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REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
KENYA AGRICULTURAL RESEARCH
INSTITUTE**

**FOR THE YEAR ENDED
30 JUNE 2014**

Paper Laid
By Hon. A. Suabe MP
on Wed. 08.07.2015
(pm) Mmw



KENYA NATIONAL AUDIT OFFICE
P. O. Box 30084 - 00100, NAIROBI.

21 MAY 2015

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KENYA AGRICULTURAL RESEARCH INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2014**

**Prepared in accordance with the Accrual Basis of Accounting Method
under the International Public Sector Accounting Standards (IPSAS)**

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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Kenya Agricultural Research Institute (KARI) is State Corporation established under the Science and Technology Act, Chapter 250 of the Laws of Kenya, *Revised of 1980 Edition*, with perpetual succession, the power to sue and be sued in its own name and the ability to own and alienate movable and immovable property. The institution is also governed by the provisions of the State Corporations Act, Chapter 446 of the Laws of Kenya, an Act of Parliament providing for control and regulation of state corporations. KARI falls under the Ministry of Agriculture, Livestock and Fisheries, and is the country's principal national institution responsible for research and technology generation on crops, livestock, soil and water management and their socio-economics.

(b) Principal Activities

The institute's mandate is to conduct appropriate crop, livestock and factor research programmes that are geared towards the sustainable development of national agricultural sector. Its mission is to develop and disseminates appropriate agricultural technologies in collaboration with stakeholders. In pursuit of this mission, KARI seeks to acquire and contribute knowledge and creative solutions that are participatory and client-oriented; holistic and system-oriented; gender-sensitive and affordable to its stakeholders.

The Institute has a computerized Financial Management Information System, which is operational in all research Centres and consolidation of financial data done at Headquarters.

(c) Key Management

The *entity's* day-to-day management is under the following key organs:

1. Director KARI
2. Deputy Director Research & Technology
3. Deputy Director Finance & Administration
4. Deputy Director Outreach and Partnerships

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2014 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chairman	Prof. Onesmo ole-MoiYoi
2.	Secretary	Dr. E. A. Mukisira
3.	Member	Dr Eliud Kiplimo Kireger
4.	Member	Prof. Philip O. Owuor
5.	Member	Prof. Silvery B BulumaOteng'i
6.	Member	Mr Willy Bett
7.	Permanent Secretary	Ministry of Agriculture
8.	Permanent Secretary	Ministry of Finance
9.	Permanent Secretary	Ministry of Environment and Mineral Resources
11.	Permanent Secretary	Ministry of Livestock and Fisheries Development
12.	Director	Veterinary Services

(e) Fiduciary Oversight Arrangements

KARI BoM Finance and Administration Committee
KARI BoM Technical Committee
KARI BoM Audit Committee

(f) Entity Headquarters

Kenya Agricultural Research Institute,
Headquarters,
Kaptagat Road, Off Waiyaki Way
P. O. Box 57811-00200
NAIROBI
Tel No. 4183301/20; Fax No. (254) 4183344

(g) Entity Contacts

P.O. BOX 57811 – 00200
TEL:254-20-4183301-20 FAX: 254-20-4183344
E-mail: director@kari.org
NAIROBI

(h) Entity Bankers

1. Kenya Commercial Bank
KICC, Branch
P.O. Box 46950
Nairobi
Tel no. 020-214878, Fax no. 337650
2. NIC Bank Limited
Westlands Branch
P.O. Box 44599- 00100
Nairobi.
Tel no. 4450882, Fax no. (020) 4450847







(i) Independent Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya





(j) Principal Legal Adviser

KARI Legal Office
P.O. BOX 57811 – 00200
TEL:254-20-4183301-20 FAX: 254-20-4183344
E-mail: director@kari.org
NAIROBI

II. THE BOARD OF DIRECTORS

<p>1. Prof. Onesmo ole--BA; MD; DSc (<i>hc</i>)</p> 	<p>DoB: Experience: Senior Advisor: Academic Planning – Aga Khan University - (East Africa). (2008-); Senior Visiting Scientist, ICIPE, Nairobi, Kenya. (2007-); Director: Research & Partnerships, ICIPE I headed the ARPPIS Program that trained over 70 PhD scientists (2001-2006).</p>
<p>2. Dr Eliud Kiplimo Kireger-B.Sc.; M.Sc.; PhD</p> 	<p>DoB: 16th July 1960 Experience: Managing Director, Tea Research Foundation of Kenya. (2012-); Dean, School of Natural Resource Management (2008 – 2012); Lecturer, Moi University (1994 – 2008)</p>
<p>3. Prof. Philip O. Owuor-B.Sc.; M.Sc.; PhD</p> 	<p>DoB: 27th October 1952 Experience: Consultancy; Directorship (2004 to date); Chief Research Scientist (1994-2004)</p>
<p>4. Prof. Silvery B BulumaOteng'i-B.Sc.; M.Sc.; PhD</p> 	<p>DoB: 6th June, 1946 Experience: Teaching & Research Supervision at Masinde Muliro University of Science and Technology (June 2005-date)</p>
<p>5. Mr Willy Bett-BA; MBA</p> 	<p>DoB: 14th April 1963 Experience: Managing Director – Kenya Seed Company (2009 – To Date); Senior Manager Money Transfer Services - Postbank (2006 – 2009)</p>
<p>6. Dr. E. A. Mukisira-B.Sc.; M.Sc.; PhD</p> 	<p>DoB: 5th March 1956 Experience: - Director, Kenya Agricultural Research Institute (2005 - Present); - Deputy Director, Research and Technology, Kenya Agricultural Research Institute (200- 2005); Assistant Director, KARI, in-charge of the Animal Production/Health Research (2000-2001)</p>
<p>7. Hellen J. C. Yego (Mrs.)-B.Ed.; M.Sc.</p>	<p>DoB: 22nd November 1952 Experience: Principal Administrative Officer(2004-to date)</p>

III. MANAGEMENT TEAM

<p>1. Dr. E. A. Mukisira-B.Sc.; M.Sc.; PhD.</p> 	<p>Director KARI</p>
<p>2. Dr. Joseph G Mureithi-B.Sc. MSc. PhD.</p> 	<p>Deputy Director KARI-Research & Technology</p>
<p>3. Dr.Felister W. Makini - B. Sc.; M.Sc.; PhD.</p> 	<p>Deputy Director KARI-Outreach and Partnerships</p>
<p>4. Mr. Nyakundi Mogere-. B.Com; MBA; CPA(K)</p> 	<p>Deputy Director KARI-Finance & Administration</p>

IV. CHAIRMAN'S STATEMENT

The agricultural sector in Kenya strives to increase productivity, commercialization and competitiveness through generation and promotion of knowledge, information and technologies that respond to clients' demands and opportunities.

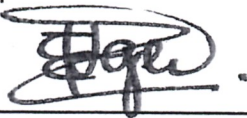
In the year under review, the KARI Board of Management (BoM) ensured that in the implementation of the KARI Strategic Plan (2009-2014), the Institute embraced the Agricultural Productivity Value Chain (APVC) approach for all research projects. To ensure research planning was all inclusive, KARI developed work plans and budgets for the rolling out and publicization of the Staple crops, Horticulture and Livestock APVC subsector analysis reports to the counties. Through these work plans, regional value chain rollout workshops were conducted for stakeholders.

The BoM developed policies that guided the annual activity planning and milestones. Subsequently, a performance contract with the Ministry of Agriculture was drawn and we committed ourselves to the achievement of the set goals. I am glad to report that we recorded commendable achievements on all the targets for the year.

During this period, KARI undertook 3 ISO Management Review meetings as well as an ISO External Surveillance audit conducted by Bureau VERITAS. The scope of the certification includes providing agriculture consultancy and research services, developing agricultural information systems and quality assurance for developing agricultural technologies. The challenge is to maintain this ISO status and the Board has put mechanisms in place to address this. With this milestone achieved, the Board shifted its focus on the process of certification and accreditation of the Virus Reference Laboratory at KARI-Muguga. Additionally, the Board continues to oversee the maintenance of Accreditation of KARI-Kabete soil analysis Laboratories. These facilities continue to offer quality services to our clients and we view them as key to our service delivery efforts.

The Board of Management views Human Resources as an important resource for the advancement of Science, Technology and Innovativeness in the Institute. In an effort to uphold this, the Board oversaw the development of the Career Progression Guidelines, the Scheme of Service and the Annual Training Plan. These policy documents were finalized and it is envisaged that they will go a long way in improving staff retention and succession planning.

I thank our Government of Kenya, development partners, collaborators, farmers, the KARI Management and the entire staff for working hard to record these commendable achievements. Let us work even harder for we still owe our beloved nation and the Kenyan people even more for next year.



Eliud kireger (PHD)
AG. DIRECTOR GENERAL

V. REPORT OF THE CHIEF EXECUTIVE OFFICER

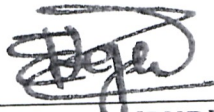
The Kenya Agricultural Research Institute Management remained committed to the ideals of Kenya Vision 2030 in its implementation of the projects planned for the year under review. The research projects undertaken during the year were aligned to the Institute's strategic Plan and Government Medium Term Plan. Besides, research projects focused on the assessment, validation and development of agricultural technologies identified along the Agricultural Product Value Chains (APVC), which is entrenched in the KARI Strategic Plan (2009-2014). The activities included research which is KARI's core business, staff development and welfare. These were meant to provide a good working environment, compensate and motivate staff, develop and maintain facilities in tandem with the research needs.

Researchers continued conducting various projects with funding mainly from the Kenya Agricultural Productivity Project (KAPAP), the East African Agricultural Productivity Project (EAAPP) and other agencies and development partners totalling to over KSh. 1,593 million and Appropriation in Aid standing at KSh. 371 million. The Management continued to apply the best practices by ensuring that funds allocated to the Institute were utilized for the programmes and activities for which they had been targeted for. This contributed to prudent management of resources which in return led to the achievements reported herein.

Among the achievements, were the official releases of 35 crop varieties by KEPHIS. These included eight water efficient maize varieties, three stem-ruse resistant wheat varieties, four bean and four grasses and legume varieties. In addition, the Adaptive Research Programme tested and recommended 29 crop varieties to farmers for cultivation. On the livestock research, the new Contagious Bovine Pleuro-pneumonia (CBPP) vaccine and the porcine cysticercosis vaccine were developed and tested. Over 157 papers from KARI researchers were published or accepted for publication in renowned peer reviewed journals. Another 345 papers were presented in conferences around the world and some 299 technical papers were published. This offered an opportunity to our researchers to communicate to farmers, the extension workers and other stakeholders on the technologies available. A total of 1022 farmer training workshops, field days and demonstrations were held and 3200 farmers and stakeholders trained on Kenya Good Agricultural Practices (GAP). To ensure that farmers used improved varieties around the country, the institute produced and sold 521 MT of basic seed and 13 million clean root crop planting material. The institute conducted 9 Multi-purpose Land use Assessments and 22 Land suitability Assessments to ensure optimal use of land. To ensure increased productivity through use of appropriate fertilizers, the institute analysed 29,050 Soil samples and developed reports on recommendations for appropriate fertilizer applications. Such reports were launched by the president in Nakuru during the financial year.

During the reporting period, through the KARI Training Master Plan, the following staff completed training: 8 PhD, 9 MSc, 14 BSc, 8 Diploma and 7 Certificate courses in various local and international institutions. During the same period a total of 152 staff members were sponsored for short courses, study tours and conferences abroad while 23 were sponsored for local courses to improve staff skills capacity. KARI also provided attachments for 57 students during the period.

On behalf of the Management, I would like to take this opportunity to thank the Government of Kenya and our development partners for the support they accorded to the Institute during the reporting period. This support ensured that the Institute meets the set targets leading to a "Very Good" rating by the Division of Performance Contracting, Ministry of Devolution and Planning.



Eliud kireger (PHD)
AG. DIRECTOR GENERAL

VI. CORPORATE GOVERNANCE STATEMENT

The Kenya Agricultural Research Institute complies fully and strictly with all requirements of the regulatory and other non-commercial entities in Kenya including clarity of financial reporting and accountability to the public (citizens and stakeholders) and aims to set best practice standards in agricultural research and fair conduct towards its staff, suppliers and general public.

Core Values

As an organization KARI is fully committed to generate impact through its research and dissemination efforts as an ultimate measure of its performance. In this regard, KARI embraces the following core values:

- Creativity and innovation for development in a proactive manner.
- Whole value chain encompassing the research-to-development continuum.
- Commitment to impact, particularly at farm level.
- Quick responsiveness to clients, including policy makers, partners and collaborators, staff and particularly, the farming community and producers.
- Client-driven technology development to enhance appropriateness and adoption.
- Partnerships and team work in research for development.
- Cost-effectiveness and efficiency in application of human, physical and financial resources.
- Transparency and accountability in application of all resources and implementation of research activities.
- Developing and nurturing professionalism at work.

Role of the Board of Management

The Act states that the functions of the Board of Management of KARI shall be:

- To administer the property and funds of KARI in such a manner and for such purposes as will, in the opinion of the Board, promote its best interest.
- On the advice of the Agricultural Science Advisory Research Committee, to approve and submit through parent ministry programs of research and financial estimates for consideration of the NACOSTI and National Treasury.
- To administer approved estimates
- To receive on behalf of the Institute, grants in aid, gifts, donations, fees, subscriptions or other moneys and make disbursements therefrom.
- To make regulations governing the appointment, conduct and discipline of employees of KARI.
- To administer the approved terms and conditions of service, including appointments, dismissals, remuneration and retiring benefits, of employees of KARI.
- To manage the secondment of personnel to and out of KARI in corporation with other agencies.
- To appoint such employees upon terms and conditions to be laid down by the Board after consultation with the NACOSTI as it considers necessary for the efficient conduct and operations of KARI

Composition of the Board

The Board of Management of KARI consists of the following:

- The Principal Secretary, Ministry of Agriculture, Livestock and Fisheries or his representative.
- The Secretary of National Commission for Science, Technology and Innovation or his representative.
- The Secretary of the Agricultural Science Advisory Research Committee or his representative.

- or his representative.
- The Director KARI, who us the Chief Executive of the Institute and Secretary to the Board, appointed by the Cabinet Secretary on the recommendation of the board of Management
- The Principal Secretary, Ministry of Finance or his representative.
- The Principal Secretary ministry of Environment and Mineral Resources or his representative.
- The Director, Veterinary Services or his representative.
- The Inspector General, State Corporations or his representative.
- Not more than seven (7) members appointed by the Cabinet Secretary Ministry of Agriculture, Livestock and Fisheries who are qualified in research activities of the institute, one of whom shall be appointed as Chairman of the Board of Management by the Cabinet Secretary

Other Board information

The KARI Board of Management is answerable to the Government through the parent Ministry. The board signs a Performance contract with the Government through the parent Ministry every financial year outlining performance targets in line with the above stated functions.

Board Meetings

The Board and its Committees shall meet not less than four times in any calendar year and not more than four months shall lapse between the date of one meeting and the date of the next meeting. The actual dates of the meeting is subject to confirmation by notice which also contains the agenda of the meeting among other details

Board Committees

The KARI Board has three Committees namely;

- Finance and Administration (F&A) Committee
- Research and Technical (R&T) Committee and
- Audit Committee

The above committees permit and facilitate more in-depth deliberations on issues than would otherwise, not be possible in a normal full Board Meetings. The Committees undertake preliminary discussions of the business of the board and prepare their resolutions for deliberations and adoption by the full Board Meetings. A decision of any of the Committees only becomes effective after it has been approved and confirmed by the full Board.

Whereas the F&A as well as the R&T Committees have quite obvious functions the KARI board of Management has lately emphasized the functions of the Audit and Risk Committee with quite strict evaluation and review roles including the appraisal of the adequacy of management procedures with regard to issues relating to risk management, control and governance.

Communication

The Board receives management reports in advance of all scheduled meetings and in turn formally, communicates to staff through the Director KARI. Informal communication to staff may be made during Board meetings while in the institute. Board members cannot commit the Board in any way when having informal communication with staff.

VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Kenya Agricultural Research Institute (KARI) is committed to contribute to the economic development of the country while improving the quality of life of our employees and uplifting the general wellbeing of the society by integrating Corporate Social Responsibilities (CSR) in its values, culture, operations and decisions at all levels.

Interest is growing in Corporate Social Responsibility activities in Kenya, more especially with regard to the social and environmental management practices. In line with that, Kenya Agricultural Research Institute has gone beyond its mandate and emphasis on research and embraced CSR. The Institute has contributed to a number of voluntary long-term Corporate Social Responsibility projects, which include sponsoring noble ideas viz; breast cancer, freedom from hunger walk, ear walk, distributing tree seedlings to schools and contributing towards construction of such schools.

The objectives of this CSR policy are:

- To improve the livelihood of our employees, the neighbouring community and the lesser privileged sections of the society through sustainable and measurable initiatives
- To participate in National, Community, Education, Environment and healthcare Research initiatives
- To support farmers through generation and transfer of appropriate Research Technologies and knowledge.
- To offer a platform to employees to give back to the society in a meaningful way
- To observe a high sense of corporate ethics and promote ethical behavior in all our activities

KARI recognizes the need to integrate our business values and operations to meet the expectations of all our stakeholders i.e. government departments, customers, employees, regulators, donors, suppliers, the community and the environment by:-

- Recognizing that our social, economic and environmental responsibilities to these stakeholders are integral to our business.
- Taking seriously the feedback that we receive from our stakeholders and maintaining open dialogue to ensure fulfilment of their requirements as stipulated in this policy.
- Communicating our strategies, targets, performance and governance to our stakeholders in our continual commitment to sustainable development.
- Providing the necessary resources to enhance realization of the corporate responsibilities.

Pursuant to the above mentioned Corporate Social Responsibility objectives, Kenya agricultural Research Institute has endeavoured to give support through:-

- Workforce Oriented Activities like Commitment to create and maintain a safe and healthy work environment for employees
- Social/Community Development oriented activities like Promoting education by improving the already existing learning institutions to enhance their education standards
- Environment oriented activities like Initiating and carrying out campaigns to promote environmental care and increase understanding of environmental issues i.e. soil fertility, land use, survey and conservation, vegetation survey, agro forestry, irrigation and drainage as well as
- Planting tree seedlings and carrying out other environmental activities across its locations
- Market oriented activities such as Publications on KARI products (website and hand-outs) and KARI Choir's participation in National and internal events, social campaigns/events etc.

VIII. REPORT OF THE DIRECTORS

RESEARCH PROGRAMMES ACHIEVEMENTS: FY 2013/2014

The year recorded significant achievements in the various programmes including analysis of agricultural value chains targeting food crops, horticulture and livestock. Presented below is a summary of achievements on a programme basis for FY 2013/2014.

Food Crops and Horticultural Crops Research

Food Crops

In the variety release process, 20 staple crop varieties were officially released by the National Variety Release Committee (NVRC), as follows: 15 varieties in June 2013 and 5 varieties in January 2014. During the same period, 34 varieties were recommended by the NPT Committee (NPTC) for final release by the NVRC, i.e. 21 varieties in November 2013 and 13 in April 2014.

From crop variety development, eight dryland maize varieties were nominated for multi-location testing in the National Performance Trial, 4 highland maize varieties were submitted for a test on Distinctness Uniformity and Stability (DUS). Several new Bean varieties with micronutrient-dense properties were evaluated for drought tolerance in the ASALs, and also in Western Kenya with 50 farmers preparing various Bean Nutrition recipes. Climbing Bean varieties with resistance to Angular Leaf Spot (ALS) disease were evaluated in the mid-elevation agro-ecology in western Kenya. New high yielding Bush Bean varieties (KAT/RM-1, Embean-14 (Mwende) and Embean-118), released between 2013 and 2014, were planted in Embu, Tharaka/Nithi and Meru counties for promotion for adoption. Four demos of ASAL maize varieties established at 4 sites

In the Seed System, 1,487 Kg of Maize Breeder Seed were generated at Katumani, Kakamega and Embu; 4,000 Kg of pre-commercial maize varieties in Muguga; and 250,000 Kg of highland maize variety (KH600-22A) by Kitale centre and Monsanto Seed Company. Approx. 80,000 Kg of Breeder Seed of commercial Wheat varieties at Njoro; and 520 Kg Breeder Seed of NERICAs and 300 Kg of Dourado Precose rice varieties in Kibos, and paddy rice at Mwea. Four groups of farmers in mid-altitude areas and six groups in western Kenya region involved in Climbing Bean R-4-D, whereby over 1,200 farmers reached in the seed system through linkage with KSU as a way of promoting the varieties. Additionally, 5 Kg of Bush Bean seed were generated at Kakamega; and 52 Kg of Cowpea and 60 Kg of Green-gram at Mtwapa. Furthermore, 300 Sweet-potato vines, 106,000 Cassava cuttings were produced at various centres, 32 Kg of Breeder Seed of Potato and 640,000 Kg Basic Seed of Potato at Tigon. At Kibos, 50 kgs of Basic Seed of OPV maize (GAF-4) were produced for promotion in LR2014. From Katumani, 1920 kg of certified seeds of eight ASAL maize varieties were produced in Mitunguu in Meru County.

For Cop Health, 200 super-elite and 600 elite maize germplasm accessions were screened in the MLN disease facility located in Naivasha. Also, two joint planning meetings between the PI and Co-PIs of the collaborating institutions, were held on logistics of conducting the survey (24 April 2014 & 7-9 May 2014). The purpose was for team members to understand purpose, form and harmonize the teams, plan logistics of conducting the survey; socioeconomic survey questionnaire were developed, as well as biophysical data capture tools. In the Wheat Pathology/Entomology sub-programme in Njoro, 36 farms sampled: in 95% of the farms, Russian Wheat Aphid pest-*cum*-disease vector (*Diuraphis noxia*) most prevalent and *Rophalosiphum padi* was prevalent in Laikipia, At the Bio-control unit in Muguga-South, Capacity building and post registration training done with FFS groups in Kandara, Kahuro Kiharu and Gatundu north sub-counties.

Agronomic evaluations were done for Maize in Kitale and Kakamega, Wheat in Njoro, Finger-millet and Beans in Kakamega, Rice in Kibos and Mwea, Sorghum in Katumani and Embu, and Cowpea

and Pigeon-pea in Katumani. Write-ups are being compiled for the new Annual Report 2013-14 format.

Horticulture and Industrial Crops

The main achievements were:

- Innovation platforms for 15 HIC have been developed.
- 1 policy brief drafted on pollinators; soyabean strategy developed
- 4 business plans developed in collaboration of the private sector
- 3 ICPM trails established for vegetable crops; 200 litchi propagated
- 3 introduced apple varieties recommended for commercialization
- Motherblocks for 10 papaya varieties established at KARI-Thika and Perkerra
- Fertilizer trails established for 5 varieties
- 12 crop varieties recommended for commercialization.
- Report on efficacy trail on Maximum Residue Levels (MRLs) for pesticides on green beans and snow peas submitted.
- Production protocol for IPM for green beans and snow peas developed
- Diagnostic kit for rapid detection of passion fruit virus developed and validated.
- Molecular characterization and mapping of fungal, viral and bacterial diseases
- Mapping of passion fruit pests and disease in North Rift and Central Developed a technique for rearing parasitic wasps for the control macadamia stinkbug.
- Developed IPM package for Banana Xanthomonas wilt.
- Developed 2 technical handbook for Fruit, ALV and Asian vegetables pests and disease
- 40 farmer training/workshops held; 40 extensionists trained on TC banana
- Organized and hosted the 9th African Potato Association Conference; the 1st Ornamental Symposium in Africa; Coconut Conference; Banana Conference and 1st All Africa Horticulture Congress.
- 120 papers/posters presented in scientific conferences and workshops
- 140 accessions evaluated on station; 200 apple seedlings sold to farmers
- 5,700 farmers and other horticulture and industrial crop stakeholders trained
- 20 papers published in refereed journals; 6 articles in magazines; 6 participations on TV and radio programmes e.g. Shamba Shape Up
- 600 germplasm of various horticulture and industrial crops maintained
- 7 Greenhouse technology demonstrations established 1 Recipe for preparation of soybean milk, "githeri", "mandazi", and groundnut "dengu" (soup) and oil palm demonstrated in South West Kenya
- 12 crop varieties under on-farm trials; 30 crop protection packages developed.
- 5 post-harvest technologies developed 2 contracts research signed
- 30 farmer field schools completed; 25 on-farm demonstrations held
- F Food safety training manual developed 1 research protocol on banana indexing and 1 on virus indexing developed.
- Plant Clinic Data Management Training Workshop
- Characterization and clustering of soils for irrigation suitability completed in four (4) irrigation schemes, constraints identified and interventions recommended.

Livestock and Range Management Research

Animal Health

The programme is implemented through 4 themes and the following were achievements:

- A trade mark for CBPP CFT test was registered with KIPi for manufacture and distribution of the test kit.
- A consultant is guiding accreditation of Muguga North and TRC laboratories to ISO 17025. Documentation of SOPs is complete while training of staff is also ongoing.

- A study was conducted to estimate the magnitude of anthelmintic resistance in semi-arid areas of eastern Kenya. Results are being analysed for a scientific paper.
- A farmers feedback workshop/field day was held in June 2014 at Kiunga, Lamu where tsetse control technologies were displayed 196 animals were sampled comprising 43 donkeys, 39 cattle, 110 goats and 4 sheep. Prevalence of Trypanosomiasis was highest in cattle followed by goats No trypanosome were detected parasitologically in donkeys however low PCVs are observed in 16% of the donkeys
- A herd of trypanotolerant Orma Borans is maintained at KARI, Alupe for cross-breeding of farmer animals and productivity assessment.
- Tsetse mass rearing facility fly production increased by 49.4% numbers from 11,715 to 17,508 females.
- The maggot debridement therapy technology unit at TRC conducted trials on treatment of chronic wounds in collaboration with Kenyatta national Hospital with good results. Capture of local flies of the genus *Lucilia* for laboratory rearing is ongoing.
- Data on prevalence of brucellosis in dairy goats was collected and is under analysis to create disease distribution maps.
- One student completed his PhD training in Japan.
- Programme scientists participated in the livestock subsector value chains analysis and planning for publicization of the value chains in the counties.

Animal Production

Beef Value chain

- 5 range grass varieties entered into National Performance trials with KEPHIS
- A total of 300 accessions of *Panicum*, *Cenchrus* and *Bracharia* collected from the coast and eastern Kenya. The accessions maintained in KARI Kiboko and at the National Gene Bank
- Together with papalotla Company started National Performance trials for two Bracharia varieties (Mulato II and Cayman)
- A collaborative proposal between KARI and NARO (Japan) on grass apomixes submitted to the National Commission for Science, Technology and Innovation (NACOSTI) for consideration and possible funding.
- 100 Sahiwal and Boran bulls sold to farmers for breeding

Indigenous Chicken Mega project progress

- Bio-security of the poultry unit in Naivasha improved through re-roofing and fencing)
- A standby generator procured and installed at the poultry unit in Naivasha.
- A total of 10,000 farmers in 10 sub-counties of western and Nyanza region reached with improved indigenous chicken technologies.
- New hatchery unit at KARI now in operation but yet to start operating
- 2500,000 day old chicks (DOC) supplied to farmers in 2013. 100,000 fertile eggs also supplied to farmers in different parts of the country
- 258,138 households reached with improved indigenous chicken technologies and 9,511 households using technologies compared to 2,331 the previous year
- 45 poultry producers and marketing groups formed
- 330 indigenous chicken service providers trained by KARI
-

Dairy value chain

- DUS test for 5 released Lucerne varieties initiated together with KEPHIS
- Continued implementation of dairy activities under EAAPP

Publications

- 4 journal papers published

- 1 farmers guide on indigenous chicken published
- 1 training manual on indigenous chicken published
- 1 documentary on indigenous chicken produced and is available on YouTube where it has been viewed by 28,272 people

Range Management

The Range programme continued to implement activities and key achievements are listed below;

- Status of crop-livestock integration in mountain and oases of northern Kenya established and 50 farmers and 12 agricultural officers received information/research findings of the survey through feedback workshop.
- Constraints and opportunities on existing greenhouse farming in northern Kenya established and 60 farmers and 10 extension agents received information/research findings of the survey through feedback workshops.
- Constraints and opportunities for enhanced marketing of beef cattle, sheep and goats in southern rangelands established and 20 stakeholders received information/research findings of the survey through feedback workshops.
- Opportunities and challenges in use of farmyard manure to revitalize range productivity in southern rangelands established and 20 stakeholders received information/research findings of the survey through feedback workshops.
- Ecological status of key forage plants in northern and southern rangelands established and findings share with stakeholders in feedback workshops
- Programme scientists participated and exhibited Garissa ASK show; world Food day and Kenya Pastoralist Week
- Five (5) farmers from Marsabit taken for tour to Lodwar for Doum palm product skills development.
- 5 Papers presented in various conference proceedings and one in refereed journal
- 2 Monitoring and evaluation missions done
- 2 programme planning and review meetings held
- 3.5 tonnes of range grass seed produced

Natural Resource Management Research

The programme continued to implement activities and key achievements are listed below;

1. Maintained ISO 17025:2005 certification for soil analysis laboratory at Kabete through the following:
 - ISO/IEC 17025 accreditation for the Analytical Lab was renewed for the next three years from 13th November 2013 to 12th November 2016.
 - Continued participating in proficiency testing soil samples from Wageningen Exchange Programme for Analytical Laboratories (WEPAL) for the year where 16 (4 each quarter) soil samples were received, analyzed for Cu, Mn, Zn, Total N, pH, EC, CEC, Total Org C and P-Olsen and results sent back for the evaluation. The lab received the proficiency soil test results for all four quarters and adjusted where any anomalies were detected
 - New equipment were acquired: Atomic Absorption spectrophotometer, Uv/Vis Spectrophotometer and pH/EC meter combined was acquired commissioned and are now in use
 - Calibration of equipment and apparatus in all the laboratory units continued.
2. Contribution to Vision 20130 Flagship Project 1: Fertilizer cost-reduction investment:
 - Analyzed 16,693 samples as follows and gave recommendations:
 - 15,576 soil samples,
 - 316 plant tissue samples,
 - 308 fertilizer/manure samples and
 - 433 irrigation water samples.
3. Contribution to Vision 20130 Flagship Project 3: Land Use Master Plan:

- Conducted 1 multipurpose land suitability (The soils of Galana Ranch (Phase III) in Tana River County and Kulalu Ranch in Kilifi County and their suitability for irrigated agriculture)
 - Conducted 21 specific land suitability assessment
 - Conducted 13 GIS demos for various groups of visitors as follows:
 - Created 15 GIS databases:
 - Prepared 267 thematic maps from existing databases and sold to clients
4. Conducted 36 Outreach projects
 5. Conducted 41 student trainings/attachments
 6. Hosted 13 educational visits (336 persons)
 7. Implemented 6 partnership projects
 8. Prepared 44 KARI technical reports and 0 papers in conference proceedings
 9. Promoted 6 soil and water management technologies
 10. Participated in 26 priority setting forums for food security
 11. Conducted 93 farmer field schools
 12. Published 3 papers in a refereed journal
 13. Prepared 7 chapters for an FAO publication
 14. Presented 20 papers in conference proceedings
 15. Published 2 book chapters
 16. Held 85 on-farm demos/field days
 17. Conducted 30 farmer trainings/workshops
 18. Analysed 3,618 soils and gave recommendations
 19. Determined soil nutrient deficiencies in maize growing areas of UasinGishu and Trans Nzoia and generated 2 soil maps showing Zn availability
 20. Continued with digitization of FURP database. e-copy of original FURP database for 7 crops (maize, sorghum, simsim, cowpeas, fingermillets, beans and potatoes) for 7 sites (Kakamega, Mumias, Kitale, Lutsangani, Kisii, Vihiga and Teso Counties) ready
 21. ISFM legacy data from 486 ISFM published journal articles, 230 Theses, 40 Dissertations and 129 final technical reports reviewed and synthesized under the Kenya Soil Health Consortium (KHSC) project
 22. Continued with 6 on-station and on-farm validation of developed ISFM technologies (soil fertility improvement technologies to enhance maize production in centre Rift Valley districts; micro-dosing technologies for maize hybrids in Northwestern Kenya; evaluation of lime and phosphate fertilizers for maize production in Kisii region; assessment of long-term application of copper oxychloride on wheat productivity in the Rift Valley; enhancing maize production through manure management and combinations of organic and mineral nutrient sources in eastern Kenya; formulation of soil-type specific potting media for control of macadamia seedling chlorosis;
 23. Finalized identified and documented constraints and opportunities in paddy and rainfed rice production
 24. Assessed the performance of 7 small-scale irrigation and drainage schemes (Kamleza, Kimana Tikondo, Eldoro, Dua, Kwakyai, Masongaleni) and recommended improvement
 25. Tested strategies for managing saline soils: Manure at 20t/ha plus Mavuno fertilizer, trash incorporation, identify plants that can tolerate saline soils such as Rhodes grass
 26. Identified and prioritized 9 vertisol management options used by farmers, namely; drainage, manuring/FYM, fertilizer use, shift planting options (i.e. population, planting date etc), water harvesting/irrigation, ridging/furrows/terraces, use tolerant/Suitable crops, avoid use of unfavourable area/period, use tractor/ox plough
 27. Carried a survey to characterize greenhouse types and identify biophysical and socio-economic constraints associated with greenhouse farming in Kiambu, Nyandarua and Kajiado.
 28. Downscaled climate data to generate locally relevant data from Global Circulation Models (GCMs) for Tana Delta, Ijara and Transmara and generated regionally specific forecasts for these sites and disseminated the information to the communities

29. Promoted various fertility, soil and water management including different fertilizer treatments, inclusion of green manure legumes (*Lablab (Dolichospedolablab)*, *Mucuna (Mucunapruriens)*) and soil ripping; and Maize no Legume and no ripping (farmer practice) for climate change adaptation in Transmara
30. Promoted crop diversification through introduction of other crops including sorghum, beans, sweet potatoes, fodder (desmodium and Brecharia) and grasses (Vetiver, Rhodes grass, Makarikari and Napier) for climate change adaptation in Transmara
31. Participatorily demonstrated various pasture/fodder production technologies with improved, drought resistant grasses and shrubs such as *Cenchrusciliaris* (African fox tail), *Eragrostissuperba* (Masai love grass) and *Chlorisgayana*(Rhodes grass var Ex-Tozi), clitoria legume, Gliricidia cuttings and Leucaena to increase livestock production and adapt to climate change
32. Demonstrated water conservation technologies (zai pits and tied ridges) for long term moisture retention, sustained quality pasture production and utilization so as to increase livestock productivity and food security and adapt to climate change of the pastoral communities of Tana Delta
33. Demonstrated more suited maize varieties for the region that are drought resistant, pulses and maize cropping patterns.
34. Increased resilience to climate change through skills development in livestock management; fodder production and conservation; and capacity building on bee keeping in Ijara
35. Demonstrated establishment of pastures from two drought tolerant grass species namely *Sudan grass* and *Cenchrusciliaris* for climate change adaptation in Ijara
36. Supported 3 PhD students

Socioeconomics and Applied Statistics

The programme achievements for 2013/14 are as listed below:

- The programme in collaboration with the PME unit coordinated the implementation of a country-wide household and agri-business baseline surveys covering all the 47 counties. The household survey covered about 13,000 households while the baseline covered over 5000 actors. The survey was done on behalf of the Agricultural Sector Development Sector Programme (ASDSP) of the Ministry of Agriculture, Livestock and Fisheries.
- The programme continued to coordinate the implementation of the collaborative KARI-McGill Food Security Research Project. During the year, the projects held 7 field days attended by over 2000 farmers, private sector and National/County Government officials in TharakaNithi, Machakos and Makueni Counties. The project linked some farmer groups to Freshco and the KARI Seed Unit to be producers of certified commercial seeds of traditional food crops. Two members of the project appeared on the Kenya Broadcasting Corporation Good Morning Kenyalive programme on 24 March to talk about the project. Over 3000 farmers from 60 groups were linked to a private sector trader of green grams and during the year, the farmers were able to sell about 220 tonnes of green grams valued at about KES 20 million. The project was visited by the Canadian High Commissioner to Kenya, the IDRC Vice President, officials from the WFP and programme officers from IDRC. The Director KARI gave a presentation about KARI and the project the President of IDRC during his visit to IDRC Regional Offices in Nairobi. The project hosted the All Africa Projects End of Projects Symposium for the 9 projects funded through IDRC by the Canadian International Food Security Research Fund (CIFSRF). The Symposium was held in Naivasha on 23-27 June 2014 and attended by delegates from African and Canadian Institutions. The project staff prepared the Phase 2 project Proposal and submitted to IDRC to be considered for funding.
- The KARI/FAO/KIPPR/MOALF project on Monitoring African Food and Agricultural Policies (MAFAP) completed analysis of price incentives and dis-incentives for 10 commodities. Results from these analyses were shared at a stakeholders workshop organized by the Kenya National

Farmers Federation (KENAFF) which was attended by farmers' leaders from all regions of the country.

- The project on Development of Pro-poor Agro-enterprises held a graduation ceremony for farmers in Naivasha sub-county who went through training on management of indigenous chicken. The graduation was attended by a representative of the Ford Foundation who is funding the project and senior Ministry officials from Nakuru County.
- The programme hosted an End of project Stakeholders meeting to share the results of the Genetically Modified Cassava project which KARI had been implementing in collaboration with University of Missouri.
- The programme represented the Institute during the Regional stakeholders' validation and revision of the East African Community (EAC) Food Nutritional Security Policy.
- The programme continued to create effective partnerships and collaboration with other institutions in implementing different projects.

Adaptive Research and Outreach

The programme achievements are below:

- Facilitated holding of various stakeholders for a across KARI Centres including field days.
- Participated in the process of Training Needs Assessment for the Institute
- Continued to participate in codex meetings both locally and internationally.
- Participated in the ISO 9001:2008 certification process and maintenance.
- Continued to represent the Institute in the NALEP meetings.
- Participated in the operationalization of the new department of Outreach and Partnerships including development of Departmental Strategies.
- Continued to participate in Research-Extension Liaison meetings.
- Started desktop work on rationalization of KARI Centre networks as we tend towards NARS and the new constitution dispensation
- Continued to participate in the Institutes' Performance Contract processes.
- Participated in the processes of annual work plans and budgets.
- Continued to participate in the Institutes Management meetings Workshops and conferences.
- Continued to participate in the technologies packaging.

Biotechnology and Biodiversity

The programme continued strengthening KARI's key commodity programs of food crops, horticulture and industrial crops and animal production. Main achievements for the sub-programmes included:

Livestock Biotechnology

- Preparatory work on commercialization of the Contagious Caprine Pleural Pneumonia (CCPP) pen-side diagnostic kit was completed and most of the equipment has been delivered for mass production.
- The International Atomic Energy Agency (IAEA) funded Rift Valley Fever Sero –surveillance project was renewed in June 2009. A technician represented the Biotechnology Center at the Regional Coordination Meeting (RCM) at Vienna, Austria.
- Two PCR machines were received from USDA and were commissioned.
- A LAMP diagnostic test was developed for Rift Valley Fever together with scientists from IAEA, Vienna. This is being validated.
- Two Sentinel herds in Naivasha and Marigat were set up in the AVID project. KARI in collaboration with the Directorate of Veterinary Services (DVS) and the International Livestock Research Institute (ILRI) will monitor the herds for antibody levels for Rift Valley Fever.

- Improved CBPP vaccine for cattle Reverse Vaccinology (identification of proteins of interest using bioinformatics)

Crop Biotechnology

- Two sorghum varieties were selected for introgression of nutritional traits (vitamin A, Zinc, Iron and protein).
- Biofortified sorghum was bulked and nutritional traits introgressed into 3 local sorghum varieties.
- At-least 300 tissue culture vanilla plantlets were acclimatized in the green/screen houses in preparation to implementation of on-farm trials s.
- A total of 538 tissue culture plantlets of 9 local cassava varieties were multiplied for germplasm conservation.
- More than 1600 cassava plantlets from IITA were produced for evaluation in deferent locations within the country
- Disease diagnostic procedures were developed and optimized for Cassava Brown streak virus (BSV) and other strains including optimization of RT-PCR on Cassava Mosaic virus Disease (CMD) and CBSD.
- Cassava BSV was fully sequenced and a paper submitted for publication.
- Nutritional studies conducted in western Kenya indicated significant deficiencies on Proteins, Zinc, iron and vitamin A in children under 5 years.
- 19 papers were published in peer reviewed journals while eight papers were presented in various conferences.
- A biosafety confined field trial site with irrigation was constructed and approved for GM testing of drought tolerant maize at KARI Kiboko.
- Two applications for field testing of transgenic cassava with resistance to cassava mosaic disease and biofortified with Vitamin A were processed by the institution biosafety committee and approved by the National Biosafety committee
- Characterization of cowpea aphid-borne mosaic virus in passion fruit.

Biodiversity Conservation

- A total of 165 accessions comprising 89 diverse rice landraces were collected and conserved at the National Genebank.
- Farmer training/sensitization workshops were held in Nyamira County and six native tree species were identified and selected for trials in woodlot experiments with a view to determining appropriate substitute for *Eucalyptus* in marshlands and river courses.
- Farmers from five community groups were trained in nursery establishment and management as ToTs.
- Five communities nurseries were supported with basic nursery tools/implements and seed, resulting in raising of close to 20,000 seedlings of native plant species.
- Farmers were capacity built in bamboo production and utilization.
- Accessions of African leafy vegetables were collected in Nyamira and the coastal region (*Cleome*- 63, *Solanum*-23, *Corchorus* -8, *Brassica* 9, *Amaranthus* -10, *Vigna*- 20, *Voedzea*-42 and *Arachis* – 63)
- These accessions were grown out for participatory characterization and seed bulking in a farmer's field. Some of these accessions are now being harvested.
- Stakeholder analysis and baseline survey on the status of PGRFA, targeting 500 subsistence farmers, 250 germplasm users and 150 extension officers in the ASALs is underway.
- A total of 6 collection expeditions have been conducted amassing a total of 322 accessions of both cultivated and wild taxa as part of the project on capacity development for sustainable Plant Genetic resources utilization and conservation in east Africa.

KARI Seed Unit (KSU)

KSU multiplies breeder, basic and certified seed of the required crop varieties, in accordance with the Seed Act. KSU also propagates seedlings of fruit/nut trees and other planting materials. These products are sold on cost recovery basis. The main programme achievements were in financial year 2013/14.

- 86 crop varieties maintained.
- 50 metric tonnes of breeder seed produced.
- 1223 tonnes of pre-basic, basic and certified seed produced.
- 3 fruit tree mother blocks maintained.
- 75,000 root stocks raised through grafting.
- 150,000 seedlings produced for sale.

Technology Packaging and Transfer

- **Participation in Shows:** The Division (TPT) coordinated participation in over ten Agricultural Society of Kenya (ASK) Shows in the country. These included Baringo, Nyeri, Machakos, Embu, Kisumu and Nakuru and Nairobi Shows. KARI won top awards in various classes entered/registered for judgment.
- **Participation in meetings:** The Division of TPT continued to participate in more than 20 internal Management meetings and workshops during the last collaborators.
- **Water Efficient Maize for Africa (WEMA) project** one year. In the same period, the Division also participated in more than 10 events organized by partners and: The Division has been responsible for coordination of Communication and Outreach activities of the project. There are sixteen (16) maize varieties developed by the project, which have been released for various agro-climatic conditions. The maize varieties from this project are branded with trade name 'Drought Tego' and are licensed to various commercial seed companies for sale to farmers royalty free. The project has progressed to Phase II, which is mainly focusing on Deployment of approved varieties. There is also good progress with testing of transgenic drought tolerant and insect protected hybrids, conducted under confined field trial (CFT) sites at KARI Kiboko.
- **Improved Maize for Africa Soils (IMAS) project:** This project is investigating on maize that can perform well under moderate soil fertility as commonly experienced by smallholder farmers. The Division has been responsible for coordination of Communication and Outreach activities of the project. There are sites in Embu, Kitale, Kakamega and Kiboko. (1) There have been intensive depletion of soil fertility in these sites using aggressive crops such sorghum to create suitable conditions for testing maize varieties low fertility tolerance. Crucial consideration will include soil mining (nutrients balance) in the course of the maize production. Confined field trials (CFT) sites have been established at KARI Kitale, Kakamega and Kiboko for testing transgenic hybrids. (2) Field visits have been conducted severally involving international partners from Pioneer Seed Company and CIMMYT.
- **Mfarmer project:** The Division negotiated and secured Sub-grant Agreement with CABI in August 2012. The purpose of the agreement is to support the objectives of the project "To provide, validate, verify and translate agricultural content to be delivered to farmers" in a cropping calendar. The Division coordinates the approval of agricultural content to be relayed to farmers through SMS services by Airtel mobile phone service provider. So far 11 crops have been covered. They are maize, rice, tomato, beans, banana mango, passion fruit, cabbages, kales and coffee. Each crop has 142 messages (SMS) covering various aspects in the cropping calendar (annual) and value chain.
- **East African Agricultural and Forestry Journal (EAAFJ):** The Journal secretariat continued to receive and process manuscripts for publication by EAAFJ.

- A contract to publish a special Issue had been agreed upon with the College of Agriculture of the University of Nairobi. There were 77 manuscripts submitted for this contract. The manuscripts have been published in Volume 78 No. 1&2 (Jan-June 2012 issues).
- Over 250 papers presented during 13th KARI Biennial Conference were reviewed and published in Volume 78 No. 3&4 (July-Dec. 2012 issues), Volume 79 No. 1&2 (Jan-Jun 2013 issues) and Volume 79 No. 3&4 (Jul-Dec 2013 issues)
- An MOU contract was signed for Partnership with Taylor and Francis (UK) publishers. The key components of the partnership include:
 - Training in scientific writing
 - Online submission and review process
 - Help in accreditation, hence impact factor
 - Global/international marketing of EAAFJ,
- Editorial committee members have been identified and approved by the Board

Information Management and Communication Technology

During the financial year 2013/2014:

- Established a consolidated ICT infrastructure with enterprise-class data centre, Internet backup services at the Disaster Recovery site in Njoro, Servers, network data communication equipment. An enterprise agreement licensing model was realised
- All KARI centres have a 2 mbps link where each Centre Director signed off as satisfactory the installation and commissioning of LAN, WAN and internet services.
- Authenticated and authorized directory for all users, computers and resources by deploying Microsoft's Active Directory (AD) on Windows 2012 platform.
- The AD also allowed users to store data in a central location, where it is backed up at two Data Centres one based at KARI-Headquarter and the other at KARI-Njoro.
- All members of staff were thus joined to the Active Directory on the (kari.int) domain.
- 80 ICT staff trained on various ICT; each machine and software upgraded to join the kari.int domain
- Data & information security systems established including live backup and restore system, and data center rapid response mechanism.
- Antivirus software is now centrally managed and deployed using ePO agent to all computers in the institute. Upgraded Antivirus solution to EPO platform, procured statistical software SPSS and SAS and deployed in KARI computers and servers.
- WAN & P2P Internet connectivity was done in all centres including, Wi-Fi Hot Spots, cloud based data Centre,
- Trained and established a Proactive, responsive support Team and system performance monitoring team. Researchers trained on new ICT systems.
- Improvement of KARI website look and feel by uploading content and website uptime and quality; introduction of social media.
- On security issues, installation of 16 cameras, Sonic, Cisco, and Cyber Roam Firewalls done. Enforced password complexity policies for access to KARI systems.
- KARI AND KAINET Stakeholders digitization of repository content increased by over 2,000 documents.
- KARI e-mimi (Mifugo and Mimea platform) developed and launched with over 50 factsheets uploaded.
- Upgrading of the KARI Repository to Agri Ocean Dspace
- Monitoring and Evaluation activity was carried out on the e-RAILS portal
- Improved the access to the e-resources by implementing a dedicated internet to the site.
- Acquisition of Microsoft's Development suite and the supporting MSDN Library.
- Maintenance and centralisation of resources includes printing services, now available online. Wireless network and internet access is provided for both staff and guest in all

- New switchboard lines improved the ability to communicate at the Headquarters.
- Enhanced collaboration to leverage on available information resources.
- Library Management Skills Training Workshop for KARI Librarians held
- Question and Answer Service (QAS) saw 250 information requests responded to.
- ABCD Library management system was installed and records imported and Customised Google search engine for e-resources subscribed by KARI was updated
- 15 field and 15 studio recordings of various technologies were transmitted by KBC.

Planning, Monitoring and Evaluation

The Planning, Monitoring and Evaluation unit was effectively established on November 1, 2007.

Major achievements realized

- Monitoring & evaluation framework developed; in particular, the data capture templates
- Scientists' capacity building on principles and practice of monitoring and evaluation conducted
- Monitoring and evaluation of projects done regularly
- Progress on status of Strategic Plan (2009-2014).
- Automated KARI Project Performance Monitoring and Evaluation System developed and is being rolled out to all centres(2013-2014)



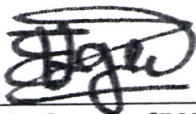
IX. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section ... of the Public Finance Management Act, 2012 and section ... of the State Corporations Act, require the Directors to prepare financial statements in respect of that *entity*, which give a true and fair view of the state of affairs of the *entity* at the end of the financial year/period and the operating results of the *entity* for that year/period. The Directors are also required to ensure that the *entity* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *entity*. The Directors are also responsible for safeguarding the assets of the *entity*.

The Directors are responsible for the preparation and presentation of the *entity's* financial statements, which give a true and fair view of the state of affairs of the *entity* for and as at the end of the financial year (period) ended on June 30, 2014. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the *entity*; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the *entity*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the *entity's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act and the State Corporations Act. The Directors are of the opinion that the *entity's* financial statements give a true and fair view of the state of *entity's* transactions during the financial year ended June 30, 2014, and of the *entity's* financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the *entity's* financial statements as well as the adequacy of the systems of internal financial control.

With effect from 1st July 2014, Kenya Agricultural Research Institute (KARI) was dissolved in pursuant to the Kenya Agricultural and Livestock Research Act 2013. Its newly acquired name is Kenya Agricultural and Livestock Research Organization (KALRO). This will not affect the *entity* going concern for at least the next twelve months from the date of this statement.



Eliud Kireger (PHD)
Ag. Director General



David Kikwai
Ag. Corporate Manager

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-Mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON KENYA AGRICULTURAL RESEARCH INSTITUTE FOR THE YEAR ENDED 30 JUNE 2014

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Kenya Agricultural Research Institute set out on pages 1 to 18 which comprise the statement of financial position as at 30 June 2014, and the statement of financial performance, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

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

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 13 of the Public Audit Act, 2003.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15(2) of the Public Audit Act, 2003. The audit was conducted in accordance with International Standards of Auditing (ISA). Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

effectiveness of the Institute's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

1. Property, Plant and Equipment

- (i) As previously reported, included in the property, plant and equipment balance of Kshs.15,334,671,000 is an amount of Kshs.2,932,785,960 in respect of six (6) parcels of land for which the Institute has no ownership documents. The parcels of land without title documents further include L.R. No.5212 allocated to a private developer, even though the Institute holds an allotment letter for the property. Further, part of the Institute's land at Manera and Olmagogo farms in Naivasha- Mai Mahiu Road, was illegally acquired by private developers in year 2000. Another property in Katumani Centre measuring approximately 100 hectares has been occupied by private developers since year 2000. In addition, part of this land is being used as a dumping site by the County Government of Machakos and a construction of a power station taking place on the same land. Similarly, in January 2011, a group of individuals forcibly invaded the Institute's land L. R. 5210 and L. R. 5211 in Naivasha, claiming ownership. The Institute filed a case in court to have them evicted, and a ruling in favour of the Institute was made on 29 March 2012. However, a review of the position in November 2014 revealed that the invaders had not vacated the land.
- (ii) The property, plant and equipment net book value of Kshs.20,826,772,000 as at 30 June 2014 includes a figure of Kshs.81,650,080 representing the value of buildings allocated to Kenya Plant Health Inspectorate Service in 1998. The net book value is therefore overstated by Kshs.81,650,080.
- (iii) During the year, the Institute undertook construction of buildings across the various centers in the country. Available information however shows that the constructions of a training facility and hostel in Thika, Marsabit Guest House, and a data center at Njoro and head office at costs of Kshs.53,250,485, Kshs.55,987,053 and Kshs.6,736,065 respectively were complete but omitted from the financial statements.
- (iv) The Institute has 2 tractors, 30 vehicles and 4 motor cycles with private numbers. These vehicles had private numbers registration withdrawn to avoid misuse and are now grounded at various centers leading to capital assets wastage. The management has not explained the steps being taken to ensure that the assets ownership is sorted out.

Under the foregoing circumstances, the accuracy and completeness of the property, plant and equipment figure of Kshs.20,826,772,000 as at 30 June 2014 cannot be confirmed.

2.0 Trade and Other Receivables

2.1 As previously reported and as disclosed in note 20 to the accounts, trade and other receivables balance of Kshs.51,285,000 includes trade receivables amounting to Kshs.12,649,000 and Kshs.33,287,000 owed by various debtors and Kenya Seed Company respectively which have remained outstanding for a long period of time. In addition, among the long outstanding trade debtors include former Members of Parliament, who owe the Institute a total of Kshs.537,700. The management has however not provided evidence of measures being put in place to pursue recovery of these debts.

2.2 Further, the Institute has no policy on provision for bad and doubtful debts, in spite of the huge portfolio of long outstanding debts whose recovery appears doubtful. Similarly examination of the records maintained by the Institute does disclose the periods for which these debts have remained outstanding.

2.3 In addition, the surrender dates of imprests totalling Kshs.54,367,000 included in the trade and other receivables balance were not availed for audit review.

Under the circumstances, it is not possible to confirm whether the trade and other receivables balance of Kshs.51,285,000 as at 30 June 2014 is fairly stated.

3.0 Procurement of Consultancy Services

Section 4.1 of the TOR for the consultancy provides that the consultant shall be expected to guide and help to implement ISO/ IEC17025:2005 including ensuring that the two Muguga laboratories acquired the ISO/IEC17025:2005 QMS accreditation. The exercise was expected to be complete by April, 2014 after it was signed in September, 2013. However, as at the time of audit, the ISO certification had not been attained. In addition, the contract signed with the consultant provided that the second installment payment was to be paid upon submission of a report on documentation i.e processes, procedures, protocols and work instructions. However, the report availed in support of the second installment payment of Kshs. 909,440 paid on 24 March, 2014 was based on a report on documents reviewed in a workshop held between 4 to 7 February, 2014 and the same report shows that some documents were not reviewed. Under the circumstances, the Institute was in breach of the law.

4.0 Trade and Other Payables

The trade and other payables balance of Kshs.238,770,000 as at 30 June 2014 includes Kshs.3,771,786 owed to various hospitals that has been outstanding for a very long time. No explanation has been given by management on why these liabilities have not been settled.

5.0 Cash and Cash Equivalents

- (i) IPSAS 2 defines cash to comprise cash on hand and demand deposits. Cash equivalents are short term highly liquid investments that are easily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. However, included in cash and cash equivalents figure of Kshs.1,017,506,000 as disclosed under note 19 to the accounts as at 30 June 2014 is Kshs. 54,413,000 relating to staff imprest.
- (ii) Section 3.4.1 of the manual further provides the roles of the Funds Management Unit which include depositing of funds received (cash or cheque) to the credit of the respective bank account, and posting the receipts in the respective cash/bank book. However, a review of the bank reconciliation statements for the 27 bank accounts maintained at headquarters revealed that unbanked cash and revenues amounting to Kshs. 2,893.600 and dating as far back as the year 2012 remained as reconciling items in the bank reconciliation statements.
- (iii) The bank reconciliation statement for the deposit account shows the balance as per bank statement as Kshs.25,927,646, however, the bank certificate showed the balance as at 30 June 2014 was Kshs.28,015,503, resulting to an unreconciled difference of Kshs.2,087,857.50.
- (iv) The following balances were omitted from cash and cash equivalents figure as at 30 June 2014;

<u>Account Name</u>	<u>Account No.</u>	<u>Amount (Kshs.)</u>
KARI Mainstreaming CA Biodiversity	1135563721	2,156,609
KARI Welcome Trust	Not provided	Not provided

In the circumstances, it has not been possible to confirm that cash and cash equivalents figure of Kshs.1,017,506,000 as at 30 June 2014 is fairly stated.

6.0 Inventories

6.1 Measurement of Inventories

Paragraph 15 of IPSAs 12 provides for measurement of inventories at the lower of cost and the net realizable value. Circular Ref. KARI /4 /001/ VOL X/83 of 18 June, 2014 on closure of the financial year 2013/2014 did not give guidelines to the centers as to how inventory items were to be classified and valued. The centers therefore adopted their own classifications and valuations for various inventory items with some centers not valuing their inventories at all.

6.2 Misstatements, Omissions and Inconsistencies in Stock Sheets

6.2.1 Headquarters Inventories

The stock verification sheets for the headquarters - S 16 (1) to (20) - produced for audit verification indicated that consumables valued at Kshs.10,726,703 were in store as at 30 June, 2014. The dipstick also indicated that fuel worth Kshs.505,661 was in the Institute's storage as at 30 June, 2014. However, the inventories summary availed for audit verification indicated that headquarters had no inventories as at 30 June, 2014.

In addition, although the fuel register indicated fuel worth Kshs.1,340,359 was in the Institute's fuel storage tank as at 30 June 2014, the dipstick readings of the same date indicated that only fuel worth Kshs.505,661 was in the storage giving an unexplained difference of Kshs.834,698.

6.2.1.1 Livestock and Other Biological Assets (Trees) for Molo

The stock sheets for Molo centre indicated that the Centre had 1,201 trees, 22 ewes, 2 male calves, 3 female calves, 4 steers, 9 cows, 5 male lambs, 6 female lambs and 8 rams. However, the Centre did not value the livestock and the trees.

6.2.2 Inventories – Naivasha

6.2.2.1 Stock Sheet No. 6 for Sahiwal (Lower Farm)

The stock sheet indicated that cows after 1 calving were 159 heads with an average live weight of 300 and a price per live weight of Kshs.125 giving a value of Kshs.5,962,500. However, the sheet gave a value of Kshs.14,310,000 giving an unexplained difference of Kshs.8,347,500.

6.2.2.2 Stock Sheet No. 7 for Olmagogo Livestock

The value of heifers is shown as Kshs. 21,600,000. However, the correct value is Kshs.9,120,000 resulting to unexplained difference of Kshs.12,480,000.

6.2.2.3 Stock Sheet No. 3

The stock sheet for feeds (Breeders, chick, growers, layers, dairy, chick boxes, and mineral salts) valued at Kshs.971,186. However, these were included in the valuation for livestock.

In view of the above, it is not possible to confirm the accuracy of inventories figure of Kshs.306,386,000 as at 30 June 2014.

7. Staff Costs

- (i) Staff costs figure of Kshs.2,378,489,000 as disclosed under note 11 to the accounts includes Kshs.22,329,957 in respect of acting allowances. The management has however not supported this expenditure.

- (ii) The institute did not disclose in its financial statements liabilities relating to the actuarial deficit amounting to Kshs.1.4 billion as per the valuation report dated 30 June 2011 although payments in the year under review to finance the deficit amounting to Kshs.55 million were included in the staff costs. Further, it was observed that the Institute had been paying Kshs. 5 million each month to finance the deficit from the GOK recurrent account contrary to the Board's directive during its meeting held on 21 February 2013 that resolved that the Institute should reorganize its operations and be remitting Kshs. 5 million every month to the defined benefits scheme with effect from 1 January, 2013 to be drawn from AIA at the rate of 20%.
- (iii) Section 3 of KARI staff manual provides that vocational employment may be offered by the Director to candidates who meet minimum qualifications for a vacancy, to temporarily replace an officer on leave of absence or to perform specified task for a specified period. Such an appointment should be for a period not exceeding twelve (12) months and should only be renewable depending on need. During the year, KARI incurred Kshs.7,230,924 as wages for temporary employees. Audit verification however revealed that twenty three (23) of these employees were engaged for periods exceeding twelve months. A review of applications for employment by the employees revealed that, the appointments were done between the year 2007 and 2014. The need to engage the employees and the continued renewal of the contracts was not justified. The management has not provided reasons as to why the HR policy was violated.

In view of the above, it is not possible to confirm whether staff costs figure of Kshs.2,378,489,000 as at 30 June 2014 is fairly stated.

8. Administration Costs

8.1 Irregular Variation of Contract

Section 47 (1) (b) of the Public Procurement and Disposal Act, 2005 provides that any contract variations are based on the prescribed price or quantity variation for goods, works and services. In addition Regulation 31 (b) of the Public Procurement and Disposal Regulations, 2006 provides that any variation of a contract shall be effective only if the quantity variation for goods and services does not exceed ten per cent of the original contract quantity.

Included in the insurance costs figure of Kshs. 39,632,000 as disclosed under note 12 to the financial statements is a figure of Kshs.18,557,706 being insurance premiums for general insurance cover. However, the first service contract for the provision of insurance brokerage services and provision of insurance cover between KARI and 4M Brokers were signed on 30 June, 2012 in the sum of Kshs. 10,166,937. In the subsequent year (2012/2013) the contract was extended in the sum of Kshs.15,719,032 representing a 54.61% variation. In 2013/2014, the contract was further renewed in the sum of Kshs.18,557,706 representing an 82.53 % variation.

It was also noted that the Public Procurement Oversight Authority in their letter Ref. PPOA 6/15/VOL X (112) of 27 May, 2013, drew the attention of the Institute to Section 47 (1) of the PPDA, 2005 which provides for variations of contracts. The Authority had written in response to KARI letter Ref KARI/2/069 A/2013 of 23 April, 2013 notifying the Authority of intention to renew the contract.

8.2 Over Cover of Motor Vehicles

Out of the Kshs.18,557,706 being insurance premiums for general insurance cover, Kshs.13,948,657 relates to premiums for motor vehicle insurance. As per the invoice for payment of 2013/2014 general insurance cover, the sum insured for motor vehicle was Kshs.477,565,972. However, evidence of valuation of the vehicles done prior to the insurance was not availed. In addition, the Institute's fleet had been given an open market value of Kshs.221,092,340 in a 2012 valuation report.

In the circumstances, it is not possible to confirm that administration costs figure of Kshs.1,497,915,000 as at 30 June 2014 is fairly stated.

9. Board Expenses

Section 6(1) of the State Corporations Act, Cap 446, of the Laws of Kenya states that 'unless the written law by or under which a State Corporation is established or the articles of association of the State Corporation otherwise require, a Board shall consist of a Chairman, the Chief Executive, the Permanent Secretary of the parent Ministry, the Permanent Secretary to the Treasury and not more than seven (7) other members not being employees of the State Corporation appointed by the Minister. Section 10(1) of the Act, allows the chairman and the board members to be paid sitting allowance out of the funds of the corporation on attendance of Board/Committee meetings. However, records examined indicated that the Institute paid a total of Kshs.1,514,000 as sitting allowance to non-directors in attendance during Board/Committee meetings. The Institute was therefore in breach of the law.

10. Contracted Services

- (i) Included in contracted professional services figure of Kshs.108,779,000 as reflected in the statement of financial performance is Kshs.55,837,402 relating to payment of salaries to Kenya Agricultural Productivity and Agribusiness Project staff. However, audit verifications revealed that this figure includes Kshs.28,200,000 paid to some cadres of staff not included in the agreement between the Institute and Kenya Agricultural Productivity and Agribusiness Project for payroll maintenance.
- (ii) The contracted professional services further include Kshs.8,097,677 being funds paid to universities for research projects. However, no evidence has been provided for verification on whether the funds were spent for the intended purposes.
- (iii) In addition, contracted professional services balance includes Kshs.7,021,662 being payments to Oxford Biomaterials Ltd. relating to implementation of the high

technology silk project in Kenya. However, no evidence was availed to show that Public Procurement Procedures were followed in the procurement of the services.

- (iv) Similarly, the contracted professional services balance includes Kshs.5,724,481 being payments to a team of consultants who undertook the KARI Evaluation and Monitoring Project Review (EMPR), 2013. Although the Institute had obtained a no objection letter to utilize the funds by compensating a team of consultants, the consultants were engaged through single sourcing (head hunting) without adhering to the relevant provisions of the Public Procurement and Disposal Act 2005 and Public Procurement and Disposal Regulations, 2006. This figure includes an amount of Kshs. 630,000 paid to a consultant for advisory services rendered during EMPR report for 15 days at a rate of Kshs.42,000 per day. However, no contract had been signed between KARI and the consultant. In addition, this amount had not been budgeted for and the management has not provided evidence to prove that the consultant worked for the number of days paid for.

In view of the above, it is not possible to confirm whether the contracted services expenditure of Kshs.108,779,000 was a proper charge to public funds.

11. Other Receipts

- (i) Section 4.2.3 (Revenue Collection and Recording) of the KARI Financial Management Manual provides that all amounts received are acknowledged by the cashier, by issuing an official receipt (MR) which is serially numbered. Section 3.4.1 of the manual further provides the roles of the Funds Management Unit which include depositing of funds received (cash or cheque) to the credit of the respective bank account, and posting the receipts in the respective cash/bank book. However, included in the rents received figure of Kshs.42,081,000 shown under note 6 to the financial statements is an amount of Kshs.29,418,079 being rent recovered through payroll from KARI staff living in KARI owned houses in various centres. However, the income was neither received as per the procedures illustrated above nor transferred to the KARI Deposits bank account which is the account used to collect and spend internally generated revenue within the Institute.
- (ii) The figure for rent received shown as Kshs.42,081,000 under note 6 to the financial statements relates to rent income from KARI houses in various centres across the country let both to KARI staff and third parties. However, the rent charges were based on the valuation of the houses for rent carried out in 2001 by the Ministry of Lands. In addition, a comprehensive up to date inventory of the houses, their habitation status and occupation details were not availed for audit verification. Further, lease agreements between the tenants and the Institute were not availed for audit verification.

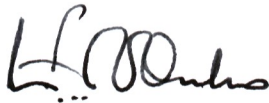
Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects the financial position of the Institute as at 30 June, 2014, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual) and comply with the Science and Technology Act, Cap 250 of the Laws of Kenya.

Emphasis of Matter

Going Concern

With the operationalization of the Kenya Agricultural and Livestock Research Act, 2013 on 1 July 2014, the Institute has ceased to exist as a legal entity and it now operates under the Kenya Agricultural and Livestock Research Organization (KALRO). My opinion is not qualified in respect of this matter.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

10 June 2015

X. STATEMENT OF FINANCIAL PERFORMANCE
For the year ended 30 June 2014

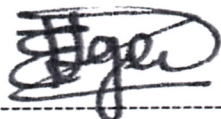
		2013-2014	2012-2013
	Notes	Kshs'000	Kshs'000'
Revenue from exchange transactions			
Goods	3	404,550	223,651
Services	4	21,128	19,495
Interest Received	5	15,724	15,982
Other Receipt	6	82,912	79,257
		524,314	338,385
Revenue from non-exchange transactions			
GOK Personal Emoluments	7	1,917,000	2,045,760
GOK Development	8	235,463	251,993
World Bank	9	636,115	582,520
Other Grants	10	1,292,585	871,152
		4,081,163	1,705,665
Total Revenue		4,605,477	4,089,810
Expenses			
Staff Costs	11	2,378,489	2,382,220
Administrative Costs	12	1,497,915	1,480,695
Board Expenses	13	7,574	11,230
Audit Fees	14	460	1,487
Depreciation & Amortization expense	15	290,620	238,220
Repairs and Maintenance	16	127,845	122,836
Contracted Services	17	108,779	41,932
Finance cost	18	7,522	5,114
Total Expenses		4,419,204	4,283,734
Surplus/(Deficit)		186,273	-193,924

The Financial Statements set out on pages 1 to 5 form an integral part of the Financial Statements.

XI. STATEMENT OF FINANCIAL POSITION
As at 30th June 2014

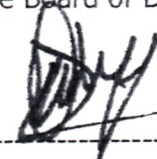
	Notes	2013-2014	2012-2013
		Kshs'000	Restated Kshs'000'
Assets			
Current Assets			
Cash and Cash equivalents	19	1,017,506	952,354
Trade & Other Receivables	20	51,285 ✓	50,228
Prepayments	21	37,669 ✓	36,385
Inventories	22	306,386	314,478
Grants Receivable	23	159,750 ✓	-
Deposits	24	2,331 ✓	2,331
		1,574,927	1,355,776
Non-Current Assets			
Property, Plant and Equipment	25	20,826,772	20,691,440
Intangible Assets	26	148,552	-
Biological Assets	27	140,443	-
		21,115,767	20,691,440
Total Assets		22,690,694	22,023,322
Liabilities			
Current liabilities			
Bank overdraft	28	4	-
Trade & Other Payables	29	238,770	65,455
Total Liabilities		238,774	65,455
		22,451,921	21,981,760
Net assets			
General Reserve	30	1,154,225	967,952
Capital Fund	31	3,349,658	3,065,771
Revaluation Reserve	32	17,948,038	17,948,038
Total Net Assets and liabilities		22,451,921	21,981,760

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:



AG. Director General

Date: 30/09/2014



AG. CORPORATE MANAGER

Date: 30/09/2014

XII. STATEMENT OF CHANGES IN NET ASSETS

For the year ended 30 June 2014				
	Capital Fund	Revaluation Reserve	General Reserve	Totals
	Kshs'000'	Kshs '000'	Kshs'000'	Kshs'000'
Balance as at 30 June 2012	2,938,468	4,656,795	1,161,196	8,756,459
Surplus/(Deficit) for the period	104,091	13,291,243	- 193,924	13,201,409
Prior year adjustment	23,213		680	23,893
Balance As at 30 June 2013	3,065,771	17,948,038	967,952	21,981,761
Surplus/(Deficit) for the period	283,887	-	186,273	470,160
Balance C/F: 30/06/2014	3,349,658	17,948,038	1,154,225	22,451,921

XIII. STATEMENT OF CASHFLOW
As at 30th June 2014

		2013-2014	2012-2013
	Notes	Kshs'000	Restated Kshs'000
Cash Flow from Operating Activities			
Receipts			
Sale of Farm Products		404,550	171,373
Finance Income		15,724	16,003
Rendering of Services		21,128	19,496
Government & Donor Grants		4,081,163	3,751,424
Other Incomes		82,912	129,437
Sub-Total		4,605,477	4,087,733
Payments			
Compensation of employees		2,378,488	2,174,217
Goods & Services		1,742,571	*1,842,970
Finance Costs		7,522	5,114
Sub-Total		4,128,581	4,022,301
Net Cash flow from operating activities	33	476,896	65,433
Cash flow from investing activities			
Purchase of Property, plant equipment, intangible & Bio		(738,164)	*(227,375)
proceeds from sale of Assets		-	8,291
(Increase)/Decrease in Stocks		8,092	(36,737)
(Increase)/Decrease in Debtors		(1,057)	30,898
(Increase)/Decrease in Prepayments		(1,284)	(14,865)
(Increase)/Decrease in Creditors		173,318	(128,953)
(Increase)/Decrease in Receivables		(159,750)	-
Sub-Total		19,319	(141,366)
Cash flow from Financing Activities			
Capital Grant		307,100	104,091
Increase in Cash and Cash Equivalent for the Year		65,151	(199,218)
Cash and Cash Equivalent as the Start of the Year	19	952,352	1,151,570
Cash and Cash Equivalent at the End of the Year	19	1,017,503	952,352

The Financial Statements set out on pages 1 to 5 form an integral part of the Financial Statements

XIV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Original budget		adjustments		Final Budget		Actual on comparable		Performance	
	2013-2014	2013-2014	2013-2014	2013-2014	2013-2014	2013-2014	2013-2014	2013-2014	2013-2014	2013-2014
	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Revenue from exchangetransactions										
Goods	360,491	-	-	-	404,000	404,550	550			
Services	20,156	-	-	-	20,156	21,128	972			
Interest Received	15,001	-	-	-	15,001	15,724	723			
Other Receipt	82,747	-	-	-	82,747	82,912	165			
	478,395	-	-	-	521,904	524,314	2,410			
Revenue from non-exchange transactions										
GOK Personal Emoluments	1,917,000	-	-	-	1,917,000	1,757,250	-	159,750		
GOK Development	285,100	-	-	-	285,100	235,463	-	19,637		
World Bank	650,000	-	-	-	650,000	636,115	-	13,885		
Other Grants	1,274,500	-	-	-	1,274,500	1,292,585	17,014	-		
	4,126,600	-	-	-	4,126,600	3,921,413	-	206,258		
Total Revenue	4,604,995	-	-	-	4,648,504	4,445,727	-	203,848		
Expenses										
Staff Costs	2,378,488	-	-	-	2,384,541	2,378,489	6,053	-		
Administrative Costs	1,501,412	-	-	-	1,501,412	1,497,915	1496,502,546	4,549		
Board Expenses	8,500	-	-	-	8,500	7,574	926	-		
Audit Fees	1,160	-	-	-	1,160	460	700	-		
Depreciation & Amortization expense	292,010	-	-	-	292,010	290,620	1,387	-		
Repairs and Maintenance	128,741	-	-	-	128,741	127,845	1,256	-		
Contracted Services	111,024	-	-	-	111,024	108,778	2,246	-		
Finance cost	10,000	-	-	-	10,000	7,522	2,478	-		
	4,431,335	-	-	-	4,437,388	4,419,204	-	19,562		
				Surplus/(Deficit)	211,116	26,523				

The notes set out on pages 6 to 18 form an integral part of the Financial Statements

XV. NOTES TO THE FINANCIAL STATEMENTS

1. Statement of compliance and basis of preparation – IPSAS 1

The entity's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity and all values are rounded to the nearest thousand (KShs. 000). The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

2. Summary of significant accounting policies

a) Revenue recognition

i) Revenue from non-exchange transactions – IPSAS 23

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

ii) Revenue from exchange transactions – IPSAS 9

Rendering of services

The entity recognizes revenue from rendering of services only when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognized only to the extent of the expenses recognized that are recoverable.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget information – IPSAS 24

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the entity. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

e) Property, plant and equipment – IPSAS 17

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fairvalue.

Biological assets are measured on initial recognition and at the end of each reporting period at fair value less costs to sell in accordance with **IPSAS 27**

Depreciation is calculated to write off the cost or valuation of fixed assets using the straight-line method at the following annual rates:

Permanent Buildings	2%
Motor Vehicles	25%
Motorcycles & Bicycles	25%
Plant and Machinery	12.5%
Office Equipment	12.5%
Furniture & Fittings	12.5%
Laboratory Equipment	12.5%

g) Intangible assets–IPSAS 31

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

i) Research and development costs

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

i) Inventories – IPSAS 12

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

k) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. Entity to state the reserves maintained and appropriate policies adopted.

m) Employee benefits – IPSAS 25

Retirement benefit plans

The Entity provides retirement benefits for its employees. The retirement scheme is contributory with employee and employer contributing 5% and 10% respectively, on the basis of the Basic Salary.

r) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

s) Comparative figures

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

t) Significant judgments and sources of estimation uncertainty – IPSAS 1

The preparation of the Entity's 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 that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

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

u) Subsequent events – IPSAS 14

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, 2014.

3. Sale of Goods

	2013-2014	2012-2013
	Kshs '000	Kshs '000
Sale - Sheep & Goats	1,046	1,527
Sale - Pigs	242	10
Sale - Cows	23,220	14,952
Sale - Poultry	88	45
Sale - Poultry - DITU	2,336	2,008
Sale - Poultry Chicks	19,078	13,689
Sale - Maize	5,593	5,794
Sale - Sorghum & Millets	453	551
Sale - Rice	87	77
Sale - Root and Tuber	1,751	4,842
Sale - Vegetables	904	1,132
Sale- Herbs	44	-
Sale - Beans	707	618
Sale - Fruits	417	816
Sale - Bananas	1,271	628
Sale - Wheat	17,601	3,976
Sale - Cassava	33	46
Sale - Seeds	113,804	71,490
Sale - Seedlings	12,435	11,924
Sale - Trees and Plants	3,971	2,899
Sale - Manure	236	183
Sale - Sand & Ballast	74	77
Sale - Firewood	722	502

Notes to the Financial Statements Cont'd

Sale - Flowers	53	72
Sale - Pyrethrum	133	78
Sale - Cotton	0	42
Sale - Fodder	10,466	5,559
Sale - Beef	33	92
Sale - Milk	20,021	20,309
Sale - Eggs	94	2
Sale - Tomatoes	85	38
Sale - Hay	3,440	3,370
Sale - Water	624	138
Sale - Miscellaneous	26,697	21,092
Increase/Decrease in Stock	132,351	34,937
Sale of Scrap	4,443	138
Total	404,551	223,653

4. Services

Soil Analysis	10,431	8,406
Veterinary Services	6	-
Seed Inspection	-	-
Seed Moisture Analysis	23	19
Pesticide Analysis	8	2
Water Analysis	103	39
Plant Analysis	1,657	1,535
Fertilizer Analysis	-	9
Sale of Journals Periodicals	33,225	18
Hire-Ground/Conference Facilities	3,517	2,480
Royalties	5,350	6,990
Sub-total	21,128	19,498

5. Interest Received

	2013-2014	2012-2013
	Kshs '000	Kshs '000
Interest Received	15,724.00	15,982.00
Total	15,724.00	15,982.00

6. Other Receipts

	2013-2014	2012-2013
	Kshs '000	Kshs '000
Cafeteria Income	29,399	22,820
Guest House Income	8,143	4,958
Bus Income	567	498
Rent Received	42,081	44,612
Utilities Income	1,764	2,893
Sale of Tender Documents	828	1,394

Notes to the Financial Statements Cont'd

Drip Kit Sales	-	1
Grazing Fee	130	122
Commissioned Received	-	21
Gain on Sale of Fixed Assets	-	1,938
Total	82,912	79,257

7. GOK Personnel Emoluments

	2013-2014	2012-2013
	Kshs '000	Kshs '000
Grants-Personal Emoluments	1,917,000	2,045,760
Total	1,917,000	2,045,760

8. GOK Development Funds

This represents GoK funds received from development research activities.

	2013-2014	2012-2013
	Kshs '000	Kshs '000
Development Grant -GoK	235,463	251,993
Sub-Total	235,463	251,993

9. World Bank

	2013-2014	2012-2013
	Kshs '000	Kshs '000
Development Fund - KAPAP	28	467,026
Development Fund - EAAPP	139,870	115,493
Total	636,115	582,519

10. Development Funds - Other Donors

These represent grants received from various donors for research activities.

	2013-2014	2012-2013
	Kshs '000	Kshs '000
Development Grant - EU	46,670	-
Development Grant - USAID	10,731	11,743
Development Grant - Rockefeller	1,825	5,403
Development Grant - CIP	47,951	93,765
Development Grant - CIAT	12,740	5,754
Development Grant - ICRAF	914	214
Development Grant - FAO	8,707	12,493
Development Grant - ILRI	12,502	22,051
Development Grant - ADB	10,891	16,979
Development Grant - ICRISAT	5,554	5,096
Development Grant - CIMMYT	75,073	86,250
Development Grant - AFNET	2,461	3,569
Development Grant - IDRC	125,277	53,171

Notes to the Financial Statements Cont'd

Development Grant - AGRA	45,162	26,988
Development Grant - ASARECA	13,767	32,823
Development Grant - Small Grants	872,356	494,852
Total	1,292,581	871,151

11. Staff Costs

	2013-2014	2012-2013
	Kshs '000	Kshs '000
Basic Salary	1,264,615	1,283,888
House Allowance	277,892	282,208
Other Personal Allowance	63,925	42,398
Commuter Allowance	213,289	239,342
Transfer Allowance	1,276	1,392
Passage & Leave Expenses	16,006	14,758
Gratuity & Pension Contribution	182,207	182,082
Medical Expenses	148,748	128,149
Casual Labour	210,530	208,003
Total	2,378,489	2,382,220

12. Administrative Costs

	2013-2014	2012-2013
	Kshs '000	Kshs '000
Fuels, Oils and Lubricants	88,388	92,662
Vehicle Insurance	975	997
Road Tax & Licenses	1,564	588
Hire of Transport	5,624	8,057
Freight, Clearing & Shipping	1,571	558
Purchase of Supplies Production	135,796	204,182
Purchase of Drugs	4,859	5,057
Purchase of Sierra & Vaccines	2,821	3,410
Farm Development	4,939	3,964
Purchase of Fungi Insecticide & Sprays	4,767	9,118
Purchase of Farm Input	39,079	66,395
Purchase of Laboratory Stores	37,948	34,530
Research Materials	82,316	21,777
Purchase of Animals	1,986	2,374
Purchase of Dressing & Non Pharmaceutical	704	81
Purchase of Consumables Stores	12,800	9,682
Miscellaneous. Operating Expenses	4,520	-
Hire Machinery & Equipment's	3,032	2,678
Purchase of Workshop Tools, Spares & Equipment	1,211	598
Farm Grants (CIGs/CBOs)	13,503	-
Purchase of seed	2,766	-

Notes to the Financial Statements Cont'd

Office Running Expenses	4,044	2,713
Officer Stationery	26,210	28,994
Computer Expenses	17,861	27,950
Printing and Publishing	12,458	10,168
Advertising and Publicity	8,720	11,506
Library Expenses	1,224	640
Show Expenses	15,112	15,513
Cafeteria Expenses	29,173	26,333
Food and Ration	10,635	9,226
Official Entertainment	1,611	4,247
Conference and Seminars	26,937	41,657
Rent and Rates	1,491	356
Commission and Honoraria	11,122	4,151
Security Expenses	36,530	37,876
Uniforms and Clothing	1,596	11,497
Miscellaneous Charges	11,329	37,144
Subscriptions to Newspapers	362	710
Insurance - Group Personal	39,632	48,983
Daily Subsistence Allowance	596,853	535,419
External Travels and Per Diem	21,014	17,530
Travel Costs (Air & Bus) Mileage	20,893	18,999
Training	42,775	31,071
Water Expenses	2,476	3,251
Electricity Supplies	80,494	60,500
Gas Expenses	61	113
Telephone Expenses	7,792	8,356
Postage and Courier Expenses	1,665	2,391
Internet Connections	6,746	8,021
Leased Communication Lines	473	324
Membership Fees & Subscription	5,125	4,150
Legal Dues, Arbitration & Compensation	4,331	2,199
Total	1,497,915	1,478,696

13. Board Expenses

Board	2013-2014	2012-2013
	Kshs '000	Kshs '000
Board and Committees	7,574	11,230
Total	7,574	11,230

14. Audit Fees

These are fees incurred by the Institute during external audits.

	2013-2014	2012-2013
	Kshs '000	Kshs '000
Fees		
Audit Fees	460	1,487
Total	460	1,487

15. Depreciation & Amortization Expense

	2013-2014	2012-2013
	Kshs '000	Kshs '000
Buildings	92,521	91,562
Plant and Machinery	17,408	14,431
Motor Vehicles	76,285	58,278
Motor Cycles & Bicycles	1,652	1,258
Lab & Scientific Equipment	47,824	43,573
Office & Computer Equip.	40,027	14,537
Office Furniture & Fittings	14,903	14,581
Total	290,620	238,220

16. Repairs and maintenance

These refers to repairs and maintenance on the various assets of the institute

	2013-2014	2012-2013
	Kshs '000	Kshs '000
Repairs & Maintenance of Vehicles	54,918	57,082
Repairs & Maintenance of Motor Cycles	376	553
Repair & Maintenance of Buildings & Stations	44,445	50,606
Repair & Maintenance of Water Supplies and Pumps	7,102	2,240
Repair & Maintenance of Office Equipment	5,323	1,336
Repairs & Maintenance Laboratory Equipment	1,248	467
Repairs & Maintenance Furniture	352	145
Maintenance of Plant and Machinery	9,015	6,287
Maintenance of Roads, Ferries	-	148
Minor Alter & Maintenance of Works	5,067	3,972
Total	127,845	122,836

17. Contracted Professional Services

	2013-2014	2012-2013
	Kshs '000	Kshs '000
Contracted Professional Services	108,779	41,932
Total	108,779	41,932

18. Finance cost

	2013-2014	2012-2013
	Kshs '000	Kshs '000
Bank Charges	7,522	5,114
Total	7,522	5,114

19. Cash and cash equivalent

	2013-2014	2012-2013
	Kshs '000	Kshs '000
Bank Balances	963,093	778,892
Deposits	-	117,015
Imprest	54,413	56,447
Total	1,017,506	952,354

20. Trade and other receivables

	2013-2014	2012-2013
	Kshs '000	Kshs '000
Trade Receivables	12,649	12,649
Other Receivables	4,142	4,180
Salary Advances	1,207	112
Kenya Seed	33,287	33,287
Total	51,285	50,228

21. Prepayments

	2013-2014	2012-2013
	Kshs '000	Kshs '000
Medical cover	37,669	36,385
Total	37,669	36,385

22. Inventories

	2013-2014	2012-2013
	Kshs '000	Kshs '000
Consumables	124,540	128,051
Livestock	181,846	186,427
Total	306,386	314,478

23. Grants Receivable

	2013-2014	2012-2013
	Kshs '000	Kshs '000
GOK recurrent	159,750	-
Total	159,750	-

24. Deposits

	2013-2014	2012-2013
	Kshs '000	Kshs '000
Deposits	2,331	2,331
Total	2,331	2,331

25. Property plant and Equipment

	LAND	BUILDINGS	WORK IN PROGRESS	MOTOR VEHICLES	PLANT & MACHINERY	OFFICE EQUIP.	FURNITURE & FITTINGS	LAB EQUIPMENT	MOTOR CYCLES & BICYCLES	TOTAL
Cost	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'
At 1 July 2012	4,285,110	2,986,039	5,984	571,443	237,510	289,893	96,770	525,250	18,980	9,016,979
Accumulated Depreciation written off	-	390,138	-	459,849	119,316	202,067	66,113	346,755	15,486	1,599,724
Net Book Value as at 1 July 2012	4,285,110	2,595,901	5,984	111,594	118,194	86,480	30,657	179,842	3,494	7,417,256
Revaluation for the Year	11,049,561	1,972,989	-	104,466	-8,878	23,905	83,688	63,975	1,537	13,291,243
Cost or Valuation at 1 July 2012	15,334,641	4,568,890	5,984	216,060	109,316	110,385	114,345	234,817	5,031	20,699,469
Addition for the Period	-	7,748	60,247	17,051	6,132	5,912	2,307	104,766	-	204,163
Disposal for the Period	-	-	-	-5,085	-2,600	-	-	-145	-	-7,830
As at 1 July 2013	15,334,671	4,576,639	66,231	228,027	112,847	116,297	116,652	348,437	5,032	20,904,833
Addition for the period	-	49,391	53,998	77,114	26,415	218,068	2,569	20,039	1,575	449,169
Cost or Valuation at End of Period	15,334,671	4,626,030	120,229	305,140	139,262	334,365	119,221	368,477	6,607	21,354,002
Accumulated Depreciation b/f	-	91,562	-	57,007	14,106	15,007	14,581	43,085	1,258	236,606
Charge for the period	-	92,521	-	76,285	17,408	40,027	14,903	47,828	1,652	290,623
Accumulated depreciation to end of period	-	184,083	-	133,2292	31,514	55,034	29,484	90,913	2,910	527,229
Net Book Value at 30 June 2014	15,334,671	4,441,947	120,229	171,849	107,748	279,331	89,737	277,564	3,697	20,826,773
Net Book Value at 30 June 2013	15,334,671	4,485,077	66,231	171,019	98,742	105,518	102,071	301,125	3,773	20,668,227

26. Intangible Assets

	Computer software	
	2013-2014	2012-2013
	Kshs '000	Kshs '000
Cost at the start of the Year		
Addition for the period	148,551	-
Cost or Valuation at End of Period	148,551	-
Accumulated amortization b/f	-	-
amortization for the period	-	-
Accumulated amortization to end of period	-	-
Net Book Value at End of Period	148,551	-

27. Biological Assets

	2013-2014	2012-2013
	Kshs '000	Kshs '000
Trees	140,443	-
Total	140,443	-

28. Bank Overdraft

	2013-2014	2012-2013
	Kshs '000	Kshs '000
Bank overdraft	4	-
Total	4	-

29. Trade and Other Payables

	2013-2014	2012-2013
	Kshs '000	Kshs '000
Trade Creditors	114,090	48,003
Statutory Deductions	44,609	-
Other Creditors	80,071	17,452
Total	238,770	65,455

30. General reserve

	2013-2014	2012-2013
	Kshs '000	Restated Kshs '000
Balance Brought Forward as at 1 July 2013	967,952	1,161,196
Surplus/(Deficit) for the Year	186,273	(193,924)
Prior Year	-	680
Balance Carried Forward as a 30 June 2014	1,154,225	967,952

31. Capital fund

	2013-2014	2012-2013
	Kshs '000	Kshs '000
Capital Funds Brought Forward as at 1st July 2013	3,065,771	2,938,468
Capital Funds during the year	283,887	104,091
Prior Year	-	23,212
Balance Carried Forward as at 30th June 2014	3,349,658	3,065,771

32. Revaluation reserve

	2013-2014	2012-2013
	Kshs '000	Kshs '000
Balance Brought Forward as a 1st July 2013	17,948,038	4,656,795
Revaluation for the year	-	13,291,243
Balance Carried Forward as 30th June 2014	17,948,038	17,948,038

33. Net cash flow from operating activities

	2013-2014	2012-2013
	Kshs '000	Kshs '000
Surplus/(Deficit)	186,261	(193,924)
Add : Depreciation	290,623	238,220
Net Cash Flow	476,884	42,219

34. Prior Year

	2013-2014	2012-2013
	Kshs '000	Kshs '000
Sale of Fixed Assets	-	680
Additions to Buildings	-	23,213
Total	-	23,893

35. Provisions for contingent liabilities

During the financial year under review, liability relating to actual deficit as per the report on actuarial valuation of the Kenya Agricultural Research Institute Staff retirement benefits Scheme indicated a valuation figure of Kshs.437 million. It is worth noting that this figure keep on changing every year and could not be disclosed under trade payables as it would materially affect the working capital of the Institute.

