

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE:	06 JUN 2024 DAY: Thursday
TABLED BY:	Hon. Naomi Wago, MP Deputy Majority Whip
CLERK AT THE TABLE:	M. Mado

PARLIAMENT
OF KENYA
LIBRARY

REPORT

THE AUDITOR-GENERAL

ON

**JOMO KENYATTA UNIVERSITY OF
AGRICULTURE AND TECHNOLOGY
NOODLES LIMITED**

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

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30284 - 00100, NAIROBI
REGISTRY
07 FEB 2024
RECEIVED



JKUAT NOODLES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30 JUNE 2023**

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

JKUAT NOODLES LIMITED

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

JKUAT NOODLES LIMITED

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

TABLE OF CONTENTS.....	PAGE
1.ACRONYMS, ABBREVIATIONS AND GLOSSARY OF TERMS	iv
2. KEY ENTITY INFORMATION.....	v
3. THE BOARD OF DIRECTORS	vii
4. MANAGEMENT TEAM	xii
5. CHAIRMAN'S STATEMENT	xv
6. REPORT OF THE CHIEF EXECUTIVE OFFICER FOR THE YEAR ENDED 30 JUNE 2023	xvii
7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES.....	xix
8. CORPORATE GOVERNANCE STATEMENT	xxi
9. MANAGEMENT DISCUSSION AND ANALYSIS.....	xxiv
10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING.....	xxxviii
11.CORPORATE SOCIAL RESPONSIBILITY / COMMUNITY ENGAGEMENTS	xl
12. REPORT OF THE DIRECTORS	xli
13. STATEMENT OF DIRECTORS RESPONSIBILITIES	xlii
14. REPORT OF THE AUDITOR-GENERAL	xliii
15. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2023	1
16. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023.....	2
17. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023	3
18. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023.....	4
19. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2023.....	5
20. NOTES TO THE FINANCIAL STATEMENTS	8
21. APPENDICES	24

JKUAT NOODLES LIMITED

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1.ACRONYMS, ABBREVIATIONS AND GLOSSARY OF TERMS

A: Acronyms and Abbreviations

JKUAT	Jomo Kenyatta University of Agriculture and Technology
JKUATES	Jomo Kenyatta University of Agriculture and Technology Enterprises Limited
CPA	Certified Public Accountant
SC	State Corporations
ICS	Institute of Certified Secretaries
m	Million
Kshs	Kenyan Shillings
MSc	Master of Science
Bsc	Bachelor of science
B.Ed	Bachelor of Education
MPhil	Master of Philosophy
PhD	Doctor of Philisophy
PS	Principal Secretary
CS	Cabinet Secretary
AA	Academic Affairs
RPE	Research, Production and Extension
KEBS	Kenya Bureau of Standards
CSR	Corporate Social Responsibility

B: Glossary of Terms

JKUAT Noodles Management- Members of Management directly entrusted with the responsibility of financial resources of the organisation

Comparative/Prior Year- Means the prior period.

JKUAT NOODLES LIMITED

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

2. KEY ENTITY INFORMATION

Background information

JKUAT Noodles Ltd was established under the Companies Act (Cap. 486) on 10th day of January Two Thousand and Eighteen. At Cabinet level, JKUAT Noodles Limited is represented by the Cabinet Secretary for Education and Cabinet Secretary Treasury, who are responsible for the general policy and strategic direction of JKUAT Noodles Limited.

Principle Activities

The principle activity of JKUAT Noodles Limited is to produce and sell noodles.

Directors

The directors who served JKUAT Noodles Limited during the year were as follows:

1. Mahboub Maalim Mohamed Director, Chairman JKUAT Council-Appointed 16/10/2020 retired 23rd May 2023
2. Abdi Mohamud Hassan Director, Chairman JKUAT Council-Appointed 24th May 2023
3. Prof. Victoria W Ngumi Director, Vice Chancellor Appointed 1st Sep 2018
4. Dr. W.N. Karugu Managing Director, JKUAT Enterprises Ltd Appointed May 2008
5. Prof. Mary Abukutsa Director, Deputy Vice Chancellor (RPE) Retired 1st August 2022
6. Prof. Jackson K. Kwanza Director, Deputy Vice Chancellor (RPE) Appointed 1st Sep 2022
7. Prof. Bernard Ikua Director, Ag. Deputy Vice Chancellor (Administration), Appointed 1st Sep 2018
8. Prof. Robert Kinyua Director, Ag. Deputy Vice Chancellor (AA) Appointed 1st Sep 2018
9. CPA Robert Asumani Director, Representing PS Ministry of Education, Retired on 31st Oct 2022
10. Mr. James Kiburi Director, Representing PS Ministry of Education, Appointed on 1st Nov 2022
11. CPA Judith A. Nyakawa Director, Representative CS Treasury appointed on 24th November 2017
12. Mr. John Kiumi Wambugu Company Secretary Appointed 1st July 2022.

JKUAT NOODLES LIMITED

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

Principal Legal Advisor

Mr. John Kiumi Wambugu
P.O. Box 62000 – 00200
NAIROBI

(a) Entity Headquarters

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

(b) Corporate Contacts

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

(c) Corporate Bankers

1. Kenya Commercial Bank Ltd,
JKUAT Branch
P.O. Box 62000 - 00200
NAIROBI
2. Standard Chartered Bank
Thika Branch
P.O. BOX 300-01000
THIKA

(d) Independent Auditors

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



(e) Corporate Secretary

Mr. John Kiumi Wambugu
P.O. Box 62000 – 00200
NAIROBI



JKUAT NOODLES LIMITED

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

3. THE BOARD OF DIRECTORS



SN		NAME	DATE OF BIRTH	QUALIFICATIONS	WORK EXPERIENCE	TYPE OF DIRECTOR	COMMITTEE CHAIR
1		Mr. Abdi Mohamud Hassan,	1969	MA, LLB,B.Sc, Advocate of the High Court of Kenya	Abdi is a Legal practitioner and transformational leader experienced in top level management of state corporations. He has served as a Council Member for LSK, Member of Presidential Power of Mercy Advisory Committee, Commissioner, Media Complaints Commission, Board Member, Numerical Machining Complex, Tourism Fund. He has also served as the Managing Partner, Hassan Mutembei & Company Advocates and Wamalwa, Abdi & Company Advocates	Chairman	
2		Ambassador (Eng.) Mahboub M. Maalim	1958	CBS, OGW, CEng, MSc, BSc	IGAD Executive Secretary-2008-2019, inspector and district water engineer Ministry of Water and Irrigation. 1994 - 1996	Chairman	

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

3		Prof. Robert Kinyua	1/1/1966	<p>1996 – 2000: Doctor of Philosophy – High Energy Physics (Osaka University – Japan) 1990 – 1993: Master of Science (Physics) - University of Nairobi, Kenya. 1987 – 2000: Bachelor of Science (Physics Major) – University of Nairobi</p>	<p>Currently: Associate Professor in the Department of Physics, & Director of the Institute of Energy & Environmental Technology, JKUAT. 2009 – 2013: Senior Lecturer in the Department of Physics 2004 – to date: Member of the Jomo Kenyatta University of Agriculture and Technology Senate. 2010 – To date Director, Institute of Energy & Environmental Technology, JKUAT. June 2004-2009: Chairman, department of Physics (JKUAT) Various times: Acting Director, Board of Postgraduate Studies (BPS), JKUAT. Various times: Acting Director, Alternative Degree Programmes (ADP), JKUAT. 2000- 2004: Examinations Officer Department of Physics, JKUAT 1996- 2009 : Lecturer, department of Physics (JKUAT) 16th April 1993-1996: Assistant Lecturer, department of Physics (JKUAT) Seminar Coordinator, Department of Physics (JKUAT) Jan.1993-June 1993 Graduate Assistant, Department of Physics (Univ. of Nairobi) Sept. 1990-1992 Laboratory demonstrator, Dept. of Physics, Univ. of Nairobi</p>	Independent	N/A
4		Prof. Bernard Ikuu	1965	<p>University of Nairobi undergraduate degree in Mechanical Engineering, PhD and MSc degrees Japan Totori University</p>	<p>Deputy Vice Chancellor in charge of Administration at Jomo Kenyatta University of Agriculture and Technology (JKUAT) ,Principal of the College of Engineering and Technology at JKUAT.</p>	Independent	HR and Finance




JKUAT NOODLES LIMITED

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

5		Prof. Jackson Kwanza	1963	<p>1998- 2001: PhD research, Jomo Kenyatta University of Agriculture and Technology. 1991 – 1992: MSc. (Mathematics) degree, Kenyatta University. 1985- 1988 B.Ed (Sc) Kenyatta University.</p>	<p>August 2013 - present: Ag. Principal, JKUAT Karen Campus, April 2010 – August 2013 Director, J.K.U.A.T Academic Programmes, Karen Campus. May 2003-May 2006: Director, Continuing Education Programme (CEP), February – May 2003: Deputy Director, Continuing Education Programme (J.K.U.A.T), 8th March-8th April 2010 Acting chairman, Department of Pure and Applied Mathematics, January- March 2009 Acting chairman, Department of Pure and Applied Mathematics, January 2007- to date: Coordinator, seminars, Department of Pure and Applied Mathematics, April 2002 – February 2003: Time tabling Officer</p>	Independent	N/A
6		Prof. Victoria Ngumi	18/03/1960	<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. She had earlier won another Japan based Mombusho scholarship, that enabled her to pursue a Master of Science degree in Botany at Hiroshima University, successfully graduating in 1989. She is an alumnus of the University of Nairobi where she obtained an undergraduate degree in Education. She also holds an Executive MBA from JKUAT In 2021.</p>	<p>Prof. Victoria Wambui Ngumi, PhD, EBS is the Vice Chancellor of Jomo Kenyatta University of Agriculture and Technology (JKUAT) . She was appointed by His Excellency the President, Uhuru Kenyatta, in August 2018, as the Vice Chancellor. Prior to her appointment, she was serving as the Deputy Vice Chancellor in charge of Administration, position she had held since October 2014</p>	Independent	N/A




JKUAT NOODLES LIMITED

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

7		Dr. Winifred N. Karugu	1957	BSc Agriculture (Oklahoma state university), Appointed 01/05/2008 MSc Agricultural Economics (Oklahoma state university) PhD Economics (JKUAT)	February 2008 to date: Managing Director, JKUAT Enterprises Ltd	Executive	N/A
8		CPA Judith Nyakawa	22/08/196 9	University of Nairobi Bachelor of Commerce - BCom, Accounting Bachelor of Commerce - BCom, Accounting 1989 - 1992. daystar University Masters in Arts, Counseling Psychology. United States International University - Africa Master of Business Administration - MBA	Senior Deputy Director The National Treasury The National Treasury Feb 2017 - Present. DEPUTY CHIEF FINANCE OFFICER Ministry of Education May 2014 - May 2016,	Independent (Alternate)	N/A
9		Dr. James Kiburi			Deputy Director of Higher Education Ministry of Higher Education, Science and Technology May 2011 - Present	Independent (Alternate)	N/A


JKUAT NOODLES LIMITED

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**



10		Prof. Mary Abukutsa	20/2/1959	<p>University of London University of London Ph.D, Horticultural physiology and nutrition of vegetable crops 1992 - 1995. University of Nairobi MSc, Agronomy and Vegetable Science MSc, 1985 - 1988. University of Nairobi BSc Agriculture, Crop science, animal science, economics and social science and agricultural engineering 1979 - 1983</p>	<p>Jomo Kenyatta University of Agriculture and Technology Professor of Horticulture. Nov 2007 - Present Deputy Vice Chancellor -Research, Production and Extension Deputy Vice Chancellor. Aug 2017 - Jul 2022 Professor of Horticulture, Researcher on Agrobiodiversity, Leader & Mentor Dec 2007 - Nov 2020.</p>	Independent	N/A
11		CPA Robert Asumani	6/1/1982	MBA	Head of Accounts, Ministry of education	Independent	N/A
12		Mr. John Kiumi Wambugu		<p>Masters in Strategic Management – University of Nairobi (2011); Post Graduate Diploma in Law – Kenya School of Law (2004 - 2005); Bachelor of Laws (Hons) – University of Nairobi (2000 - 2004); Certified Public Accountant, (CPA.K) Strathmore University (1999 – 2001) Certified Public Secretary, Section 6 (CPS. K) (June 2007)</p>	<p>Managing Partner Wambugu & Muriuki Advocates · Dec 2012 - Present Member of ICS Member of Law Society of Kenya</p>	Independent	N/A

JKUAT NOODLES LIMITED

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**



13		Mr. Erastus Mvuria	14/2/1977	MBA,Bcom	Deputy Managing Director- JKUATES 2022-Date.Senior General Manager- JKUATES 2018-2022.General Manager- JKUATES 2012-2018.Finance Manager-JKUATES 2008-2011.Ag. Production Manager-JKUATES 2010-2012.Accountant -JKUATES 2005-2008	Executive	N/A
----	---	--------------------	-----------	----------	---	-----------	-----


4. MANAGEMENT TEAM

		NAME	DATE OF BIRTH	QUALIFICATIONS	WORK EXPERIENCE	TYPE OF DIRECTOR	COMMITTEE CHAIR
1		Dr. Winifred N. Karugu	1957	Ph.D,Msc,Bsc	February 2008 to date: Managing Director, JKUAT Enterprises Ltd		N/A
2		Mr. Erastus Mvuria	14/2/1977	MBA,Bcom	Deputy Managing Director- JKUATES 2022-Date.Senior General Manager- JKUATES 2018-2022.General Manager- JKUATES 2012-2018.Finance Manager- JKUATES 2008-2011.Ag. Production Manager-JKUATES 2010-2012.Accountant -JKUATES 2005-2008.	N/A	

JKUAT NOODLES LIMITED

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

3		CPA. Joseph Macharia	17/12/1978	Bcom- Finance	Projects Assistant -JKUATES 2007-2008.Accountant -JKUATES 2008-2011.Department Head Management Accounting-JKUATES 2011-2013.Financial Accountant-JKUATES 2013-2018.Finance Manager-JKUATES 2018-Date	N/A	N/A
4		Mr. Evans Mutugi	5/3/1980	MSc-Proc,Bcom,CPA1, CPSP	Projects Manager -JKUATES- Date. Head of Procurement, Logistics and Infrastructure Development – JKUATES 2016-2018, Procurement Officer – JKUATES 2013 -2016 Logistics Manager, Brainstorm International Nairobi,2010-2013, Procurement & Logistics Officer, elitec (K)Ltd Nairobi 2008-2009.Office Administrator Solid Investment Securities Ltd2006-2008.Assistant Accountant Solid Investment Securities Ltd 2004-2005	N/A	N/A

5		<p>Mr. John Kiumi Wambugu</p>	<p>Masters in Strategic Management – University of Nairobi (2011); Post Graduate Diploma in Law – Kenya School of Law (2004 - 2005); Bachelor of Laws (Hons) – University of Nairobi (2000 - 2004); Certified Public Accountant, (CPA.K) Strathmore University (1999 – 2001) Certified Public Secretary, Section 6 (CPS. K) (June 2007)</p>	<p>Managing Partner Wambugu & Muriuki Advocates · Dec 2012 – Present Member of ICS Member of Law Society of Kenya</p>	<p>Company Secretary</p>	<p>N/A</p>
---	---	---------------------------------------	---	---	------------------------------	------------

JKUAT NOODLES LIMITED

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

5. CHAIRMAN'S STATEMENT

Introduction

JKUAT Noodles Limited recognizes its main role in commercializing the yummy brand of noodles. JKUAT Noodles Limited has spent the last two years creating noodle and seasoning formulas, with thirty-one (31) noodle and five (5) seasoning formulations currently available.

The Yummy brand of Noodles is made with locally sourced raw materials and do not contain any toxic additives or preservatives.

Financial Performance

During the specified period, the company encountered a notable decline in its financial performance, reporting an income of Ksh. 599,030, accompanied by a gross loss of Ksh 56,435 and a net loss of Ksh. 31.44 million. This downturn can be largely attributed to a provision for depreciation amounting to Ksh 28.93 million.

In the previous year, despite an income of Ksh 2.1 million and a gross profit of Ksh. 125,304, the company still experienced a net loss of Ksh 33.03 million, largely due to a Ksh 28.93 million provision for depreciation.

Key Highlights

Reflecting on the fiscal year encompassing 1st July 2022 to 30th June 2023, it is evident that JKUAT Noodles Limited faced a formidable array of challenges, particularly in its financial performance. However, amidst these trials, the company exhibited unwavering dedication and a strategic approach to secure funding and sustain operations.

The pursuit of funding remained a central focus for JKUAT Noodles Limited throughout the year. The company's endeavors encompassed diverse avenues, including the strategic foray into toll manufacturing, the exploration of lease offerings and the commitment to minimal production based on distinct client formulations.

These efforts underlined the company's resilience and proactive engagement with the market. These actions reflect a steadfast resolve to navigate challenges while leveraging every available opportunity to sustain operations.

As we collectively assess this period, it is essential to acknowledge the relentless pursuit of solutions and partnerships undertaken by the management team. The commitment to securing funding and fostering growth stands as a testament to their dedication and resourcefulness. While the economic landscape may have been challenging, the spirit of the team and the company's strategic vision remain undeterred.

JKUAT NOODLES LIMITED

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

Challenges

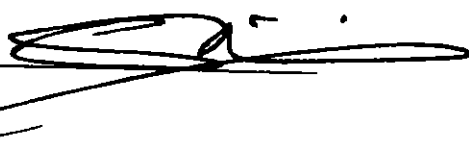
JKUAT Noodles lacked funding but the company remains determined to find ways to operationalize production activities.

Conclusion

In the fiscal year spanning from 1st July 2022 to 30th June 2023, JKUAT Noodles Limited encountered financial challenges leading to a decline in performance. However, the company's resilience shone through as it proactively sought funding. The lessons learned and the team's determination lay a strong foundation for future growth and strategic adaptation, reinforcing our unwavering pursuit of excellence and success.

Signature:

Chairman



Date:

5/2/2024

JKUAT NOODLES LIMITED

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

6. REPORT OF THE CHIEF EXECUTIVE OFFICER FOR THE YEAR ENDED 30 JUNE 2023 JKUAT NOODLES

JKUAT NOODLES

JKUAT Noodles Limited runs a noodles production plant capable of producing 165 packets (of 70 g each) per minute or 72,000 packets in an 8-hour shift. By-products include soaps and related products.

Performance

Financial Performance

During the period in question, the company experienced a significant decrease in financial performance with an income of Ksh. 599, 030 and a gross loss of Ksh 56,435, and a net loss of Ksh. 31.44 m, primarily attributed to the provision for depreciation of Ksh 28.93 million.

The previous year, the company had an income of Ksh 2.1 million, a gross profit of Ksh. 125,304, but still experienced a net loss of Ksh 33.03 million, primarily due to a provision for depreciation of Ksh 28.93 million.

Key Highlights

JKUAT Noodles Limited faced a range of challenges, particularly in its financial performance, during the fiscal year from 1st July 2022 to 30th June 2023. However, the company exhibited unwavering dedication and a strategic approach to secure funding and sustain operations amidst these trials.

JKUAT Noodles piloted a toll manufacturing contract for Life Saving Foods Somalia in partnership with USAID. The company successfully produced 1500 nutrient-rich noodles for testing in Somalia and are optimistic that the product will be accepted, leading to a contractual relationship for production.

The pilot project has the potential to benefit all parties involved. The contract could help JKUAT Noodles Limited overcome its funding challenges, provide a reliable source of nutrient-rich noodles for the Somali market, and create jobs and stimulate economic growth in the region. The partnership with USAID could help the company gain access to additional funding and resources to expand its operations and pursue new opportunities. The production of nutrient-rich noodles could also help address malnutrition in Somalia by providing a new source of affordable and nutritious food. Overall,

JKUAT NOODLES LIMITED

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

the project is a positive step towards addressing the challenges facing JKUAT Noodles Limited and contributing to the development of the Somali market.

Challenges

JKUAT Noodles Limited currently lacks adequate funding, making it difficult to operate at full capacity and pursue marketing opportunities. While the company is exploring options to secure funding, management is also taking small steps to maintain its operations.

Management continues to pursue potential funding avenues and partnerships for JKUAT Noodles Limited. Despite the tough economic climate, JKUAT Noodles are up to date with all statutory obligations.

Conclusion

It is evident that JKUAT Noodles Limited has been working hard to overcome its financial challenges. The company has been exploring various avenues to secure funding, including toll manufacturing and lease offerings. Additionally, the company has been committed to minimal production based on distinct client formulations. These efforts demonstrate the company's resilience and proactive engagement with the market. Despite the challenges, JKUAT Noodles Limited has exhibited unwavering dedication and a strategic approach to sustain operations. If the company can continue to leverage every available opportunity to secure funding and navigate challenges, it will be able to meet its year-end targets.

Signature 
Managing Director

Date 05/02/2024

JKUAT NOODLES LIMITED

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

JKUAT Noodles Limited recognizes its role in commercializing its Yummy Brand of Noodles. The company has spent the last two years developing noodle and seasoning formulas, and there are currently thirty-one (31) noodles and five (5) seasoning formulations available.

Our business pursuits during the fiscal year were guided by the following key pillars:

- **Economic:** Aimed to establish a profitable venture by producing and selling noodles under the yummy brand.
- **Human:** Involves activities related to human resources and organizational management.
- **Organic:** Focused to create a sustainable and successful venture.
- **Social:** Create a positive social impact while producing and selling noodles under the yummy brand.

The Institution achieved its performance targets set for the FY 2022/2023 period as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
1. Social	Create a positive social impact	Community Outreach	Community sampling	Social well-being of the community
2. Economic	Produce and sell noodles in the market	Variations and formulas	Product Development	31 noodle variations of new and unique noodle formulations
3. Human	Employee engagement and Well-being	Employee satisfaction and retention	Employee engagement and well being	Positive work environment

JKUAT NOODLES LIMITED

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

4. Organic	Product development and commercialization	31 variations of yummy noodles	Product development	Product development and market introduction
------------	---	--------------------------------	---------------------	---

8. CORPORATE GOVERNANCE STATEMENT

Corporate Governance:

Roles and functions of the Board of Directors

The Board of Directors is responsible for the governance of the JKUAT Noodles 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 the company's board meets regularly where need arises to deliberate and act on operational, finance compliance and strategic issues as per the requirements and 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. During the year under review the company held 5 Board meeting as follows: 20th July,2022, 18th August,2022, 16th November,2022, 23rd February, 2023 and 18th May, 2023. Find the attendance sheet attached.

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.

JKUAT NOODLES LIMITED

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Board remuneration

In the last financial year of JKUAT noodles 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.

Succession Plan

The organization lacks a formal succession plan because the Board of Directors is appointed based on the provisions outlined in the company's articles of incorporation.

Existence of board charter

The company is taking steps to formulate a board charter that aligns with the Mwongozo requirements. This will ensure that the company's board of directors operates effectively and efficiently, assists the nation to realize shared goals, and meets the expectations of stakeholders

Appointment and removal of Directors

The company underwent changes in its directorship during the financial year 2022/2023. Two directors were appointed and two were removed. James Kiburi was appointed as PS representing the Ministry of Education, replacing Robert Asumani. Mary Abukutsa resigned, and Jackson Kwanza was appointed to the board.

Induction and training

The company has an induction process in place to familiarize new directors/chairman with the company. This is to ensure that the new directors are equipped with the information and the knowledge that he or she will need to become as effective as possible in their role within the shortest practicable time, to make informed decisions, contributing to the company's success, and meet the expectations of stakeholders.

Board and members performance

The company conducted self-evaluation exercise on its Board members as required by Mwongozo and the recommendations were put into consideration and incorporated into the performance improvement plan.

JKUAT NOODLES LIMITED

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

Conflict of interest

The company maintains records of interest declaration signed by the board of directors in every meeting they attend. Find attached.

Ethics and conduct

The board is committed to ethics and conduct by prioritizing corporate culture, vigilantly watching for red flags, and setting clear expectations to sustain principled business land scape.

Governance audit

We conduct a continuous internal audit to evaluate governance processes, controls and compliancy.

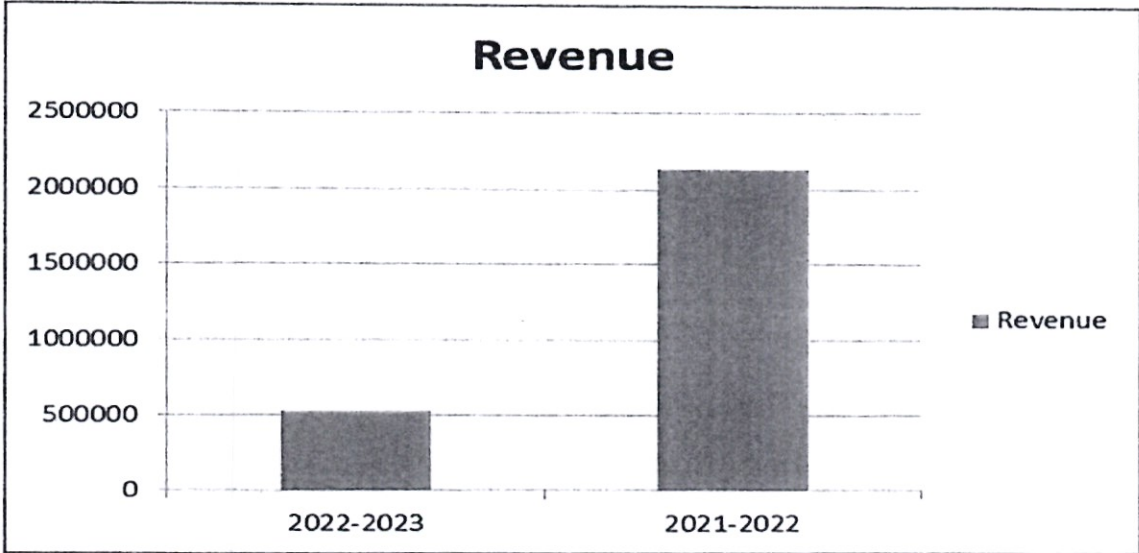
JKUAT NOODLES LIMITED

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

9. MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

During the year of audit JKUAT Noodles Limited collected revenue of 0.5m compared to 2.1m in the year 2021/2022. This can be represented in the following chart:-



An analysis of the same was as follows for the period 2020-2021 and 2021-2022; Noodles Limited collected revenue of 2.1m 2021-2022 compared to 0.3m in the year 2020/2021. This can be represented in the following chart:-

JKUAT NOODLES LIMITED

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

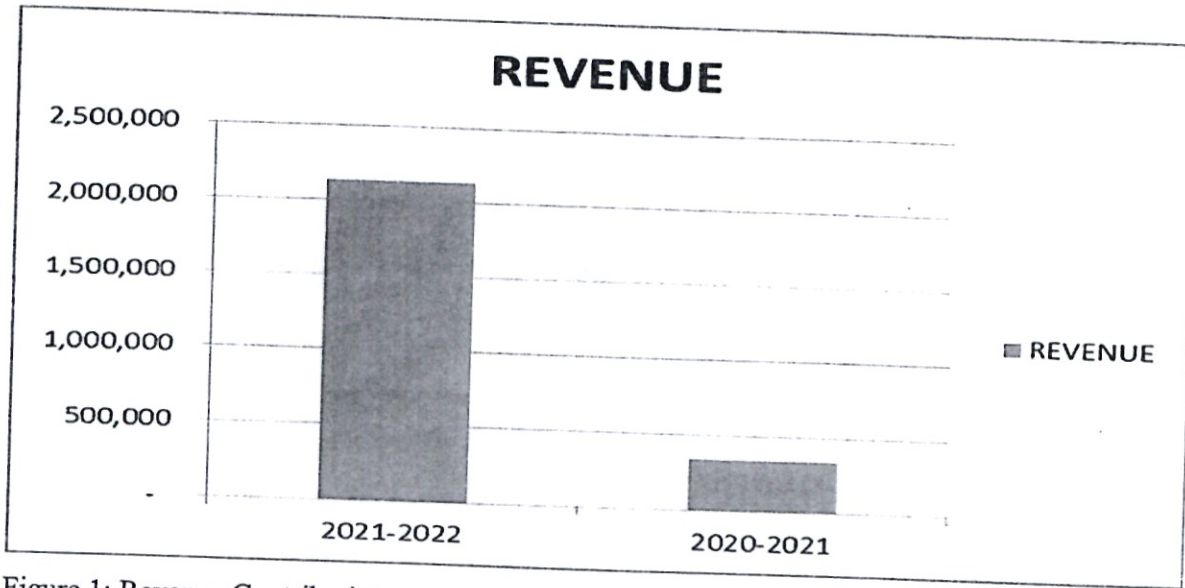
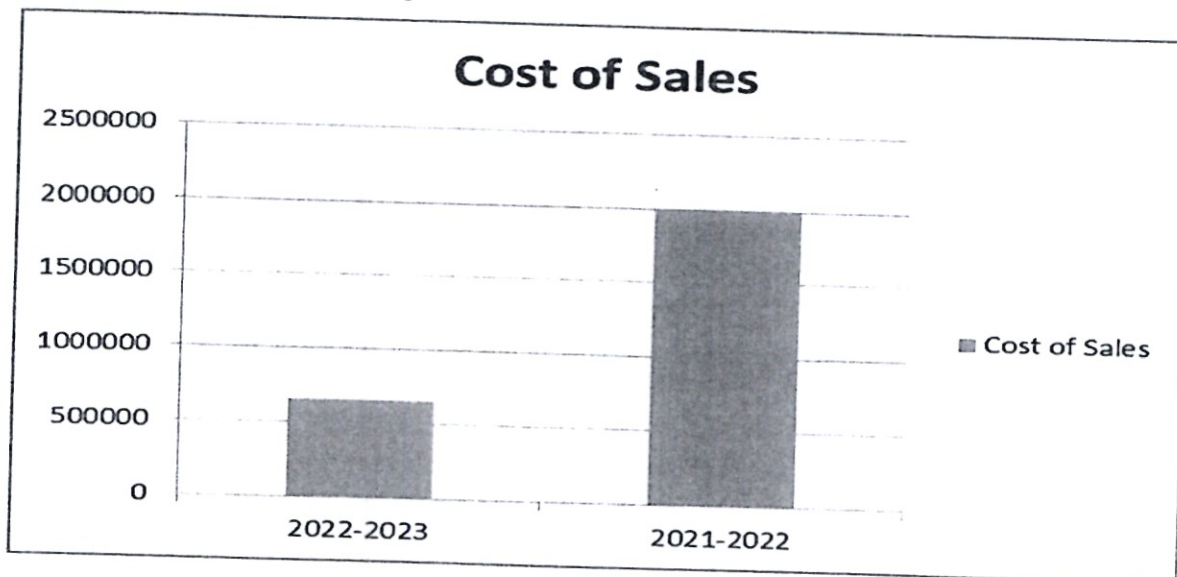


Figure 1: Revenue Contribution

Cost of sales

Cost of sales was 0.6m as compared to 2m in the year 2022/2023 and 2021/2022 consecutively. This could be shown by the following chart:



An analysis of the same was as follows for the period 2020-2021 and 2021-2022; Cost of sales was 2m as compared to 4.6m in the year 2021/2022 and 2020/2021 consecutively. This could be shown by the following chart:

JKUAT NOODLES LIMITED

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

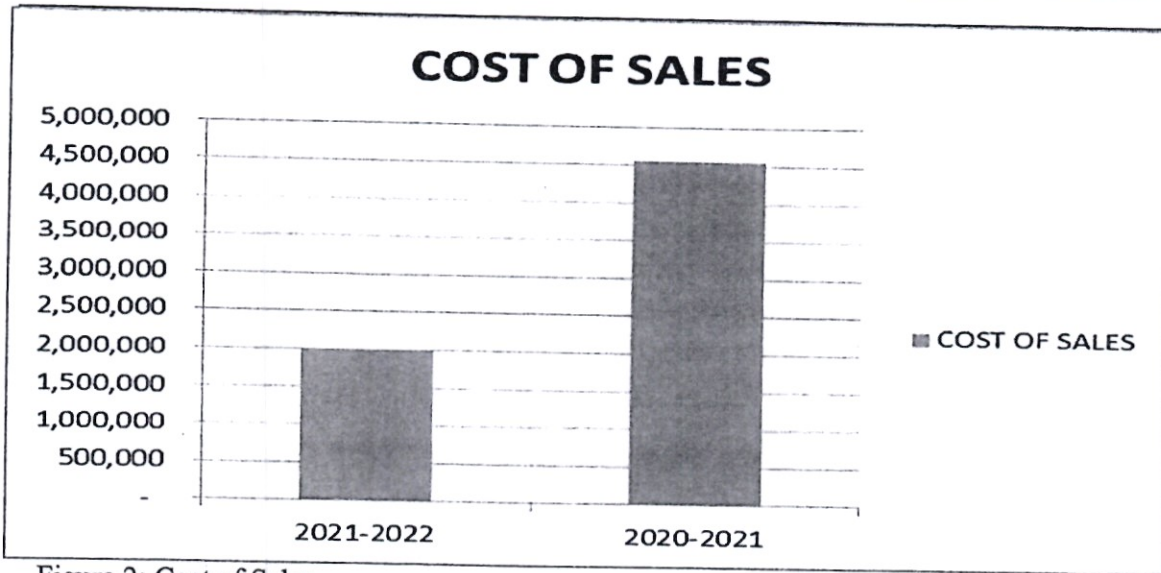
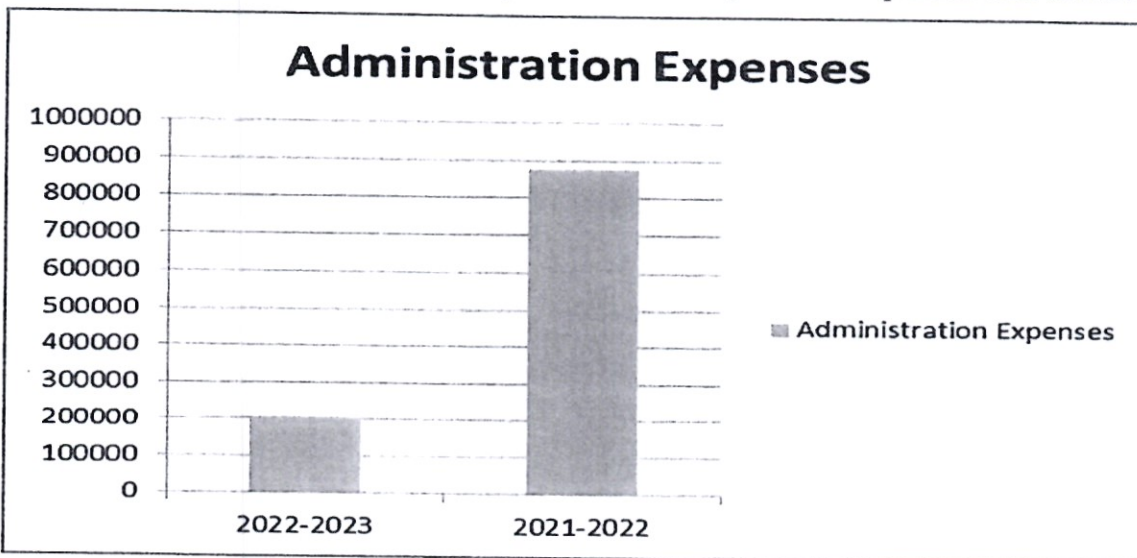


Figure 2: Cost of Sales

Administrative analysis

Analysis of company's administrative expenses for the two years in comparison were as follows:



An analysis of the same was as follows for the period 2020-2021 and 2021-2022; Analysis of company's administrative expenses for the two years in comparison were as follows:

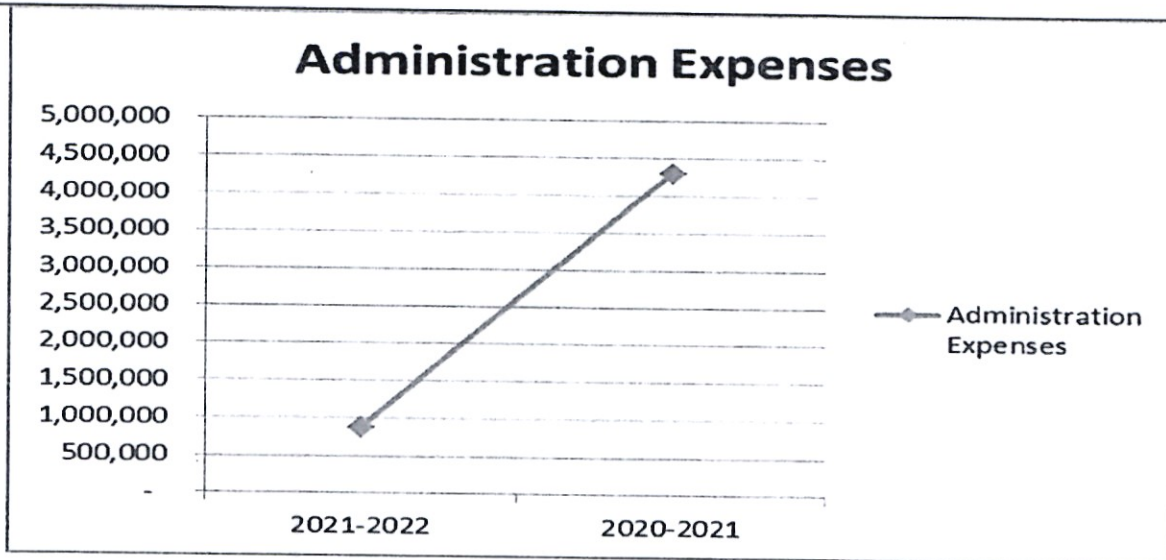
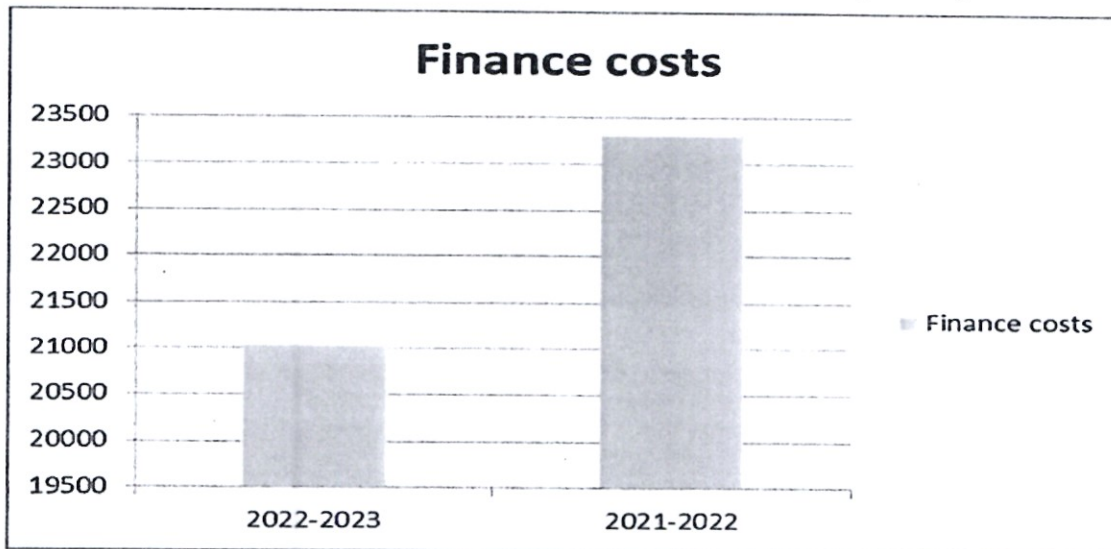


Figure 3: Administration analysis

Finance cost

The finance cost for the financial year 2022-2023 decreased compared to the precedent financial year 2021-2022 i.e. ksh.0.023m to 0.021m respectively. This can be depicted by the following chart:



An analysis of the same was as follows for the period 2020-2021 and 2021-2022; The finance cost for the financial year 2021-2022 decreased compared to the precedent financial year 2020-2021 i.e. ksh.0.02m to 0.04m respectively. This can be depicted by the following chart:

JKUAT NOODLES LIMITED

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

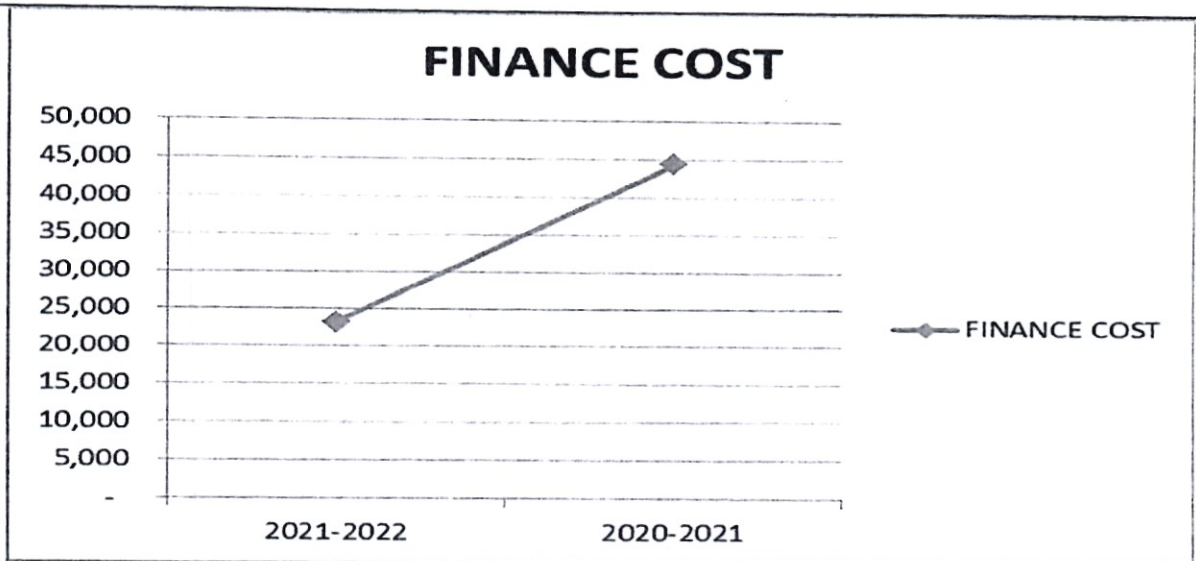
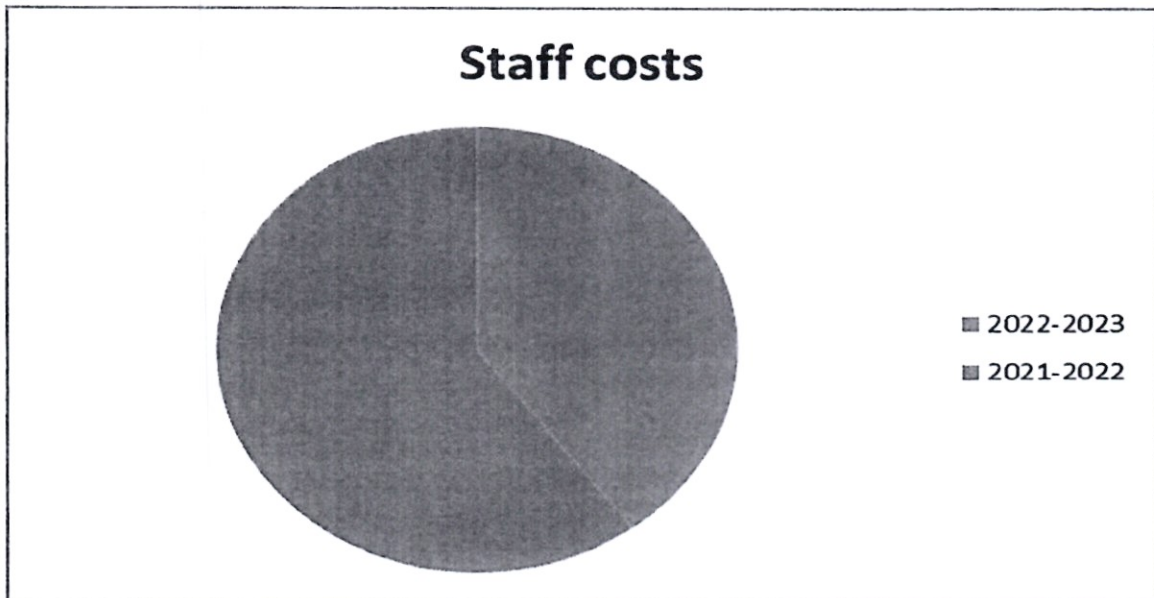


Figure 4: Finance Cost

STAFF COSTS

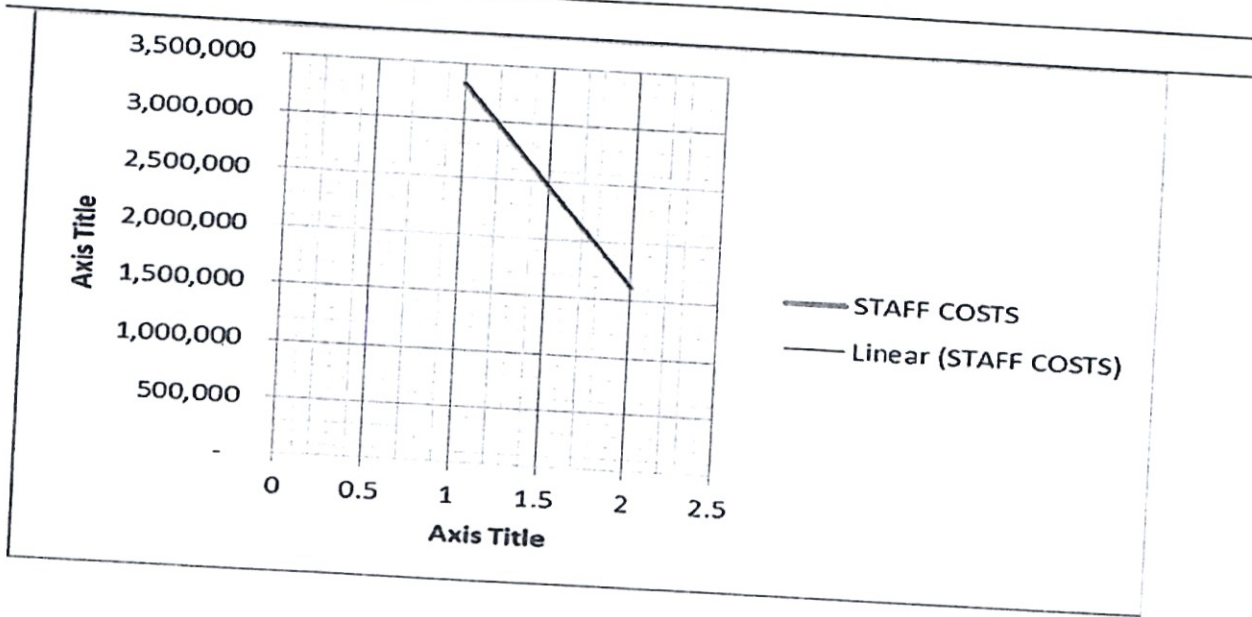
Staff costs for the two years can be represented as below



An analysis of the same was as follows for the period 2020-2021 and 2021-2022; Staff costs for the two years can be represented as below

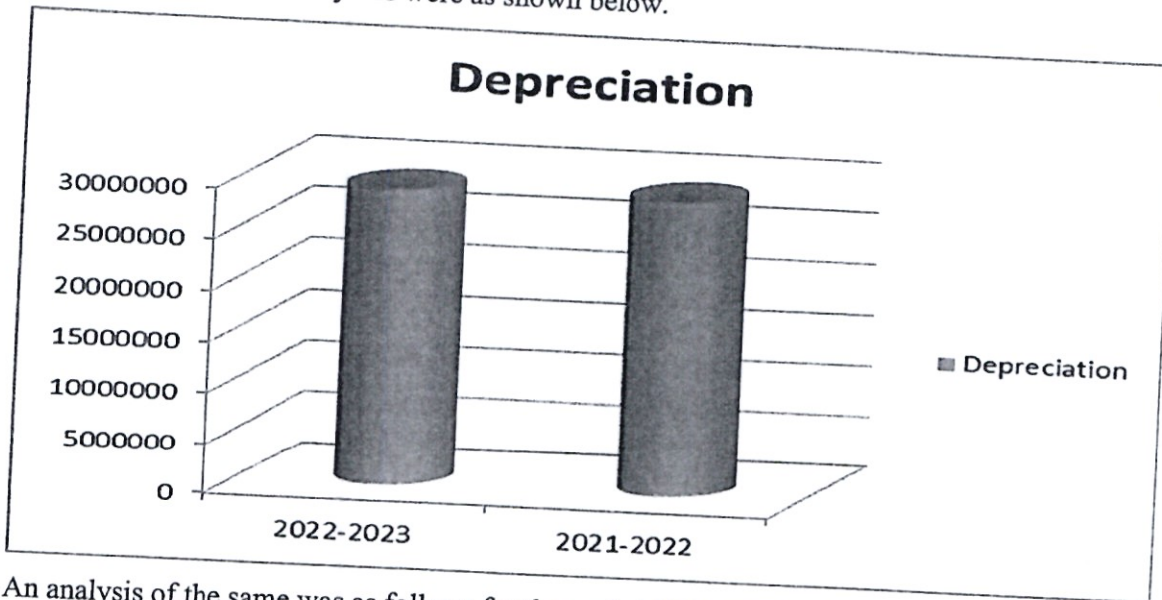
JKUAT NOODLES LIMITED

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**



DEPRECIATION

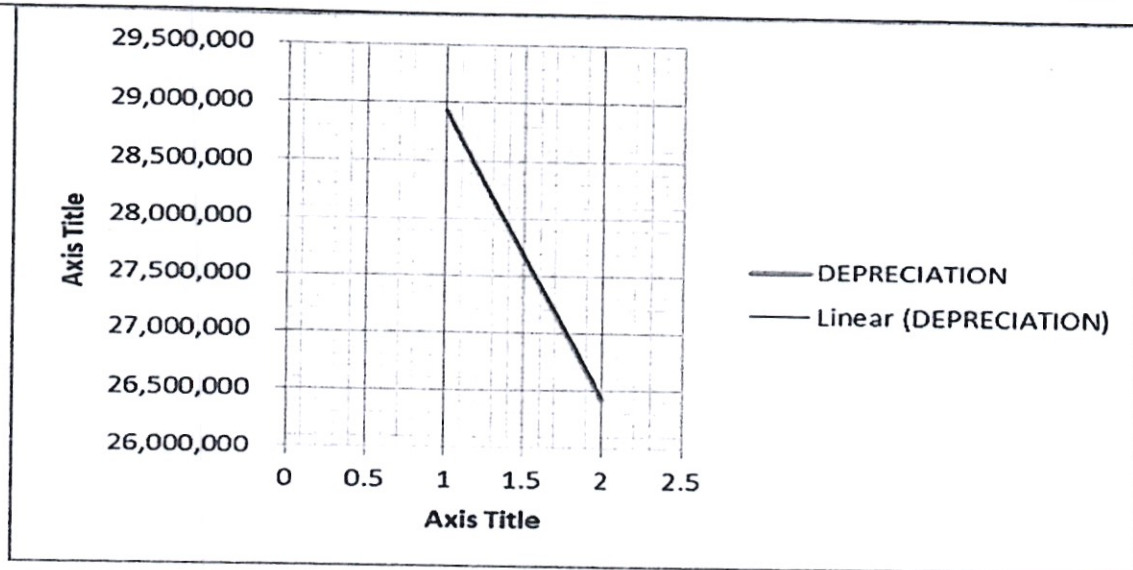
Depreciation for the two years were as shown below.



An analysis of the same was as follows for the period 2020-2021 and 2021-2022; Depreciation for the two years were as shown below.

JKUAT NOODLES LIMITED

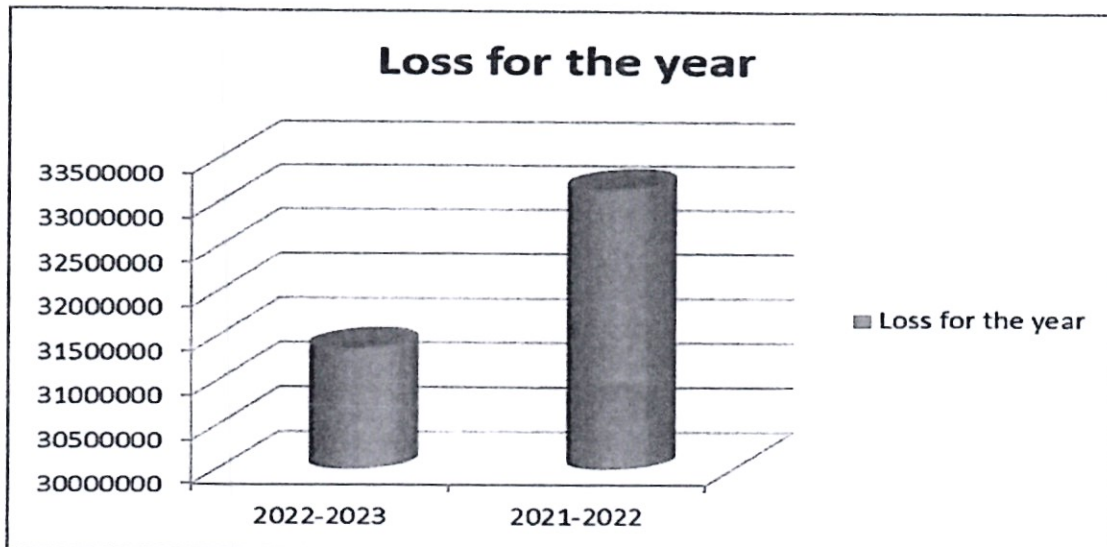
**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**



The performance results for the years measured in terms of profitability were as follows:

	2022/2023	2021/2022	2020/2021
	Ksh	Ksh	Khs
Loss for the year	(31.4m)	(33m)	(37m)

This can be summarized in the chart below:



JKUAT NOODLES LIMITED

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

An analysis of the same was as follows for the period 2020-2021 and 2021-2022; This can be summarized in the chart below:

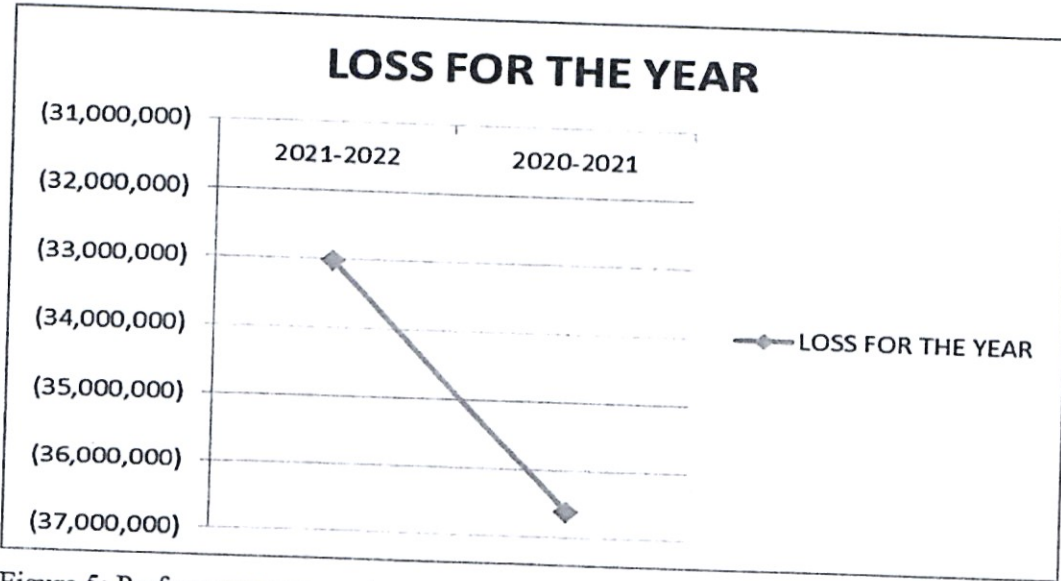
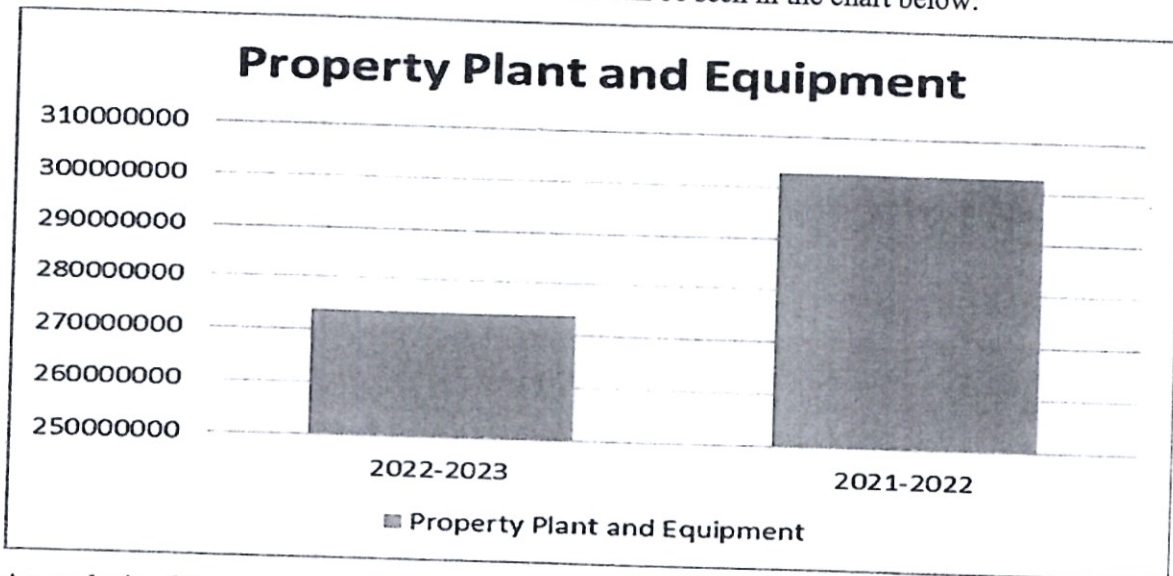


Figure 5: Performance comparison

Investment activities

JKUAT Noodles Limited Property, Plant and Equipment in the year under consideration went down due to higher depreciation than investment. This can be seen in the chart below:



An analysis of the same was as follows for the period 2020-2021 and 2021-2022; JKUAT Noodles Limited Property, Plant and Equipment in the year under consideration went down due to higher depreciation than investment. This can be seen in the chart below:

JKUAT NOODLES LIMITED

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

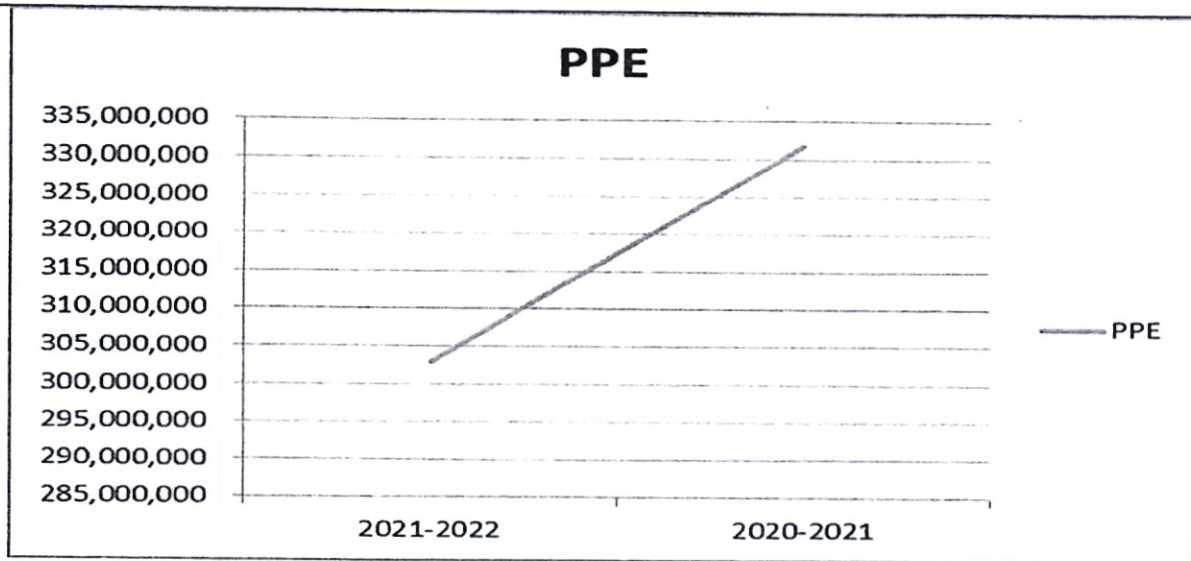
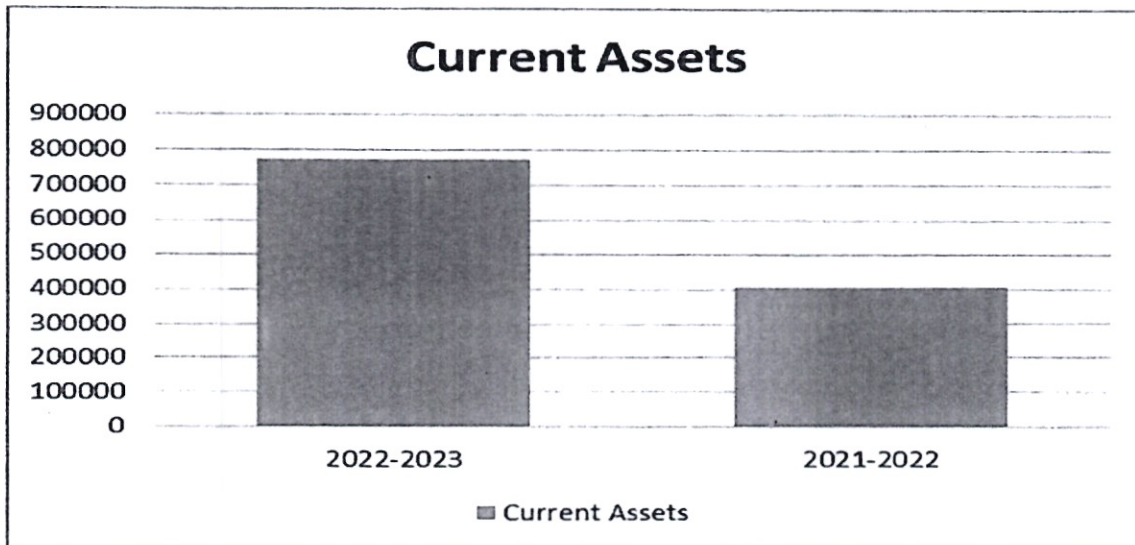


Figure 6: Property, Plant and Equipment

Current Assets

Current assets increased from kshs.0.04m to kshs. 0.77m in the financial year 2021-2022 and 2022-2023 respectively. This was as shown below:



An analysis of the same was as follows for the period 2020-2021 and 2021-2022; Current assets reduced from kshs.1.9m to kshs. 0.4m in the financial year 2020-2021 and 2021-2022 respectively. This was as shown below:

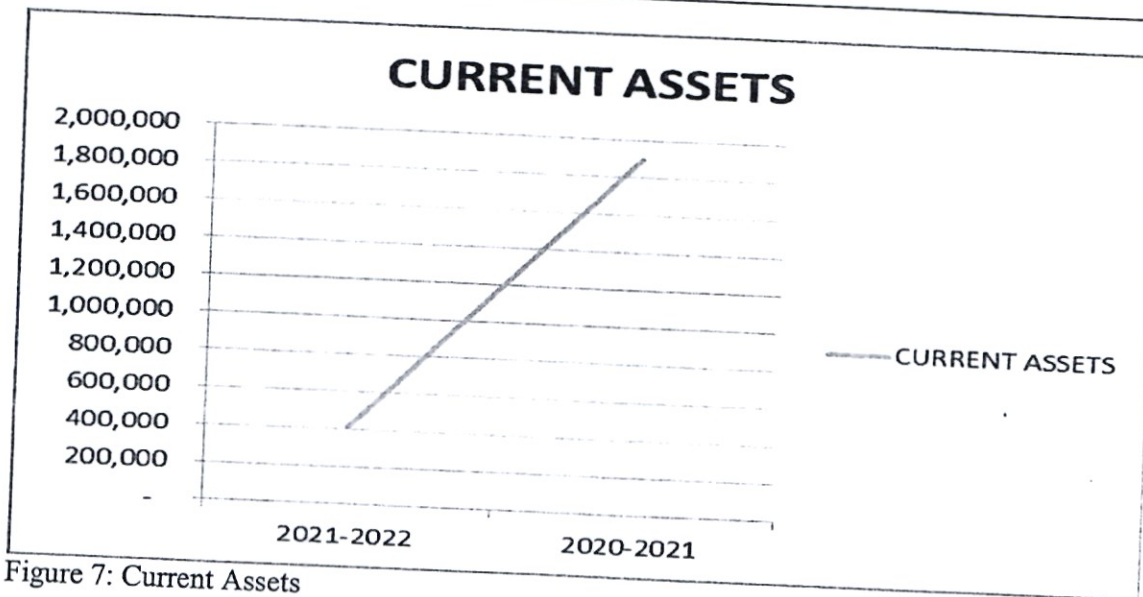
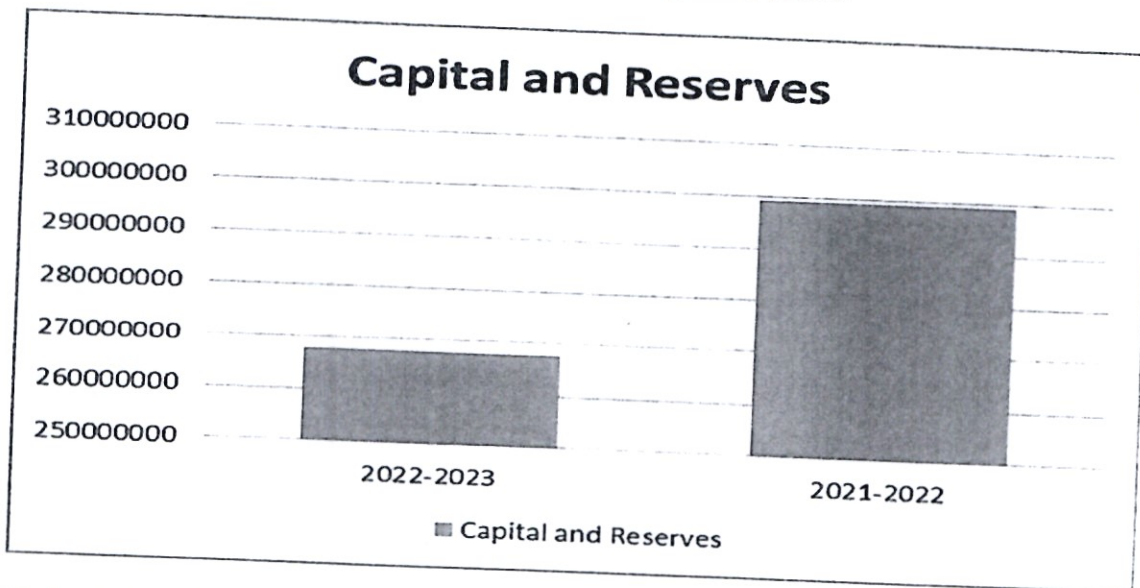


Figure 7: Current Assets

Capital and reserves

Capital and reserves reduced from 299m to 267.8m in the financial year 2021/2022 to 2022/2023 respectively. Their status can be represented as in the picture below:



An analysis of the same was as follows for the period 2020-2021 and 2021-2022; Capital and reserves reduced from 332m to 299m in the financial year 2020/2021 to 2021/2022 respectively. Their status can be represented as in the picture below:

JKUAT NOODLES LIMITED

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

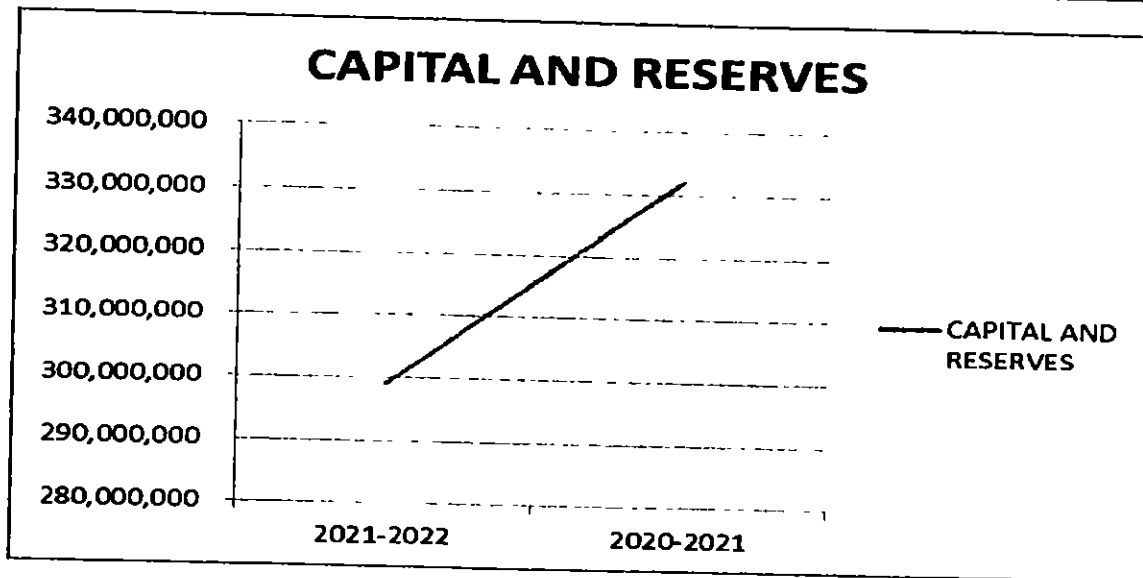
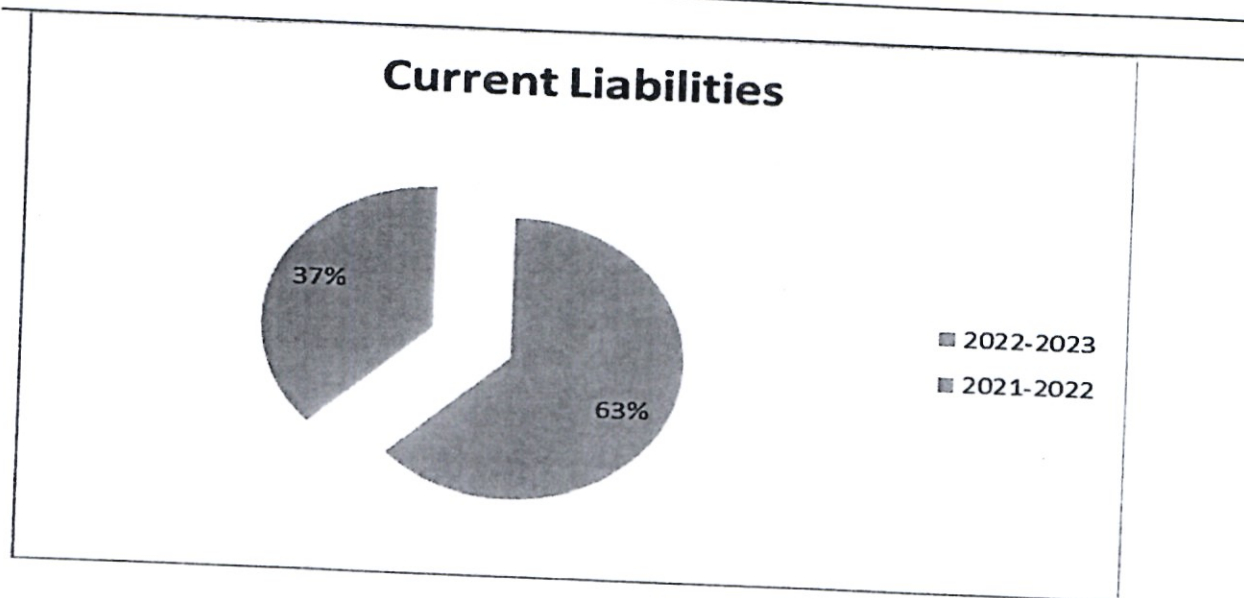


Figure 8: Capital and Reserves

Current Liabilities

Current liabilities grew from Kshs.4.2m from Kshs. 7m. This was as represented in the chart below:



An analysis of the same was as follows for the period 2020-2021 and 2021-2022; Current liabilities grew to Kshs.4.2m from Kshs. 1.6m. This was as represented in the chart below:

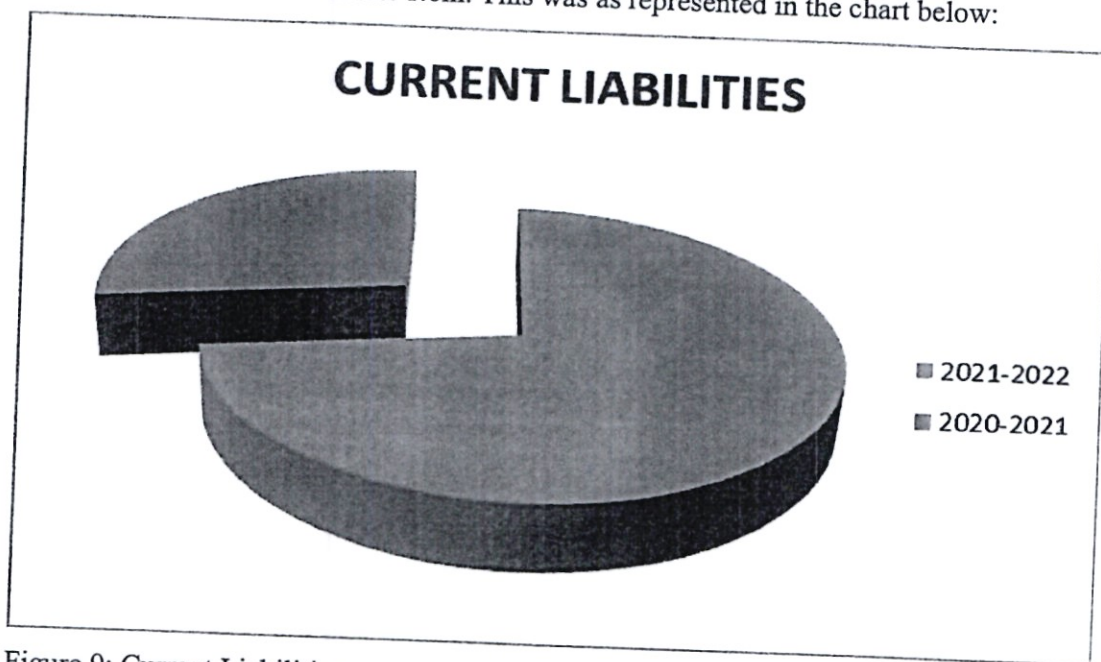


Figure 9: Current Liabilities

JKUAT NOODLES LIMITED

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

COMPLIANCE WITH STATUTORY REQUIREMENTS

The company has fully complied with all statutory requirements.

MAJOR RISKS FACING THE ORGANIZATION

(i) Credit risk

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

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment.

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

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

ii) Liquidity risk management

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

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

Market risk is the risk arising from changes in market prices, such as interest rate, 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. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

JKUAT NOODLES LIMITED

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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

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

a) Foreign currency risk

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

b) Foreign currency sensitivity analysis

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

c) Interest rate risk

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. This exposes the company to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the company's deposits.

MATERIAL ARREARS IN STATUTORY AND OTHER FINANCIAL OBLIGATIONS

The company reports on accrual basis and the only pending bills as at 30th June 2023 were statutory bills for June 2023 which were cleared in July 2023. Therefore the company does not have material arrears in statutory and other financial obligations

REVIEW OF THE ECONOMY

The company sole activity is production, marketing and selling of Noodles. Though this sector of economy is proving challenging, the company is tirelessly exploring other options it can diversify its investments.

JKUAT NOODLES LIMITED

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

REVIEW OF THE SECTOR

The company sole activity is production, marketing and selling of Noodles. Though this sector of economy is proving challenging, the company is tirelessly exploring other options it can diversify its investments.

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

JKUAT Noodles Limited recognizes the importance of its role in commercialising the Yummy brand of noodles. The company has spent the last two years developing noodle and seasoning formulas, and there are currently thirty-one (31) noodle and five (5) seasoning formulations available. Below is an outline of the organisation's policies and activities that promote sustainability.

***i)* Sustainability strategy and profile -**

The top management in the company spearheads research and development of wholesome products using materials sourced from local sources. They also research and develop markets both within our borders and beyond. They study macroeconomic trends both domestic and internationally and strategize accordingly. They also make sure that the company is compliant with all required standards and strive to conform to best practices. Key achievements include developing and launching three formulations, testing them and launching them into the local market.

***ii)* Environmental performance**

Sustainability is a key driver in our activities. JKUAT Noodles is committed to protecting the environment, complying with relevant legislation and government policy commitments. In the previous fiscal year, the institution conducted a boiler unit conversion from using diesel to using furnace oil. This has halved our fuel costs and increased the efficiency of the plant.

***iii)* Employee welfare**

JKUAT Noodles Limited is committed to equal employment opportunity to all people regardless of race, religion, ethnic or national origin, age, disability, sexual orientation, gender identity or on any other basis.

***iv)* Marketplace practices**

a) Responsible competition practice.

JKUAT NOODLES LIMITED

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

The institution does not employ predatory or other methods to limit or restrict production, market outlets or market access, investment, distribution, technical development, or technological growth.

The organisation ensures that it does not, either directly or indirectly, impose unreasonable purchase or sale pricing or other unfair business circumstances.

b) Responsible Supply chain and supplier relations

JKUAT Noodles Limited is dedicated to enabling and ensuring the execution of an effective and efficient public procurement and asset disposal system that surpasses our customers' and stakeholders' expectations.

The organisation is completely in accordance with the law and the procurement procedures outlined in the article 227 of Kenya's 2010 constitution.

c) Responsible marketing and advertising

Over the years, JKUAT Noodles Limited has implemented customer-centric marketing strategies to ensure that it meets the needs of its customers. All product and service marketing activities and messaging are honest and not deceptive. The data and privacy of its clients are important to the institution. It stays up to date on changing data regulations and compliance rules in order to personalise the customer experience.

d) Product stewardship

We provide information on every stage of a product's life cycle, including ingredients, for all of our Yummy Noodles variations . It appears on product packaging and to demonstrate that the ingredients are safe for humans and the environment.

JKUAT NOODLES LIMITED

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

11. CORPORATE SOCIAL RESPONSIBILITY / COMMUNITY ENGAGEMENTS

There were no Corporate Social Responsibility / Community Engagements during the year under audit

JKUAT NOODLES LIMITED

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

12. REPORT OF THE DIRECTORS

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

Principle Activities

The principle activity of JKUAT Noodles Limited is to product noodles.

Financial results

The results of JKUAT Noodles Limited for the year ended June 30, 2023 are set out on page 1-19 Below is summary of the loss made during the year.

	2022/2023	2021/2022
	Ksh	Ksh
Loss for the year	(31.4M)	(33M)
Tax Charge	-	-
Net loss for the year	(31.4M)	(33M)

Directors

The members of the Board of directors who served during the year are shown on page ii.

Auditors

The Auditor General is responsible for the statutory audit of JKUAT Noodles Limited in accordance with the provision of Articles 229 of the Constitution and Public Audit Act, 2015.

By Order of the Board



Managing Director

Date: 05/02/2024

JKUAT NOODLES LIMITED

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

13. STATEMENT OF DIRECTORS RESPONSIBILITIES

The JKUAT Noodles board is required to prepare statements, which give a true and fair view of the state of affairs of JKUAT Noodles Limited at the end of financial year and the results of the operations for the year. The board is required to ensure that JKUAT Noodles Limited keeps proper accounting records, which disclose with reasonable accuracy the financial position of JKUAT Noodles Limited. They are responsible for safeguarding the assets of JKUAT Noodles Limited. JKUAT Noodles Limited 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. JKUAT Noodles Limited board is of the opinion that the Financial Statements give a true and fair view of the state of financial affairs of JKUAT Noodles Limited as at 30 June 2023 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 Noodles board to indicate that JKUAT Noodles 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 Noodles Limited financial statements were approved by JKUAT Noodles Limited Board and signed on its behalf by:



MR. ERASTUS MVURIA
MANAGING DIRECTOR



CS HASSAN ABDI MOHAMUD
CHAIRMAN

REPUBLIC OF KENYA

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



Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY NOODLES 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

Opinion

I have audited the accompanying financial statements of Jomo Kenyatta University of Agriculture and Technology Noodles Limited set out on pages 1 to 24, which comprise of

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

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 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, the financial statements present fairly, in all material respects, the financial position of the Jomo Kenyatta University of Agriculture and Technology Noodles 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 and comply with the Public Finance Management Act, 2012, and the Companies Act, 2015.

Basis for Opinion

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 Noodles 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 opinion.

Emphasis of Matter

1. Undisclosed Material Uncertainty in Relation to Going Concern

The statement of profit or loss and other comprehensive income reflects a deficit of Kshs.31,442,863 as compared to the previous year amount of Kshs.33,031,408 which led to an increase in the accumulated deficit from Kshs.81,838,238 in the previous year to Kshs.113,281,101 as at 30 June, 2023. Further, the statement of financial position reflects total current assets balance of Kshs.755,007 against total current liabilities balance of Kshs.7,037,744 resulting in a negative working capital of Kshs.6,282,737. The calculated current ratio of 0.11 is far below 1.00 which indicates that the Company may not be able to settle its debt obligations when they fall due.

This material uncertainty which casts significant doubt on the Company's ability to continue to operate as a going concern has not been disclosed in the financial statements. Further, no statistical assurance has been provided to confirm that the Company will increase its operations and break even and move to profitability in the foreseeable future.

2. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final income budget and actual amount on comparable basis amounting to Kshs.51,600,000 and Kshs.599,030 respectively resulting in under-collection of revenue amounting to Kshs.51,000,970 or 99% of the budget. Similarly, the statement reflects final expenditure

budget and actual amount on comparable basis totalling Kshs.47,413,983 and Kshs.31,386,428 respectively resulting in an under performance amounting to Kshs.16,027,555 or 34% of the budget. The under collection and under expenditure affected the planned activities and may have negatively impacted on service delivery to the public.

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 Audit Matters

In the audit report of the previous year, several unsatisfactory matters were raised in regard to balances reflected in the Financial Statements and Lawfulness and Effectiveness in Use of Public Resources. However, Management has not resolved all the prior year matters as described 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, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Non-Compliance on Cash and Bank Management

The statement of financial position reflects cash and bank balances amounting to Kshs.495,199 and as disclosed in Note 9 to the financial statements. However, Management did not submit bank reconciliation statements for eleven (11) months for the year under review 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.

2. Idle Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.274,030,510. Review of the valuation report dated 28 August, 2020 showed that the

Company owned property, plant and equipment valued at Kshs.358,000,000. However, physical verification carried out on 24 November, 2023 revealed that the Company had discontinued operations since no production was ongoing and the assets were not in use. It was further observed that the Company's three (3 No) motor vehicles valued at Kshs.3,000,000 were grounded and not insured.

Further, the Company remained dormant and could not produce the estimated 72,000 packets in an 8-hour shift or 165 packets of 70g per minute. As a result, the objectives of producing nutritious and wholesome products, increased brand awareness and development of variations of new and unique noodle formulations were not achieved.

In the circumstances, value for money could not be derived from idle property, plant and equipment with a net book value of Kshs.274,030,510.

3. Non-Disclosure in the Fixed Assets Register

Review of the fixed assets register provided revealed that information on the expected useful life of the assets, depreciation rate and charge for the year, accumulated depreciation to date and net book value of individual assets were not reflected in the register contrary to Chapter 6.2 of the Company's Financial Regulations which requires the fixed assets register to reflect among others, the expected asset useful lifetime, depreciation rate and charge for the year, accumulated depreciation to date, and net book value (NBV).

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

4. Failure to Prepare and Implement Board Charter

Available information 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 provides for the same to be provided.

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, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standard requires 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 Kenyan Companies Act, 2015, I report based on the 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 my audit;
- (ii) In my opinion, adequate accounting records have been kept by the Company, so far as appears from the examination of those records; and
- (iii) The Company's financial statements are in agreement with accounting records and returns.

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 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 going concern 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 money is 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 control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the 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 applicable 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 Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and 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

26 March, 2024

JKUAT NOODLES LIMITED

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

**15. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR
THE YEAR ENDED 30 JUNE 2023**

	NOTES	<u>2022-2023</u>	<u>2021-2022</u>
		<u>Kshs.</u>	<u>Kshs.</u>
INCOME			
Revenue	1	599,030	2,133,206
TOTAL INCOME			
COST OF GOOD SOLD			
Cost of Sales	2	655,465	2,007,901
TOTAL COGS			
GROSS PROFIT		(56,435)	125,304
OVERHEADS			
Administration Expenses	3	206,760	876,870
Finance costs	4	45,975	23,306
Staff costs	5	2,200,764	3,323,606
Depreciation	6	28,932,930	28,932,930
TOTAL OVERHEAD		31,386,428	33,156,712
Loss for the year		(31,442,863)	(33,031,408)

JKUAT NOODLES LIMITED

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

16. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

ASSETS	NOTES	2022-2023	2021-2022
<u>Non-Current Assets</u>			
Property Plant and Equipment	7	274,030,510	302,963,440
<u>Current Assets</u>			
Trade and Other Receivables	8	259,809	348,615
Cash and Bank Balances	9	495,199	59,683
Total Current Assets		755,007	408,298
TOTAL ASSETS		274,785,518	303,371,738
<u>EQUITY AND LIABILITIES</u>			
<u>Capital and Reserves</u>			
Revenue Reserves	10	(81,838,238)	(48,806,830)
Owners Capital	10	381,028,875	381,028,875
Profit for the Year	10	(31,442,863)	(33,031,408)
Total Capital and reserves		267,747,774	299,190,637
<u>Current Liabilities</u>			
Trade and Other Payables	11	7,037,744	4,181,101
Total Current Liabilities		7,037,744	4,181,101
TOTAL EQUITY AND LIABILITIES		274,785,518	303,371,738



MR. ERASTUS MVURIA
MANAGING DIRECTOR



CPA. JOSEPH MACHARIA
FINANCE MANAGER ICPAK NO: 25735



CS HASSAN ABDI MOHAMUD
CHAIRMAN

JKUAT NOODLES LIMITED

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

17. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

	Notes	Share Capital <u>Kshs</u>	Owner Capital <u>Kshs</u>	Revenue Reserve <u>Kshs</u>	Total <u>Kshs</u>
As at 1/07/2021	10	-	381,028,875	(48,806,830)	332,222,045
Surplus for the year	10	-	-	(33,031,408)	(33,031,408)
As at 30/6/2022		-	381,028,875	(81,838,238)	299,190,637
As at 1/07/2022	10	-	381,028,875	(81,838,238)	299,190,637
Surplus for the year	10	-	-	(31,442,863)	(31,442,863)
As at 30/6/2023		-	381,028,875	(113,281,101)	267,747,774

JKUAT NOODLES LIMITED

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

18. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

		<u>2022-2023</u>	<u>2021-2022</u>
Net Cashflow from operating activities	12	435,516	(7,827)
Net changes in cash and cash equivalents		<u>435,516</u>	<u>(7,827)</u>
Cash and Cash Equivalents at the beginning of the year	9	59,683	67,510
Cash and Cash Equivalents at the end of the year		<u>495,199</u>	<u>59,683</u>

JKUAT NOODLES LIMITED

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

19. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2023

	Original budget	Adjustments	Final budget	Actuals on Comparable basis	Performance difference	% of utilisation
	Jul '22-June 2023	Jul '22-June 2023	Jul '22-June 2023	Jul '22-June 2023	Jul '22-June 2023	Jul '22-June 2023
Income for the year	51,600,000	-	51,600,000	599,030	(51,000,970)	(0.99) a
	51,600,000	-	51,600,000	599,030	(51,000,970)	(0.99)
Cost of sales	36,000,000	-	36,000,000	655,465	35,344,535	0.98 b
	36,000,000	-	36,000,000	655,465	35,344,535	0.98
OVERHEADS						
Staff Costs	3,480,000	-	3,480,000	2,200,764	1,279,236	0.37 c
Directors fees	800,000	-	800,000	-	800,000	1.00 d
Administration expenses	3,600,000	-	3,600,000	206,760	3,393,240	0.94 e
Motor vehicle expenses	3,600,000	-	3,600,000	-	3,600,000	1.00 f
Factory insurance and valuation	1,628,173	-	1,628,173	-	1,628,173	1.00 g
Finance costs	4,962,360	-	4,962,360	45,975	4,916,385	0.99 h

JKUAT NOODLES LIMITED**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

Depreciation	1,123,450	-	1,123,450	28,932,930	(27,809,480)	(24.75)	i
Utilities and maintenance	2,400,000	-	2,400,000	-	2,400,000	1.00	j
Sales Promotion and Advertisement	25,820,000	-	25,820,000	-	25,820,000	1.00	k
	47,413,983	-	47,413,983	31,386,428	16,027,554		
NET LOSS	(31,813,983)	-	(31,813,983)	(31,442,863)			

JKUAT NOODLES LIMITED

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

EXPLANATION TO VARIANCES

- a) The factory is still doing test runs therefore hardly making sales.
- b) The cost from test runs is minimal compared to the budgeted costs
- c) JKUAT Noodles Limited did not employ workers as it had been anticipated to do. This was because there was no major activity during the year.
- d) Most of JKUAT Noodles agendas are discussed during JKUAT Noodles Limited board meeting hence little expenditure on Board allowances
- e) There was no major activity within the course of the year hence little administration expenses.
- f) This item was absorbed in the actual cost of production.
- g) This item was absorbed in the actual cost of production.
- h) Only a few transaction charges were incurred hence lower finance costs. This was mainly due to low operational activity.
- i) The number of machines being depreciated was higher than JKUAT Noodles Limited had anticipated. JKUAT Noodles Limited had anticipated incurring more cost on Property, plant and equipment.
- j) This was not charged
- k) There was no marketing within the year under audit.

JKUAT NOODLES LIMITED

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

20. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

JKUAT Noodles LTD is established by and derives its authority and accountability from Company's Act JKUAT Noodles LTD is wholly owned by JKUAT and is domiciled in Kenya. The Entity's principal activity is commercializing University innovations.

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 Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the JKUAT Noodles LTD 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 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of JKUAT Noodles LTD. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

There were no new and revised standards affecting the presentation of JKUATES financial report.

4. Summary of Significant Accounting Policies

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

a) Revenue recognition

Revenue is 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

JKUAT NOODLES LIMITED

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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

b) Property, plant and equipment

Property, plant 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	10%
Computers	33.3%
Office Equipment	10%
Plant and machinery	10%
Building	2.5%
Vehicle	25%

c) Inventory

The company stocks are valued at the lower of cost and net realizable value in accordance with IAS 2.

d) 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.

JKUAT NOODLES LIMITED

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

e) Taxation

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 JKUAT Noodles LTD 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. 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.

f) 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.

g) 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.

h) Exchange rate difference

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

i) Comparative figures

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

j) Subsequent events

JKUAT NOODLES LIMITED

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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.

k) Reporting Currency

Accounts have been reported in Kenya shillings

l) Number of employees

The number of employees as at 30/06/2023 was 4

m) Borrowing costs

IAS 23 Borrowing Costs requires that borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that necessarily takes a substantial period of time to get ready for its intended use or sale) are included in the cost of the asset. Other borrowing costs are recognized as an expense.

n) Related Parties

The company regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Authority, or vice versa. The company directors, the university, JKUATES and managing director are therefore treated as related parties to the company.

O) Budget information

The original budget for the Current FY was approved by the board on April 2023. There were no subsequent revisions or additional appropriations.

JKUAT Noodles LTD 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

JKUAT NOODLES LIMITED

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under page 5-7 of these financial statements.

q) Provisions

Provisions are recognized when JKUAT Noodles LTD has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where JKUAT Noodles LTD expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

r) Changes in accounting policies and estimates

The Entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

s) Retirement benefit plans

JKUAT Noodles LTD provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Entity pays fixed contributions into a separate Entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of JKUAT Noodles LTD financial statements in conformity with IPSAS 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

JKUAT NOODLES LIMITED

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

that require a material adjustment to the carrying amount of the asset or liability affected in future periods. State all judgements, estimates and assumptions made:

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 consolidated 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. IPSAS 1.140

Useful lives and residual value

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

- a) The condition of the asset based on the assessment of experts employed by the Entity.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40. 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.

1. Retirement Benefit Obligations

The company 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.

Description	Defined benefit plan	Post-employment medical benefits	Other Benefits	Insert Current 2022/2023	Insert Comparative 2021/2022
-------------	----------------------	----------------------------------	----------------	--------------------------	------------------------------

JKUAT NOODLES LIMITED

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

	Kshs	Kshs	Kshs	Kshs	Kshs
Current benefit obligation- NSSF				8,640	1,600
Total employee benefits obligation				8,640	1,600

JKUAT NOODLES LIMITED

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

21. NOTES TO FINANCIAL STATEMENTS CONT'

1	INCOME	2022-2023	2021-2022
		Kshs	Kshs
	Interest Income	-	-
	Rent Income	280,000	-
	Sale of Noodles	319,030	2,133,206
	Total Income	599,030	2,133,206
2	COST OF SALE		
	Production Materials	200,825	1,476,200
	Gas	-	79,100
	Labour	454,640	452,601
	Diesel Oil	-	-
	TOTAL COST OF SALE	655,465	2,007,901
3	ADMINISTRATION COST		
	Repairs	-	58,900
	Cleaning	41,760	78,360
	Electricity	-	490,089
	Insurance	65,000	148,321
	Travel And Subsistence	-	1,200
	Audit Fee	100,000	100,000
		206,760	876,870
4	FINANCE COSTS		
	Bank Charges	45,975	23,306
		45,975	23,306
5	STAFF COSTS		
	Net pay	1,515,736	2,593,405
	NHIF	27,600	48,900
	NSSF	23,680	17,200
	PAYE	439,271	655,501
	Staff other deductions	194,477	8,600
		2,200,764	3,323,606
6	DEPRECIATION		
	Building	2,500,000	2,500,000
	Furniture	100,000	100,000
	Equipment	232,930	232,930
	plant	25,100,000	25,100,000
	vehicle	1,000,000	1,000,000
		28,932,930	28,932,930

JKUAT NOODLES LIMITED

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

JKUAT NOODLES LIMITED

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

ASSET MOVEMENT SCHEDULE

7 PROPERTY PLANT & EQUIPMENT

SCHEDULE	2.50%	33.33%	10.00%	10.00%	10.00%	25.00%	TOTAL KSHS
	<u>BUILDINGS</u>	<u>COMPUTERS</u> KSHS	<u>FURNITURES</u> KSHS	<u>OFFICE</u> <u>EQUIPMENTS</u> KSHS	<u>PLANT &</u> <u>MACHINERY</u> KSHS	<u>VEHICLES</u>	
COST							
As at 01-07-2021	100,000,000	-	1,000,000	2,329,300	251,000,000	4,000,000	358,329,300
Addition in the year	-	-	-	-	-	-	-
As at 30th June 2022	100,000,000	-	1,000,000	2,329,300	251,000,000	4,000,000	358,329,300
DEPRECIATION							
As at 01-07-2021	-	-	100,000	232,930	25,100,000	1,000,000	26,432,930
Charge for the year	2,500,000	-	100,000	232,930	25,100,000	1,000,000	28,932,930
As at 30th June 2022	2,500,000	-	200,000	465,860	50,200,000	2,000,000	55,365,860
NET BOOK VALUE-							
As at 30th June 2022	97,500,000	-	800,000	1,863,440	200,800,000	2,000,000	302,963,440
COST							
As at 01-07-2022	100,000,000	-	1,000,000	2,329,300	251,000,000	4,000,000	358,329,300
Addition in the year	-	-	-	-	-	-	-
As at 30th June 2023	100,000,000	-	1,000,000	2,329,300	251,000,000	4,000,000	358,329,300
DEPRECIATION							
As at 01-07-2022	2,500,000	-	200,000	465,860	50,200,000	2,000,000	55,365,860
Charge for the year	2,500,000	-	100,000	232,930	25,100,000	1,000,000	28,932,930
As at 30th June 2023	5,000,000	-	300,000	698,790	75,300,000	3,000,000	84,298,790
NET BOOK VALUE-							
As at 30th June 2023	95,000,000	-	700,000	1,630,510	175,700,000	1,000,000	274,030,510
NET BOOK VALUE-							
As at 30th June 2022	97,500,000	-	800,000	1,863,440	200,800,000	2,000,000	302,963,440

JKUAT NOODLES LIMITED

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

8	TRADE AND OTHER RECEIVABLES	2022-2023	2021-2022
	Trade and other Receivables	18,390	18,390
	Stock	-	-
	VAT Claimable	241,419	330,225
	Total Trade and other Receivables	259,809	348,615
9	CASH & BANK BALANCES		
	Stan Chart Ac 010202805610	2,895	17,173
	Dollar Ac 8702028056100	-	24,946
	Fixed Dep A/C -0152528056	6,779	6,779
	Dollar Ac II 8752528056100	10,785	10,785
	KCB Current Account	474,740	-
	Total Cash & Bank Balances	495,199	59,683
10	Capital and Reserves		
	Revenue Reserves	(81,838,238)	(48,806,830)
	Owners Capital	381,028,875	381,028,875
	Profit for the Year	(31,442,863)	(33,031,408)
	Total Capital and reserves	267,747,774	299,190,637
11	TRADE AND OTHER PAYABLES		
	Trade Payables	1,733,114	2,283,114
	JKUATES	4,730,286	1,303,186
	Provision for Audit Fee	500,000	400,000
	Net salary control	-	137,032
	NHIF control	3,500	3,300
	NSSF control	8,640	1,600
	PAYE control	30,804	31,069
	Staff welfare	31,400	21,800
	TOTAL TRADE AND OTHER PAYABLES	7,037,744	4,181,101

12 CASHFLOW FROM OPERATING ACTIVITIES	NOTE	2023-2022	2021-2022
		Kshs.	Kshs.
Net Loss before tax for the Year		(31,442,863)	(33,031,408)
Adjustment for the year			
Depreciation	6	28,932,930	28,932,930
		(2,509,933)	(4,098,478)
Changes in working capital			
Decrease in Trade and Other Receivables	8	88,806	1,487,554

JKUAT NOODLES LIMITED

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Increase in Trade and Other Payables	11	2,856,644	2,603,097
Net Cashflow from operating activities		435,516	(7,827)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

22. GOING CONCERN CONCEPT

During the year JKUAT Noodles Limited registered a net loss of Ksh 31.4m. JKUAT Noodles Limited is in pursuit of funding to help build on proper working capital. JKUAT Noodles Limited is also exploring other business models to diversify its business. This will enable full production capacity.

23. FINANCIAL RISK MANAGEMENT

JKUAT Noodles Limited activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. JKUAT Noodles Limited 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. JKUAT Noodles Limited does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

JKUAT Noodles Limited financial risk management objectives and policies are detailed below:

(i) Credit risk

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

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment.

The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by JKUAT Noodles Limited 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 JKUAT Noodles Limited maximum exposure to credit risk

The customers under the fully performing category are paying their debts as they continue trading.

The credit risk associated with these receivables is minimal and the allowance for uncollectible

JKUAT NOODLES LIMITED

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

amounts that JKUAT Noodles Limited has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2023				
Receivables from exchange transactions	259,809	259,809	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	495,199	495,199	-	-
Total	755,008	755,008	-	-
At 30 June 2022				
Receivables from exchange transactions	348,615	348,615	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	59,683	59,683	-	-
Total	408,298	408,298	-	-

ii) Liquidity risk management

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	
At 30 June 2023				

JKUAT NOODLES LIMITED**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

Trade payables	-	1,733,114	-	1,733,114
Provisions	-	-	-	-
Employee benefit obligation	-	8,640	-	8,640
Total	-	1,741,754	-	1,741,754
At 30 June 2022				
Trade payables	-	2,283,114	-	2,283,114
Provisions	-	-	-	-
Employee benefit obligation	-	1,600	-	1,600
Total	-	2,284,714	-	2,284,714

(iii) Market risk

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

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

JKUAT NOODLES LIMITED

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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

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

d) Foreign currency risk

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

e) Foreign currency sensitivity analysis

The following table demonstrates the effect on JKUAT Noodles Limited statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant.

f) Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

JKUAT NOODLES LIMITED

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

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

JKUAT NOODLES LIMITED

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

21. APPENDICES

APPENDIX I: Implementation status of auditor-general's recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Inaccuracies in the Financial Statements	Implemented in this financial year 2022/2023 report	Mr. Erastus Mvuria	resolved	
2	Budgetary Control and Performance	Implemented in this financial year 2022/2023 report	Mr. Erastus Mvuria	resolved	
3	Errors on Presentation of Financial Statements	Implemented in this financial year 2022/2023 report	Mr. Erastus Mvuria	resolved	
4	Non-Compliance on Cash and Bank Management	Implemented in this financial year 2022/2023 report	Mr. Erastus Mvuria	resolved	
5	Idle Property, Plant and Equipment	Implemented in this financial year 2022/2023 report	Mr. Erastus Mvuria	Not Resolved	30/06/2025

Sign.  Date. 05/02/2024

Mr. Erastus Mvuria
Managing Director

JKUAT NOODLES LIMITED

**ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

APPENDIX II: PROJECTS IMPLEMENTED BY JKUAT NOODLES LIMITED

Projects

Projects were no projects implemented by JKUAT Noodles Limited during the year under audit.