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REPORT

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KENYA INDUSTRIAL RESEARCH AND
DEVELOPMENT INSTITUTE

FOR THE YEAR ENDED
30 JUNE, 2024

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KENYA INDUSTRIAL RESEARCH AND DEVELOPMENT INSTITUTE

KENYA INDUSTRIAL RESEARCH AND DEVELOPMENT 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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1. Acronyms and Definition of Key Terms

A: Acronyms

CEO	Chief Executive Officer
DG	Director General
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
A in A	Appropriation in Aid
G.O.K	Government of Kenya
MITI	Ministry of Investment, Trade and Industry
R&D	Research and Development
SRC	Salary and Remuneration Commission
R.T.I.	Research, Technology and Innovation
FY	Financial Year

B: Definition of Key Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organization.

Comparative Year- Means the prior period.

2. Key Entity Information and Management

(a) Background information

The Kenya Industrial Research and Development Institute (KIRDI) is a statutory research organization established under The Kenya Industrial Research and Development Institute Act, 2022. KIRDI is the country’s principal national institution responsible for industrial research and development and domiciled now under the Ministry of Investment, Trade and Industry (MITI). It is mandated to carry out Research and Development in industrial and allied technologies including, Civil Engineering, Mechanical Engineering, Textile Technology, Electrical Engineering, Mining, Power Resources, Chemical Engineering, Industrial Chemistry, Food Technology, Ceramics, Information and Communications Technologies (ICT) and Ceramics. The Institute’s mission is to undertake Industrial Research, Technology and Innovation and disseminate findings that will have a positive impact on national development. As well, its vision is to be a Centre of Excellence in Industrial Research, Technology & Innovation.

(b) Principal Activities

The principal activity of the Institute is to undertake Industrial Research Technology and Innovation and disseminate findings that will have a positive impact on the national development.

(c) Key Management

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

S. N	Name of Staff	Responsibility
1	Dr-Ing. Calvin Onyango	Director General
2	Dr. Francis Polong’	Director – Technology Transfer and Extension Services
3	Dr. Martha Induli	Director - Industrial & Allied Technology Research
4	Dr. Josephine N. M. Akama, OGW	Director – Corporate Services
5	Mr. Nicodemus Mutinda	Director – Strategy and Planning
6	CPA. Stanley Abonyo	Assistant Director – Finance
7	Mr. Thomas Sitienei	Ag. Assistant Director Internal Auditor
8	Mr. Mark Sichangi	Ag. Assistant Director Procurement

Key Entity Information and Management (continued)

(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:

S.No.	Name of Staff	Responsibility
1	Dr-Ing. Calvin Onyango	Director General
2	Dr. Francis Polong'	Director – Technology Transfer and Extension Services
3	Dr. Martha Induli	Director - Industrial & Allied Technology Research
4	Dr. Josephine N. M. Akama, OGW	Director – Corporate Services
5	Mr. Nicodemus Mutinda	Director – Strategy and Planning
6	CS. Maureen Chogo	Director Legal/ Corporation Secretary
7	Mr. Thomas Sitienei	Ag. Assistant Director Internal Auditor
8	Mr. Mark Sichangi	Ag. Assistant Director Procurement

(e) Fiduciary Oversight Arrangements

The bodies that offered key fiduciary oversight during the year

- Audit and Risk Committee
- Finance committee
- Parliamentary Oversight Committees
- Development partner
- Public Finance Management Committee
- Budget Implementation Committee

(f) Institute's Headquarters

P.O. Box 30650 00100
 KIRDI South C Campus
 Popo Road, off Mombasa Rd
NAIROBI, KENYA

(g) Institute's Contacts

Telephone: (254) 0202388216
 E-mail: dir@kirdi.go.ke / directorkirdi@gmail.com
 Website: www.kirdi.go.ke

Key Entity Information and Management (continued)

(h) Institute's Bankers

1. National Bank of Kenya
KEBS SOUTH C, Popo Road
NAIROBI, KENYA

2. **Other Banks**

National Bank of Kenya
KEBS SOUTH C, Popo Road
NAIROBI, KENYA



(i) Independent Auditor


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 and Department of Justice
Harambee Avenue
P.O. Box 40112
City Square 00200
NAIROBI, KENYA

3. The Board of Directors


Ref	Directors	Details
1.	 <p data-bbox="284 878 778 965">Dr. Dinah Mwinzi, PhD, CBS - Chair of the Board of Directors</p>	<p data-bbox="805 349 1453 421">Dr. Mwinzi born on 04/01/1966 was Appointed on 8th October 2021 for a three-year term.</p> <p data-bbox="805 427 1453 689">Dr. Mwinzi holds a Doctorate of Philosophy in Educational Communication & Technology, a Master’s Degree in Philosophy and Religion and a Bachelor of Education (Arts) Degree. She is a member of the Kenya Association of Public Administration and Management (KAPAM). Currently, she serves as the Vice Chancellor of KAG East University.</p> <p data-bbox="805 696 1453 1034">With extensive experience in leadership and management roles within the Public Sector, Dr. Mwinzi has demonstrated expertise and dedication throughout her career. Previously, she has held positions including Principal Secretary and Director State Department of Vocational & Technical Training, Director of Youth Training, Lecturer, Deputy Dean of Students and Assistant Dean of Students at Moi University as well as a High School Teacher.</p>
2.	 <p data-bbox="284 1489 746 1576">Hon. Eng. Peter Mositet Chairman of the Board of Directors</p>	<p data-bbox="805 1126 1453 1198">Eng. Mositet born 01/01/1964 was Appointed chair of the Board on 7th June, 2024 for a 3 years’ term</p> <p data-bbox="805 1205 1453 1503">holds a Master of Arts-Social Transformations degree and a Bachelor of Science -Civil Engineering Degree. He is a member of Kenya Engineers Registration Board. He is the former Chairman Board of Directors Nairobi Metropolitan Area Transport Authority. He has served in various leadership and managerial positions in the Public Sector and also as a Senator Kajiado County.</p>



Ref	Directors	Details
3.	 <p>Mr. Roy Getusi Nyangena Alternate Member to the Principal Secretary, State Department of Industrialization</p>	<p>Mr. Nyangena born on 01/01/1966 was Appointed as Director on 2nd March 2022, for a three-year term as Alternate to the Principal Secretary, Ministry of Industrialization</p> <p>Mr. Nyangena holds a Master’s Degree in Rural Economics and a Bachelor of Commerce. He serves as the Deputy Director of Industries at the State Department for Industry, within the Ministry of Investments, Trade and Industry.</p> <p>Throughout his career, Mr. Nyangena has demonstrated expertise and leadership in various roles. He has previously served in the East African Community Affairs, overseeing Continental Free Trade Area Affairs and represented the State Department for Industry in bilateral matters.</p>
4.	 <p>Ms. Catherine Bunyassi -Kahuria Alternate to the Attorney General</p>	<p>Ms. Bunyassi – Kahuria born on 30/06/1973 was Appointed as Director on 4th July 2022 for a three-year term as Alternate to Attorney General</p> <p>Ms. Bunyassi – Kahuria holds a Master’s degree in Intellectual Property from Africa University Mutare, Zimbabwe, a Master’s Degree of Arts in International Studies from the Institute of Diplomacy and International Studies from the University of Nairobi, a Bachelor of Laws degree (LLB) from the University of Pune, India. Currently she holds the position of Chief State Counsel in the International Law Division of the Office of the Attorney General and Department of Justice.</p> <p>With over 23 years’ experience, Ms. Bunyassi-Kahuria is a seasoned professional in insolvency law, international relations and diplomacy and Intellectual property law.</p>


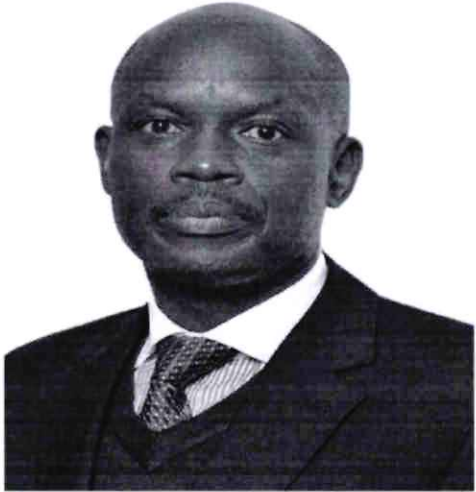
Ref	Directors	Details
5.	 <p>Mr. Stanley Maina Kagera Alternate to the Principal Secretary, The National Treasury & Economic Planning</p>	<p>Mr. Kagera was born on 01/01/1969 serves as Alternate to the Principal Secretary, National Treasury & Planning</p> <p>With a Master’s Degree in Economic Policy Management and a Bachelor of Arts in Economics, Mr. Kagera brings a wealth of knowledge to his role. He also holds a Certificate in Project Management, Productivity Management from U.S.A, and a Young Professional Course Certificate on Macro Economic research from KIPPRA among other certificates.</p> <p>Throughout his career, Mr. Kagera has held key positions, including Economist roles in various Government offices such as Deputy Director at the National Treasury and Planning, Ministry of Health and Policy Analyst in the Office of the Prime Minister.</p>
6.	 <p>Mr. Stephen Mukhebi Situma Alternate to Director-General NACOSTI</p>	<p>Mr. Situma born on 18/09/1974 was Appointed on 8th May 2023, for a three-year term or until the term of the current board expires.</p> <p>Mr. Situma holds a Master of Science in Applied Chemistry, Bachelor’s degree in Education and a Postgraduate Diploma in Monitoring and Evaluation. He is a Member of Kenya Chemical Society, Evaluation Society of Kenya and is a NEMA Lead Expert and member of Environment Institute of Kenya.</p> <p>With over 20 years’ experience in research and management, Mr. Situma has served in various organizations and research institutions. Currently, he holds the position of Senior Research Analyst at the National Commission for Science, Technology and Innovation (NACOSTI).</p>

Ref	Directors	Details
7.	 <p>Ms. Joyce M. Njogu Designated Representative of Kenya Association of Manufacturers.</p>	<p>Ms. Njogu born on 09/11/1974 was Appointed as Director on 24th August 2022 for a three-year term.</p> <p>Ms. Njogu holds a Master of Business Administration (Strategic Management) from the University of Nairobi and Bachelor of Education Arts from Moi University. Additionally, she possesses a Post graduate diploma from the Chartered Institute of Marketing and she is a certified Accountant (ACCA). She is a member of several professional organizations including the Institute of directors, Marketing society of Kenya, Association of Sustainability Practitioners of Kenya (ASPK) and the Kenya Institute of Management.</p> <p>She has over 20 years' experience in business development, marketing and sustainability. Ms. Njogu currently serves as the Head of Consulting and Business Development at Kenya Association of Manufacturers</p>
8.	 <p>Eng. Lucy Wanjiku Mutinda Designated Representative of The Institution of Engineers of Kenya.</p>	<p>Eng. Mutinda born on 18/04/1974 was appointed as Director on 23rd August 2022 for a three-year term</p> <p>Eng. Mutinda holds an MBA from European School of Management & Technology (ESMT) Germany and Bachelor of Technology (Production Engineering) from Moi University as well as a Certificate in International Leadership & Management and a Diploma in Sustainable Business & Responsible Leadership, Fellow Babson College, Massachusetts-Launch and Grow Kenya Women Entrepreneurs Program, Fellow Swedish Institute-Swedish Institute Management Programme Africa, Fellow Techwomen, USA-Women in STEM and Emerging Leaders, Fellow AfrikaKommt, GIZ Germany-Initiative for Emerging Leaders, Team member of the 2010 FIFA World Cup TM Core Team, Continental AG, Germany</p> <p>As an Environment Engineering and Project Management expert, Eng. Mutinda has demonstrated leadership and expertise in her field. She is the founder and CEO of Ecocycle Limited, A green solutions</p>

KENYA INDUSTRIAL RESEARCH AND DEVELOPMENT INSTITUTE
Annual Report and Financial Statements
for the year ended June 30, 2024.

Ref	Directors	Details
		<p>Engineering firm, seeking to Save the Environment from SEWAGE Pollution and Distraction where she leads initiatives aimed at promoting sustainability and responsible business practices.</p>
9.	 <p>Mr. John Henry Onyango Ogwang' Designated Representative of Kenya Industrial Property Institute</p>	<p>Mr. Ojwang' born on 4/11/1965 was appointed Director on 4th July 2022 for a three-year term.</p> <p>Mr. Ojwang' holds a Master's degree in Business Administration from Strathmore Business School and a Bachelor of Commerce Degree from the University of Nairobi. Additionally, He has completed the advanced Management Programme course at IESE Business School, International Graduate school of management, university of Navarra Spain. Mr. Ojwang' is a Member of Kenya Institute of management and Institute of Directors.</p> <p>With a wealth of experience in leadership, management and Intellectual property matters, Mr. Ojwang' has served as a Board member for the Anti-Counterfeit Authority and participated in various committees. Currently, he holds the position of Managing Director at the Kenya Industrial Property Institute (KIPI).</p>

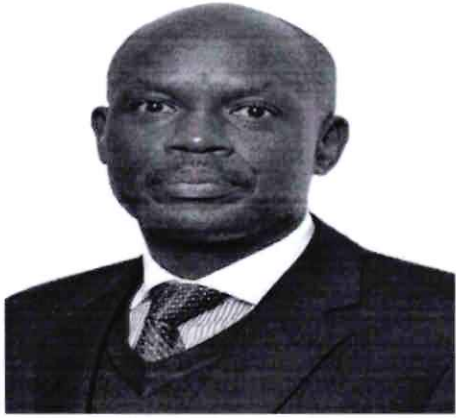
Ref	Directors	Details
10.	 <p data-bbox="323 734 727 831">Prof. George Thiongo Independent Member of the Board of Directors</p>	<p data-bbox="842 277 1485 344">Prof Thiongo born on 01/01/1955 was appointed as Director on 8th October 2021 for a three-year term.</p> <p data-bbox="842 394 1485 734">He holds a Doctorate in Chemistry, a Master’s of Science Degree in Chemistry and a Bachelor of Education Degree in Science. Throughout his career, Prof.Thiongo has held various esteemed positions including Professor, Lecturer, Church Leader, Principal and Dean at the University. He has also served as Chairman of a department within the University and on the Board of the Institute of Environment and Energy Technology.</p> <p data-bbox="842 781 1485 1077">Prof.Thiongo is renowned for his contributions to academia, including the development of new academic programs. He has received academic honors such as recognition in ‘Who is Who in Science and Engineering in the World, 2001’, the Association of Commonwealth Staff Scholarship from August-December 1999 and Teaching Assistantship Awards from Kenyatta University, 1982-1988.</p>
11.	 <p data-bbox="323 1559 727 1655">Dr. Eng. David Nduhiu Independent Member of the Board of Directors</p>	<p data-bbox="842 1088 1485 1155">Dr. Eng. Nduhiu born on 26/03/1954 was appointed Director on 29th October 2021 for a three-year term.</p> <p data-bbox="842 1205 1485 1659">He holds a Doctorate of Business Administration (DBA) HonorisCausa from the Commonwealth University, a Masters in Leadership and Management and a Bachelor of Science in Civil Engineering. Dr. Eng. Nduhiu has a rich history of leadership and entrepreneurship, having served as Chairman of Devcon Group Limited since 2003 and as the founder of Kirethi Construction Company Limited in 1980. Additionally, he has contributed to the health care sector as Vice Chairman of the Kenya Medical Training College. He is also a member of the European Federation of National Engineering Association.</p>




Ref	Directors	Details
12.	 <p>Mr. Stephen Mutoro Designated Representative of Consumers federation of Kenya (COFEK)</p>	<p>Mr. Stephen Mutoro born on 5/01/1975 was Appointed Director on 27th October 2023 for 3 years, term.</p> <p>holds a Master of Arts in Criminology, Bachelor of Arts in literature. He is currently the Secretary General of Consumer Federation of Kenya.</p>
13.	 <p>Dr.-Ing. Calvin Onyango Director-General / Secretary to the Board</p>	<p>Dr.-Ing. Calvin Onyango born on 17/10/1970 was appointed Director-General on 6th June, 2022</p> <p>Dr.-Ing. Calvin Onyango holds a PhD in Bioprocess Engineering from the Institute of Food Technology and Bioprocess Engineering, TechnischeUniversitaet Dresden, Dresden, Germany; he also earned Masters and Bachelor's Degrees in Food Science and Technology from the University of Nairobi, Kenya.</p> <p>With extensive research experience in Food Science and Technology, Dr.-Ing. Onyango has made significant contributions to the field. He has authored numerous publications in peer reviewed scientific journals and has been an active participant in research conferences and workes.ops. His ability to secure funding for research projects through compelling proposals is noteworthy, having successfully fundraised extensively.</p> <p>Dr.-Ing. Onyango research work has garnered wide recognition, evidenced by its extensive citation and numerous awards received in appreciation of his contributions to the body of research in food science and technology.</p>

Ref	Directors	Details
14.	 <p data-bbox="323 835 727 931">Ms. Grace Maureen Chogo Corporation Secretary/Director Legal Services</p>	<p data-bbox="842 315 1485 584">Ms. Chogo is a highly qualified professional with a diverse educational background. She holds a Master’s degree in Business Administration from University of Nairobi, a Bachelor of Laws degree from Moi University and a Post Graduate Diploma from the Kenya School of Law. Additionally, she is a certified Public Secretary and a Certified Trustee.</p> <p data-bbox="842 629 1485 887">As an Advocate of the High Court of Kenya and Corporation Secretary, Ms. Chogo possesses extensive knowledge and over 15 years of Professional experience in the practice of Law. Throughout her career, she has held various leadership positions in the public sector, demonstrating her exceptional skills and expertise in legal matters.</p> <p data-bbox="842 931 1485 1155">Ms. Chogo is actively involved in professional organizations, including the Institute of Certified Secretaries of Kenya (ICSK), the Law Society of Kenya and the East African Law Society, where she contributes to the Legal community and stays abreast of industry developments.</p>

4. Key Management Team

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

	Management	Details
1.	 <p>Dr. -Ing. Calvin Onyango Director-General / Secretary to the Board</p>	<p>Dr.-Ing. Calvin Onyango was appointed Director-General on 6th June, 2022</p> <p>Dr.-Ing. Calvin Onyango holds a PhD in Bioprocess Engineering from the Institute of Food Technology and Bioprocess Engineering, TechnischeUniversitaet Dresden, Dresden, Germany; he also earned Masters and Bachelor's Degrees in Food Science and Technology from the University of Nairobi, Kenya.</p> <p>With extensive research experience in Food Science and Technology, Dr.-Ing. Onyango has made significant contributions to the field. He has authored numerous publications in peer reviewed scientific journals and has been an active participant in research conferences and workes.ops. His ability to secure funding for research projects through compelling proposals is noteworthy, having successfully fundraised extensively.</p> <p>Dr.-Ing. Onyango research work has garnered wide recognition, evidenced by its extensive citation and numerous awards received in appreciation of his contributions to the body of research in food science and technology.</p>

	Management	Details
2.	 <p>Dr. Martha K. Induli Director Industrial and Allied Technologies Research</p>	<p>Dr. Induli holds a Doctor of Philosophy (Natural Products Chemistry) from Makerere University, a Master’s of Science (Chemistry) from University of Nairobi and a Bachelor of Science (Chemistry) degree from Moi University. She is a member of the Natural Products Research Network for Eastern and Central Africa (Kenya Chapter).</p> <p>She is an expert in Plant and Microbial Natural products research and has over 20 years’ experience in the field.</p>
3.	 <p>Dr. Francis Polong Director, Technology Transfer and Extension Services</p>	<p>Dr. Polong holds a PhD in Climate Systems and Climate Change from Nanjing University of Information Science and Technology, China; a Masters in Environmental Health from Moi University; and a Bachelor’s Degree in Chemistry from the University of Nairobi, Kenya. He has also undertaken a number of specialized training courses in Kenya, China, the Netherlands, and Malaysia. His research interests include land-hydrology-ecosystem-climate interaction, land surface processes, watershed modelling, climate change, watershed hydrology, integrated watershed management, and Environmental Sustainability.</p>
4.	 <p>Mr. Nicodemus Mutinda Director, Strategic Planning and Compliance</p>	<p>Mr. Mutinda holds a Master’s of Business Administration (MBA) in Strategic Management from Kenyatta University, Bachelor of Technology in Textile Engineering from Moi University and is a certified Quality Management Systems auditor.</p> <p>He has more than 15 years of experience in Business Processes Re-engineering, Product Development, Quality Management Systems, Performance Management and Project Management.</p>

	Management	Details
5.	 <p data-bbox="272 741 671 808">Dr. Josephine N. M. Akama,OGW Director, Corporate Services</p>	<p data-bbox="799 241 1453 528">Dr. Akama Holds a Doctorate Degree in Humanities HonorisCausa from United Graduate College and Seminary International (USA), a Masters of Business Administration (MBA) in Strategic Management from University of Nairobi and B. Com (Finance option) from Catholic University of East Africa.</p> <p data-bbox="799 577 1453 936">She is a qualified accountant with CPA (K) and a member of Institute of Certified Public Accountants (ICPAK), Kenya Institute of Certified Public Secretaries (ICS) and Association of Women Accountants of Kenya (AWAK). She is also a trained Chaplain. She has a wide experience in Finance, Accounting, Management & Governance having served in various leadership and managerial positions in both public and private sectors.</p>
6.	 <p data-bbox="272 1503 671 1592">Ms. Grace Maureen Chogo Corporation Secretary/Director Legal Services</p>	<p data-bbox="799 952 1453 1272">Ms. Chogo is a highly qualified professional with a diverse educational background. She holds a Master’s degree in Business Administration from University of Nairobi, a Bachelor of Laws degree from Moi University and a Post Graduate Diploma from the Kenya School of Law. Additionally, she is a certified Public Secretary and a Certified Trustee.</p> <p data-bbox="799 1328 1453 1648">As an Advocate of the High Court of Kenya and Corporation Secretary, Ms. Chogo possesses extensive knowledge and over 15 years of Professional experience in the practice of Law. Throughout her career, she has held various leadership positions in the public sector, demonstrating her exceptional skills and expertise in legal matters.</p> <p data-bbox="799 1704 1453 1912">Ms. Chogo is actively involved in professional organizations, including the Institute of Certified Secretaries of Kenya (ICSK), the Law Society of Kenya and the East African Law Society, where she contributes to the Legal community and stays abreast of industry developments.</p>

	Management	Details
7.	 <p data-bbox="309 712 655 779">Mr. Stanley Abonyo Assistant Director Finance</p>	<p data-bbox="836 232 1485 779">Mr. Abonyo holds a Masters of Accounting and Business Statistics degree from Rajasthan v. University India and Bachelor of Commerce (Accounting Option) degree from the same University. He is a qualified accountant with CPA (K) and a member of Institute of Certified Public Accountants (ICPAK) and also a Certified Pension Fund Trustee (Kenya). He has also attended several continuing professional development programmes including leadership and integrity training, public finance management and Senior Management Course from Kenya School of Government (SMC).</p> <p data-bbox="836 797 1414 904">He has over fifteen (15) years' experience in finance and Accounting gained in public and private sector.</p>
8.	 <p data-bbox="309 1352 791 1429">Mr. Thomas S. Kazungu Ag. Assistant Director Internal Audit</p>	<p data-bbox="836 931 1485 1308">Mr. Kazungu holds a Master's degree in Business Administration (MBA) in Finance option from Jomo Kenyatta University of Agriculture and Bachelor of Business Management degree (Accounting Option) from Moi university. He is a qualified accountant with CPA (K) and a member of Institute of Certified Public Accountants (ICPAK). He has attended Senior Management Course from Kenya School of Government (SMC).</p> <p data-bbox="836 1352 1485 1429">He has over fifteen (15) years' experience in Finance and Accounting gained in public sector.</p>
9.	<p data-bbox="309 1442 786 1547">Mr. Mark Sichangi Ag. Assistant Director Supply Chain Management</p>	<p data-bbox="836 1518 1485 1547">Ag. Assistant Director Supply Chain Management</p>

5. Chairman's Statement

On behalf of the KIRDI Board of Directors, I am delighted to present the KIRDI Statement of Accounts for Financial Year 2023/2024. During the financial year KIRDI played a key role in driving the BETA Agenda and the Kenya Vision 2030. Specifically, KIRDI developed technologies for value addition to agricultural and natural materials and transferred these technologies for commercial utilization by MSMEs. With access to the new technologies developed by KIRDI, MSMEs were able to manufacture high value, high quality and competitive products for both domestic and foreign markets.

The impact of technology development and transfer is enhanced wealth creation and employment. During the Financial Year, KIRDI played a key role in job creation through development, upgrade and transfer of 125 commercial industrial technologies to support the manufacturing sector. The Institute further supported a total of 1,521 industrial enterprises through the use of business incubation and common manufacturing facilities, consultancies and laboratory testing, estimated to create 6,440 direct and indirect jobs. These include 81 enterprises under the incubation program, 724 enterprises supported in the use of common manufacturing facilities, 366 industrial enterprises supported in technology training and upgrade of manufacturing skills, and 350 clients supported in quality analytical laboratory testing services.

One of the key projects that the board continued to implement during the financial year 2023/2024 is construction of the KIRDI Techno Centre. This project however continued to experience a challenge with financing during the year thus hampering progress with implementation the completion level remained 80%. We look forward completion of the project which has great significance for national development. Once completed the project is envisioned to enable the Institute to venture into the fourth industrial revolution technologies.

Having achieved the enactment of the KIRDI Act, 2022 in the financial year 2021/2022; the Institute continued to engage in activities that are geared towards operationalizing the Act. The Institute is committed to constitutionalism, governance and integrity. To this end the Institute continued to review and align its policies and programmes with the KIRDI Act 2022. During the financial year the

Chairman's Statement(continued)

Institute developed the Strategic Plan 2023-2027 which is fully aligned with the Bottom-Up Economic Transformation Agenda (BETA).

During the year 2023/24 the Institute hosted the COMESA Secretary General while on her tour to Kenya during the year in recognition of successful implementation of BIAWE Project implemented by KIRDI.

A major challenge that the Institute faced was financial constraints to fund the implementation of planned activities. The allocated recurrent budget was only able to take care of the staff salaries and therefore the Institute had challenges in funding the research and development activities as well operations and maintenance. The Institute also faced challenges of lack of adequate technical staff occasioned by staff departure over time through retirement, resignation and natural attrition.

However, despite the financial challenges. I am pleased to report that the future of the Institute is very bright. The quality and quantity of research outputs as well as number of enterprises being created or expanded by the Institute will go up significantly and thus positively affecting the performance of the Institute.

Signature.......... Date: *19/12/2024*
HON. ENG. PETER KORINKO MOSITET

6. Report of The Director General

I am delighted to present the KIRDI Financial Report for the 2023/2024 Financial Year. During the year, the Institute continued to implement programmes aligned to the Bottom-Up Economic Transformation Agenda (BETA) and in particular supporting value addition and promotion of MSME growth and development. The following programmes were implemented during the financial year.

(a) Value Addition Technology Development and Transfer

During the financial year the Institute developed, upgraded and transferred; 104 technologies for value addition to agricultural and natural products, 16 technologies and prototypes of agro-processing machinery, equipment, tools, industrial parts and building materials, and transferred five (5) green manufacturing technologies to twenty-two (22) industrial enterprises. The industrial technologies include technologies developed during the financial year 2023/2024 and in the previous financial year.

(b) Industrial Technology Start Up Enterprise Support

During the 2023/2024 Financial Year the Institute supported 1,521 industrial technology start-up enterprises through incubation, provision of common manufacturing facilities, product development, training and consultancy services.

(c) Infrastructure Development

During 2023/2024 Financial Year the institute achieved construction completion level of 80% for the KIRDI Techno Centre. It is however worth noting that the completion level had remained the same in the last two years due to limited funding. The Institute is working on a Public Private Partnership (PPP) proposal to complete the project.

(d) Externally funded projects

During the 2023/2024 financial year the Institute implemented the following donor funded projects:


-

1. Development of Milkfish (*Chanoschanos*) and Kimarawali (*Stolephorusdelecatulus*) Solar Drying- Cool Technology, Value Addition and Quality Assurance Project (SOLCOOLDRY).
2. Establishment of Waste – to-Energy (WTE) International Best Practice Platform (IBPP) for biogas in Kenya.
3. Aquaculture of seaweeds and fish: Opportunities for blue economic empowerment and COVID-19 resilience of fisher women in Kenya (A Blue-Empowerment Project).
4. National Biomass Stoves Surveillance GIZ-GCF Project.
5. Establishing Real-World Values of Thermal Efficiency for Traditional and Charcoal Stoves in Africa.
6. Kenya Industry and Entrepreneurship Project – KIEP
7. Combining village scale biogas production with pyrolysis in biomass stoves for off grid sustainable clean cooking and cold production (Vil2Bio).

Director General Report (*continued*)

8. Leveraging Integrated Multi-Trophic Aquaculture (IMTA) of Seaweeds, Rice and Fish for Equitable Blue Economy Improved Nutrition and Health (IMTA-Health) IMTA Health
9. Other Collaborative Consultancy and Capacity Building Projects.

Going forward the Institute will put more effort in supporting upgrade of locally produced goods so as to expand the local manufacturing sector and ultimately create jobs and spur industrialization and economic development.

Signature:  Date: 19.12.2024
DR. -ING. CALVIN ONYANGO

7. Statement of Performance Against Predetermined Objectives for FY 2023/2024

KIRDI has four (4) strategic key result areas supported by five (5) strategic objectives within the current Strategic Plan for the FY 2023/2024 – 2027/2028. These key result areas:

- KRA 1: Manufacturing Value Addition
- KRA 2: Engineering and Frontier Technologies
- KRA 3: Industrial Technology Transfer
- KRA 4: Institutional Capacity

KIRDI develops its annual work plans based on the above four (4) key result areas. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The Institute achieved its performance targets set for the FY 2023/2024 period for its strategic result areas, as indicated in the table below: -

Key Result Area	Objective	Key Performance Indicators	Activities	Achievements
KRA 1: Manufacturing Value Addition	SO1.1: Enhance value addition to agricultural, natural and blue economy resources	No. of enterprises adopting agro - processing technologies	Develop innovative products from plants, animals and blue economy resources	47 assorted technologies in dairy, cereals and nuts, edible oils, fish processing, sauces and mushrooms developed/upgraded and transferred
			Develop innovative food preservation technologies	31 technologies on fruits and vegetable preservation developed and transferred
			Develop functional foods	Five (5) technologies on lactation cookies, lactation and colic tea and composite pumpkin flour developed and transferred
		No. of enterprises adopting bio-based products technologies	Production of natural cosmetics, animal feeds, bio-fertilizers, bio-pesticides, Agri-chemicals and bio packages	Nineteen (19) Technologies for processing of soaps, detergents and cosmetics from local agricultural and natural products and local production of animal feeds developed and transferred
		No. of enterprises adopting leather	Provide technical support in leather processing, design, finishing and	Six (6) Entrepreneurs supported on leather tanning, finishing and leather goods production

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Key Result Area	Objective	Key Performance Indicators	Activities	Achievements
		processing technologies	manufacture of leather goods	
		No. of enterprises adopting utilization of alternative fibres products and processes	Provide technical support in alternative fibre (non-cotton) products and processes	Three (3) enterprises supported in developing sisal fibre hairpiece and tree potting bags from water hyacinth.
KRA 2: Engineering and Frontier Technologies	SO2.1: Adopt smart technologies for production of industrial materials and machines	No. of enterprises adopting alternative building technologies	Promote production of alternative green materials and technologies	Four (4) enterprises supported in developing composite boards and concrete blocks from re-use materials.
		Value of (KES million) of machinery, industrial equipment, tools and parts developed and commercialized	Design and fabricate machines, equipment, tools and parts including edible oil, dairy and value chain	Twelve (12) assorted items reverse engineered and fabricated equipment/ machines in dairy, edible oils and blue economy value chains estimated value at Kes. 6 million.
	SO2.2: Promote adoption of green manufacturing technologies	No. of industrial enterprises adopting RECP and industrial symbiosis concepts	Accelerate and scale up RECP in industries	Six (6) enterprises supported in industrial waste water treatment and solid waste management under circular economy principles
		No. of enterprises adopting green technologies	Promote adoption of clean energy	Sixteen (16) enterprises in cook stoves testing and clean cooking technologies
KRA 3: Industrial Technology Transfer	SO, 3.1: Enhance dissemination and adoption of industrial technologies	No. of industrial enterprises supported	Provide technology training, incubation and CMF services, consultancies and laboratory testing services	1,521 industrial enterprises supported estimated to create 6,440 direct and indirect jobs
KRA 4: Institutional Capacity	S04.1: Strengthen institutional	Customer satisfaction level (%)	Improve customer satisfaction	Customer satisfaction rate at 80 per cent (2023 Survey)

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Key Result Area	Objective	Key Performance Indicators	Activities	Achievements
	capacity to deliver mandate.	Employee satisfaction level (%)	Improve employee satisfaction	Employee satisfaction rate at 67.48 per cent. (2024 Survey)
		Percent automation index of KIRDI process	Automate business systems and processes	Institutional level of digitalization currently at 72.6 % (2023 Survey)
		Productivity index	Undertake productivity mainstreaming and performance management	Developed the Institute productivity metrics with technical support from National Productivity and Competitiveness Centre. Attained computed baseline productivity index of 2.838 indicating high productivity levels.
		No. of industry exhibitions, conferences and research seminars	Enhance Institute visibility	Participated in industry exhibitions and shows including; Kenya Innovation Conference. Changamaka Festival, Loop Forum and Clean Energy Expo; and Tree planting initiatives; Organized 3 internal virtual research seminars and participated in 25 international and local conferences, seminars and workshops
		No. of policies approved and operationalized	Review of internal policies	14 policies approved by the Board
		Project donor funds (KES million) and AIA generated (KES million)	Raise AIA from identified revenue sources and undertake call for proposals to raise project donor funds	Kes. 141 million raised through various donor project funds and consultancies and Kes. 24.85 million raised as A.I.A during the financial year
		No. of attaches/ interns/ graduate students supported	Academia and industry linkages enhanced through engaging youth in internship/industrial attachment/ apprenticeship	441 industrial attachment opportunities and 34 internship opportunities offered during the financial year.

8. Corporate Governance Statement

8.1 Corporate Governance

Corporate governance refers to the internal mechanisms by which institutions are directed, controlled, and held accountable. The goal is to ensure that institutions achieve long-term value for their shareholders while also considering the interests of other stakeholders. Governance structures outline the rules and procedures for specific organizations and define the distribution of rights among various stakeholders, including the Board of Directors, managers, shareholders, creditors, and auditors.

At the Kenya Industrial Research and Development Institute (KIRDI), the Board of Directors is responsible for the overall governance of the Institute. In carrying out its duties, the Board is accountable to both shareholders and stakeholders, ensuring compliance with all relevant regulations and ethical business practices. Additionally, the Board adheres to generally accepted corporate governance procedures, as outlined in existing governance codes, and follows internationally recognized principles and best practices of corporate governance.

8.2 The Board of Directors

The Board consists of 13 members, three of whom are independent non-executive directors, including the Chairperson.

The primary role of the Board is to provide general direction to the Institute. This includes formulating strategic objectives, making policy decisions, supervising executive management, and ensuring accountability to stakeholders. The directors bring a wealth of experience and knowledge, contributing to discussions on key organizational matters. The Board provides strategic direction and general policy guidance.

In its operations, the Board is supported by the Corporation Secretary, who attends all Board meetings except those of the Audit Committee. The Corporation Secretary advises the Board on corporate governance issues and ensures the Institute complies with legal and regulatory requirements.

8.3 Board Meetings

The Board holds regular meetings in accordance with the Institute's Board Calendar and relevant statutes. Special meetings may also be convened as deemed necessary by the Corporation.

During the year under review, the Board held seven regular meetings and one special meeting. As a State Corporation, KIRDI invites the Inspector General of State Corporations to attend its Board meetings, including both Committee and full Board meetings, from time to time. The Inspector General plays an oversight and advisory role in these meetings, as mandated by the **State Corporations Act**.

Corporate Governance Statement (continued)

The Members, attendance per Board Member for the Board meetings for the year was as follows:

NO.	Board Member	Full Board	Special Full Board	Chair P. Handover Meeting	Designation
1.	Eng. Peter KorinkoMositet	2	0	1	Incoming Chair Person
2.	Dr. Dinah Mwinzi	5	1	1	Outgoing Chair Person
3.	Eng. Lucy W. Mutinda	6	1	0	
4.	Prof. George Thiongo	6	1	0	
5.	Mr. James K. Wangombe	1	0	0	
6.	Mr. Roy GetusiNyangena	6	1	0	
7.	Ms. Joyce M. Njogu	6	1	0	
8.	Mr. Stanley Maina. Kagera	6	1	0	
9.	Ms. Catherine Bunyassi	6	1	0	
10.	Mr. John H.O Ogwang	5	1	0	
11.	Mr. Stephen Mutoro	5	0	0	
12.	Mr. Stephen Situma	6	1	0	
13.	Dr. Eng. David Nduhiu	5	1	0	
14.	Dr-Ing Calvin Onyango	6	0	0	

8.4 Committees of the Board

The Board carries out its functions through various committees, each with clearly defined terms of reference set by the Board. The role of these committees is to ensure an efficient and effective decision-making process, enabling the Board to discharge its duties and responsibilities effectively. The Board Committees and their memberships are as follows:

8.4.1 Finance, Strategy & Special Projects Committee

1. D.Engs. Nduhiu-Chairperson
2. Ms. Catherine Bunyassi Kahuria
3. Mr. Roy Nyangena
4. Mr. Stanley Kagera
5. Dr. -Ing Calvin Onyango

The Committee assists the Board in fulfilling its oversight responsibilities in financial matters pertaining to the Corporation. It ensured that the Institute's decisions, policies and practices

Corporate Governance Statement (continued)

concerning procurement, special projects and infrastructural development, complied with the relevant statutory and policies requirements.

The Committee held six (6) regular meetings in the year under review. The Attendance is as follows:

NO.	BOARD MEMBER	Scheduled Meetings	Special Meetings	Total
1	Dr. Eng. David Nduhiu	5	-	5
2	Ms. Catherine Bunyassi	5	-	4
3	Mr. Roy Nyangena	5	-	5
4	Dr.-Ing Calvin Onyango	5	-	5
5	Mr. Stanley Kagera	5		5

8.4.2 Risk and Audit Committee

1. Prof. George Thiongo
2. Mr. Stanley MainaKagera
3. Eng. Lucy Mutinda
4. Mr. John H. O. Onyango
5. Mr. Thomas Sitienei

The Committee assists the Board in fulfilling its Corporate Governance responsibilities and in enhancing internal checks and balances while fostering effective internal audit functions.

The Committee held five (5) regular meetings during the year under review. The attendance is as follows: -

No.	Board Member	Scheduled Meetings	Special Meetings	Total
1	Prof. George Thiongo	5	-	5
2	Mr. Stanley Kagera	5	-	4
3	Eng. Lucy Mutinda	5	-	5
4	Mr. Thomas Sitienei	5	-	5
5	Mr. John Onyango	5	-	3

8.4.3 Human Resources and Administration Committee

- 1) Ms. Joyce Njogu -Chairperson
- 2) Dr. Eng. David Nduhiu
- 3) Ms. Catherine Bunyassi-Kahuria

Corporate Governance Statement (continued)

- 4) Dr.-Ing Calvin Onyango
- 5) Eng. Lucy Mutinda
- 6) Mr. Stephen Situma

The Committee assists the Board in fulfilling its oversight responsibilities in Staff and general administrative matters pertaining to the Corporation. The Committee reviews, monitors and makes recommendations to the Board on human resources strategy and policies as regards staffing, compensation, benefits and other strategic issues, concerning the institute's ability to recruit, develop, retain highly qualified staff. It also delves on promotions, dismissals, termination and staff development requests.

The Committee held seven (6) regular meetings in the year under review. The attendance is as follows:

NO.	BOARD MEMBER	Scheduled Meetings	Special Meetings	Total
1	Ms. Joyce Njogu	6	-	6
2	Dr. David Nduhui	5	-	5
3	Ms. Catherine BunyassiKahuria	6	-	6
4	Dr.-Ing Calvin Onyango	6	-	6
5	Eng. Lucy Mutinda	6	-	6
6	Mr. Stephen Situma	5	-	5

8.4.4 Research Technology and Innovation Committee

- 1) Prof. George Thiongo- Chairperson
- 2) Ms. Joyce Njogu
- 3) Mr. John Henry Onyango
- 4) Mr. Roy GetusiNyangena
- 5) Mr. Stephen Situma
- 6) Dr.-Ing. Calvin Onyango
- 7) Mr. Stephen Mutoro

The Committee assists the Board in fulfilling its oversight responsibilities in monitoring and evaluating, research, technology, land innovation projects within the Institute. It defines and recommends to the Board the scope of research, technology and innovation. It also developed policy guidelines for managing the Institute's research, technology, innovation portfolio pertaining to the Corporation. The Committee held five (5) regular meetings in the year under review. The attendance is as follows: -

Corporate Governance Statement (continued)

NO.	BOARD MEMBER	Scheduled Meetings	Special Meetings	Total
1	Prof. George Thiongo	5	-	5
2	Ms. Joyce Njogu	5	-	5
3	Mr. Roy Nyangena	5	-	5
4	Mr. Stephen Situma	5	-	5
5	Dr.-Ing Calvin Onyango	5	-	5
6	Mr. John Onyango	2	-	2
7	Mr. Stephen Mutoro	3	-	3

8.5 Succession Plan

Board members of the Institute are appointed at staggered intervals to ensure that their respective terms expire at different times. The process of appointing and removing directors is in accordance with the Kenya Industrial Research and Development Institute Act of 2022.

8.6 Board Remuneration

The total amount paid to directors in sitting allowances for their services during the financial year 2023/2024 is disclosed in the financial statements. Non-executive directors are compensated with sitting allowances for attending meetings.

8.7 Risk Management and Internal Controls

The Institute has established defined procedures and financial controls to ensure the accuracy and completeness of its accounting information. This includes a robust system for obtaining transaction approvals and strict adherence to laws and regulations that have significant financial implications. The Board regularly reviews audit results and other activities aimed at evaluating the effectiveness of internal control systems. Additionally, it considers quarterly management accounts, reports from each Board committee, annual budget proposals, and strategic opportunities for the Institute.

8.8 Board Performance Evaluation

The Board is responsible for ensuring a rigorous evaluation of its performance, including that of its committees and individual directors. These evaluations are conducted annually, with results submitted to the **Ministry of Investments, Trade and Industry**, the **State Corporations Advisory Committee (SCAC)**, and the **Office of the President** as part of performance contracting. This process adheres to the guidelines set by SCAC and the Performance Management Office.

8.9 Board Charter

The Board Charter provides a framework to guide the Board in fulfilling its mandate. The Charter, adopted in accordance with the **Mwongozo Code of Governance for State Corporations**,

Corporate Governance Statement (continued)

complements the requirements outlined in relevant laws and regulations concerning the Board and its members. It is accessible to all Board members.

8.10 Information and Board Developments

The Board is provided with comprehensive Board Papers and reports on all matters scheduled for discussion prior to each meeting. All directors have access to the Corporation Secretary for advice and services, and may also seek external legal counsel when necessary.

8.11 Induction and Training

Directors undergo induction training upon their appointment to update their skills and knowledge in discharging their duties. Additionally, they are encouraged to attend ongoing training tailored to their needs and areas of expertise on a regular basis.

8.12 Ethical Polices

The Institute's core values emphasize customer focus, creativity, integrity, innovation, professionalism, quality, partnerships, teamwork, and environmental protection. The Board operates in alignment with these values while considering the interests of KIRDI's stakeholders. Policies and codes of conduct are in place to support the Institute's objectives, vision, and values.

8.13 Conflict of Interest

Conflict of interest is a standing agenda item at every Board meeting, and members are required to declare any potential conflicts before the meeting begins.

8.14 Governance Audit

Procurement for a governance audit commenced during the year under review and is expected to be completed in the financial year 2023/2024.

8.15 Ethics and Conduct

Board members are expected to uphold high standards of ethics and conduct, in accordance with **Chapter Six of the Constitution of Kenya 2010** and other relevant regulations.

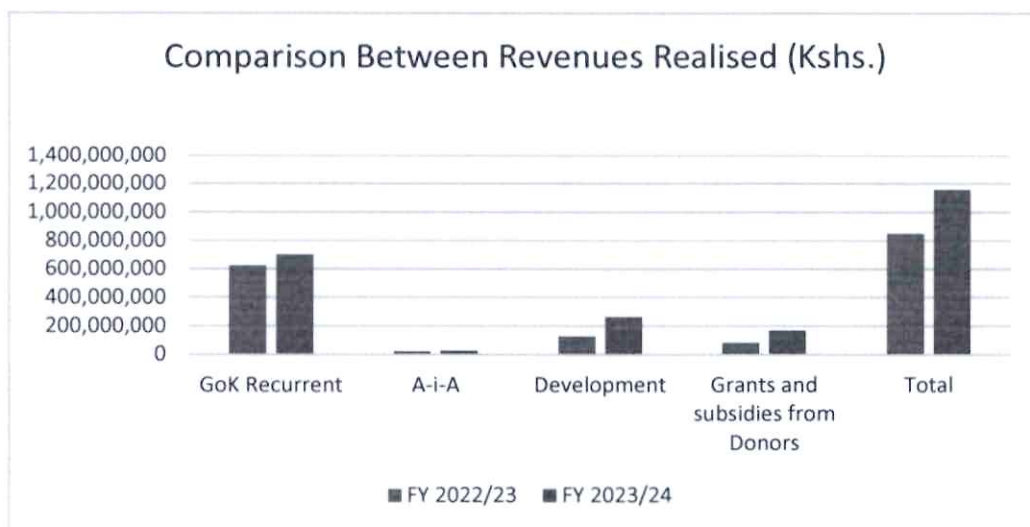
8.16 Workplace Responsibilities, Behaviours and Compliance

The Institute maintains an ethical work environment that complies with its legal and moral obligations. It has developed a series of policies related to workplace responsibilities, compliance, communication, and behaviour, which all staff must adhere to. A system is in place that allows staff to report suspected fraud, negligence, corruption, or improper conduct anonymously if desired.

9. Management Discussion and Analysis

9.1 Operational and Financial Performance

KIRDI’s budget is funded by the National Government through National Treasury for operations channelled through the State Department of Industry after budgeting and approval the board of directors. During the financial year, funds disbursed to the institute totalled to Kes. 962.94 million. The Institute also earned Kes. 24.86 million as A.I.A from fees charged on research and development services. A further Kes. 167.71 million was raised in form of project grants and subsidies from donors towards implementation of research, transfer and donor consultancy services. Development grants suffered 24 per cent budget cut from the original annual estimate of Kes. 345.9 million. This negatively affected project completion timelines and payment of accrued pending bills for the capital development South B project.



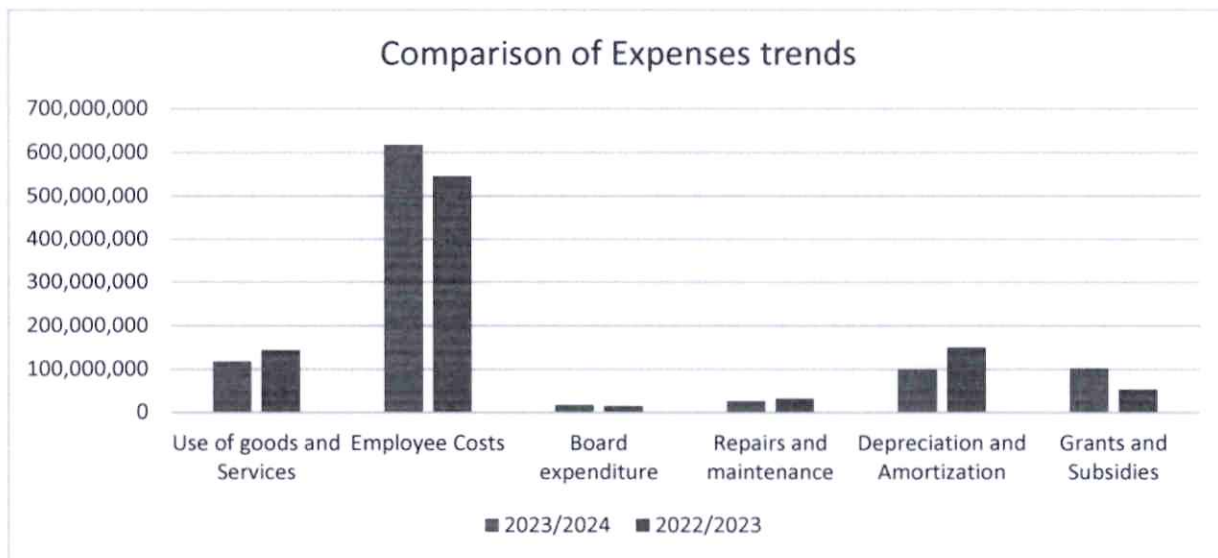
9.2 Analysis of financial performance

a) Revenue trend analysis

The figure above shows analysis of revenue trends for the last two years and provides a comparison between revenues realized in 2022/23 and 2023/24. From the graph, there was a 36 per cent increase in the realized revenues in 2023/24, attributable to increase in recurrent grant, development grant and project grants from donors. An increase of Kes. 82 million recurrent allocation was meant to cater for recurrent shortfalls during supplementary budget. The sharp increase in donor grants is also attributed to implementation of KIEP World Bank funded project of Kes. 90 million.

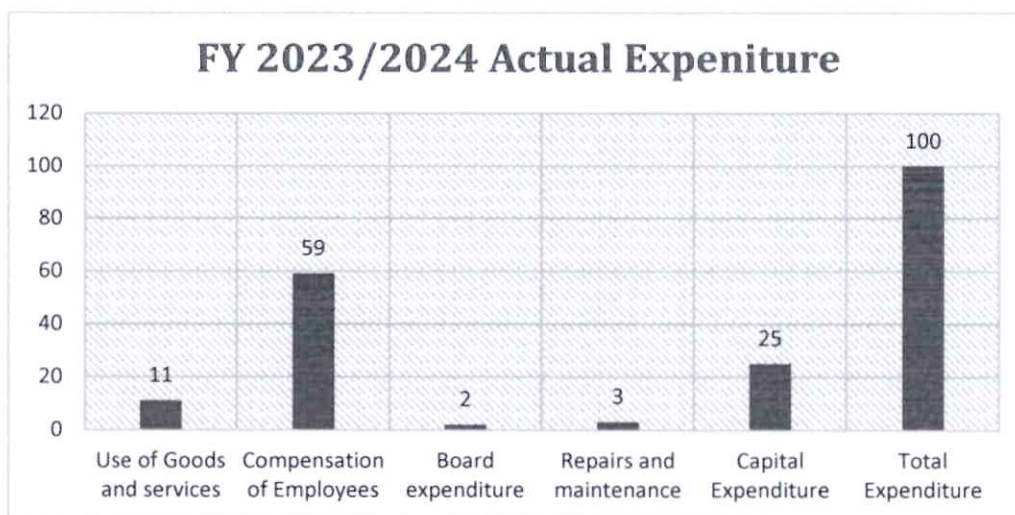
b) Annual Expenses trend analysis

The graph below provides a comparison between annual expenses in FY 2022/23 and FY 2023/24. From the graph there was an overall 13 per cent increase in employee costs attributable to phase 1 of SRC implementation.



c) Actual Expenditure Trend for FY 2023/2024

In fulfilment of its mandate, the Institute incurred expenses on various line items. Operation and maintenance costs accounted for 14 per cent, board allowances accounted for 2 per cent while capital expenditure at 25 per cent. Personnel emoluments accounted for 59 per cent of the total budget of total recurrent and development budget.



The Institute also implemented donor funded research projects and consultancies attaining 100% utilisation as per the financial year work plans.

9.3 Entity's compliance with statutory requirements

The Institute has complied with the PFM Act 2012, Public Procurement and Asset Disposal Act, and other legal requirements such as submission of statutory deductions i.e. timely remittance of NHIF, NSSF, PAYE, NITA, HELB, VAT and Income tax withholding.

Access to Government Procurement Opportunities (AGPO)

The Institute awarded a total of Kes. 27,363,887 to AGPO in line with the 30% allocation requirement. The annual target of Kes 27,360,000 was surpassed.

Promotion of Local Content in Procurement

The Institute complied to the reservation of a minimum of 40% of the procurement budget towards locally produced goods and services and awarded Kes. 91,181,376.

9.4 Key projects and investment decisions the entity is implementing.

The Institute's key capital project is the Construction of Industrial Research, Laboratories at -KIRDI South B which is fully funded by government and facilitates the upgrade and modernization of the institution's industrial research laboratories.

9.5 Major risks facing the entity.

The major risk facing the Institute is legal action due to breach of contract for the project on Research, Technology and Innovation laboratories in Nairobi, South B. The project has run behind completion schedule due to low funding and the project has started incurring cost overruns. Currently the project has accumulated pending over the past two years. The management is working on a Public Private Partnership (PPP) proposal to complete the project and mitigate this risk in the medium term.

10. Environmental and Sustainability Reporting

10.1 Sustainability Strategy

Our sustainability approach is anchored in the Institute's Strategic Plan 2023-2027 that has identified four key result areas responding to strategic industry issues. In the planned period the institute focus is on: -

- KRA 1:** Manufacturing Value Addition
- KRA 2:** Engineering and Frontier Technologies
- KRA 3:** Industrial Technology Transfer
- KRA 4:** Institutional Capacity

During the financial year, the Institute focussed on enhancing innovative value addition technologies to agricultural, natural and blue economy resources and industrial manufacturing capacities. This considered emerging technologies, promotion of innovations and establishment of modern industrial research infrastructure. The management undertook continuous improvement of business operations and attained re-certification under ISO 9001:2015 management systems and also facilitated accreditation of laboratories in ISO/IEC 17025:2017. This is expected to increase credibility of research outputs as well as efficiency and effectiveness in service delivery. In addition, management re-engineered service provision channels through the e-citizen digitalisation platform and mainstreamed productivity improvement with a view to enhance service delivery.

Environmental performance

In addressing strategic issues on sustainable use of resources and production patterns, green energy and energy efficiency the Institute has intervened in promotion and adoption of green manufacturing technologies and circular economy. Equally we have aligned our strategic plan to national, regional and global agenda to increase our relevance and enhance partnership. The Institute is also committed in implementing SDG 9 which aims to build resilient infrastructure, promote inclusive industrialisation and foster innovation

Towards environmental sustainability, KIRDI has implemented the following: -

- Conducted a MSME's sensitization workshop on transitioning industrial enterprises to adopt circular economy principles.
- During the FY the Institute participated in five (5) tree growing events in liaison with KFS and sponsors (NCBA, Equity and NCBA Bank).
- Supported twenty-two (22) industrial enterprises in cook stoves testing and clean cooking technologies to encourage usage of clean energy, industrial waste water treatment, solid waste management and circular economy.
- Collaborated with the Ministry of Economy Trade and Industry (METI) of Japan and facilitated by the Association of Overseas Technical Cooperation and Sustainable Partnership

(AOTS) and the Ministry of Investments Trade and Industry (MITI) in advancing Lean Manufacturing and Lean internet of things (IoT) to KIRDI research scientists.

10.1 Employee welfare

The Institute in supporting employee welfare reviewed various policies to promote the wellbeing of the staff. Among the policies that were reviewed include; Gender mainstreaming, Disability mainstreaming and Gender-Based Violence Prevention Policy.

The Human resource department carried out an employee satisfaction survey to determine staff satisfaction levels and capturing areas of improvement to ensure a conducive working environment and addressing emerging issues. The management is keen in implementing recommendations emanating from the 2024 survey report.

In addition, the human resource department has spearheaded the following activities for employees;

- a) Carried out a staff training needs assessment, and implemented its gaps through training of staff.
- b) Undertaking medical camps to sensitize staff on disability, gender mainstreaming, road safety and financial management.
- c) Undertook training of Institute drivers on defensive driving at Kenya Institute of Highways and Building Technology (KIHBT).
- d) Provided support to employees at risk and to those with substance use disorders by facilitating one staff member affected by drug and substance through the EAP programme and is currently undergoing post-rehabilitation support programme.
- e) Undertook review of the SHE policy to set out safe work practices and procedures to be followed to prevent workplace injuries, illnesses and harmful environmental releases. Further the Institute is in compliance with the Occupational Safety and Health Act of 2007. (OSHA), has Safety and Health Committee in place; has first aid kits; have fire safety measures in place and staff are provided with PPEs among other requirements by the Act.

10.2 Market place practices

The Institute is committed to ensuring fair market competition and ensuring feedback is captured to improve service delivery. During the financial year the management commissioned a customer

satisfaction survey that indicated a customer satisfaction rate of 80 per cent from our external stakeholders.

10.2.1 Responsible supply chain and supplier relations

The Institute commits to ensure timely payments of suppliers within 30 days of submission of claim documents as indicated in the service delivery charter. Through the supply chain department, the organisation undertakes advertisement of tenders and awards and accords opportunities to respective categories without discrimination.

10.2.2 Product stewardship

KIRDI is instrumental in supporting clients to upgrade their products to improve their competitiveness through research and quality control. During the financial year a total of 59 products were upgraded to attain certification.

10.5 Corporate Social Responsibility

On 10th May 2024 the Institute took part in the National Tree Growing Day. In an event held at Kiranga Boys High School, Murang'a County. The Institute presented and participated in planting of 1,000 trees at the school with support from NCBA Bank. This symbolized renewed commitment to a greener future while honouring those who lost their lives to the tragic floods.



11. Report of The Directors

The Directors submit their report together with the audited financial statements for the year ended June 30th, 2024 which show the state of KIRDI affairs.

i. Principal activities

The principal activity of the Institute is to undertake research, development and innovation in industrial and allied technologies.

ii. Results

The results of the entity for the year ended 30th June, 2024 are set out from page twenty (20) of this report.

iii. Directors

The members of the Board of Directors who served during the year are shown on pages viii - xiii of the report.


iv. Surplus remission

KIRDI did not make any surplus during the year (FY 2023/24) and hence no remittance to the Consolidated Fund.

v. Auditors

The Auditor General is responsible for the statutory audit of the Institute in accordance with Article 227 of the Constitution of Kenya and the Public Audit Act, 2015.

By Order of the Board

Signature.....  Date: 19/12/24
Corporation secretary / Secretary to the Board

12. Statement of Directors Responsibilities

Section 81 of Public Finance Management Act, 2012 and Section 14 of the State Corporations Act, require the Directors to prepare financial statements in respect of the Institute, which give a true and fair view of the state of affairs of the Institute at the end of the financial year/period and the operating results of the Institute for that year/period. The Directors are also required to ensure that the Institute keeps proper accounting records which disclose with reasonable accuracy the financial position of the Institute. The Directors are also responsible for safeguarding the assets of the Institute.

The Directors are responsible for the preparation and presentation of the Institute's financial statements, which give a true and fair view of the state of affairs of the Institute for the financial year ended on June 30th, 2024. This responsibility includes:

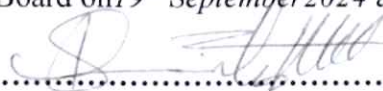
- (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity;
- (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) safeguarding the assets of the Institute;
- (v) selecting and applying appropriate accounting policies; and
- (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Institute's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Reporting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Directors are of the opinion that the Institute's financial statements give a true and fair view of the state of Institute's transactions during the financial year ended June 30th, 2024, and of the Institute's 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 Institute's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Institute will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

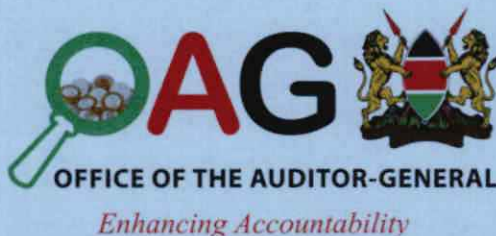
The Kenya Industrial Research and Development Institute's Financial Statements were approved by the Board on 19th September 2024 and signed on its behalf by:


.....
CHAIRPERSON OF THE BOARD


.....
DIRECTOR-GENERAL

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KENYA INDUSTRIAL RESEARCH AND DEVELOPMENT 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 Research and Development Institute set out on pages 1 to 25, which comprise of the statement of

Report of the Auditor-General on Kenya Industrial Research and Development Institute for the year ended 30 June, 2024

financial position as at 30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters 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 Research and Development 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 Kenya Industrial Research and Development Institute Act, 2022 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Deferred Income

The statement of financial position reflects deferred income balance of Kshs.61,095,577 as disclosed in Note 21 to the financial statements. However, the project's cash book reflects a balance of Kshs.1,702,760 and Kshs.27,335,638 for Kenya Industry and Entrepreneurship Project totalling Kshs.29,038,398 resulting in an unexplained variance of Kshs.32,057,179.

In the circumstances, the accuracy and completeness of the deferred income balance of Kshs.61,095,577 could not be confirmed.

2. Lack of Revaluation on Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment (PPE) balance of Kshs.6,290,243,105 as disclosed in Note 18 to the financial statements. The balance includes an amount of Kshs.39,625,000 in respect to original cost of motor vehicles. However, as previously reported, all motor vehicles were fully depreciated although they were still in use by the Institute. Further, land asset in the PPE schedule of Kshs.24,178,498 were last valued forty-three (43) years ago in 1980. This was contrary to Paragraph 49 of the International Public Sector Accounting Standards 17 on property, plant and equipment which provides for revaluation of property, plant and equipment every three to five years.

In the circumstances, the accuracy and fair value of the property, plant and equipment balance of Kshs.6,290,243,105 could not be confirmed.

3. Unconfirmed Retentions

The statement of financial position reflects retentions balance of Kshs.64,573,062 as disclosed in Note 24 to the financial statements. However, the retention's bank account

statements and certificate of bank balance were not provided for audit. Further, the retention balance was reported as a non-current liability. This is contrary to Paragraph 80(a) of IPSAS 1 which provides that a liability shall be classified as current when it is expected to be settled in the entity's normal operating cycle.

In the circumstances, the accuracy and completeness of retention balance of Kshs.64,573,062 could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Industrial Research and Development Institute (KIRDI) 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.

Material Uncertainty Related to Going Concern

The statement of financial performance reflects a deficit for the year of Kshs.144,870,856 (2023:Kshs 255,633,032). Further, the statement of financial position shows that Institute's current liabilities of Kshs 758,702,211 exceeded the current assets amount of Kshs.54,657,648 resulting to a negative working capital of Kshs.704,044,563. However, even if the financial statements have been prepared on a going concern assumption, the Institute is technically insolvent and its ability to continue as a going concern is dependent upon support from the National Government and its creditors. Further, the Management and Board of Directors did not disclose in the financial statements material uncertainty related to going concern.

In the circumstances, if strategies are not put in place to reverse the trend the Institute may face financial challenges in the future casting significant doubts on its ability to continue as a going concern.

Emphasis of Matter

Long Outstanding Payables

The statement of financial position reflects accounts payables balance of Kshs.676,468,634 as disclosed in Note 20 to the financial statements. Review of records revealed that an amount of Kshs 483,926,891 payable to suppliers has been outstanding for more than one-year. This was contrary to Regulation 150(1) of the Public Procurement Asset Disposal Regulations, 2020 that requires that subject to availability of funds and after proper certification of goods, works or service prompt payments are made within 60 days from date of receipt of invoice. No satisfactory explanation was provided for not clearing these outstanding liabilities.

Failure to settle bills during the year in which they relate to adversely affects the budgetary provisions for the subsequent year as they form a first charge.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on the Financial Statements, Report on Lawfulness and Effectiveness in the use of public resources and Report on Lawfulness and Effectiveness in use of Public Resources. The issues remain unresolved as Parliament has not deliberated on the same.

Other Information

The Directors are responsible for the other information set out on page iv to xxxix which comprise of Key Entity Information and Management, The Board of Directors, Key Management Team, Chairman's Statement, Report of the Chief Executive Officer, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and the Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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 matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Delay in Project Completion - Proposed Techno Centre

The Institute contracted a local construction company for implementation of the proposed Techno Centre (Research, Technology and Innovation Laboratories and related infrastructure) in South B, that commenced on 25 February, 2013 at an estimated contract

sum of Kshs.3,933,008,763 and was to take one hundred and fifty-six (156) weeks, with an initial completion date of 3 March, 2016. The project period was however extended by eighty-two (82) weeks for the fourth time bringing the total cumulative project period to five hundred and seven (507) weeks with a new completion date of 25 November, 2022 at a revised contract sum of Kshs.5,455,099,842. Review of the project records at the time of audit in September, 2024 established that the contract was terminated on 15 September, 2022 with the project completion rate estimated at 80% and works amounting to Kshs.4,121,243,494 having been cumulatively certified through certificate No.55 of 7 December, 2022. In addition, an arbitration had been undertaken which was concluded with a certified settlement dated 1 November, 2022 of Kshs.487,700,497. The entire cumulative amount incurred on the project is Kshs.5,159,171,488 as at 30 June, 2024. However, the project is yet to be completed and put to the intended use eleven (11) years from the commencement date of 25 February, 2013.

In the circumstances, the value for money on this project has not been realized.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of the Management and Board of Directors

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

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

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

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

The Board of Directors are responsible for overseeing the Institute's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards 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



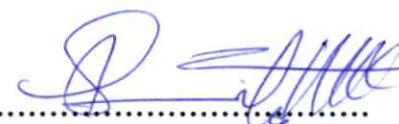
20 December, 2024

KENYA INDUSTRIAL RESEARCH AND DEVELOPMENT INSTITUTE
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14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024

	NOTES	2023/2024 KSHS.	2022/2023 KSHS.
REVENUE			
Income from non-exchange transactions			
Transfers from Government	4	700,146,200	580,730,000
Grants and subsidies from Donors	5	106,616,242	80,302,432
		806,762,442	661,032,432
Income from exchange transactions			
Rendering of services	6	19,476,433	18,564,639
Rental revenue	7	2,614,545	720,472
Other income	8	2,766,894	1,780,945
		24,857,872	21,066,056
Total revenue		831,620,314	682,098,488
EXPENSES			
Use of goods and Services	9	115,997,873	143,490,390
Employee Costs	10	617,379,135	546,311,493
Board expenditure	11	15,647,190	13,751,253
Repairs and maintenance	12	21,745,625	31,942,197
Depreciation and Amortization	13	99,105,105	149,291,548
Grants and Subsidies from Donors	14	106,616,242	52,944,639
Total		976,491,170	937,731,520
DEFICIT FOR THE YEAR		(144,870,856)	(255,633,032)

The notes set out on pages 6 to 25 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:

		
.....
Name: Dr. Ing Calvin Onyango	Name: CPA Josephine Mandere	Name: Hon. Eng Peter Mositet
Director General	Director Cooperate Services	Chairman of the Board
	ICPAK M/No:9950	
Date 19.12.2024	Date 19/12/24	Date 19/12/2024

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15. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

ASSETS	NOTES	2023/2024	2022/2023
		KSH	KSH
CURRENT ASSETS			
Cash and Cash Equivalents	15	45,973,460	13,391,324
Receivables (non-exchange transactions)	16	8,166,303	7,458,803
Stores and inventory	17	517,885	863,203
Total		54,657,648	21,713,330
NON-CURRENT ASSETS			
Property, Plant and Equipment	18	6,290,243,105	6,250,219,967
R & D Projects	19	160,424,504	160,424,504
Total		6,450,667,609	6,410,644,471
TOTAL ASSETS		6,505,325,257	6,432,357,801
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	20	676,468,634	745,264,394
Deferred income	21	61,095,577	27,357,793
Deposits refundable	22	16,380,000	-
Provisions	23	4,758,000	4,058,000
Total		758,702,211	776,680,187
NON-CURRENT LIABILITIES			
Retentions	24	64,573,062	97,512,729
TOTAL LIABILITIES		823,275,273	874,192,916
Net Assets		5,682,049,984	5,558,164,885
Represented by:			
Capital/Development funds	25	6,686,327,990	6,423,537,990
Accumulated deficit	26	(1,004,278,006)	(865,373,105)
NET ASSETS		5,682,049,984	5,558,164,885

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

..........

Name: Dr. Ing Calvin Onyango
Director General

Date

19.12.2024

..........

Name: CPA Josephine Mandere
Director Cooperate Services

ICPAK M/No:9950

Date

19/12/24

..........

Name: Hon. Eng Peter Mositet
Chairman of the Board

Date

19/12/2024

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

	Capital/ Development Funds Ksh	Retained earnings/ (Deficit) Ksh	Total Ksh
As at 1st July 2022	6,298,537,990	(582,099,028)	5,716,438,962
G.O.K Development Grants	125,000,000		125,000,000
Prior year adjustments		(283,252)	(283,252)
Surplus/(Deficit) for the year		(255,633,032)	(255,633,032)
Unutilized Donor funds		(27,357,793)	(27,357,793)
As at 30th June 2023	6,423,537,990	(865,373,105)	5,558,164,885
As at 1st July 2023	6,423,537,990	(865,373,105)	5,558,164,885
G.O.K Development Grants	262,790,000		262,790,000
Prior year adjustments		5,965,955	5,965,955
Surplus/(Deficit) for the year		(144,870,856)	(144,870,856)
As at 30th June 2024	6,686,327,990	(1,004,278,006)	5,682,049,984

Prior period adjustments relate to recognition and settlement of items of expenditure affecting the net deficit from the previous financial year.

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

	Note	2023/2024	2022/2023
		KSHS.	KSHS.
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Transfers from Government		700,146,200	580,730,000
Project fund receipts		140,354,026	66,561,455
Rendering of services		19,476,433	18,564,639
Rental revenue		2,614,545	720,472
Other income		2,766,894	1,780,945
Total receipts		865,358,098	668,357,511
Payments			
Use of goods and Services		109,735,442	140,018,420
Employee Costs		604,965,072	546,311,493
Board expenditure		15,647,190	13,751,253
Repairs and maintenance		21,745,625	31,942,197
Grants and Subsidies		106,616,242	52,944,639
Total payments		858,709,571	784,968,002
Net cash flows from operating activities	31	6,648,527	(116,610,491)
Financing activities inflow/outflow			
Accruals and pending bills		(119,366,603)	385,482,090
Accrued grant receipts and advances		(707,500)	272,992,844
Proceeds from lease deposit		16,380,000	-
Capital/Dev. grants received		262,790,000	125,000,000
Changes from prior year payments		1,565,880	283,252)
Net cash flows from/(used in) financing activities		160,661,777	783,191,682
Investing activities inflow/outflow			
Addition to Property, plant and Equipment		(134,728,168)	(677,549,821)
Proceeds from sale of assets		-	-
Net cash flows from/(used in) investing activities		(134,728,168)	(677,549,821)
Increase/decrease in cash and cash equivalents		32,582,136	(10,968,630)
Cash at the beginning of the year		13,391,324	24,359,954
Cash at the end of the year		45,973,460	13,391,324

*In FY 2023/24 Direct method has been adopted in preparing cash flow statement different from previous FY 2022/23

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18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2024

	Original Budget	Adjustment	Final Budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	%
	a	b	C= (a +b)	d	e=(c-d)	f=d/c*100
Revenue						
Rendering of services	26,000,000	-	26,000,000	24,857,872	(1,142,128)	96%
Government grants	617,420,000	82,726,200	700,146,200	700,146,200	-	100%
Total income	643,420,000	82,726,200	726,146,200	725,004,072	(1,142,128)	100%
Expenditure						
Use of Goods and services	112,720,000	(7,636,800)	105,083,200	115,997,873	(10,914,673)	110%
Compensation of Employees	520,200,000	64,463,000	584,663,000	617,379,135	(32,716,135)	106%
Board expenditure	5,000,000	10,600,000	15,600,000	15,647,190	(47,190)	100%
Repairs and maintenance	5,500,000	15,300,000	20,800,000	21,745,625	(945,625)	105%
Total Expenditure	643,420,000	82,726,200	726,146,200	770,769,823	(44,623,623)	106%
Surplus/(Deficit)	-	-	-	(45,765,751)	(45,765,751)	
Capital Expenditure	332,790,000	(70,000,000)	262,790,000	133,644,168	129,145,832	51%

Budget Variances

Construction of Buildings

The reduction in actual development expenditure was a result of budget-cut by **Ksh 70.0 million** and the need to Utilize **Ksh 129.1 million** in settling pending bills of previous years in the development budget.

19. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

The Kenya Industrial Research and Development Institute (KIRDI) is a statutory research organization which was established under the Science and Technology Act Cap 250, 1979 (later repealed and replaced by the Science, Technology and Innovation Act 2013) and currently under KIRDI Act 2022. KIRDI is the country's principal national institution responsible for industrial research and development and domiciled under the Ministry of Industry, Trade and Co-operatives. It is mandated to carry out Research and Development in industrial and allied technologies including, Civil Engineering, Mechanical Engineering, Textile Technology, Electrical Engineering, Mining, Power Resources, Chemical Engineering, Industrial Chemistry, Food Technology, Ceramics, Information and Communications Technologies (ICT) and Ceramics. The Institute's mission is to undertake Industrial Research, Technology and Innovation and disseminate findings that will have a positive impact on national development. As well, its vision is to be a Centre of Excellence in Industrial Research, Technology & Innovation.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on historical cost basis except for measurement at re-valued amounts of certain items of property plant and equipment, and impaired assets at their estimated recoverable amounts and liabilities at their present value.

The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires the management to exercise judgement in the process of applying the Institute's accounting policies. The areas involving higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3 of the financial statements.

The Financial statements have been prepared and presented in Kenya shillings, which is the functional currency and reporting currency of the Institute.

The Financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

Notes to The Financial Statements (Continued)

3. Adoption of New and Revised Standards

a) Basis of Preparation

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

The financial Statements have been prepared in accordance with International Public Sector Reporting standards (IPSAS) under the historical cost convention except where otherwise stated in the Accounting policies below. In compliance with Public Finance Management Act 2012, the established Public sector accounting standards Board, PSASB published the Standards which took effect for the financial year ended 30th June 2014. The Financial Statements are prepared on accrual basis. Where necessary, comparative figures for the previous financial year have been reconfigured to conform to required changes in presentation.

(b) Currency

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Institute.

Notes to The Financial Statements (Continued)

(c) Property, Plant and Equipment

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

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Gains and losses on disposal of property, plant and Equipment are determined by reference to their carrying amount in determining operating surplus. On disposal of revalued assets, the revaluation surplus relating to that asset are transferred to retained earnings.

(d) Depreciation

Provision is made for depreciation on the straight-line method designed to write off the original cost or valuation of fixed assets

other than land, and work in progress over the actual life of the asset. A whole year's depreciation is charged on assets acquired nine months or more prior to the closure of the financial year and none to those acquired

three months or less to the end of the financial year. The annual rates for this purpose are: -

1. Building	2%
2. Machines	12.5%
3. Motor vehicles	25%
4. Office furniture & equipment.	12.5%
5. Computers	30%

(e) Revenue

The major source of income of this institute are the grants from the Government and the nominal charges of analysis fees from industrial manufacturers, potential entrepreneurs who need laboratory reports on their products and charge services offered to micro, small and medium enterprises. Income is recognized on an accrual basis.

Notes to The Financial Statements (Continued)

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

(f) Bad Debts

Bad debts may be written-off on approval by the Board as guided by the institute's Finance Policies and Procedures and the regulation of The PFM Act, 2012.

(g) Stores and Inventory

Stock and inventories is measured at the lower of cost or net realisable valuation with the exception of donations which is reported at revaluation. Loose tools acquired as donation are amortized annually at a uniform rate over the period of their expected useful life.

(h) Insurance cost

Annual insurance costs are accounted for wholly in the year of commencement topolicy covers that expire within two months after end of the financial year and prorated otherwise akin to the fact that the procuring procees takes atmost two months after approval of the financial year budget. Notwithstanding the period of cover, the budget has no provision for prepayment of insurance policy appropriated to a subsequent financial year.

(i) Retirement Benefits/Gratuity

The Institute operates a Retirement Benefit Scheme which is managed by Trustee Board under the Retirement Benefits Regulations (RBA) regulations. Further monthly remittances are made to a custodian for staff serving on Contract Terms which is eventually paid as gratuity at the expiry of the Contract.

(j) Government grants

Recurrent and Development grants have been accounted for in the Statement of Financial Performance in the year received. Capital grants are accounted for over the periods necessary to match them with the related costs which they are intended to compensate on a systematic basis.

Notes to The Financial Statements (Continued)

(k) Accounts receivable

Accounts receivable are stated at anticipated realizable value.

(l) Accounts payable

Accounts payable are stated at nominal value.

(m) Budget information

The annual budget is prepared on accrual basis, and all planned costs and income are presented in separate statements as recurrent and development budgets to determine the operating needs of the Institute.

The basis difference in preparation and presentation would require reconciliation between actual and comparable amounts and the amount presented as separate additional financial statement in the statement of comparison of budget and actual amounts.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank.

Bank account balances includes amounts held at commercial banks at the end of the financial year.

(o) Research and development costs

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

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale
- ii) Its intention to complete and its ability to use or sell the asset
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset

The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over

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Notes to The Financial Statements (Continued)

the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

(p) Unused Project grants

Unused project fund surpluses are transferred to revenue reserves after completion of the projects.

4. Transfers from Other Government entities

Description	2023/2024	2022/2023
	KSHS.	KSHS.
Unconditional grants		
Recurrent grants-operational	700,146,200	580,730,000
Grants amortized-Transfer to revenue		
Deferred grants income (capital)	-	-
Total	700,146,200	580,730,000

b) Transfers from Ministries, Departments and Agencies (MDAs)

Name of the Entity sending the Grants	Recognized to statement of financial performance	Amount recognized in Capital fund	Total 2023 /2024	2022/2023
	KSH	KSH	KSH	KSH
State Dept for Industry	700,146,200	262,790,000	962,936,200	705,730,000
Ministry/Agency	-	-	-	-
Total	700,146,200	262,790,000	962,936,200	705,730,000

Notes to The Financial Statements (Continued)

5. Grants & Subsidies from Donors

Description	2023/2024	2022/2023
	KSHS.	KSHS.
Projects funding	106,616,242	66,561,455
Deferred grant income	-	13,740,977
Total	106,616,242	80,302,432

6. Rendering Services

Service fees	2023/2024	2022/2023
	KSHS.	KSHS.
Analysis fees and consultancy	19,476,433	18,564,639

7. Rental income

Description	2023/2024	2022/2023
	KSHS.	KSHS.
Operating lease receipts	2,614,545	720,472

8. Other income

Sundry income	2023/2024	2022/2023
	KSHS.	KSHS.
Fees and Commission	1,923,504	1,780,945
Training levy	843,390	-
Total	2,766,894	1,780,945

9. Use of goods and Services

Description	2023/2024	2022/2023
	KSHS.	KSHS.
Transport operation expenses	5,277,675	5,577,250
Postal and telecom expenses	3,130,345	3,274,934
Telephone expenses	795,143	3,718,901
Official entertainment	3,712,388	7,831,847
Electricity	12,866,184	10,263,728
Gas purchase	3,291,639	2,618,366
Water and conservancy	5,285,107	2,459,326
Travelling and subsistence	12,315,880	19,155,190
Publishing and printing	2,913,469	2,953,660

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Description	2023/2024	2022/2023
	KSHS.	KSHS.
Purchase of consumables	4,564,833	5,239,817
Uniform and clothing	394,809	291,566
Library expenses	1,270,625	2,129,583
Purchase of stationery	6,754,044	6,699,815
Advertising and publicity	1,388,325	2,380,538
Show expenses and market research	3,199,275	2,806,191
Rent and rate(non-residential)	1,551,000	4,197,105
Training expenses	1,582,682	4,699,941
Conferences and delegations	338,400	-
Computer expenses	7,275,311	7,188,314
Misc. and other charges	946,035	847,974
Contribution to other bodies	661,220	1,469,906
Insurance of property	6,534,322	8,222,760
Provision for audit fee	700,000	700,000
Laboratory chemicals	5,132,358	7,299,661
Contracted guards & cleaning services	21,271,635	19,077,581
Contracted professional services	-	1,751,020
Decrease in stock (Note 17)	345,318	2,771,970
Research feasibility studies & projects	2,499,851	7,863,446
Totals	115,997,873	143,490,390

10. Employee Costs

Description	2023/2024	2022/2023
	KSHS.	KSHS.
Basic salary	330,723,079	284,834,571
House allowance	92,430,820	96,453,027
Other personal allowance	35,782,958	35,025,604
Medical risk Allowance	9,215,847	9,815,190
Medical insurance	50,528,060	49,505,171
Passage and Leave	13,424,216	7,722,084
Group life & personal accident (GPA)	2,632,929	4,372,342
Fees commission and Honoraria	-	1,978,900
Housing Levy	4,155,916	-
Pension, Gratuity and NSSF	78,485,310	56,604,604
TOTAL	617,379,135	546,311,493

Notes to The Financial Statements (Continued)

11. Board expenditure

Description	2023/2024	2022/2023
	KSHS	KSHS
Sitting Allowance	3,920,000	4,980,000
Travel and accommodation	6,181,236	3,278,838
Other allowance	2,261,304	1,977,632
Induction and training	2,140,000	2,554,783
Medical insurance	184,650	-
Remuneration & honoraria	960,000	960,000
Totals	15,647,190	13,751,253

12. Repairs and Maintenance

Description	2023/2024	2022/2023
	KSHS.	KSHS.
Maintenance of office, furniture & equip.	6,165,738	10,433,736
Maint. of build. & stations-non-residential	4,216,227	11,997,860
Maintenance of plant machinery & equip.	9,997,710	6,595,985
Maintenance expense-motor vehicles	1,365,950	2,914,616
TOTAL	21,745,625	31,942,197

13. Depreciation and amortization

Description	2023/2024	2022/2023
	KSHS.	KSHS.
Property, Plant and Equipment	99,105,105	149,291,548

14. Grants and Subsidies

Description	2023/2024	2022/2023
	KSHS.	KSHS.
Donor project funds utilized	106,616,242	52,944,639

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15. Cash and Cash Equivalents

Description	2023/2024	2022/2023
	KSHS.	KSHS.
Current Account		
National bank of Kenya	41,453,666	6,474,622
Absa Bank	4,519,794	6,667,859
Others		
Mpesa Account	-	248,843
Total	45,973,460	13,391,324

Note 15a Analysis of Cash and cash equivalent

Description	Account No.	2023/2024	2022/2023
		KSHS.	KSHS.
National bank of Kenya-HQ main Account	1003000903200	3,548,409	464,889
National bank of Kenya-LDC A/c	1003002829200	3,439,201	131,693
National bank of Kenya-EDSC A/c	1003002832800	1,051,846	392,010
National bank of Kenya-Kisumu A/c	1003000903202	3,745,486	2,590,941
National bank of Kenya-LSC A/c	1003005406800	630,326	51,948
Absa Bank A/c	708004898	4,519,794	6,667,859
National bank of Kenya-NIIC Account	1003005406700	1,702,760	2,843,141
National bank –KIEP	1071000903200	27,335,638	-
Mpesa Acc.	681725	-	248,843
TOTAL		45,973,460	13,391,324

16. (a) Receivables from Non-exchange transactions

Description	2023/2024	2022/2023
	KSHS.	KSHS.
Ministry of Industrialization	2,326,000	2,326,000
Traveling imprest (local)	561,500	-
Temporary imprest	87,000	71,000
Salary advance	130,000	-
Other receivables	4,703,665	4,703,665
Electricity deposit-Kisumu	308,138	308,138
Electricity deposit-South C & Eldoret	50,000	50,000
TOTAL	8,166,303	7,458,803

Notes to The Financial Statements (Continued)

16(b) Reconciliation for impairment on Receivables (non-exchange)

Description	2023/2024	2022/2023
	KSHS.	KSHS.
At the beginning of the year	7,458,803	280,451,647
Additional in the year	778,500	71,000
Recovered during the year	(71,000)	(273,063,844)
Written off during the year	-	-
At the end of the year	8,166,303	7,458,803

C) Aging analysis for Receivables

Description	2023/2024		2022/2023	
	KSH	%	KSH	%
Under one year	1,478,500	18%	71,000	1%
1-2 years	6,687,803	82%	7,387,803	99%
Total	8,166,303		7,458,803	

17. Stores and Inventories

Description	2023/2024	2022/2023
	KSHS.	KSHS.
General Stores-Consumables	517,885	863,203
Loose tools-spare parts	-	-
Total	517,885	863,203

Decrease in stock for general stores held was Ksh 345,318 realized as stock adjustment.

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18. Property, Plant and Equipment

Cost	LAND	WORK IN PROGRESS	BUILDINGS	MACHINERY & EQUIPMENT	MOTOR VEHICLES	FURNITURE & FITTINGS	COMPUTERS & EQUIPMENT	TOTAL
	SHS	SHS	SHS	SHS	SHS	SHS	SHS	SHS
As at 1/7/2022	26,865,000	4,351,145,411	1,088,221,014	1,121,353,250	39,625,000	51,850,804	90,215,422	6,769,275,901
Additions	-	674,381,909	-	-	-	881,940	2,285,972	677,549,821
Prior year Adjust.	-	-	-	-	-	-	-	-
As at 30/6/2023	26,865,000	5,025,527,320	1,088,221,014	1,121,353,250	39,625,000	52,732,744	92,501,394	7,446,825,722
Additions		133,644,168		809,000			275,000	134,728,168
Prior year Adjust				4,400,075				4,400,075
As at 30/6/2024	26,865,000	5,159,171,488	1,088,221,014	1,126,562,325	39,625,000	52,732,744	92,776,394	7,585,953,965
Depreciation and Impairment								
As at 1/7/2022	1,918,930	-	207,274,704	680,737,135	39,625,000	41,429,844	76,328,594	1,047,314,207
Depreciation/ Amortization	383,786	-	21,764,420	113,369,958	-	2,941,952	10,831,432	149,291,548
As at 30/6/2023	2,302,716	-	229,039,124	794,107,093	39,625,000	44,371,796	87,160,026	1,196,605,755

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Cost	LAND	WORK IN PROGRESS	BUILDINGS	MACHINERY & EQUIPMENT	MOTOR VEHICLES	FURNITURE & FITTINGS	COMPUTERS & EQUIPMENT	TOTAL
	SHS	SHS	SHS	SHS	SHS	SHS	SHS	SHS
Depreciation/ Amortization	383,786		21,764,420	70,172,915	-	2,630,553	4,153,431	99,105,105
As at 30/6/2024	2,686,502	-	250,803,544	864,280,008	39,625,000	47,002,349	91,313,457	1,295,710,860
Net book values								
As at 30/6/2023	24,562,284	5,025,527,320	859,181,890	327,246,157	-	8,360,948	5,341,368	6,250,219,967
As at 30/6/2024	24,178,498	5,159,171,488	837,417,470	262,282,317	-	5,730,395	1,462,937	6,290,243,105

The capital work in progress expenditure relates to on-going RTI laboratories construction project in Nairobi South B. Plant and machinery include additional Energy equipment (Ksh 4,400,075) acquired in the previous year.

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18(b) Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

Description	Cost/ Value	Accumulated Depreciation	NBV
	KSH	KSH	KSH
Land	26,865,000	26,686,502	178,498
Buildings	1,088,221,014	250,803,544	837,417,470
Plant and Machinery	1,126,562,325	864,280,008	262,282,317
Motor Vehicles	39,625,000	39,625,000	-
Computers and related Equipment	92,776,394	91,313,457	1,462,937
Furniture, Office equipment and fittings	52,732,744	47,002,349	5,730,395
Total	2,426,782,477	1,319,710,860	1,107,071,617

Property, plant and Equipment includes the following assets that are fully depreciated

Description	Cost/ Valuation (KSH)	Normal annual depreciation charge (KSH)
Plant and Machinery	565,179,008	70,647,376
Motor Vehicles	39,625,000	9,906,250
Computers and related Equipment	78,931,623	23,679,487
Furniture, Office equipment and fittings	31,688,320	3,961,040
Total	715,423,951	108,194,153

19. Research and Development Projects

These is composed of expenditure amounting Kshs.160,424,504 transferred from Development vote to R & D on recognition that R & D projects will generate future economic benefits. The Institute intends to patent its research discoveries which includes prototype development, designs and pilot plants.

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Notes to The Financial Statements (Continued)

20. Accounts Payable

Description	2023/2024	2022/2023
	KSH	KSH
Payroll deductions	12,414,063	28,627,471
Miscellaneous deposits a/c	-	2,899,732
Creditors and accruals	664,054,571	713,737,191
TOTAL	676,468,634	745,264,394

b) Aging analysis for Payables

Duration	2023/2024		2022/2023	
	KSH	%	KSH	%
Under one year	163,349,328	24%	735,465,894	99%
1-2 years	513,119,306	76%	9,798,500	1%
Total	676,468,634		745,264,394	

21. Deferred Income -Unused Project funds

Description	2023/2024	2022/2023
	KSH	KSH
Leapre Vil2 Bio project	1,239,872	-
Sea weed project-Blue economy	1,767,965	1,784,705
ICIPE Project	409,115	409,115
Un-Foundation UNFS-Clean stove	61,244	41,356
Soda lake Project-KWS	2,251,860	2,251,860
GECKO Project-Denmark Tekniske Univ.	42,818	117,818
SolCool Dry Project-BMEL/BLE	8,944,500	2,102,269
UNIDO-IBPP Energy technologies	1,193,603	5,216,158
IMTA-Health Project	2,705,564	-
Mycotile project - Mycelium &agri waste	148,360	97,860
World bank Africa - ACE II PTRE	400,390	40,390
Institute of global food-Sea forth	196,957	196,957
LVCT Health project	89,400	89,400
ACTS-Blue empowerment	2,177,305	553,138
Approvecho Research Centre-stove efficiency	-	389,866
Giz-Clean stove surveillance	-	19,950
KIEP-World bank project	27,055,694	-
Donor collaborative projects	12,410,930	14,046,951
TOTAL	61,095,577	27,357,793

The net increase for project grants held in the year was Ksh 33,737,784.

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Notes to The Financial Statements (Continued)

22. Deposits refundable

Description	2023/2024	2022/2023
	KSH	KSH
Operating Lease deposit	16,380,000	-

An amount of Ksh 16,380,000 deposit was made to the Institute to secure operating lease for infrastructural development on a section of the South C land.

b) Aging analysis for Deposits

Duration	2023/2024		2022/2023	
	KSH	%	KSH	%
Under one year	16,380,000	100%	-	-
Total	16,380,000		-	-

23. Provisions (current)

Description	2023/2024	2022/2023
	KSH	KSH
Provision for Audit fee at the beginning	4,058,000	3,358,000
Additional for the year	700,000	700,000
Provision utilized in the year	-	-
Balance at year-end	4,758,000	4,058,000

24. Retention money

Description	2023/2024	2022/2023
	KSHS.	KSHS.
Balance at the beginning	97,512,729	257,123,009
Additions during the year	-	-
Transfer to payables (upfront claims)	(32,939,667)	(159,610,280)
Closing balance	64,573,062	97,512,729

25. Capital/ Development funds

The Kshs 6,686,327,990 stated as Capital funds is the net accumulation of Development releases going way back to 1980 when the Institute began self-Accounting. These represents grants received from the exchequer to finance acquisition of capital assets and other expenses related to research and development activities.

Notes to The Financial Statements (Continued)

26. Prior year adjustments

Prior year adjustment is made against accumulated surplus/deficit of the retained earnings for expenses related to previous year.

27. Recurrent and Development expenditure

The expenditure is financed by both recurrent and development funds received from G.o.K.

28. Related party transactions

The National Treasury had not released Ksh 49.6 million for phase II implementation of approved SRC salaries which was commencing in the 2023/24 Financial year.

29. Contingent liabilities

At the year-end there were no contingent liabilities and subsequent events foreseeable.

30. Financial risk management

The Institute has no significant risk attributed to accounts receivable. Services offered to clients are basically, on cash basis through E-citizen platform. Advances and prepayments are managed within approved policy instruments.

31. Cash generated from operations

Description	2023/2024	2022/2023
	KSHS.	KSHS.
Surplus for the year before tax	(144,870,856)	(255,633,032)
Adjustments for: -		
Deferred grant income	33,737,784	(13,740,977)
Working capital adjustments		
Increase/(decrease) in provisions	700,000	700,000
Decrease in inventories	345,318	2,771,970
Increase in accounts payable	17,631,176	-
Depreciation and Amortization	99,105,105	149,291,548
Net cash flows from operating activities	6,648,527	(116,610,491)

32. Capital commitments

Authorized and contracted for is the Proposed Construction of RTI Laboratories in Nairobi south B at a cost of Ksh.6,273,000,000.

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20. APPENDICES

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Ref. No on the External Audit Report	Issue/ Observation from Auditor	Management Comments	Focal Point Person to resolve the issue (Name and designation)	Status: (Resolved/ Not resolved)	Timeframe:(Put a date when you expect the issue to be resolved)
1	Material Uncertainty Related to Going Concern	The Institute is largely Financed by the National Treasury through exchequer. As a research Institute the mandate is to offer services that are not resultant to profit making The Institute has had dwindling budget allocation of operations and maintenance budget against the need of the Institute. Management has been in negotiations with the National Treasury and the Parent Ministry for increase in allocation that can enable it carry out its operations smoothly. In addition, management is hopeful about completion of construction of South B Techno Centre which is anticipated to generate some revenue which will go a long way to correct the deficits that has so far been reported.	Director General	Unresolved	3 years

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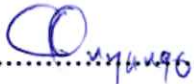
2	Inaccuracies in Unused Project Funds	Donor fund programmes are implemented on demand basis as per work plans. Part of the Unused donor funds were used to fund operation to be reimbursed when exchequer is released.	D-CS	Resolved	None
3	Lack of revaluation of property, Plant and equipment	The last revaluation of the institute property was done way back in 1995. It's against the Public Sector Accounting standards as it distorts the value of the Institute assets. Efforts have been made in prior years including writing to the National Treasury through the ministry to secure funds for revaluation exercise estimated to cost approximately Kshs 20 Million.	D- CS	Not Resolved	1 year after funds are availed
4	Unsupported insurance Expenses	The Insurance cover for KIRDI South B, arose because of the mutual agreement to terminate the contract on 3rd June 2022. The main contractors' cover of the facility was ending on 30th of June 2022 and from 1st of July KIRDI was to take over in terms of risk and insurance. KIRDI had already signed the contract with liaison for insurance of properties and motor vehicle for South C and Kisumu. We communicated with Ms. Liaison to vary the scope of the cover for one month for KIRDI south B using the same rates. After one month the original contract was due for renewal and the renewal included KIRDI south B	HSCM	Resolved	None

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5	Unsupported Retentions	Techno Centre Project experienced dwindling budget allocations. Retention monies were used to settle outstanding certificates and fee notes to avoid unnecessary penalties and interest	Director General	Unresolved	2 years
6	Unauthorized expenditure	Institute largely dependent on exchequer funding which is not sufficient. Management continue to explore alternative financing of Institute operations. Increase of Internally generated revenues is targeted	D-CS	Unresolved	2 years
7	Delay in completion of Construction of Techno Centre Project in South B	The project commenced on 25th February 2013. Initially, it was meant to take 3 Years (and be completed on 1st March 2016). At the time of mutual termination of the contract between KIRDI and the Main Contractor, the project had delayed by 6 Years, 6 Months (beyond the Original Completion Date of 1st March 2016). Delay was majorly attributed to funding challenges and has caused fluctuations in value of the project PPP process has been initiated to support completion of the project.	Director General	Not Resolved	3 years



 27/12/24

Dr-Ing Calvin Onyango

Director General

Date: 19.12.2024

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APPENDIX II: Projects implemented by KIRDI

Project title	Project Number	Donor	Period/ Duration	Donor commitment	Separate Donor reporting	Consolidated in the Financial statements
Construction of Industrial Research & Innovation Laboratories – KIRDI South B	1175101000	N/A	11 years	N/A	No	Yes

APPENDIX III: Status of Projects Completion

Project title	Total Project cost (Kes. Million)	Total expended to date	Completion % to date	Budget (Kes. Million)	Actual (Kes. Million)	Source of funds
Construction of Industrial Research & Innovation Laboratories – KIRDI South B	6,273	5,042	80	345	262.79	G.o.K

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APPENDIX IV: Transfers from other Government entities 2023/2024

MDA Transferring Funds	Date received as per Bank statement	Nature: Recurrent/ Development grants	Total Amount (KES)	Where Recorded /Recognized					Total Transfers
				Statement of Financial performance	Capital Fund	Deferred income	Receivable	Other	
State Dept for Industry	14/08/23	Recurrent	51,451,666	51,451,666					51,451,666
State Dept for Industry	30/08/23	Recurrent	51,451,667	51,451,667					51,451,667
State Dept for Industry	30/08/23	Recurrent	51,451,667	51,451,667					51,451,667
State Dept for Industry	07/11/23	Recurrent	51,451,667	51,451,667					51,451,667
State Dept for Industry	07/12/23	Recurrent	51,451,667	51,451,667					51,451,667
State Dept for Industry	03/01/24	Recurrent	51,451,667	51,451,667					51,451,667
State Dept for Industry	07/02/24	Recurrent	51,451,667	51,451,667					51,451,667
State Dept for Industry	07/02/24	Recurrent	51,451,666	51,451,666					51,451,666
State Dept for Industry	07/02/24	Recurrent	51,451,666	51,451,666					51,451,666
State Dept for Industry	28/02/24	Recurrent	51,451,666	51,451,666					51,451,666
State Dept for Industry	28/02/24	Recurrent	51,451,666	51,451,666					51,451,666
State Dept for Industry	21/03/24	Recurrent	51,451,668	51,451,668					51,451,668

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State Dept for Industry	01/07/24	Recurrent	82,726,200	82,726,200					82,726,200
State Dept for Industry	29/02/24	Development	166,395,000		166,395,000				166,395,000
State Dept for Industry	29/02/24	Development	96,395,000		96,395,000				96,395,000
Total			962,936,200	700,146,200	262,790,000	-	-	-	962,936,200