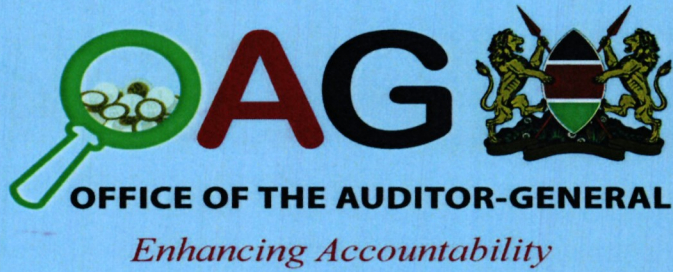


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REPORT

OF

THE AUDITOR-GENERAL

ON

**KENYA MARINE AND FISHERIES RESEARCH
INSTITUTE**

**FOR THE YEAR
ENDED 30 JUNE, 2021**

DATE: 30 NOV 2022. Wednesday

NATIONAL ASSEMBLY	
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KENYA MARINE AND FISHERIES RESEARCH INSTITUTE

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DATE: 30 NOV 2022

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ANNUAL REPORT AND FINANCIAL STATEMENTS

TABLED
BY:

FOR THE FINANCIAL YEAR ENDING

30TH JUNE 2021

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

OFFICE OF THE AUDITOR GENERAL
P.O. BOX 95202, MOMBASA
20 JUL 2022
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1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Kenya Marine and Fisheries Research Institute (KMFRI) was established by an Act of Parliament (**The Science and Technology Act, Cap 250 of the Laws of Kenya**) in 1979 after the dissolution of the East African Community. However, Cap 250 has since been repealed by the Science, Technology and Innovation Act, No.28 of 2013.

(b) Principal Activities

KMFRI's mandate is to undertake research in "marine and freshwater fisheries, aquaculture, environmental and ecological studies and physical oceanography", to provide scientific data and information for sustainable development of the Blue Economy. Elaborately, the roles of KMFRI include:

- (i) Economic valuation of marine and coastal resources;
- (ii) Development of appropriate post-harvest technologies, value addition, marketing and techniques for sustainable exploitation of national fisheries resources;
- (iii) Identification, assessment of the potential, and enabling access to new and under exploited stocks, especially the offshore fisheries;
- (iv) Development of new fishing technologies to access offshore fish stocks;
- (v) Development, improvement and transfer of adaptive aquaculture and mariculture technologies for production and management of quality fish feeds and seed;
- (vi) Indigenous knowledge and livelihood enhancement;
- (vii) Monitoring and Evaluation of the integrity of the aquatic ecosystems (critical habitats), for restoration and sustainable fisheries and aquaculture development;
- (viii) Climate change and physical oceanographic processes including bathymetric profiles;
- (ix) Marine geology and marine spatial planning; and
- (x) Riverine ecosystems, satellite lakes and dams.

Vision

A Centre of Excellence in innovative research in marine and fisheries.

Mission

To generate and disseminate scientific information for sustainable utilization of marine and fisheries resources, development of strategic enterprises, food security, employment creation, conservation and restoration of the aquatic environment.

Strategic Objectives

KMFRI's Strategic Objectives for the period 2018-2022 are as below:

- (a) To conduct innovative, demand-driven and relevant research in aquatic ecosystems;
- (b) To disseminate research information and innovative technologies to stakeholders;
- (c) To undertake research on promotion of investments in the Blue Economy;
- (d) To increase community participation and promote outreach programs;
- (e) To mobilize financial and human resources to implement KMFRI's core functions and develop research infrastructure;

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- (f) To strengthen institutional structure and capacity; and
- (g) To promote local and international collaboration and partnerships.

(c) Key Management

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

No.	Name (BoM)	Role	Date Appointed
1.	Hon. John Safari Mumba	Chairman	21 st September, 2018
2.	Mr. Ali Juma Mafimbo	Member	14 th December 2018
3.	Ms. Dorcas Mghoi Mlughu	Member	14 th December 2018
4.	Prof. Suhaila Omar Hashim	Member	3 rd May 2019
5.	Mr. Valentine Mwaisaka Mwakamba	Member	3 rd May 2019
6.	Mr. Farid Ahmad Swaleh	Member	3 rd May 2019
7.	Hon. Hassan A. Dukicha	Member	5 th January, 2021
8.	Dr. Indenje Wanyama	Representative PS The National Treasury	16 th April 2018
9.	Ms. Rachael Nyambura Mbugua	Representative Office of the Attorney General	6 th June 2017
10.	Ms. Nancy Kagau	Representative PS State Dept. for Fisheries, Aquaculture and the Blue Economy	9 th June 2017 (Retired-17 th January 2021)
11.	Mr. Christopher Nyaga Nkoroi		18 th January 2021

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Director General / Chief Executive Officer	Prof. James M. Njiru, PhD
2.	Director (Corporate Services)	CPA. Abraham Kagwima, CPA (K)
3.	Director (Coastal & Marine Waters).	Dr. Renison Ruwa, PhD - Retired
4.	Director (Freshwater Systems)	Dr. Enock Wakwabi, PhD - Retired
5.	Director (Internal Audit)	Benard Kichakuri, CPA (K)
6.	Acting Director (Aquaculture)	Dr. Jonathan Munguti, PhD
7.	Acting Director (Coastal & Marine Waters).	Dr. James M. Mwaluma, PhD
8.	Acting Director (Freshwater Systems)	Dr. Christopher M. Aura, PhD

(e) Fiduciary Oversight Arrangements

Fiduciary oversight on the Institute activities are carried out by the following:

The Finance and Human Resource Committee

The Committee is comprised of 5 members of the Board including the Institute Director. Its main function is to review and monitor the Institute's financial position on behalf of the Board, including review of the liquidity status, all the Institute's Accounts, Budgets, Financial Statements, and

KENYA MARINE AND FISHERIES RESEARCH INSTITUTE
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statutory reports as well as bank reconciliation. It also ensures compliance with the financial reporting requirements and proper keeping of all the financial records of the Institute.

The Board Audit and Risk Management Committee

This Committee is comprised of 4 members of the Board. Its main function is to consider and process on behalf of the Board all matters relating to audit, audit queries and Management Letters from Office of Auditor General or the duly appointed external auditors. It also considers matters of quality assurance of systems and processes in the Institute's operations and reviewing the risk management framework and the periodic performance contract reports.

(f) Entity Headquarters

Silos Road, Mkomani, Mombasa,
P.O. Box 81651 GPO, Mombasa 80100, Kenya

(g) Entity Contacts

Telephone No.: +254 (20) 8021560/1, 0712003853
Email: director@kmfri.co.ke /kmfridirector@gmail.com
Website: <http://www.kmfri.co.ke>

(h) Entity Bankers

- National Bank of Kenya, Nkrumah Road Branch,
P.O. Box 90363 – 80100,
Mombasa, Kenya
- Kenya Commercial Bank,
P.O. Box 150 – 30500,
Lodwar, Kenya
- Kenya Commercial Bank,
P.O. Box 130 – 20117,
Naivasha, Kenya

(i) Independent Auditors

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

(j) Principal Legal Adviser

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


2. THE BOARD OF DIRECTORS

<div data-bbox="330 280 743 613" data-label="Image"> </div> <div data-bbox="327 616 727 689" data-label="Caption"> <p>Hon. John Safari Mumba Chairman, Board of Management</p> </div> <div data-bbox="201 734 422 768" data-label="Section-Header"> <p>Key Qualifications</p> </div> <div data-bbox="207 777 799 1285" data-label="List-Group"> <ul style="list-style-type: none"> • Currently pursuing a Master's Degree in Business Administration at Kenya Methodist University; • Bachelor of Science (Honours) degree in Zoology & Botany, Makerere University; • Postgraduate diploma in Education, University of Nairobi; • Postgraduate Diploma in Fisheries Management, Grimsby College of Technology, UK; and • Postgraduate Diploma in Management of Public Enterprises, the Harvard University (HIID), USA. </div>	<div data-bbox="916 239 1085 271" data-label="Section-Header"> <p>Date of Birth:</p> </div> <div data-bbox="916 295 984 324" data-label="Text"> <p>1946</p> </div> <div data-bbox="916 349 1182 383" data-label="Section-Header"> <p>Date of Appointment:</p> </div> <div data-bbox="916 405 1169 439" data-label="Text"> <p>21st September, 2018</p> </div> <div data-bbox="916 459 1134 492" data-label="Section-Header"> <p>Work Experience:</p> </div> <div data-bbox="916 515 1449 1008" data-label="List-Group"> <ul style="list-style-type: none"> • Bahari MP from 1992 to 1997; • Former Managing Director and CEO of Kenya Cashew Nuts Ltd; • Coast Provincial Director of Fisheries, from 1975 to 1982; • Directorships held: Kenya Bixa Limited; Director, ICDC; Director, Tototo Home Industries; Centre for Multiparty Democracy (CMD) Kenya; • Chairman, Cashew Nuts Industry Revitalization Task Force. </div>
<div data-bbox="362 1319 671 1709" data-label="Image"> </div> <div data-bbox="271 1724 732 1834" data-label="Caption"> <p>Mr. Ali Juma Mafimbo (HSC) Chairman, Board Finance and Planning Committee</p> </div> <div data-bbox="204 1843 426 1877" data-label="Section-Header"> <p>Key Qualifications</p> </div>	<div data-bbox="916 1292 1078 1326" data-label="Section-Header"> <p>Date of Birth</p> </div> <div data-bbox="916 1332 984 1361" data-label="Text"> <p>1958</p> </div> <div data-bbox="916 1411 1177 1444" data-label="Section-Header"> <p>Date of Appointment</p> </div> <div data-bbox="916 1449 1160 1482" data-label="Text"> <p>14th December 2018</p> </div> <div data-bbox="916 1532 1128 1563" data-label="Section-Header"> <p>Work Experience</p> </div> <div data-bbox="916 1570 1450 1883" data-label="List-Group"> <ul style="list-style-type: none"> • County Executive in charge of Lands, Physical Planning and Natural Resources in Kwale (May 2013 - October, 2017) • Senior Assistant Director - Kenya Meteorological Department (October, 1981 - June, 2013) • Consultant - World Meteorological Organization (WMO), Intergovernmental </div>



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<p>Master's Degree (Physical Oceanography) from the University of Cape Town, South Africa.</p>	<p>Oceanographic Commission (IOC) of UNESCO, IGAD Climate Prediction and Application Centre (ICPAC), Kenya Marine Fisheries Research Institute (KMFRI), Coastal Oceans Research and Development - Indian Ocean (CORDIO)-East Africa, and Western Indian Ocean Marine Science Association (WIOMSA)</p>
<div style="text-align: center;">  <p>Prof. Suhaila Omar Hashim, PhD Chairman, Board Human Resource and Administration Committee</p> </div> <p>Key Qualifications</p> <ul style="list-style-type: none"> • PhD in Biotechnology, Lund Univ. Sweden; • MSc in Biochemistry; and • BSc in Biochemistry and Zoology. 	<p>Date of Birth 1972</p> <p>Date of Appointment 3rd May 2019</p> <p>Work Experience</p> <ul style="list-style-type: none"> • Associate Professor and Chairman of the Department of Biochemistry and Biotechnology, Pwani University. • Acting Dean, School of Pure & Applied Sciences. • Teaching and Training at undergraduate and postgraduate levels.
<div style="text-align: center;">  <p>Ms. Dorcas Mghoi Mlughu Chair, Board Scientific and Technical Committee</p> </div>	<p>Date of Birth 1986</p> <p>Date of Appointment 14th December 2018</p> <p>Work Experience</p> <ul style="list-style-type: none"> • Political radio host at Royal Media Service's Bahari FM. • A presenter, as well as the producer of famous Taita Radio programme - Kwasinda. • Sales Supervisor at Telkom (K) & Zain. • News anchor at Radio MMU.




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<p>Key Qualifications:</p> <ul style="list-style-type: none"> • Currently pursuing a Master’s Degree in Public Policy and Management at Kenya Methodist University; • Degree in International Relations and Diplomacy, Kenya Methodist University, 2015; • Diploma in Mass Communication and Public Relations from Multimedia University College of Kenya; • National Democratic Institute training on women in politics and leadership (NDI) in May 2017; and • Attended Kenya Women Parliamentary Association workshop on women leadership and politics (KEWOPA). 	
<div style="text-align: center;">  <p>Mr. Valentine Mwaisaka Mwakamba Chairman, Board Audit and Risk Management Committee</p> </div> <p>Key Qualifications</p> <ul style="list-style-type: none"> • Code of Corporate Governance – SCAC • Certified Trustee by RBA- School of Insurance • Diploma, Business Administration – Mombasa Polytechnic; 1978-1979 • Bookkeeping and Accounts-Pitmans Institute, London; 1977-1978. 	<p>Date of Birth 6th Nov, 1958</p> <p>Date of Appointment 3rd May 2019</p> <p>Work Experience</p> <ul style="list-style-type: none"> • Kenya Ports Authority, Auditor and Risk Committee of the Board - Chairman • The National Alliance Party of Kenya, (Mombasa) - Chairman • Kenya International Freight and Warehouse Association (KIFWA) – Chairman • Kenya National Chamber of Commerce & Industry (KNCCI), (Mombasa) - Branch Secretary • Star of The Sea School Board, Mombasa – Chairman • Linu Agencies, Mombasa - General Manager • Coffee Marketing Board (U) Limited, (Uganda, Dar es Salaam, Mombasa) - Stocks Controller.



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 <p>Mr. Farid Ahmad Swaleh Independent Director</p> <p>Key Qualifications:</p> <ul style="list-style-type: none"> • Training on corporate ethics, investments, negotiation, career development, time management, branding and soft skills as well as cost estimation and tendering from National Construction Authority (NCA); and • Contract administration, from the Kenya Institute of Curriculum Development (KICD) and leadership and corporate governance. 	<p>Date of Birth 1973</p> <p>Date of Appointment 3rd May 2019</p> <p>Work Experience</p> <ul style="list-style-type: none"> • Director - Kenya Shipping Line Agencies • KANU Youth Wing Mobiliser, Mombasa
 <p>Hon. Hassan Abdi Dukicha Independent Director</p> <p>Key Qualifications:</p> <ul style="list-style-type: none"> • Bachelor's in Business Management. • Diploma in Business Administration; and • Certificate in Human resource. 	<p>Date of Birth 1971</p> <p>Date of Appointment: 5th January, 2021</p> <p>Work Experience</p> <ul style="list-style-type: none"> • MP - Galole Constituency, from 2013 to 2017; • Telcom Kenya from 1992 and 2004.





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 <p>Ms. Nancy Kagau Director (PS Representative-The SDFA& BE) - Retired</p> <p>Key Qualifications:</p> <ul style="list-style-type: none"> • MA. Project Planning and Management Ongoing – University of Nairobi. • BSc. (Hons) Zoology and Geography University of Nairobi 	<p>Date of Birth 1960</p> <p>Date of Appointment: 9th June 2017 (Retired - 17th January 2021)</p> <p>Work Experience</p> <ul style="list-style-type: none"> • Deputy Director of Fisheries • PS Representative, the SDFA& BE
 <p>Mr. Christopher Nyaga Nkoroi Director (PS Representative-The SDFA& BE)</p> <p>Key Qualifications:</p> <ul style="list-style-type: none"> • Bsc. Chemistry & Zoology • Msc Environmental science on going 	<p>Date of Birth 1977</p> <p>Date of Appointment: 18th January 2021</p> <p>Work Experience</p> <ul style="list-style-type: none"> • PS Representative, the SDFA& BE
 <p>Dr. Indeje Wanyama, PhD Director (Representative, The National Treasury)</p> <p>Key Qualifications:</p> <ul style="list-style-type: none"> • PhD - Management Science, Shanghai University of Finance and Economics; 	<p>Date of Birth 1969</p> <p>Date of Appointment 16th April 2018</p> <p>Work Experience</p> <ul style="list-style-type: none"> • Deputy Director Financial Affairs, The National Treasury • PS Representative, the National Treasury.




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<ul style="list-style-type: none"> • Master's Degree - Economic policy Analysis, Addis Ababa University; and • Bachelor's Degree -Economics the University of Nairobi. 	
 <p>Ms. Rachel Nyambura Mbugua Director (Representative of the Office of the Attorney General)</p> <p>Key Qualifications:</p> <ul style="list-style-type: none"> • Master's in international law and Comparative Law from Indiana University. • Bachelor of Law (Keele University-UK.) • Diploma in Law (Kenya School of Law) 	<p>Date of Birth: 1981</p> <p>Date of Appointment: 6th June 2017</p> <p>Work Experience</p> <ul style="list-style-type: none"> • Advocate of the High Court of Kenya • Senior State Counsel • Representative of the Office of the Attorney General
 <p>Prof. James M. Njiru, PhD</p> <p>Key Qualifications:</p> <ul style="list-style-type: none"> • PhD –Aquatic Ecology/Fish Biology and Ecology, Moi University, Eldoret • M.Sc.–Aquatic Science/Fish Biology/Ecology (University of British Columbia, Canada) • B.Sc. (Zoology, Botany and Chemistry), 2nd Class Hons, Moi University, Eldoret. 	<p>Date of Birth: 1965</p> <p>Area of Responsibility</p> <ul style="list-style-type: none"> • Director General/Chief Executive Officer of the Institute. • Chief Accounting Officer of the Institute. • Secretary to the KMFRI Board of Management.

3. MANAGEMENT TEAM

Name	Qualifications	Position in the Management
 Prof. James M. Njiru, PhD	Key Qualifications: <ul style="list-style-type: none"> • PhD –Aquatic Ecology/Fish Biology and Ecology, Moi University, Eldoret; • M.Sc. – Aquatic Science/Fish Biology/Ecology (University of British Columbia, Canada; and • B.Sc. (Zoology, Botany and Chemistry), 2nd Class Hons, Moi University, Eldoret. 	Director General/CEO
 Dr. Renison K. Ruwa, PhD (Retired- 21/2/2021)	Key Qualifications: <ul style="list-style-type: none"> • PhD in Animal Biology University of Florence (Italy); • MSc. In Zoology University of Nairobi; and • BSc. (Hons Upper Second Class) University of Nairobi. 	Director (Ocean and Coastal Systems and Blue Economy)
 CPA Abraham John Kagwima	Key Qualifications: <ul style="list-style-type: none"> • Master of Business Administration (Finance Option); • Certified Public Accountant (K); and • ICPAK REG. NO. 2954. 	Director (Corporate Services)
 Dr. Enock Wakwabi, PhD (Retired- 5/10/2020)	Key Qualifications: <ul style="list-style-type: none"> • PhD in Marine Science from the University of Gent, Belgium • MSc. in Hydrobiology from the University of Nairobi • Bachelor of Education in Botany, Zoology & Education 	Director (Freshwater Systems)

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	<p>from the University of Nairobi</p> <ul style="list-style-type: none"> • Post graduate Diploma (PGD) in Fisheries from the University of Bergen, Norway 	
 <p>Dr. Jonathan Munguti, PhD</p>	<p>Key Qualifications</p> <ul style="list-style-type: none"> • PhD - Natural Resources and Applied Life sciences Vienna, Vienna, Austria; • MSc. environmental science and technology IHE. Delft the Netherlands; and • B. Ed Sc. Hons (Zoology/chemistry), Moi University, Eldoret, Kenya. 	<p>Acting Director (Aquaculture)</p>
 <p>Dr. Christopher M. Aura, PhD</p>	<p>Key Qualifications:</p> <ul style="list-style-type: none"> • PhD in Marine Bioresource and Environmental science; • Master's degree in aquatic Sciences from Moi University, • BSc in fisheries and Aquatic Sciences from Moi University; • Diploma in International. Environmental leadership, sustainability science 	<p>Acting Director (Freshwater Systems)</p>
 <p>Dr. James M. Mwaluma, PhD</p>	<p>Key Qualifications:</p> <ul style="list-style-type: none"> • PhD, Moi University • MSc. University of Nairobi • BSc. (Hons Upper Second Class) Panjab University 	<p>Acting Director (Coastal & Marine Waters).</p>

4. CHAIRMAN'S STATEMENT

As a Centre of Excellence in aquatic and marine research, KMFRI continued to play its central role in aquatic and marine research to advise the government and other stakeholders on aquatic matters. I thank the government for committing funds in grants for research to the Institute, which made it possible for our researchers to come up with scientific innovations and technologies that would increase fish production in the country and improve food and nutritional security in line with the Big Four Agenda, Vision 2030 and promote the Blue Economy Investments.

ACHIEVEMENTS DURING THE FINANCIAL YEAR 2020/2021

During the period, KMFRI Board of Management Chairman Hon. John Safari Mumba officially opened an Administration Block of Mutonga Primary School in Tharaka Nithi county. The building was funded by KMFRI as part of the Institute's Corporate Social Responsibility (CSR). Hon. Mumba was accompanied by the Board members and the KMFRI management on 13th August 2020.

The Institute hosted the Ambassador of the kingdom of Thailand H.E Sasirit Tangulrat visited KMFRI Mombasa headquarters on 22nd June 2021 to explore ways of enhancing bilateral cooperation of trade and investment between Kenya and Thailand. The Institute participation in the international space saw KMFRI Chief Scientist Dr James Kairo was appointed a member of the UN Decade on Ecosystem Restoration.

KMFRI also participated in various scientific conferences which include: the Sustainable Ocean Economy Conference on 3rd December 2020 hosted by the Office of the President; the World Wetlands Day, celebrated on 2nd February 2021; the Africa Public Service Day that was commemorated in Mkomani Beach on June 23, 2021; World Oceans Day on 8th June 2021 and the World Environment Day on 5th June 2021 by planting 12,500 tree seedlings at Shimo La Tewa Prison and Garissa Township through the support of Kenya Forestry Service and Kenya Forestry Research Institute.

To support aquaculture farmers, the Institute distributed quality tilapia and catfish seed to multiplication center's in Kirinyaga, Kiambu and Nairobi counties under the auspices of the AgriFI- Kenya CS APP project. The Institute also finalized the performance contract targets for 2020/2021 FY and disseminated the findings to the various stakeholders as scheduled.

ONGOING INITIATIVES

The Institute has been identified as an implementing agency for National Marine Fish Stock Assessment and the Training of Fishermen initiatives geared to promotion of Blue Economy exploitation. The Institute continues to use oceanographic research vessel RV Mtafiti commissioned in 2014 by His Excellency the President of the Republic of Kenya, Hon. Uhuru Kenyatta for research within the unexploited Exclusive Economic Zone (EEZ) and the North Kenya Banks which is the next frontier in the exploitation of the Blue Economy. Through the support of the LVEPFOR the institute has continued to generate information key to the Management of the Lake Victoria and other inland lakes in Kenya.

FUTURE OUTLOOK

KMFRI conducts research in the marine environment and freshwater aquatic systems. The Board of Management continually seeks new approaches to enable the Institute conduct research that would create more impact on the livelihoods of communities living around the aquatic resources. The Institute has also been identified as the clearing house for research in the development of the Blue Economy in the country.

RISK MANAGEMENT

The Board has approved a risk management strategy and is committed to a process of risk management that is aligned to the principles of best practice and corporate governance. KMFRI's business strategy is based on taking of calculated risks in a way that does not jeopardize the direct interests of the different stakeholders. Sound assessment of risk enables us to anticipate and respond to changes in our business environment, as well as make informed decisions under conditions of uncertainty.

In conclusion, I take this opportunity to thank members of the KMFRI Board of Management, Management and Staff for their support in providing leadership over the past one year. Their commitment contributed immensely to our performance. I am confident that they will continually spare no effort to attain and surpass the targets set for the new financial year. God bless us all.



Date: 19/7/22

Hon. John Safari Mumba

CHAIRMAN, KMFRI BOARD OF MANAGEMENT

5. REPORT OF THE CHIEF EXECUTIVE OFFICER

I have the pleasure to present the Annual Report and Financial Statements for the Kenya Marine and Fisheries Research Institute (KMFRI) for the period ended 30th June 2021. The Institute remained on course in undertaking aquatic research activities within its mandate to contribute to the management and sustainable exploitation of aquatic resources aimed at alleviating poverty and enhancing food security, while creating employment through multidisciplinary and collaborative research in marine and freshwater aquatic systems. For the period under review, the Institute continued to actively collect and disseminate scientific information on aquatic resources to all stakeholders.

OPERATIONAL PERFORMANCE

During the period, KMFRI trained locals in Migori County on 13 new fish value added products and how value addition can promote food security in the country from 4th -5th September 2020. The Institute also participated in Training of Trainers workshop held in Kisumu from 24th August 2020 to 2nd September 2020, the training was supported by Kenya Climate-Smart Aquaculture Project (KCSAP). The Institute also participated in training of farmers and government officials from Lamu, Marsabit and Isiolo counties supported by Kenya Climate-Smart Aquaculture Project (KCSAP) from 9th – 16th November 2020. To support aquaculture farmers, the Institute distributed quality tilapia and catfish seed to multiplication center's in Kirinyaga, Kiambu and Nairobi counties under the auspices of the AgriFI- Kenya CS APP project. To support East African Regional fisheries sustainability, the Institute participated in the Fish Stock Assessment Survey on Lake Victoria (15th October - 15th November 2020) supported by the Lake Victoria Fisheries Organisation (LVFO). The Institute also continued with the Marine Fish Stock Assessment Program that is geared to guiding the exploitation of stocks in the Kenya Exclusive Economic Zone (EEZ).

The Institute also participated in beach clean-up through KMFRI Marine Debris Volunteer Program (KMDVP) on 13th March 2021 and Lake Debris Volunteer Program (KLDVP) on 11th March 2021. KMFRI Chief Scientist Dr James Kairo was appointed a member of the UN Decade on Ecosystem Restoration. The Institute hosted the Ambassador of the kingdom of Thailand H.E Sasirit Tangulrat visited KMFRI Mombasa headquarters on 22nd June 2021 to explore ways of enhancing bilateral cooperation of trade and investment between Kenya and Thailand. The Ambassador was taken through the aquarium and laboratory facilities to appreciate the work of the institute. The Institute also participated in Research Monitoring and Evaluation exercise conducted by NACOSTI officials during their visit to KMFRI from 22nd June 2021 for 4 days. The exercise was to check compliance with the Science and Technology Act, 2013. To boost the Institute research capacity, KMFRI signed an MoU with KISII UNIVERSITY on 14th June 2021. Under the arrangement, KMFRI staff who will want to pursue studies at the University will be granted a tuition waiver at the rate of 65% and 75% for male and female, respectively. KMFRI's key members of staff were sensitized by the Kenya Industrial Property Institute (KIPI) on how to set up required structures for managing the Institute's Intellectual Property assets. The workshop was held from 7th to 11th June 2021. Through the training, the Blue Economy sector stands to benefit immensely through patent protections, and various opportunities that will enable KMFRI to transfer vast numbers of technologies available in the regional and international patent databases.

KMFRI also participated in various scientific conferences which include: the Sustainable Ocean Economy Conference on 3rd December 2020 hosted by the Office of the President; the World Wetlands Day, celebrated on 2nd February 2021; the Africa Public Service Day that was commemorated in Mkomani Beach on June 23,

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2021; World Oceans Day on 8th June 2021 and the World Environment Day on 5th June 2021 by planting 12,500 tree seedlings at Shimo La Tewa Prison and Garissa Township through the support of Kenya Forestry Service and Kenya Forestry Research Institute. On Staff matters, the KMFRI management signed a Collective Bargaining Agreement with UNRISK (Staff Union) in Mombasa on 21st August 2020.

The Institute also finalized the performance contract targets for the 2020/2021 FY and disseminated the findings to the various stakeholders as scheduled.

FINANCIAL PERFORMANCE

Total Revenues (including Finance Income) realized was Kshs 2,176,248,679 during the year under review compared to Kshs 1,937,271,920 (FY 2019/20), a growth of 12%. Net Assets continued to grow totalling Kshs 2,167,993,594 from Kshs 2,132,900,389 (FY 2019/20) increasing by 2% which is attributed to the ongoing capital works related to the Institute expansion and research equipment acquisitions.

RISK MANAGEMENT

In view of the nature of work undertaken by KMFRI and the size of its operations, there are risks that are peculiar to the Institute's operations. The purpose of Risk Management is to identify such risks early before they mature and develop strategies to mitigate them. The Institute has undertaken capacity building and training on risk management for all staff, management and the Board and each department developed a risk register, which has been incorporated in the quality operating system processes and continues with periodic reviews to incorporate emerging business trends.

SAFETY, HEALTH AND ENVIRONMENT

Businesses are responsible for achieving good environmental practice and operating in a sustainable manner. The Institute is therefore committed to reducing environmental impact and continually improving environmental performance as an integral and fundamental part of business strategy and operating methods. It is our priority to encourage our customers, suppliers, and all business associates to do the same. Pleasingly, no fatalities were reported in the Institute in the reporting financial year.

To ensure safe work practices in compliance with OSHA standards, the maintenance of appropriate health and safety standards remains a key responsibility of all employees, and the Institute is committed to the proactive management of health and safety risks associated with operations. Our objective is to identify, reduce and control material risks relating to fires, accidents or injuries to employees, customers and the research premises. In conclusion, the Institute continues to develop new research infrastructure, acquire and modernize its equipment, and devise innovative ideas that will improve and sustain efficiency. We continue to rely on our Human Resources to attain the targets and goals set while our commitment to the 'Big Four' national agenda, environmental management and close collaboration with key stakeholders also stands.

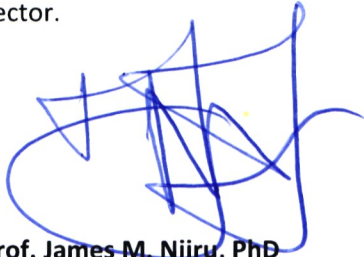
COMPLIANCE WITH THE LAWS AND REGULATIONS

During the 2020/2021 financial year, the Institute complied with the set budgetary levels for the year. All the funds released by the government to the Institute were expended towards the intended and approved core activities of the Institute. In addition, KMFRI enhanced monitoring and evaluation of research programmes and support activities to ensure compliance with the allocated budget. In the coming year, the Institute will continue undertaking research activities aimed at providing scientific information for sustainable exploitation of aquatic resources to enhance food and nutritional security and the national development agenda for

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alleviating poverty and raising living standards of the people of Kenya in line with the Government's Vision 2030 and the Big Four Priority Agenda.

I thank our stakeholders, the Board of Management, our dedicated and talented staff for their support as well as their effort in making sure the Institute achieves its goals and objectives. I also appreciate our service providers, the national & regional Governments, and all other stakeholders for their respective contributions to the Institute during the year. I look forward to continued support as we strive to transform Blue Economy Sector.



Prof. James M. Njiru, PhD
CHIEF EXECUTIVE OFFICER

Date: 19/07/2022

6. STATEMENT OF KMFRI's PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2020/2021

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.

KMFRI has 4 strategic pillars/ themes/issues and 5 strategic objectives within the current Strategic Plan for the FY 2018- FY 2022. These strategic pillars/ themes/ issues are as follows:

- Research and Innovation
- Knowledge Management and Dissemination
- Resource mobilization and institutional capacity building
- Collaboration and Partnerships

KMFRI develops its annual work plans based on the above 4 pillars/Themes/Issues. 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 2020/2021 period for its 4 strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Research and Innovation	To conduct innovative research for the Blue Economy	Level of implementation of Citizens' Service Delivery Charter	Implement Citizens' Service Delivery Charter	The Service Charter was fully implemented in the FY2020/21 – 100%
		Level of application of Service Delivery Innovations	Apply Service Delivery Innovations	The Service Delivery Innovations were fully applied in the FY2020/21 – 100%
		Level of implementation of Performance Contract	Implement the Performance Contract	The Performance Contract was fully implemented in the FY2020/21 – 100%
Knowledge Management and Dissemination	To transfer knowledge and innovative technologies to communities and stakeholders	Number of new peer-reviewed scientific papers published	Publish 57 new peer-reviewed scientific papers	161 new peer-reviewed scientific papers published
Resource mobilization and institutional capacity building	To mobilize and manage financial and	Number of new funded research proposals	13 new research proposals funded to	18 new proposals were funded

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	human resources		support research activities	
	To strengthen institutional structure and capacity	Number of officers trained	Train 32 officers to build capacity	64 officers trained on various areas of operations to build institutional capacity
		Level of completion	Review the Strategic Plan	The 2018-2022 KMFRI Strategic Plan fully reviewed (100%)
Collaboration and Partnerships	To promote local and international collaborations and partnerships	Number of collaborations and partnerships	Enter new collaborations and partnerships	Two new MoU's were signed with Kisii University and Turkana University

Over and above being in our annual work plan, the above items have been captured in the Institute's Performance Contract under specific categories such as Financial Stewardship & Discipline, Service Delivery Indicators, Core Mandate, Implementation of Presidential Directives, Access to Government Procurement Opportunities (AGPO), Promotion of Local Content in Procurement, Cross-cutting, Competency Development and Public Awareness.

7. CORPORATE GOVERNANCE STATEMENT

Good corporate governance entails establishment and enhancement of sustainable value for stakeholders through adoption of ethically driven procedures and processes. The Board ensures that corporate governance guidelines and best practices are followed, and that all corporate affairs are managed in a fair and transparent manner. In this regard, we believe it is our inherent responsibility to disclose timely and accurate information on our financials and performance as well as leadership and governance of the Institute. The Board of Management and KMFRI Management remains steadfastly committed to the adoption of corporate governance best practices in support of our vision to provide world-class services that delight our customers, create value and meet stakeholders' expectations. This statement sets out the main corporate governance practices and structures in the Institute and actions taken towards achievement of our goals.

Board of Management

The KMFRI Board of Management consists of six (6) independent non-executive members, Representatives of the National Treasury, State Department for Fisheries, Aquaculture and the Blue Economy and the Attorney General and the Director/KMFRI who is the Board Secretary. The Board composition draws a good mix of skills, experience, and proficiencies in various fields.

Board work plan and meetings

Dates for Board meetings in the ensuing year are decided in advance and scheduled in the Board's work plan (ALMANAC). The Board meets at least four times in a financial year to monitor and transact the Institute's business. Board Members receive adequate notice and detailed papers on issues to be discussed in good time to enable them to prepare for the meetings.

Board Committees

The Board has three standing committees that assist to effectively discharge various business functions and responsibilities. An ad hoc committee can be constituted to deal with pertinent issues as they arise. The Board defines terms of reference under which the respective committees operate. The committees submit reports of their activities to the Board.

During the year, the Board established the following committees:

The Board Audit and Risk Management Committee

The Committee acts as the oversight Board Committee and is responsible for evaluating the effectiveness of the internal control procedures and risk management procedures. It is responsible for establishing an internal audit function and ensuring that there is an effective risk-based internal audit system. The Board Audit Committee is also responsible for reviewing financial information as well as monitoring the effectiveness of management information systems and the reporting thereof. The committee reviews all significant findings of the internal and external auditors and provides policy direction as appropriate.

Scientific and Technical Committee

The Committee is charged with the responsibility of providing policy direction and ensuring that the Institutional Research Agenda is in line with the Corporate Strategic Plan, and it is linked with the National Development Policies including the Kenya Vision 2030, Big Four Priority Agenda and Third Medium Term Plan.

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The Committee is also responsible for approving proposed research funding and recommending manning of research functions.

Finance and Human Resource Committee

The Committee is responsible for providing policy direction to the Institute's in human resource and financial management matters. The Committee reviews and approves the Institute's annual budget, administers the recurrent and development annual budgets and ensures the budgets are aligned to the government printed estimates. The Committee deliberates on and approves the Institute's annual report and financial statements. The Committee is also responsible for the establishment of the terms and conditions of service and scheme of service for the Institute employees, and making regulations governing the appointments, remuneration, conduct and discipline of institute employees. The committee regularly reviews and evaluates the adequacy and effectiveness of the Institute's personnel policies. The committee reviews and deliberates on staff matters and provides guidelines in the implementation of the personnel policies.

8. MANAGEMENT DISCUSSION AND ANALYSIS

A. Operational and Financial performance

The Institute is mandated to undertake research in marine and freshwater fisheries, aquaculture, environmental and ecological studies for sustainable exploitation of fisheries and other aquatic resources. This mandate has continued to be delivered in the year.

Total Revenues (including Finance Income) realized was Kshs 2,176,248,679 during the year under review compared to Kshs 1,937,271,920 (FY 2019/20), a growth of 12%. Net Assets continued to grow totalling Kshs 2,167,993,594 from Kshs 2,132,900,389 (FY 2019/20) increasing by 2% which is attributed to the ongoing capital works related to the Institute expansion and research equipment acquisitions. The increase in the realized revenue and surplus is mainly attributable to the increased donor funding collected in the year and funds dedicated to marine fish stock assessment that Institute is undertaking on behalf of the Parent Ministry. The Institute is in a strong cash flow position capable of meeting obligations as they fall due. The performance at hand has a bearing on the future research activities.

B. Entity's compliance with statutory requirements

During the period, the Institute complied with all statutory obligations including but not limited to: remittances of PAYE, NHIF, NSSF, VAT, HELB and Withholding tax within the stipulated deadlines.

The institute was also in compliance with regulatory requirements including PFM Act 2012, The Public Procurement and Asset Disposal Act, 2015 and the State Corporations Act.

C. Major risks facing the entity

The Board of Management is responsible for the Institute risk management. The Institute while implementing its mandate identified key corporate risks, the associated risk levels, and their mitigation strategies as defined below:

i. Covid-19 Infections & loss of life

Management is mitigating the risk on Covid-19 infection by the continued implementation of Ministry of Health guidelines on handling the Covid-19 pandemic.

ii. Litigation against the Institute and unfavourable court decisions. The Institute is mitigating this risk by:

- Lodging appeals where adverse judgements were delivered
- Building capacity of internal counsel to enable proper representation.

iii. Sub-optimal level of uptake of new and/or existing products and services

The Institute shall collaborate with relevant stakeholders on investor education and awareness programmes on new products and services to support and successful implementation and maintain an updated database on necessary reforms and continuously review the market to provide guidance to the relevant stakeholders.

iv. Sub-optimal staff capacity

Management secured approvals of the new organization structure by State Corporations Advisory Committee and implementation is ongoing. The Institute shall also effectively train the

staff and align the departmental activities to the corporate activities and projects, while optimizing vacancy ratios and supporting effective learning and development programs.

v. Cyber security threats

The Institute is continuously mitigating the risks to its ICT Infrastructure, Information Systems, and data by:

- (a) Conducting scheduled preventive maintenance exercise for ICT infrastructure and network components;
- (b) Conducting fail over tests for ICT systems to the hot Disaster Recovery sites;
- (c) Implementing appropriate security measures and controls on the enterprise fire wall and network components;
- (d) Restricting access to the Primary data centre to authorized personnel and maintaining a server access log;
- (e) Monitoring and managing the backup process to ensure all critical data is included in the scheduled backups; and
- (f) Conducting cyber security awareness workshops for staff on current threats.

D. Material arrears in statutory/financial obligations

The Institute has no statutory arrears and promptly meets all its statutory obligations. The Institute's pension scheme is oversighted by a Board of Trustees and is administered by an independent administrator.

E. Financial probity and serious governance issues

There are no issues of financial improbity reported by Management, any board committee or by external auditors. There are no governance issues and conflicts of interest at the Board or top management of the Institute are disclosed accordingly when they arise.

9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

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

i. Environmental performance

The Institute is fully compliant with the Environmental Management and Coordination Act.

ii. Employee welfare

The Institute values the welfare of her employee and therefore ensure the safety and compliance with Occupational Safety and Health Act of 2007, (OSHA) through the Annual Occupational Health and Safety Audit.

iii. Market place practices-

a) Responsible Supply chain and supplier relations

KMFRI values its stakeholders and for suppliers the institute always ensures that payments are made in time and information is symmetrical. Through the annual suppliers' conference, the suppliers are sensitized on how to keep good relationship with the Institute.

b) Responsible marketing and advertisement

Marketing and advertisement are done in compliance with the government set regulations mainly through the Government Advertising Agency.

iv. Corporate Social Responsibility / Community Engagements

KMFRI acknowledges the need to give back to society to promote harmonious relations given the contribution made by surrounding communities in creating a conducive environment for her research activities conducted across the Institute's stations in Mombasa headquarters, Kisumu, Sagana, Kegati, Naivasha, Sang'oro, Gazi, Shimoni, Turkana and Baringo. The community comprises fisherfolks who are the major consumers of KMFRI's research findings. Others include pupils, students, residents, and government and state corporations.

Through elaborate corporate citizenship programmes, KMFRI has reached more people and enhanced understanding of her various products and services rendered to the public. The projects also boost support for her research work and attract goodwill from the public. Besides looking out for the welfare of the people, KMFRI is cognizant of the fact that it has a responsibility towards the environment seeing that conservation of marine environment is enshrined in her mission.

The Institute actively encourages her employees to behave in a responsible manner toward the society in which her research activities are undertaken to create a harmonious relationship with the publics the Institute interacts with. These communities within which the KMFRI conducts her research are considered as important stakeholders, integral to the achievement of KMFRI's core objectives.

In the financial year ended 30th June 2021, KMFRI was involved in various corporate social responsibility initiatives aimed at impacting positively on the lives of the communities involved as indicated here below:

Shimo La Tewa Tree Planting

KMFRI undertook a tree planting CSR activity by planting 12,500 tree seedlings at Shimo La Tewa Prison and Garissa Township through the support of Kenya Forestry Service and Kenya Forestry Research Institute.



Figure 1: PS State Department of Fisheries, Aquaculture and Blue Economy, Chairman KMFRI BoM and Director General, KMFRI participating in the tree planting at Shimo La Tewa Prison .

KMFRI Marine Debris Group

Ocean and water way trash ranks as one of the most serious pollution problems choking our planet and marine ecosystem. During the period under review, there has been clarion calls to beat plastic pollution because plastics entangle marine animals with lethal consequences, while others choke and die after feeding on trash. Besides being an eyesore, a rising tide of marine debris threatens human health, wildlife communities and economies around the world.

In recognition of the need to keep our oceans healthy to boost the Blue Economy, KMFRI's Marine Debris Volunteer Group (KMDVP), largely comprised of students drawn from various universities, cleans Mkomani beach every Thursday. This initiative is meant to conserve aquatic life by creating a conducive environment for fish and other marine organisms to thrive. This exercise creates awareness on the need to protect our oceans as they are a source of livelihoods for millions of people. Ocean comprises 42% of land cover with fisheries contributing about Sh40 billion to Kenya's GDP, according to a survey done in 2016. Further, one of KMFRI's role is to enhance food security by harnessing research in the Blue Economy through exploitation of

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marine resources such as fish, seagrass, seaweed, and coral reefs hence the need to keep oceans pollution-free.



Participants sort out trash at Mkomani beach during Africa Public Service Day that was commemorated in Mkomani Beach on June 23, 2021

Road Safety Sensitization Campaign

KMFRI donated branded reflector jackets to Mkomani Boda Boda operators during a road safety sensitisation campaign conducted at Mkomani. While donating the jackets, Mombasa station Center Director Dr Eric Okuku said the Institute recognizes the role the operators play in transporting members of the staff to work and taking them back in the evening every day.



Figure 2: KMFRI Mombasa station Center Director Dr Eric Okuku issuing the reflector jackets to Mkomani Boda Boda operators

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10. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2021, which show the state of the Institute's affairs.

i) Principal activities

The principal activities of the entity are to undertake research in "marine and freshwater fisheries, aquaculture, environmental and ecological studies and physical oceanography", in order to provide scientific data and information for sustainable exploitation, management and conservation of Kenya's fisheries and aquatic resources, and contribute to National strategies of food security, poverty alleviation, clean environment and creation of employment as provided for under Vision 2030 and set out by the Science and Technology Act, Cap 250 of the Laws of Kenya.

ii) Results

The results of the entity for the year ended June 30, 2021, are set out on page 1.

iii) Directors

The members of the Board of Directors who served during the year are shown on page 1. During the year one director (Ms. Nancy Kagau) retired and was replaced by Mr. Christopher Nyaga Nkoroi was appointed with effect from 18th January 2021. Hon. Hassan Abdi Dukicha was appointed as a Board member to the KMFRI Board with effect from 5th January, 2021.

iv) Surplus remission

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The entity did not make any surplus during the year (FY 2020 Ksh Nil) 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 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board

Signature: 
CHIEF EXECUTIVE OFFICER/SECRETARY TO THE BOARD

Date: 19/7/22

11. STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Directors are responsible for the preparation and presentation of the Institute's financial statements, which give a true and fair view of the state of affairs of the Institute for and as at the end of the financial year (period) ended on June 30, 2021. 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 Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 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 30, 2021, and of the Institute's financial position as at that date.

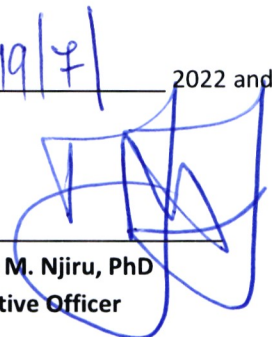
The Directors further confirms the completeness of the accounting records maintained for the Institute, which have been relied upon in the preparation of the Institute's financial statements as well as the adequacy of the systems of internal financial control.

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

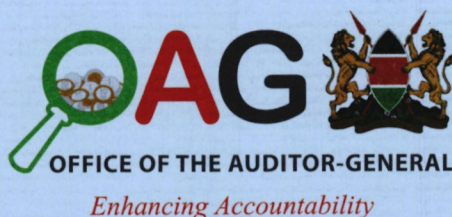
The Institute's financial statements were approved by the Board on 19/7/ 2022 and signed on its behalf by:

Signature 
Hon. John Safari Mumba
Chairman - KMFRI Board of Management

Signature 
Prof. James M. Njiru, PhD
Chief Executive Officer

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA MARINE AND FISHERIES RESEARCH INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

- A. Report on the 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 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 Government achieves value for money and that such funds are applied for 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, the risk Management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk Management and governance systems are properly designed and were working effectively in the financial year under review.

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 Marine and Fisheries Research Institute set out on pages 11 to 41, which comprise of the statement of financial position as at 30 June, 2021 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget

Report of the Auditor-General on Kenya Marine and Fisheries Research Institute for the year ended 30 June, 2021

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 the Kenya Marine and Fisheries Research Institute as at 30 June, 2021, 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 Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Property, Plant and Equipment - Loss of Deep-Sea Observatory Rover

The statement of financial position reflects property, plant and equipment balance of Kshs.1,792,769,015 and as disclosed in Note 24 to the financial statements. As reported previously, the additions of Kshs. 386,552,403 to assets in the financial year 2018/2019 included an amount of Kshs.281,613,777 relating to research vessels out of which Kshs.13,242,599 was in respect of the cost of deep sea observatory rover. However, the equipment was not physically verified as it was reportedly lost in deep sea and the loss reported at a local police station on 16 July, 2019. As of February, 2022, the equipment had not been traced or a decision taken to adjust the cost from the existing balance of property, plant and equipment.

In the circumstances, accuracy and completeness of the property, plant and equipment balance of Kshs.1,792,769,015 could not be confirmed.

2. Doubtful Receivables from Non-Exchange Transactions

The statement of financial position reflects receivables from non-exchange transactions balance of Kshs.209,325,246 and as disclosed under Note 23 to the financial statements. These receivables includes medical advances totalling Kshs.4,799,799 issued to staff to cater for COVID-19 pandemic, out of which an amount of Kshs. 1,358,435 is owed by four deceased staff. Further, analysis of staff debtors schedule revealed that other five deceased employees owe the Institute an amount of Kshs.335,146.

In the circumstances, recoverability of the receivables from non-exchange transactions amounting to Kshs.1,693,581 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Marine and Fisheries Research Institute Management in accordance with ISSAI 130 on 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.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, 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

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects a final revenue budget and actual revenue on comparable basis of Kshs.2,392,880,191 and Kshs.2,176,299,294 respectively, resulting in a revenue shortfall of Kshs.216,580,898 or 9% of the budget. Similarly, the Institute had an approved expenditure budget of Kshs.2,392,880,191 against an actual expenditure of Kshs.2,035,492,368, resulting in an overall under-expenditure of Kshs.474,837,028 or 20%.

The revenue shortfall and under-expenditure might have impacted negatively on delivery of services.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Failure to Observe Fiscal Responsibility Principles on Compensation of Employees

The statement of financial performance reflects an expenditure of Kshs.841,445,730 in respect of employees costs which represent 38.7% of the total revenue of Kshs.2,176,315,690. This contravenes Regulation 26(1)(a) of the Public Finance Management Regulations, 2015, which provides that, National Government's expenditure on the compensation of employees (including benefits and allowances) shall not exceed 35 percent of the National Government's equitable share of the revenue raised nationally plus other revenues generated by the National Government.

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

2. Failure to Recover Training Costs from Former Employees

Records provided for audit review indicated that the Institute trained ten employees at a total cost of Kshs.18,467,328.50. However, the employees left the Institute before the expiry of their bond periods and the amounts had not been recovered as at 30 June, 2021.

No explanation was provided for failure to recover the outstanding amounts from these former employees including using law enforcement agencies.

The audit was conducted in accordance with ISSAI 4000. The standard requires 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 are in compliance, 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 overall 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 processes and systems of internal control, 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 Management and the 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 control 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 control, risk management and governance.

In preparing the financial statements, the Management is responsible for assessing the Institute's ability to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Institute or to cease its operations.

The 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 are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Board of Directors is responsible for overseeing the Institute's financial reporting process, reviewing the effectiveness of how the entity 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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness 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 addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, 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 accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control 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 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Institute's policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Institute to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Institute to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide the Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

30 August, 2022

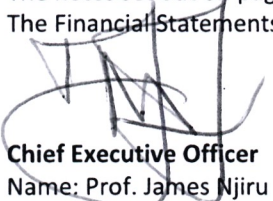
**KENYA MARINE AND FISHERIES RESEARCH INSTITUTE
ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

	NOTES	2020/2021	2019/2020
		Kshs.	Kshs.
Revenue from non-exchange transactions			
Transfer from other Government Entities	6	1,394,100,000	1,164,475,000
Transfer from other Government Entities	7	585,000,000	618,257,500
Public Contribution and Donations	8	181,177,765	141,444,255
Revenue from Exchange transactions			
Rendering Services	9	628,620	792,900
Sales of goods	10	14,032,968	10,685,134
Rental revenue from facilities & equipment	11	112,661	5,000
Finance Income	12	16,396	6,704
Other Income	13	1,247,280	1,605,427
Total Revenue		2,176,315,690	1,937,271,920
Expenses: -			
Use of Goods and Services	14	587,351,170	507,648,874
Employee Costs	15	841,445,730	700,309,036
Board of Management Costs	16	19,184,547	22,397,603
Depreciation and Amortization	17	172,584,190	161,741,005
Repairs and Maintenance	18	28,365,818	29,004,131
Finance Costs	19	3,182,267	384,618
Marine Stock Assessment	20	441,695,899	618,257,500
Total Expenses		2,093,809,621	2,039,742,767
Surplus for the Year		82,506,069	(102,470,846)

The notes set out on pages 17 to 38 form an integral part of these Financial Statements.

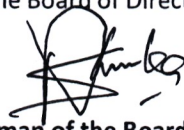
The Financial Statements set out on pages 11 to 16 were signed on behalf of the Board of Directors by:


Chief Executive Officer
Name: Prof. James Njiru

Date: 19/7/22


Ag. HOD, Finance & Accounting
Name: CPA Nabwire Elizabeth
ICPAK Member Number: 16184

Date: 19/7/22


Chairman of the Board
Name: Hon. John S. Mumba

Date: 19/7/22

**KENYA MARINE AND FISHERIES RESEARCH INSTITUTE
ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	2020/2021	2019/2020
ASSETS		Kshs.	Kshs.
Current Assets: -			
Cash and Cash Equivalents	21	286,740,888	418,024,098
Receivables from exchange transactions	22	11,555,952	53,581,493
Receivables from non-exchange transactions	23	209,325,246	241,983,352
Total Current Assets		507,622,086	713,588,943
Non-current Assets: -			
Property, Plant & Equipment	24	1,792,769,015	1,901,010,939
Intangible Assets	25	4,990,998	398,575
Total Non-Current Assets		1,797,760,013	1,901,409,514
Total Assets		2,305,382,099	2,614,998,458
LIABILITIES			
Current Liabilities: -			
Trade & Other Payables	26	134,136,067	482,098,068
Total Current Liabilities		134,136,067	482,098,068
Non-Current Liabilities: -		-	-
Total Liabilities		134,136,067	482,098,068
NET ASSETS		2,171,246,033	2,132,900,389
Capital Fund	28(v)	584,810,971	584,810,971
Donations Reserve	28(v)	200,067,306	231,848,271
Revaluations Reserve	28(v)	487,453,410	500,089,371
Accumulated Surplus	28(v)	898,914,346	816,151,776
Total Net Assets and Liabilities		2,171,246,033	2,132,900,389


The Financial Statements set out on pages 11 to 16 were signed on behalf of the Board of Directors by:


Chief Executive Officer
 Name: Prof. James Njiru

Date: 19/7/22


Ag. HOD Finance & Accounting
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Chairman of the Board
 Name: Hon. John S. Mumba

Date: 19/7/22

**KENYA MARINE AND FISHERIES RESEARCH INSTITUTE
ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

15. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2021

	Note	Capital Reserve Kshs.	Donations Reserve Kshs.	Reval. Reserve Kshs.	Accum. Deficit Kshs.	TOTAL Kshs.
Balance as at 1 July 2020		584,810,971	231,848,271	500,089,371	816,151,776	2,132,900,389
Depreciation/Amortization in the year		-	(31,780,965)	(12,635,961)	-	(44,416,926)
Surplus for the period		-	-	-	82,506,069	82,506,069
Balance as at 30 June 2021		584,810,971	200,067,306	487,453,410	898,914,346	2,171,246,033

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2020

	Note	Capital Reserve Kshs.	Donations Reserve Kshs.	Reval. Reserve Kshs.	Accumulated Surplus Kshs.	TOTAL Kshs.
Balance as at 1 July 2019		584,810,971	263,472,171	512,725,332	926,931,510	2,287,939,984
Surplus refund/Donations in the year		-	277,564	-	(8,308,888)	(8,031,324)
Depreciation/Amortization in the year		-	(31,901,464)	(12,635,961)	-	(44,537,425)
Surplus for the period		-	-	-	(102,214,346)	(102,214,346)
Balance as at 30 June 2020		584,810,971	231,848,271	500,089,371	816,151,776	2,132,900,389


NOTE: Capital Reserves constitute the cumulative amounts disbursed to KMFRI over the years by the Government for capital expenditure. Donations constitutes cumulative values of donated assets to KMFRI over the years. Revaluation Reserve constitutes the cumulative values of revalued assets over the years. Accumulated surplus/deficit constitutes cumulative amounts of surplus/ deficits as realized in KMFRI's statements of financial performance over the years.

KENYA MARINE AND FISHERIES RESEARCH INSTITUTE
ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021


16. STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2020/2021	2019/2020
Cash flows from Operating Activities		Kshs.	Kshs.
Receipts			
Transfer from other Government Entities		1,394,100,000	1,164,475,000
Marine Stock Assessment		585,000,000	618,257,500
Public Contribution and Donations		181,177,765	141,444,255
Rendering Services		628,620	792,900
Sales of goods		14,032,968	10,685,134
Rental revenue from facilities and equipment		112,661	5,000
Finance Income		16,396	6,704
Other Income		1,247,280	1,605,427
Total Receipts		2,176,315,690	1,937,271,920
Payments			
Use of Goods and Services		587,351,170	507,648,874
Employee Costs		841,445,730	700,309,036
Board of Management Costs		19,184,547	22,397,603
Depreciation and Amortization		172,584,190	161,741,005
Repairs and Maintenance		28,365,818	29,004,131
Finance Costs		3,182,267	384,618
Marine Stock Assessment		441,695,899	618,257,500
Total Payments		2,093,809,621	2,039,742,767
Net cashflows from/(used in) operating activities	27	(17,931,594)	271,859,237
Cash flows from Investing Activities			
Purchase of property, plant, equipment and intangible assets	24&25	(113,351,616)	(331,981,807)
Net cash flows from Investing Activities		(113,351,616)	(331,981,807)
Cash Flows from Financing Activities			
Remission to The National Treasury		-	(8,308,888)
Net cash flows from Financing Activities		-	(8,308,888)
Net Increase in Cash and Cash Equivalents		(131,283,210)	(68,431,457)
Cash and Cash Equivalents at 1 July		418,024,098	486,455,555
Cash and Cash Equivalents at 30 JUNE	21	286,740,888	418,024,098


The Financial Statements set out on pages 11 to 16 were signed on behalf of the Board of Directors by:


Chief Executive Officer
Name: Prof. James Njiru

Date: 19/7/22


Ag. HOD Finance & Accounting
Name: CPA Nabwire Elizabeth
ICPAK Member Number:16184

Date: 19/7/22


Chairman of the Board
Name: Hon. John S. Mumba

Date: 19/7/22

**KENYA MARINE AND FISHERIES RESEARCH INSTITUTE
ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

GRANTS AND A.I.A	Original Budget 2020/2021	Adjustments	Final Budget 2020/2021	Actual on comparable basis	Performance difference	% Variance
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue from non-exchange transactions						
Transfer from other Government Entities	1,527,469,827	-	1,527,469,827	1,394,100,000	133,369,827	9%
Transfers from other agencies-Marine stock	585,000,000	-	585,000,000	585,000,000	-	-
Public Contribution and Donations	262,910,364	-	262,910,364	181,177,765	81,732,599	31%
Total	2,375,380,191	-	2,375,380,191	2,160,277,765	215,102,427	9%
Revenue from exchange transactions						
Rendinger Services	800,000	-	800,000.00	628,620	171,380	21%
Sales of goods	15,450,000	-	15,450,000	14,032,968	1,417,032	9%
Rental revenue from facilities & equipment	200,000	-	200,000	112,661	87,339	44%
Other Income	1,050,000	-	1,050,000	1,247,280	(197,280)	(19%)
OTotal	17,500,000	-	17,500,000	16,021,529	1,478,471	8%
Total Revenue	2,392,880,191	-	2,392,880,191	2,176,299,294	216,580,898	9%
Expenses: -						
Use of goods and services	898,542,850	(3,060,000)	895,482,850	703,758,524	306,881,681	34%
Employee Costs	855,352,341	8,000,000	863,352,341	841,445,730	21,906,611	3%
Board of Management Costs	25,000,000	(5,000,000)	20,000,000	19,184,547	2,065,453	10%
Repairs and Maintenance	28,985,000	60,000	29,045,000	28,365,818	679,182	2.34%
Marine Fish Stock Assessment	585,000,000	-	585,000,000	441,695,899	143,304,101	24.5%
Total Expenses	2,392,880,191	-	2,392,880,191	2,035,492,368	474,837,028	20%

Budget Notes

Transfers from Other Government Entities

The actual transfer from other government entities includes Ksh. 585,000,000 which was received from State Department of Fisheries and the Blue Economy to undertake stock assessment activity. An Authority to Incur Expenditure was issued to KMFRI by the Permanent Secretary SDF& BE. The budgeted amount of Ksh. 1,527,469,827 also includes balances b/f of Ksh. 133,369,827.

Public contributions and donations

This revenue is generated from donor funding of innovative research proposals by the Institute's researchers. The expected revenue fell short to the budget by 31% mainly due to COVID 19 restrictions which resulted in slow implementation pace that impacted on the ability of the Institute to spend and request for reimbursements or other funding tranches from the Donors.

Rendering of Services

The main contributor to this revenue stream is Educational visits to the institute and attachment fees from students. In 2020/2021, the institute experienced periods of office closure to mitigate COVID 19 exposure amongst staff coupled with restrictions on the number of people allowed to gather affected the institute's ability to meet its target on revenue generation under this category.

Rental revenue from facilities and equipment

Through hiring of research vessels and conference facilities, the institute is able to generate revenue through rental of its facilities and equipment. The institute experienced periods of office closure to mitigate COVID 19 exposure amongst staff coupled with restrictions on the number of people allowed to gather affected the institute's ability to meet its target on revenue generation under this category.

Use of goods and services

Included in the actual amount for use of goods and services under other general expenses is an amount of Ksh. 441,695,899 for Marine stock assessment in relation to the AIE given by the State Department of Fisheries and the Blue Economy.

Reconciliation of Actual on comparable basis to the Statement of Financial performance

The total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis; statement of financial performance is accrual). The reconciliation is provided below:

	Ksh.
Expenditure in Statement of Financial Performance	2,093,809,621
Less: Depreciation	(172,584,191)
Exchange loss	(3,182,267)
Add use of good and services items in Statement of Financial Position	
Prepayments	11,276,790
Work in Progress	98,107,139
Capital Expenditure – Office Equipment	2,134,320
Capital Expenditure – Library Books	1,409,796
Capital Expenditure – Computers and Printers	4,521,160
Total actual on comparable basis	2,035,492,368

18. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Kenya Marine and Fisheries Research Institute (KMFRI) is established by and derives its authority and accountability from The Science and Technology Act Cap.250 (20). The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. KMFRI's principal activity is to undertake research in "marine and freshwater fisheries, aquaculture, environmental and ecological studies, and marine research including chemical and physical oceanography", in order to provide scientific data and information for sustainable development of the Blue Economy.

2. Statement of Compliance and Basis of Preparation

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

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

3. Adoption of New and Revised Standards

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2021.**
 - **IPSAS 13 – Leases**, was amended to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks. The amendments do not have any effect to KMFRI's financial statements.
 - **IPSAS 13 - Leases and IPSAS 17 - Property, Plant, and Equipment** were amended to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved. The amendments do not have any effect to the KMFRI's financial statements.
 - a) **IPSAS 21**, Impairment of Non-Cash-Generating Assets and **IPSAS 26**, Impairment of Cash Generating Assets were amended to provide consistency of impairment guidance in the accounting for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets. The amendments do not have any effect to KMFRI's financial statements.
 - b) **IPSAS 33 - First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs)** was amended to provide implementation guidance on the recognition of the effect of

NOTES TO THE FINANCIAL STATEMENTS (Continued)

deemed cost directly in accumulated surplus or deficit in the opening statement of financial position in the period in which the deemed cost is determined as opposed to accounting for it as (a) an adjustment to the opening balance of accumulated surplus or deficit in the opening statement of financial position in the period in which the deemed is determined; or (b) In the revaluation surplus if the first-time adopter adopts the revaluation model in IPSAS 17 or in IPSAS 31, Intangible Assets. KMFRI adopted IPSAS in the year ended 30 June 2014 and therefore the amendments do not have any effect to the Institute's financial statements.

ii. **New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021.**

The International Public Sector Accounting Standards Board (IPSASB) has published the following new and amended standards that were originally to be effective on 1 January 2022 but were subsequently delayed and are now effective from 1 January 2023:

- **IPSAS 41** – Financial Instruments and subsequent amendment. This standard will replace the existing IPSAS 29 – Financial Instruments and sets out new requirements for recognition and measurement of financial instruments, including impairment, derecognition and general hedge accounting. This standard will have no impact on KMFRI's annual financial statements.
- **IPSAS 42** – Social Benefits. This standard provides guidance on accounting for social benefits expenditure. It defines social benefits as cash transfers paid to specific individuals and/or households to mitigate the effect of social risk. Specific examples include State retirement benefits, disability benefits, income support and unemployment benefits. The new standard requires an entity to recognize an expense and a liability for the next social benefit payment. KMFRI does not foresee a significant impact on the annual financial statements resulting from this standard.
- **Amendments to IPSAS 5** provides clarification on what constitutes borrowing costs; **Amendments to IPSAS 30** provides illustrative examples on how items designated as hedged items might be disclosed credit risk disclosures as well in an entity's financial statements while **Amendments to IPSAS 30**, provides guidance the relevant disclosures that may be included when accounting for financial guarantee contracts. These amendments will have no impact on KMFRI's annual financial statements.

iii. **Early adoption of standards**

KMFRI did not early – adopt any new or amended standards in year 2020/2021.

4. Summary of Significant Accounting Policies

a) **Revenue recognition**

i. **Revenue from non-exchange transactions**

Transfers from other government entities

Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

ii. Revenue from exchange transactions

KMFRI recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Rendering of services

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

Sale of goods

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

b) Budget information

The original budget for FY 2020-2021 was approved by the National Assembly on June 2020. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations on the 2020-2021 budget following the governing body's approval.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under page 1 these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

c) Taxes

KMFRI is established under The Science and Technology Act Cap.250 (20) and is fully funded by the exchequer.

d) Property, plant and equipment

- i. All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.
- ii. Full depreciation is charged on assets in the year of purchase and none is made in the year the assets are disposed. Depreciation charge for leasehold land is apportioned evenly over the lease period. No depreciation is charged on freehold land and as it is deemed to have an indefinite life.
- iii. Property, plant and equipment are initially recorded at cost less accumulated depreciation and impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date. If an item of property, plant and equipment is revalued, the entire class of property, plant and equipment to which that asset belongs shall be revalued.
- iv. Motor vehicles that have a book value of less than Kshs. 100,000 are not depreciated.
- v. Depreciation on property, plant and equipment is calculated on the straight-line basis to write down the cost of the assets to their residual values over their estimated useful life. The estimated assets useful lives and rates used are as shown below:

Asset Description	Estimated useful life in years	Rate % or apportionment
Leasehold Land	99	Apportioned evenly over the lease period
Buildings	40	2.5%
Plant & Lab Equipment	8	12.5%
Research Vessels	8	12.5%
Motor Vehicles	4	25%
Furniture, Fittings & Office Equipment	8	12.5%
Computers	3.33	30%
Library Books	5	20%
Computer Software	3.33	30%

e) Leases

Leases under which the Institute is the Lessee

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Institute. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Institute also recognizes the associated lease liability at

the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. The value of leasehold interests in land used by the Institute is treated as a finance lease and is amortised over the period of the lease.

Leases under which the institute is the Lessor

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Institute. Payments received under operating leases are recognised as income in the statement of financial performance on a straight-line basis over the lease term.

f) Intangible assets

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

g) 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
- v) The ability to measure reliably the expenditure during development.

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

h) Provisions

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

i) Contingent liabilities

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

j) Contingent assets

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

k) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. KMFRI maintains the following reserves:

Capital Reserve

This constitutes the cumulative amounts disbursed to KMFRI over the years for development expenditure. The funds were spent on construction works and purchase of assets.

Donations Reserve

This constitutes the cumulative donations disbursed to KMFRI over the years for development expenditure.

Revaluation Reserve

This constitutes the cumulative values of assets revalued over the years.

Accumulated Surplus

This constitutes the cumulative amounts of surpluses realized over the years.

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The Institute operates a defined contribution pension scheme for her employees, both unionizable and non-unionizable. The scheme is administered by an independent Board of Trustees and it is funded by contributions from KMFRI and her employees. KMFRI contributes 15% of the employees' basic pay to the scheme and the employees contribute 7.5% of their basic pay. Contributions to the scheme from KMFRI are charged to the statement of financial performance in the year to which they relate. The cost of the defined contribution scheme is determined using the actuarial valuation. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long term nature of the scheme, such estimates are subject to significant uncertainty. The scheme administrators are Minet Kenya Financial Services and the scheme assets managers/custodian is Kenindia Assurance Co. Ltd. The Institute contributed Ksh. 86,036,580 as Employer Contribution and Ksh. 39,201,589 as Employee Contribution during the FY 2020/2021.

The Institute also contributes to the statutory defined contribution pension scheme, the National Social Security Fund. Contributions to the scheme are determined by statute and are currently set at Kshs. 200 per employee per month. The employee contributes Kshs. 200 per month and the employer similarly contributes Kshs. 200. The Institute contributed Ksh. 1,611,000 as Employer Contribution and Ksh. 1,611,000 as Employee Contribution during the FY 2020/2021.

n) Foreign currency transactions

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

o) Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

p) Cash and cash equivalents

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

q) Comparative figures

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

r) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2021.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. State all judgements, estimates and assumptions made.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Institute based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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

- i. The condition of the asset based on the assessment of experts employed by the Entity.
- ii. The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- iii. The nature of the processes in which the asset is deployed.
- iv. Availability of funding to replace the asset.
- v. Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. Transfers from Other Government Entities

Description	2020/2021	2019/2020
	KShs	KShs
Unconditional grants		
Operational grant	1,394,100,000	1,164,475,000
Total Unconditional Grants	1,394,100,000	1,164,475,000
Conditional grants	-	-
Total government grants and subsidies	1,394,100,000	1,164,475,000

Grants received by KMFRI from other Government entities are used to undertake research in "marine and freshwater fisheries, aquaculture, environmental and ecological studies, and marine research including chemical and physical oceanography", in order to provide scientific data and information for sustainable development of the Blue Economy.

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

Name of the Entity sending the grant	Amount recognized to Statement of Financial performance KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund. KShs	Total transfers 2020/21 KShs	Prior year 2019/2020 KShs
SDF & BE	1,394,100,000			1,394,100,000	1,164,475,000
Total	1,394,100,000			1,394,100,000	1,164,475,000

The details of the reconciliation have been included under appendix III.

7. Transfers from Other Government Entities

Description	2020/2021	2019/2020
	KShs	KShs
Unconditional grants		
Other grants	585,000,000	618,257,500
Total Unconditional Grants	585,000,000	618,257,500

8. Public Contributions and Donations

Description	2020-2021	2019-2020
	KShs	KShs
Research donations	181,177,765	141,444,255
Total transfers and sponsorships	181,177,765	141,444,255
Reconciliation of public contributions and donations		
Balance unspent at beginning of the year	-	-
Current year receipts	181,177,765	141,444,255
Conditions met - transferred to revenue	181,177,765	141,444,255
Conditions to be met - remain liabilities	-	-

Research donations represents funds mobilized by KMFRI Researchers the funding by donors of the innovative research proposals by KMFRI Research scientists under the KMFRI Strategic pillar of resource mobilisation and institutional capacity building.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. Rendering of Services

Description	2020-2021	2019-2020
	KShs	KShs
Students educational visits and attachment fees	422,620	647,100
Consultancy fees for services	206,000	145,800
Total revenue from the rendering of services	628,620	792,900

This revenue is generated from bench fee from educational visits by students and learning institutions as well as students on attachment and consultancies carried out by the Institute.

10. Sale of Goods

Description	2020-2021	2019-2020
	KShs	KShs
Sale of fish fingerlings& brooders	6,862,195	1,917,260
Sales of fish feeds	7,164,503	4,912,980
Sale of value added products	6,270	1,954,494
Disposal of bonded equipment/wares	-	1,900,400
Total revenue from the sale of goods	14,032,968	10,685,134

Through innovative research, the Institute produces products aligned to fisheries research which are then sold to the public to generate revenue.

11. Rental Revenue from Facilities and Equipment

Description	2020-2021	2019-2020
	KShs	KShs
Rental Income	40,661	256,500
Contingent rentals	72,000	5,000
Total rentals	112,661	261,500

The contingent rentals above relate to revenue generated from the hire of research vessels and conference facilities

12. Finance Income

Description	2020-2021	2019-2020
	KShs	KShs
Exchange gain	16,396	6,704
Total finance income	16,396	6,704

This is gain from the foreign currency received for the donor research projects

13. Other Income

Description	2020-2021	2019-2020
	KShs	KShs
Surcharge	-	589,570
Miscellaneous income	1,247,280	1,015,857
Total other income	1,247,280	1,605,427

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. Use of Goods and Services

Description	2020-2021	2019-2020
	KShs	KShs
Electricity	13,910,789	13,181,869
Water	3,572,241	3,621,738
Gas Expenses	62,570	76,555
Communication services and supplies	11,251,219	13,730,210
Transportation, travelling and subsistence	17,158,598	28,119,994
Advertising, printing, stationery, and photocopying	2,314,400	11,096,049
Rental of produces assets	5,000,172	7,786,532
Staff training	6,466,709	13,369,556
Hospitality supplies and services	9,004,808	13,187,610
Insurance costs	81,044,881	47,393,635
Bank charges and commissions	212,021	344,691
Office and general supplies and services	11,303,580	12,134,286
Legal expenses	20,992,895	7,258,875
Audit fees	811,200	811,200
Fuel Oil and Lubricants	4,088,911	4,326,262
Subscription to Professional bodies	554,509	479,074
Contracted Technical Services	380,776	1,065,572
Licensing fee - Drivers	10,500	30,090
Contracted Guards and Cleaning	16,886,137	15,678,572
Other General Expenses		
Donor Funded Research expenses	162,551,287	104,916,063
Seed Research expenses	19,315,452	33,951,149
RV Mtafiti Research expenses	180,744,999	157,506,989
Parking Charges	28,130	50,415
Specialized Materials and Supplies	18,669,352	15,011,331
Business Wing Expenses	1,015,034	2,520,556
Total Goods and Services	587,351,170	507,648,874

15. Employee Costs

	2020-2021	2019-2020
	KShs	KShs
Salaries and wages	530,314,367	444,654,067
Employer contribution to pension schemes	86,536,550	49,778,386
Travel, car, accommodation, subsistence & other allowances	76,457,376	80,922,325
Housing benefits and allowances	144,835,413	123,205,258
Social contributions	1,611,000	1,749,000
Gratuity	1,691,024	1,487,390
Total Employee Costs	841,445,730	700,309,036

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. Board Expenses

Description	2020-2021	2019-2020
	KShs	KShs
Chairman/Directors' Honoraria	960,000	960,000
Sitting allowances	4,372,000	5,780,000
Medical Insurance	1,221,437	678,957
Induction and Training	1,745,994	1,792,276
Travel and accommodation	9,044,424	9,803,400
Other allowances	60,000	60,000
Board of Management related costs	1,780,691	3,322,970
Total	19,184,547	22,397,603

17. Depreciation and Amortization Expense

Description	2020-2021	2019-2020
	KShs	KShs
Property, plant and equipment	170,046,614	160,433,915
Intangible assets	2,537,577	1,307,090
Total depreciation and amortization	172,584,191	161,741,005

18. Repairs and Maintenance

Description	2020-2021	2019-2020
	KShs	KShs
Property	13,853,888	12,216,870
Equipment and machinery	3,333,538	5,585,950
Vehicles	7,286,020	9,115,118
Furniture and fittings	7,440	20,050
Computers and accessories	479,259	645,740
Others	3,405,672	1,420,402
Total repairs and maintenance	28,365,818	29,004,130

19. Finance Costs

Description	2020-2021	2019-2020
	KShs	KShs
Exchange Loss	3,182,268	384,618
Total finance income	3,182,268	384,618

20. RV Mtafiti Fish Stock Assessment Research expenses

Description	2020-2021	2019-2020
	KShs	KShs
RV Mtafiti Fish Stock Assessment Research expenses	441,695,899	618,257,500
Total RV Mtafiti Fish Stock Assessment Research expenses	441,695,899	618,257,500

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. Cash and Cash Equivalents

Description	2020-2021	2019-2020
	KShs	KShs
Current account	286,430,327	417,717,851
Others – Cash in hand	310,561	306,247
Total cash and cash equivalents	286,740,888	418,024,098

21 (a) Detailed Analysis of the Cash and Cash Equivalents

Financial institution	Account number	2020-2021	2019-2020
		KShs	KShs
a) Current account			
National Bank of Kenya	Various	286,009,630	416,949,040
Kenya Commercial bank	Various	420,697	768,811
Sub- total		286,430,327	417,717,851
b) Others(specify)			
Cash in hand		310,561	306,247
Grand total		286,740,888	418,024,098

21 (b). Cash and Cash Equivalents as per bank account

Financial Institutions/Banks	Bank Account Number	2020/2021	2019/2020
		Kshs	Kshs
Current Accounts			
National Bank of Kenya			
KMFRI Recurrent Account	1003007622501	23,530,997	11,031,631
KMFRI Research Vessel Account	1023047777700	84,421,235	229,431,676
KMFRI Kegati -Recurrent	1001033897500	4,486	591,731
KMFRI Kisumu -Recurrent	1003023506000	864,515	1,714,704
KMFRI Sagana- Recurrent	1003044552200	24,843	143
KMFRI Sangoro- Recurrent	1001023506100	3,504	571,579
KMFRI Nairobi -Recurrent	1003000906500	490,703	382,701
KMFRI SEED	1003007618800	133,709	27,208
KMFRI GOK SEED Kegati	1001034490900	710	1,665,602
KMFRI GOK SEED Kisumu	1003025165500	26,656	1,229,353
KMFRI Centre recurrent account	1003009032700	353,039	276,969
KMFRI Sangoro SEED	1003025162000	135	9,235
KMFRI Development Account	1003007622502	953,480	11,893,608
KMFRI Revenue Account	100307622500	11,149,085	2,781,489
KMFRI Kegati Revenue Account	1230035258900	24,327	55,526
KMFRI Kisumu Revenue Account	1003023735300	4,416	2,896
KMFRI Sagana Revenue Account	1003044652600	16,360	5,000
KMFRI Products & Services Account	1003066549100	11,409,274	17,265,153
Individual Donor Project Accounts			
A. Kenya Shilling Account			
KMFRI Project General Account	1003008646200	109,990,281	86,094,704
KMFRI Kisumu Micro Project	1003023652400	2,135,257	2,102,752

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KMFRI IOI EAOP Project Acct	1003007613400	1,100,771	497,107
KMFRI Masma Cholera Project Acct	1003065804502	26,579	26,699
KMFRI MASMA MANGROVE Project Account	1003007622509	4,009,367	5,981,541
KMFRI CAMARV Projects Bank	1003065804501	4,040,772	2,918,059
KMFRI BLUE FOREST Project	1023072984800	9,724,694	22,252,931
KMFRI MASMA JUV CRAB Project Acct	1003065804500	5,955	6,075
KMFRI RADIO ISOTOPES Project	1003066009100	2,023,041	218,656
KMFRI Secure fish Project Account	1003007622510	6,695	6,815
KMFRI Artemia Project Account(Shs	1003066285200	9,600	9,720
KMFRI ICOAST Project Account	1001008646200	975,732	1,990,492
KMFRI INSFEED Project Account	1001044975700	1,752	453,036
KMFRI TEAM Project Account	1001103114800	3,185,202	1,580,573
KMFRI ESPA Spaces Project Account	1020008646200	421,684	421,804
KMFRI CS-APP BANK Sagana	01071217871600	2,273	2,277
KMFRI KCSAP 1 & 2 Sagana	01071225028200	4,953,218	2,640,930
KMFRI KCSAP 1 & 2 Sangoro	01071025162001	3,533,252	1,872,800
KMFRI KCSAP Kegati	01020231395400	453,156	-
B. Other Currencies Accounts			
Dollar Current Accounts (USD)			
KMFRI DOLLAR -Projects Account	2020007622500	5,755,622	8,596,869
KMFRI IOI DOLLAR Project	2003007613400	61,631	60,994
KMFRI Secure fish DOLLAR	2003007622508	4,785	4,605
Euro Current Accounts (Euro)			
KMFRI RECOMAP EURO Project Account	307622506	165,462	155,143
KMFRI TEAM Project Account	3001103114800	10,656	117,460
KMFRI Artemia Project Account (Euro)	3020066285200	722	793
Kenya Commercial Bank			
KMFRI Naivasha -Recurrent	1105266729	149,542	84,005
KMFRI Turkana -Recurrent	1107150086	220,417	67,304
KMFRI Baringo- Recurrent	1202126979	2,704	240,049
KMFRI Turkana SEED Account	1157553184	48,033	377,452
Cash in Hand		310,561	306,247
Total Cash and Cash Equivalent		286,740,888	418,024,098

22. Receivables from Exchange Transactions

	2020-2021	2019-2020
	KShs	KShs
Current receivables		
Other exchange debtors	11,555,952	53,581,493
Total current receivables	11,555,952	53,581,493

23. Receivables from Non-Exchange Transactions

Description	2020-2021	2019-2020
	KShs	KShs
Other debtors (non-exchange transactions)		
Staff Debtors	3,317,720	5,216,750
Medical Advance	4,799,799	5,248,071
Non Staff Advance	36,207,727	58,531
GOK Recurrent grants receivable	165,000,000	231,460,000
Total current receivables	209,325,246	241,983,352

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NOTES TO THE FINANCIAL STATEMENTS (Continued)
24. Property, Plant and Equipment

ASSET	LAND AND BUILDINGS	MOTOR VEHICLES	FURNITURE AND FITTINGS	COMPUTERS	OTHER ASSETS (LIBRARY BOOKS)	PLANT AND EQUIPMENT	CAPITAL WORK IN PROGRESS	TOTAL
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
As at 1 July 2019	1,059,14,518	160,285,783	53,050,101	52,951,307	19,005,572	1,092,173,253	39,561,800	2,476,142,334
Additions	33,093,860	38,072,005	5,788,666	16,715,531		147,078,750	110,566,735	351,315,547
Donations	-				277,564			277,564
Disposals	-	(11,300,000)						(11,300,000)
Transfers/adjustments	-						(19,333,740)	(19,333,740)
As at 30th June 2020	1,092,208,378	187,057,788	58,838,767	69,666,838	19,283,136	1,239,252,003	130,794,795	2,797,101,705
Additions	-	-	2,134,320	4,521,160	1,409,796	-	98,156,339	106,221,615
Transfer/adjustments	66,975,880	-	-		-	90,292,307	(157,268,187)	-
As at 30th June 2021	1,159,184,258	187,057,788	60,973,087	74,187,998	20,692,932	1,329,544,310	71,682,947	2,903,323,121
Depreciation and impairment								
At 1 July 2019	(119,466,332)	(125,952,842)	(26,572,473)	(44,228,297)	(17,817,605)	(357,081,876)	-	(691,119,425)
Depreciation	(10,470,203)	(21,437,029)	(5,658,376)	(10,238,625)	(180,311)	(112,449,370)		(160,433,915)
Depreciation on Revalued assets	(12,635,961)							(12,635,961)
Depreciation on donated assets	-				(253,069)	(31,648,396)		(31,901,465)
As at 30 June 2020	(142,572,496)	(147,389,871)	(32,230,849)	(54,466,922)	(18,250,986)	(501,179,642)	-	(896,090,766)
Depreciation	(12,144,600)	(18,821,204)	(5,885,138)	(9,187,326)	(462,270)	(123,546,075)	-	(170,046,613)
Depreciation on Revalued assets	(12,635,961)							(12,635,961)
Depreciation on donated assets	-				(132,569)	(31,648,396)		(31,780,965)
As at 30 June 2021	(167,353,057)	(166,211,075)	(38,115,987)	(63,654,248)	(18,845,825)	(656,374,113)	-	(1,110,554,305)
NET BOOK VALUE								
As at 30 June 2021	991,831,201	20,846,713	22,857,100	10,533,750	1,847,107	673,170,197	71,682,947	1,792,769,015
As at 30 June 2020	949,635,882	39,667,917	26,607,918	15,199,916	1,032,150	738,072,361	130,794,795	1,901,010,939

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note on Work in Progress

The Institute has previously undertaken various capital expenditures that were capitalised in the FY under review. This comprised of renovation of Institute laboratories in Naivasha and Mombasa, construction of a Laboratory and perimeter wall in Shimoni, Gate construction in Naivasha, Construction of a desalination plant and solar energy in Mombasa and purchase of laboratory equipment. The total capitalization of the complete projects is Ksh. 157,268,188.

The balance of Ksh. 71,633,747 under WIP represents capital expenditures that are yet to be capitalised. This comprise of Laboratory equipment, A fish hatchery in Shimoni, Ablution and septic in Naivasha, a Laboratory in Kisumu and Enterprise Resource System for the entire Institute.

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

	Cost or valuation	Normal annual depreciation charge
Motor Vehicles	111,772,971	27,943,242
Furniture and Fittings	13,891,986	1,736,498
Computers	46,124,047	13,837,214
Other Assets	17,718,753	3,543,751
Plant and Equipment	13,192,180	1,649,023
Research Vessels and Equipment	75,390,636	9,423,830

25. Intangible Assets

Description	2020-2021 KShs	2019-2020 KShs
Cost		
At beginning of the year	12,612,925	12,612,925
Additions	7,130,000	-
At end of the year	19,742,925	12,612,925
Additions—internal development	-	-
At end of the year	19,742,925	12,612,925
Amortization and impairment		
At beginning of the year	12,214,350	10,907,260
Amortization	2,537,577	1,307,090
At end of the year	14,751,927	12,214,350
Impairment loss	-	-
At beginning of the year	398,575	1,705,665
NBV	4,990,998	398,575

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25 (b). Schedule of fully depreciated intangible assets

	Cost or valuation	Normal annual depreciation charge
Solomon Dymatics ERP System	7,162,560	1,790,640
QuickBooks software	351,000	66,400
Enterprise Risk Management System	1,113,600	113,360
Attendance Management System	3,985,765	398,577

26. Trade and Other Payables

Description	2020-2021	2019-2020
	Khs	KShs
Trade payables	117,825,531	313,594,065
Third-party payments	1,352,739	3,246,892
Other payables	14,957,797	165,257,111
Total trade and other payables	134,136,067	482,098,067

27. Cash Generated from Operations

	2020-2021	2019-2020
	KShs	KShs
Surplus for the year before tax	102,214,346	(102,470,845)
Adjusted for:		
Depreciation	172,584,190	161,741,005
Working Capital adjustments		
Decrease in receivables	74,940,148	(258,634,139)
Decrease in payables	(347,962,001)	470,966,717
Net cash flow from operating activities	(17,931,594)	271,859,237

28. Financial Risk Management

KMFRI's activities are exposed to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The entity's overall risk management programme focuses on unpredictability of changes in the economic and social environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. KMFRI does not hedge any risks.

KMFRI's financial risk management objectives and policies are detailed below:

i. **Credit risk**

KMFRI has exposure to credit risk, which is the risk that advances made to her staff members in terms of salary advance, medical advance and imprest will not be fully paid or accounted for when due. Credit risk arises from cash and cash equivalents, as well as trade and other receivables. The Institute structures the level of credit risk it undertakes by placing limits on the amount of money that can be advanced to a staff member in a given period of time. Such risks are monitored on a revolving basis and are subject to frequent review. In addition, KMFRI's financial condition may be adversely affected as a

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

result of a failure by a supplier or contractor to perform their contractual obligations. To mitigate such risks, the Institute applies strategies such as requirement of performance bonds to provide significant protection against the downside risk of a failure to perform the work.

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

	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2021				
Receivables from exchange transactions	11,555,952	11,555,952	-	-
Receivables from non-exchange	209,325,246	209,325,246	-	-
Bank balances	286,740,888	286,740,888	-	-
Total	507,622,086	507,622,086	-	-
As at 30 June 2020				
Receivables from exchange transactions	53,837,993	53,837,993	-	-
Receivables from non-exchange	241,983,353	241,983,353	-	-
Bank balances	418,024,098	418,024,098	-	-
Total	713,845,444	713,845,444	-	-

The staff under the fully performing category are paying their debts as they continue to serve the Institute. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The board of directors sets the entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii. Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2021				
Trade payables	118,304,285			118,304,285
Total	118,304,285	-	-	118,304,285
As at 30 June 2020				
Trade payables	313,594,065	-	-	313,594,065
Total	313,594,065	-	-	313,594,065

NOTES TO THE FINANCIAL STATEMENTS (Continued)

iii. Market risk

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

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

a) Foreign currency risk

KMFRI does not have transactional currency exposures

b) Interest rate risk

Interest rate risk is the risk that KMFRI's financial condition may be adversely affected as a result of changes in interest rate levels. The KMFRI's interest rate risk arises from bank deposits which exposes the entity to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Institute's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

iv. Fair Value of Financial Assets and Liabilities

Financial Instruments Measured at fair value

KMFRI does not hold any financial instruments hence no disclosure of fair values of financial instruments not measured at fair value has been made.

v. Capital Risk Management

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

	2020-2021	2019-2020
	Kshs	Kshs
Capital Fund	584,810,971	584,810,971
Donations reserve	200,067,306	231,848,271
Revaluation reserve	487,453,410	500,089,371
Accumulated Surplus	898,914,346	816,408,276
Total funds	2,171,246,033	2,133,156,889
Total borrowings	-	-
Less: cash and bank balances	286,740,888	418,024,098
Net debt/ (excess cash and cash equivalents)	286,740,888	418,024,098
Gearing	-	-

29. Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

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

Other related parties include:

- i) The Parent Ministry;
- ii) County Governments
- iii) Other SCs and SAGAs

Relates Party Disclosures

- iv) Key management;
- v) Board of directors;

	2020-2021	2019-2020
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Sales of electricity to Govt agencies	-	-
Rent Income from govt. agencies	-	-
Water sales to Govt. agencies	-	-
Others (Specify) e.g., Interest and Bank charges	-	-
Total	-	-
b) Purchases from related parties		
Purchases of electricity from KPLC	13,910,789	13,181,869
Purchase of water from govt service providers	3,572,241	3,621,738
Rent expenses paid to govt agencies	-	-
Training and conference fees paid to govt. agencies	2,549,232	2,779,040
Total	20,030,262	19,582,647
b) Grants /Transfers from the Government		
Grants from National Govt	1,394,100,000	1,164,475,000
Grants for Marine Fish Stock Assessment	585,000,000	618,257,500-
Donations in kind	-	-
Total	1,979,100,000	1,782,732,500
c) Expenses incurred on behalf of related party		
Payments for Marine stock assessment	441,695,899	618,257,500
Total	441,695,899	618,257,500
d) Key management compensation		
Directors' emoluments	4,372,000	5,780,000
Compensation to key management	28,991,404	20,686,572
Total	33,363,404	26,466,572

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30. Segment Information

In general, IPSAS 18 prescribes principles for reporting financial information by segment to help users of financial statements gain a better understanding of the performance of each part of the operations, leading to a better understanding about the entity as a whole in terms of regions or departments. IPSAS 18 defines a Segment as a distinguishable activity or group of activities of an entity for which it is appropriate to separately report financial information for the purpose of (a) evaluating the entity's past performance in achieving its objectives, and (b) making decisions about the future allocation of resources.

31. Contingent Assets and Contingent Liabilities

Contingent Assets

	2020-2021	2019-2020
	Kshs	Kshs
KMFRI Vs Jane Ndungu – Breach of bonding contract	3,961,613	3,961,613
KMFRI Vs Robinson Mugo - Breach of bonding contract	1,248,572	1,248,572
KMFRI Vs Tabitha Gathoni - Breach of bonding contract	2,112,300	2,112,300
KMFRI Vs Bernard Fulanda - Breach of bonding contract	2,270,646	2,270,646
KMFRI Vs L.N. Momanyi Adv. - Breach of contract	4,500,000	4,500,000
Dr. Bernard Mulwa Fulanda	158,252	-
Mr. Stephen Mwakai Mwakiti	150,000	-
Dr. Khyria Swaleh Karama	2,833,590	-
Total	17,025,328.50	14,093,131

Contingent liabilities

	2020-2021	2019-2020
	Kshs	Kshs
Industrial court award for former Director Dr Ezekiel Okemwa	81,411,205	81,411,205
Industrial court award for former employee Mr Joseph T. Janga	-	30,340,570
Industrial case No.235 of 2013 Joseph Onderi Vs KMFRI	30,000,000	30,000,000
Civil Suit No 483 of 2016 Mwanaisha Nassoro, Athuman Tezi Vs	1,910,407	1,910,407
Miscl. Application No 621 of 2017 Republic Vs. KMFRI	14,667,000	14,667,000
Bank guarantees in favour of KRA	2,883,680	-
Total	130,872,292	158,329,182

32. Capital Commitments

Capital commitments	2020-2021	2019-2020
	Kshs	Kshs
Authorised for	-	-
Authorised and contracted for	71,633,747	212,361,825
Total	71,633,747	212,361,825

The Capital Commitments of Ksh. 71,633,747 is as detailed below:

1. ERP System	16,540,110
2. Kisumu laboratory	18,792,107
3. Naivasha Ablution and Septic	7,328,405
4. Shimoni Hatchery	8,900,725
5. Research Vessel Equipments	20,072,400
Total WIP	71,633,747

NOTES TO THE FINANCIAL STATEMENTS (Continued)

33. Surplus Remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. In line with this legal requirement, the entity did not make any surplus during the year (FY 2020 Nil) and hence no remittance to the Consolidated Fund.

34. Events after the Reporting Period

There were no material adjusting and non- adjusting events after the reporting period.

35. Ultimate and Holding Entity

The entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Agriculture, Livestock and Fisheries. Its ultimate parent is the Government of Kenya.

36. Currency

The financial statements are presented in Kenya Shillings (Kshs).

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APPENDIX

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.

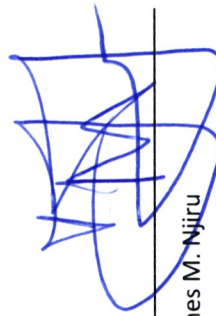
Reference No. on the External Audit Report	Issue/Observations from Auditor	Management Comments	Focal Point Person to resolve the issue (Name & Designation)	Status: (Resolved/Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2.1	Ownership documents and valuation for Baringo, Mtwapa and Sangoro plots required.	Valuation of assets to be undertaken and efforts will be doubled in acquiring ownership documents.	Isaack Kojo (Procurement Officer)	Partially resolved. Valuation was undertaken 2016/2017FY. Ownership documents still being sought.	In one year.
2.2	Sale of Kongowea Plot	Necessary approvals for the sale of the plot were obtained from the Parent Ministry and the then Ministry of Finance. Thereafter the plot was sold as provided for in the Public Procurement and Disposal Act of 2005. The sale proceeds were deposited with the Institute lawyer with whom there were no express instructions to invest the same in an	Mr. Abraham Kagwima - Deputy Director (Finance & Administration)	Not resolved	At the discretion of PIC.

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		interest earning investment. However, the proceeds were later invested on rolling basis by the Institute in a fixed deposit account with National Bank of Kenya.				
3.1	Cash Count Certificate for Mombasa and Baringo revenue offices		Nabwire Elizabeth – Ag. Chief Accountant	Not resolved.	The issue to be handled jointly with officers from the Office of Auditor General.	
3.2	Unsupported Project Accounts balances	The amount of Kshs. 218,476,551 was adjusted to Kshs. 219,570,643 in the adjusted financial statements for the year. The variance of Kshs. 1,094,092 was reconciled and journalized as necessary.	Nabwire Elizabeth – Ag. Chief Accountant	Not resolved.	The issue to be handled jointly with the office of the Auditor General.	
4.0	Government Grants	Kindly note that the amount of grants received by KMFRI for Ksh. 1,325,558,242 and not Ksh. 1,340,352,400. This are the grants with were reflected in our books of account and the financial statements for the year 2017/2018 FY. Kindly note that the State Department of Fisheries and the Blue Economy has not provided KMFRI	Nabwire Elizabeth – Ag. Chief Accountant	Not resolved.	The issue to be handled jointly with the office of the Auditor General.	

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5.0	Donor Grants	with details of the transfers made to facilitate reconciliations.	It is true that the Institute should have recognised the funds as a receivable in the FY 2016/2017 since the funds had already left the National Treasury and was in transit to the project through the State Department of Fisheries. Since the same did not happen, the Institute recognised the receipt of funds in the FY 2017/2018.	Nabwire Elizabeth – Ag. Chief Accountant	Not resolved.	The issue to be handled jointly with the office of the Auditor General.
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Signed: _____
 Prof. James M. Njiru
CHIEF EXECUTIVE OFFICER
 Date: 19/7/22

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APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

Projects implemented by the State Corporation/ SAGA Funded by development partners

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
N/A						

Status of Projects completion

Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
N/A						

There were no projects implemented by KMFRI which were funded by development partners.

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APPENDIX III: INTER-ENTITY TRANSFERS

KENYA MARINE AND FISHERIES RESEARCH INSTITUTE				
Break down of Transfers from the State Department for Fisheries and the Blue Economy				
FY 2020/2021				
a.	Recurrent Grants			
		Bank Statement Date	Amount (KShs)	FY to which the Amounts Relate
	Recurrent Grants	03.07.2020	136,800,000	2019/2020
	Recurrent Grants	07.07.2020	93,425,000	2019/2020
	Recurrent Grants	16.09.2020	232,300,000	2020/2021
	Recurrent Grants	16.09.2020	116,225,000	2020/2021
	Recurrent Grants	10.11.2020	116,175,000	2020/2021
	Recurrent Grants	21.12.2020	116,175,000	2020/2021
	Recurrent Grants	15.01.2021	116,175,000	2020/2021
	Recurrent Grants	02.03.2021	116,175,000	2020/2021
	Recurrent Grants	19.03.2021	232,350,000	2020/2021
	Recurrent Grants	21.05.2021	116,175,000	2020/2021
	Recurrent Grants	22.06.2021	116,175,000	2020/2021
	Recurrent Grants	29.06.2021	116,175,000	2020/2021
	AIE	27.11.2020	220,000,000	2020/2021
	AIE	09.06.2021	200,000,000	2020/2021
		Total	2,044,325,000	
b.	Development Grants			
		Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
	N/A			
c.	Direct Payments			
		Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
	N/A			
d.	Donor Receipts			
		Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
	N/A			

The above amounts have been communicated to and reconciled with the parent Ministry

Ag. Head of Finance & Accounting
KMFRI

Sign  _____

Head of Accounting Unit
State Department for Fisheries and the
Blue Economy.

Sign: _____

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APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
SDF & BE	03.07.2020	Recurrent	136,800,000	-			136,800,000		136,800,000
SDF & BE	06.07.2020	Recurrent	93,425,000	-			93,425,000		93,425,000
SDF & BE	16.09.2020	Recurrent	232,300,000	232,300,000			-		232,300,000
SDF & BE	16.09.2020	Recurrent	116,225,000	116,225,000			-		116,225,000
SDF & BE	10.11.2020	Recurrent	116,175,000	116,175,000			-		116,175,000
SDF & BE	21.12.2020	Recurrent	116,175,000	116,175,000			-		116,175,000
SDF & BE	15.01.2021	Recurrent	116,175,000	116,175,000			-		116,175,000
SDF & BE	02.03.2021	Recurrent	116,175,000	116,175,000			-		116,175,000
SDF & BE	19.03.2021	Recurrent	232,350,000	232,350,000			-		232,350,000
SDF & BE	21.05.2021	Recurrent	116,175,000	116,175,000			-		116,175,000
SDF & BE	22.06.2021	Recurrent	116,175,000	116,175,000			-		116,175,000
SDF & BE	29.06.2021	Recurrent	116,175,000	116,175,000			-		116,175,000
SDF & BE	27.11.2020	AIE	220,000,000	220,000,000			-		220,000,000
SDF & BE	09.06.2021	AIE	200,000,000	200,000,000			-		200,000,000
Total			2,044,325,000	1,814,100,000	-	-	230,225,000	-	2,044,325,000

Note: An amount of KSH. 165,000,000 of other grants was receivable as at 30.6.2021 and was received in July 2021.