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JOMO KENYATTA UNIVERSITY OF AGRICULTURE & TECHNOLOGY ENTERPRISES LIMITED.

**REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016 (KSHS)**

KEY ENTITY INFORMATION

Background information

JKUAT Enterprises Ltd was established under the Companies Act (Cap. 486) on 8th October 2002. At Cabinet level, the entity is represented by the Cabinet Secretary for Education who is responsible for the general policy and strategic direction of the entity.

Principle Activities

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

Directors

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

1. **Dr. Ekuru Aukot** Director, Chairman JKUAT Council-Retired on 9th November 2016
2. **Prof. Paul Kanyari** Director, Chairman JKUAT Council-Appointed on 9th November 2016
3. **Prof. Mabel Imbuga** Director, Vice Chancellor
4. **Dr. W.N. Karugu** Managing Director, JKUAT Enterprises Ltd.
5. **Prof. E.M. Kahangi** Director, Deputy Vice Chancellor (RPE)
6. **Prof. Victoria W Ngumi** Director, Deputy Vice Chancellor (Admin)
7. **Prof. R. Odhiambo Otieno** Director, Deputy Vice Chancellor (AA)
8. **Prof. Bernard Otoki** Director, Deputy Vice Chancellor (Finance)
9. **Ms Bertha J.Dena** Director, Representing JKUAT Council-Retired on 4th May 2016
10. **Mr. Abraham Koech** Director, Representing PS Treasury -Retired on 4th May 2016
11. **Mr. Edward Kithinji** Director, Representing PS Treasury -Appointed on 4th May 2016
12. **Mr.Archer Arina** Director, Representing PS Min of Education-Appointed on 4th May 2016

**JOMO KENYATTA UNIVERSITY OF AGRICULTURE & TECHNOLOGY ENTERPRISES
LIMITED.**

**REPORTS AND FINANCIAL STATEMENTS
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Corporate Secretary/Legal Advisor

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

Registered Office

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

Corporate Contacts

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

Corporate Bankers

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

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

Independent Auditors

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

JOMO KENYATTA UNIVERSITY OF AGRICULTURE & TECHNOLOGY ENTERPRISES LIMITED.

**REPORTS AND FINANCIAL STATEMENTS
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THE BOARD OF DIRECTORS

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

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	Ms. Bertha Joseph Dena, Director Representing JKUAT Council
	Mr. Abraham Koech, Director Representing Permanent Secretary, Treasury MBA
	Mr. Archer Arina, Director Representing Permanent Secretary, Education
	Mr. Edward Kithinji, Director Representing Permanent Secretary, Treasury
	Ms Vivian Waithaka, Company Secretary JKUAT legal Officer

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**REPORTS AND FINANCIAL STATEMENTS
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MANAGEMENT TEAM

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

**JOMO KENYATTA UNIVERSITY OF AGRICULTURE & TECHNOLOGY ENTERPRISES
LIMITED.**

**REPORTS AND FINANCIAL STATEMENTS
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MANAGING DIRECTOR'S REPORT

Performance during 2015/2016 Financial Year

Financial

Performance during 2015/2016 financial year resulted in revenue of **Ksh185.706m**, with gross profit of **Ksh 37.708m** and net loss of **Ksh 6.4m**. During the same period in the 2014/2015 financial year performance stood at Ksh 204.4 m, gross profit at Ksh 38.388m and net income at Ksh 5.129 m. Management had warned the Board of Director's of this impending decline during the Board meetings held on 22nd April and 20th July 2015 due to the ongoing massive capital investment in factories, offices and infrastructure. The divisions contributed to this result as follows; ICT division Ksh 82.4 m, Products division Ksh53.4 m, Consultancy division Ksh 49.447 m and EDC division Ksh 0.34 m. Staff costs, finance costs and depreciation all increased substantially due to recruitment, and inflationary pressure.

The net income levels of the company have been low since inception to the present time due to the fact that the company has had to rely heavily on facilities owned by other entities. For example training is generally conducted in AICAD or in off campus hotels, which shrinks margins substantially. This situation is set to change in this coming financial year as the new office building with its training facilities is completed. However construction has been slow and erratic because the company has built all the facilities with internally generated funds so there are long periods during which the building works stall. All this notwithstanding, Management is pleased to report that roofing has been completed. So far the company has spent Ksh29.1 m over the last two and half years constructing the two factories and the office buildings and a further Ksh40.4 m¹ on machines and equipment that is a total of Ksh 69.5 m. The current valuation of the same exceeds Ksh 80 m so there has been substantial capital gain which will continue to increase as the office block is completed.

There has been substantial progress in production with the yoghurt factory already complete and in regular production. Our yoghurt is fully certified by both Kenya Bureau of Standards and the Dairy Board. Production currently averages 200 litres per day all of which we are able to market. The sales department is currently promoting the yoghurt with a view to up-scaling production to full capacity. The instant porridge factory has finally been completed with all requisite machines and equipment installed. The production line is currently being tested.

Demand for propagation materials continues to exceed the company's production capacity, and the company is addressing this by investing in capital and human resources. The consultancy division is exploring new opportunities including a tea trading platform, and business process modelling. EDC has been restructured to include most training and is poised to perform much better in the next financial year, especially as the seminar rooms in our office block become available for use.

The company handed over the classroom building built for the University opposite the Food Science labs at a cost of Ksh 14 m in September last year. Management is pleased to note that professional valuers have put a conservative value of Ksh 20 m on the building next to Food Science meaning that the University has gained value of Ksh 5 m from our construction activities on that site. Subsequently the company was commissioned to construct a new classroom complex next to BEED. Phase I which comprises of twelve

¹This figure excludes Ksh 2.4 m spent on autoclaves and clean benches for the IBR labs.

JOMO KENYATTA UNIVERSITY OF AGRICULTURE & TECHNOLOGY ENTERPRISES LIMITED.

**REPORTS AND FINANCIAL STATEMENTS
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classrooms and eight offices is nearing completion. We anticipate that University will gain much more from the current building project than it did from the previous one.

Performance of the Company's Divisions

Products Unit

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

The company has been aggressively growing its domestic seedlings business and the results so far have been encouraging with more medium scale farmers buying our seedlings. Tissue cultured banana seedlings in particular have been in short supply but modalities have been put in place to quadruple seedling production during the next financial year, including new autoclaves, clean benches and staff. Our target is one million banana seedlings per year. We are also developing protocols for other tissue cultured products and expect some of these to gain importance within a year or two.

With regard to convenience foods, our probiotic yoghurt range has been in the market for six months and the response has been encouraging. The company is set to upscale both production and marketing.

The TAQ polymerase enzyme has been gaining some acceptance in the outside market but the University is yet to buy from us despite informing the departments and procurement.

ICT Unit

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

The ICT division continued to provide ICT support services to Kenya Revenue Authority, and to provide ICT training to corporate clients. The division also up-scaled computer short courses for the public. In addition to this the division continued to source for work in ICT audit, data warehousing and business intelligence. This is beginning to bear fruit and is also leading to new forms of business.

Enterprise Development Centre

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

EDC division performed below expectation during the time period in question but the internal reorganization mentioned above is expected to improve its income substantially. The division is in discussion with various entities to partner in non-academic training programs particularly for the SME sector.

Consultancy Unit

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

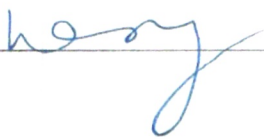
The consultancy department continued with the architectural design projects for KASNEB and Karatina University. It is also in the process of developing several promising products including those mentioned above.

JOMO KENYATTA UNIVERSITY OF AGRICULTURE & TECHNOLOGY ENTERPRISES LIMITED.

**REPORTS AND FINANCIAL STATEMENTS
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Conclusion

Management is upbeat about the outlook for during 2015/2016 financial year expecting some improvement. And we are very optimistic about the next financial year during which the flour factory and the training rooms will be fully operational, the tissue culture labs will have been substantially up-scaled and some of the projects being developed in ICT and Consultancy divisions will have matured.

Signature  Date 10/3/17

Managing Director

JOMO KENYATTA UNIVERSITY OF AGRICULTURE & TECHNOLOGY ENTERPRISES LIMITED.

**REPORTS AND FINANCIAL STATEMENTS
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CORPORATE GOVERNANCE STATEMENT

Corporate Governance:

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

The Board of Directors:

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

Board Meetings:

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

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

Composition of Board:

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

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

Board Meetings:

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

Directors' Benefits and Loans:

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

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

JOMO KENYATTA UNIVERSITY OF AGRICULTURE & TECHNOLOGY ENTERPRISES LIMITED.

**REPORTS AND FINANCIAL STATEMENTS
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STATEMENT OF DIRECTORS RESPONSIBILITIES FOR THE YEAR ENDED 30 JUNE 2016

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

The company's board accepts responsibilities for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with International Financial Reporting Standards and in a manner required by the companies Act. The company's board is of the opinion that the Financial Statements give a true and fair view of the state of financial affairs of the company as at 30 June 2016 and of its profit for the year ended. The board further confirms the accuracy and completeness of the accounting records, which have been relied upon in the preparation of financial statements, as well as on adequate systems of internal financial control.

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

Approval of the financial statements

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



Dr. Winifred Karugu
MANAGING DIRECTOR



Prof. Mabel Imbuga, PhD
DIRECTOR

REPUBLIC OF KENYA

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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY ENTERPRISES LIMITED FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Jomo Kenyatta University of Agriculture and Technology Enterprises Limited set out on pages 13 to 27, which comprise the statement of financial position as at 30 June 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

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

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

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report 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. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatements.

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

Report of Auditor-General on the Financial Statements of Jomo Kenyatta University of Agriculture and Technology Enterprises Limited for the year ended 30 June 2016

evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Jomo Kenyatta University of Agriculture and Technology Enterprises Limited as at 30 June 2016, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Kenyan Companies Act.

Emphasis of Matter

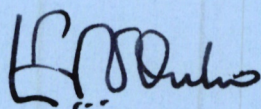
Financial Performance

As disclosed in note 24 to the financial statements, the company registered a loss of Kshs.6,422,906 and a negative working capital of Kshs.7,252,761 for the year ended 30 June 2016. The management has attributed the poor financial performance to finance cost charged on factory assets acquired through bank loan which resulted in accrued interest. The company expects to commence factory operations to generate revenue from the assets to boost the company's performance. However, if the strategies do not bear fruits to reverse the trend, the Company may face financial challenges in the near future. My opinion is not qualified in respect of this matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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



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

Nairobi

09 March 2017

JOMO KENYATTA UNIVERSITY OF AGRICULTURE & TECHNOLOGY ENTERPRISES LIMITED.

**REPORTS AND FINANCIAL STATEMENTS
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STATEMENT OF COMPREHENSIVE INCOME

	NOTES	Re-instated	
		2015-2016	2014-2015
		Kshs.	Kshs.
INCOME			
Sales	2	185,706,869	204,413,210
TOTAL INCOME		185,706,869	204,413,210
COST OF GOOD SOLD			
Cost of Sales	3	148,021,438	166,024,410
TOTAL COGS		148,021,438	166,024,410
GROSS PROFIT		37,685,431	38,388,800
OPERATING EXPENSES			
Staff Costs	4	23,738,084	19,049,043
Director's Allowances	5	446,225	371,000
Administration Expenses	6	5,257,782	5,901,597
Advertising and sales Promotion	7	142,500	388,768
Telephone and Internet	8	246,965	435,000
Utilities/Maintenance	9	366,362	354,862
Professional fees	10	400,000	507,200
Depreciation	11	3,939,279	3,554,755
TOTAL OPERATING EXPENSES		34,537,197	30,562,225
OPERATING PROFIT/(LOSS)		3,148,234	7,826,575
Finance costs	12	9,571,140	2,697,087
PROFIT/(LOSS) BEFORE TAXATION		(6,422,906)	5,129,488
INCOME TAX EXPENSES	13	0	1,538,846
PROFIT/(LOSS) AFTER TAXATION		(6,422,906)	3,590,642

JOMO KENYATTA UNIVERSITY OF AGRICULTURE & TECHNOLOGY ENTERPRISES LIMITED.

**REPORTS AND FINANCIAL STATEMENTS
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STATEMENT OF FINANCIAL POSITION

	NOTES	Re-instated	
		30-Jun-16	30-Jun-15
ASSETS		Kshs.	Kshs.
Non-Current Assets			
Property Plant and Equipment	14	66,505,031	51,442,073
Current Assets			
Trade and Other Receivables	15	48,369,714	57,983,600
Inventories	16	10,903,491	11,552,955
Cash and Bank Balances	17	89,759	1,978,095
		59,362,964	71,514,650
TOTAL ASSETS		125,867,995	122,956,723
EQUITY AND LIABILITIES			
Capital and Reserves			
Issued Share Capital	18	102,040	102,040
Capital Fund	19	25,644,004	25,644,004
Revenue reserves	20	6,986,124	13,409,030
Capital and Reserves		32,732,168	39,155,074
Current Liabilities			
Trade and Other Payables	21	38,111,994	54,776,603
Bank Overdraft	22	28,503,731	14,285,350
Total Current Liabilities		66,615,725	69,061,953
Long-term Liabilities			
Asset Based Finance	23	26,520,102	14,739,697
TOTAL EQUITY AND LIABILITIES		125,867,995	122,956,723



**DR. WINIFRED KARUGU
MANAGING DIRECTOR**



**PROF. MABEL IMBUGA, PhD
DIRECTOR**

JOMO KENYATTA UNIVERSITY OF AGRICULTURE & TECHNOLOGY ENTERPRISES LIMITED.

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STATEMENT OF CHANGES IN EQUITY

	Share Capital	Capital Funding	Re-instated Revenue Reserve	Total
As at 1 July 2014	102,040	25,644,004	9,818,388	35,564,432
Share Capital				-
Capital Funding				-
Surplus for the year			3,590,642	3,590,642
As at 30.6.2015	102,040	25,644,004	13,409,030	39,155,074
As at 1 July 2015	102,040	25,644,004	13,409,030	39,155,074
Share Capital				-
Capital Funding				-
Surplus for the year			(6,422,906)	(6,422,906)
As at 30.6.2016	102,040	25,644,004	6,986,124	32,732,168

JOMO KENYATTA UNIVERSITY OF AGRICULTURE & TECHNOLOGY ENTERPRISES LIMITED.

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STATEMENT OF CASHFLOW

	2015-2016	Re-instated
	Kshs.	2014-2015
		Kshs.
Net Profit before tax for the Year	(6,422,906)	5,129,488
Adjustment for the year		
Depreciation	3,939,279	3,554,755
	<u>(2,483,627)</u>	<u>8,684,243</u>
Changes in working capital		
(Increase)/Decrease in Trade and Other Receivables	9,613,887	39,564,203
Increase/(Decrease in Trade and Other Payables)	(2,446,228)	(18,810,963)
(Increase)/Decrease in inventories	649,460	(3,829,101)
Income tax	0	(1,528,642)
Net Cash flow from operating activities	<u>5,333,492</u>	<u>24,079,740</u>
Cash flow from investing activities		
Purchase of Assets	(19,002,235)	(48,184,237)
Proceed on sale of a Computer	0	0
Net Cash flow from investing activities	<u>(19,002,235)</u>	<u>(48,184,237)</u>
Cash flow from financing activities		
Asset Loan	11,780,405	14,739,697
Net Cash flow from financing Activities	<u>11,780,405</u>	<u>14,739,697</u>
Net Increase in cash and cash equivalents	<u>(1,888,338)</u>	<u>(9,364,800)</u>
Cash and Cash Equivalents at the beginning of the year	<u>1,978,096</u>	<u>11,342,896</u>
Cash and Cash Equivalents at the end of the year	<u><u>89,758</u></u>	<u><u>1,978,096</u></u>

**JOMO KENYATTA UNIVERSITY OF AGRICULTURE & TECHNOLOGY ENTERPRISES
LIMITED.**

**REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016 (KSHS)**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Statement of compliance and basis of preparation

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

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

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

b) Revenue recognition

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

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

c) Property, plant and equipment

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

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

**JOMO KENYATTA UNIVERSITY OF AGRICULTURE & TECHNOLOGY ENTERPRISES
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d) Inventories

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

e) Trade and other receivables

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

f) Taxation

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

g) Cash and cash equivalents

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

h) Trade and other payables

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

i) Exchange rate difference

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

j) Comparative figures

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

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k) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2016.

l) Financial Risk management Disclosures

i. Forex exchange Risk

JKUATES is exposed to Foreign exchange risk if the exchange risk is adjusted upwards against the shilling when dealing with issues such as exchange of money.

ii. Market Risk

Any fall in prices in the market in relation to prices of Biological assets negatively affect our revenue.

JOMO KENYATTA UNIVERSITY OF AGRICULTURE & TECHNOLOGY ENTERPRISES LIMITED.

**REPORTS AND FINANCIAL STATEMENTS
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NOTES TO FINANCIAL STATEMENTS

	2015-2016	2014-2015
	<u>Kshs</u>	<u>Kshs</u>
2 INCOME		
ICT DEPARTMENT		
Corporate Training	23,489,602	9,585,960
Computer Short Courses	6,746,911	4,572,190
IT Support Services	52,186,943	37,727,000
Total ICT Department	82,423,456	51,885,150
PRODUCTS		
Convenient Food	1,993,978	439,021
Mushroom Products	1,670,300	1,563,199
Horticultural products	25,595,466	14,928,023
Banana Products	23,928,074	18,341,990
Other IBR Products	250,134	263,004
Total Products Division	53,437,952	35,535,237
CONSULTANCY		
External Consultancy	49,447,372	113,691,605
Total consultancy	49,447,372	113,691,605
ENTERPRISE DEVELOPMENT CENTRE		
Publishing	19,740	141,448
Memorabilia	327,388	1,135,588
SME Project	0	1,920,620
Total for EDC	347,128	3,197,656
OTHER INCOME		
Exchange gain	50,961	103,562
	50,961	103,562
TOTAL INCOME	185,706,869	204,413,210
3 COST OF SALE		
ICT DEPARTMENT		
Corporate Training	12,953,337	4,714,146
Computer Short Courses	5,313,742	3,046,138
IT Support Services	40,087,780	30,462,324
Total ICT Department	58,354,859	38,222,608
PRODUCTS		
Convenient Food	7,364,355	4,466,473
Mushroom Products	1,086,226	1,093,306
Horticultural products	21,022,912	8,691,210
Banana Products	15,199,680	12,895,113
Other IBR Products	29,665	89,257
Total Products Division	44,702,838	27,235,359
CONSULTANCY		
External Consultancy	44,473,159	98,451,502
Total consultancy	44,473,159	98,451,502

JOMO KENYATTA UNIVERSITY OF AGRICULTURE & TECHNOLOGY ENTERPRISES LIMITED.

**REPORTS AND FINANCIAL STATEMENTS
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	2015-2016 <u>Kshs</u>	2014-2015 <u>Kshs</u>
ENTERPRISE DEVELOPMENT CENTRE		
Publishing	9,613	74,948
Memorabilia	480,970	1,026,496
SME Project		1,013,497
Total for EDC	490,583	2,114,941
TOTAL COST OF SALE	<u>148,021,438</u>	<u>166,024,410</u>
GROSS PROFIT	<u>37,685,431</u>	<u>38,388,800</u>
4 STAFF COSTS		
Gratuity	1,570,372	1,544,188
N.S.S.F CO. Contribution	31,200	29,800
NSSF Staff Contribution	31,200	29,800
NHIF Staff Contribution	191,550	82,140
PAYE Staff Deduction	5,581,697	4,163,929
NET Salary	13,213,646	10,111,772
Staff Other Deduction	2,272,659	2,241,654
Pension Co. Contribution	845,760	845,760
	<u>23,738,084</u>	<u>19,049,043</u>
5 DIRECTORS ALLOWANCES		
Director's Allowances	446,225	371,000
ADMINISTRATION EXPENSES		
6		
Staff Mileage Claim	408,204	596,939
Medical expenses	409,935	600,989
Staff Welfare	342,507	495,208
Travel And Subsistence	507,285	431,727
Motor Vehicle Expenses	432,500	572,500
Generator Fuel	35,694	19,890
Stationery Ordinary	451,930	557,730
Computer Stationery	12,470	145,894
Photocopying	60,666	74,075
Insurance	2,482,791	1,396,649
Newspaper and Periodicals	11,180	3,310
Bad debt		604,324
Subscription to Prof Org	42,620	
License	60,000	
Misc Postage		594
Overseas travel		401,768
	<u>5,257,782</u>	<u>5,901,597</u>

JOMO KENYATTA UNIVERSITY OF AGRICULTURE & TECHNOLOGY ENTERPRISES LIMITED.

**REPORTS AND FINANCIAL STATEMENTS
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	2015-2016 Kshs	2014-2015 Kshs	
7 ADVERTISING AND SALES PROMOTION			
Field Promotion	142,500	388,768	
	<u>142,500</u>	<u>388,768</u>	
8 TELEPHONE AND INTERNET			
Telephone	9,465	12,460	
Internet Services	237,500	422,540	
	<u>246,965</u>	<u>435,000</u>	
9 MAINTENANCE/UTILITY COST			
Electricity and Water	289,584	269,156	
Cleaning	76,778	85,706	
	<u>366,362</u>	<u>354,862</u>	
10 PROFESSIONAL SERVICES			
Audit Fees	400,000	400,000	
Legal fees		107,200	
	<u>400,000</u>	<u>507,200</u>	
11 DEPRECIATION			
Depreciation Comp Equipments	492,155	768,367	Re-instated
Depreciation Furniture	31,707	105,252	
Depreciation Office Equipment	269,157	273,584	
Depreciation Production Structures & Equip	2,680,416	1,981,207	
Depreciation porridge factory	124,433	124,433	
Depreciation yoghurt factory	146,175	142,860	
Depreciation Premises Fence	69,005	66,793	
Depreciation Civil works	112,267	78,295	
Depreciation Wash room	13,964	13,964	
	<u>3,939,279</u>	<u>3,554,755</u>	
12 FINANCE COSTS			
Bank Charges	1,168,008	375,735	
Interest on Loan and Overdraft	8,403,132	2,321,352	
	<u>9,571,140</u>	<u>2,697,087</u>	
PROFIT BEFORE TAX	<u><u>-6,422,906</u></u>	<u><u>5,129,488</u></u>	

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**REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016 (KSHS)**

CORPORATE TAX	0	1,538,846	Re-instated
	<hr/>		
PROFIT AFTER TAX	-6,422,906	3,590,642	Re-instated
	<hr/>		

JOMO KENYATTA UNIVERSITY OF AGRICULTURE & TECHNOLOGY ENTERPRISES LIMITED.

**REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016 (KSHS)**

ASSET MOVEMENT SCHEDULE							
14. PROPERTY PLANT & EQUIPMENT							
SCHEDULE	2.5%	33.33%	10%	10%	25%		
	<u>BUILDINGS</u>	<u>COMPUTERS</u>	<u>FURNITURES</u>	<u>OFFICE EQUIPMENTS</u>	<u>PRODUCTION STRUCTURES & EQUIPMENTS</u>	<u>WORK IN PROGRESS</u>	<u>TOTAL</u>
<u>COST</u>		<u>KSHS</u>	<u>KSHS</u>	<u>KSHS</u>	<u>KSHS</u>		<u>KSHS</u>
As at 01-07-2014	3,535,320	4,798,164	1,208,393	2,735,844	1,696,238	0	13,973,959
Disposal-Note pad		0					0
Addition in the year	13,518,459	95,405	0	0	7,529,827	27,040,547	48,184,238
As at 30th June 2015	17,053,779	4,893,569	1,208,393	2,735,844	9,226,065	27,040,547	62,158,197
DEPRECIATION							
As at 01-07-2014	0	3,612,769	929,887	957,729	1,660,983	0	7,161,370
Disposal-Note pad						0	0
Charge for the year (Re-instated)	426,344	768,367	105,252	273,584	1,981,207	0	3,554,754
As at 30th June 2015	426,344	4,381,136	1,035,139	1,231,313	3,642,190	0	10,716,124
NET BOOK VALUE-30/06/2015	16,627,435	512,433	173,254	1,504,531	5,583,875	27,040,547	51,442,073
COST							
As at 01-07-2015	17,053,779	4,893,569	1,208,393	2,735,844	9,226,065	27,040,547	62,158,197
Transfer from WIP to Production equipment						(47,413)	(47,413)
Addition in the year	1,579,982	35,000	43,807	281,452	2,796,837	14,312,570	19,049,648
As at 30th June 2016	18,633,761	4,928,569	1,252,200	3,017,296	12,022,902	41,305,704	81,160,432
DEPRECIATION							
As at 01-07-2015	426,344	4,381,136	1,035,139	1,231,313	3,642,190	0	10,716,122
							0
Charge for the year	465,844	492,155	31,707	269,157	2,680,416	0	3,939,279
As at 30th June 2016	892,188	4,873,291	1,066,846	1,500,470	6,322,606	0	14,655,401
NET BOOK VALUE-30/06/2016	17,741,573	55,278	185,354	1,516,826	5,700,296	41,305,704	66,505,031
NET BOOK VALUE-30/06/2015	16,627,435	512,433	173,254	1,504,531	5,583,875	27,040,547	51,442,073

JOMO KENYATTA UNIVERSITY OF AGRICULTURE & TECHNOLOGY ENTERPRISES LIMITED.

REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016 (KSHS)

	2015-2016	2014-2015
	<u>Kshs</u>	<u>Kshs</u>
15 TRADE AND OTHER RECEIVABLES		
Trade Receivables	35,253,068	43,645,900
Sundry Deposit	284,000	2,380,850
Withholding Tax	11,053,423	8,479,790
Insurance Prepayment	1,779,223	1,725,060
Other Prepayment		1,752,000
	<u>48,369,714</u>	<u>57,983,600</u>
16 INVENTORIES		
Mushroom Spawn	20,875	22,635
Books:		
Basics of Geometry	95,213	95,611
Basics of Calculus	71,817	72,438
Algebra And Maths	95,749	96,626
Statistics and Probability	75,053	82,385
Basics of Graphs	97,261	97,646
Noodles		6,106
Chuff Cutters	16,682	16,682
Paw paw seedlings	209,580	279,120
Banana Seedlings	2,761,800	2,434,732
Aloe Vera Seedlings		6,000
Mango Seedlings	1,472,100	759,950
Avocado Seedlings	1,812,285	274,920
Assorted Thika road seedlings		0
Templates Seedlings	1,184,840	1,281,600
Orange seedlings	478,390	596,860
Lemon Seedlings	508,800	574,325
Guava Seedlings	56,080	66,440
Other Assorted Seedlings	1,444,715	3,694,885
Memorabilia	467,640	948,610
Yoghurt	34,611	145,384
Total Stock	<u>10,903,491</u>	<u>11,552,955</u>
17 CASH & BANK BALANCES		
KCB Moi Av-Bank Current Account		0
BARCLAYS Juja-Bank Current Account	55,266	798,612
KCB Moi Av-USD Account	34,493	1,179,483
Total Cash & Bank Balances	<u>89,759</u>	<u>1,978,095</u>

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	2015-2016	2014-2015	
	<u>Kshs</u>	<u>Kshs</u>	
18 -Authorized Share capital-10,000 ordinary -Issued Share Capital 5102 @ 20	102,040	102,040	
19 Capital Funding	<u>25,644,004</u>	<u>25,644,004</u>	
20 REVENUE RESERVE			
Bal B/F	13,409,030	9,818,388	
Net Profit for the year	<u>-6,422,906</u>	<u>3,590,642</u>	
	6,986,124	13,409,030	
21 TRADE AND OTHER PAYABLES			
Trade Payables	28,582,083	44,276,433	
P.A.Y.E Control Account	469,970		
N.H.I.F Control Account	29,200		
N.S.S.F Control Account	10,400		
Sundry Deductions	219,984		
Net Salary Control Account	1,251,622		
Provision for Audit Fee	464,000	464,000	
Provision for Gratuity	3,409,240	3,114,734	
Staff Welfare	260,700	181,800	
Pension Control Account	70,480		
Customers, Credit Balances	330,099	4,810,850	
Casuals Control Account	786,870		
VAT Control Account	1,993,496	389,940	
KRA IT Support	233,850		
Taxation	0	1,538,846	Re-instated
Total Current Liabilities	<u>38,111,994</u>	<u>54,776,603</u>	
22 Bank Overdraft			
KCB Moi Av-Bank Current Account	<u>28,503,731</u>	<u>14,285,350</u>	
23 LOAN KCB Asset Based Finance	<u>26,520,102</u>	<u>14,739,696</u>	

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24. GOING CONCERN CONCEPT

During the year the company registered a net loss of Ksh 6,422,906 and a negative working capital of ksh 7,252,761 due to finance cost charged on factory assets acquired through bank loan .The Asset finance loan accrued interest from the date of acquisition whereas the factory was not in operation.

In the coming year the company is expected to commence factory operation, generating revenue from the assets and boosting the company's performance. This is expected to revert the losses to profit and improve working capital.

