

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

**THE NATIONAL ASSEMBLY
PAPERS LAID**

DATE: 14 MAR 2025

**DAY:
FRIDAY**

**TABLED
OF:**

**DEPUTY MAJORITY LEADER
(CHON. OWEN BAYA, MP)**

**CLERK-AT
THE-TABLE:**

IRENE NDUKUI

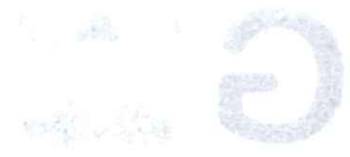
**PARLIAMENT
OF KENYA
LIBRARY**

THE AUDITOR-GENERAL

ON

**KENYA INDUSTRIAL PROPERTY
INSTITUTE**

**FOR THE YEAR ENDED
30 JUNE, 2024**



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KENYA INDUSTRIAL PROPERTY INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2024

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

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**Kenya Industrial Property Institute
Annual Report and Financial Statements
for the Year Ended 30th June, 2024**

1. ACRONYMS AND DEFINITION OF KEY TERMS

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	Intellectual Property Administration 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

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:

- Managing Director;
- Deputy Managing Director/Finance, Corporate Services; and
- Deputy Managing Director/Technical Services.

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June, 2024 and who had direct fiduciary responsibility were:

Designation	Name
1. Managing Director	Mr. John Onyango
2. Deputy Managing Director	Mr. Stephen Ngéno
3. Manager, Legal Services/Corporate Secretary	Mrs. Eunice Njuguna
4. Ag. Deputy Managing Director, Corporate Services	Ms. Janet Martha Kisio
5. Manager, Finance & Accounts	CPA Caroline Mawathe
6. Manager, Research & Innovation	Ms. Hibo Yussuf Hussein
7. Manager, Human Resource Management	Ms. Lucia Jemutai Koskei
8. Assistant Manager, Administration	Mr. Samuel Ng'ethe
9. Assistant Manager, Internal Audit	Mr. Douglas Mungátia Gikunda
10. Assistant Manager, Supplies Chain Management	Ms. Aminazahra Mohamud Sigat

(e) Fiduciary Oversight Functions of the Institute

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 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 Avenuc,
P O. Box 40112,
City Square 00200,
Nairobi, Kenya

3. THE BOARD OF DIRECTORS



Mr. Ahmed Issack Hassan, CBS
Chairman of the Board

Mr. Ahmed Issack Hassan, CBS is an Advocate of the High Court of Kenya, a Commissioner for Oaths, Notary Public and a Certified Public Secretary. He has over 27 year's progressive practical experience in legal practice, public service and election administration. He is the former Chairman of the Independent Electoral and Boundaries Commission of Kenya (IEBC). He also served as a Commissioner in the Constitution of Kenya Review Commission (CCKRC) and as a Legal Consultant to UNDP Somalia in the Somalia Constitution-Making Project. He has practised law as the Managing Partner of the Law Firm of Ibrahim, Issack & Company Advocates.

He holds a Bachelor's Degree in Law from the University of Nairobi, a Post Graduate Diploma in Law from the Kenya School of Law and a Certificate in Contemporary Public Administration Management from the Galilee International Management Institute in Israel.



Ms. Victoria Kaigai
Director




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.

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.



Mr. Nicodemus Mutinda
Director

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>Mr. Tobias Ouma Alando Director</p>	<p>Mr. Tobias Alando is the Chief Operating Officer (COO) at the Kenya Association of Manufacturers and currently heading a program under KAM & supported by the Danish Institute of Political Parties (DIPD) & Liberal Alliance on Fostering issue-based political dialogue that works towards promoting dialogue between the Political Parties and the Civil Societies and Business Membership Organizations, Capacity Building, Assessment of Political Party Manifestos and establishment of County Economic debates across the Counties.</p> <p>He holds a Masters in Management & Leadership at the Management University of Africa, a Bachelor of Science Degree in Computer Science from Marathwada University in India and a Postgraduate Degree in Information Systems Management from the same University. He also holds a Diploma in Private Sector Development from International Swedish Institute for Public Administration-Sweden.</p>
 <p>C.P.A. 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. He is a member of the Institute of Certified Public Accountants of Kenya (I.C.P.A.K.) 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>
 <p>Ms. Lydia M. Munialo Director</p>	<p>Ms. Lydia M. Munialo is the Head of Supply Chain Management Services in the State Department of Industry with effect from March, 2023. She holds a Bachelor of Commerce Degree in Business Administration (Marketing Option) from the University of Nairobi and a Graduate Diploma in Purchasing and Supply (C.I.P.S.) from the Chartered Institute of Purchasing and Supply – UK. She is a full member of K.I.S.M. and C.I.P.S.</p> <p>Lydia has represented the Principal Secretary of University Education and Research in the Board of the Technical University of Mombasa and the Co-operative University of Kenya.</p>



Prof. Elijah I. Omwenga
Director

Professor Elijah I. Omwenga is the Deputy Vice-Chancellor (Academic and Student Affairs) at the University of Kabianga. 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.

Professor Omwenga is currently 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) in Ohio, USA.

Professor Omwenga is a Commonwealth and VLIR Scholar. He is also an Advantage Corporate Governance Training Alumni of South Africa.



Prof. Jennifer Orwa, OGW
Director

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. Prof. Orwa is currently executing the duties of Deputy Director, Resource Development & Knowledge Management at the Kenya Medical Research Institute, entrusted with the responsibility of overall leadership and coordination of knowledge generation, structuring, synthesis, sharing and assessment, for evidence informed decision making in healthcare.

She has received notable awards for excellence in research, professional practice and championing use of research evidence, namely Order of the Grand Worrier of Kenya, Fellow of the Pharmaceutical Society of Kenya and Africa Evidence Leadership Award #AELA2022, respectively.

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.



Mr. Richard Muteti, HSC
Director

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.

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>Ms. Mary Nafula Mutoro Director</p>	<p>Ms. Mary Nafula Mutoro holds a Bachelors of Law (L.L.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>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 Universita’ 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>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>



Mr. John Onyango
Managing Director

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.

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).



Others are Strategic Leadership Development Programme at Kenya School of Government (KSG), Corporate Governance, Change Management and Performance management.



Mrs. Eunice Njuguna
Corporate Secretary

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.

4. KEY MANAGEMENT TEAM

MANAGER	AREA OF RESPONSIBILITY
 <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.</p> <p>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 Offices 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>Mr. Stephen Ngéno Deputy Managing Director, Technical Services</p>	<p>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>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>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>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>



Mrs. Eunice Njuguna
Corporate Secretary

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.



Ms. Janet Martha Kisio
Acting Deputy Managing
Director/Corporate Services


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.

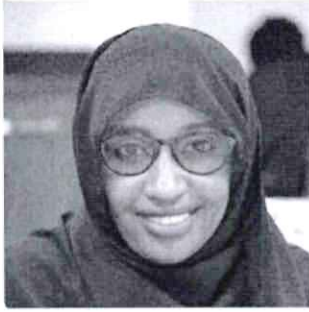
She is a member of EIK (Kenya Institute of Environment).



CPA Caroline Mawathe
Manager,
Finance and Accounts

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.

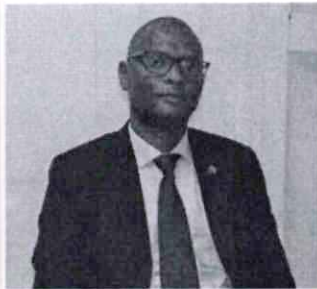
 <p>Ms. Hibo Hussein Manager, Research, Innovation and IP Information</p>	<p>Ms. Hibo Hussein is the Manager, Research, Innovation and IP Information. She holds a Bachelor of Laws Degree from Moi University (L.L.B), Post Graduate Diploma from the Kenya School of Law and a Master of Public Policy from 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>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>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>



**Ms. Aminazahra M. Sigat,
Assistant Manager,
Supply Chain**

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.

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.



**CPA Douglas Mung'atia
Gikunda
Assistant Manager,
Internal Audit**

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.

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)

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.

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 2023/2024.

During the financial year ended 30th June, 2024, the revenue collections stood at KSh.435,190,601. The Institute realised a surplus of KSh.16,093,808 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.

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.

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.

7. STATEMENT OF KENYA INDUSTRIAL PROPERTY INTITUTE’S PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR THE FINANCIAL YEAR 2023/2024

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 2023/20234 period for its five (5) strategic pillars as indicated in the diagram below;

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 – 451 Utility Models – 60 Industrial Designs – 189 Trade marks – 6,300
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"> - 100 technologies availed - 16 collaborations and trainings done
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	15 awareness campaigns done

**Kenya Industrial Property Institute
Annual Report and Financial Statements
for the Year Ended 30th June, 2024**

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	Four (4) products from MSMEs engaged in tea production, honey, peanut butter and Mwea rice supported
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.435.19 Million - 100% of funds allocated utilized during the financial year

8. CORPORATE GOVERNANCE STATEMENT

Corporate 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 corporate 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.

The Institute is governed by the Board of Directors who are appointed as per the Act. The Board of Directors held fifty- three sittings consisting of full Board sittings and various Board committees.

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.

There is a Board charter in place which is being implemented. Board induction has been conducted and training, development and capacity in different fields conducted during the financial year.

The Board members are remunerated as per Salaries and Remunerations Commission's guidelines.

The Board has formulated and applies sound internal corporate governance guidelines, which address the responsibilities of the Board, Management and the Staff.

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 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.

9. MANAGEMENT DISCUSSION AND ANALYSIS

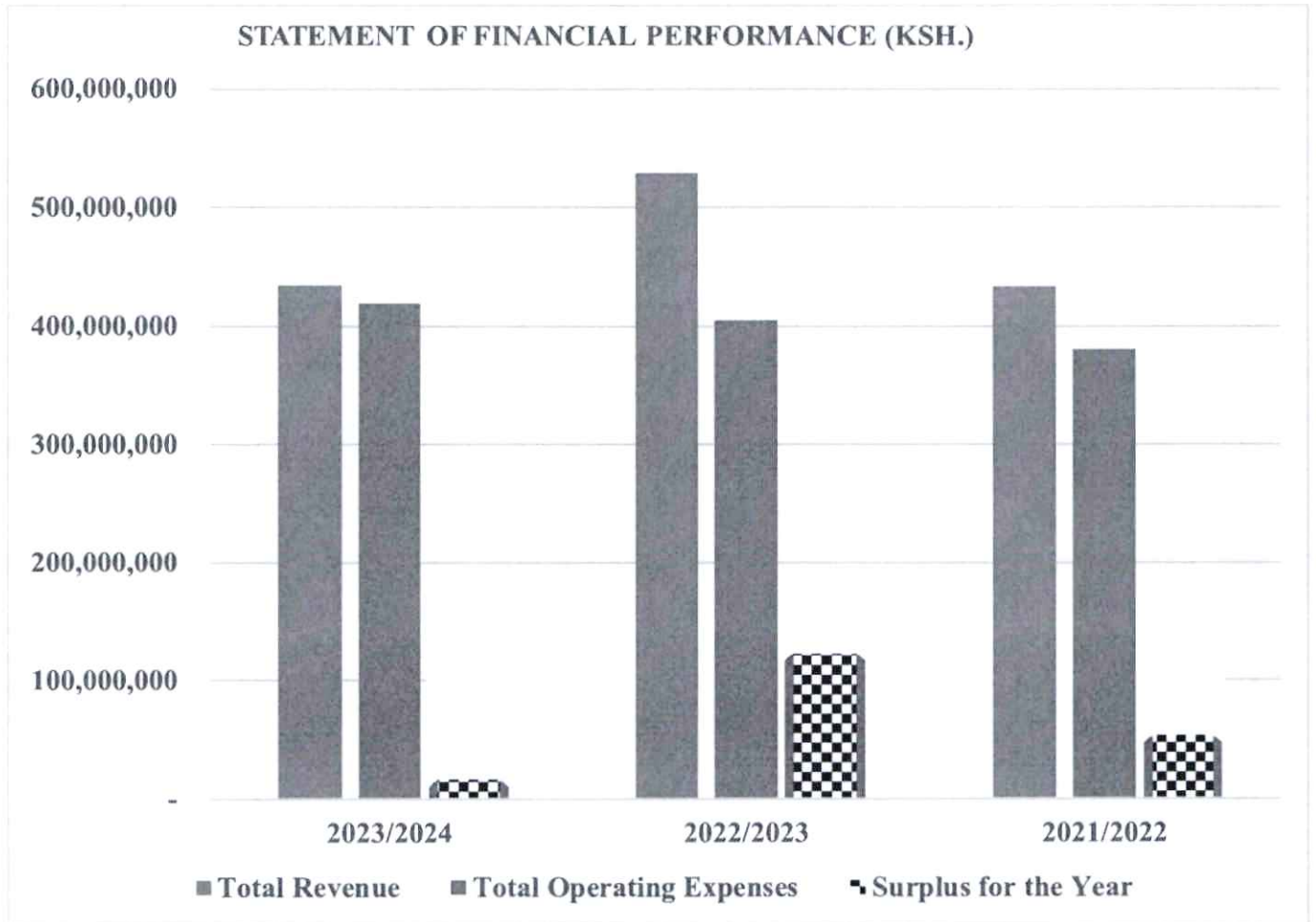
Kenya Industrial Property Institute's Operational and Financial Performance

The Institute targeted to collect KSh.530,000,000 in the Performance Contract. The actual A.I.A. collection 2023/2024 financial year was KSh.435,190,601.

THREE ANNUAL FINANCIAL REVIEW

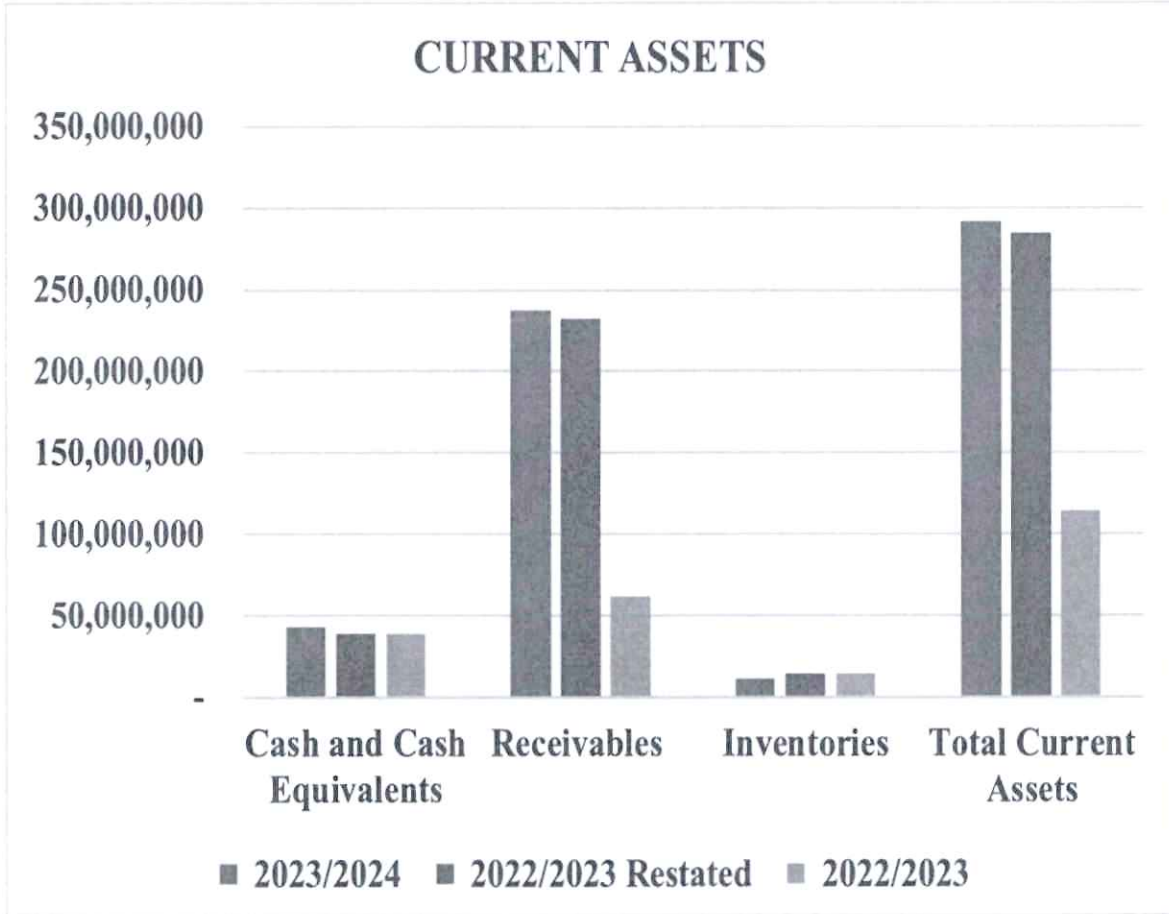
a) STATEMENT OF FINANCIAL PERFORMANCE

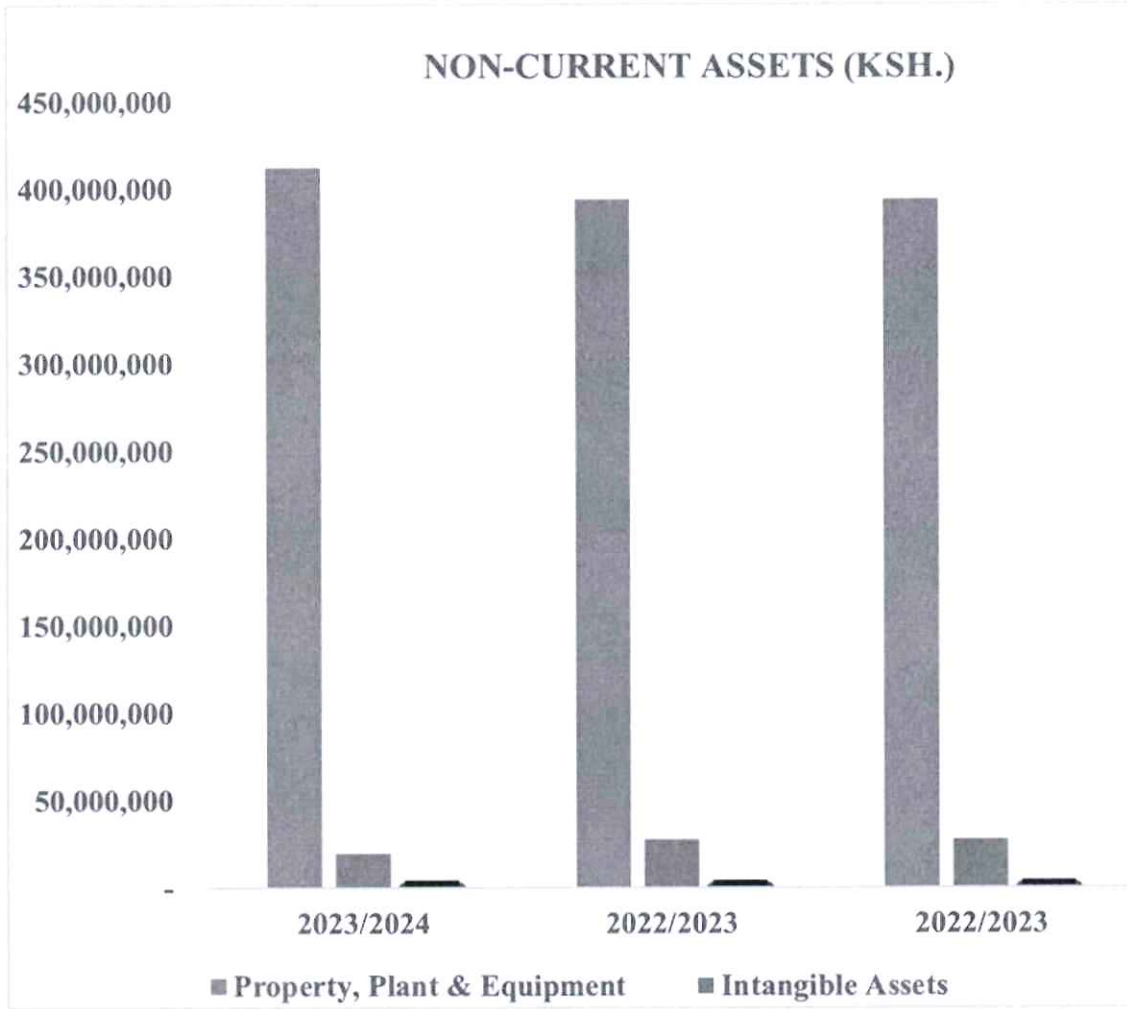
	2023/2024	2022/2023	2021/2022
	KSh.	KSh.	KSh.
Income from Fees	403,497,474	528,629,861	402,405,919
GOK Grants	-	-	-
Other Incomes	31,693,127	30,501	31,542,304
Total Revenue	435,190,601	528,660,362	433,948,223
Less Expenses			
Staff Costs	175,123,585	152,832,089	155,814,317
Hospitality	23,130,339	18,205,801	21,737,383
Board Expenses	25,791,080	20,382,352	11,252,209
Depreciation	22,739,924	20,735,628	27,159,852
Repairs and Maintenance	10,054,353	38,912,372	13,698,901
Use of Goods and Services/General Expenses	162,257,512	154,177,584	150,710,570
Total Operating Expenses	419,096,793	405,245,826	380,373,232
Surplus for the Year	16,093,808	123,414,536	53,574,991

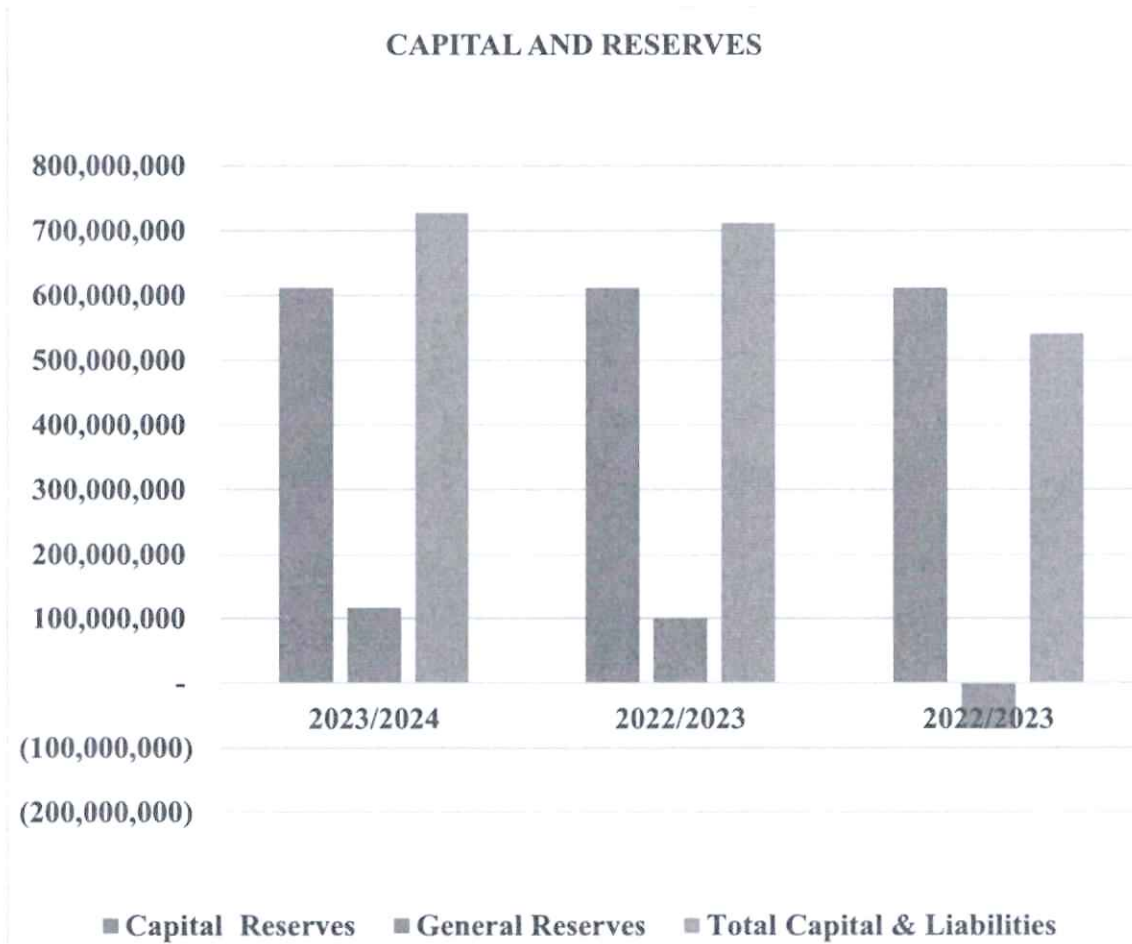


b) STATEMENT OF FINANCIAL POSITION

Current Assets	2023/2024	2022/2023 Restated	2022/2023
Cash and Cash Equivalents	42,749,705	38,229,308	38,229,308
Receivables	237,085,490	232,257,687	61,814,268
Inventories	11,257,081	14,236,469	14,236,469
Total Current Assets	291,092,276	284,723,464	114,280,045
Non Current Assets			
Non Current Assets	2023/2024	2022/2023	2022/2023
Property, Plant & Equipment	412,498,707	394,363,758	394,363,758
Intangible Assets	19,623,222	28,033,175	28,033,175
Library Books	4,467,984	4,467,984	4,467,984
Total Non-Current Assets	436,589,913	426,864,917	426,864,917
Total Assets	727,682,189	711,588,381	541,144,962
Current Liabilities			
Current Liabilities	2023/2024	2022/2023	2022/2023
Trade & Other Payables	464,000	464,000	464,000
Contracted Services	-	-	-
Total Current Liabilities	464,000	464,000	464,000
Total Net Assets	727,218,189	711,124,381	540,680,962
Capital and Reserves			
Capital and Reserves	2023/2024	2022/2023	2022/2023
Capital Reserves	611,636,760	611,636,760	611,636,760
General Reserves	115,581,429	99,487,621	(70,955,798)
Total Capital & Liabilities	727,218,189	711,124,381	540,680,962







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.

(i) 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.

(ii) 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.

(iii) 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.

(iv) Market Place 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.

(v) Corporate Social Responsibility/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) In conjunction with the Ministry of Education, the Director of Education, Kajiado North and teachers and pupils of three schools planted 2,190 trees;
- ii) In conjunction with the Ministry of Investment, Trade and Industry, 300 trees were planted in Masai Mau;
- iii) In conjunction with the State Department for Industry, the Institute planted 210 trees in Makutano Primary School in Bungoma County.

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

11. REPORT OF THE DIRECTORS

The Directors submit their report together with financial statements for the financial year ended 30th June 2024 which shows the state of Institute's affairs.

Principle Activities

The principle Activities 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

Results

The results of Kenya Industrial Property Institute for the financial year ended 30th June, 2024 are as follows

	2023/2024	2022/2023
	KSh.	KSh.
Total Income for the Year	435,190,601	528,660,362
Less: Total Expenditure for the Year	419,096,793	405,245,826
Operating Surplus/Deficit	16,093,808	123,414,536

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

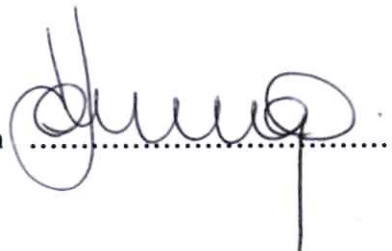
The Auditor General is responsible for the statutory audit of the Institute in accordance with Article 229 of the Constitution of Kenya 2010 and the Public Audit Act, 2015.

By Order of the Board

Mrs. Eunice Njuguna
Corporate Secretary

20/12/2024

Sign



12. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 83 of the Public Finance Management Act No. 18 of 2012 and Section 14 of the State Corporations Act, Cap 446 require the directors to prepare the financial statements in respect of the Institute, which give a true and fair view of the affairs of the Institute at the end of a financial year. The Directors are also charged with the responsibility of ensuring that the Institute maintains proper accounting records, which disclose, with reasonable accuracy, the financial position of the Institute. Equally, the Directors are also responsible for safeguarding the assets of the Institute, selecting and applying appropriate accounting policies and also making accounting estimates that are reasonable and applicable to the Institute circumstances.

To this end, the Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgement and estimates in conformity with International Public Sector Accounting Standards and in the manner required by the Public Finance Management Act and the State Corporations Act. The Directors 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, 2024 and the Institutes financial position as at that date. The Directors further 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.

The Directors therefore, have the pleasure of submitting the report, together with the financial statements for the year ended 30th June, 2024.

Approval of the Financial Statements

The Institute's financial statements were approved by the Directors and signed on its behalf.



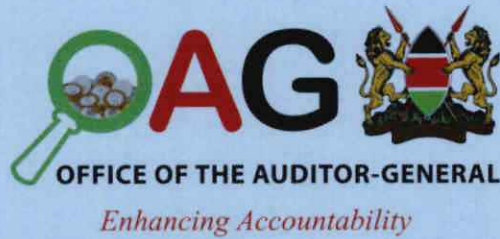
Prof. Jennifer Akinyi Orwa, OGW
Acting Chairman of the Board



Mr. John Onyango
Managing Director

REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA INDUSTRIAL PROPERTY INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2024

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.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, 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 are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya Industrial Property Institute set out on pages 1 to 30 which comprise of the statement of financial position

as at 30 June 2024, statement of financial performance, statement of 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, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kenya Industrial Property Institute as at 30 June, 2024 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 Qualified Opinion

Undisclosed Software – Industrial Property Administration System

In the year 2001, the institute received a donation of a software - Industrial property Administration System (IPAS) from World Intellectual Property Organisation (WIPO). The system is used for issue and management of trademarks and patents. The valuation of the asset was not done and as a result the value of the system has not been included in either the financial statements nor the asset register.

In the circumstances, the accuracy of the intangible assets as disclosed in the financial statements could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of 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 qualified opinion.

Emphasis of Matter

Historical Balance on Library Books

Included in the statement of financial position is inventories balance of Kshs.11,257,081 as disclosed in Note 17 to the financial statements which includes library books balance of Kshs,4,467,984. However, the institute has been disclosing the value at cost without subjecting the books to depreciation. Further, Management discloses that Institute's policy not to recognize depreciation of library books. In addition, the support schedule provided did not include the purchase date and thus it was not possible to confirm the duration that the Institute has been holding the books.

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. Except for the matter described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit section of the report, including in relation to these matters. Accordingly, the audit included the performance of procedures designed to respond to the assessment of the risks of material misstatement of the financial statements. The results of the audit procedures, including the procedures performed to address the matters above, provide the basis for my audit opinion on the accompanying financial statements.

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 ii to xxxiii which comprise of Industrial Property Institute's Information and Management, The Board of Directors, Management Team, Chairman's Statement, Report of the Managing Director, Corporate Governance Statement, Report of the Directors, Report of Directors Responsibilities, and Management Discussion and Analysis. 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.

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 effects of the matter 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

Failure to Conduct a Governance Audit

During the year under review, 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 is 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 for 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 IFPP 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

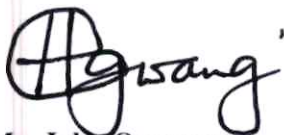
Nairobi

27 December, 2024

14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2024

	NOTES	2023/2024	2022/2023
		KSh.	KSh.
Revenue from Exchange Transactions	6	403,497,474	500,239,433
Revenue from Non-Exchange Transactions	7	31,693,127	28,420,929
Total Revenue		435,190,601	528,660,362
Expenses			
Employee Costs	8	175,123,585	152,832,089
Hospitality	9	23,130,339	18,205,801
Board Expenses	10	25,791,080	20,382,352
Depreciation and Amortization Expense	11	22,739,924	20,735,628
Repairs and Maintenance	12	10,054,353	38,912,372
Use of Goods and Services/General Expenses	13	162,257,512	154,177,584
Total Expenses		419,096,793	405,245,826
Surplus Before Tax		16,093,808	123,414,536
Surplus for the Year		16,093,808	123,414,536

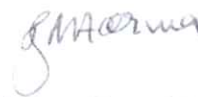
The notes set out on pages 6 to 30 form an integral part of the Financial Statements. The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by;



Mr. John Onyango
Managing Director



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



Prof. Jennifer Akinyi Orwa, OGW
Acting Chairman of the Board

Date: 20/12/2024

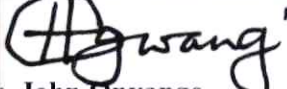
Date: 20/12/2024


Date: 20/12/2024

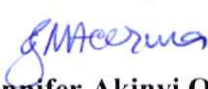
15. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2024

Assets	NOTES	2023/2024	2022/2023	2022/2023
		KSh.	Restated KSh.	KSh.
Current Assets				
Cash and Cash Equivalents	14	42,749,705	38,229,308	38,229,308
Receivables from Non-Exchange Transactions	15	237,085,490	232,257,687	61,814,268
Inventories	17	11,257,081	14,236,469	14,236,469
		291,092,276	284,723,464	114,280,045
Non-current Assets				
Property, Plant & Equipment	18	412,498,707	394,363,758	394,363,758
Intangible Assets	19 (a)	19,623,222	28,033,175	28,033,175
Library Books	17	4,467,984	4,467,984	4,467,984
		436,589,913	426,864,917	426,864,917
Total Assets		727,682,189	711,588,381	541,144,962
Liabilities				
Current Liabilities				
Trade and Other Payables	19 (b)	464,000	464,000	464,000
Total Liabilities		464,000	464,000	464,000
Total Net Assets		727,218,189	711,124,381	540,680,962
Capital Reserves	20	611,636,760	611,636,760	611,636,760
Accumulated Surplus	21	115,581,429	99,487,621	(70,955,798)
Total net Assets and Liabilities		727,218,189	711,124,381	540,680,962

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


Mr. John Onyango
Managing Director


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


Prof. Jennifer Akinyi Orwa, OGW
Acting Chairman of the Board

Date: 20/12/2024

Date: 20/12/2024

Date: 20/12/2024

16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE 2024

Attributable to the Owners of the Controlling Entity Reserves					
	Note	Capital Fund	Accumulated Surplus Restated	Minority Interest	Total
		KSh.	KSh.	KSh.	KSh.
Net Balance					
Balance as at 1st July, 2022		611,636,760	132,040,263	-	743,677,023
Restated Reserves	22	-	(102,967,178)		(102,967,178)
Surplus for the Period	21	-	123,414,536		123,414,536
Transfers to National Treasury	23	-	(53,000,000)		(53,000,000)
Balance as at 30th June, 2023	20	611,636,760	99,487,621		711,124,381
Balance as at 30th June, 2022	20	611,636,760	132,040,263	-	743,677,023
Balance as at 1st July, 2023	20	611,636,760	99,487,621	-	711,124,381
Surplus for the Period	21	-	16,093,808		16,093,808
Transfers to National Treasury	23	-	-		-
Balance as at 30th June, 2024	20	611,636,760	115,581,429		727,218,189

17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2024

Cash Flows from Operating Activities	NOTES	2023/2024	2022/2023
		KSh.	KSh.
Receipts			
Revenue from Exchange Transactions		434,151,075	486,574,223
Other Income		1,039,526	30,501
Total Receipts		435,190,601	486,604,724
Payments			
Compensation of Employees	8	175,123,585	152,832,089
Hospitality	9	23,130,339	18,205,801
Board Expenses	10	25,791,080	20,382,352
Repairs and Maintenance	12	10,054,353	38,912,372
Goods and Services	13	162,257,512	154,177,584
Total Payments		396,356,869	384,510,198
Net Cash Flows from Operating Activities		38,833,732	102,094,526
Cash Flows from Investing Activities			
Purchase of Property, Plant, Equipment and Intangible Assets	18 & 19 (a)	(32,464,920)	(4,475,810)
Net Decrease/Increase in Non-Current Receivables and Inventories	15 & 17	(1,848,415)	(27,204,452)
Net Cash Flows used in Investing Activities		(34,313,335)	(31,680,262)
Cash Flows from Financing Activities			
Repayment of Borrowing/Other Accounts		-	-
Transfers to National Treasury		-	(53,000,000)
Net Cash Flows used in Financing Activities		-	(53,000,000)
Net Decrease/Increase in Cash and Cash Equivalents	14 (a)	4,520,397	17,414,264
Cash and Cash Equivalents at the Beginning of the Year	14 (a)	38,229,308	20,815,044
Cash and Cash Equivalents at 30th June, 2024		42,749,705	38,229,308

18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2024

	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	424,180,606	-	424,180,606	403,497,474	(20,683,132)	95%
Finance Income	50,000	-	50,000	43,026	(6,974)	0%
Other Incomes (ARIPO)	40,147,252	-	40,147,252	31,650,101	(8,497,151)	79%
Total Income	464,377,858	-	464,377,858	435,190,601	(29,187,257)	94%
Expenses						
Compensation of Employees	176,700,000	-	176,700,000	175,123,585	1,576,415	99%
Goods and Services	187,000,000	-	187,000,000	198,163,785	(11,163,785)	106%
Provision for Trademarks	31,480,606	-	31,480,606	23,069,499	8,411,107	73%
Other Provisions (Dep)	29,000,000	-	29,000,000	22,739,924	6,260,076	0%
Total Expenditure	424,180,606	-	424,180,606	419,096,793	5,083,813	99%
Surplus for the Period	-	-	-	16,093,808	-	

NOTES TO THE ANNUAL STATEMENT OF COMPARISON OF BUDGET AND ACTUAL PERFORMANCE

A.I.A.

The original budget collection by the Institute was targeted at KSh.424,180,606. The Institute's total collection was KSh.435,190,601. This included accrued income from ARIPO and WIPO during the period and therefore the same was recognized in the financial statements.

The Institute achieved 95% overall collection down from anticipated 100%. This under-achievement was as a result of budget constraints in rolling out some of the outreach activities.

Compensation of Employees

The annual budget for the staff cost amounted to KSh.176,700,000. There was no revision in staff costs during the year ended 30th June, 2024. The Institute's expenditure for the financial year was KSh.175,123,584 which was below the period budget by KSh.1,576,415. This was 99% from the anticipated 100% and the under-absorption was caused by failure to fill a few vacant positions.

Provision of Goods and Services

The Institute budgeted for KSh.187,000,000 to be used on payment of expenses on provision of goods and services. The Institute eventually utilized KSh.198,163,785 on payment of goods and services leading to an over-absorption by KSh.11,163,785. The over-absorption was caused by the market factors which had adverse effects on the prices of goods and services. The Institute did not, however, exceed the total approved budget.

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 Institute's financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya Shillings, the Institute's functional and reporting currency. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis. The Institute complied with IPSAS from 2013/2014 following the gazettelement of the Public Sector Accounting Standards Board (PSASB) which was established by Public Finance Management Act No. 18 on 24th July, 2012. PSASB issued financial reporting standards and guidelines to be adopted by State Corporations and other Public Sector entities.

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 2024 and therefore had no impact on the financial statements.

4. Summary of Significant Accounting Policies

a) Revenue Recognition

Revenue from Exchange Transactions

Fees

The Institute recognizes revenues from fees, on accrual basis 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 entity and the fair value of the asset can be measured reliably.

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.

b) Budget Information

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

c) 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.

d) 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 infinite.

e) Financial Instruments

There was no investment in form of held-to-maturity instruments that would yield any fixed or determinable receipts during the reporting period.

f) Financial Liabilities

Initial Recognition and Measurement

Financial liabilities within the scope IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Institute determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

g) 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. 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.

h) 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 the Institute 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.

i) Contingent Liabilities

The Institute held one claim payable in form of audit fees to KSh.464,000. The provision has been made in these financial statements for the amount. The Management, therefore, is of the opinion that no significant liabilities will arise that may affect the Financial Statements after the reporting date.

j) 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 its control 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.

k) Nature and Purpose of Reserves

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

l) 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.

m) Employee Benefits

Retirement Benefit Plans

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

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.

n) Foreign Currency Transactions

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

o) Related Parties

The related parties to the Institute are the Government, key management staff members and the Board of Directors. The Financial Statements do not include any outstanding balances relating to transactions entered into with third parties.

p) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, cash at bank, and cash in the MPESA line as at the end of the financial year, and short-term cash imprests and advances to staff members which were not surrendered or accounted for at the end of the financial year.

q) Comparative Figures

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

r) Significant Judgments and Sources of Estimation Uncertainty

The Institute is required to make judgements and assumptions that would affect the reported amounts of revenues, expenses, assets and liabilities and also the disclosure of contingent liabilities in line with International Public Sector Standards (IPSAS). Management has no reason to believe that there would be any subsequent events that would significantly affect the values of the revenues, expenses, assets and liabilities after the financial statements report and therefore such estimates and assumptions were not made at the reporting date as there were no significant risks that would have caused any material adjustment to the carrying amounts of the assets and liabilities within the next annual performance.

s) Government Grants

Recurrent Grants

Recurrent grants from the Government are accounted for under the Income approach where they are recognized as income over the period necessary to match them with the related assets which they are intended to compensate on a systematic basis.

Development Grants

The Institute did not receive any development grants during the year ended 30th June, 2024.

t) 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, 2024.

u) Risks Government Grants Government Grants

For the Institute to achieve its mandate effectively, measures have been put in place to seal off leakages and avoid the would-be inherent risks. Risk management plays a major role in financial planning and hence aids in the attainment of the organization goals. To proactively mitigate against the risks, the risks management has been tied to the organization's strategic plan.

- Operational risks – these are risks of loss as result of system failure, human error and fraud. The controls that the Management has put in place to contain these include,
 - (i) Strong internal control systems;
 - (ii) Authorization level;
 - (iii) Impact assessment procedures;
 - (iv) Internal audit.

- Liquidity risk –these risks relate to inability to realize sufficient cash to meet commitments. To address this risk, Management has adopted a prudent management of its cash flows. Investment of surplus cash in low risk Government securities has also been a policy of Management.

6. Revenue from Exchange Transactions

Item Description	2023/2024	2022/2023
	KSh.	KSh.
Operating Income		
Local Generated Income	282,276,357	357,835,815
Fees from WIPO	121,221,117	142,403,618
Sub-Total	403,497,474	500,239,433
Revenue from Non-Exchange Transactions	31,693,127	28,420,929
Total	435,190,601	528,660,362

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. Revenue from Non-Exchange Transactions

The Institute earns fees from the African Regional Intellectual Property Organisation which is treated by the Institute as Other Operating Income. In the period ended 30th June, 2024, the Institute had accrued fees from ARIPO amounting to KSh.7,726,813 which was recognized and captured in the Financial Statements for the year ended 30th June, 2024.

Item Description	2023/2024	2022/2023
	KSh.	KSh.
ARIPO	30,653,601	28,390,428
Other Incomes (Interests)	43,026	30,507
Disposal of Assets	996,500	-
Total	31,693,127	28,420,935

During the financial year ended 30th June, 2024, the Institute disposed of some assorted assets which had been fully depreciated for KSh.996,500 and the same was recognised in the financial statements as revenue from non-exchange transactions.

8. Employee Costs

Item Description	2023/2024 KSh.	2022/2023 KSh.
Salaries & Wages	93,565,571	78,682,157
Contribution to Pension Schemes	14,720,399	12,044,090
Housing Levy	2,140,538	-
House Allowance	45,839,846	45,470,380
Social Contributions	1,492,560	576,680
Medical	17,364,671	16,058,782
Total	175,123,585	152,832,089

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, 2024, the Institute incurred KSh.175,123,585 as staff costs on salaries and other allowances. The Institute paid allowances and salaries amounting to KSh.23,843,760 to the key staff members with the balance of KSh.115,561,657 being paid to the rest of the support staff members. The Institute also incurred a total of KSh.35,718,168 on staff pension schemes and medical expenses.

9. Hospitality Costs

Item Description	2023/2024 KSh.	2022/2023 KSh.
Hospitality, Supplies and Services	23,130,339	18,205,801
Total	23,130,339	18,205,801

The above costs under hospitality amounting to KSh.23,130,339 to costs incurred on seminars, workshops and provision of staff tea during the year under review.

10. Board Expenses

Item Description	2023/2024	2022/2023
	KSh.	KSh.
Chairman's Honoraria & Airtime	1,020,000	1,020,000
Board Expenses on Retreats	11,620,280	11,322,193
Other Board Allowances	13,150,800	8,040,159
Total	25,791,080	20,382,352

The Institute incurred KSh.25,791,080 which was paid as honoraria to the Board Chairman and other Board expenses.

The Board expenses in this Financial Year was higher compared to the last Financial Year because of the full constitution of Board members as opposed to the previous Financial Year.

11. Depreciation and Amortization Expenses

Item Description	2023/2024	2022/2023
	KSh.	KSh.
Property, Plant & Equipment	14,329,971	8,721,410
Intangible Assets	8,409,953	12,014,218
Total	22,739,924	20,735,628

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

Motor Vehicles	25%
Computers	30%
Furniture and Equipment	12.5%
Intangible Assets	30%
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. Repairs and Maintenance

These are costs relating to repairs to motor vehicles, computers, equipment and machinery and the general Maintenance of the office compound.

Item Description	2023/2024	2022/2023
	KSh.	KSh.
Motor Vehicles	5,106,647	29,602,130
Other Assets	4,947,706	9,310,242
Total	10,054,353	38,912,372

13. Use of Goods and Services/General Expenses

Item Description	2023/2024	2022/2023
	KSh.	KSh.
Utilities Supplies & Service - Water & Electricity	3,564,234	3,760,881
Telecommunication, Supplies & Services	5,646,072	5,370,803
Travel & Subsistence, & Other Transportation Costs	52,966,533	30,977,883
Printing, Advertising & Information Supplies & Services	10,329,779	10,326,350
Skills Development & Training	8,495,442	6,196,253
Audit Fees	464,000	464,000
Specialized Materials & Supplies	3,979,000	5,000,000
Office & General Supplies & Services	15,131,213	15,109,201
Insurance	1,408,225	1,141,447
Bank Charges	708,477	601,315
Administration/Subscriptions	1,415,536	1,513,630
Other Operating Expenses	28,275,442	27,580,823
Trade Mark Provision	23,067,499	46,134,998
IP Collaboration Activities	6,806,060	-
Total	162,257,512	154,177,584

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%).

14. (a) Cash and Cash Equivalents

Item Description	2023/2024	2022/2023
	KSh.	KSh.
Bank 14 (a)	42,484,154	38,002,109
Cash on Hand	265,551	227,199
Total Cash & Cash Equivalents	42,749,705	38,229,308

14. (b) Analysis of Cash in the Bank

Name of the Bank	USD.	Exchange Rate	Account No.	2023/2024	2022/2023
				KSh.	KSh.
K.C.B. Bank Kenya Limited			1103867768	10,027,576	10,250,073
K.C.B. Bank Kenya Limited			1104172208	11,133,185	1,667,050
National Bank of Kenya			1001017311500	452,054	4,629,536
Mpesa - Safaricom			924850	776,194	825,463
K.C.B. Bank Kenya Limited			1104169363	10,249,906	7,971,236
K.C.B. Bank Kenya Limited	78,761.91	125.00	1217036415	9,845,239	12,658,751
Total				42,484,154	38,002,109

15. Receivables from Non-Exchange Transactions

Item Description	2023/2024	2022/2023 Restated	2022/2023
	KSh.	KSh.	KSh.
Current Receivables			
WIPO	35,847,759	11,579,892	11,579,892
ARIPO	7,726,813	4,099,378	4,099,378
Other Receivables (Renewal Fees Due)	193,510,918	216,578,417	46,134,998
Total	237,085,490	232,257,687	61,814,268

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

16. Aging Analysis of Accounts Receivables

Item Description	Months	Months	Months	Total
	3-6	6-9	Over 1 Year	
WIPO	35,847,759	-	-	35,847,759
ARIPO	7,726,813	-	-	7,726,813
Staff Advances				-
Other Receivables (Renewal Fees Due)			193,510,918	193,510,918
Total	43,574,572	-	193,510,918	237,085,490

17. Inventories

Item Description	2023/2024	2022/2023
	KSh.	KSh.
Consumable Stores	11,257,081	14,236,469
Total	11,257,081	14,236,469

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

Library Books

The Institute has a stock of library books amounting to KSh.4,467,984 used for reference purpose on various disciplines of Intellectual Property. It is the Institute's policy not to recognize depreciation of library books and the same is treated as an asset in the financial statements since they have a useful life of more than four years.

18. (a) Property, Plant and Equipment

	Land	Building	Motor Vehicles	Computers	Furniture & Equipment	Total
	KSh.	KSh.	KSh.	KSh.	KSh.	KSh.
Cost						
As at 1st July, 2023	285,915,000	109,979,500	45,134,081	48,968,869	58,103,669	548,101,119
Additions for 2023/2024	-	-		17,868,420	14,596,500	32,464,920
Prior Years Adjustments			-	-	-	-
	285,915,000	109,979,500	45,134,081	66,837,289	72,700,169	580,566,039
Depreciation As at a 1st July, 2023	-	33,393,753	41,082,556	42,546,866	36,714,186	153,737,361
Charge for the Year 2023/24	-	1,531,715	1,012,881	7,287,127	4,498,248	14,329,971
	-	34,925,468	42,095,437	49,833,993	41,212,434	168,067,332
NET BOOK VALUE						
As at 30th June, 2024	285,915,000	75,054,032	3,038,644	17,003,296	31,487,735	412,498,707
As at 30th June, 2023	285,915,000	76,585,747	4,051,525	6,422,003	21,389,483	394,363,758

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	30%
Furniture and Equipment	12.5%
Intangible Assets	30%
Buildings	2%

18 (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	34,925,468	75,054,032
Plant & Equipment	-	-	-
Motor Vehicles	45,134,081	42,095,437	3,038,644
Computers & Related Equipment	66,837,289	49,833,993	17,003,296
Office Equipment, Furniture & Fittings	72,700,169	41,212,434	31,487,735
TOTAL	580,566,039	168,067,332	412,498,707

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	<u>395,894,500</u>

19. (a) Intangible Assets – Software

DETAILS	KSh.
1st July, 2023	63,356,390
Additions	-
	63,356,390
Amortisation	
As at 1st July, 2023	35,323,215
Charge for 2023/2024	8,409,953
	43,733,168
NET BOOK VALUE	
As at 30th June, 2024	19,623,222
As at 30th June, 2023	28,033,175

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.

19 (b) Trade and Other Payables

Item Description	2023/2024	2022/2023
	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, 2024.

20. Reserves

Item Description	2023/2024	2022/2023 Restated	2022/2023
	KSh.	KSh.	KSh.
Capital Reserves	611,636,760	611,636,760	611,636,760
Restated Reserves	-	-	-
Accumulated deficit/Surplus	115,581,429	99,487,621	(70,955,798)
Total	727,218,189	711,124,381	540,680,962

Reserves comprise of balances in form of accumulated surplus or deficit from prior operating activities and unrealized income from receivables which had become due by the end of the period and therefore recognized as income

21. Accumulated Surplus

This represents the excess of the revenue over the expenditure incurred to realize that income during the period under review

Item Description	2023/2024	2022/2023 Restated	2022/2023
	KSh.	KSh.	KSh.
Balances B/f	99,487,621	132,040,263	132,040,263
Add: Surplus/Deficit for the Period	16,093,808	123,414,536	123,414,536
Restated Reserves	-	(102,967,178)	(273,410,597)
Transfer to Treasury	-	(53,000,000)	(53,000,000)
Accumulated Deficit/Surplus	115,581,429	99,487,621	(70,955,798)

22. Financial Risk Management

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company'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 company 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 entity's financial risk management objectives and policies are detailed below:

22 (a) Credit Risk

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

During the year under review the Institute was exposed to credit risk labelled below at the carrying amounts;

Details	Total Amount	Fully Performing	Past Due	Impaired
	KSh.	KSh.	KSh.	KSh.
As at 30th June, 2024				
Receivables from exchange transactions	229,358,677	35,847,759	193,510,918	23,067,499
Receivables from non exchange transactions	7,726,813	7,726,813	-	-
Bank balances	42,749,705	42,749,705	-	-
Total	279,835,195	86,324,277	193,510,918	23,067,499

22 (b) Liquidity Risk

Details	Less than 1 Month	Between 1-3 Months	Over 5 Months	Total
	KSh.	KSh.	KSh.	KSh.
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

23. Market Risk

23 (a) Foreign currency risk – refers to transactional currency exposure as a result of the changes in the prevailing exchange rates.

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

23 (a) Foreign Currency Risk

Details	KSh.	Other Currencies	Total
		KSh.	KSh.
As at 30th June, 2024			
Financial Assets (Investments, Cash, Deposits)	32,904,466	9,845,239	42,749,705
Liabilities			
Trade and Other Payables	(464,000)	-	(464,000)
Borrowings	-	-	-
Net Foreign Currency Asset/Liability	32,440,466	9,845,239	42,285,705

23 (b) Capital Risk Management

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

Details	2023/2024	2022/2023 Restated	2022/2023
	KSh.	KSh.	KSh.
Retained Earnings/Deficit	115,581,429	99,487,621	(70,955,798)
Restated Reserves	-	-	-
Capital Reserve	611,636,760	611,636,760	611,636,760
Total Funds	727,218,189	711,124,381	540,680,962
Total Borrowing/Debt	464,000	464,000	464,000
Less: Cash and Bank Balances	42,749,705	38,229,308	38,229,308
Net Debt/Excess Cash and Cash Equivalents	42,285,705	37,765,308	37,765,308
Gearing	0.0%	0.0%	0.0%

24. Expenses Incurred on Behalf of Related Parties

Related party transactions or expenditures incurred by the Institute comprise of the following:

Details	2023/2024	2022/2023
	KSh.	KSh.
Payment of Salaries & Wages for Employees	175,123,585	102,408,837
Payment of Goods & Services	221,133,284	231,678,109
Total	396,256,869	334,086,946

Key Management Compensation		
Directors' Emoluments	25,791,080	20,382,352
Compensation of Key Management	23,843,760	21,743,700
Total	49,634,840	42,126,052

20. APPENDICES

APPENDIX 1

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	Inaccuracies in the Statement of Cashflow	This was caused by income accrued in the financial statements for which the actual receipt was still pending and hence could not be recognised as cash inflow.	The observation was addressed by the Management as contained in the response to the Management letter.	30th June, 2024
2	Budgetary Control and Performance	The actual expenditure did not exceed the approved budget. However, the total expenditure included provisions which are non cash outflows that caused the budget to be exceeded by 4%. The over-collection was caused by the income earned from WIPO and ARIPO which the Institute does not have control over and which can not be accurately budgeted for.	This was addressed in our response to the Management letter.	30th June, 2024 30th June, 2024
3	Irregular Write Off on Receivables	The Board of Directors granted the approval of the write-off and sought the ratification of their decision from the Parent Ministry.	The Management has restated the writeoff as advised by the National Treasury	30th June, 2024
4	Incorrect Format of Presentation and Disclosure	The format of the presentation was adhered to in accordance to Public Finance Management Act 2012 only that the disclosure was done in the response to the Management letter.	The Management took note of the observation and issues will be addressed going forward.	30th June, 2024