:** Ms. Esther Mukoa Wabuge

**YOB:** 1976

**POSITION/KEY RESPONSIBILITIES:**

Director

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

**WORK EXPERIENCE**

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

Associate Consultant, Kenya National AIDS Strategic Plan.

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

Namawanga Girls' High School: Biology & Homescience teacher



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

**YOB:** 1950

**POSITION/KEY RESPONSIBILITIES:**

Director

**QUALIFICATION**

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

**WORK EXPERIENCE**

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





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

**YOB:** 1954

**POSITION/KEY RESPONSIBILITY**

Director

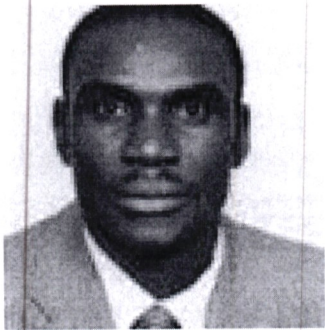
**QUALIFICATION**

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

**WORK EXPERIENCE**

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

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



**NAME:** Prof. George Owuor

**YOB:** 1969

**POSITION/KEY RESPONSIBILITY**

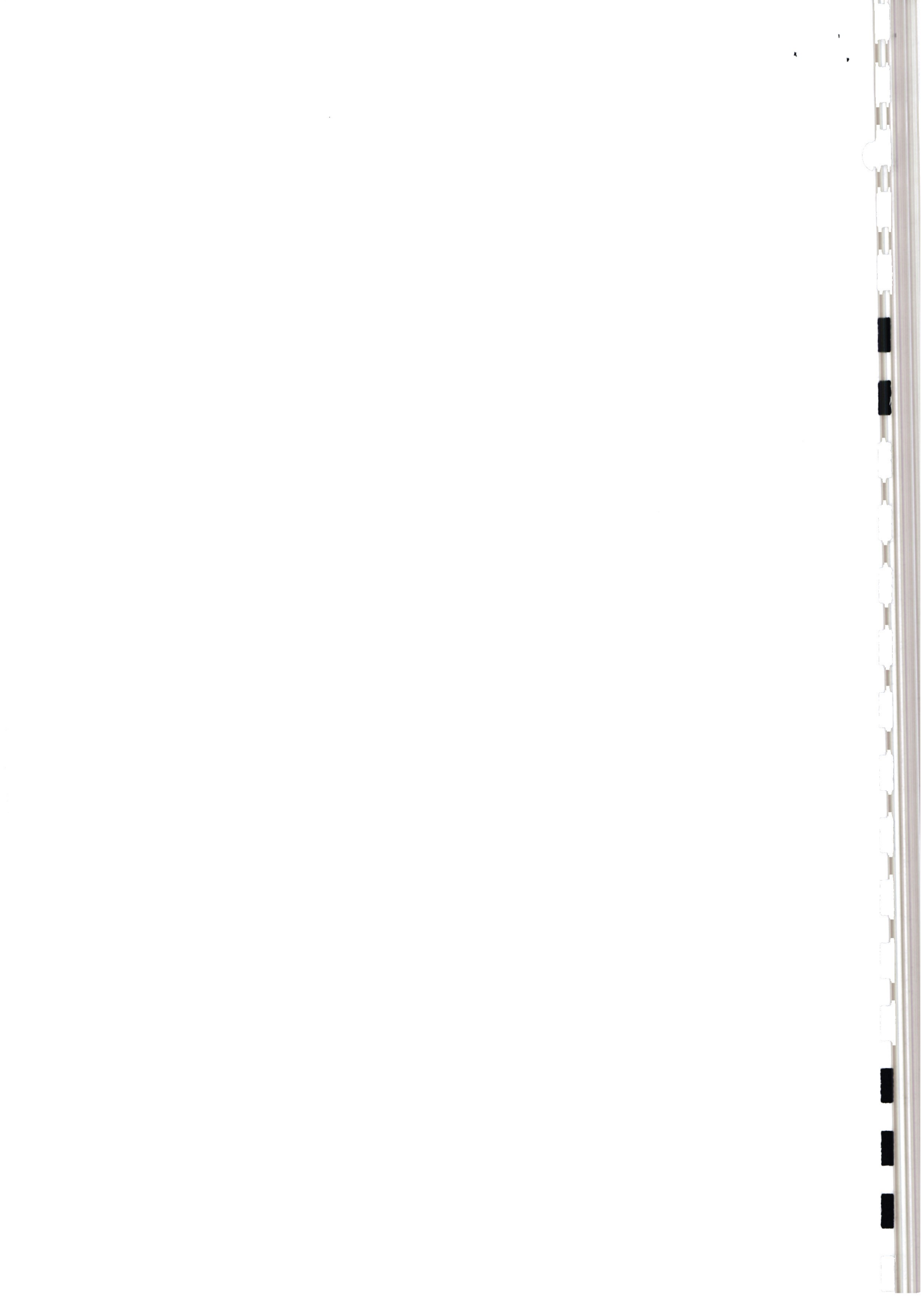
Managing Director

**QUALIFICATION**

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

**WORK EXPERIENCE**

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




## THE CHAIRMANS REPORT

The present Egerton University Investment Company's financial report 2017/18 is the fifth financial report, and the first report under the new Board of Directors that I chair. The Company performance over the last 4 years has seen dismal, a factor that the new Board has taken serious attention and is focusing on. It is also worth noting that the Company is also under the new management and in the last 12 months the fruits of turnaround have been seen. Some of the new programs include a new strategic plan, new business turnaround plans for various company units and already a growing market and sale of milk and horticultural produce. The Board therefore, notes with great hope the ongoing transformations that are expected to see the company change the direction of performance.

Turning to the current financial performance, I note a great improvement from 2015/16 and 2016/17 with a reduction in losses from 60 million in 2015/16, 40 million loss in 2016/17 and in 2017/18 loss of 19 million Kenya shillings. It's worth noting that the main loss emanates from valuation in biological assets and appropriation of depreciation.

At the unit levels, I am happy to note the positive operating incomes of 2.9 million before valuation of biological assets. This is a great improvement from a farm that was a net loss making. Castle made net gains of Kshs 0.4 million shillings, while ARC Hotel made a minimal loss of 3.7 million shillings mainly due to high costs of production. However, looking forward to the ongoing turnaround of all units, the company is moving in the right direction and expect to improve on the current gains to generate positive returns in the coming financial year 2018/19.

Yours



Joshua N. Otieno

Chairman, EUICO Board of Directors



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

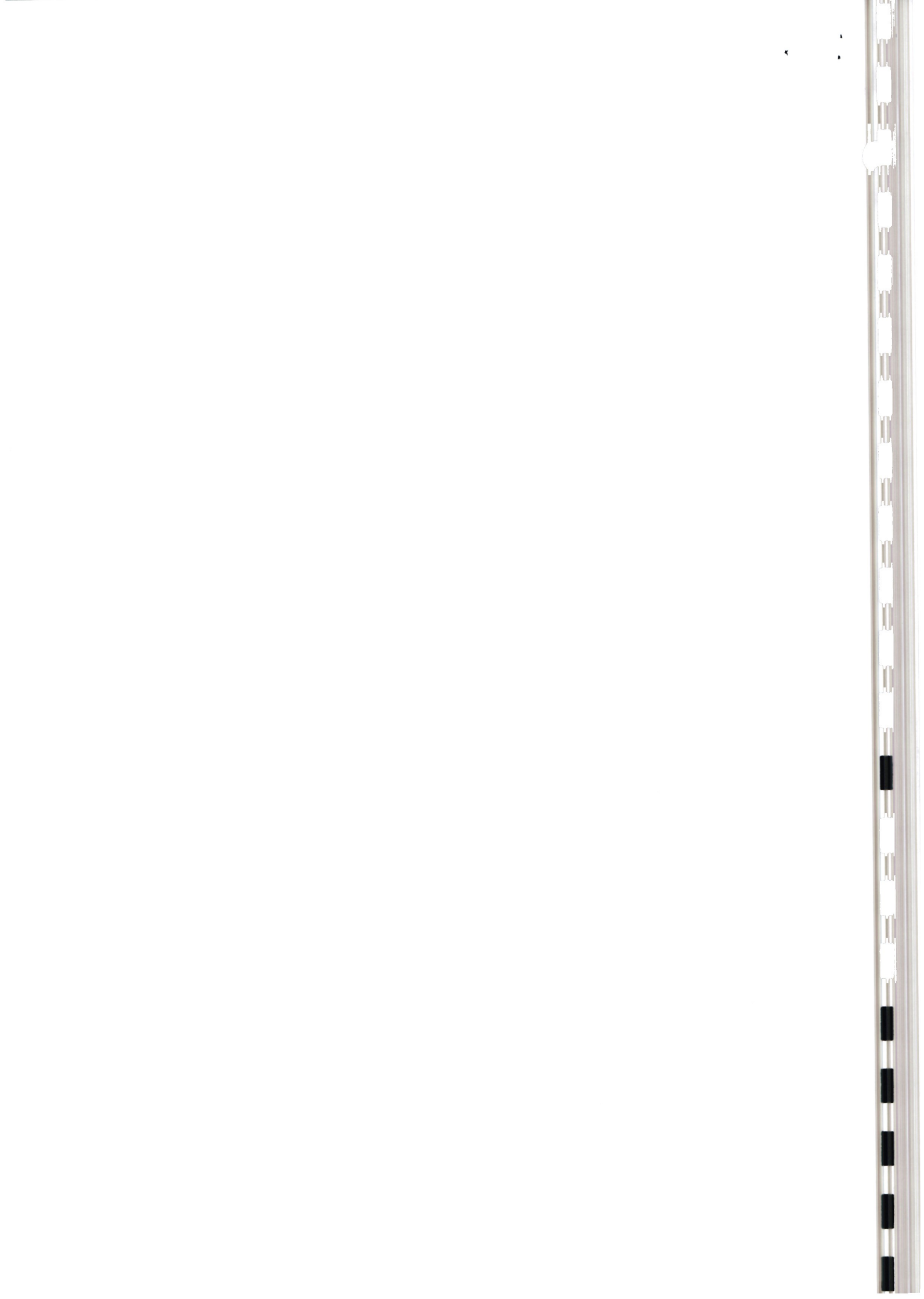
The financial statement for the year 2017/2018 marks the 5th year of operation since Egerton University Investment Company was incorporated on 30<sup>th</sup> June 2010 as a subsidiary Company limited by guarantee and wholly owned by Egerton University.

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

It started on a humble beginning with a seed money inform of a loan of Kshs 145,000,000.00 from the University including the establishments which were already available, the farm with acreage of 2728, ARC Hotel building with 90 rooms and Lord Egerton Castle.

At the beginning the financial reports were amalgamated to the main University financial reports but the last three years the accounts were captured separately. The performance in the year 2013/14 was good with a profit of Ksh 57,755,428.48. However, the following years 2014/15 returned a loss of Kshs 48,786,066.00, 2015/16 returning another loss of Kshs 61,849,201.00. These growth in loss made the company board change the management, with the new management coming in March 2017. Since then, there has been gradual turn around, with 2016/17 returning a loss of Kshs 40 million down from 60 million, the current report has seen another effort in the positive direction returning a loss of Kshs 19,392,892. This despite a loss is positive movement as compared to the previous year. The main contributor to the loss is the provision for depreciation, the payments of old debts and loss in valuation of biological assets.

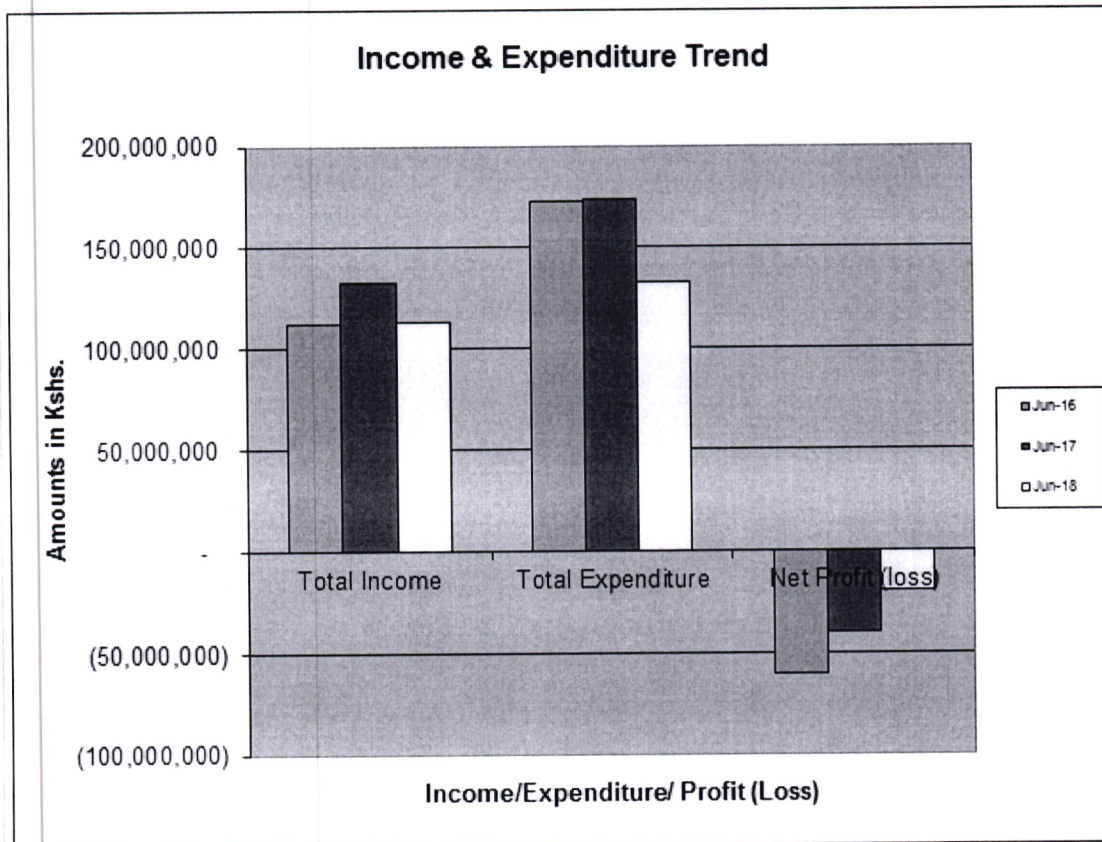
I therefore have the pleasure to present the Annual Report and Financial Statements of Egerton University Investment Company for the year ended June 30, 2018 as per the Company's Act 486as below:



## Income & Expenditure

During the year under review the Company posted a net loss of Kshs. 19,392,892.

INCOME & EXPENDITURE TRENDS FOR THE LAST THREE YEARS IN KSHS.			
YEAR	Jun-16	Jun-17	Jun-18
	Kshs	Kshs	Kshs
Total Income	112,000,351	133,078,771	113,275,091
Total Expenditure	172,271,743	173,098,379	132,667,984
Net Profit (loss)	(60,271,391)	(40,019,608)	(19,392,892)

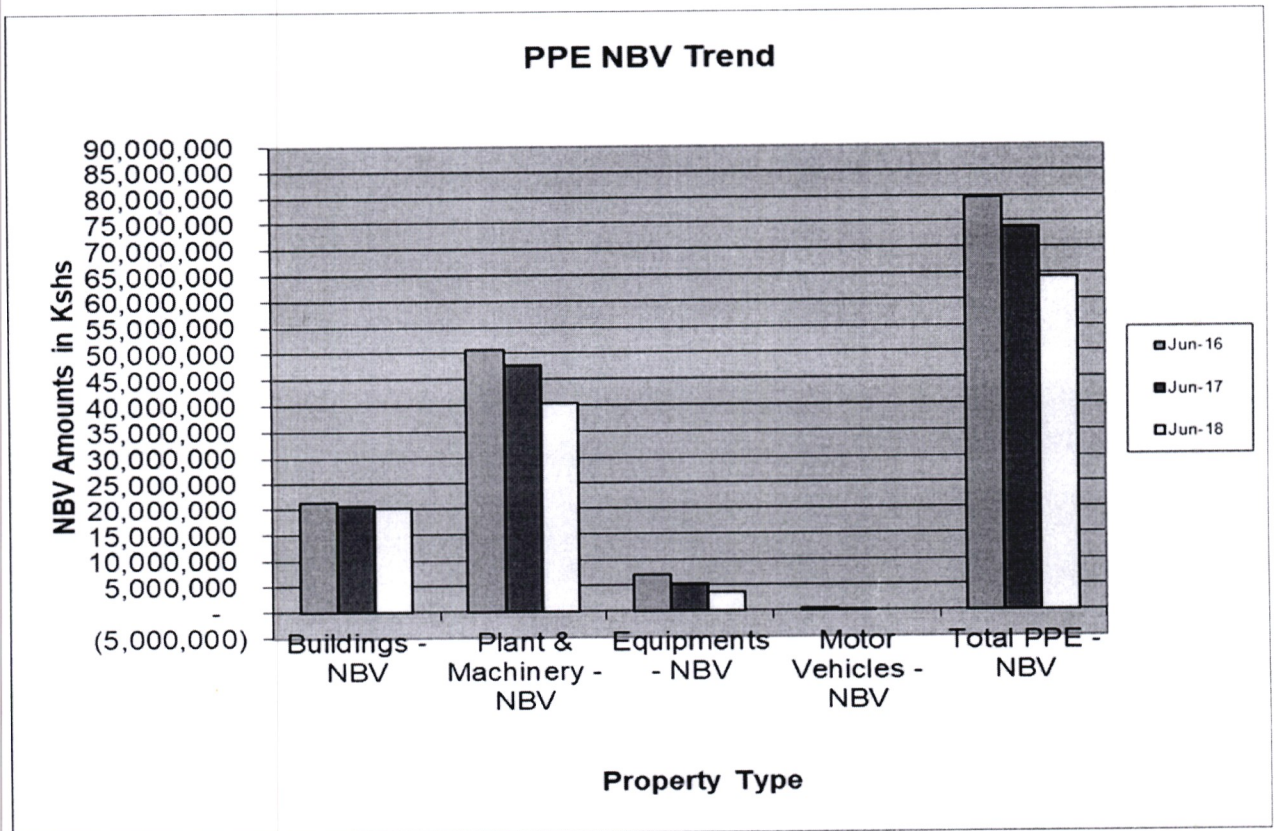




## Property, Plant & Equipment

The Net Book Values (NBV) of the Company's Property Plant and Equipment stood at Kshs. 64,090,347.

PROPERTY, PLANT & EQUIPMENTS Net Book Value (NBV)				Proportion
Type of Property	Jun-16	Jun-17	Jun-18	Jun-18
	Kshs	Kshs	Kshs	%
Buildings - NBV	21,293,542	20,698,692	20,103,842	31%
Plant & Machinery - NBV	50,748,675	47,783,902	40,423,630	63%
Equipments - NBV	6,978,203	5,333,078	3,562,875	6%
Motor Vehicles - NBV	442,693	94,827	(0)	0%
<b>Total PPE - NBV</b>	<b>79,463,113</b>	<b>73,910,499</b>	<b>64,090,347</b>	<b>100%</b>

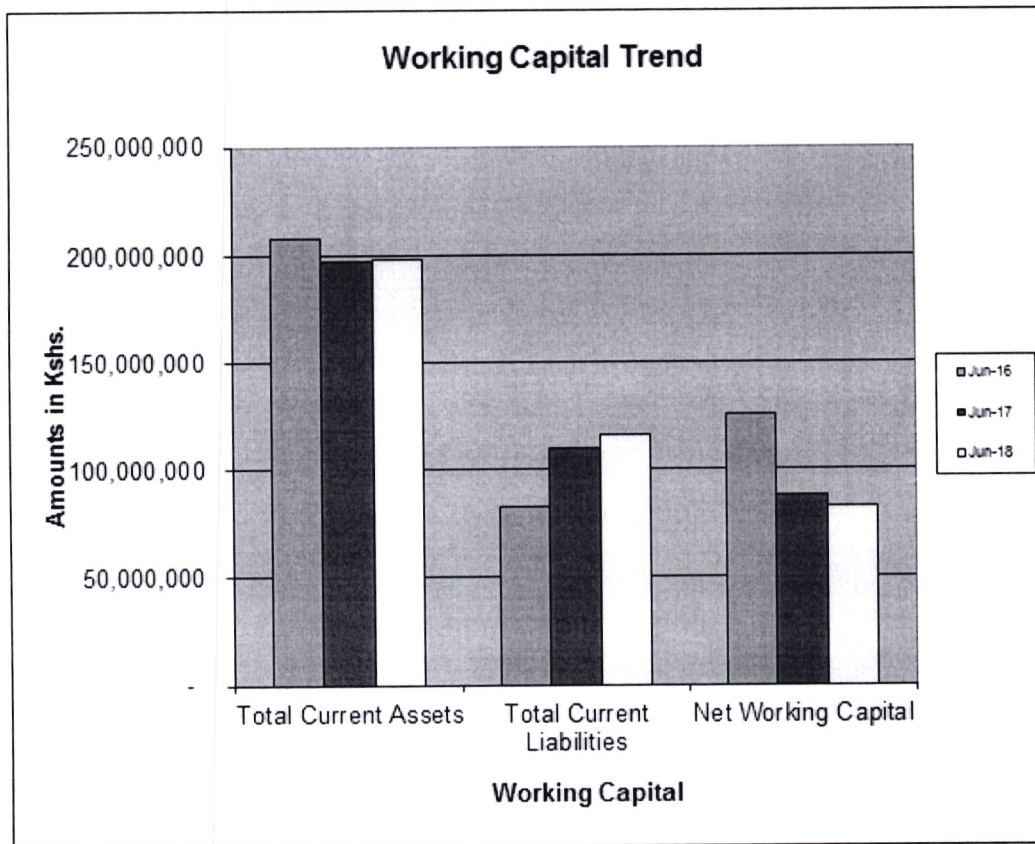




## Working Capital

The Company had a healthy working capital position as at 30 June 2018, with current assets exceeding current liabilities by Kshs 82,623,397 as shown below.

WORKING CAPITAL TRENDS FOR THE LAST THREE YEARS			
YEAR	Jun-16	Jun-17	Jun-18
	Kshs	Kshs	Kshs
Total Current Assets	207,744,599	197,108,856	198,228,716
Total Current Liabilities	82,348,103	109,563,792	115,605,318
Net Working Capital	125,396,497	87,545,063	82,623,397





**WORKING CAPITAL CATEGORIES FOR THE LAST THREE YEARS**

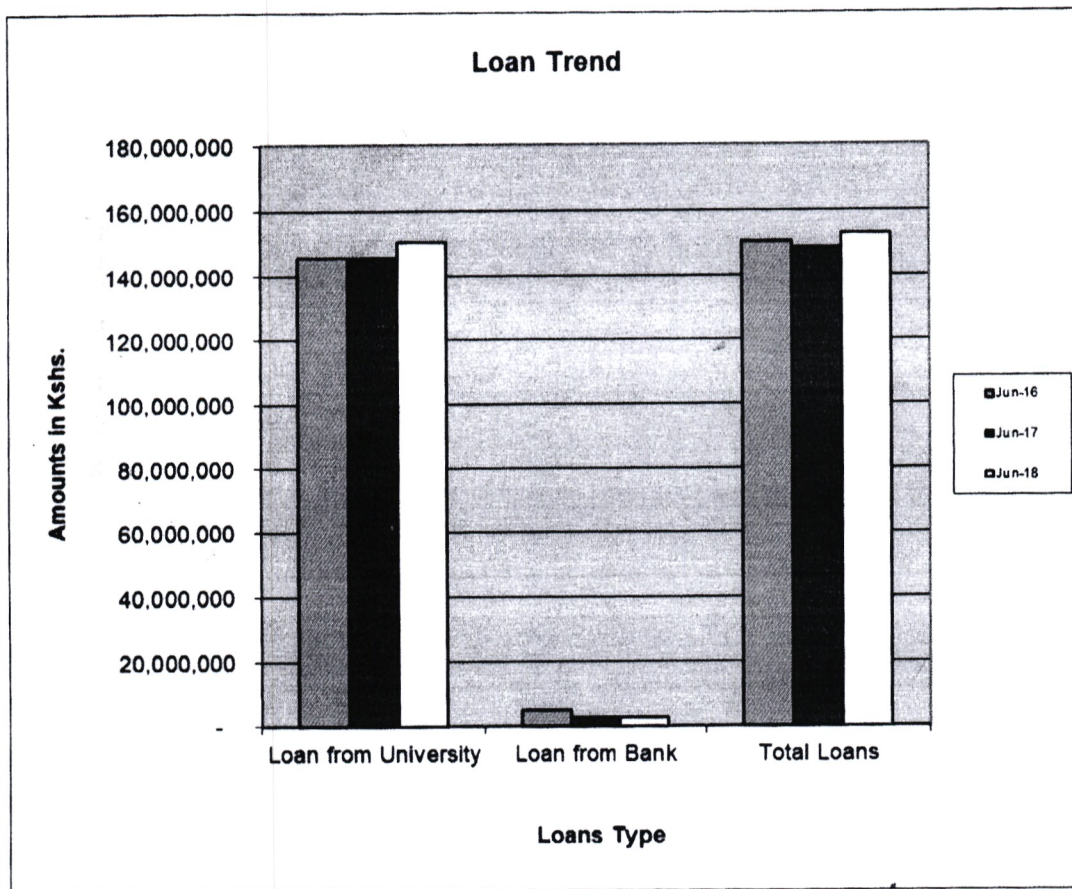
<b>YEAR</b>	<b>Jun-16</b>	<b>Jun-17</b>	<b>Jun-18</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Cash in Bank and in Hand	18,460,384	13,535,193	13,535,193
Accounts Receivables	109,828,166	109,309,214	121,104,709
Inventories	27,815,555	11,962,379	18,607,813
Agricultural Assets	51,640,495	62,302,070	44,981,000
Negative Bank Balances	(1,479,777)	(9,320,351)	(4,763,574)
Trade and Other Payables	(80,868,326)	(100,243,441)	(110,841,744)
<b>Net Working Capital</b>	<b>125,396,497</b>	<b>87,545,063</b>	<b>82,623,397</b>



**Loan Financing**

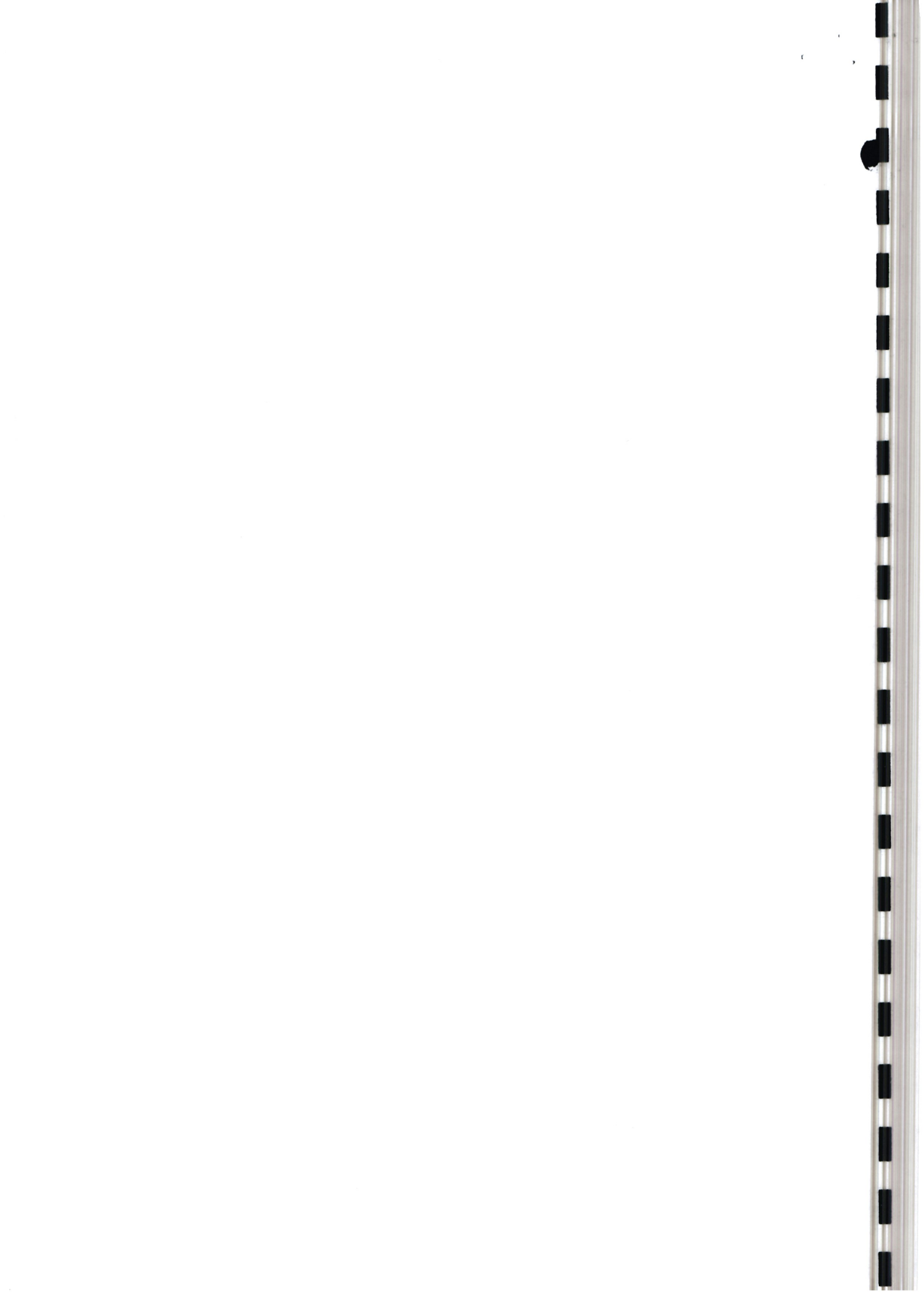
The loan details are as below:-

LOAN TRENDS FOR THE LAST THREE YEARS			
YEAR	Jun-16	Jun-17	Jun-18
	Kshs	Kshs	Kshs
Loan from University	145,400,000	145,400,000	150,119,907
Loan from KCB Bank	4,751,302	2,756,884	2,688,051
<b>Total Loans</b>	<b>150,151,302</b>	<b>148,156,884</b>	<b>152,807,958</b>



Yours Sincerely,

Prof. George Owuor  
Managing Director



## STATEMENT OF BOARD OF DIRECTORS' RESPONSIBILITY

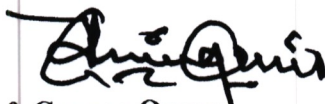
The Company's Act 486 requires the Company to prepare Financial Statements for each financial year, which gives a true and fair view of the state of affairs of the Company as at the end of the financial year and of the Company's surplus, or deficit for the year. The Act also requires the Board Members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

The Board Members accept responsibility for the annual report and financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards, the International Accounting Standards and the requirements of Company's Act Cap486. The Board Members are of the opinion that the financial statements give a true and fair view of the state of financial affairs of the University as at June 30, 2018.

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

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

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



**Prof. George Owino**

**Managing Director**



**Mr. Joshua N. Otieno**

**Chairman, Company Board of Directors**



# REPUBLIC OF KENYA

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Website: [www.kenao.go.ke](http://www.kenao.go.ke)



P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON EGERTON UNIVERSITY INVESTMENT COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE 2018

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#### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Egerton Investment Company Ltd set out on pages 16 to 30 which comprise the statement of financial position as at 30 June, 2018 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 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Egerton Investment Company Ltd as at 30 June, 2018 and of its financial performance and 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 Qualified Opinion

##### 1.0 Financial Statement Misstatements

##### 1.1 Unaccounted for Cash

The statement of financial position reports Cash in hand balance of Kshs.13,535,193 as at 30 June 2017 out of which Kshs.4,398,613 are described as un-deposited funds, Kshs.9,051,925 reception cash register and Kshs.84,655 bank deposit and credit card receipts representing revenue received in prior years that had not been banked as at the close of the financial year as disclosed in note 21. The management explained that the monies were used at source and are yet to be accounted for by the responsible officers. However, no documents were presented to show how the cash was used.

In additions, note 21 to the financial statements also reports overdrawn cash book balance of Kshs.(4,763,574) that is not supported by a corresponding list of un-presented cheques written for payment of suppliers or bank overdraft certificate of balance.

Therefore the existence and accuracy of the cash in hand balance of Kshs.13,535,193 and overdrawn cash book balance of Kshs.(4,763,574) are doubtful.

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*Report of the Auditor-General on the Financial Statements of Egerton University Investment Company Limited for the year ended 30 June 2018*

## **2.0 Presentation and Disclosure**

### **2.1 Non-Presentation of Statement of Comparison of Budget and Actual Expenditure Amounts**

The financial statements do not present a statement of comparison of Budget and Actual Expenditure amounts in breach of the Kenya Public Sector Accounting Standard Board requirements and therefore the accuracy or performance of the budget could not be measured against incurred expenses.

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

### **Emphasis of the Matter**

#### **1.0 Going Concern**

The financial statement reported an improvement of Kshs.20,626,716 in performance in that the operating loss reduced from Kshs.(40,019,608) reported in previous year to the current year balance of Kshs.(19,392,892). However, the net assets reduced from Kshs.13,298,679 as at 30 June 2017 to Kshs.(6,094,214) as at 30 June 2018 which appears to be inconsistent with the improved performance noted in the operating loss reduction.

The operating loss of Kshs.(19,392,892) reported in the year is a clear indication that the company is incurring high operational costs, lacks a debt collection or enforcement strategy, over relies on credit facilities from suppliers, and therefore its future operations as a going concern may not be guaranteed due to limited working capital available to meet its business operational needs as well as obligations as and when they fall due.

### **Key Audit Matters**

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

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

### **Conclusion**

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

## **Basis for Conclusion**

### **1.0 Revenues**

#### **1.1 Unaccounted for Hay Revenue**

Note 8 to the financial statements, sales of farm produce reports a total income of Kshs.36,553,130 which includes revenue from Hay sales of Kshs.7,306,440. However, examination of farm records revealed that a total of 65,487 bales of hay were harvested, out of which 36,533 bales were sold at the rate of Kshs.200 per bale resulting to a revenue of Kshs.7,306,440, 26,420 bales applied as animal feeds, 2000 bales lent to Kenya farm and a balance of 534 bales unaccounted for. Therefore, 2,534 bales of hay with a revenue value of Kshs.506,800 could not be confirmed due to lack of proper accounting documentation. In the circumstance, the total revenue balance could not be confirmed.

#### **2.0 Unsupported Loans Advanced to Egerton Investment Company**

The statements of financial position as at 30 June 2018 reports a total loan liability of Kshs.152,807,958 advanced to the Company by Egerton University which is not supported by a list of assets or formal legal agreement showing the terms and conditions. In the circumstances, the validity of the loan agreement and balances could not be confirmed.

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

## **REPORT ON INTERNAL CONTROLS EFFECTIVENESS, GOVERNANCE AND RISK MANAGEMENT SYSTEMS**

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

## **Basis for Conclusion**

### **1.0 Lack of Internal Control Reviews by Internal Audit**

#### **1.1 Unlimited Grant of Super User Rights in Sage Accounting System**

The company's head of accounting unit was granted unlimited super user rights in the Sage Accounting System Software that is used in processing and reporting financial transactions. However, no internal audit reviews were carried out during the period to confirm that no

instances of abuse occurred and that the internal controls systems were working as intended. Therefore, the effectiveness of the internal audit function could not be confirmed.

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by section 730 of the Companies Act 2015, I report based on my audit, that:

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

### **Responsibilities of Management and Those Charged with Governance**

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 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 and for its assessment of the effectiveness of internal control, 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 the management intends to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Management is also responsible for the submission of the company's 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 company's activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the entity 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**

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the company's activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control 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 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

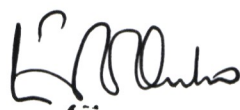
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those

risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern or to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the company to cease to continue as a going concern or to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the company to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit. I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



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


**Nairobi**

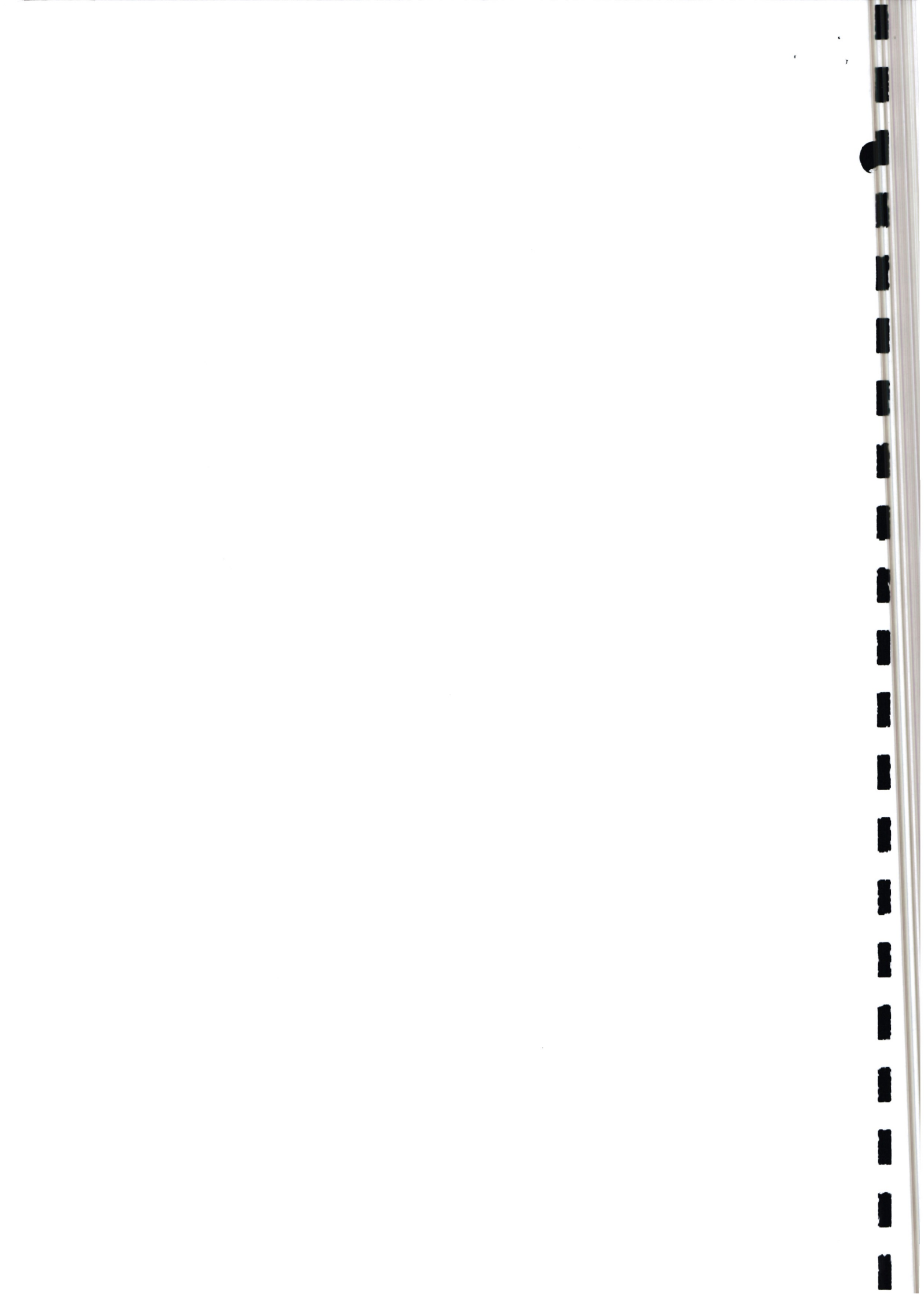
**16 May 2019**

**EGERTON UNIVERSITY INVESTMENT CO. LTD.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2018**

Particulars	Note					Total	Total
		EUICO Kshs.	CASTLE Kshs.	ARC Hotel Kshs.	Ngongongeri Farm Kshs.	30-Jun-18 Kshs.	30-Jun-17 Kshs.
<b>ASSETS</b>							
<b>Current Assets</b>							
Cash in Bank and in Hand	21	2,218,802	-	9,136,580	2,179,811	13,535,193	13,535,193
Accounts Receivables	22	236,768	5,950	83,731,231	37,130,761	121,104,709	109,309,214
Inventories	23	-	-	982,324	17,625,489	18,607,813	11,962,379
Biological Assets	24	-	-	-	44,981,000	44,981,000	62,302,070
		2,455,570	5,950	93,850,135	101,917,061	198,228,716	197,108,856
<b>Non Current Assets</b>							
Property, Plant & Equipment	25	339,070	-	7,605,721	56,145,557	64,090,347	73,910,499
		339,070	-	7,605,721	56,145,557	64,090,347	73,910,499
<b>Total Assets</b>		<b>2,794,640</b>	<b>5,950</b>	<b>101,455,856</b>	<b>158,062,617</b>	<b>262,319,063</b>	<b>271,019,355</b>
<b>LIABILITIES</b>							
<b>Current Liabilities</b>							
Negative Bank Balances	21	2,294,744	(674,633)	752,004	2,391,460	4,763,574	9,320,351
Trade and Other Payables	26	21,191,323	261,377	48,703,088	40,685,957	110,841,744	100,243,441
		23,486,067	(413,256)	49,455,091	43,077,416	115,605,318	109,563,792
<b>Non Current Liabilities</b>							
Loans	27	148,088,051	-	-	4,719,907	152,807,958	148,156,884
		148,088,051	-	-	4,719,907	152,807,958	148,156,884
<b>Total Liabilities</b>		<b>171,574,118</b>	<b>(413,256)</b>	<b>49,455,091</b>	<b>47,797,323</b>	<b>268,413,277</b>	<b>257,720,676</b>
<b>Net Assets</b>		<b>(168,779,478)</b>	<b>419,206</b>	<b>52,000,765</b>	<b>110,265,294</b>	<b>(6,094,214)</b>	<b>13,298,679</b>
General fund		(155,992,181)	-	56,075,027	113,215,833	13,298,679	53,318,287
Accumulated (Loss)/Profit		(12,787,297)	419,206	(4,074,262)	(2,950,539)	(19,392,892)	(40,019,608)
<b>Total Capital and Liabilities</b>		<b>(168,779,478)</b>	<b>419,206</b>	<b>52,000,765</b>	<b>110,265,294</b>	<b>(6,094,214)</b>	<b>13,298,679</b>

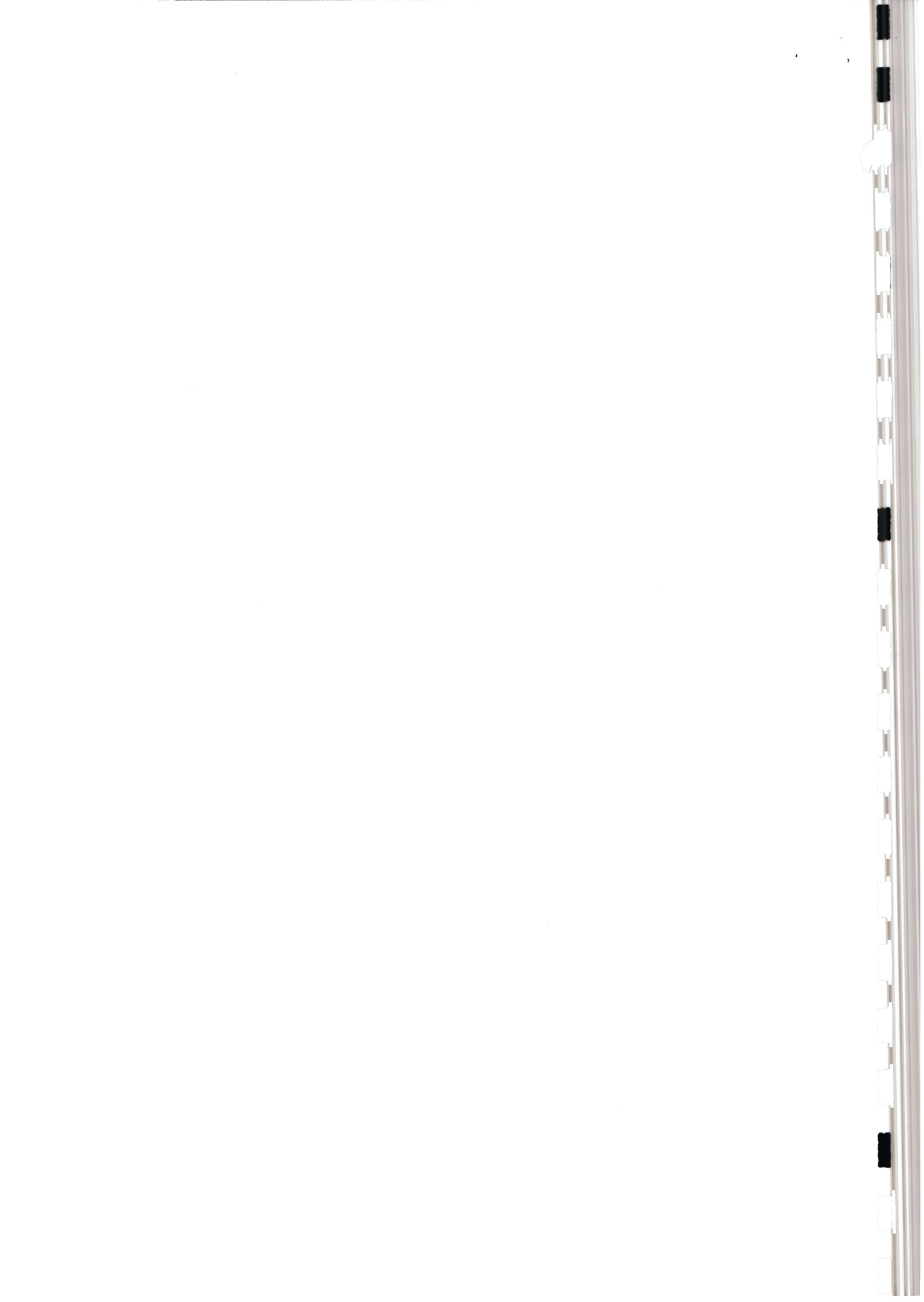
  
Prof. George Owuor  
Managing Director

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



**EGERTON UNIVERSITY INVESTMENT CO. LTD.**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 30 JUNE 2018**

Particulars	Note					Total	Total
		EUICO Kshs.	CASTLE Kshs.	ARC Hotel Kshs.	Ngongongeri Farm Kshs.	30-Jun-18 Kshs.	30-Jun-17 Kshs.
<b>Income</b>							
Accommodation & Conference Income	2	-	-	28,398,659	-	28,398,659	42,346,339
Sale of Meals & Beverages	3	-	-	36,813,115	-	36,813,115	45,911,021
Castle Income	4	-	3,742,992	-	-	3,742,992	4,198,006
Sale of Livestock & their Products	5	-	-	-	12,518,366	12,518,366	4,896,827
Sale of Poultry & their Products	6	-	-	-	368,960	368,960	-
Sale of horticultural Produce	7	-	-	-	624,728	624,728	111,248
Sale of farm produce	8	-	-	-	36,553,130	36,553,130	34,146,646
Other Incomes	9	-	-	144,957	727,000	871,957	95,063
<b>Total Revenue</b>		-	<b>3,742,992</b>	<b>65,356,731</b>	<b>50,792,185</b>	<b>119,891,907</b>	<b>131,705,150</b>
<b>Expenditure</b>							
Staff Costs	11	9,855,966	2,453,451	30,035,007	18,964,482	61,308,906	59,961,873
Administrative and Central Services	12	729,601	700,115	7,602,843	2,198,020	11,230,578	32,082,565
Hotel Expenses	13	-	39,971	26,296,041	-	26,336,012	25,816,789
Farm Expenses	14	-	-	-	14,973,249	14,973,249	31,904,697
Utility Expenses ( Heating, lighting & Water)	15	30,524	91,478	642,506	1,749,603	2,514,111	4,056,404
Repairs and Maintenance Expenses	16	52,975	38,065	742,475	1,813,623	2,647,138	3,885,984
Board Expenses	17	1,419,253	-	474,168	238,976	2,132,397	3,372,884
Printing & stationeries	18	244,699	705	602,645	39,289	887,338	664,299
Telecommunication & Postage expenses	19	268,608	-	235,180	107,460	611,248	591,992
Depreciation Expenses	20	185,672	-	2,800,128	7,041,206	10,027,005	10,760,891
<b>Total Expenditure</b>		<b>12,787,297</b>	<b>3,323,786</b>	<b>69,430,993</b>	<b>47,125,908</b>	<b>132,667,984</b>	<b>173,098,379</b>
<b>Other gains/(Losses)</b>							
(Loss)/Gain in Biological Assets	10	-	-	-	(6,616,816)	(6,616,816)	1,373,621
		-	-	-	(6,616,816)	(6,616,816)	1,373,621
<b>(Loss)/ Profit for the period</b>		<b>(12,787,297)</b>	<b>419,206</b>	<b>(4,074,262)</b>	<b>(2,950,539)</b>	<b>(19,392,892)</b>	<b>(40,019,608)</b>
<b>Attributable to:</b>							
Owners of the controlling entity		<b>(12,787,297)</b>	<b>419,206</b>	<b>(4,074,262)</b>	<b>(2,950,539)</b>	<b>(19,392,892)</b>	<b>(40,019,608)</b>



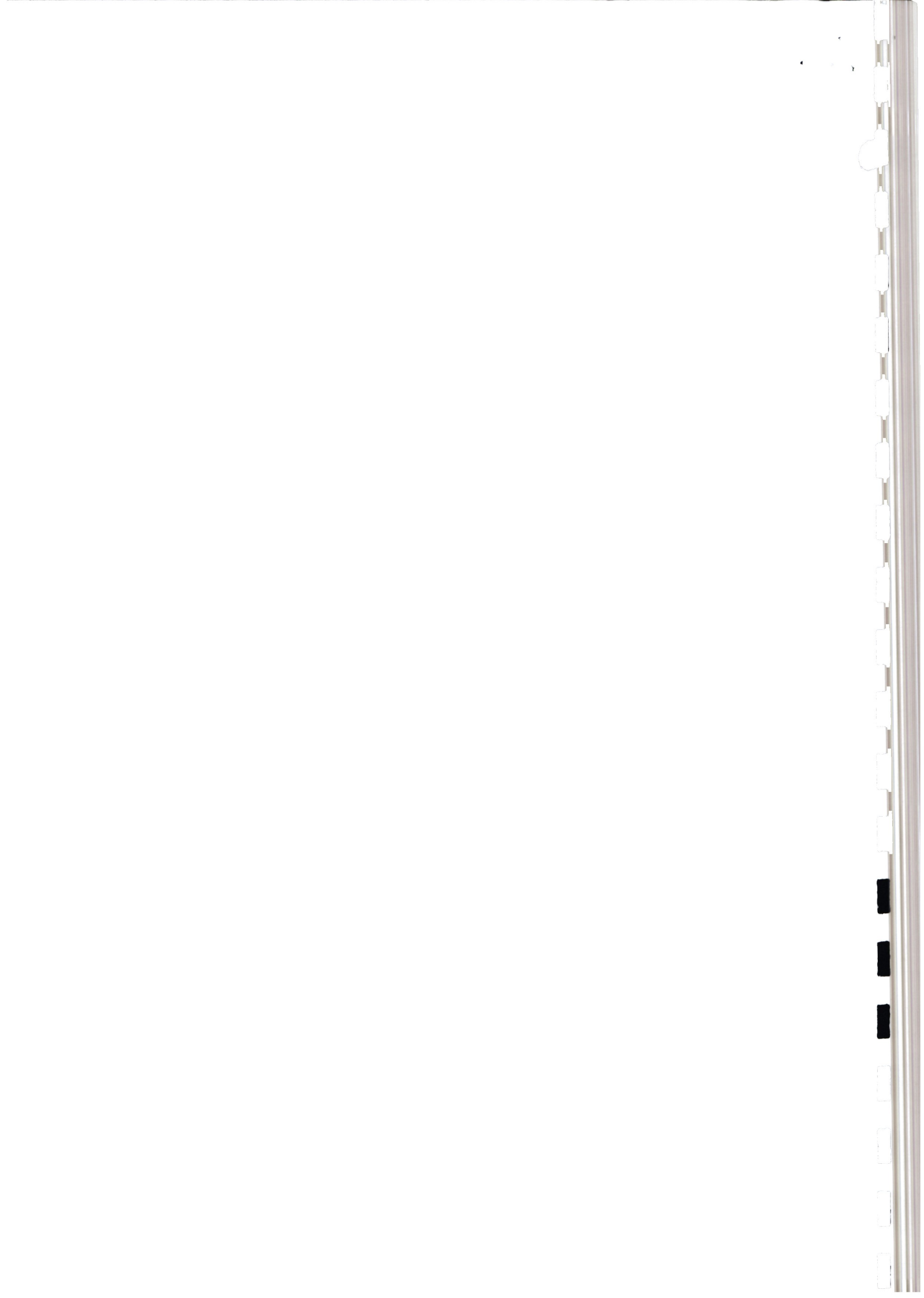
**EGERTON UNIVERSITY INVESTMENT CO. LTD.**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 30 JUNE 2018**

Particulars	Note	Capital Reserves Kshs.	Revenue Reserves Kshs.	Total Kshs.
<b>Period ended 30 June 2017</b>				
Balance as at 01/07/2016			54,708,307	54,708,307
Prior Year Adjustments (Salaries)			(11,864,700)	(11,864,700)
Adjustments (Fixed Assets)			4,544,898	4,544,898
Adjustments - Accrued Payables			5,929,781	5,929,781
Deficit from operations			(40,019,608)	(40,019,608)
<b>Balance as at 30/06/2017</b>		-	<b>13,298,678</b>	<b>13,298,678</b>
<b>Period ended 30 June 2018</b>				
Balance as at 01/07/2017		-	13,298,678	13,298,678
Deficit from operations			(19,392,892)	(19,392,892)
<b>Balance as at 30/6/2018</b>		-	<b>(6,094,214)</b>	<b>(6,094,214)</b>



**EGERTON UNIVERSITY INVESTMENT CO. LTD.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR PERIOD 30 JUNE 2018**

Particulars	Note	30-Jun-18 Kshs.	30-Jun-17 Kshs.
<b>Operating Activities</b>			
Loss for the year		(19,392,892)	(40,019,608)
<b>Adjustments for</b>			
Depreciation	20	10,027,005	10,760,891
Interest Expense	12	411,098	1,476,141
Adjustments (Accrued payables)		-	5,929,781
		<b>(8,954,789)</b>	<b>(21,852,795)</b>
<b>Changes in Working Capital</b>			
(Increase)/Decrease in Biological Assets	24	17,321,070	(10,661,575)
(Increase)/Decrease in Receivables	22	(11,795,495)	518,952
(Increase)/Decrease in Inventories	23	(6,645,434)	15,853,176
Increase/(Decrease) in Payables	26	10,598,303	19,375,115
		<b>9,478,443</b>	<b>25,085,668</b>
<b>Cash Generated from Operations</b>		<b>523,655</b>	<b>3,232,873</b>
<b>Investing Activities</b>			
Interest Expense	12	(411,098)	(1,476,141)
Purchase of Property, Plant and Equipment	25	(206,854)	(663,379)
Differences in General Fund		-	(11,864,700)
		<b>(617,952)</b>	<b>(14,004,220)</b>
<b>Financing Activities</b>			
Loan from University	27	4,719,907	-
Loan from Bank	27	(68,832)	(1,994,418)
<b>Net Cash from Financing Activities</b>		<b>4,651,075</b>	<b>(1,994,418)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		<b>4,556,777</b>	<b>(12,765,766)</b>
Cash and Cash Equivalents at the start of the year		4,214,841	16,980,607
Cash and Cash Equivalents at the Close of the year		<b>8,771,619</b>	<b>4,214,841</b>



## NOTES TO THE FINANCIAL STATEMENT

### 1. ACCOUNTING POLICIES

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

#### a) Basis of preparation

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

#### b) Income and expenditure recognition.

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

#### c) Property, Plant and Equipment

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

Costs include professional fee.

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

The annual rates used are:-

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



**d) Inventories**

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

**e) Biological assets**

Biological assets are measured on initial recognition and at the end of each reporting period at its fair value less costs to sell as per IAS 41 (12).

**f) Receivables**

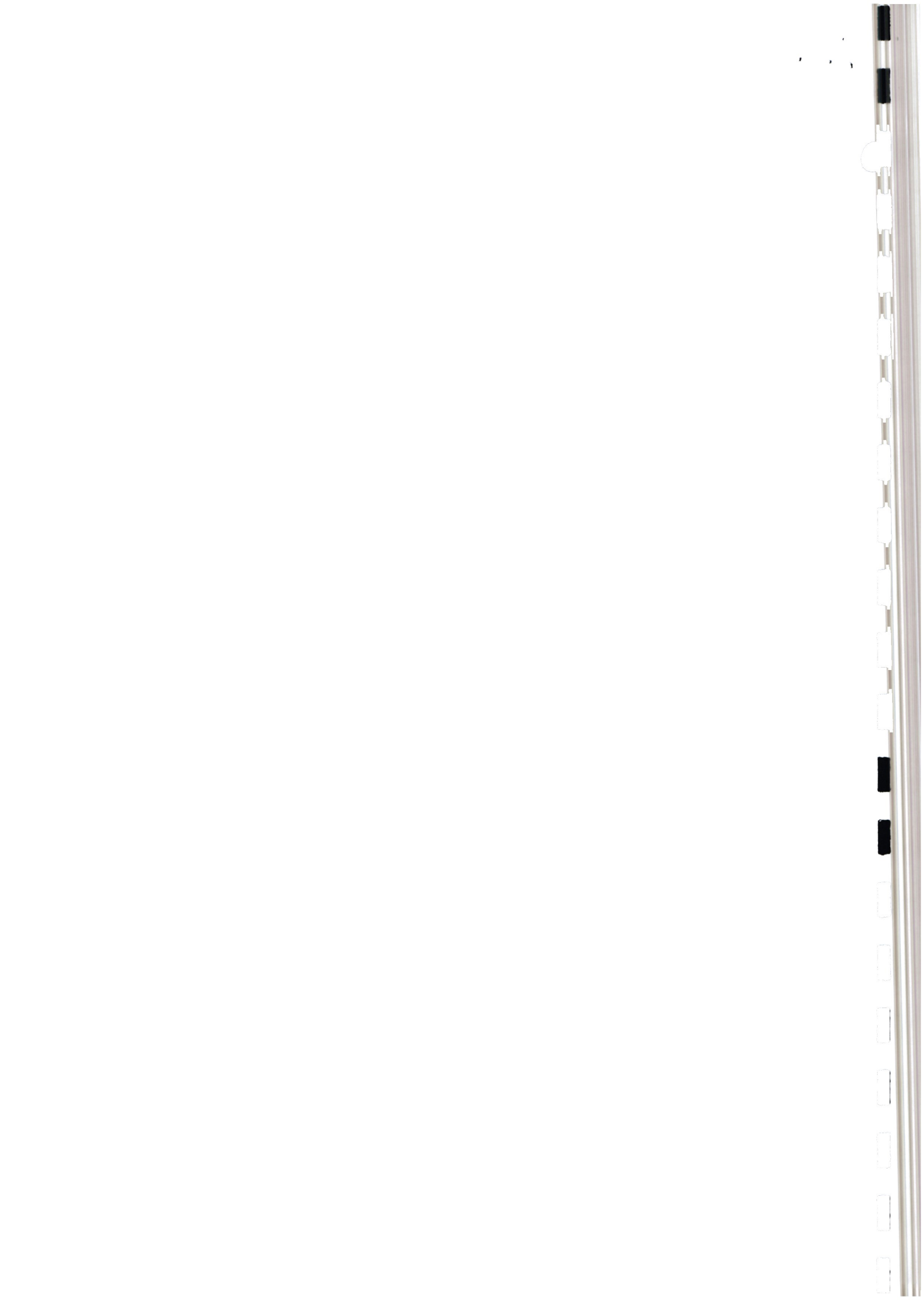
Receivables are recognized when the commitments are effected

**g) Cash flow Statement****(a) Cash and cash equivalents**

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

**h) Retirement benefits obligations**

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



**i) No of employees**

The number of employees as at June 30 2018 was 82 (2017 -81)

**j) Audit Fees**

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



Note 2 - Accomodation & Conference Income							
Code	Particulars	EUICO	CASTLE	ARC HOTEL	NGONGONGERI FARM	Total 30-Jun-18	30-Jun-17 Ksh
4100	Accommodation - Rooms	-	-	22,842,020	-	22,842,020	34,625,651
4110	Conference	-	-	4,886,277	-	4,886,277	6,366,191
4111	Ground Hire	-	-	12,931	-	12,931	4,741
4180	Laundry Sales	-	-	657,432	-	657,432	1,349,756
		-	-	<b>28,398,659</b>	-	<b>28,398,659</b>	<b>42,346,339</b>

Note 3 - Sale of Meals & Beverages							
Code	Particulars	EUICO	CASTLE	ARC HOTEL	NGONGONGERI FARM	Total 30-Jun-18	30-Jun-17 Ksh
4000	Restaurant Meals Sales	-	-	33,481,193	-	33,481,193	41,726,981
4010	Bread sales	-	-	651,891	-	651,891	793,871
4001	Beverages Sales	-	-	2,679,514	-	2,679,514	3,390,168
4006	Non Alcoholic Beverage Sales	-	-	517	-	517	-
		-	-	<b>36,813,115</b>	-	<b>36,813,115</b>	<b>45,911,021</b>

Note 4 - Castle Income							
Code	Particulars	EUICO	CASTLE	ARC HOTEL	NGONGONGERI FARM	Total 30-Jun-18	30-Jun-17 Ksh
4111	Ground Hire	-	385,345	-	-	385,345	530,005
4112	Gate Collection	-	3,357,647	-	-	3,357,647	3,668,001
		-	<b>3,742,992</b>	-	-	<b>3,742,992</b>	<b>4,198,006</b>

Note 5 - Sale of Livestock & their Products							
Code	Particulars	EUICO	CASTLE	ARC HOTEL	NGONGONGERI FARM	Total 30-Jun-18	30-Jun-17 Ksh
4300	Livestock Sales	-	-	-	-	-	73,700
4301	Dairy Product Sales	-	-	-	7,835,431	7,835,431	3,917,705
4302	Beef Sales	-	-	-	2,802,160	2,802,160	404,080
4303	Sheep sales	-	-	-	299,000	299,000	497,711
4304	Mutton sales	-	-	-	1,210,310	1,210,310	3,200
4305	Stripes sales	-	-	-	200,895	200,895	431
4306	Liver sales	-	-	-	170,571	170,571	-
		-	-	-	<b>12,518,366</b>	<b>12,518,366</b>	<b>4,896,827</b>

Note 6 - Sale of Poultry & their Products							
Code	Particulars	EUICO	CASTLE	ARC HOTEL	NGONGONGERI FARM	Total 30-Jun-18	30-Jun-17 Ksh
4600	Poultry Sales	-	-	-	368,960	368,960	-
		-	-	-	<b>368,960</b>	<b>368,960</b>	-



Note 7 - Sale of Horticultural Produce							
Code	Particulars	EUICO	CASTLE	ARC HOTEL	NGONGONGERI FARM	Total 30-Jun-18	30-Jun-17 Ksh
4501	Horticulture Cabbages	-	-	-	25,670	25,670	18,030
4502	Horticulture Kales	-	-	-	52,279	52,279	5,945
4503	Horticulture Spider Plant	-	-	-	7,990	7,990	180
4504	Horticulture Carrots	-	-	-	3,770	3,770	-
4506	Horticulture Tomatoes	-	-	-	510	510	-
4507	Horticulture Spinach	-	-	-	121,100	121,100	5,026
4508	Horticulture Onions	-	-	-	-	-	50,310
4509	Horticulture Strawberry	-	-	-	-	-	21,050
4510	Horticulture Beetroot	-	-	-	2,550	2,550	5,820
4511	Horticulture Kunde	-	-	-	31,415	31,415	4,887
4514	Horticulture Managu	-	-	-	10,464	10,464	-
4516	Horticulture French Beans	-	-	-	311,800	311,800	-
4519	Horticulture Snow Peas	-	-	-	56,590	56,590	-
4520	Horticulture Dania	-	-	-	590	590	-
		-	-	-	624,728	624,728	111,248

Note 8 - Sale of Farm Produce							
Code	Particulars	EUICO	CASTLE	ARC HOTEL	NGONGONGERI FARM	Total 30-Jun-18	30-Jun-17 Ksh
4701	Seed Wheat	-	-	-	7,326,502	7,326,502	28,184,652
4703	Sale of Hay	-	-	-	7,306,440	7,306,440	468,750
4704	Sale of Straws	-	-	-	1,406,000	1,406,000	159,240
4803	Seed Grass	-	-	-	10,000	10,000	-
4806	Green Maize	-	-	-	8,960,500	8,960,500	-
4801	Commercial Wheat	-	-	-	1,404,685	1,404,685	274,525
4802	Commercial Maize	-	-	-	5,497,631	5,497,631	-
4804	Barley Sale	-	-	-	4,641,372	4,641,372	5,059,480
		-	-	-	36,553,130	36,553,130	34,146,646

Note 9 - Other Incomes							
Code	Particulars	EUICO	CASTLE	ARC HOTEL	NGONGONGERI FARM	Total 30-Jun-18	30-Jun-17 Ksh
4904	Hire Charges	-	-	-	700,000	700,000	-
4011	Miscellaneous/Business Centre	-	-	8,750	-	8,750	-
4170	Other Service Sales	-	-	136,207	-	136,207	12,931
4901	Royalties & Prizes Received	-	-	-	-	-	33,550
4902	Transportation Income	-	-	-	-	-	48,582
4900	Miscellaneous Income	-	-	-	27,000	27,000	-
		-	-	144,957	727,000	871,957	95,063

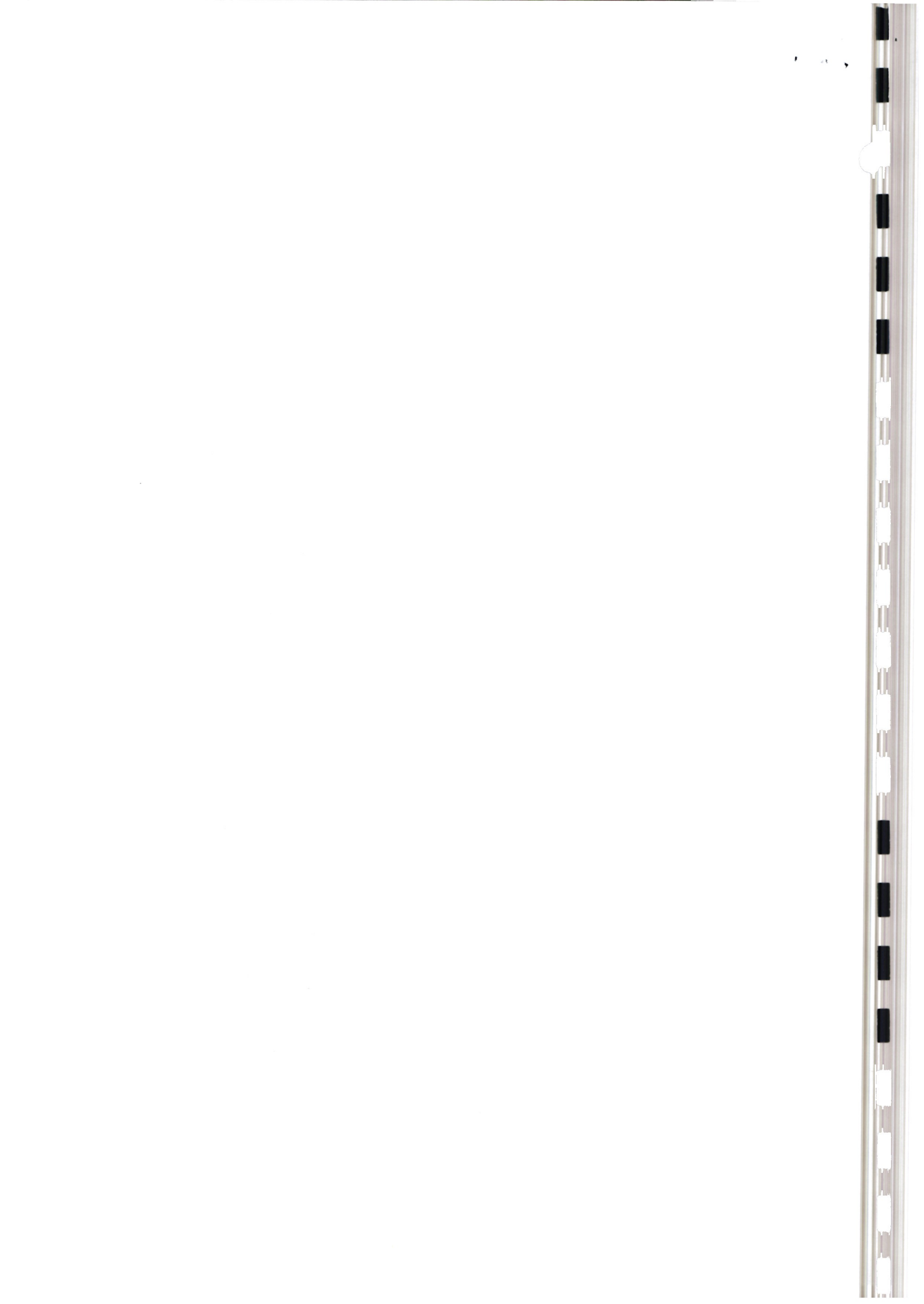
Note 10 - (Loss)/Gain in Biological Assets							
Code	Particulars	EUICO	CASTLE	ARC HOTEL	NGONGONGERI FARM	Total 30-Jun-18	30-Jun-17 Ksh
4909	(Loss)/Gain in Biological Assets	-	-	-	(6,616,816)	(6,616,816)	1,373,621
		-	-	-	(6,616,816)	(6,616,816)	1,373,621



Note 11 - Staff Costs							
Code	Particulars	EUICO	CASTLE	ARC HOTEL	NGONGONGERI FARM	Total 30-Jun-18	30-Jun-17 Ksh
7003	Staff Salaries	7,497,684	718,775	23,331,553	8,880,549	40,428,561	39,974,866
7004	Wages	1,577,235	1,689,206	4,582,708	6,999,958	14,849,107	7,445,391
7006	Gratuities	754,302	-	1,915,247	2,905,897	5,575,446	11,617,149
7009	Employer Contribution to N.S.S.F	8,700	20,000	37,000	71,900	137,600	255,429
7012	Staff Medical Expenses	-	-	25,600	104,018	129,618	24,769
7015	Staff Uniforms	12,504	-	196,900	-	209,404	197,558
7016	Staff Meals	5,540	25,470	(54,000)	2,160	(20,830)	338,050
7019	Staff Debt Recovery	-	-	-	-	-	-
7026	Staff transport	-	-	-	-	-	108,660
		<b>9,855,966</b>	<b>2,453,451</b>	<b>30,035,007</b>	<b>18,964,482</b>	<b>61,308,906</b>	<b>59,961,873</b>

Note 12 - Administrative & Central Expenses							
Code	Particulars	EUICO	CASTLE	ARC HOTEL	NGONGONGERI FARM	Total 30-Jun-18	30-Jun-17 Ksh
5323	Cleaning materials	-	-	-	15,736	15,736	3,574
6200	Sales Promotions & Advertising	-	-	-	-	-	767,619
6201	Advertising & Promotion	-	-	76,000	186,000	262,000	620,000
6207	DSTV Subscription	-	1,500	430,773	-	432,273	429,983
6900	Miscellaneous Expenses	-	-	-	-	-	14,206
6950	Accommodation Hire Charges	-	-	1,076,338	-	1,076,338	6,696,100
6951	Conference Hire Charges	-	-	577,207	-	577,207	291,669
6952	Transport Hire Charges	3,300	-	46,000	-	49,300	330,572
7017	Staff training and Development	-	-	542,140	12,800	554,940	242,800
7018	Office Running Expenses	-	-	-	32,338	32,338	-
7021	Training Costs	-	-	-	-	-	144,000
7022	Insurance	-	-	-	-	-	90,043
7302	Licences	-	-	-	-	-	305,853
7400	Travelling - Transport Cost	29,370	15,950	465,253	13,600	478,853	441,838
7406	Subsistence	73,625	-	406,510	22,720	475,550	1,000,240
7407	Conference	-	-	553,165	289,940	916,730	66,463
7403	Entertainment	-	-	462,056	-	462,056	25,000
7600	Legal Fees	-	-	25,000	-	25,000	-
7602	Consultancy Fees	-	-	86,207	1,114,860	1,201,067	14,005,396
7603	Professional Fees	-	-	235,000	77,000	312,000	-
7604	Security	77,000	-	289,000	210,000	576,000	402,500
7700	Equipment Hire	-	679,655	751,655	60,000	1,491,310	956,834
7901	Bank Charges	47,309	-	-	-	-	137,528
7903	Loan Interest Paid	411,098	-	172,488	110,761	330,558	257,157
8204	Insurance	24,861	-	-	-	411,098	1,476,141
8203	Training Costs	-	-	-	-	24,861	-
8208	Taxi & Bus Fare	-	-	-	7,000	7,000	-
8401	Taxes and Levies Paid	32,730	-	15,200	-	47,930	20,240
7907	Loan Arrears Penalty	-	-	1,265,516	-	1,265,516	3,235,934
7025	Membership & Subscriptions	5,042	-	-	-	5,042	-
5004	Newspaper & Newsletter	-	-	-	-	-	105,080
7007	NHIF Penalty	25,266	3,010	99,855	45,265	173,396	40,796
		<b>729,601</b>	<b>700,115</b>	<b>7,602,843</b>	<b>2,198,020</b>	<b>11,230,578</b>	<b>32,082,565</b>

Note 13 - Hotel Expenses							
Code	Particulars	EUICO	CASTLE	ARC HOTEL	NGONGONGERI FARM	Total 30-Jun-18	30-Jun-17 Ksh
5000	Food Purchases	-	2,771	21,011,671	-	21,014,442	19,350,987
5001	Beverages Purchases	-	-	1,927,602	-	1,927,602	2,638,220
5007	Cleaning Materials	-	35,900	742,162	-	778,062	509,882
5008	Fuel Gas Kitchen	-	-	324,700	-	324,700	395,326
5100	Plates, Glassware and Cutlery	-	-	202,045	-	202,045	285,500
5110	Linen, Towels and Laundry	-	-	102,000	-	102,000	256,853
5120	Toiletries Purchases	-	1,300	226,762	-	228,062	379,857
5140	Guests' Stationery Costs	-	-	-	-	-	27,586
5153	Gas	-	-	1,155,494	-	1,155,494	1,346,440
5154	Spirit	-	-	575,667	-	575,667	521,192
7807	pest Control	-	-	-	-	-	66,208
5152	Charcoal	-	-	-	-	-	24,000
7204	Charcoal	-	-	27,938	-	27,938	14,740
		-	<b>39,971</b>	<b>26,296,041</b>	-	<b>26,336,012</b>	<b>25,816,789</b>



Note 14 - Farm Expenses							
Code	Particulars	EUICO	CASTLE	ARC HOTEL	NGONGONGERI FARM	Total 30-Jun-18	30-Jun-17 Ksh
5304	Livestock and Vet Costs	-	-	-	799,673	799,673	3,550,529
5306	Horticulture expenses	-	-	-	136,610	136,610	1,551,707
5309	Seed and Fertilizers	-	-	-	1,269,754	1,269,754	3,588,229
5313	Chemicals Costs	-	-	-	3,250	3,250	-
5318	Poultry expense	-	-	-	245,900	245,900	-
5319	Wheat expense	-	-	-	2,787,700	2,787,700	16,745,739
5320	Barley expense	-	-	-	1,034,576	1,034,576	2,209,100
EUI5322	Poultry Expenses	-	-	-	-	-	-
5322	Maize expense	-	-	-	-	-	-
5321	Grass expense	-	-	-	2,381,549	2,381,549	3,711,293
5324	Transport cost farm	-	-	-	2,186,648	2,186,648	386,100
5325	Seed Maize Expenses	-	-	-	2,916	2,916	144,000
5326	Wheat seed expense	-	-	-	-	-	18,000
5328	Maize seed	-	-	-	3,222,714	3,222,714	-
5332	Wheat Fertilizer	-	-	-	198,000	198,000	-
5341	Wheat chemicals	-	-	-	75,000	75,000	-
5342	Maize chemicals	-	-	-	83,600	83,600	-
		-	-	-	545,360	545,360	-
		-	-	-	14,973,249	14,973,249	31,904,697

Note 15 - Utility Expenses (Heating, Lighting & Water)							
Code	Particulars	EUICO	CASTLE	ARC HOTEL	NGONGONGERI FARM	Total 30-Jun-18	30-Jun-17 Ksh
7102	Water Rates	-	8,100	-	-	8,100	18,000
7200	Electricity	-	67,379	26,064	163,809	257,253	307,316
7205	Generator Diesel	-	-	427,765	-	427,765	344,378
7300	Fuel and Oil	30,524	15,999	188,677	1,585,794	1,820,994	3,386,710
		30,524	91,478	642,506	1,749,603	2,514,111	4,056,404

Note 16 - Repairs & Maintenance							
Code	Particulars	EUICO	CASTLE	ARC HOTEL	NGONGONGERI FARM	Total 30-Jun-18	30-Jun-17 Ksh
7301	Repairs and Servicing	2,400	5,500	316,604	1,278,008	1,602,511	2,047,995
7800	Repairs and Renewals	36,580	32,565	412,838	187,995	669,978	1,419,927
7801	Plumbing services	-	-	13,033	19,350	32,383	-
7802	Office Equipment	-	-	-	-	-	11,638
7804	Electrical materials	-	-	-	2,930	2,930	-
7805	Building materials	13,995	-	-	325,340	339,335	30,800
5307	Tools Expenses	-	-	-	-	-	375,624
		52,975	38,065	742,475	1,813,623	2,647,138	3,885,984

Note 17 - Board Expenses							
Code	Particulars	EUICO	CASTLE	ARC HOTEL	NGONGONGERI FARM	Total 30-Jun-18	30-Jun-17 Ksh
7408	Board Allowance	1,419,253	-	474,168	238,976	2,132,397	3,337,884
7409	Advisory Committee Allowance	-	-	-	-	-	35,000
		1,419,253	-	474,168	238,976	2,132,397	3,372,884



Note 18 - Printing & Stationery Expenses							
Code	Particulars	EUICO	CASTLE	ARC HOTEL	NGONGONGERI FARM	Total 30-Jun-18	30-Jun-17 Ksh
7500	Printing	14,564	-	14,975	-	29,539	-
7504	Office Stationery	178,295	705	587,670	36,409	803,079	622,899
7505	Newspapers	51,840	-	-	2,880	54,720	41,400
		244,699	705	602,645	39,289	887,338	664,299

Note 19 - Telecommunication & Postage Expenses							
Code	Particulars	EUICO	CASTLE	ARC HOTEL	NGONGONGERI FARM	Total 30-Jun-18	30-Jun-17 Ksh
7551	Postage	19,940	-	22,280	10,960	53,180	64,261
7503	Telex/Telegram/Facsimile	2,908	-	-	-	2,908	-
7502	Telephone	13,000	-	-	-	13,000	-
7552	Telephone, Fax Email and Internet	-	-	-	-	-	432,731
7553	Mobile Phone Airtime	232,760	-	212,900	96,500	542,160	95,000
		268,608	-	235,180	107,460	611,248	591,992

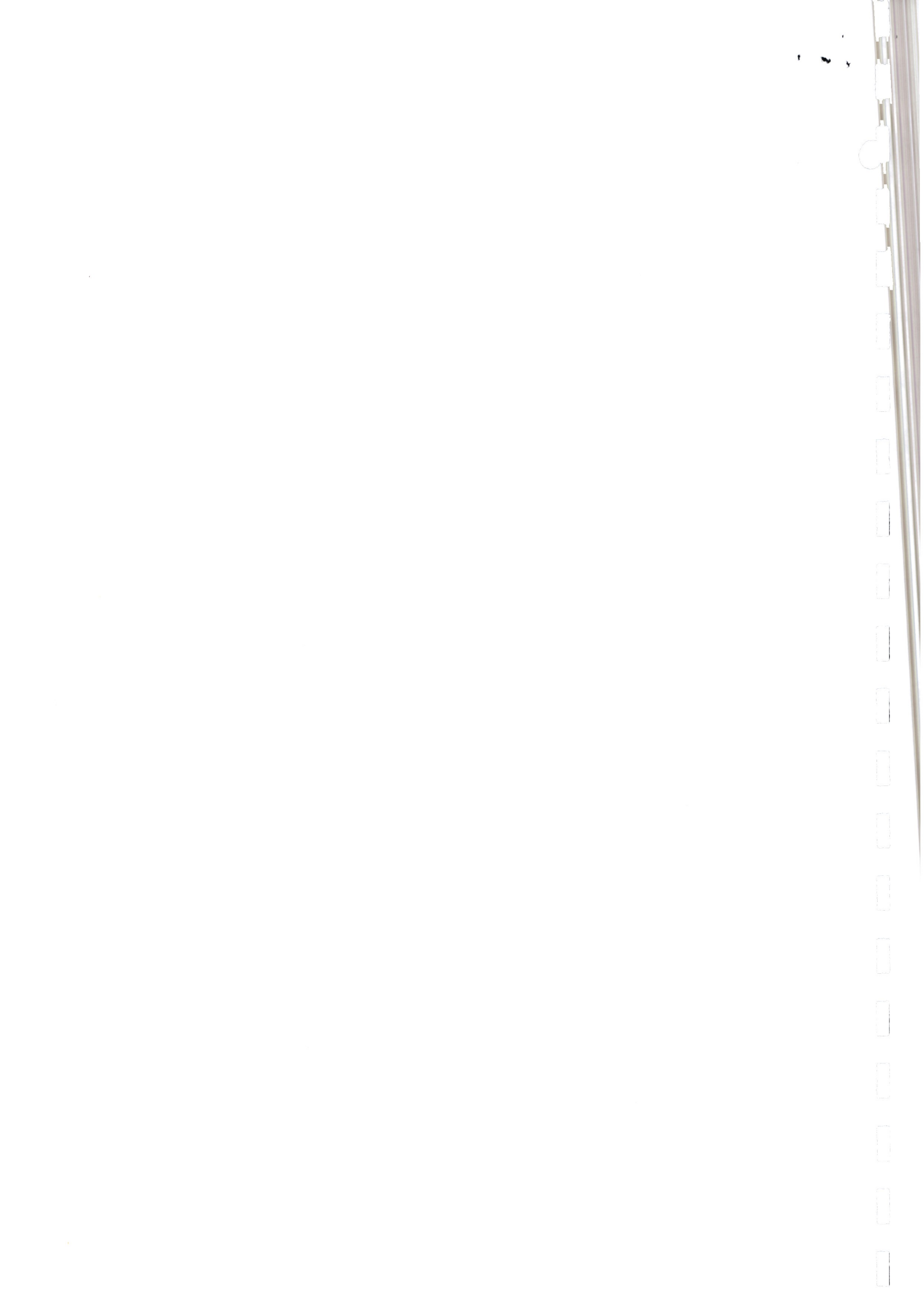
Note 20 - Depreciation Expenses							
Code	Particulars	EUICO	CASTLE	ARC HOTEL	NGONGONGERI FARM	Total 30-Jun-18	30-Jun-17 Ksh
8001	Plant/Machinery Depreciation	-	-	1,072,609	6,287,662	7,360,271	7,360,271
8002	Furniture/Fitting Depreciation	49,260	-	403,226	-	452,486	452,486
8003	Motor Vehicle Depreciation	-	-	94,828	-	94,828	347,865
8005	Software Depreciation	66,935	-	-	-	66,935	155,960
8006	Computers & Accessories Depreciation	20,966	-	39,306	229	60,501	150,263
8007	Building Depreciation	-	-	-	594,850	594,850	594,850
8008	Small Tools Depreciation	-	-	286	-	286	95,230
8004	Equipments Depreciation	48,510	-	1,189,873	158,466	1,396,849	1,603,966
		185,672	-	2,800,128	7,041,206	10,027,005.30	10,760,891

21 - Cash & Cash Equivalents

Note 21 a - Cash in Bank							
Code	Particulars	EUICO	CASTLE	ARC HOTEL	NGONGONGERI FARM	Total 30-Jun-18	30-Jun-17 Ksh
ARC1200	KCB ARC Bank Account -1101907339	-	-	(752,004)	-	(752,004)	(3,003,446)
EUI1200	KCB EUICO Bank Account -1136869271	(2,294,744)	-	-	-	(2,294,744)	(2,401,985)
NGO1200	KCB Bank Account -1109628668	-	-	-	(2,391,460)	(2,391,460)	(3,914,921)
CAS1200	LE Castle Cashbook	-	674,633	-	-	674,633	-
		(2,294,744)	674,633	(752,004)	(2,391,460)	(4,763,574)	(9,320,351)

Note 21 b - Cash in Hand							
Code	Particulars	EUICO	CASTLE	ARC HOTEL	NGONGONGERI FARM	Total 30-Jun-18	30-Jun-17 Ksh
EUI1225	Undeposited Funds Account	2,218,802	-	-	-	2,218,802	2,218,802
NGO1225	Undeposited Funds Account	-	-	-	2,179,811	2,179,811	2,179,811
ARC1210	Bank Deposit Account	-	-	17,655	-	17,655	17,655
ARC1235	Reception Cash Register	-	-	9,051,925	-	9,051,925	9,051,925
ARC1250	Credit Card Receipts	-	-	67,000	-	67,000	67,000
		2,218,802	-	9,136,580	2,179,811	13,535,193	13,535,193
	<b>Total Cash &amp; Cash Equivalent</b>	(75,942)	674,633	8,384,576	(211,649)	8,771,619	4,214,842

Note 22 - Accounts Receivables							
Code	Particulars	EUICO	CASTLE	ARC HOTEL	NGONGONGERI FARM	Total 30-Jun-18	30-Jun-17 Ksh
1100	Debtors Control Account	-	-	83,448,106	36,313,020	119,761,126	108,137,943
1300	Staff Debtors Imprests	306,893	20,950	517,897	857,741	1,703,481	1,167,221
1600	Staff Debtors Pledges And Advances	(70,125)	(15,000)	(234,772)	(40,000)	(359,897)	4,050
		236,768	5,950	83,731,231	37,130,761	121,104,709	109,309,214



Note 23 - Inventories							
Code	Particulars	EUICO	CASTLE	ARC HOTEL	NGONGONGERI FARM	Total 30-Jun-18	30-Jun-17 Ksh
1060	Fertilizer and Chemical Stocks	-	-	-	597,865	597,865	3,584,737
1000	Food Stock for use in Kitchens	-	-	597,558	-	597,558	839,285
1010	Food Stocks For Resale	-	-	-	-	-	3,877
1020	Cleaning detergents stock	-	-	66,443	-	66,443	175,751
1030	Stationery Stock	-	-	100,172	-	100,172	48,908
1037	Insecticide Stocks	-	-	24,648	-	24,648	29,640
1040	Beverage Stocks	-	-	193,504	-	193,504	408,195
1012	Animal Feeds & Minerals	-	-	-	2,014	2,014	214,131
1016	Horticulture Stock	-	-	-	84,100	84,100	1,416,200
1017	Boma Rhodes Stock	-	-	-	13,486,500	13,486,500	4,725,000
1070	Repairs & Maintenance Stock	-	-	-	485,220	485,220	516,655
1050	Seed and Grain Stocks	-	-	-	2,940,800	2,940,800	-
		-	-	982,324	17,625,489	18,607,813	11,962,379

#### 24 - Biological Assets

Note 24 a - Farm Produce & Planting Seeds							
Code	Particulars	EUICO	CASTLE	ARC HOTEL	NGONGONGERI FARM	Total 30-Jun-18	30-Jun-17 Ksh
1050	Seed and Grain Stocks	-	-	-	-	-	3,274,854
		-	-	-	-	-	3,274,854

Note 24 b - Biological Assets - Consumable Assets							
Code	Particulars	EUICO	CASTLE	ARC HOTEL	NGONGONGERI FARM	Total 30-Jun-18	30-Jun-17 Ksh
1008	Commercial Maize	-	-	-	6,040,000	6,040,000	21,362,616
1009	Wheat Seed	-	-	-	-	-	7,923,600
1025	Seed Maize Stock	-	-	-	5,395,000	5,395,000	-
1026	Green Maize Stock	-	-	-	4,000,000	4,000,000	-
		-	-	-	15,435,000	15,435,000	29,286,216

Note 24 c - Biological Assets - Bearer Assets							
Code	Particulars	EUICO	CASTLE	ARC HOTEL	NGONGONGERI FARM	Total 30-Jun-18	30-Jun-17 Ksh
1001	Livestock Cattle	-	-	-	23,495,000	23,495,000	24,953,000
1003	Livestock Sheep	-	-	-	6,051,000	6,051,000	4,788,000
		-	-	-	29,546,000	29,546,000	29,741,000
	<b>Total Agricultural Assets</b>	-	-	-	44,981,000	44,981,000	62,302,070



Note 24 d - Biological Assets Movement Schedule				
Code	Particulars	1/7/2017 Ksh	Change in valuation Ksh	30/6/2018 Ksh
1025	Seed Maize Stock	-	5,395,000	5,395,000
1026	Green Maize Stock	-	4,000,000	4,000,000
1050	Seed & Grain stock	3,274,854	(3,274,854)	-
1008	Commercial Maize	21,362,616	(15,322,616)	6,040,000
1009	Wheat Seed	7,923,600	(7,923,600)	-
	<b>Sub total</b>	<b>32,561,070</b>	<b>(17,126,070)</b>	<b>15,435,000</b>
	<b>Bearer Assets - Animals</b>			
1001	Livestock Cattle	24,953,000	(1,458,000)	23,495,000
1003	Livestock Sheep	4,788,000	1,263,000	6,051,000
	<b>Sub total</b>	<b>29,741,000</b>	<b>(195,000)</b>	<b>29,546,000</b>
	<b>Total</b>	<b>62,302,070</b>	<b>(17,321,070)</b>	<b>44,981,000</b>

#### 25 - Properties, Plant & Equipments

##### Note 25 a - Property, Plant & Equipment

Particulars	Buildings Kshs.	Dairy Equipments/ Plant./Tractors Kshs.	Furniture, Fittings Kshs.	Other Equipments Kshs.	Motor Vehicles Kshs.	Totals Kshs.
<b>Cost or Valuation</b>						
As at 01/07/2017	23,793,995	73,602,715	-	16,034,826	4,427,910	117,859,446
Additions 2017/18	-	-	-	206,854	-	206,854
<b>As at 30/06/2018</b>	<b>23,793,995</b>	<b>73,602,715</b>	<b>-</b>	<b>16,241,680</b>	<b>4,427,910</b>	<b>118,066,300</b>
<b>Accumulated Depreciation</b>						
As at 01/07/2017	3,095,303	25,818,813	-	10,701,748	4,333,083	43,948,947
Charge for the year 2017/18	594,850	7,360,271	-	1,977,056	94,828	10,027,005
<b>As at 30/06/2018</b>	<b>3,690,153</b>	<b>33,179,084</b>	<b>-</b>	<b>12,678,804</b>	<b>4,427,911</b>	<b>53,975,953</b>
<b>NBV-31 June 2018</b>	<b>20,103,842</b>	<b>40,423,630</b>	<b>-</b>	<b>3,562,875</b>	<b>(0)</b>	<b>64,090,347</b>
<b>NBV-30 June 2017</b>	<b>20,698,692</b>	<b>47,783,902</b>	<b>-</b>	<b>5,333,078</b>	<b>94,827</b>	<b>73,910,499</b>



Note 26 - Accounts Payables							
Code	Particulars	EUICO	CASTLE	ARC HOTEL	NGONGONGERI FARM	Total 30-Jun-18	30-Jun-17 Ksh
2100	Creditors Control Account	540,592	471,206	18,701,075	37,071,563	56,784,436	62,448,940
2121	Friends of ARC	83,100	-	182,650	31,456	297,206	101,350
2126	Advance Deduction	-	-	-	50,000	50,000	50,000
2202	VAT Liability	221,403	173,957	11,528,014	(546,799)	11,376,575	4,053,111
2205	Catering Levy Tax	-	-	1,614,988	-	1,614,988	819,645
2210	P.A.Y.E.	2,025,480	28,728	1,479,667	1,091,520	4,625,395	2,200,920
2211	NHIF	27,045	8,450	67,800	141,854	245,149	561,761
2220	Net Wages	28,921	239,802	584,702	1,348,140	2,201,565	1,653,432
2108	Gratuity payable	6,859,207	-	4,834,678	4,431,962	16,125,847	10,931,943
2109	Net Salaries Payable	1,765,353	52,257	12,556,882	964,457	15,338,948	13,749,321
2111	Staff Debtors Recovery	52,042	10,000	113,005	144,101	319,147	257,342
2112	Kudheha	-	-	18,450	-	18,450	3,750
2117	Liberty Life Assurance Kenya Ltd	-	-	3,037	-	3,037	3,037
2118	Staff Bank Loans Payable	53,938	-	-	-	53,938	53,938
2119	Egerton University Sacco	294,540	25,250	504,577	258,448	1,082,815	3,219,808
2120	Medicare Account	-	-	-	6,000	6,000	6,000
2122	ICEALION Insurance Company of East Africa	-	-	23,671	-	23,671	17,656
2123	Pan Africa Insurance	-	-	8,624	-	8,624	13,320
2124	Egerton University House Rent	14,000	-	-	21,000	35,000	-
2125	Sumat Multipurpose Sacco	-	-	38,301	-	38,301	12,767
2212	NSSF	25,900	9,200	146,286	390,480	571,865	85,400
1105	Intercompany Transactions	1,402,761	(757,472)	(251,319)	(393,970)	-	0.00
1261	Internal Funds Transfer	7,791,541	-	(3,452,000)	(4,339,541)	-	-
2127	HELB	5,500	-	-	15,287	20,787	-
		21,191,323	261,377	48,703,088	40,685,957	110,841,744	100,243,441

Note 27 - LOANS							
Code	Particulars	EUICO	CASTLE	ARC HOTEL	NGONGONGERI FARM	Total 30-Jun-18	30-Jun-17 Ksh
2300	Loans From University	145,400,000	-	-	4,719,907	150,119,907	145,400,000
2310	Bank Loan KCB	2,688,051	-	-	-	2,688,051	2,756,884
		148,088,051	-	-	4,719,907	152,807,958	148,156,884

Note 28 - ACCUMMULATED FUND							
Code	Particulars	EUICO	CASTLE	ARC HOTEL	NGONGONGERI FARM	Total 30-Jun-18	30-Jun-17 Ksh
3200	Accumulated Fund	(155,992,180.69)	-	56,075,026.50	113,215,832.76	13,298,678.57	53,318,287
3100	Reserves	-	-	-	-	-	-
		(155,992,180.69)	-	56,075,026.50	113,215,832.76	13,298,678.57	53,318,286.57

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