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KENYA INDUSTRIAL RESEARCH AND DEVELOPMENT INSTITUTE

Auditor's Report and Financial Statements for the year (2002 – 2003)

KENYA NATIONAL ASSEMBLY
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REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE
FINANCIAL STATEMENTS OF KENYA INDUSTRIAL RESEARCH AND
DEVELOPMENT INSTITUTE FOR THE YEAR ENDED 30 JUNE 2002.



KENYA NATIONAL AUDIT OFFICE

CONTROLLER AND AUDITOR GENERALS REPORT ON THE FINANCIAL STATEMENTS OF KENYA INDUSTRIAL RESEARCH AND DEVELOPMENT INSTITUTE FOR THE YEAR ENDED 30 JUNE 2003

I have audited the financial statement of Kenya Industrial Research and Development Institute for the year ended 30 2003 in accordance with section 29 of the Exchequer and Audit Act, Cap 412. I have obtained all the information and explanations which to the best of my knowledge and belief was necessary for the purpose of the audit. Proper books of account have been kept and the financial statements are in agreement therewith.

Respective Responsibilities of Directors and Auditors

The directors are responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the Institute and its operating results. My responsibility is to express an independent opinion on the financial statements based on my audit.

Basis of Opinion

The audit was conducted in accordance with International Standards on Auditing. Those standards require that the audit be planned and performed with a view to obtaining reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. I believe that my audit provides a reasonable basis for my opinion.

Qualification Comments

1. Prior Year Adjustment

Included in cumulative deficit of KShs 65,706,300.15 as at 30 June 2003 is a debit of KShs 2,259,508.90 described as prior year adjustment but which has not been explained and/or documents produced for its verification. Under these circumstances it has not been possible to confirm the accuracy of the reported deficit as at 30 June 2003.

2. **Fixed Assets**

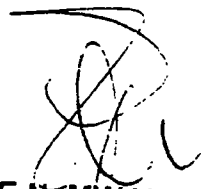
Fixed Assets figure of KShs 242,931,604 as at 30 June 2003 includes land value of KShs 26,865,000 of which a sum of KShs 1,950,000 relates to a parcel of land LR NO.15292, Kibos Road – Kisumu whose title has not been obtained by the Institute. Consequently, in the absence of the title deed, it has not been possible to confirm the institute's ownership of the property.

3. **Debtors**

The debtors balance of KShs 8,392,470.55 includes balances brought forward from as far back as 1980/81 totalling KShs 4,036,530.95. These debtors have remained outstanding for periods in excess of twenty (20) years. It has not been possible to confirm whether these debtors are recoverable and if so, when the Institute would be able to recover the amounts. However no provision has been made in these financial statements relative to this uncertainty.

Opinion

In my opinion, except for the matters referred to above, the financial statements give a true and fair view of the Institute's financial position as at 30 June 2003 and of its operating results and cash flows for the year then ended and comply with the Science and Technology Act (Cap 250).



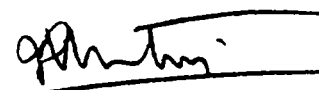
E.N. MWAI
CONTROLLER AND AUDITOR GENERAL


Nairobi

25 May 2005

KENYA INDUSTRIAL RESEARCH AND DEVELOPMENT INSTITUTE
BALANCE SHEET AS AT 30-6-2003

<u>Capital Employment</u>	<u>Note</u>	<u>2002/2003</u> <u>Ksh.</u>	<u>2001/2002</u> <u>Ksh.</u>
Fixed Assets	(2)	242,931,604.00	250,230,077.00
 <u>Current Assets</u>			
Debtors	(3)	8,392,470.55	8,057,287.00
Advances & Prepayments	(4)	14,829,948.00	13,389,499.85
Deposits	(5)	394,138.00	394,138.00
Investments	(6)	140,000.00	140,000.00
Cash & Bank Balance	(7)	31,284,626.55	39,755,885.00
Stock-(General)		1,713,369.00	1,994,180.00
Stock-(Loose tools)		54,370,716.00	60,634,353.00
		<u>111,125,268.10</u>	<u>124,365,342.85</u>
 <u>Current Liabilities</u>			
Pension dues			
Provision for Audit Fees		(17,300.00)	302,700.00
Provision for Doubtful Debts		1,094,089.05	1,094,089.05
Creditors	(8)	3,978,950.00	21,515,600.80
		<u>5,055,739.05</u>	<u>22,912,389.85</u>
Net Current Assets		106,069,529.05	101,452,953.00
Total Net Assets		<u>349,001,133.05</u>	<u>351,683,030.00</u>
 <u>Financed by:</u>			
Capital Grants		119,398,984.00	113,556,180.00
Capital Reserve		16,118,280.00	16,118,260.00
Project Grants	(9)	1,806,665.60	392,758.95
Special Reserves		140,000.00	140,000.00
Miscellaneous Deposit		6,349,879.60	2,791,593.00
Revaluation reserve		187,378,457.00	187,378,457.00
General Reserve		(65,706,300.15)	(52,209,405.95)
Donations		83,515,167.00	83,515,167.00
		<u>349,001,133.05</u>	<u>351,683,030.00</u>


DR. P. M. MUTURI 31/10/03.
DIRECTOR

 31/10/03
PROFESSOR R. MIBEY
CHAIRMAN

NOTES ON THE ACCOUNTS AS AT 30TH JUNE, 2003

1. Principle Accounting Policies

The Institute is a non-profit making body and the accounts are prepared on the basis of government accounting procedures as modified to include the revaluation of certain assets.

(a) Fixed Assets

The fixed assets are stated at cost or as revalued on existing use basis from when the Institute started self accounting i.e. 1st July, 1980.

(b) Depreciation

Provision is made for Depreciation on the straight line method designed to write off the original cost or valuation of fixed assets other than land, and work in progress over the actual or estimated life of the asset. A whole year's depreciation is charged on assets acquired nine months or more prior to the closure of the financial year and none to those acquired three months or less to the end of the financial year. The annual rate for this purpose are:-

1. Building.....	2%
2. Machines.....	12.5%
3. Motor Vehicles.....	25%
4. Office Furniture & Equipment.....	12.5%

(c) Income

The major source of income of this Institute are the grants from the Government and the nominal charges of analysis fees from industrial manufacturers and potential entrepreneurs who need laboratory reports on their products.

(d) Bad Debts

Bad debts are written-off after all efforts to collect them have been exhausted.

KENYA INDUSTRIAL RESEARCH AND DEVELOPMENT INSTITUTE (KIRDI)

FIXED ASSETS SCHEDULE 2002/2003

	LAND	WORK IN PROGRESS	BUILDING	MACHINERY & EQUIPMENT	MOTOR VEHICLES	FURNITURE & FITTINGS	TOTAL
	SHS	SHS	SHS	SHS	SHS	SHS	SHS
VALUE/COST as at 1/7/2002	26,865,000	64,847,182	108,547,000	88,750,890	7,996,000	16,340,534	311,354,606
Additions during the year				1,984,076		1,684,479	3,668,555
Adjustment/Disposal							
TOTAL 30th June 2003	26,865,000	64,847,182	108,547,000	90,734,966	7,996,000	18,033,013	315,023,161
Accumulated Depreciation b/f		15,196,580	32,367,244	3,990,000	9,562,705	61,124,529	
Depreciation for the year		2,170,940	5,105,998	1,999,000	1,691,090	10,967,028	
Total Depreciation		17,367,520	37,473,242	5,997,000	11,253,795	72,091,557	
Net Book Value 30.06.2003	26,865,000	64,847,182	91,179,480	51,261,724	1,999,000	6,779,218	242,931,604
Net Book Value 30.06.2002	26,865,000	64,847,182	93,350,420	54,303,646	3,990,000	6,785,829	250,230,077

INCOME AND EXPENDITURE FOR THE YEAR ENDED 30TH JUNE 2003

<u>INCOME</u>	<u>NOTES</u>	<u>2002/2003</u>	<u>2001/2002</u> <u>Ksh.</u>
Recurrent Grants		124,890,339.65	131,232,560
Closing Stock		1,713,369.00	
Other Revenue	(10)	7,281,646.40	7,155,152
Total Income		133,885,355.05	138,387,712
<u>LESS: EXPENDITURE</u>			
Personal Emol. (sal. Est. Staff)		39,972,620.75	49,488,982
Gratuity & Pension		9,022,162.40	10,347,403
N.S.S.F		530,715.15	456,360
House Allowance		28,538,995.15	16,370,766
Other Personal Allowance		4,405,326.15	2,377,212
- Medical Allowance		3,730,658.80	4,024,700
Fees, Commissions & Honoraria		615,723.00	47,719
Training Expenses		926,545.00	769,778
Passage & Leave Expenses		643,031.25	680,527
Medical Expenses(in-patient)		3,397,560.00	3,695,132
Group Life Insurance		2,021,395.95	1,183,845
Vehicle Running Expenses		2,413,492.65	2,244,188
Travelling & Accommodation		2,920,884.40	2,398,426
Postal & Telecom. Expenses		335,328.00	416,443
Telephone Expenses		1,602,883.10	1,992,340
Official Entertainment		1,109,178.50	845,174
Exp.of Confer. Com.& Board		3,122,028.00	611,065
Electricity		278,483.30	441,597
Gas Purchase		138,878.00	67,817
Water & conservancy		882,362.00	933,763
Purchase of Research Materials		707,115.00	702,561
Purchase of Labs Chemicals		491,950.00	499,683
Purchase of Consumable Stores		728,872.65	1,192,693
Publishing & Printing		386,331.00	493,134
Uniforms & Clothing		134,460.00	344,233
Library Expenses		507,600.25	554,179
Purchase of Stationery		1,454,356.50	1,686,363
Advertising & Publicity		583,624.30	242,119
Show Expenses		454,595.85	
Rents & Rates (Non residential)		347,175.00	2,634,605
Contracted services		2,115,872.50	2,098,583
Computer Expenses		710,736.00	976,799
Hire of Transport & Machinery		104,650.00	237,215
Misc. & Other Charges		635,555.05	591,854
Misc operating Expenses (Projects)		61,556.00	42,494
Insurance		778,092.00	1,286,539
Purchase of Plant & Equipment		970,271.75	240,566
Purchase of furniture			2,241
Maintenance of Mach. & Office Equip.		1,091,230.00	1,294,071
Maintenance of Lab. Equipment			378,576
Maintenance of building & Stations.		1,277,276.40	1,131,669
Contribution to other Bodies		341,072.45	232,697
Opening Stock		1,994,180.00	

Other Expenditure	(11)	<u>5 207 248.90</u>	<u>4 029 557</u>
Total Expenditure		127.692.075.15	120.472,487
Surplus (Deficit) for the year c/d		6.193,279.90	17.915,225
Surplus (Deficit) for the year b/d			17.915,225
Less: Depreciation for the year 2002/2003		(10.967,025.00)	(10,565,406)
Depreciation of loose tools 2002/2003		(6.263.637.00)	(7,626,938)
Provision for audit fees		(200,000.00)	(200,000)
Net Surplus(Deficit)for the year		(11,237,385.10)	(497,121)
Add :			
Increase (Decrease) in stock		-	429,322
Prior year adjustment		(2,259,508.95)	(213,928)
Surplus(Deficit)for the year 2001/2002		<u>(52,209,406.00)</u>	<u>(51,430,558)</u>
Surplus(Deficit)for the year 2002/2003		<u>(65.706.300.05)</u>	<u>(52,209,406)</u>

Notes2002/20032001/2002Ksh.Ksh.3 Debtors

Balance 1980/81 to 30th/06/2002	4,036,530.95	4,274,655.65
Payroll Deductions pension scheme	2,214,000.95	2,051,260.00
	2,141,278.65	1,731,371.40
	<u>6,392,470.55</u>	<u>6,057,267.05</u>

4. Advances & Prepayments

Traveling Imprest (Local)	512,255.10	646,351.95
Traveling Imprest (Overseas)	182,626.90	182,213.40
Temporary Imprest	8,175,769.05	6,672,547.65
Standing Imprest	398,636.80	304,251.80
Salary Advance	1,176,679.25	1,144,811.95
Salary In Advance	1,040,941.00	1,010,435.60
Insurance Cover	-	(594,481.50)
Excess Medical	2,921,259.00	3,363,029.80
Plot Scheme	515,780.00	659,440.00
	<u>14,829,948.00</u>	<u>13,389,499.95</u>

5. Deposits

Fuel	6,000.00	6,000.00
Oxygen	30,000.00	30,000.00
Hospital	10,000.00	10,000.00
Electricity - Kisumu	306,138.00	306,138.00
Electricity - Newsite	40,000.00	40,000.00
	<u>394,138.00</u>	<u>394,138.00</u>

6. Investments

Thabiti Finance	<u>140,000.00</u>	<u>140,000.00</u>
	<u>140,000.00</u>	<u>140,000.00</u>

7. Cash Balance

HQ (Main Account)	3,623,681.25	15,327,705.95
L.D.C	3,041,862.90	1,714,833.55
E.D.S.C	1,656,147.10	1,402,804.80
K.S.P.P	245,326.75	135,275.45
LABS	<u>506,071.50</u>	<u>527,629.05</u>
BBK A/C	22,195,500.05	20,631,598.20
N.I.I.C	16,036.00	16,036.00
	<u>31,284,626.55</u>	<u>39,755,885.00</u>

R Creditors

Nairobi city council (Rent & Rates)	1,601,600.00	1,601,600.00
Payroll Deductions	1,551,324.75	1,355,089.00
House Allowance Arrears	14,837.30	16,370,765.00
World Bank Project	610,987.95	1,987,946.80
	<u>2,978,950.00</u>	<u>21,515,600.80</u>

PROJECTS GRANTS

Cassava- IITA	-	190,758.00
Cassava- EARRNET	-	(445,124.00)
Horticulture- A.D.B	-	629,938.00
Horticulture- IFAD	196,924.00	196,924.00
Coffee OTTA Project	(150,822.50)	169,925.80
Potato- ASARECA	(275,935.75)	(339,663.75)
ATPS	213,510.05	-
IFS	385,389.50	-
CIP	225,600.00	-
ATPS CIT	1,212,000.00	-
	<u>1,506,665.60</u>	<u>352,756.35</u>

10. Other Incomes:

Rent & Surplus Revenue	1,244,267.60	413,446.50
L.D.C	3,658,747.50	3,763,712.00
E.D.S.C	1,729,483.30	2,119,167.40
Kisumu Sorghum	115,119.00	36,644.00
LABS	521,622.00	780,985.00
Training Levy	3,909.00	41,198.40
CLOSURE OF PROJECT GRANTS	8,498.00	-
	<u>7,281,646.40</u>	<u>7,155,153.30</u>

11. Other Expenditure:

L.D.C	2,392,783.80	2,329,134.90
E.D.S.C	1,702,494.00	644,099.30
N.I.I.C	36,225.00	114,213.00
LABS	744,257.00	612,260.35
K.S.P.P	145,522.50	88,900.00
Decrease of debtors	185,908.60	240,951.00
	<u>5,207,248.90</u>	<u>4,029,558.55</u>