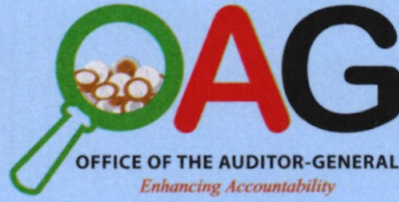


REPUBLIC OF KENYA



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REPORT
OF
THE AUDITOR-GENERAL
ON
KENYA INDUSTRIAL PROPERTY
INSTITUTE
FOR THE YEAR ENDED
30 JUNE, 2025

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 03 DEC 2025 DAY: WEDNESDAY

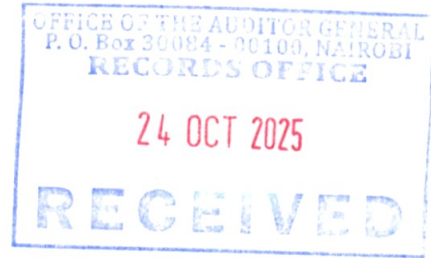
TABLED BY: Deputy Leader Majority Hon. Owen Bayo

CLERK-AT-THE-TABLE: Suleiman Halima





REPUBLIC OF KENYA



KENYA INDUSTRIAL PROPERTY INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2025**

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

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1. ACRONYMS AND DEFINITION OF KEY TERMS

A: Acronyms and Abbreviations

TERM	DEFINITION
AIA	Appropriation in Aid
ARIPO	African Regional Intellectual Property Office
BETA	Bottom-up Economic Transformation Agenda
CKRC	Constitution of Kenya Review Commission
CIPS	Chartered Institute of Purchasing and Supplies
COMESA	Common Market for Eastern and Southern Africa
DIPD	Danish Institute of Political Parties
EAC	East African Community
ERP	Enterprise Resource Planning
GI	Geographical Indications
HELB	Higher Education Loans Board
ICPAK	Institute of Certified Public Accountants of Kenya
ICT	Information and Communication Technology
IEBC	Independent Electoral and Boundaries Commission of Kenya
IP	Industrial Property
IPA	Industrial Property Act
IPAS	Industrial Property Automation System
IPR	Intellectual Property Rights
ISPAS	International Public Sector Accounting Standards
KAGRC	Kenya Animal Genetic Resources Centre
KAM	Kenya Association of Manufacturers
KECOBO	Kenya Copyright Board
KIPI	Kenya Industrial Property Institute
KIRDI	Kenya Industrial Research and Development Institute
KISM	Kenya Institute of Supplies Management
MPESA	M. for Mobile, PESA for Money (Kiswahili words)
MSMEs	Micro, Small and Medium Enterprises
NACADA	Natioal Authority for Campaign Against Alcohol and Drug Abuse
NACOSTI	National Commission for Science, Technology and Innovation
PCT	Patent Cooperation Treaty
PFM	Public Finance Management
TVET	Technical and Vocational Education and Training
UM	Utility Model
UNDP	United Nations Development Programme
WFATE	World Forum Association of Teachers Educators
WIPO	World Intellectual Property Organization
WTO	World Trade Organization

B: Definition of Key Terms

1. Assets: These are resources owned by a company that have future economic value, such as cash, accounts receivable (money owed by customers), inventory, equipment, and buildings.

- **Current Assets:** Assets expected to be converted to cash or used up within a year (e.g., cash, inventory);
- **Fixed Assets:** Assets with a long-term use, like property, plant, and equipment; and
- **Intangible Assets:** Assets that lack physical substance but still hold value, such as patents or trademarks.

2. Bank Reconciliation: The reconciliation of the balance on the cash book to the balances on the bank accounts.

3. Budget: A budget is a statement of estimated expected expenditure for KIPPI for a given period.

4. Cash Flow: The movement of cash both into and out of a business.

- **Operating Cash Flow:** Cash generated from regular business activities;
- **Investing Cash Flow:** Cash related to investments in long-term assets (like property or equipment); and
- **Financing Cash Flow:** Cash related to funding activities (like borrowing or issuing stock).

5. Equity: This represents the owners' stake in the company, calculated as total assets minus total liabilities. It's also known as net assets or shareholders' equity.

6. Expenses: Costs incurred in the process of generating revenue.

- **Cost of Goods Sold (COGS):** Direct costs associated with producing goods for sale; and
- **Operating Expenses:** Costs of running the business, such as rent, salaries, utilities.

7. Fiduciary Management: Members of Management directly entrusted with the responsibility of financial resources of KIPPI.

8. Liabilities: These represent obligations of a company to others, including loans, accounts payable (money owed to suppliers), and salaries payable.

- **Current Liabilities:** Obligations due within a year (e.g., accounts payable, salaries payable); and
- **Non-Current Liabilities:** Obligations due beyond one year (e.g., long-term loans).

9. Net Income: The "bottom line" of the income statement, calculated as revenue minus all expenses (including cost of goods sold, operating expenses, and taxes).

10. Revenue: The total income generated by a company from its primary operations, such as sales of goods or services.

2. KEY KENYA INDUSTRIAL PROPERTY INSTITUTE'S INFORMATION AND MANAGEMENT

(a) Background Information

The Kenya Industrial Property Institute (the Institute) is a body corporate established under the Industrial Property Act, No. 3 of 2001. The Institute is mandated to implement the Industrial Property Act and the Trade Marks Act, Cap 506 of the Laws of Kenya.

(b) Principal Activities

Vision

Fostering Global Innovation and Creativity for Sustainable Development.

Mission

To Promote Inventive and Innovative Activities through Protection of Industrial Property rights for an Innovative and Creative Kenya.

Core Values

Pursuant to its mandate and functions, the Institute is guided by the Constitution of Kenya, the national values and the Principal of Governance, the Institutes core values are:

(i) Confidentiality

The Institute endeavours to guarantee the privacy and confidentiality of its customers' information.

(ii) Customer Focus

The Institute strives to understand and meet customer needs and aim to exceed their expectations.

(iii) Integrity

The Institute endeavors to be honest, fair and ethical in creating a culture of trust and accountability in all its activities and decision making.

(iv) Team Work

The Institute acknowledges that effective collaboration, mutual support and genuine interest in each other is essential for a thriving Institute.

(v) Excellence

The Institute will accord quality and professional services in discharge of responsibility and delivery of services.

The principal activities of the Institute are to;

- (i) Consider applications for, grant and registration of industrial property rights;
- (ii) Screen technology transfer agreements and licences;
- (iii) Provide to the public, industrial property information for technological and economic development;
- (iv) Promote inventiveness and innovativeness in Kenya; and
- (v) Organize and conduct training, competitions and awards relating to industrial property matters.

(c) Key Management

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

S/No.	Designation	Name
1.	Managing Director	Mr. John Onyango
2.	Deputy Managing Director	Mr. Stephen Ng'eno
3.	Ag. Deputy Managing Director, Corporate Services	Ms. Janet Kisio

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June, 2025 and who had direct fiduciary responsibility were:

S/No.	Designation	Name
4.	Managing Director	Mr. John Onyango
5.	Deputy Managing Director	Mr. Stephen Ng'eno
6.	Manager, Legal Services/Corporate Secretary	Mrs. Eunice Njuguna
7.	Ag. Deputy Managing Director, Corporate Services	Ms. Janet Kisio
8.	Manager, Finance & Accounts	CPA Caroline Mawathe
9.	Manager, Research & Innovation	Ms. Hibo Yussuf Hussein
10.	Manager, Human Resource Management	Ms. Lucia Jemutai Koskei
11.	Assistant Manager, Administration	Mr. Samuel Ng'ethe
12.	Assistant Manager, Internal Audit	Mr. Douglas Mung'atia Gikunda
13.	Assistant Manager, Supplies Chain Management	Ms. Aminazhra Mohamud Sigat

(e) Fiduciary Oversight Arrangements

As part of corporate governance, the Institute's oversight role is discharged through the following Committees:

(1) Finance and Strategy Committee

The roles of the Committee are:

- Approval of financial reports;
- Assessing and monitoring performance of the Institute as per the Strategic Plan and annual Performance Contract;
- Consideration and approval of the Institute's budget and procurement plan; and
- Advising the Institute on major capital expenditure projects.

(2) Human Resource and Administration Committee

The roles of the Committee are:

- Reviewing the terms and conditions of Service for the Institute's employees;
- Carrying out recruitment and promotion of staff;
- Reviewing the Institute's human resource policies; and
- Advising the Board on the best human resource management practices.

(3) Audit and Risk Committee

The roles of the Committee are:

- Corporate governance - provides support to the Board of Directors in reviewing the effectiveness of the Institute's corporate governance by ensuring the Institute's compliance with legal and regulatory provisions;
- Financial statements and reports - review the adequacy, reliability and accuracy of the financial statements and reports provided to the Board and other users of such information;
- External Audit - ensuring the management has arrangements to support the audit work of the Auditor-General, being fully briefed on all audit work relating to the Institute through reports by the Auditor-General describing any material issues raised by their internal control reviews, or by inquiry/investigation by governmental or professional authorities; and

- Internal control, Risk Management and Internal Audit-Consider the effectiveness of the Institute's internal control systems established by Management to ensure compliance with policies, laws and regulations.

(4) Technical Committee

The roles of the Committee are:

- Monitor delivery of the Institute's mandate relating to the Constitution of Kenya, 2010, the Industrial Property Act and the Trade Marks Act;
- Monitor progress of implementation of the functions of the Institute relating to protection of industrial property rights, screening of technological transfer agreements and licences, promotion of innovativeness and inventiveness, industrial property information and training;
- Monitor development and review of the Institute's policy relating to the functions that create stakeholder value and ensure that statutory mandates are effectively fulfilled;
- Ensure that the implementation of the Institute's technical projects, programs and activities is done in line with the Institute's Strategic Plan;
- Ensure that technical operational strategies are based on the current social, economic and political factors and Kenya Vision 2030;
- Review systems as well as investments in new operational models to ensure efficient and effective service delivery;
- Monitor creation of partnerships and alliances with relevant collaborating institutions at national, regional and international levels for promotion of industrial property protection;
- Evaluate and monitor the performance of Technical Services Department; and
- Review proposals made for amendments to the Industrial Property Act and the Trade Marks Act.

(f) The Institute's Headquarters

KIPI Premises, Lavington,
Along Kabarsian Avenue,
Off Waiyaki Way,
P.O. Box 51648,
City Square 00200,
Nairobi, Kenya

(g) The Institute's Contacts

Telephone: (254) 0206002210/11
Fax: (254)0206006312
Wireless: (254) 0202386220
E-mail: info@kipi.go.ke
Website: www.kipi.go.ke

(h) The Institute's Bankers

(i) Central Bank of Kenya,
Haile Selassie Avenue,
P.O. Box 60000,
City Square 00200,
Nairobi, Kenya

(ii) Other Banks

- a) K.C.B. Bank Kenya Limited,
Kipande House Branch,
P.O. Box 30012,
GPO 00100,
Nairobi, Kenya
- b) National Bank of Kenya Limited,
South C Branch,
KEBS Compound, South C Nairobi,
P.O. Box 38645,
GPO 00100,
Nairobi, Kenya


(i) Independent Auditors




The Auditor General,
Office of the Auditor General,
Anniversary Towers, University Way,
P.O. Box 30084,
GPO 00100,
Nairobi, Kenya

(j) Principal Legal Adviser

The Attorney General,
State Law Office,
Harambee Avenue,
P.O. Box 40112,
City Square 00200,
Nairobi, Kenya

3. THE BOARD OF DIRECTORS

Ref.	Directors	Details
1.	 <p data-bbox="365 869 675 931">Mr. Allan Kibet Kosgey Chairman</p>	<p data-bbox="802 421 1445 790">Mr. Allan Kibet Kosgey is a distinguished legal practitioner and governance expert with a proven track record in corporate law, regulatory compliance, and public sector leadership. He is an Advocate of the High Court of Kenya, a Commissioner of Oaths, a Notary Public, and a Certified Public Secretary. With over two decades of experience, he has advised governments, multinational corporations, and financial institutions on legal and regulatory frameworks, public policy, and international dispute resolution.</p> <p data-bbox="802 831 1445 1200">He holds a Master of Laws (LLM) from the University of London, King’s College, and a Bachelor of Laws (LLB) from the University of Reading, UK, complemented by a Diploma in Law from the Kenya School of Law. His professional affiliations include membership in the Law Society of Kenya, East Africa Law Society, International Bar Association, Chartered Institute of Arbitrators, and the Institute of Certified Public Secretaries of Kenya. Additionally, he is an admitted counsel at the International Criminal Court (ICC) in The Hague.</p> <p data-bbox="802 1240 1445 1543">As the Managing Partner at Kosgey & Masese Advocates, Allan leads a premier law firm specializing in corporate governance, constitutional law, public procurement, and alternative dispute resolution. His legal expertise spans complex litigation, mergers and acquisitions, privatization, and international arbitration. Previously, he was a Partner at Oraro & Company Advocates, where he advised on high-profile corporate transactions and legal reforms.</p> <p data-bbox="802 1583 1445 1953">Beyond private practice, Allan has served in senior government and advisory roles, including as Chief Administrative Secretary (CAS) at the State Law Office, where he played a pivotal role in legal and policy reforms. He has also been a Treasurer and Council Member of the Law Society of Kenya, a Task Force Member on Anti-Doping in Kenya, and a legal advisor to key industry associations. His contributions to public policy and governance have had a lasting impact on legal and institutional frameworks in Kenya.</p>

<p>2.</p>	 <p>Prof. Jennifer Orwa Director</p>	<p>Prof. Jennifer Akinyi Orwa, OGW, is Associate Professor of Pharmacy with vast experience in medical research as demonstrated by a number of publications in peer reviewed journals & conference proceedings, evidence briefs, policies & guidelines, book chapter and conference presentations.</p> <p>She has received notable awards for excellence in research, professional practice and championing use of research evidence, namely Order of the Grand Warrior of Kenya, Fellow of the Pharmaceutical Society of Kenya and Africa Evidence Leadership Award #AELA2022, respectively.</p> <p>Prof. Orwa earned her PhD in Pharmaceutical Sciences from Katholieke Universiteit Leuven, Belgium, a Master’s degree in Pharmacology from Chelsea College, University of London and a Bachelor of Pharmacy degree from University of Nairobi. She is a Certified Knowledge Manager.</p>
<p>3.</p>	 <p>Ms. Victoria Kaigai Director</p>	<p>Ms. Victoria Kaigai is KAM’s representative on the Board of Directors of the Kenya Industrial Property Institute. She currently works at Standard Chartered Bank as the Head of Communications (Kenya & East Africa). She possesses expertise in media relations, internal and external communications, government affairs to support key business strategies and outcomes. She has vast experience working in diverse industries including aviation, telecommunications and manufacturing.</p> <p>Victoria holds a Bachelor of Commerce (Marketing) from The University of Nairobi and a Post-Graduate Diploma in Public Communications and Public Relations from the University of Westminster.</p>
<p>4.</p>	 <p>Mr. Nicodemus Mutinda Director</p>	<p>Mr. Nicodemus Mutinda is currently the Director Strategy, Planning and Compliance at Kenya Industrial Research and Development Institute (KIRDI). He has previously worked for Terra Nuova Eastern Africa where he was the Project Manager for Small and Micro Enterprises development project. He also worked for Morogoro Canvas Mills Ltd (Tanzania) as Business Development Manager and Southern Range Nyanza Limited (Uganda) as Assistant Quality Assurance Manager. He is a holder of Master of Business Administration (MBA) Strategic Management from Kenyatta University and a Bachelor of Technology Textile Engineering from Moi University. He has attended courses in Leadership, Management, Business Development, Risk and Quality Assurance and is a member of the Kenya Institute of Management (MKIM). He has passion for innovation co-creation and management of innovation eco-systems.</p>

5.





Mr. Tobias Ouma Alando
Director



Mr. Tobias Ouma Alando is a visionary and strategic leader with over 17 years of experience in corporate vision execution, public policy development, and government relations. As the Chief Executive of Kenya Association of Manufacturers (KAM), he has a proven track record of driving organizational strategy, optimizing operational efficiency, spearheading revenue growth, and enhancing overall performance.



In his role, Tobias exemplifies strong leadership and innovation and is recognized for his exceptional ability to foster positive relationships with key stakeholders, including government officials and industry associations, to advance the organization's objectives.



Key Competencies:

- Public Policy Development
- Governance
- Government Relations Strategy
- Strategic Planning & Execution
- Budget and Financial Management
- People Leadership
- Lobbying & Advocacy
- Professional Experience:
- Chief Executive, Kenya Association of Manufacturers (January 2025 to present)
- Chief Operating Officer (COO), Kenya Association of Manufacturers (KAM) (August 2022 – December 2024): Leads daily operations, Governance, stakeholder engagement, financial management, and team development.
- Head of Membership Development & Governance, KAM (October 2010 - July 2023): Directed member recruitment, retention, and governance services, and secured significant grants for capacity building and advocacy.
- Executive Officer, Business Development – Coast Chapter, KAM (July 2005 - October 2010): Drove sales and business development, significantly growing membership and revenue.
- Education:
- Master of Management & Leadership, Management University of Africa, Kenya
- Postgraduate bachelor's in computer management, BAM University, India
- Bachelor of Science in Computer Science, BAM University, India
- Professional Development
- Diploma in Private Sector Development: Private Sector Growth Strategies – Swedish International Development Cooperation Agency, SIDA, Sweden
- Certificate Course in Strategizing for the Green and Circular Economy – Leadership – University of Copenhagen, Denmark


		<ul style="list-style-type: none"> • Cooperate Governance Training Certification for Directors- Centre for Corporate Governance, Kenya <p>Board Positions:</p> <ul style="list-style-type: none"> • Board Member, Anti Counterfeit Authority (2024 - Present) • Board Member, Kenya Industrial Property Institute (2022 - Present) • Board Member, Shipper Council of East Africa (2020 - Present)
6.	 <p>CPA Patrick Mbehi Stom Director</p>	<p>Mr. Patrick Mbehi Stom is an Accountant and a Financial Analyst. He is the Alternate Director to the Principal Secretary, the National Treasury. Mr. Stom holds a Master of Science Degree in Finance, from Jomo Kenyatta University, a Bachelor Degree in Business Administration (Accounting option) from Moi University, Certified Public Accountants of Kenya and Certified Securities and Investment Analysts Part II.</p> <p>He is a member of the Institute of Certified Public Accountants of Kenya (ICPAK) with a wealth of experience in Public Sector Financial Management. He has undertaken several work improvement skills, development training, workshops and seminars on management and governance.</p>
7.	 <p>Prof. Elijah I. Omwenga Director</p>	<p>Professor Elijah I. Omwenga is the Ag. Vice-Chancellor of the Open University of Kenya. Elijah holds a PhD in Computer Science from the University of Nairobi in the area of Information Systems. He also has a Masters degree in Computer Science from The National University of Science and Technology, Bulawayo; a Post-Graduate Diploma in Computer Science, Nairobi; and a Bachelor of Education (Sc.) degree from Kenyatta University. Elijah has published over fifty scholarly articles in high impact journals and academic platforms. He has written three University level books.</p> <p>Professor Omwenga is the Chairman of The Kabete National Polytechnic and has previously served in several other boards including the Kisumu National Polytechnic, ICT Authority, NACOSTI, KENET, AVOIR and Child Fund International. He is the President of the African Association for Teacher Educators and the African representative to the World Forum for Associations of Teacher Educators (WFATE).</p> <p>Professor Omwenga is a Commonwealth and VLIR Scholar. He is also an Advantage Corporate Governance Training Alumni of South Africa.</p>




<p>8.</p>	 <p>Mr. Richard Muteti, HSC Director</p>	<p>Mr. Richard Muteti serves the Micro, Small and Medium Enterprises (MSMEs) sector in various capacities in Kenya, the East African Community and the COMESA region. He is the Chief Executive Officer of the Kenya National Federation of Jua Kali Associations. Mr. Muteti heads the Secretariat of the Confederation of Micro and Small Enterprises Organization East Africa (CMSEO-EA) which is the apex regional body representing the informal sector in the region.</p> <p>Mr. Muteti is also the Regional Project Manager of the EAC MSMEs Trade Fairs which is a Regional MSME market access programme for small businesses in the EAC. He is currently championing the MSME Sector and TVET linkages towards the creation of gainful self-employment and entrepreneurial opportunities for the MSMEs in the EAC region.</p>
<p>9.</p>	 <p>Ms. Mary Nafula Mutoro Director</p>	<p>Ms. Mary Nafula Mutoro holds a Bachelors of Law (LL.B) (Hons) degree from the University of Nairobi. She is an Advocate of the High Court of Kenya, Commissioner of Oaths, Notary Public and a Certified Mediator (MIT).</p> <p>She previously worked for the World Intellectual Property Organization (WIPO) a United Nations specialized agency in Geneva, Switzerland and has extensive experience in intellectual property law, alternative dispute resolution in internet domain names, commercial and conveyancing law.</p> <p>She has previously served in the position of Joint Secretary to the Task Force on the Development of Laws for the Protection of Traditional Knowledge, Genetic Resources and Folklore in Kenya a and a member of the Law Society of Kenya Committee related to ICT/Intellectual Property.</p> <p>She was commissioned to review and finalize the draft bill for the protection of traditional knowledge and traditional cultural expressions in Kenya as prepared by the Kenya Copyright Board (KECOBO) in collaboration with the Kenya Industrial Property Institute (KIPI).</p> <p>She is currently a Partner at Mukele Moni and Company Advocates.</p>




<p>10.</p>	 <p>Ms. Evelyn Mbaabu Director</p>	<p>Ms. Evelyn Mbaabu is a Principal Scientist at the National Commission for Science, Technology, and Innovation (NACOSTI) and the Alternate Board Director representing the Director General, NACOSTI. Ms. Evelyn is a PhD finalist in International Studies at the University of Nairobi (UoN) and holds a Master’s Degree in International Studies (UoN) and a Bachelor’s Degree in Education at the Università’ per Stranieri di Siena, Italy.</p> <p>She is a Board Director of Diplomacy Scholars Association of Kenya (DIPSAK) and member of various committees within the organization including Intellectual Property Rights. She is a standing committee member on the Administration of Government Scholarships representing NACOSTI. Ms. Evelyn has relevant work experience both locally and internationally and has undertaken several trainings, workshops and conferences related to Research.</p>
<p>11.</p>	 <p>Mr. Charles Mutinda Director</p>	<p>Mr. Charles Mutinda is an Advocate of the High Court of Kenya and an Alternate member in the Board of Directors of the Kenya Industrial Property Institute representing the Hon. Attorney General. Mr. Mutinda has over 21 years of legal practice and is currently the acting Head of the Civil Litigation Department in the Office of the Attorney General & Department of Justice. He has previously served in the Kenya Maritime Authority Board as an alternate to the Hon. Attorney General. He brings to the Institute a vast wealth of legal knowledge and experience.</p> <p>Mr. Mutinda holds a Bachelor of Laws degree from the University of Nairobi, a Post Graduate Diploma in Law from the Kenya School of Law and several professional and public management certificates among them, the Strategic Leadership Development Programme Course Certificate from the Kenya School of Government.</p>
<p>12.</p>	 <p>Ms. Ruth Wanyonyi Director</p>	<p>Ms. Ruth Wanyonyi is the alternate to the Principal Secretary, State Department of Industry.</p> <p>She is a holder of a Master of Science Degree in Finance from JKUAT, Bachelor of Commerce in Finance from KCA University and is a Certified Public Accountant (K) with membership at ICPAK. She is the Assistant Accountant General (AAG) at the State Department for Industry. She joined the Department in June 2018 having previously worked at various Ministries Departments Agencies.</p> <p>She was appointed as an alternate to the Principal Secretary, State Department for Industry in 4th February 2025. She is a member of the Audit and Risk and Finance and Strategy Committees of the Board.</p>

<p>13.</p>	 <p>Mr. John Onyango Managing Director</p>	<p>Mr. John Onyango is the Managing Director. He holds a Master of Business Administration (MBA) from the Strathmore Business School, Strathmore University, Nairobi and a Bachelor of Commerce Degree from the University of Nairobi.</p> <p>A member of the Associate Kenya Institute of Management (AKIM) and Member Institute of Directors (IOD), Mr. Onyango worked in the financial services industry in various roles both in Kenya and abroad before joining KIPI as Deputy Managing Director in 2007. He has attended various trainings including the Advanced Management Course by the IESE Business School, International Graduate School of Management University of Navarra, Barcelona, Spain and Management of Intellectual Property Office and Result-based Management both conducted by World Intellectual Property Organization (WIPO).</p> <p>Others are Strategic Leadership Development Programme at Kenya School of Government (KSG), Corporate Governance, Change Management and Performance management.</p>
<p>14.</p>	 <p>Mrs. Eunice Njuguna Manager – Legal/Corporate Secretary</p>	<p>Mrs. Eunice Njuguna is in charge of the Legal Division that advises the Institute on compliance with all the relevant legislation. She is the Institute Corporation Secretary. She holds a Bachelor of Laws Degree, University of Nairobi, Diploma in Law, Kenya School of Law and Master of Laws Degree, University of Nairobi. She is a member of the Law Society of Kenya and the Institute of Certified Public Secretaries of Kenya.</p>

4. KEY MANAGEMENT TEAM

Ref.	Management	Details
1.	 <p data-bbox="336 808 608 880">Mr. John Onyango Managing Director</p>	<p data-bbox="687 439 1469 573">Mr. John Onyango is the Managing Director. He holds a Master of Business Administration (MBA) from the Strathmore Business School, Strathmore University, Nairobi and a Bachelor of Commerce Degree from the University of Nairobi.</p> <p data-bbox="687 607 1469 770">A member of the Associate Kenya Institute of Management (AKIM) and Member Institute of Directors (IOD), Mr. Onyango worked in the financial services industry in various roles both in Kenya and abroad before joining KIPi as Deputy Managing Director in 2007.</p> <p data-bbox="687 813 1469 1010">He has attended various trainings including the Advanced Management Course by the IESE Business School, International Graduate School of Management University of Navarra, Barcelona, Spain and Management of Intellectual Property Office and Result-based Management both conducted by World Intellectual Property Organization (WIPO).</p> <p data-bbox="687 1048 1469 1144">Others are Strategic Leadership Development Programme at Kenya School of Government (KSG), Corporate Governance, Change Management and Performance management.</p>
2.	 <p data-bbox="296 1666 647 1762">Mr. Stephen Ngéno Deputy Managing Director, Technical Services</p>	<p data-bbox="687 1218 1469 1352">Mr. Stephen Ngéno is the Deputy Managing Director -Technical Services. He is a holder of Bachelor of Commerce (Management Science Option) degree and Masters in Business Administration (Strategic Management) both from The University of Nairobi.</p> <p data-bbox="687 1386 1469 1621">He has over 20 years' experience in ICT Business Support and Organizational Strategy Development and execution in the public sector. He has also worked with the Office of the Deputy President Advisory unit as Deputy Director, ICT & Infrastructure, with Independent Electoral & Boundaries Commission (IEBC) as Manager ICT and later Regional Elections Coordinator and with Telkom Kenya as Senior Systems Analyst Billing Operations.</p> <p data-bbox="687 1655 1469 1852">He has vast formal and professional training in various areas of Strategic Management, Corporate Governance, Information Technology (ICT) acquired locally in Kenya and internationally, and an Associate Member of Kenya Institute of Management (KIM), a Member of ISACA (Information Systems Audit) and a Member of Computer Society of Kenya (CSK).</p> <p data-bbox="687 1890 1469 2087">A highly motivated Senior Business manager whose experience covers ICT projects, Business continuity plan, Information Systems Audit, ICT Strategy formulation, execution & alignment with Business Objectives, Corporate Governance (mainly electoral processes) as an elections Manager, observer and delegate.</p>

<p>3.</p>	 <p>Mrs. Eunice Njuguna Corporate Secretary</p>	<p>Mrs. Eunice Njuguna is in charge of the Legal Division that advises the Institute on compliance with all the relevant legislation. She is the Institute Corporation Secretary. She holds a Bachelor of Laws Degree, University of Nairobi, Diploma in Law, Kenya School of Law and Master of Laws Degree, University of Nairobi. She is a member of the Law Society of Kenya and the Institute of Certified Public Secretaries of Kenya.</p>
<p>4.</p>	 <p>Ms. Janet Martha Kisio Acting Deputy Managing Director/Corporate Services</p>	<p>Ms. Janet Martha Kisio is the acting Deputy Managing Director and Manager, Trade Marks. She holds a Bachelor's Degree in Electrical & Communication Engineering from Moi University and a Masters in Intellectual Property Law from University of Melbourne, Australia.</p> <p>She is a member of EIK (Kenya Institute of Environment).</p>
<p>5.</p>	 <p>CPA Caroline Mawathe Manager, Finance & Accounts</p>	<p>CPA Caroline Mawathe is the Manager, Finance and Accounts. She is a holder of CPA K, a Bachelor's Degree in Commerce and a Masters Degree in Business Administration. She is a member of the Institute of Certified Public Accountants of Kenya. She is currently pursuing her PhD.</p>

<p>6.</p>	 <p>Ms. Hibo Hussein Manager, Research, Innovation & IP Information</p>	<p>Ms. Hibo Hussein is the Manager, Research, Innovation and IP Information. She holds a Bachelor of Laws Degree from Moi University (L.L.B), Post Graduate Diploma from the Kenya School of Law and a Master of Public Policy from the Blavatnik School of Government; University of Oxford. She is an advocate of the High Court of Kenya with over six years post bar legal practice. She is also Certified Professional Mediator.</p> <p>She has worked with the Government of Kenya; Ministry of Sports, Culture and Heritage as the Senior Policy Advisor to the Cabinet Secretary Amb. Dr. Amina Mohamed and Article 19 Eastern Africa as the Gender Justice and Digital Fellow. She is also the main partner of Hussein Hibo and Associates Advocates law firm as the head of the litigation and policy departments.</p> <p>Through the legal practice she has partnered with the Office of the Director of Public Prosecutions by watching brief in sexual offences and Gender based Violence cases on pro bono representing young girls and women in Northern Kenya.</p>
<p>7.</p>	 <p>CHRP Lucia Jemutai Koskei Manager, Human Resource</p>	<p>CHRP Lucia Jemutai Koskei is the Manager, Human Resource. She holds a Masters degree in Business Administration (Human Resource Management) from the University of Nairobi and a Bachelors degree in Education (Arts) from Kenyatta University. She is currently pursuing a PhD in Business Administration at the University of Nairobi. She is a Certified Human Resource Professional and a full member of the Institute of Human Resource Management and in good standing.</p> <p>She has more than 20 (twenty) years' experience in Human Resource Management having worked in the private and public sector. She has worked for Kenya Animal Genetic Resources Centre (K.A.G.R.C.), a State Corporation under the Ministry of Agriculture and Livestock Development for more than 8 (eight) years as Head of Human Resource and Administration Department.</p>
<p>8.</p>	 <p>Mr. Samuel Ng'ethe Assistant Manager, Administration</p>	<p>Mr. Samuel Ng'ethe is the Assistant Manager, Administration. He holds a Bachelor's Degree in Administration, Master's Degree in Arts and a Higher National Diploma in Human Resource Management.</p>

<p>9.</p>	 <p>Ms. Aminazahra M. Sigat, Assistant Manager, Supply Chain</p>	<p>Aminazahra M. Sigat is the Assistant Manager, Supply Chain. She holds a Master of Business Administration in Procurement and Supply Chain Management from Kenyatta University (K.U.), a Bachelor of Commerce in Procurement and Supply Chain Management from the University of Nairobi, a Certified Procurement and Supply Professional of Kenya (C.P.S.P-K) from the Kenya Institute Supplies Examination Board and member of the Kenya Institute of Supplies Management (K.I.S.M.) with valid practicing license and other Leadership and Governance courses.</p> <p>She has worked for various institutions including the Kenya Utalii College (K.U.C.), Kenya Meat Commission K.M.C.), International Organization for Migrations (UN Immigration) and Handicap International.</p>
<p>10.</p>	 <p>CPA Douglas Mung'atia Gikunda Assistant Manager, Internal Audit</p>	<p>C.P.A. Douglas Mung'atia Gikunda is the Assistant Manager, Internal Audit. He is a holder of Masters Degree in Business Administration (Strategic Management) and Bachelor degrees in Economics and Finance from Kenyatta University.</p> <p>He is a Certified Public Accountant of Kenya, a registered member of Institute of Certified Public Accountants of Kenya (I.C.P.A.K.) and Institute of Internal Auditors-Kenya (I.I.A.-Kenya)</p> <p>He has a profound experience in financial, operational, systems, risk-based and corporate governance audits spanning for over 12 years having worked at Kenya Institute of Supplies Management, NACADA and Equity Bank.</p>

5. CHAIRMAN'S STATEMENT



On behalf of the Board, I am delighted to present the Annual Report and Financial Statements of Kenya Industrial Property Institute for the financial year 2024/2025.

During the financial year ended 30th June, 2025, the revenue collections stood at KSh.505,400,081. The Institute realised a surplus of KSh.81,167,942 in the financial year. This was achieved by the Institute through accelerated processing of trade mark applications. The Institute will, however, endeavour to achieve improved performance even in the face of slow down as a result of economic slump being witnessed in the country.

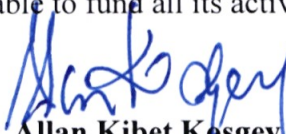
The mandate of the Institute is to promote inventive and innovative activities, facilitate the acquisition of technology through registration and regulation of patents, utility models, technovations, industrial designs and trade marks. To deliver on this, the Institute has developed a strategic plan 2023-2028 that will contribute to high and sustainable socio-economic development in line with national development goals espoused in Bottom-up Economic transformation Agenda and the sustainable Development Goals (SDG). Appropriate structures and systems have been developed and essential staff recruited to enable the realization of the vision, mission and strategic objectives of the Institute.

Every year, the Board and Management develop and sign annual performance contract as a means of delivering on the strategic goals as contained in the strategic plan. In line with its mandate, the Institute continues to play a leading role in supporting Kenya's innovation performance, through delivery of quality and timely intellectual property (IP) rights and promoting utilization of IP rights by disseminating IP information.

The Institute has transformed itself from one that was wholly dependent on funding from the Exchequer to one point where most of the activities are met from internally generated sources of finance.

Employees now enjoy better terms and conditions of service through better remuneration and work environment including necessary working tools.

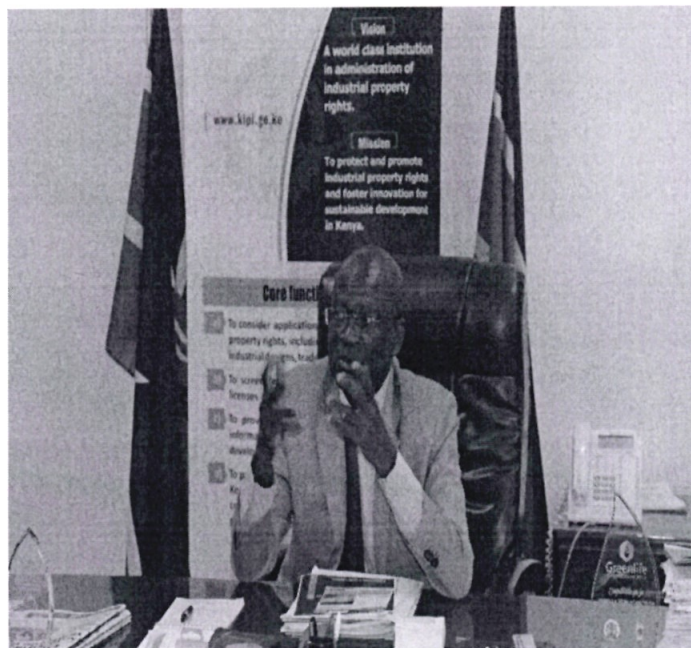
The Institute is putting all the efforts to make sure that it continues being financially self-sustaining and be able to fund all its activities from internally generated sources of finance.


Mr. Allan Kibet Kosgey
Chairman of the Board

6. REPORT OF THE MANAGING DIRECTOR

Kenya Industrial Property Institute was established in 1990 through an Act of Parliament to discharge the mandate of industrial property administration. The core functions of the Institute include:

- Consider applications for, grant and registration of industrial property rights;
- Screen technology transfer agreements and licences;
- Provide to the public, industrial property information for technological and economic development;
- Promote inventiveness and innovativeness in Kenya; and
- Organize and conduct training, competitions and awards relating to industrial property matters.



Major Achievements

Since its establishment, the Institute has continuously endeavoured to offer the best services to its customers with the number of applications for registration increasing over the years. The introduction of automation has led to quality processing of applications resulting into growth in revenues and the Institute has an outreach division, with an outreach policy, responsible for creating public awareness on intellectual property. The division carries out campaigns through different channels including shows, seminars, workshops, exhibitions and media (both print and electronic) in collaboration with the Government stakeholders.

To support this and guide in its growth, the Institute has developed a new outreach policy and a strategic plan for 2023-2028 whose objectives are;

- (i) To facilitate acquisition of industrial property rights;
- (ii) To strengthen the IP legal and policy framework;
- (iii) To promote commercialization of Industrial Property;
- (iv) To provide IP information to the public;
- (v) To inculcate a culture that promotes and respects creativity and innovativeness;
- (vi) To improve productivity and competitiveness of MSMEs;
- (vii) To enhance corporate image of the Institute;

- (viii) To attract, develop and retain competent staff;
- (ix) To improve mobilization and management of financial resources; and
- (x) To strengthen internal systems and processes for efficient service delivery.

Major Challenges

During the year under review, the Institute encountered a number of challenges in the course of the budget implementation namely;

(a) **Reduction of Approved Budget Versus the Budget Estimates**

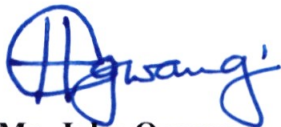
The Institute has had to deal with less budget than the proposed. To deal with this, the Institute often has had to reduce the outreach activities and procurement of some goods and services.

(b) **Delay in Communication of the Approved Budget**

It takes long for the Institute to get approval of estimates. This delays the take-off of activities in the onset of the financial year.

© **Freezing of Capital Expenditure**

The Institute has had to stop some activities after freezing of capital expenditures by the Treasury. Most of these activities are those that involve long procurement procedures, huge capital and require approval at different levels of authorities.



Mr. John Onyango
Managing Director

7. STATEMENT OF KENYA INDUSTRIAL PROPERTY INTITUTE'S PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR THE FINANCIAL YEAR 2024/2025

Kenya Industrial Property Institute (KIPI) has five (5) strategic pillars themes and objectives within the current Strategic Plan for the Financial Year 2023-2028. These strategic themes are as follows:

- Pillar 1: Industrial Property Protection;
- Pillar 2: Technology Transfer, Licensing and Agreement;
- Pillar 3: Industrial Property Information;
- Pillar 4: Inventiveness and Innovativeness; and
- Pillar 5: Institutional Capacity.

KIPI develops its annual work plan based on the above five (5) pillars. Assessment of the Board's performance against its annual work plan is done annually.

KIPI Board achieved its performance targets set for the Financial Year 2024/2025 period for its five (5) strategic pillars as indicated in the diagram below;

Table 1 – Programme Performance

S/No.	Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
1.	Industrial Property Protection	To facilitate acquisition of Industrial Property rights (IPR) for patents, utility models, industrial designs and trade marks	No. of IP rights registered	<ul style="list-style-type: none"> - Process applications for registration of patents, utility models, industrial designs and trade marks. - Monitor compliance with Service Charter. 	Patents – 274 Utility Models – 56 Industrial Designs – 276 Trade marks – 5,790
2.	Technology Transfer, Licensing and Agreements	To generate wealth, create employment and improve the standards of living.	<ul style="list-style-type: none"> - No. of technologies made available - Number of collaboration and trainings done. 	Provide support in building capacity on Industrial Property rights	<ul style="list-style-type: none"> - 1 Patent Drafting Training - Two IP Workshops Done - WIP Day Celebrations for General Public
3	Industrial Property Information	To increase the level of Industrial Property awareness	<ul style="list-style-type: none"> - % of IP awareness - No. of awareness campaigns carried out 	Carryout public awareness campaigns	<ul style="list-style-type: none"> - Three ASK Shows done - Three Country Expos attended

4	Inventiveness and Innovativeness	To inculcate a culture that promotes and respects creativity and innovativeness	Number of MSMEs supported	Support MSMEs to utilize IP for value addition and competitiveness	<ul style="list-style-type: none"> - Coconut Products in Coastal Region - Macadamia Products in the Eastern Region
5	Institutional Capacity	To improve mobilization and management of financial resources	<ul style="list-style-type: none"> - Amount of revenue in Kenya Shillings generated - % of absorption of allocated funds 	<ul style="list-style-type: none"> - Streamline systems and processes for revenue collection - To ensure prudent management and utilization of resources 	<ul style="list-style-type: none"> - A-I-A generated amounting to KSh.505.40 Million - 100% of funds allocated utilized during the financial year

8. CORPORATE GOVERNANCE STATEMENT

Governance is the system of clearly defined authorities and responsibilities, which results in the establishment, operation, and maintenance of the system of internal control that is regularly tested to ensure effectiveness. The system enables the Board to ensure that the Institute runs smoothly.

The Institute places a great deal of importance on robust governance practices and is committed to applying the highest standards of business integrity and professionalism in all activities. It has also introduced individual targets and performance indicators.

(i) Appointment of the Board

The Institute is governed by the Board of Directors who are appointed as per the provisions of Section 6 of the Industrial Property Act, No. 3 of 2001. The Board members are appointed by the Cabinet Secretary of the Parent Ministry. According to Section 6 (g) of the Act, the Board consists of 16 members, seven of whom are appointed by the Cabinet Secretary, upon being nominated by various institutions in the private and public sectors. The sixteen Board members include the Managing Director who is an ex-official Board member.

There is a Board charter in place.

(ii) Roles and Functions of the Board

The Board has set up four key Board committees to help in the implementation of its policy guidelines and strategic plan as follows:

- (i) Human Resource and Administration Committee;
- (ii) Audit and Risk Compliance Committee;
- (iii) Finance and Strategy Committee; and
- (iv) Technical Committee.

These Committees meet when there is need and are chaired by selected Chairmen who are Board members. The Committees report their findings to the full Board for further deliberations.

The Board meets regularly in compliance with the provisions of the Industrial Property Act.

The Institute places a great deal of importance on robust governance practices and is committed to applying the highest standards of business integrity and professionalism in all activities. It has also introduced individual targets and performance indicators.

(iii) Induction, Training and Development

The Board has taken the initiative of training all the members and senior managers on Corporate Governance to make sure it understands and executes its mandate well.

The current Board members were appointed in 2022 and were inducted in 2023. Further, from 9th to 13th September, 2024, the Board members underwent a Corporate Governance Training at the Kenya School of Government in Mombasa.

(iv) Board and Members' Performance

On 22nd July, 2024, the Board undertook self-evaluation for the 2023/2024 Financial Year that was facilitated by the State Corporations Advisory Committee. The results of the Board evaluation were issued and the Board created a Performance Improvement Plan.

Further, 29th July, 2025, the Board undertook self-evaluation for the 2024/2025 Financial Year that was facilitated by the State Corporations Advisory Committee.

(v) Board Meetings

During the year under review, the Board held four regular meetings, which had been scheduled in the Board Almanac for the 2024/2025 Financial Year. Further, the Board held two special meetings to deliberate on the matters indicated below:

- a) Board meeting for the 1st quarter was held on 30th July, 2024;
- b) Special Board meeting that was held on 23rd August, 2024 to deliberate upon and approve the Institute's budget and the Procurement Plan for 2024/2025 Financial Year;
- c) Special Board meeting was held on 20th September, 2024 to deliberate upon and approve the Institute's Report and Financial Statements for the Financial Year ended 30th June, 2024;
- d) Board meeting for the 2nd quarter that was held on 30th October, 2024;
- e) Board meeting for the 3rd quarter that was held on 30th January, 2025; and
- f) Board meeting for the 4th quarter that was held on 13th May, 2025.

(vi) Succession Plan

The succession plan for Board members is provided under Paragraph 2 of the First Schedule to the Industrial Property Act.

(vii) Policy to Manage Conflicts of Interest

Conflict of interest is a mandatory part of the agenda items in each of the Board meetings. There is a conflict of interest register for the Board where each Board member registers any conflict of interest, he/she has in a matter being discussed.

(viii) Board Remuneration

The Board members are remunerated as per Salaries and Remunerations Commission's guidelines and Paragraph 9 of the First Schedule to the Industrial Property Act.

(ix) Ethics and Conduct

The Board of Directors are expected to uphold conduct and ethics in accordance with Chapter six of the Constitution and *Mwongozo*.

(x) Governance Audit

During the 2024/2025 Financial Year, the Institute was scheduled to undertake Governance and Legal Audits in accordance with the provisions of *Mwongozo*, the Code of Corporate Governance, 2015. However, due to austerity measures that had been imposed by the Government, the audits were not undertaken. The audits have now been included in the Institute Procurement Plan for the 2025/2026 Financial Year and will be undertaken during the second quarter.

(xi) Communication Policy

KIPI Board's Communication Policy is guided by the broader National Communication Policy of Kenya, focusing on timely, accurate, and transparent information dissemination to stakeholders and is aligned with *Mwongozo*'s principles of clarity, accessibility, and robust media management to ensure stakeholder engagement and support strategic objectives.

(xii) Terms of Reference of Committees

The Board draws its terms of reference from the Industrial Property Act.

Board has four committees for the performance of its functions. From time to time the Board may form ad hoc committees to tackle a specific task.

The committees should outline the committee's specific mandate, authority, meeting protocols, and reporting lines to the main Board, aligning with the Boards's charter and relevant like Mwongozo Code of Governance for State Corporations.

(xiii) Policy on Related Party Transactions

The Board's policy on related party transactions mandates that directors disclose their interests, and the Audit and Risk Committee reviews and approves or rejects material related party transactions to ensure they are in the Institute's best interest. Directors with an interest must abstain from voting and discussion.

9. MANAGEMENT DISCUSSION AND ANALYSIS

Kenya Industrial Property Institute's Operational and Financial Performance

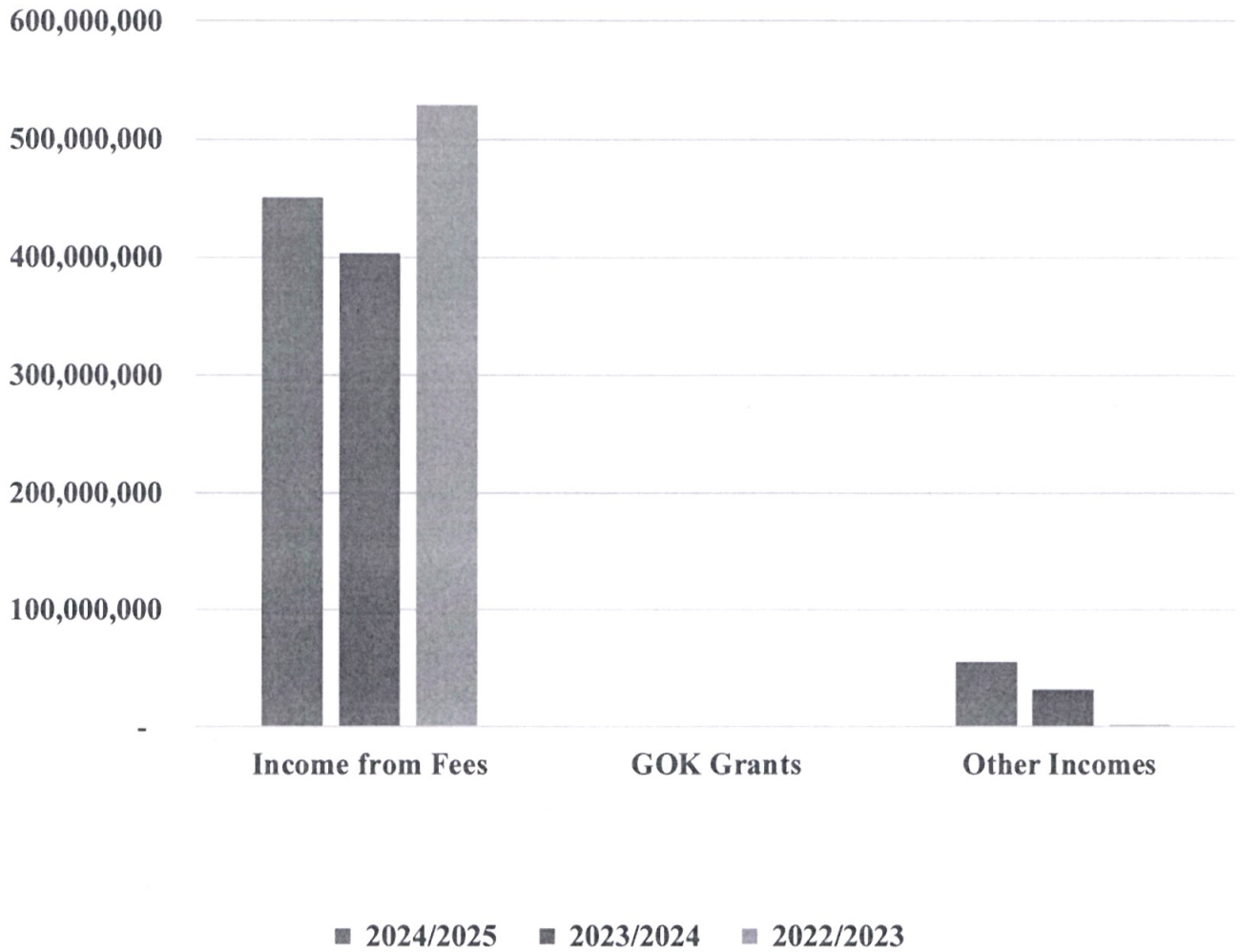
The Institute targeted to collect KSh.530,000,000 in the Performance Contract. The actual A.I.A. collection 2024/2025 financial year was KSh.505,400,081.

ANNUAL THREE FINANCIAL YEARS REVIEW

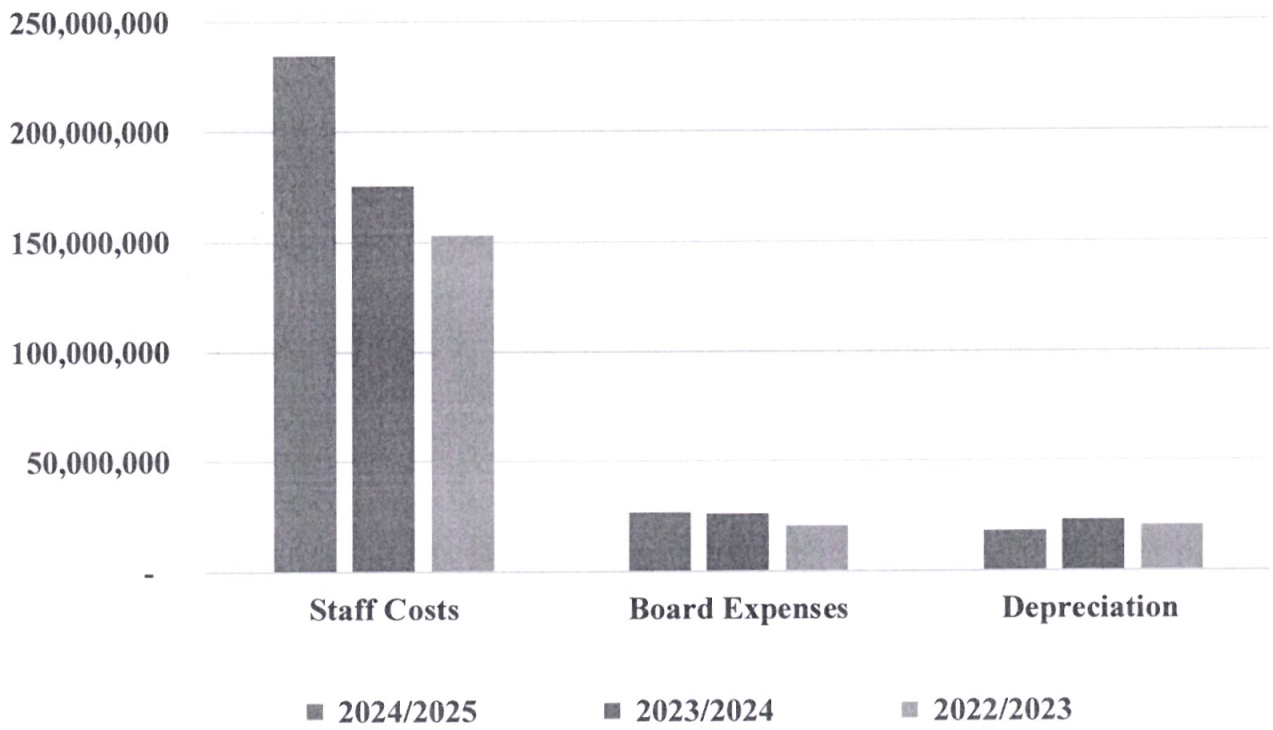
a) THREE FINANCIAL YEARS STATEMENT OF FINANCIAL PERFORMANCE

	2024/2025	2023/2024	2022/2023
Income from Fees	449,704,127	403,497,474	528,629,861
GOK Grants	-	-	-
Other Incomes	55,695,954	31,693,127	30,501
Total Revenue	505,400,081	435,190,601	528,660,362
Less Expenses			
	2024/2025	2023/2024	2022/2023
Use of Goods and Services/General Expenses	144,449,152	195,442,204	211,295,757
Staff Costs	234,753,029	175,123,585	152,832,089
Board Expenses	26,636,618	25,791,080	20,382,352
Depreciation	18,393,340	22,739,924	20,735,628
Total Operating Expenses	424,232,139	419,096,793	405,245,826
Surplus for the Year	81,167,942	16,093,808	123,414,536

THREE FINANCIAL YEARS REVENUE SOURCES

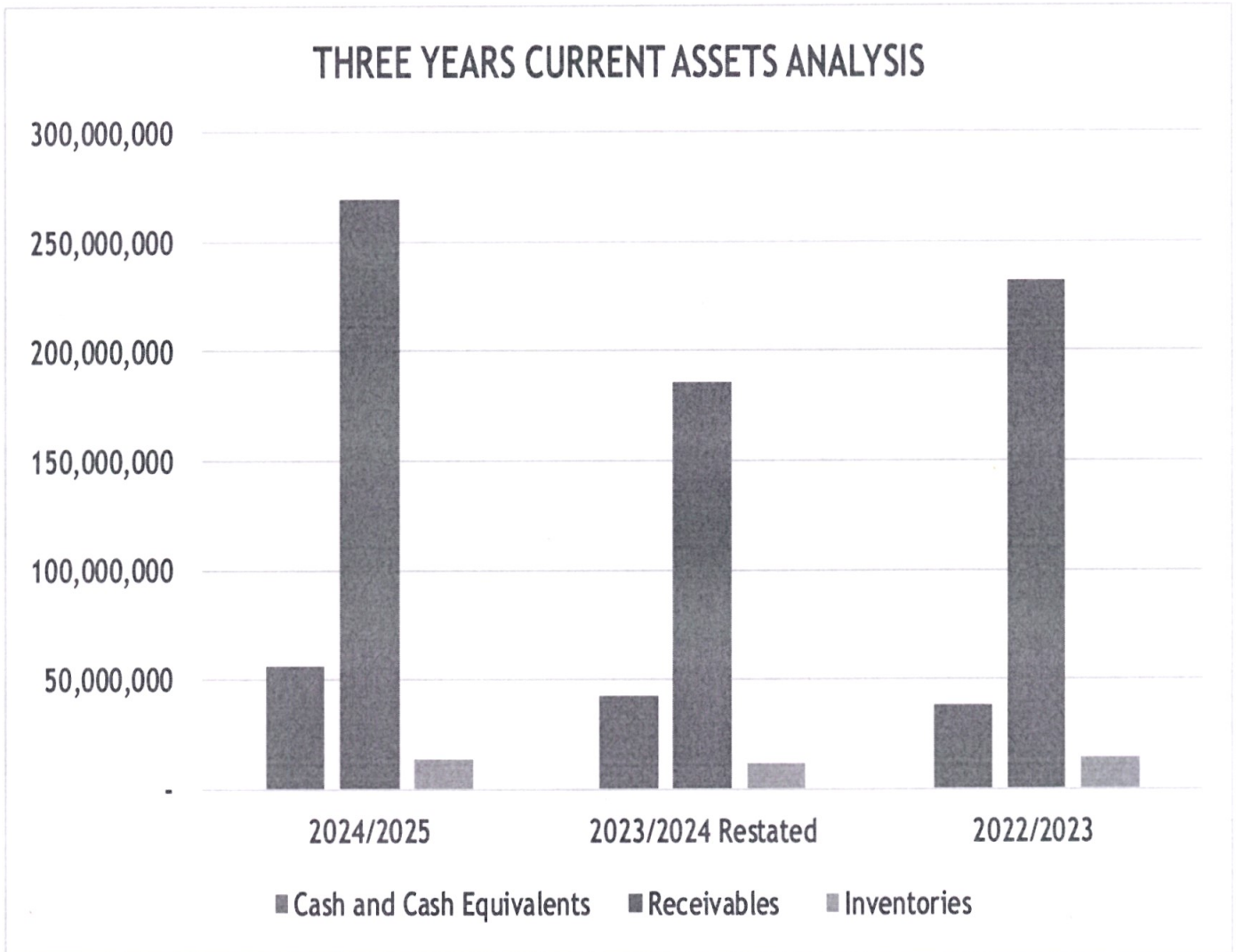


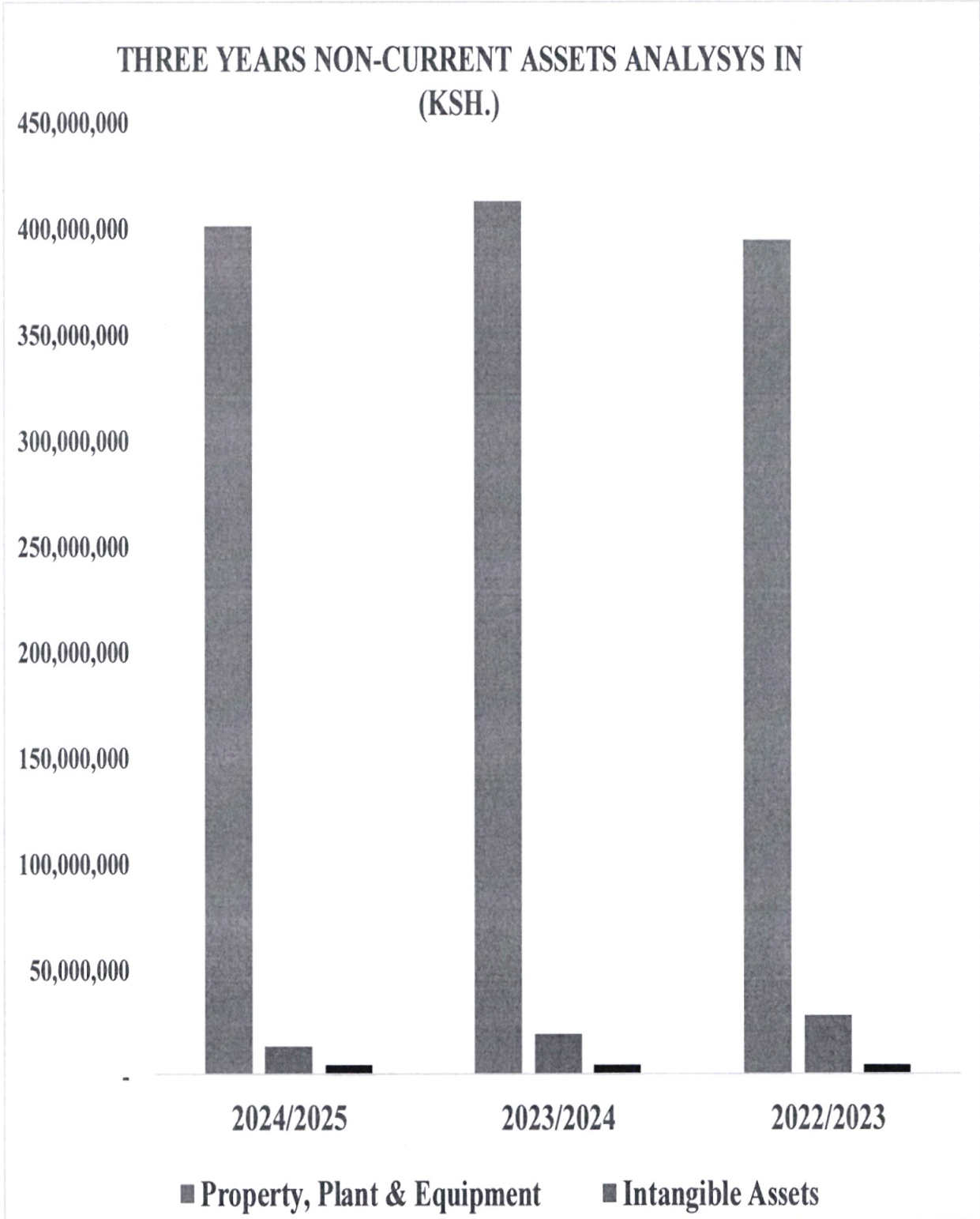
THREE FINANCIAL YEARS EXPENSES ANALYSIS



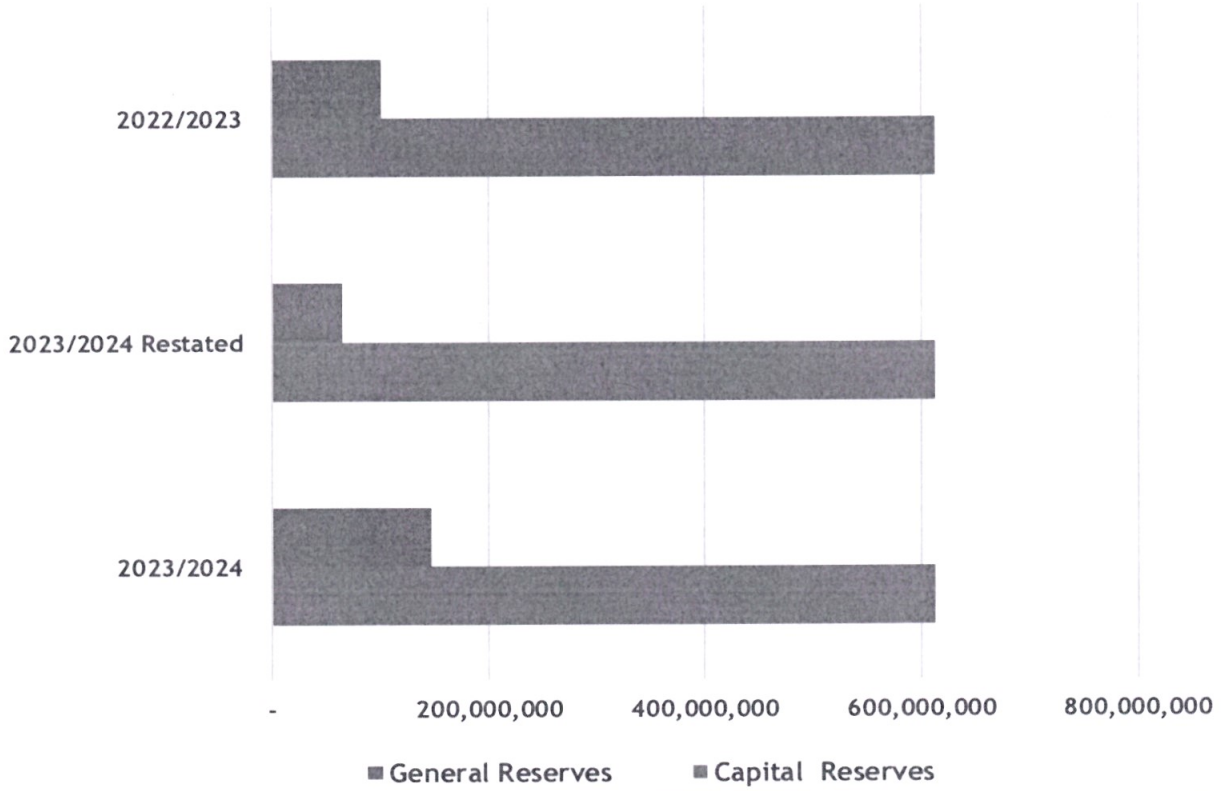
b) THREE FINANCIAL YEARS STATEMENT OF FINANCIAL POSITION

Current Assets	2024/2025	2023/2024 Restated	2022/2023
	KSh.	KSh.	KSh.
Cash and Cash Equivalents	56,338,875	42,749,705	38,229,308
Receivables	269,432,740	185,687,385	232,257,687
Inventories	13,483,838	11,257,081	14,236,469
Total Current Assets	339,255,453	239,694,171	284,723,464
Non Current Assets			
	2024/2025	2023/2024 Restated	2022/2023
	KSh.	KSh.	KSh.
Property, Plant & Equipment	400,639,900	412,498,707	394,363,758
Intangible Assets	13,088,689	19,623,222	28,033,175
Library Books	4,467,984	4,467,984	4,467,984
Total Non-Current Assets	418,196,573	436,589,913	426,864,917
Total Assets	757,452,026	676,284,084	711,588,381
Current Liabilities			
	2024/2025	2023/2024 Restated	2022/2023
	KSh.	KSh.	KSh.
Trade & Other Payables	464,000	464,000	464,000
Contracted Services	-	-	-
Total Current Liabilities	464,000	464,000	464,000
Total Net Assets	756,988,026	675,820,084	711,124,381
Capital and Reserves			
	2023/2024	2023/2024 Restated	2022/2023
	KSh.	KSh.	KSh.
Capital Reserves	611,636,760	611,636,760	611,636,760
General Reserves	145,351,266	64,183,324	99,487,621
Total Capital & Liabilities	756,988,026	675,820,084	711,124,381





THREE YEARS CAPITAL AND RESERVES ANALYSIS



Kenya Industrial Property Institute's Compliance with Statutory Requirements

The Institute complied with statutory requirements by withholding and remitting VAT at 2% as required.

From the payroll, the Institute makes statutory deductions and remits them to various institutions including KRA, NSSF, HELB, NITA and Housing Levy.

Key Projects and Investment Decisions Kenya Industrial Property Institute is Planning/Implementing

The Institute did not have any project in the financial year.

Major Risks Facing Kenya Industrial Property Institute

Kenya Industrial Property Institute is a regulatory body. Most of the clients are foreigners and fee are charged in local and foreign currency (USD.) The local clients are mainly MSMEs and TVETs.

Any economic or political change which affects businesses in the country also affects performance of the Institute and the exchange rate which has great impact on our financial performance.

Materials Arrears in Statutory/Financial Obligations

The Institute adheres strictly to the implementation of the procurement plan and absorption of the approved budget and has no material arrears in statutory or financial obligations.

Kenya Industrial Property Institute Financial Probity and Serious Governance Issues

One of the core values of the Institute is integrity. The Institute is committed to high standards of integrity and strong moral principles.

The Institute has maintained high standards of financial probity.

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Kenya Industrial Property Institute exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

a) Sustainability Strategy and Profile

Kenya Industrial Property Institute strives to drive change in growth economically by growing the young upcoming scientists, training the SMEs and MSMEs.

The Institute seeks collaborations with other Institutions in the region and internally promoting growth in the Intellectual Property field.

We also collaborate with the Government and other Government Departments in the growth and sustainability of the economy.

b) Environmental Performance

Kenya Industrial Property Institute has put measures in place to maintain high standards of environmental performance.

The Institute has engaged contracted service providers who do compound cleaning constantly, professional garbage collection and disposing off waste in the best way to avoid environmental pollution. Fumigation of the compound is also frequently carried out.

c) Employee Welfare

The Institute has developed and put in place different policies to take care of the employee welfare. The Institute's Human Resource instruments guide on staff recruitment, career development, gender and regional balance. Persons living with disabilities are taken into consideration in the hiring process.

The Institute has a training policy and a training vote to make sure that staff are trained in various fields.

The Institute has a health insurance policy for the Board of Directors; staff and their dependants and frequent health talks are given to the staff to sensitize them on different health issues and health styles.

There is an active OSHA Committee and a policy in place for the same.

d) Operational Practices

The Institute has an active Corruption and Prevention Committee in place chaired by the Managing Director and the Committee submits the required reports to EACC.

The Institute is guided by the Public Procurement and Disposal Act in procuring for its goods and services.

e) Community Engagements

Kenya Industrial Property Institute (KIPI) recognizes the importance of Corporate Social Responsibility (CSR) as a means of promoting sustainable development as well as enhancing relationships with its various stakeholders.

The Institute participated in a national tree planting in the following areas:

- i) The Institute planted 1,000 trees in Athi River Secondary School in Mavoko Sub-County, Machakos County on 23rd May, 2025;
- ii) The Institute joined other Government Institutions in tree planting exercise in Meru; and
- iii) The Institute planted 1,850 trees in Koimbi Primary and Koimbi Mixed Secondary Schools in Wangu Ward, Kiharu Sub-County, Murang'a County on 20th June, 2025.

This kind of engagement will continue to be part of the Institute's practice.



The students Koimbi Primary and Secondary schools in Kiharu Sub-County of Murang'a County participating in tree planting exercise hosted by the Institute on the 20th June, 2025.

11. REPORT OF THE DIRECTORS

The Directors submit their report together with financial statements for the financial year ended 30th June, 2025 which shows the state of Institute's affairs.

Principal Activities

The principal Activities of the Institute include:

- i) Consider applications for, grant and registration of industrial property rights;
- ii) Screen technology transfer agreements and licences;
- iii) Provide to the public, industrial property information for technological and economic development;
- iv) Promote inventiveness and innovativeness in Kenya; and
- v) Organize and conduct training, competitions and awards relating to industrial property matters.

Results

The results of Kenya Industrial Property Institute for the financial year ended 30th June, 2025 are as follows:

Item Description	2024/2025	2023/2024
	KSh.	KSh.
Total Income for the Year	505,400,081	435,190,601
Less: Total Expenditure for the Year	424,232,139	419,096,793
Operating Surplus/Deficit	81,167,942	16,093,808

Appointment of Board of Directors

Appointment of the Board members is undertaken by the Cabinet Secretary in exercise of the powers conferred by section 6 of the Industrial Property Act. The appointment is for a period of three years and is published in the Kenya Gazette.

Membership of Board of Directors

Appointment of the members of the Board of Directors is stipulated in section 6 of the Industrial Property Act. The members are drawn from the following organisations:

- a) Kenya Medical Research Institute;
- b) Kenya Industrial Research and Development Institute;
- c) Institution of Engineers of Kenya;
- d) Law Society of Kenya;
- e) State Law Office;
- f) The National Treasury;
- g) Kenya National Federation of Jua Kali Artisans;
- h) Ministry of Industry, Trade and Co-operatives;
- i) National Commission for Science, Technology and Innovations;
- j) Public Universities; and
- k) Kenya Association of Manufacturers.

Board of Directors' Mandate

The Board has set generally accepted reporting standards for the development and management of accounting and financial systems of the Institute and in particular performs the following functions:

- a) Prescribes the minimum standards of maintenance of proper books of accounts by the Institute;
- b) Prescribes sound internal audit procedures that are compliant with the set standards;
- c) Performs any other functions related to advancing financial and accounting systems management and reporting by the Institute; and
- d) Ensures that the standards adopted by the Board promote transparency and other constitutional values and principles in effective, prudent and efficient management of revenue, expenditure, assets and liabilities of the Institute.

Auditors

The Auditor General is responsible for the statutory audit of the Institute in accordance with Article 229 of the Constitution of Kenya 2010 and the Public Audit Act, 2015.

By Order of the Board

Mrs. Eunice Njuguna
Corporate Secretary /Secretary to the Board



12. STATEMENT OF DIRECTORS RESPONSIBILITIES TO THE FINANCIAL STATEMENTS OF 2024/2025 FINANCIAL YEAR

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Board shall prepare financial statements in respect of Kenya Industrial Property Institute. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time.

The Board is responsible for the preparation and presentation of Institute's financial statements, which give a true and fair view of the state of affairs of the Institute for and as at the end of the financial year ended 30th June, 2025. The 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 Institute;
- 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 Institute;
- v) Selecting and applying appropriate accounting policies; and
- vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the annual financial statements, which have been prepared on the Accrual Basis Method of Financial Reporting, using appropriate accounting policies supported by reasonable and prudent judgement and estimates in conformity with International Public Sector Accounting Standards (IPSAS). They are of the opinion that the financial statements give a true and fair view of the state of the financial transactions of the financial year ended 30th June, 2025 and the Institute's financial position as at that date.

The Directors confirm that the Institute has complied fully with applicable Government Regulations, and that the Institute's funds for the year under audit were used for eligible purposes for which they were intended and were properly accounted for. Further the Directors confirm the completeness of the accounting records maintained for the Institute, which have been relied upon in the preparation of the financial statements as well as adequate systems of internal financial control. Nothing has come to the

attention of the Directors to indicate that the Institute will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the Financial Statements

The Institute's financial statements were approved on *23/10/2025* and signed on its behalf by:



Mr. Allan Kibet Kosgey
Chairman of the Board



Mr. John Onyango
Managing Director

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KENYA INDUSTRIAL PROPERTY INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Industrial Property Institute set out on pages 1 to 41, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and

other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Industrial Property Institute as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Industrial Property Act, No.3 of 2001 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.428,488,365 and Kshs.505,400,081 respectively resulting to an over-collection of Kshs.76,911,716 or 18% of the budget.

In the circumstances, the over-collection is an indication of under-budgeting on revenue streams of the Institute.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Audit Issues

In the audit report of the previous year, several issues were raised under the Report on Financial Statements and Report on Lawfulness, Effectiveness in Use of Public Resources. The issues remain unresolved, as the report has not been discussed by the relevant Parliamentary Committee.

Other Information

The Management is responsible for the Other Information set out on page vi to xlvi which comprise of Key Institute Information and Management, The Board of Directors, Key

of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Institute's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Non-compliance with 1/3 Rule on Basic Salary Pay

Review of the monthly payroll data for the year under review revealed that forty-seven (47) employees committed deductions more than two-third of their basic salary pay. This was contrary to Paragraph C.1(3) of the Human Resource Policies and Procedures Manual for the Public Service, 2016 which states that Public Officers shall not over-commit their salaries beyond two-thirds (2/3) of their basic salaries and Heads of Human Resource Units should ensure compliance.

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

2. Failure to Conduct Governance Audit

During the year under review and as reported previously, the Board of directors did not subject the Institute to an annual governance audit. This was contrary to the guidelines of Mwongozo Code of Conduct clause 1.13 that requires the Board, in consultations with the Oversight Office, ensure that it subjects the organization to an annual governance audit by a member regulated by the Institute of Certified Public Secretaries of Kenya (ICPSK) and accredited for that purpose.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

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

Responsibilities of the Management and Board of Directors

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

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

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

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

The Board of Directors are responsible for overseeing the Institute's financial reporting process, reviewing the effectiveness of how Management monitors compliance with

relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management and ensuring the adequacy and effectiveness of the control environment.


Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


31 October, 2025

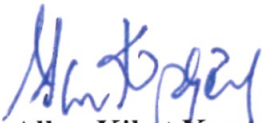
14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE, 2025

	NOTES	2024/2025	2023/2024
		KSh.	KSh.
Revenue from Non-Exchange Transactions			
ARIPO	7	55,695,954	30,653,601
Other Incomes (Interests)		-	43,026
Disposal of Assets		-	996,500
Total Revenue from Non-Exchange Transactions	7	55,695,954	31,693,127
Revenue from Exchange Transactions			
Local Generated Income		347,912,696	282,276,357
Fees from WIPO		101,791,431	121,221,117
Total Revenue from Exchange		449,704,127	403,497,474
Total Revenue		505,400,081	435,190,601
Expenses			
Use of Goods and Services/General Expenses	8	144,449,152	195,442,204
Employee Costs	9	234,753,029	175,123,585
Board Expenses	10	26,636,618	25,791,080
Depreciation and Amortization Expenses	11	18,393,340	22,739,924
Total Expenses		424,232,139	419,096,793
Surplus Before Tax		81,167,942	16,093,808
Surplus for the Year		81,167,942	16,093,808

The notes set out on pages 8 to 41 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by;


Mr. John Onyango
Managing Director


CPA Caroline Mawathe
ICPAK No. 11880
Manager - Finance and Accounts


Mr. Allan Kibet Kosgey
Chairman of the Board

Date: 23/10/2025

Date: 23/10/2025

Date: 23/10/2025

15. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2025

Assets	NOTES	2024/2025	2023/2024 Restated
		KSh.	KSh.
Current Assets			
Cash and Cash Equivalents	12 (a & b)	56,338,875	42,749,705
Receivables from Non-Exchange Transactions	13 (a) & 14	269,432,740	185,687,385
Inventories	15	13,483,838	11,257,081
		339,255,453	239,694,171
Non-current Assets			
Property, Plant & Equipment	16 (a)	400,639,900	412,498,707
Intangible Assets	17	13,088,689	19,623,222
Library Books		4,467,984	4,467,984
		418,196,573	436,589,913
Total Assets (a)		757,452,026	676,284,084
Liabilities			
Current Liabilities			
Trade and Other Payables	18	464,000	464,000
Total Liabilities (b)		464,000	464,000
Total Net Assets (a-b)		756,988,026	675,820,084
Represented by:			
Capital Fund	19 (iii)	611,636,760	611,636,760
Accumulated Surplus	19 (iii)	145,351,266	64,183,324
Total net Assets and Liabilities		756,988,026	675,820,084

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



Mr. John Onyango
Managing Director



CPA Caroline Mawathe
ICPAK No. 11880
Manager - Finance and Accounts



Mr. Allan Kibet Kosgey
Chairman of the Board

Date:

Date: 23/10/2025

Date:

16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE, 2025

	Note	Accumulated Surplus	Reserves	Capital Fund	Total
		KSh.	KSh.	KSh.	KSh.
Net Balance					
Balance as at 1st July, 2025		115,581,429		611,636,760	727,218,189
Adjustments					
Recognition of Assets		-		-	-
Recognition of Liabilities		-		-	-
Balance as at 30th June, 2025	19 (iii)	115,581,429		611,636,760	727,218,189
Prior Year Adjustments		(51,398,105)			(51,398,105)
Surplus/deficit for the Year		81,167,942			81,167,942
Capital Funds Received in the Year		-			-
Balance as at 30th June, 2025		145,351,266		611,636,760	756,988,026

Note: The prior year adjustment was done in order to correct the accounts receivables that were erroneously thus overstating the accumulated surplus.

17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE, 2025

Cash Flows from Operating Activities	NOTES	2024/2025	2023/2024
		KSh.	KSh.
Receipts			
Rendering of Services		419,427,969	434,151,075
Other Income		-	1,039,526
Total Receipts		419,427,969	435,190,601
Payments			
Goods and Services	8	144,449,152	195,442,204
Employee Costs	9	234,753,029	175,123,585
Board Expenses	10	26,636,618	25,791,080
Total Payments		405,838,799	396,356,869
Net Cash Flows from (Used in) Operating Activities		13,589,170	38,833,732
Cash Flows from Investing Activities			
Purchase of Property, Plant, Equipment	16 (a)	-	(32,464,920)
Purchase of Intangible Assets	17	-	-
Sale of Investments		-	(1,848,415)
Net Cash Flows from (used in) Investing Activities		-	(34,313,335)
Cash Flows from Financing Activities			
Proceeds from Borrowings		-	-
Repayment of Borrowings		-	-
Proceeds from Issue of Shares		-	-
Net Cash Flows used in Financing Activities		-	-
Net Decrease/Increase in Cash and Cash Equivalents	12 (a)	13,589,170	4,520,397
Cash and Cash Equivalents at the Beginning of the Year	12 (a)	42,749,705	38,229,308
Cash and Cash Equivalents at 30th June, 2025		56,338,875	42,749,705

18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE, 2025

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Performance Difference	% of Utilization
	KSh.	KSh.	KSh.	KSh.	KSh.	%
Revenue	(A)	(B)	C= (A+B)	D	E=(C-D)	F=D/C
Rendering of Services	296,898,512	96,539,853	393,438,365	449,704,127	56,265,762	114%
Finance Income	50,000	-	50,000	-	(50,000)	0%
Other Incomes (ARIPO)	35,000,000	-	35,000,000	55,695,954	20,695,954	159%
Total Income	331,948,512	96,539,853	428,488,365	505,400,081	76,911,716	118%
Expenses						
Compensation of Employees	225,000,000	9,753,400	234,753,400	234,753,029	371	100%
Goods and Services	71,898,512	86,786,453	158,684,965	159,552,020	(867,055)	101%
Provision for Trademarks	12,480,606	-	12,480,606	11,533,750	946,856	92%
Other Provisions (Dep)	20,000,000	-	20,000,000	18,393,340	1,606,660	92%
Total Expenditure	329,379,118	96,539,853	425,918,971	424,232,139	1,686,832	100%
Surplus for the Period	-	-	-	81,167,942	-	

NOTES TO THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL PERFORMANCE

A.I.A.

The revised budget collection by the Institute was targeted at KSh.425,918,971. The Institute's total collection was KSh.505,400,081. This included accrued income from ARIPO and WIPO during the period and therefore the same was recognized in the financial statements.

Compensation of Employees

The revised budget for the staff cost amounted to KSh.234,753,400. The Institute's expenditure for the financial year was KSh.234,753,029.

Provision of Goods and Services

The Institute revised budget of goods and services was KSh.159,552,020. The Institute eventually utilized 100%.

19. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

The Kenya Industrial Property Institute (the Institute) is a body corporate established under the Industrial Property Act, No. 3 of 2001. The Institute is mandated to implement the Industrial Property Act and the Trade Marks Act, Cap 506 of the Laws of Kenya. Kenya Industrial Property Institute is wholly owned by the Government of Kenya and is domiciled in Kenya.

The principal activities of the Institute are to;

- (i) Consider applications for, grant and registration of industrial property rights;
- (ii) Screen technology transfer agreements and licences;
- (iii) Provide to the public, industrial property information for technological and economic development;
- (iv) Promote inventiveness and innovativeness in Kenya; and
- (v) Organize and conduct training, competitions and awards relating to industrial property matters.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Institute's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Institute. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, Industrial Property Act, No. 3 of 2001, the Trade Marks Act, Cap 506 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

There were no new and amended standards issued in the financial year. The new and amended standards and interpretations in issue were not effective in the year ended 30th June, 2025 and therefore had no impact on the financial statements.

4. Summary of Significant Accounting Policies

a) Revenue Recognition

i) Revenue from Non-Exchange Transactions

Fees, Taxes and Fines

The Institute recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Institute and the fair value of the asset can be measured reliably.

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 Institute and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development grants are recognized in the statement of financial performance after meeting the revenue recognition criteria. Conditional grants are recognized as revenue upon fulfilment of the set conditions.

ii) Revenue from Exchange Transactions

Rendering of Services

The Institute recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred 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 Institute.

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.

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Institute's right to receive payments is established.

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

The original budget for financial year 2024/2025 was approved by the National Assembly on 10th June, 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Institute upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Institute recorded additional appropriations on the 2024/2025 budget following the Board's approval. The Institute's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the

approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of cash flows has been presented in these financial statements.

c) Taxes

Current Income Tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Institute operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

(and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable *Entity* and the same taxation authority.

Sales Tax

Expenses and assets are recognized net of the amount of sales tax, except:

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- ii) When receivables and payables are stated with the amount of sales tax included the net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Investment Property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e) Property, Plant and Equipment

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. When significant parts of property, plant and equipment are required to be replaced at intervals, the Institute recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise,

when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. 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 fair value.

f) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Institute. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Institute also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Institute will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Institute. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) Intangible Assets

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.

h) Biological Assets

The entity recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the entity, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is

measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

i) Research and Development Costs

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

- a) The technical feasibility of completing the asset so that the asset will be available for use or sale;
- b) Its intention to complete and its ability to use or sell the asset;
- c) How the asset will generate future economic benefits or service potential;
- d) The availability of resources to complete the asset; and
- e) 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.

j) Financial Instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The Institute does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).* A financial instrument is any contract that gives rise to a financial asset of one firm and a financial liability or equity instrument of another firm. At initial recognition, the Institute measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

(a) Financial Assets

Classification of Financial Assets

The Institute classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the Institute's management model for financial assets and the contractual cash flow characteristics of the financial

asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an organisation has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent Measurement

Based on the business model and the cash flow characteristics, the Institute classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized Cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair Value Through Net Assets/Equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Trade and Other Receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Fair Value Through Surplus or Deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/equity are measured at fair value through surplus or deficit. A business model where the Institute manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Impairment

The Institute assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The Institute recognizes a loss allowance for such losses at each reporting date.

b) Financial Liabilities

Classification

The Institute classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

k) Inventories

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. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- a) Raw materials: purchase cost using the weighted average cost method; and
- b) Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

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 Institute.

l) Provisions

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

m) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The Institute recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the Institute will incur in fulfilling the present obligations represented by the liability.

n) Contingent Liabilities

The Institute does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

o) Contingent Assets

The Institute does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Institute in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

p) Nature and Purpose of Reserves

The Institute creates and maintains reserves in terms of specific requirements.

q) Changes in Accounting Policies and Estimates

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

r) Employee Benefits

Retirement Benefit Plans

The Institute provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an organisation pays fixed contributions into a separate organisation (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

s) Foreign Currency Transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

t) Borrowing Costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

u) Related Parties

The Institute regards a related party as a person or an organisation with the ability to exert control individually or jointly, or to exercise significant influence over the Institute, or vice versa. Members of key management are regarded as related parties and comprise the Board of Directors, the Managing Director and Senior Managers.

v) Service Concession Arrangements

The Institute analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Institute recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price.

In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Institute also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

w) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

x) Comparative Figures

In preparing these financial statements, the Institute has elected to apply paragraph 79 of IPSAS 33, which allows for the election by an organisation to present one statement of financial performance, one statement of cash flow, one statement of net assets and the statement of financial position and an opening statement of financial position as at the time of first-time adoption of the accrual basis of accounting.

y) Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June, 2025.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Institute'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. State all judgements, estimates and assumptions made:

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Institute 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 Institute. Such changes are reflected in the assumptions when they occur (IPSAS 1.140).

Useful Lives and Residual Value

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

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

Provisions

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

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

6. Rendering of Services

Item Description	2024/2025	2023/2024
	KSh.	KSh.
Total Income for the Year	505,400,081	435,190,601
Less: Total Expenditure for the Year	424,232,139	419,096,793
Operating Surplus/Deficit	81,167,942	16,093,808

The operating income consists of the fees received in respect of registration of trademarks and grants of patents rights which form the core activities of the Institute.

7. Other Incomes

Item Description	2024/2025	2023/2024
	KSh.	KSh.
ARIPO	55,695,954	30,653,601
Other Incomes (Interests)	-	43,026
Disposal of Assets	-	996,500
Total	55,695,954	31,693,127

8. Use of Goods and Services

Item Description	2024/2025	2023/2024
	KSh.	KSh.
Utilities Supplies & Service - Water & Electricity	3,199,084	3,564,234
Communication, Supplies & Services	7,077,519	5,646,072
Domestic Travel and Subsistence	27,933,740	42,752,273
Foreign Travel and Subsistence	7,772,586	10,214,260
Printing, Advertising & Information Supplies & Services	8,897,507	10,329,779
Training Expenses	10,203,635	8,495,442
Audit Fees	464,000	464,000
Hospitality Supplies and Services	21,568,902	23,067,499
Insurance Costs	1,598,612	1,408,225
Specialized Materials & Supplies	624,500	3,979,000
Bank Charges	472,575	708,477
Administration/Subscriptions	761,769	1,415,536
Office & General Supplies & Services	12,120,262	15,131,213
Fuel Oil and Lubricants	3,672,581	6,122,338
Routine Maintenance - Vehicles and Other Transport Equipment	892,751	5,106,647
Routine Maintenance - Other Assets	6,658,078	4,947,500
Other Operating Expenses	18,997,301	22,216,150
Trade Mark Provision	11,533,750	23,067,499
IP Collatoration Activities	-	6,806,060
Total	144,449,152	195,442,204

These are various expenditures incurred by the Institute for the purpose of facilitating various functions that are geared towards attainment of the objectives of the Institute.

The Institute undertook the intellectual property collaboration activities which were budgeted, which were aimed at creating intellectual property awareness.

The Board of Directors approved the bad debt provisions to be made on trade mark fees outstanding for more than one year at the rate of fifty percent (50%). It is therefore the policy of the Institute to write-off only the fees outstanding for more than one year at fifty percent (50%).

9. Employee Costs

Item Description	2024/2025 KSh.	2023/2024 KSh.
Basic Salaries of Permanent Employees	123,718,343	93,565,571
Personal Allowances - Part of Salary	62,898,708	45,839,846
KIPI Staff Benefits Scheme - Pension	21,042,310	14,720,399
Employer Contributions to NSSF	3,021,778	1,492,560
KIPI Medical Scheme	21,274,785	17,364,671
Employer contributions to Housing Levy	2,797,105	2,140,538
Total	234,753,029	175,123,585

These are costs relating to the employee salaries, wages, pension and medical expenses incurred during the financial year.

During the financial year ended 30th June, 2025, the Institute incurred KSh.234,753,029 as staff costs on salaries and other allowances. The Institute paid allowances and salaries amounting to KSh.39,400,800 to the key staff members with the balance of KSh.147,216,251 being paid to the rest of the support staff members. The Institute also incurred a total of KSh.45,337,000 on staff pension schemes, medical expenses and KSh.2,797,105 on Housing Levy.

10. Board Expenses

Item Description	2024/2025	2023/2024
	KSh.	KSh.
Chairman's Honoraria & Airtime	680,000	1,020,000
Sitting Allowance	12,078,740	9,861,048
Induction and Training	3,392,149	3,009,815
Travel and Accommodation	8,277,419	7,720,017
Other Board Allowances	2,208,310	4,180,200
Total	26,636,618	25,791,080

NB:

On the Board expenses, Chairman's honoraria and airtime was less compared to the previous financial year because he was appointed in the midst of the financial year under review after the expiry of the term of the former Chairman.

11. Depreciation and Amortization Expenses

Item Description	2024/2025	2023/2024
	KSh.	KSh.
Property, Plant & Equipment	11,858,807	14,329,971
Intangible Assets	6,534,533	8,409,953
Total	18,393,340	22,739,924

The Institute charges depreciation of its assets on reducing balance method based on the following rates:

Motor Vehicles	25%
Computers	33.3%
Furniture and Equipment	12.5%
Intangible Assets	33.3%
Buildings	2%

It is the policy of the Institute not to charge any depreciation on land but charge depreciation on buildings at 2% on reducing balance method based on the following valuation.

Land	KSh.285,915,000
Building	KSh.109,979,500

12. (a) Cash and Cash Equivalents

Item Description	2024/2025	2023/2024
	KSh.	KSh.
Recurrent Account	46,043,981	31,680,384
Deposit Accounts	10,174,394	10,027,576
Cash at Hand	120,500	776,194
Total Cash & Cash Equivalents	56,338,875	42,484,154

12. (b) Detailed Analysis of the Cash and Cash Equivalents

Name of the Bank	USD.	Exchange Rate	Account No.	2024/2025	2023/2024
				KSh.	KSh.
K.C.B. Bank Kenya Limited			1103867768	10,174,394	10,027,576
K.C.B. Bank Kenya Limited			1104172208	16,337,460	11,133,185
National Bank of Kenya			1001017311500	701,914	452,054
Cash in Hand			924850	120,500	776,194
K.C.B. Bank Kenya Limited			1104169363	13,573,612	10,249,906
K.C.B. Bank Kenya Limited	123,447.96	125.00	1217036415	15,430,995	9,845,239
Total				56,338,875	42,484,154

13. (a) Receivables from Exchange Transactions

Item Description	2024/2025	2023/2024
	KSh.	KSh.
Other Exchange Debtors	35,847,759	35,847,759
Less; Impairment Allowance	-	-
Total Receivables	35,847,759	35,847,759
a) Current Receivables	10,666,323	-
(b) Non-Current Receivables	-	-
Total Receivables (a+b)	46,514,082	35,847,759

13. (b) Ageing Analysis for Receivables

Item Description	2024/2025		2023/2024	
	KSh.		KSh.	
	2024/2025	% of the Total	1st July, 2024	% of the Total
Less than 1 Year	85,972,112	32%	43,574,572	18%
Between 1-2 Years		-		-
Between 2-3 Years				-
Over 3 Years	183,460,628	68%	193,510,918	82%
Total	269,432,740		237,085,490	

Note:

The Institute through the Board's approval had written off the long outstanding trade mark renewal fees amounting to KSh.170,443,419 which could not be collected. The National Treasury, however, advised the Institute to restate the same amount of receivables in the books of accounts. The Institute is trying to bench mark with other IP offices on the best practice to treat receivables from expired IP right in the books of accounts.

14. Receivables from Non-Exchange Transactions

Item Description	2024/2025	2023/2024 Restated
	KSh.	KSh.
WIPO	-	-
ARIPO	40,941,430	7,726,813
Renewal Fees Due	193,510,978	165,180,317
Less; Impairment Allowance	(11,533,750)	(23,067,500)
Total Receivables from Non-Exchange Transactions	222,918,658	149,839,630
Aging Analysis - Receivables from Non Exchange Transactions		
Less that 1 Year	31,731,217	7,726,813
Between 1-2 Years	7,726,813	-
Over 3 Years	183,460,628	142,112,813
Total	222,918,658	149,839,626

The Institute anticipated to fees from WIPO and ARIPO and the same was captured under the receivables and recognized in the Financial Statements.

15. Inventories

Item Description	2024/2025	2023/2024
	KSh.	KSh.
Consumable Stores	13,483,838	11,257,081
Less: Allowance for Impairment	-	-
Total	13,483,838	11,257,081

The inventories consist of the stock of consumable items held in the Institute's stores during the financial year.

Detailed Disclosure on Inventories

Item Description	2024/2025
	KSh.
Opening Balance	11,257,081
Additional Inventory in the Year	5,980,082
Inventory Expensed in the Year	(3,753,325)
Write-Downs in the Year	-
Closing Balance	13,483,838

16. (a) Property, Plant and Equipment

	Land	Building	Motor Vehicles	Furniture & Equipment	Computers & ICT Equipment	Total
	KSh.	KSh.	KSh.	KSh.	KSh.	KSh.
Cost						
As at 1st July, 2023	285,915,000	109,979,500	45,134,081	58,103,669	48,968,869	548,101,119
Additions for 2023/2024	-	-		14,596,500	17,868,420	32,464,920
Prior Years Adjustments			-	-	-	-
As at 30th June, 2024	285,915,000	109,979,500	45,134,081	72,700,169	66,837,289	580,566,039
Depreciation and Impairment						
As at 1st July, 2023	-	33,393,753	41,082,556	36,714,186	42,546,866	153,737,361
Charge for the Year 2023/24	-	1,531,715	1,012,881	4,498,248	7,287,127	14,329,971
As as 30th June, 2024	-	34,925,468	42,095,437	41,212,434	49,833,993	168,067,332
As at 30th June, 2024	285,915,000	75,054,032	3,038,644	31,487,735	17,003,296	412,498,707
Cost						
As at 1st July, 2024	285,915,000	109,979,500	45,134,081	72,700,169	66,837,289	580,566,039
Additions for 2024/2025	-	-		-	-	-
Prior Years Adjustments			-	-	-	-
As at 30th June, 2025	285,915,000	109,979,500	45,134,081	72,700,169	66,837,289	580,566,039
Depreciation and Impairment						
As at 1st July, 2024	-	34,925,468	42,095,437	41,212,434	49,833,993	168,067,332
Charge for the Year 2024/25	-	1,501,081	759,661	3,935,967	5,662,098	11,858,807
	-	36,426,549	42,855,098	45,148,401	55,496,091	179,926,139
Net Book Value						
As at 30th June, 2025	285,915,000	73,552,951	2,278,983	27,551,768	11,341,198	400,639,900
As at 30th June, 2024	285,915,000	75,054,032	3,038,644	31,487,735	17,003,296	412,498,707

NOTE TO DEPRECIATION AND AMORTIZATION ON PROPERTY, PLANT, EQUIPMENT AND INTANGIBLE ASSETS

No depreciation is provided on freehold and long leasehold land. Buildings, property, plant and electronic equipment are depreciated on a reducing balance basis to write the cost or valuation over their estimated useful life. Such depreciation has been calculated on reducing balance method based on the following rates:

Motor Vehicles	25%
Computers	33.3%
Furniture and Equipment	12.5%
Intangible Assets	33.3%
Buildings	2%

16. (b) Notes on Property, Plant and Equipment

The Land, building and other assets were stated on the historical cost basis as show below net off the accumulated depreciation.

Item Description	Cost	Accumulated Depreciation	Net Book Value
	KSh.	KSh.	KSh.
Land	285,915,000	-	285,915,000
Building	109,979,500	36,426,549	73,552,951
Plant & Equipment	-	-	-
Motor Vehicles	45,134,081	42,855,098	2,278,983
Computers & Related Equipment	66,837,289	55,496,091	11,341,198
Office Equipment, Furniture & Fittings	72,700,169	45,148,401	27,551,768
TOTAL	580,566,039	179,926,139	400,639,900

Valuation

Land and building were valued in line with natural assets and liabilities management policy and guidelines issued on 30th June, 2022. These amounts were adopted on 16th January, 2021.

	<u>KSh</u>
Land	285,915,000
Buildings	<u>109,979,500</u>
Total	395,894,500 =====

17. Intangible Assets – Software

Description	2024/2025	2023/2024
	KSh.	KSh.
Cost		
At the Beginning of Year	63,356,390	63,356,390
Additions	-	-
At the End of the Year	63,356,390	63,356,390
Amortisation and Impairment		
At the Beginning of the Year	43,733,168	35,323,215
Amortization	6,534,533	8,409,953
At End of the Year	50,267,701	43,733,168
NET BOOK VALUE	13,088,689	19,623,222

The intangible assets comprise of the cost incurred for the purpose of the software development. It is the Institute's policy to charge amortization on such software costs at the rate of 30% on reducing balance Method.

Note:

The Institute uses Intellectual Property Administrative System (IPAS) owned by the World Intellectual Property Organisation (WIPO). The Industrial Property Automation System (IPAS) is provided to all member states under specific terms of usage. While the Institute has full operational access to the System for its Intellectual Property management, the core software remains the property of the World Intellectual Property Organisation, hence the Software cannot be captured and recognised in the Institutes books of accounts.

18. Trade and Other Payables

Item Description	2024/2025	2023/2024
	KSh.	KSh.
Accounts Payables	464,000	464,000
Total	464,000	464,000

This consists of the provision made in respect to the amount owed to the Office of the Auditor General in respect of audit fees for the Financial Year ended 30th June, 2025.

19. Financial Risk Management

KIPI activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Institute's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Institute does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The Institute financial risk management objectives and policies are detailed below:

(i) Credit Risk

The Institute has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Institute's management based on prior experience and their assessment of the current economic environment.

Financial Risk Management

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

Details	Total Amount	Fully Performing	Past Due	Impaired
	KSh.	KSh.	KSh.	KSh.
As at 30th July, 2025				
Receivables from exchange transactions	46,514,082	46,514,082	-	(11,533,750)
Receivables from non exchange transactions	222,918,658	40,941,430	181,977,228	-
Bank balances	56,338,875	56,338,875	-	-
Total	325,771,615	143,794,387	181,977,228	(11,533,750)
As at 30th July, 2024				
Receivables from exchange transactions	229,358,677	35,847,759		
Receivables from non exchange transactions	7,726,813	7,726,813	193,510,918	(23,067,499)
Bank balances	42,749,705	42,749,705	-	-
Total	279,835,195	86,324,277	193,510,918	(23,067,499)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Institute has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Institute has significant concentration of credit risk on amounts due from June, 2024. The Board of Directors sets the Institute's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity Risk Management

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

The table below represents cash flows payable by the Institute under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Details	Less than 1 Month	Between 1-3 Months	Over 5 Months	Total
	KSh.	KSh.	KSh.	KSh.
As at 30th June, 2025				
Trade Payables	-	464,000	-	464,000
Current Portion of Borrowing	-	-	-	-
Provisions	-	-	-	-
Deferred Income	-	-	-	-
Employee Benefits Obligations	-	-	-	-
Total	-	464,000	-	464,000
As at 30th June, 2024				
Trade Payables	-	464,000	-	464,000
Current Portion of Borrowing	-	-	-	-
Provisions	-	-	-	-
Deferred Income	-	-	-	-
Employee Benefits Obligations	-	-	-	-
Total	-	464,000	-	464,000

(iii) Market Risk

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Institute's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Institute's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Institute's exposure to market risks or the manner in which it manages and measures the risk.

(a) Foreign Currency Risk

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

The carrying amount of the Institute's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows;

Details	KSh.	Other Currencies	Total
		KSh.	KSh.
As at 30th June, 2025			
Financial Assets (Investments, Cash, Deposits)	40,907,880	15,430,995	56,338,875
Liabilities			
Trade and Other Payables	(464,000)	-	(464,000)
Borrowings	-	-	-
Net Foreign Currency Asset/Liability	40,443,880	15,430,995	55,874,875

Foreign Currency Sensitivity Analysis

The above table demonstrates the effect on the Institute's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

Details	2024/2025	2023/2024 Restated
	KSh.	KSh.
Retained Earnings/Deficit	145,351,266	115,581,429
Restated Reserves	-	(51,398,105)
Capital Reserve	611,636,760	611,636,760
Total Funds	756,988,026	675,820,084
Total Borrowing/Debt	464,000	464,000
Less: Cash and Bank Balances	56,338,875	42,749,705
Net Debt/Excess Cash and Cash Equivalents	55,874,875	42,285,705
Gearing	0.0%	0.0%

(iv) Capital Risk Management

The objective of the Institute's capital risk management is to safeguard its ability to continue as a going concern. The Institute's capital structure comprises of the following funds:

Details	KSh.	Other Currencies	Total
		KSh.	KSh.
As at 30th June, 2025			
Financial Assets	-	-	-
Investments			
Cash	40,907,880	15,430,995	56,338,875
Debtors			
Total Financial Assets	40,907,880	15,430,995	56,338,875
Financial Liabilities			
Trade and Other Payables	(464,000)	-	(464,000)
Borrowings			
Total Financial Liabilities			
Net Foreign Currency Asset/Liability	40,443,880	15,430,995	55,874,875

20. Related Party Disclosures

Nature of Related Party Relationships

Entities and other parties related to the KIPi include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

Government of Kenya

The Government of Kenya is the principal shareholder of the Institute, holding 100% of the Institute's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Institute, both domestic and external.

Other related parties include:

- i) The Governments;
- ii) Other SCs and SAGAs;
- iii) Key management; and
- iv) Board of Directors.
- v) Parent Ministry;

Transactions with Related Parties

Details	2024/2025	2023/2024
	KSh.	KSh.
(a) Purchases from Related Parties		
Purchases of Electricity from KPLC	2,513,391	2,400,000
Purchases of Water from Government Agencies	685,693	650,000
Rent Expenses Paid to Government Agencies	-	-
Training and Conference Fees Paid to Government Agencies	5,301,993	5,450,000
Total	8,501,077	8,500,000
(b) Expenses Incurred on Behalf of Related Party		
Payments of Salaries and Wages for KIPi Employees	234,753,029	175,123,585
Payments for Goods and Services for KIPi	170,085,770	221,133,284
Total	404,838,799	396,256,869
(c) Key Management Compensation		
Directors' Emoluments	26,636,618	25,791,080
Compensation of Key Management	39,400,800	23,843,760
Total	66,037,418	49,634,840

1. APPENDICES

Appendix I

Implementation Status of Auditor-General's Recommendations

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

Reference No. on the External Audit Report	Issue/Observations from Auditor	Management Comments	Status: (Resolved/Not Resolved)	Timeframe
1	Undisclosed Software	The Institute uses Industrial Property Automation System (IPAS) owned by the World Intellectual Property Organisation (WIPO). The Industrial Property Automation System (IPAS) is provided to all member states under specific terms of usage. While the Institute has full operational access to the System for its Intellectual Property management, the core software remains the property of the World Intellectual Property Organisation, hence the Software cannot be captured and recognised in the Institutes books of accounts.	The observation was addressed by the Management and it has since been resolved.	30th June, 2025
2	Historical Balance on Library Books	The Institute had developed a Financial Policy which is awaiting the Boards approval, The Policy will guide the Institute on ways of accounting treatment for library books including depreciation and impairment. The Institute is also trying to borrow practices adopted by other IP offices on library books.	The Institute has developed a financial manual that will address how to treat IP books, once it is approved by the Board.	30th June, 2025
3	Failure to Conduct a Governance Audit	The Institute intended to undertake governance and legal audits during the 2024/2025 Financial Year. However, this was not undertaken due to the austerity measures that were issued by the Government during the 2024/2025 Financial Year. Plans are underway to undertake the audits during the 2025/2026 Financial Year.	The Management took note of the observation and the issue will be addressed in the current Financial Year.	30th June, 2025



Mr. John Onyango
Managing Director

Date: 23/10/2024



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