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Enhancing Accountability



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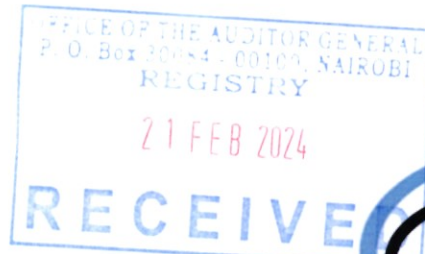
OF

THE AUDITOR-GENERAL

ON

**JOMO KENYATTA UNIVERSITY OF
AGRICULTURE AND TECHNOLOGY
INDUSTRIAL PARK LIMITED**

**FOR THE YEAR ENDED
30 JUNE, 2023**



**JOMO KENYATTA UNIVERSITY
OF
AGRICULTURE TECHNOLOGY INDUSTRIAL PARK LIMITED**

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2023**

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

JKUAT Industrial Park Limited
Annual Report and Financial Statements for the year ended June 30, 2023

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1. Acronyms and Glossary of Terms

<i>IFRS</i>	<i>International Financial Reporting Standards</i>
<i>MD</i>	<i>Managing Director</i>
<i>NT</i>	<i>National Treasury</i>
<i>PFM</i>	<i>Public Finance Management.</i>
<i>PSASB</i>	<i>Public Sector Accounting Standards Board</i>
<i>JKUAT</i>	<i>Jomo Kenyatta University of Agriculture and Technology</i>
<i>JKUAT-IPL</i>	<i>Jomo Kenyatta University of Agriculture and Technology Industrial Park Limited</i>
<i>REP</i>	<i>Representative</i>
<i>CPA</i>	<i>Certified Public Accountant</i>
<i>PhD</i>	<i>Doctor of Philosophy</i>
<i>Amb</i>	<i>Ambassador</i>
<i>EBS</i>	<i>Elder of Burning Spear</i>
<i>PROF</i>	<i>Professor</i>
<i>PE</i>	<i>Professional Engineer</i>
<i>PAYE</i>	<i>Pay As You Earn</i>
<i>NHIF</i>	<i>National Health Insurance Fund</i>
<i>NSSF</i>	<i>National Social Security Fund</i>
<i>HELB</i>	<i>Higher Education Loans Board</i>

2. Key Entity Information

a) Background information

Jomo Kenyatta University of Agriculture and Technology (JKUAT) Industrial Park Limited initially started in 2013 as a department of the University under the name Nairobi Industrial and Technology Park (NITP) through a mutual Memorandum of Understanding (MoU) between Jomo Kenyatta University of Agriculture and Technology (JKUAT) and the Ministry of Industrialization and Enterprise Development (MOIED) signed in 2012. It was later registered as a company wholly owned by the University and was incorporated on 29 November 2017 under the Kenyan Companies Act, 2015 as a private limited company and became operational from May 2018. It was set up to promote the collaboration between the University, Government, and the private sector with the aim of facilitating the growth and development of knowledge and technology-based enterprises in line with the Kenya Vision 2030 and geared towards facilitating the transformation of innovations and research findings into sustainable enterprises by availing an incubation process. The company aims to stimulate and manage the flow of knowledge and technology from universities, R&D institutions and other innovation pools to the industry.

The company's priority sectors are in agro-processing, agro machinery, electrical and electronics, Bio-technology, ICT and packaging.

b) Principal Activities

The principal activity of the company is to fill the role of technology and agriculture through local assembly, incubation and innovation so as to contribute to the economic development of Kenya. The company's mission is to create an environment that fosters collaboration and innovation through cooperation of the Government, private sector and the University (JKUAT) towards the achievement of vision 2030. The company also aims in facilitating the growth and development of knowledge and technology based enterprises in line with vision 2030.

The strategic objectives are to:

- Facilitate incubation of innovations/ businesses into sustainable commercial enterprises.
- Facilitate transfer of technology and promote local knowledge-based enterprises.
- Create an environment for inventiveness and innovativeness.

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- Stimulate and manage the flow of knowledge and technology amongst University, R&D, institutions, companies and markets.
- Provide other value-added services together with high quality space and services.
- Translate Government policies into sectoral strategies and action plans.

c) Directors

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

S/No.	Name	Position	Date of Birth	Date of appointment	Expiry of appointment
1.	Amb. Mahboub Maalim Mohamed	Chairman	1958	16.10.2020	07.11.2022
2.	Mr. Thomas Mshindi	Rep. JKUAT Council	01.03.1961	08.11.2019	08.11.2022
3.	Mr. Hassan Abdi Mohammed	Ag. Chairman & JKUAT Council Member	01.01.1969	23.05.2023	23.05.2026
4.	Prof. Victoria Wambui Ngumi	Director	18.03.1960	2018	Currently on her 2 nd term
6.	Prof. Robert Kinyua	Director	1966	2018	Currently on his 2 nd term
7.	Prof. Bernard Wamuti Ikua	Director	30.11.1965	2018	Currently on his 2 nd term
8.	Prof. Mary Oyiela Abukutsa	Director	1959	2017	2022
4.	Prof. Philip Kibet Langat	Ag. MD	14.10.1979	2018	

d) Registered Office

JKUAT
 L.R. No 13094 along the Nairobi-Thika Superhighway
 Off Exit 15
 P.O. Box 62000
 City Square 00200
 Nairobi, KENYA

e) Corporate Headquarters

4th Floor, COHES Building
 JKUAT Main Campus, Juja
 Along the Nairobi-Thika Superhighway
 Off Exit 15
 P.O. Box 62000
 City Square 00200
 Nairobi, KENYA

f) Corporate Contacts

Telephone: (254) 67 5870001-4 (ext.1043, 1025)

E-mail: nitp@jkuat.ac.ke

Website: jkuatindustrialpark.com/

g) Corporate Bankers

Kenya Commercial Bank

JKUAT Branch

P.O. Box 737 -01001

KALIMONI

h) Independent Auditors

Auditor-General

The Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya


i) Principal Legal Advisers


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

2. Chief Legal Officer,
Jomo Kenyatta University of Agriculture and Technology
P.O. Box 62000
City Square 00200
Nairobi, Kenya


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3. The Board of Directors

S/NO.	Directors	Details
1.	 <p data-bbox="576 443 1029 555">Amb. Mahboub Maalim Mohamed Chairman Board of Directors</p>	<p data-bbox="1094 443 1511 663">Amb. Mohamed is a registered engineer with Kenya's Engineers Registration Board (ERB) and a member of the Institute of Engineers of Kenya and also diplomat.</p> <p data-bbox="1094 701 1511 846">He holds a Master of Science and Bachelor of Science degrees in Civil Engineering from Texas A&I University in USA.</p> <p data-bbox="1094 884 1511 1211">He has served in various senior positions including District Project Coordinator for World Bank Financed Drought Recovery Project in the arid areas of Kenya, and Deputy National Project Coordinator of Arid Lands Resource Management Project.</p> <p data-bbox="1094 1249 1511 1395">He also served as one of the Board of Directors of Kenya Power before he rose to become its Chairman.</p> <p data-bbox="1094 1433 1511 1686">The former Ambassador also served as Permanent Secretary in the Ministry of State for Special Programmes in the Office of the President, and the Ministry of Water and Irrigation.</p> <p data-bbox="1094 1724 1511 1977">He was the longest serving Executive Secretary, Director and Ambassador of the Intergovernmental Authority on Development (IGAD). He also served in various positions in the World Bank.</p>

2.		<p>Mr. Thomas Mshindi Nyamacha Rep. JKUAT Council</p>	<p>Mr. Mshindi is a long serving and renowned Journalist with experience spanning over 25 years in the media industry.</p> <p>The veteran scribe has served in various roles; as a journalist, Editor-in-Chief, and later, Managing Editor of the <i>Daily Nation Newspaper</i>, Managing Director of <i>Monitor Publications Ltd</i> (Uganda), Managing Director of <i>Nation Newspapers Division</i> and Chief Operating Officer.</p> <p>He served as Council member of the University of Nairobi from March 2005 to March 2008.</p> <p>Before joining the Nation Media Group, he worked as the Group Chief Executive Officer of <i>The Standard Group</i> (2003 – 2006) as well as serving twice as the Vice Chair of the Media Owners Association.</p> <p>He also worked at UNICEF as a Communications Manager and Editor, serving in New York and West Africa.</p> <p>Mr. Mshindi, who is currently a Consulting Editor and Writer under Blue Crane Global, has specialized in Newsroom transformation to mobile-first Operations, Content Development, Strategic Management, Project Planning and Implementation, Human Resources, Media Management, Communication and Editorial Consultancy.</p>
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		<p>He holds a Bachelor’s degree, Literature in English, Political Science (Honours), Postgraduate Diploma in Mass Communication (Communication/Journalism), both from the University of Nairobi. He also holds an Advanced Management Programme (Management and Leadership) and an Advanced Management Programme (Arts, Entertainment, and Media Management) from the IESE Business School, University of Navarra, Spain.</p>
3.	 <p>Mr. Hassan Abdi Mohammed Ag. Chairman Board of Directors</p>	<p>Mr. Hassan stands as an accomplished Advocate of the High Court of Kenya and a Certified Public Secretary with an impressive legal career spanning over 15 years, inclusive of his tenure at M/s Hassan Mutembei & Company Advocates.</p> <p>His dedication and contribution to public service were recognized when he was bestowed the Presidential Honors of the Order of the Grand Warrior (OGW) in 2019. This esteemed recognition is a testament to his distinguished service.</p> <p>He holds a Master of Arts Degree in Diplomacy and Foreign Policy from Moi University, a Bachelor of Laws (LLB Hons) Degree from the Buckingham University Law School in the United Kingdom, a Bachelor of Science in</p>



		<p>Criminal Justice from the University of Houston in Texas, USA, and a Post Graduate Diploma in Law (PG Dip Law) from the Kenya School of Law.</p> <p>As a seasoned leader, Mr. Hassan possesses a wealth of experience in steering state bodies. His expertise lies in formulating and executing strategic plans, overseeing financial and administrative aspects, and ensuring the achievement of organizational objectives.</p> <p>His leadership style is synonymous with positive transformation, upheld by unwavering professionalism, ethical standards, and fairness in public service.</p> <p>Among his notable appointments, Mr. Hassan served on the Presidential Power of Mercy Advisory Board in 2015, contributing to exercises of prerogative of mercy. Furthermore, from 2018 to 2023, he played a pivotal role as a Council Member on the University of Nairobi Governing Council.</p>
4.	 <p>Prof. Philip Kibet Langat, PhD., Ag. Managing Director</p>	<p>Prof. Langat is currently the Acting Managing Director of JKUAT Industrial Park Limited.</p> <p>He has a PhD in Electronics Engineering from Stellenbosch University, South Africa, a Master of Science in Telecommunication Engineering from JKUAT, and</p>


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		<p>a Bachelor of Science in Electrical and Electronic Engineering also from JKUAT</p> <p>He is a member of the Engineers Board of Kenya, and a member of the Institution of Engineers of Kenya.</p> <p>Prof. Langat, as the MD of the company, runs the day-to-day operations of the company, He oversees the overall implementation of various projects handled by the Industrial Park, which include the Digital Literacy Programme (DLP) Project, Taifa electronics project, Biogas project among others.</p> <p>He leads teams across broad technical, financial and business disciplines to ensure projects milestones are completed on time, on budget and with the desired results.</p>
5.	 <p>Prof. Victoria Wambui Ngumi, PhD., EBS</p> <p>Director</p>	<p>Prof. Ngumi is a beneficiary of the prestigious Fulbright scholarship that took her to Clemson University, South Carolina, USA, earning her a PhD degree in Plant Physiology in 1997.</p> <p>She had earlier won another Japan based <i>Mombusho</i> scholarship, that enabled her to pursue a Master of Science degree in Botany at Hiroshima University, successfully graduating in 1989.</p> <p>She is an alumnus of the University of Nairobi where she</p>

		<p>obtained an undergraduate degree in Education. She also holds an Executive MBA from JKUAT.</p> <p>In 2021, Prof. Ngumi was awarded the Elder of the Order of the Burning Spear (EBS) by the President, H.E. Uhuru Muigai Kenyatta for her distinguished and outstanding services rendered to the nation.</p> <p>The Vice Chancellor who is a member of the African Biotechnology Stakeholders Forum (ABSF) and the Natural Products Research Network for East and Central Africa (NAPRECA), served as a senior education fellow at the African Network of Agro-forestry and Natural Resource Management Education.</p> <p>In 2005, she was appointed the founding Principal of JKUAT Karen Campus, having served as the founding Director of the Alternative Degree Programmes.</p> <p>Until her appointment as Vice Chancellor in August 2018, Prof. Ngumi was serving as the Deputy Vice Chancellor in charge of Administration, a position she had held since October 2014.</p>
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6.		<p>Prof. Robert Kinyua, PhD., Director</p>	<p>Prof. Kinyua holds a PhD degree in High Energy Physics obtained in 2000 at Osaka University, Japan. He had earlier studied at the University of Nairobi graduating with a masters and undergraduate degrees in Physics in 1993 and 1990 respectively.</p> <p>Prof. Kinyua whose research interests are in high-energy physics, radiation physics and renewable energy has widely published with 35 scholarly papers in peer referred journals to his credit.</p> <p>Prior to his appointment, Prof. Kinyua, was the Director, Institute of Energy and Environmental Technology, JKUAT.</p>
7.		<p>Prof. (Eng), Bernard Wamuti Ikua, PhD., P.E. Director</p>	<p>Prof. Ikua is an alumnus of the University of Nairobi where he studied for his undergraduate degree in Mechanical Engineering. He holds a PhD and MSc degrees in the same field obtained in Japan based Totori University in 2002 and 1999 respectively.</p> <p>With his research interests on machine designs and dynamics; modelling and control machining process; and manufacturing systems and precision engineering, he has posted over 22 papers in scholarly international journals.</p> <p>Prior to his appointment, Prof Ikua was the Principal, College of Engineering and Technology, JKUAT</p>



8.		<p>Prof. Mary Abukutsa-Onyango, PhD., EBS</p> <p>Director</p>	<p>Prof. Abukutsa holds a Bachelor of Science degree in Agriculture, a Master of Science degree in Agronomy and a Doctor of Philosophy degree in Horticulture from the University of Nairobi and University of London, respectively.</p> <p>She served in the public service in Kenya for a period of over 30 years where she worked in the Ministry of Agriculture between 1983 and 1991 before moving to serve in two public universities, Maseno University and Jomo Kenyatta university of Agriculture and Technology.</p> <p>She was once the District Horticultural Officer in Kisii, Officer in charge of cereal crops at the Ministry Headquarters, as the inspector of Horticultural produce for export cargo section of Jomo Kenyatta International Airport and as a developer of dissemination leaflets at Agricultural information and Technology Centre.</p> <p>She is a horticultural scientist, rural development advocate who has been actively involved in pro-poor and action research and university teaching for over twenty five (25) years.</p>
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4. Key Management Team

S/NO.	Management	Details
1.	 <p>Prof. Philip Kibet Langat, PhD., Ag. Managing Director</p>	<p>Prof. Langat is currently the Acting Managing Director of JKUAT Industrial Park Limited.</p> <p>He has a PhD in Electronics Engineering from Stellenbosch University, South Africa, a Master of Science in Telecommunication Engineering and a Bachelor of Science in Electrical and Electronic Engineering from JKUAT</p> <p>He is a member of the Engineers Board of Kenya, and a member of Institution of Engineers of Kenya.</p>
2.	 <p>Mr. Michael Munyua Waititu Ag. Deputy Managing Director</p>	<p>Mr. Michael Munyua Waititu is currently the Acting Deputy-Managing Director of JKUAT Industrial Park Limited.</p> <p>He is also the Projects, Innovation and Incubation Manager, at the Company, and the Chairman-JKUAT Tech Expo, an annual student-led event established in 2009 that aims to foster innovation, collaboration, and education by supporting and promoting students' innovative ideas nationwide.</p>

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3.		<p>Mr. Tobias Ikinya Wachira Finance Lead</p>	<p>Mr. Tobias Ikinya Wachira is the Finance Lead at JKUAT Industrial Park Limited.</p> <p>He is currently pursuing a Master of Science, Commerce (Accounting) option, he is also pursuing a CPA III. He holds a Bachelor's degree in Business Administration (Accounting) option from JKUAT.</p>
4.		<p>Ms. Natalie Naisiae Leiyan Ag. Operations Manager</p>	<p>Ms. Natalie Naisiae Leiyan is the Ag. Operations Manager at JKUAT Industrial Park Limited. She holds a Master of Science in Human Resource Management from JKUAT, and a Bachelor of Education degree (Arts) from the University of Nairobi.</p> <p>She is a highly seasoned Human Resource Professional with a strong Administrative background and 10+ years spearheading organizational growth through streamlining key operations and proactively dealing with complex scheduling constraints.</p>

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5. Chairman's Statement

On behalf of the Board of Directors, it is my pleasure to present the Annual Report and Financial Statements for the JKUAT Industrial Park Limited as the Board's Ag. Chairperson for the year ended June 30, 2023. JKUAT Industrial Park Limited was set up to promote the collaboration between the University, Government, and the private sector with the aim of facilitating the growth and development of knowledge and technology-based enterprises in line with the Vision 2030.

The company continued to implement its many projects started in the previous years under the Nairobi Industrial and Technology Park (NITP) department and additionally engaged new ones during the year in order to achieve greater financial performance and improvement.

Business was mainly affected in the FY 2022/2023 due to a depressed economic environment, which affected the liquidity and purchasing power of the consumers. This impacted the uptake of the company's products and services. JKUAT Industrial Park's revenues increased from KES.12.3M in the FY 2021/2022 to KES.47.8M in the year under review and subsequently incurring a loss of KES.134.9M.

The Board is however committed to ensure prosperity of the company by collectively directing its affairs whilst meeting the diverse interests of its Stakeholders. The Board strives to maintain the highest standards of corporate governance and ethics in providing the policy and strategy of the company.

As we look to the next fiscal year, we are committed to continue delivering on our mandate and strategic plan and aim to develop strategic partnerships to achieve our goals.

Appreciation

On behalf of the Board of Directors, I wish to thank all the Stakeholders for the confidence placed on the Board during my first year as Ag. Chairperson and look forward to serving even better. In a special way, I thank the Government and our other partners like The Life Ministry/Jesus Film who have stood with us during the financial year under review. Your continued support is highly appreciated. Further, I thank Management and Staff for their dedication and commitment towards the growth of the company.



MR. HASSAN ABDI MOHAMMED
Ag. CHAIRPERSON, BOARD OF DIRECTORS

6. Report of the Managing Director

It gives me great pleasure in presenting the Annual Report and Financial Statements for the JKUAT Industrial Park Limited for the year ended June 30, 2023.

Operational and Financial Performance

The company's income mainly comprises of sales and servicing of Taifa laptops, tablets and forex Exchange gains, which amounted to KES. 47.8Million.

During the year under review, the Company reported a deficit of KES. 134.9 Million against a deficit of KES. 23.03 Million reported in 2021/2022. The reported deficit was mainly attributable to netting off long outstanding receivables of KES 125.1 million against cost of the same figure previously incurred by JKUAT on behalf of the company. The financial performance in the current year was affected mainly due to the depressed economic environment and being an election year, which affected operations not only for the Company but also prospective clients resulting in delayed commencement of potential business engagements.

Achievements and Challenges

Despite the challenges in the poor business environment, the company has managed to build a warehouse where the Board and Management plan to relocate some of the company's activities in the near future.

Compliance with Statutory Guidelines

In the year under review, JKUAT Industrial Park Limited diligently fulfilled its statutory obligations and guidelines set by Government agencies and Commissions.

Appreciation

I would like to appreciate the guidance of the Board of Directors in ensuring the Management is kept on the move towards attainment of the set targets. The Company also acknowledges the support accorded to Management by the Staff who worked tirelessly in ensuring its smooth operation.



PROF. PHILIPH KIBET LANGAT, Ph.D.,
Ag. MANAGING DIRECTOR

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7. Statement of Performance against Predetermined Objectives for FY 2022/2023

JKUAT Industrial Park Limited has several strategic objectives within the current Strategic Plan for the first phase of operations.

JKUAT Industrial Park Limited develops its annual work plans based on the above themes. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The company continued to pursue its performance targets set for the FY 2022/2023 period for its strategic pillars, as indicated in the diagram below:

Strategy	Objective	Key Performance Indicators	Activities	Achievements
Theme 1:	Assembly	Device assembly	Conducted various device assembly operations	Satisfied our clients
Theme 2:	Industrial Park	Construction of industrial park facilities	Started construction of finished goods warehouse and related external works	Engaged a contractor who started the constructions. The implementation was at 93 % complete by the end of the financial year. The remaining work is to be completed in the next financial year

8. Corporate Governance Statement

The Board of Directors is accountable to the University, which is the sole shareholder in ensuring that the company complies with the law and the best practices in corporate governance and business ethics. The Board is also responsible for providing overall leadership through oversight, review and guidance in addition to setting the strategic and policy direction of the company.

Board Composition

During the year under review, the Board of Directors comprised of 5 non-executive members and the Managing Director who is secretary to the Board. The Directors are mainly drawn from the main University. They are, however, considered to be independent, and free from any business, interest or other relationship that could interfere with the exercise of their independent judgement.

Functions of the Board of Directors

The functions and powers of the Board of Directors are:

- i. Exercise their role collectively and not individually.
- ii. Determine the organization's mission, vision, purpose and core values.
- iii. Set and oversee the overall strategy and approve significant policies of the organization.
- iv. Ensure that the strategy is aligned with the purpose of the organization and the legitimate interests and expectations of its shareholders and other stakeholders.
- v. Ensure that the strategy of the organization is aligned to the long-term goals of the organization on sustainability so as not to compromise the ability of future generations to meet their own needs.
- vi. Approve the organizational structure.
- vii. Approve the annual budget of the organization.
- viii. Monitor the organization's performance and ensure sustainability
- ix. Enhance the corporate image of the organization
- x. Ensure availability of adequate resources for the achievement of the organization's objectives
- xi. Hire the Managing Director, on such terms and conditions of service as may be approved by the relevant government organ(s) and approve the appointment of senior management staff.
- xii. Ensure effective communication with stakeholders.

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Board Meetings Attendance and Members' Participation

The Board holds regular meetings to transact planned business of the company. Special meetings may also be called when there is significant business to discuss. During the year under review, the Board held 3 mandatory meetings, 1 special meeting and 1 training and 1 Board evaluation meeting attended by the members. Board members receive adequate notices and detailed issues for discussion in order for them to prepare for the meetings in advance.

Board Remuneration

Members of the Board are paid taxable sitting allowances for meetings attended as well as travel allowances while carrying out duties on behalf of the company as per the guidelines provided by Salaries and Remuneration Commission. The allowances are included in the Board expenses in the Annual Reports and Accounts.

Board committees

The Board has established a risk and audit committee. The committee held 1 meeting during the year under review.

Conflict of Interest

The company has a conflict of interest policy, which applies to all members of the Board, key management and other employees. They are obligated to disclose and remove themselves from discussion or decision making authority in matters, which they may have material personal interest that could result in impairing their objectivity or interfere with the execution of their duties.

9. Management Discussion and Analysis

Operational and Financial Performance

The company continued implementing its projects, which include: Taifa Electronics, and REHAU Home-Gas, industrial park facilities' construction as well as facilitating the University's Digital Literacy Programme (DLP) Phase I project.

Total reported revenue for the financial year 2022/2023 was KES. 47.8 million Which was mainly from sales and servicing of Taifa laptops, tablets and forex exchange gains.

Direct costs relating to the various projects amounted to KES. 10.4 million. Total operating costs for the year were KES. 41.9 million Majorly relating to employment costs. The deficit as at the end of the financial year was KES. 13.1 million.

Key projects or Investments Decision Implemented or Ongoing

Kenya Vision 2030 recognizes SME industrial and technology parks as important vehicles through which the growth of Kenya's manufacturing sector can be fast-tracked. Industrial and technology parks are key elements of the infrastructure supporting the growth of today's global knowledge economy. It is because of this that the University designated 21 acres of land in Juja for setting up the necessary structures in the Industrial Park which will be partly leased out to start ups and other innovative companies. The University also erected a perimeter wall to secure the property. The company's Board and Management plan to relocate some of the company's activities to its site in the newly constructed warehouse very soon.



Figure 1 Ariel View of the JKUAT Industrial Park

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The company has been utilising computer assembly lines which were acquired by the University in 2015. The assembly lines are capable of producing laptops, tablets and mobile phones. They have a capacity to produce at least 2,400 laptops per day.

Compliance with Statutory Requirements

JKUAT Industrial Park Limited has a duty to ensure that all the relevant laws and regulations are adhered to and complied with. In addition, the company does acknowledge its obligation to have all statutory dues such PAYE, NHIF, NSSF, HELB, withholding tax, and VAT levies processed and remitted before the set timelines. There are no non-compliance issues that may expose the company to potential contingent liabilities neither are there ongoing or potential court cases and defaults that could expose the company to adverse liability.

Major risks facing the Organisation

The company's activities expose it to a variety of strategic and operational risks:

- i) **Strategy risk** - the risk associated with the company's inability to formulate and/or execute a successful strategy. The risk has been mitigated by having a Board in place whose members are professional and highly experienced in their fields.
- ii) **Operational risk** - the risk of failure or loss resulting from inadequate or failed processes, people, or systems failure. This risk has been managed through defining and embedding internal controls in all the processes. These internal controls include but not limited to obtaining authorizations for all transactions and ensuring compliance with laws and regulations.

Material arrears in Statutory and other Financial Obligations

JKUAT Industrial Park Limited has no existing material financial obligations and has been able to settle all statutory obligations as at the yearend.

10. Environmental and Sustainability Reporting

JKUAT Industrial Park was set up to accelerate innovation and commercialization towards the achievement of the aspirations of Kenya under the Kenya Vision 2030 through the creation of an environment that fosters collaboration and innovation through cooperation of the government, private sector, and the University.

JKUAT Industrial Park also facilitates the transformation of research finding and innovations into sustainable enterprises by availing an incubation process and translating Government policies into sectoral strategies and action plans.

i) Sustainability strategy and profile

The company's management undertakes business development, which involves creating innovative products and services through extensive research and development for markets within Kenya and beyond. Management also regularly studies the macroeconomic trends both domestic and internationally and strategize accordingly. They also ensure continuous conformity to best practices by complying with all necessary standards. Key achievements include design and development of a locally assembled laptop and tablet, which have been positively accepted in the market.

ii) Environmental performance

The company is committed to protecting the environment by complying with relevant laws and government policies. The company while facilitating the University in the implementation of the Digital Literacy Programme (DLP) project has ensured the collection and proper disposal of E-waste resulting from the deployed devices in public primary schools. Therefore, the company continues to contribute towards the reduction of environmental impact from E-waste and improve end-of-life management of electronic devices.

iii) Employee welfare

The company is an equal opportunity employer that does not discriminate against any employee or job applicant because of race, color, religion, ethnic or national origin, sexual orientation, disability, age or any other basis.

iv) Market place practices-

a) Responsible competition practice.

The company does not, either directly or indirectly, impose unfair purchase or selling prices or other unfair trading conditions.

b) Responsible supply chain and supplier relations

The Company complies with relevant procurement laws and regulations in engaging its suppliers and other stakeholders.

c) Responsible marketing and advertisement

The company has implemented a marketing strategy for its products and services that is built on segmentation, targeting and positioning. The strategies are customer centred and ensures there is transparency in information that is shared with the customers.

d) Product stewardship

The company ensures its consumers are advised to know and understand their rights, and to insist that they are respected at all times. The company also ensures that its products are of best quality, affordable and are easily accessible.

v) Corporate Social Responsibility / Community Engagements

During the year under review, the Company did not carry out any Corporate Social Responsibility activities.

11. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the JKUAT Industrial Park Limited affairs.

i) Principal activities

The principal activity of the company is to fill the role of technology and agriculture through local assembly, incubation and innovation so as to contribute to the economic development of Kenya. The company's mission is to create an environment that fosters collaboration and innovation through cooperation of the Government, private sector and the University (JKUAT) towards the achievement of vision 2030. The company also aims in facilitating the growth and development of knowledge and technology based enterprises in line with vision 2030.

The strategic objectives are to:

- Facilitate incubation of innovations/ businesses into sustainable commercial enterprises.
- Facilitate transfer of technology and promote local knowledge-based enterprises.
- Create an environment for inventiveness and innovativeness.
- Stimulate and manage the flow of knowledge and technology amongst University, R&D, institutions, companies and markets.
- Provide other value-added services together with high quality space and services.
- Translate Government policies into sectoral strategies and action plans.

ii) Results

The results of the entity for the year ended June 30, 2023, are set out on page 1-36. Below is summary of the profit or loss made during the year.

iii) Dividends

The directors do not recommend the declaration of a dividend for the year ended June 30, 2023

iv) Directors

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

JKUAT Industrial Park Limited
Annual Report and Financial Statements for the year ended June 30, 2023

v) Auditors

The Auditor-General is responsible for the statutory audit of the *entity* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the JKUAT Industrial Park Limited for the year ended June 30, 2023, in accordance with section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board



.....

Richard Wokabi

Ag. Chief Legal Officer

JKUAT

Date.....07/02/2024.....

12. Statement of Directors' Responsibilities

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

The Directors are responsible for the preparation and presentation of JKUAT Industrial Park Limited's financial statements, which give a true and fair view of the state of affairs of JKUAT Industrial Park Limited for and as at the end of the financial year ended on June 30, 2023. This responsibility includes:

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period,
- (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity,
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud,
- (iv) Safeguarding the assets of JKUAT Industrial Park Limited,
- (v) selecting and applying appropriate accounting policies, and
- (vi) Making accounting estimates that are reasonable in the circumstances.

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

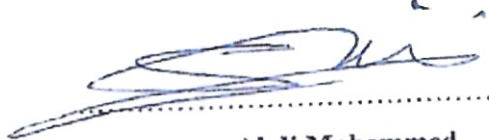
Statement of Directors' Responsibilities (Continued)

The Directors are of the opinion that JKUAT Industrial Park Limited's financial statements give a true and fair view of the state of JKUAT Industrial Park Limited's transactions during the financial year ended June 30, 2023, and of JKUAT Industrial Park Limited's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for JKUAT Industrial Park Limited, which have been relied upon in the preparation of JKUAT Industrial Park Limited's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

JKUAT Industrial Park Limited's financial statements were approved by the Board on 28th September 2023 and signed on its behalf by:



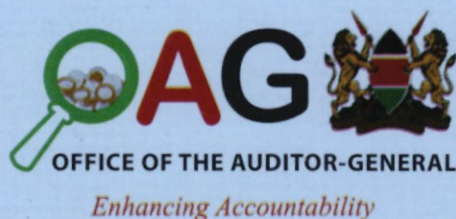
Mr. Hassan Abdi Mohammed
Ag. Chairperson of the Board



Prof. Philip Kibet Langat, Ph.D.,
Accounting officer

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY INDUSTRIAL PARK LIMITED FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Jomo Kenyatta University of Agriculture and Technology Industrial Park Limited set out on pages 1 to 36, which comprise of the statement of financial position as at 30 June, 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement

Report of the Auditor-General on Jomo Kenyatta University of Agriculture and Technology Industrial Park Limited for the year ended 30 June, 2023

of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, in all material respects, the financial position of the Jomo Kenyatta University of Agriculture and Technology Industrial Park Limited as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) and do not comply with the Public Finance Management Act, 2012 and the Companies Act, 2015.

Basis for Adverse Opinion

1. Inaccuracies in the Financial Statements

Review of financial statements revealed the following inaccuracies;

1.1 Statement of Profit or Loss and Other Comprehensive Income

The statement of profit or loss and other comprehensive income reflects total operating expenses of Kshs.182,646,725 which includes Kshs.12,000 and Kshs.128,261 relating to selling and distribution costs and finance costs respectively both totaling Kshs.140,261. However, the administrative costs of Kshs.182,506,464 includes the amount of Kshs.140,261 as disclosed in Note 9 to the financial statements hence the amount over states the total operating expenses.

1.2 Statement of Financial Position

The statement of financial position and as disclosed in Note 10 to the financial statements reflects property, plant and equipment balance of Kshs.66,748,630. However, the same Note 10 to the financial statements reflects property, plant and equipment cost balance of Kshs.18,403,659 as at 1 July, 2022 which differs with the balance of Kshs.12,353,450 reflected in the 2021-2022 audited financial statements as follows;

Item	Opening Balance as at 1 July, 2022 Kshs.	Audited Closing Balance as at 30 June, 2022 Kshs.	Variance Kshs.
Computers and Related Equipment	4,249,525	1,823,820	2,425,705
Office Equipment, Furniture and Fittings	6,607,535	4,901,125	1,706,410
Motor Vehicle	7,546,599	5,628,505	1,918,094
Total	18,403,659	12,353,450	6,050,209

Further, Note 10 to the financial statements reflects computers and related equipment depreciation for the year amounting to Kshs.562,611 while the calculated balance is Kshs.415,579 resulting to an unexplained variance of Kshs.147,032. In addition, the Note reflects motor vehicle cost/ valuation amount of Kshs.7,546,599 as at 1 July, 2022 which was the acquisition price of the respective vehicle in the financial year 2019/2020. No explanation was provided as to why the motor vehicle had not been subjected to depreciation in the two years. Further, the additions of work in progress amount of Kshs.58,996,760 varies with the supporting schedule amount of Kshs.58,631,541 resulting to an unreconciled variance of Kshs.365,219.

1.3 Statement of Changes in Equity

The statement of changes in equity and Note 15 to the financial statements reflects comparative retained earnings amount of Kshs.175,032,960. However, statement of financial position reflects a balance of Kshs.138,954,378 resulting in an unexplained variance of Kshs.36,078,582. Further, the statement reflects profit for previous year of Kshs.13,044,983 while statement of profit or loss and other comprehensive income reflects loss of Kshs.23,033,599 resulting in an explained variance of Kshs.36,078,582.

1.4 Statement of Comparison of Budget and Actual Amounts

The statement of comparison of budget and actual amounts reflects performance difference in total income of Kshs.186,128,257. However, re-casting of the amounts reflects Kshs.163,556,380 resulting in an unexplained variance of Kshs.22,571,877.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

2. Unsupported Staff Costs

The statement of profit or loss and other comprehensive income reflects administrative costs of Kshs.182,506,464 as disclosed in Note 9 to the financial statements which includes staff costs of Kshs.166,174,018. However, increase of Kshs.143,465,242 or 655% from prior year total costs of Kshs.22,708,776 was not supported. Although Management explained the increase was due to the Company adopting the seconded staff salaries that had been paid on its behalf by Jomo Kenyatta University of Agriculture and Technology (JKUAT), details of the respective beneficiaries, the period and amounts paid to each were not provided for audit.

In the circumstances, the accuracy and propriety of staff costs of Kshs.166,174,018 could not be confirmed.

3. Long Outstanding Trade and Other Payables

The statement of financial position and as disclosed in Note 18 to the financial statements reflects trade and other payables balance of Kshs.111,279,102 which includes employee payables, tax payables, other payables and provisions amounting to Kshs.26,774,891, Kshs.78,410,321, Kshs.4,252,856 and Kshs.580,000 respectively. However, creditors

aging analysis and the creditors policy were not provided for audit. Further, the corporate tax liability amount of Kshs.77,494,784 has been outstanding for over 4 years and no explanation was provided for failure to remit the outstanding amounts to the Kenya Revenue Authority.

In the circumstances, the accuracy and completeness of the trade and other payables balance of Kshs.111,279,102 could not be confirmed and the Company is exposed to fines and penalties due to delayed payments.

4. Long Outstanding Trade and Other Receivables

The statement of financial position and as disclosed in Note 11 to the financial statements reflects trade and other receivables balance of Kshs.55,275,554. Review of the receivables schedule revealed receivables outstanding for a period of more than 90 days amount of Kshs.45,020,628 with no movement over the years. No explanation was provided as to why the debts have not been recovered. Further, no provision for bad debts was made for receivables that may become irrecoverable. In addition, bad debt policy has not been developed and put in place to provide guidelines on how to deal with bad debts.

In the circumstances, the accuracy, completeness and recoverability of the trade and other receivables balance of Kshs.55,275,554 could not be confirmed.

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

Emphasis of Matter

1. Poor Financial Performance

The statement of profit or loss and other comprehensive income reflects a loss of Kshs.134,857,391 compared to a loss of Kshs.23,033,599 reported in the previous financial year. The huge losses may lead the Company not meeting its financial obligations as and when they fall due. The continued existence of the Company is dependent on continued financial assistance from the National Government, lending institutions, donors and its creditors.

2. Budgetary Control and Performance

The statement of budget and actual amounts reflects final revenue budget and actual revenue on comparable basis of Kshs.224,638,500 and Kshs.61,082,120 respectively resulting in an under collection of Kshs.163,556,380 or 73% of the budget. Similarly, the Company spent Kshs.254,936,271 against an approved budget of Kshs.292,594,085 resulting in an under-expenditure of Kshs.37,657,814 or 13% of the budget.

The under collection and under expenditure may have affected planned activities of the Company and may have negatively impacted on service delivery to the shareholders.

My opinion is not modified in respect of these matters.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Audit Matters

In the audit report of the previous year, several paragraphs were raised. However, Management has not resolved and disclosed the status of the prior year matters as prescribed in the reporting requirements set by the Public Sector Accounting Standards Board.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Construction of Warehouse and Related External Works

The Company awarded a tender for the construction of the warehouse and related external works to a contractor evaluated as the lowest bidder at a contract sum of Kshs.65,416,020. The tender was advertised on 4 November, 2022 and attracted sixteen (16) bidders. The scope of works entailed proposed construction of a warehouse, offices, access road, car park and other external work-storm water drainage. Examination of contract documents and payments records revealed that 5 certificates totalling to Kshs.54,969,999 had been paid by 30 June, 2023.

Physical verification of the project revealed the following: -

- i. The Bills of Quantities (BQ) indicate that the warehouse should have three (3) doors opening size 4,200mm by 6,000mm high with two sliding equal leaves. However, only 2 doors of size 4,000 by 2,900mm and 2,930 by 2,450mm with hinges were in place. Further, the BQ indicates the warehouse was to have 3 roller shutters (door or window shutter with horizontal slats hinged together) but none was in place.

- ii. The Bill of Quantities provides for various windows sizes with overall divided into 300x300mm panes. However, physical verification of the windows confirmed that there were differences in sizes and quantity between the BQ and those that were fixed to the warehouse as shown in the table below: -

No.	Bills of Quantities		Site Physical Verification	
	Window Sizes	Quantity	Window Sizes	Quantity
1.	3,600x6,500	3	Non-existent	Non
2.	3,000x6,500	4	2,750x6,500	7
3.	2,500x6,500	7	1,470x6,500	6
4.	4,800x6,500	5	Non-existent	Non
5.	Wooden Doors	20		17

Ventilations were also provided below the windows although about one foot from the floor. Information provided indicates that the warehouse will be fitted with cyclone (roof ventilators) to exhaust heat and moisture. However, these were not provided for in the BQ. Further, the financial impact of the variations was not provided.

In the circumstances, value for money may not be obtained from the project.

2. Irregular Secondment of Officers

The statement of financial position and as disclosed in Note 18 to the financial statements reflects trade and other payables balance of Kshs.111,279,102 which include employees payables totalling to Kshs.28,035,925. Review of personnel files and payroll records revealed that the seconded officers' salaries amounting to Kshs.26,774,891 were paid by Jomo Kenyatta University of Agriculture and Technology and reimbursed by Jomo Kenyatta University of Agriculture and Technology Industrial Park Limited on 30 August, 2023. However, the payments were not supported by approved agreements showing terms and conditions of the transactions.

Further, the University did not specify the duration of secondment for the six (6) officers seconded to the Industrial Park. This was contrary to Section B.33 of Public Service Commission Human Resource Policies Manual, 2016.

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

3. Staff on Acting Capacity beyond the Stipulated Period

Review of the records/data provided revealed that the Operation Manager has been in an acting capacity since October, 2018. Her secondment letter dated February, 2016 indicates that she was seconded substantively as a project administrator of the Digi School Project. Further, an additional employee has been the acting Managing Director of the Institution with effect from September, 2018. His initial letter of appointment indicates that he was substantively a director of the Company. The officers have been on acting capacity beyond the stipulated period, however, they have not been earning any acting allowances.

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

4. Key Staff Missing in the Organization

Review of the Company's organization structure revealed that the Company lacked a number of key personnel which include; human resources and administration lead, facility and property management lead, project and partnership lead incubation and innovations lead, monitor and evaluation lead, production manager, managing director and operations manager. The said gaps may cause the Company not to operate effectively.

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

5. Operation of a Dollar Account – KCB USD Account

The Company operates a U.S Dollar account with a balance of USD 648,586 as at 30 June, 2023. However, the exemption letter from the Cabinet Secretary authorizing opening and operating the Dollar Account was not provided. This was contrary to Regulation 76(2) of the Public Finance Management (National Government) Regulations, 2015.

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

6. Non-Compliance with Cash and Bank Management

The statement of financial position reflects cash and bank balance of Kshs.113,530,487. However, Management did not submit bank reconciliation statements to The National Treasury with a copy to the Auditor-General by 10th of the subsequent month which is contrary to Regulation 90(1) of the Public Finance Management (National Government) Regulations, 2015.

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

7. Non-Compliance with Composition of Board

Review of the Board records revealed that the Board has no representation from the Ministry and The National Treasury as required by Section 6(1) of State Corporations Act, 2012. The Management wrote on 27 January, 2020 to The National Treasury requesting a representative to the Board of Directors but no evidence of response at the close of audit in February, 2024.

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

8. Failure to Prepare and Implement Board Charter

Information provided indicates that the Company Board Charter which is an important policy document that sets out the roles and responsibilities of the Board Members, Chair, and other key roles to ensure clarity and alignment was not prepared contrary to the provisions of Mwongozo Chapter 1.11. which requires the Board to maintain a Charter.

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

9. Irregular Procurement of Medical Insurance

Review of tender documents revealed that tender for provision of medical insurance which was closed on 26 October, 2022 had only two bidders, Jubilee Health Insurance Ltd and AAR Insurance Kenya Ltd who responded. The tender was awarded to Jubilee Health Insurance Ltd which the lowest evaluated bid at a contract sum of Kshs.6,695,852. However, the performance security was not provided for confirmation contrary to Section 142(1) of the Public Procurement and Asset Disposal Act, 2015.

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

10. Consultancy Fees

Information provided indicates that eight (8) staff members of Jomo Kenyatta University of Agriculture and Technology were appointed by the Managing Director of the Company to offer various consultancy services to the Company's Project Implementation Committee. However, the Company did not provide evidence that the officers were granted authority by their employer, JKUAT, to perform the respective work as provided for in the JKUAT's UASU terms of service for staff.

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

11. Repairs and Maintenance Services

The Company procured repair and maintenance services from a supplier for repairs and maintenance for complete air conditioning systems for production lines 1 & 2. However, in identifying the supplier, one of the firms evaluated was not in the list of suppliers under the category of 'repair and servicing of air conditioning and refrigeration items.'

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, based on the audit procedures performed, I confirm that, internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Failure to Maintain an Updated Asset Register

The statement of financial position and as disclosed in Note 10 to the financial statements reflects property, plant and equipment balance of Kshs.66,748,630. Physical verification carried out in December, 2023 on the furniture and fittings, computers and plant and equipment revealed that the assets were not tagged or branded in the name of the Institution thereby exposing the assets to risks which include transfer to private use or theft and omission from the financial statements. It was further observed that the CCTV cameras and production assembly line which were owned by the Company were not included in the fixed asset register. In addition, the register was incomplete since the number of routers, keyboard and mouse, cable managers, cables, monitors and CAT 6 patch panels quantities were not indicated.

In the circumstances, the security and effectiveness of controls on property, plant and equipment could not be confirmed.

2. Lack of Approved Staff Establishment

Review of documents provided for audit revealed that the Company operated without an authorized staff establishment that would ensure efficient, quality and productive services for the JKUAT Institutions, since staff will be managed, organized, posted and transferred in accordance with Article 235 of the Constitution, 2010.

In absence of an approved staff establishment, effectiveness of service delivery to the public could not be confirmed.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- (i) I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit;
- (ii) In my opinion, proper books of account have not been kept by the Company, so far as appears from my examination of those books; and
- (iii) The Company's financial statements are not in agreement with books of account.

Responsibilities of Management and the Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for maintaining effective internal controls as Management determines is necessary to enable

the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in

accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal 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 controls components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


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

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

19 April, 2024

JKUAT Industrial Park Limited

Annual Report and Financial Statements for the year ended June 30, 2023

14. Statement of Profit or Loss and Other Comprehensive Income for the year ended 30th June 2023.

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
Revenues			
Revenue from Contracts with Customers	6	36,383,641	12,300,151
Cost of sales	7	13,292,786	4,833,449
Gross profit		23,090,855	7,466,702
Other income			
Grants from the national government		-	-
Other income	8	2,126,602	
Other gains- FX gains	11	22,571,877	-
Total revenues		47,789,334	7,466,702
Operating expenses			
Administration costs	9	182,506,464	30,500,301
Selling and distribution costs	9	12,000	-
Finance costs	9	128,261	-
Total operating expenses		182,646,725	30,500,301
Profit/(loss) before taxation		(134,857,391)	(23,033,599)
Income tax expense/(credit)	-	-	-
Profit/(loss) after taxation		(134,857,391)	(23,033,599)

JKUAT Industrial Park Limited
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15. Statement of Financial Position as at 30 June 2023

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
Assets			
Non-Current Assets			
Property, Plant And Equipment	10	66,748,630	9,744,011
Intangible Assets		-	-
Investment Property		-	-
Right- Of -Use Assets		-	-
Fixed Interest Investments		-	-
Quoted Investments		-	-
Unquoted Investments		-	-
Long Term Receivables		-	-
Total Non-Current Assets		66,748,630	9,744,011
Current Assets			
Inventories		-	-
Trade And Other Receivables	13	55,275,554	126,888,269
Tax Recoverable		-	-
Short-Term Deposits		-	-
Bank And Cash Balances	12	113,530,487	205,350,026
Total Non-Current Assets		168,806,042	332,238,295
Total Assets		235,554,671	341,982,306
Equity And Liabilities			
Capital And Reserves			
Ordinary Share Capital	15	100,000	100,000
Capital Fund	15	84,000,000	84,000,000
FX Gains		-	36,078,582
Fair Value Adjustment Reserve			-
Retained Earnings	15	40,175,569	138,954,378
Proposed Dividends		-	-
Capital And Reserves		124,275,569	259,132,960


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Non-Current Liabilities			
Borrowings			-
Deferred Tax Liability			-
Lease Liability			-
Deferred Income			-
Total Non-Current Liabilities			-
Current Liabilities			
			-
Admin Costs		32,288,782	5,354,562
Retirement Benefit Obligations		-	
Dividends Payable		-	-
Provisions	19	580,000	-
Tax Payable		78,410,321	77,494,784
Trade And Other Payables	18	111,279,102	82,849,346
Total Current Liabilities		111,279,102	82,849,346
Total Current Liabilities			
Total Equity And Liabilities		235,554,671	341,982,306

The financial statements were approved by the Board on 28th September 2023 and signed on its behalf by:


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Prof. Philip Kibet Langat
Ag. Managing Director


.....

Tobias Ikinya Wachira
Head of Finance
ICPAK M/NO:


.....

Hassan Abdi Mohammed
Ag. Chairman of the Board

JKUAT Industrial Park Limited

Annual Report and Financial Statements for the year ended June 30, 2023

16. Statement of Changes in Equity for the year ended 30 June 2023

Description	Ordinary share capital	Revaluation reserve	Retained earnings	Proposed dividends	Capital/Development Grants/Fund	Total
As at July 1, 2021	100,000	-	161,987,977	-	84,000,000	246,087,977
New capital issued	-	-	-	-	-	-
Revaluation gain	-	-	-	-	-	-
Transfer of excess depreciation on revaluation	-	-	-	-	-	-
Deferred tax on excess depreciation	-	-	-	-	-	-
FX reserves	-	-	-	-	-	-
Profit for the year	-	-	13,044,983	-	-	13,044,983
Capital/development grants received during the year	-	-	-	-	-	-
Transfer of depreciation/amortisation from capital expenditure	-	-	-	-	-	-
Dividends paid – prior year	-	-	-	-	-	-
Interim dividends paid – current year	-	-	-	-	-	-
Proposed final dividends	-	-	-	-	-	-
As of June 30, 2022	100,000	-	175,032,960	-	84,000,000	259,132,961
As at July 1, 2022	100,000	-	175,032,960	-	8,400,000	259,132,961
Issue of new share capital	-	-	-	-	-	-
Revaluation gain FX	-	-	-	-	-	-
Transfer of excess depreciation on revaluation	-	-	-	-	-	-
Deferred tax on excess depreciation	-	-	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-	-	-
Profit for the year	-	-	(134,857,391)	-	-	(134,857,391)
Capital/development grants received during the year	-	-	-	-	-	-
Transfer to Capital Expenditure work in Progress	-	-	-	-	-	-
Dividends paid – prior year	-	-	-	-	-	-
Interim dividends paid – current year	-	-	-	-	-	-
Proposed final dividends	-	-	-	-	-	-
At June 30, 2023	100,000	-	40,175,569	-	84,000,000	124,275,569

JKUAT Industrial Park Limited**Annual Report and Financial Statements for the year ended June 30, 2023****17. Statement of Cash Flows for the year ended 30 June 2023****Statement of Cash Flows for the year ended 30 June 2023**

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
Cash flows from operating activities			
Cash generated from/(used in) operations	20	(32,659,372)	(24,639,149)
Interest received		-	-
Interest paid		-	-
Taxation paid		-	-
Net cash generated from/(used in) operating activities	20	(32,659,372)	(24,639,149)
Cash flows from investing activities			
Purchase of property, plant and equipment	20	(59,160,170)	(365,766)
Proceeds from disposal of property, plant and equipment		-	-
Purchase of intangible assets		-	-
Proceeds from disposal of quoted investments		-	-
Net cash generated from/(used in) investing activities		(59,160,170)	(365,766)
Cash flows from financing activities			
Proceeds from issues of new share capital		-	-
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Dividends paid		-	-
Net cash generated from/(used in) financing activities		-	-
Increase/(decrease) in cash and cash equivalents		(91,819,542)	(25,004,915)
Cash and cash equivalents at beginning of year		205,350,028	213,772,252
Effects of foreign exchanges rate fluctuations		-	16,582,691
Cash and cash equivalents at end of the year		113,530,486	205,350,028

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18. Statement of Comparison of Budget and Actual amounts for the period ended 30 June 2023

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	a	b	c = a + b	d	E= c - d	d/c%
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	xxx%
Sale of goods	230,630,500	(10,542,000)	220,088,500	35,256,894	(184,831,606)	16.02
Sale of services	3,550,000	1,000,000	4,550,000	3,253,349	(1,296,651)	71.50
Transfers from the govern	-	-	-	-	-	-
Donations in kind	-	-	-	-	-	-
Finance income	-	-	-	-	-	-
Other income	-	-	-	22,571,877	-	-
Total income	234,180,500	(9,542,000)	224,638,500	61,082,120	(186,128,257)	27.19
Expenses						
Compensation of employe	46,200,000	(9,542,000)	36,658,000	166,174,018	129,516,018	453.31
Use of goods and service	185,301,085	(3,365,000)	181,936,085	29,765,493	(152,170,592)	16.36
Finance cost	-	-	-	-	-	-
Rent paid	-	-	-	-	-	-
Taxation paid	-	-	-	-	-	-
Other payments	-	-	-	-	-	-
Grants and subsidies paid	-	-	-	-	-	-
Total expenditure	231,501,085	(12,907,000)	218,594,085	195,939,511	(22,654,574)	89.64
Surplus for the period	2,679,415	3,365,000	6,044,415	(134,857,391)	(140,901,806)	
Capital Expenditure	70,000,000	-	74,000,000	58,996,760	(15,003,240)	

The administration costs grew due to expensing costs paid by the University on behalf of the company and had not been recognised in previous years. The company's huge incomes relied on projects from the Government which were very minimal during the year. The management however endeavours to search for business in the private sector such as sale of laptops to private institutions.

Notes to the Financial Statements

1. General Information

JKUAT Industrial Park Limited is established by and derives its authority and accountability from the Kenya Companies Act 2015. The company is wholly owned Jomo Kenyatta University of Agriculture and Technology, and is domiciled in Kenya. The entity's principal activity is to fill the role of technology and agriculture through local assembly, incubation and innovation so as to contribute to the economic development of Kenya.

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

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the entity's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in *Note 13a*. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of JKUAT Industrial Park Limited, and all values are rounded off to the nearest Kenya shillings. The financial statements have been prepared in accordance with the PFM Act, the Kenya Companies Act, 2015, and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented.

Notes to the Financial Statements (Continued)

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

i. New and amended standards and interpretations in issue and effective in the year ended 30 June 2023.

Title	Description	Effective Date
IFRS 17 Insurance Contracts (issued in May 2017)	The new standard establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. <i>The Company does not issue insurance contracts.</i>	Effective for annual periods beginning on or after 1 st January 2023.
IAS 8- Accounting Policies, Errors, and Estimates	The amendments, applicable to annual periods beginning on or after 1st January 2023, introduce a definition of 'accounting estimates' and include other amendments to IAS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates.	The amendments are effective for annual reporting periods beginning on or after January 1, 2023.
Amendments to IAS 1 titled Disclosure of Accounting Policies (issued in February 2021)	The amendments, applicable to annual periods beginning on or after 1st January 2023, require entities to disclose their material accounting policy information rather than their significant accounting policies.	The amendments are effective for annual periods beginning on or after January 1, 2023.
Amendments to IAS 12 titled Deferred Tax Related to Assets and	The amendments, applicable to annual periods beginning on or after 1st January 2023, narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no	The amendments are effective for annual periods beginning on or after January 1, 2023.

JKUAT Industrial Park Limited**Annual Report and Financial Statements for the year ended June 30, 2023**

Title	Description	Effective Date
Liabilities arising from a Single Transaction (issued in May 2021)	longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	

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

- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

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

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

iii. Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early*

4. Summary of Accounting Policies

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

a) Revenue recognition

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

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

- v) **Rental income** is recognized in the income statement as it accrues using the effective interest implicit in lease agreements.

- vi) **Other income** is recognized as it accrues.

Summary of Accounting Policies

b) In-kind contributions

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

c) Property, plant and equipment

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

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

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

Notes to the Financial Statements (Continued)

Summary of Accounting Policies

d) Depreciation and impairment of property, plant and equipment

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

Depreciation on property, plant and equipment is recognized in the income statement on a reducing balance basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use, as guided by National Treasury policy on assets depreciation are:

Freehold Land	Nil
Buildings and civil works	25% capital deduction or the unexpired lease period
Motor vehicles, including motor cycles	25%
Computers and related equipment	30%
Office equipment, furniture and fittings	12.5%

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

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

Notes to the Financial Statements (Continued)

Summary of Accounting Policies

e) Intangible assets

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

f) Amortisation and impairment of intangible assets

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

g) Investment property

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

Notes to the Financial Statements (Continued)

Summary of Accounting Policies

h) Right of Use Asset

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

Notes to the Financial Statements (Continued)

Summary of Accounting Policies

i) Inventories

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

j) Trade and other receivables

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

Notes to the Financial Statements (Continued)

Summary of Accounting Policies

k) Taxation

i) Current income tax

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

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

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

l) Deferred tax

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

Notes to the Financial Statements (Continued)

Summary of Accounting Policies

Deferred Tax

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

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Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the Financial Statements (Continued)

associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

Notes to the Financial Statements (Continued)

Summary of Accounting Policies

m) Cash and cash equivalents

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

n) Borrowings

Interest bearing loans and overdrafts are initially recorded at fair value being received, net of issue costs associated with the borrowing. Subsequently, these are measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue cost and any discount or premium on settlement. Finance charges, including premiums payable of settlement or redemption are accounted for on accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Loan interest accruing during the construction of a project is capitalised as part of the cost of the project.

o) Trade and other payables

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

p) Retirement benefit obligations

The company only contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.56,160 per employee per month.

q) Provision for staff leave pay

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

r) Exchange rate differences

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

Notes to the Financial Statements (Continued)

Summary of Accounting Policies

s) Budget information

The original budget for FY 22/23 was approved by the Board of Directors 30 June 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 18 of these financial statements.

Notes to the Financial Statements (Continues)

a) Service concession arrangements

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

b) Comparative figures

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

c) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2023.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Notes to the Financial Statements (Continues)

a) Estimates and assumptions

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

b) Useful lives and residual values

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

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

c) Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

Notes to the Financial Statements (Continues)

6. Revenue from contract with customers

Description	2022/2023	2021/2022
	Kshs	Kshs
Sales Of Goods	35,256,894	10,565,012
Sales Of Services	1,126,747	1,735,139
Total	36,383,641	12,300,151

During the year under review there was a significant increase due to a non-recurrent order from the Life ministries of supply for 1000 android Taifa tablets. The Sale of services included administration of grants 10% charged to various projects incubated in the company of Kes. 883,751.38 and repair of tablets and computers.

7. Cost of Sales

Description	2022/2023	2021/2022
	Kshs	Kshs
Cost of sales on goods	13,292,786	4,833,449
Cost of sales on services	-	-
Total	13,292,786	4,833,449

During the year under review there was a significant increase due to a non-recurrent order from the Life ministries of supply for 1000 android Taifa table

8. Other Income

Description	2022/2023	2021/2022
	Kshs	Kshs
Rental Income	-	-
School fees Erroneously paid	2,126,602	-
Total	2,126,602	-

This represents amounts paid by JKUAT main students to Industrial Park account erroneously. The company account had been given to students during admission for students to pay for laptop but ended up paying school fees in the same account. The amounts were however, transferred to Main Campus fees account accordingly during the financial year.

9. Administration Costs

Description	2022/2023	2021/2022
	Kshs	Kshs
Staff costs (note (12a))	166,174,018	22,708,776
Directors' emoluments	1,736,095	709,452
Electricity and water	-	-
Communication services and supplies	-	-
Transportation, travelling and subsistence	1,699,952	-
Advertising, printing, stationery and photocopying	91,726	1,531,038
Rent expenses	305,168	-
Staff training expenses	-	-
Hospitality supplies and services	-	-
Insurance costs	-	-
Finance Costs/ Bank Charges and commissions	128,261	67,988
Office and general supplies and services	-	-
Auditors' remuneration	580,000	-
Legal fees	-	-
Consultancy fees	5,180,784	839,000
Licenses and permits	61,860	-
Repairs and maintenance	622,212	-
Provision for bad and doubtful debts	-	-
Office Float	511,955	297,703
Selling and Distribution Costs	12,000	-
Depreciation	2,155,548	2,609,439
Amortization	-	-
Other Operating Expenses	3,246,885	1,736,905
Total	182,506,464	30,500,301

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Notes to the Financial Statements (Continued)

10(a) Staff Costs

Description	2022/2023	2021/2022
	Kshs	Kshs
Salaries and allowances of permanent employees	152,480,298	18,822,492
Medical insurance schemes	6,543,630	3,886,284
Medical expenses to JKUAT	7,150,090	-
Total	166,174,018	22,708,776
The average number of employees at the end of the year was:		
Permanent employees – management	5	5
Permanent employees – unionisable	10	10
Temporary and contracted employees	26	34
Total	36	44

The bulk of the employee costs incurred during the year is because for the salaries netted off from the receivables from JKUAT for the seconded staff.

Operating Profit/ (Loss)

Description	2022/2023	2021/2022
	Kshs	Kshs
The operating profit/(loss) is arrived at after charging/(crediting):		
Staff Costs (Note 12b)	166,174,018	22,708,776
Depreciation of property, plant and equipment	2,155,548	2,609,439
Depreciation of right-of-use asset	-	-
Amortization of intangible assets	-	-
Provision for bad and doubtful debts	-	-
Directors' emoluments – fees	1,736,095	709,452
Auditors' remuneration - current year fees	-	-
Prior year under-provision	1,160,000	1,160,000
Loss on disposal of property, plant and equipment	-	-
Net foreign exchange loss	-	-
Interest receivable	-	-
Interest payable	-	-
Rent receivable	-	-

Notes to the Financial Statements (Continued)

10. Property, Plant and Equipment

2022	Computer s & related equipment	Office equipment , furniture & fittings	Motor Vehicle	Capital Expenditure work in Progress	Total
COST OR VALUATION					
At July 1, 2021	4,183,759	6,307,535	7,546,599	-	18,037,893
Additions	65,766.00	300,000	0	-	365,766
At June 30, 2022	4,249,525	6,607,535	7,546,599	-	18,403,659
DEPRECIATION					
At July 1, 2021	2,425,705	1,706,410	1,918,094	-	6,050,209
Charge for the year	601,860	600,453	1,407,126	-	2,609,439
Accumulated Depreciation	3,027,565	2,306,863	3,325,220	-	8,659,648
At June 30, 2022					
NET BOOK VALUE (As at 30/06/2022)	1,221,960	4,300,672	4,221,379	-	9,744,010

2023	Computer s & related equipment	Office equipment , furniture & fittings	Motor Vehicle	Capital Expenditure work in Progress	Total
COST OR VALUATION					
At July 1, 2022	4,249,525	6,607,535	7,546,599	0	18,403,659
Additions	163,302	0	0	58,996,760	59,160,062
At June 30, 2023	4,412,827	6,607,535	7,546,599	58,996,760	77,563,721
DEPRECIATION					
At July 1, 2022	3,027,565	2,306,863	3,325,220	-	8,659,648
Charge for the year	562,611	537,584	1,055,345	-	2,155,540
Accumulated Depreciation	3,590,176	2,844,447	4,380,565	-	10,815,188
At June 30, 2023					
NET BOOK VALUE (As at 30/06/2023)	822,651	3,763,088	3,166,034	58,996,760	66,748,530

Over the years the reporting of Plant Property and Equipment has never been correctly represented. During the year under review this has been duly corrected as per the recommendations of IFRS presentation recommended by treasury.

During the year under review the company engaged Supreme Fortitude Limited a construction company in the building of a complete goods warehouse and a raw material ware house to the super structure level in December 2022.

The works were still ongoing by the end of the financial year under review. The cost indicated above related to payments made during the period. The project was supposed to be complete during the current financial period.

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Notes to the Financial Statements (Continued)

Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	-	-	-
Buildings Work in Progress	58,996,760	-	58,996,760
Plant And Machinery	-	-	-
Motor Vehicles, Including Motorcycles	7,546,599	4,380,565	3,166,034
Computers And Related Equipment	4,412,930	3,590,184	822,747
Office Equipment, Furniture, And Fittings	6,607,535	2,844,447	3,763,088
	77,563,825	10,815,195	66,748,629

11. Trade and Other Receivables

Description	2022/2023	2021/2022
	Kshs	Kshs
Trade Receivables (Note 13 (a))	55,275,554	126,888,269
Deposits and prepayments	-	-
Vat recoverable	-	-
Staff receivables (Note 27 (a))	-	-
Other receivables	-	-
Gross Trade and Other Receivables	55,275,554	126,888,269
Provision for Bad And Doubtful Receivable	-	-
Net Trade and Other Receivables	55,275,554	126,888,269

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Notes to the Financial Statements (Continued)

13 (a) Trade Receivables

Description	2022/2023	2021/2022
	Kshs	Kshs
Gross Trade Receivables	55,275,554	126,888,269
Provision for Doubtful Receivables	-	-
Net Trade Receivables	55,275,554	126,888,269
Ageing analysis of gross Trade Receivables		
Less than 30 Days	9,287,946	-
Between 30 and 60 Days	966,980	-
Between 61 and 90 Days	-	-
Between 91 and 120 Days	43,481,359	-
Over 120 Days	1,539,269	126,888,269
Total	55,275,554	126,888,269

The long outstanding debt between the university and the company has been netted off.

13 (b) Reconciliation of Impairment Allowance for Trade Receivables

Description	2022/2023	2021/2022
	Kshs	Kshs
At the beginning of the year	126,888,269	127,125,514
Additional provisions during the year	53,881,285	0
Recovered during the year	125,494,000	237,245
Written off during the year	0	0
At the end of the year	55,275,554	126,888,269

12. Bank and Cash Balances

Description	2022/2023	2021/2022
	Kshs	Kshs
Cash at bank	113,530,487	205,350,026
Cash in hand	-	-
Total	113,530,487	205,350,026

All the Cash at Bank is domiciled at KCB Bank

Notes to the Financial Statements (Continued)

		2022/2023	2021/2022
Financial institution	Account number	KES	KES
Current account			
Kenya Commercial Bank - KES	A/c No. 1232906875	21,918,663.93	18,344,095.73
Kenya Commercial Bank - KES	A/c No. 1254510834	472,491.61	8,058,159.61
Kenya Commercial Bank - USD	A/c No. 1254519238	91,139,331.42	178,947,770.51
Total		113,530,486.96	205,350,025.85

13. Ordinary Share Capital

Description	2022/2023	2021/2022
	Kshs	Kshs
Authorized:		
1,000 Ordinary Shares of Kshs. 100 par value each	100,000	100,000
Issued and Fully paid:		
Ordinary Shares of Kshs par value each	100,000	100,000

Revaluation Reserve

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

14. Fair Value Adjustment Reserve

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

JKUAT Industrial Park Limited
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Notes to the Financial Statements (Continued)

15. Retained Earnings

The retained earnings represent amounts available for distribution to the *entity's* shareholders. Undistributed retained earnings are utilised to finance the *entity's* business activities.

Description	Ordinary share capital	Revaluation reserve	Retained earnings	Proposed dividends	Capital/Development Grants/Fund	Total
As at July 1, 2021	100,000	-	161,987,977	-	84,000,000	246,087,977
New capital issued	-	-	-	-	-	-
Revaluation gain	-	-	-	-	-	-
Transfer of excess depreciation on revaluation	-	-	-	-	-	-
Deferred tax on excess depreciation	-	-	-	-	-	-
FX reserves	-	-	-	-	-	-
Profit for the year	-	-	13,044,983	-	-	13,044,983
Capital/development grants received during the year	-	-	-	-	-	-
Transfer of depreciation/amortisation from capital expenditure	-	-	-	-	-	-
Dividends paid – prior year	-	-	-	-	-	-
Interim dividends paid – current year	-	-	-	-	-	-
Proposed final dividends	-	-	-	-	-	-
As of June 30, 2022	100,000	-	175,032,960	-	84,000,000	259,132,961
As at July 1, 2022	100,000	-	175,032,960	-	8,400,000	259,132,961
Issue of new share capital	-	-	-	-	-	-
Revaluation gain FX	-	-	-	-	-	-
Transfer of excess depreciation on revaluation	-	-	-	-	-	-
Deferred tax on excess depreciation	-	-	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-	-	-
Profit for the year	-	-	(134,857,391)	-	-	(134,857,391)
Capital/development grants received during the year	-	-	-	-	-	-
Transfer to Capital Expenditure work in Progress	-	-	-	-	-	-
Dividends paid – prior year	-	-	-	-	-	-
Interim dividends paid – current year	-	-	-	-	-	-
Proposed final dividends	-	-	-	-	-	-
At June 30, 2023	100,000	-	40,175,569	-	84,000,000	124,275,569

JKUAT Industrial Park Limited
Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the Financial Statements (Continued)

18 Trade and Other Payables

Description	2022/2023	2021/2022
	Kshs	Kshs
Employee payables	26,774,891	978,276
Tax payable	78,410,321	77,494,784
Retention/ Contract monies	-	-
Provisions	580,000	-
Employee payables	1,261,034	1,633,332
Other payables	4,252,856	2,742,954
Total	111,279,102	82,849,346

Aging Analysis for Trade and other Payables]

	Insert Current FY	% of the total	Insert Comparative FY	% of the total
Under one year	33,784,318	44		%
1-2 years	-	-		%
2-3 years	-	-		%
Over 3 years	77,494,784	70		%
Total	111,279,102			

19 Provisions

Description	Long service leave	Bonus Provision	Gratuity provision s	Other Provision s	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
Balance at the beginning of the year	-	-	-	-	-
Additional provisions (audit Fees)	-	-	-	580,000	580,000
Provision utilised	-	-	-	-	-
Change due to discount and time value for money	-	-	-	-	-
Less: current portion	-	-	-	-	-
Balance at the end of the year	-	-	-	580,000	580,000

Notes to the Financial Statements (Continued)

20 Notes to the Statement of Cash Flows

Description	2022/2023	2021/2022
	Kshs	Kshs
(a) Reconciliation Of Operating Profit/(Loss) To Cash Generated From/(Used In) Operations		
Profit or Loss before tax	(134,857,391)	-
Depreciation	2,155,548	-
Amortisation	-	-
Operating Profit/(Loss) before Working Capital changes	(132,701,843)	(24,639,149)
(Increase)/Decrease in Inventories	-	-
(Increase)/Decrease in Trade and Other Receivables	71,612,715	14,040,923
Increase/(Decrease) in Trade and Other Payables	28,429,756	(65,318,436)
Increase/(Decrease) in Retirement Benefit Obligations	-	-
Increase/(Decrease) in Provision for Staff Leave Pay	-	-
Cash Generated from/(used In) operations	(32,659,372)	(24,639,149)
Building work In progress	(59,160,170)	-
Net cash generated from/(used in) investing activities	(59,160,170)	
(b) Analysis of Changes in Loans		
Balance at beginning of the year	205,350,028	213,772,252
Receipts during the year	-	-
Repayments during the year	-	-
Repayments of previous year's accrued interest	-	-
Foreign Exchange (Gains)/Losses	-	16,582,691
Accrued interest	-	-
Balance at end of the year	113,530,486	205,350,028
(c) Analysis of Cash and Cash equivalents		
Short Term Deposits	-	-
Cash At Bank	113,530,486	205,350,026
Cash In Hand	-	-
Balance At End Of The Year	113,530,486	205,350,026

Notes to the Financial Statements (Continued)

23. FX Rate Gains/ Losses

Date	Debit	Credit	Balance
31/12/2022	7,683,069.36		7,683,069.36
31/03/2023	15,630,009.59		23,313,078.95
30/06/2023		741,201.91	22,571,877.04
Net Change 2022/2023	23,313,078.95	741,201.91	22,571,877.04

21 Related Party Disclosures

Government of Kenya

The Government of Kenya through Jomo Kenyatta University of Agriculture and Technology is the principal shareholder of the *entity*, holding 95% of the *entity's* equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external.

Other related parties include:

- i) The Parent Ministry
- ii) County Government of Kiambu
- iii) Jomo Kenyatta University of Agriculture and Technology
- iv) Key management
- v) Board of directors

22 Financial Risk Management

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk.

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

(i) Credit risk

The entity has no exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents (deposits with banks), as well as trade and other receivables.

Notes To The Financial Statements (Continued)

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

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

	Total amount KES	Fully performing KES	Past due KES	Impaired KES
At 30 June 2023				
Receivables from non- exchange transactions				
Bank balances	113,530,486.96	113,530,486.96		
Total				

The credit risk associated with these receivables is minimal and therefore no allowance for uncollectible amounts has been recognised in the financial statements.

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

(ii) Liquidity risk management

Liquidity risk is the risk that the entity will not have sufficient financial resources to meet its obligations as they fall due or will have to do so at excessive costs. This arises due to the mismatching of the timing of cash flows from revenue and capital/operational outflows.

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

(iii) Market risk

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

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

Notes To The Financial Statements (Continued)

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The company's interest rate risk arises from bank deposits. To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Foreign currency risk – is the risk from transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 - 60 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The company manages foreign currency risk from future commercial transactions and recognised assets and liabilities by projecting expected sales proceeds and matching the same with expected payments.

(iv) Capital Risk Management

The objective of the entity's capital risk management is to safeguard the Board's ability to continue as a going concern. The company did not have any borrowing from external parties as at the yearend and therefore it is lowly geared.

23 Incorporation

JKUAT Industrial Park Limited is incorporated in Kenya under *the Kenyan Companies Act* and is domiciled in Kenya.

24 Events after the Reporting Period

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

