REPUBLIC OF KENYA

KENYA NATIONAL AUDIT OFFICE

Hon Paper laid by Aden Duale, MP, Leader of the Majority Party under Order No. 5. on 27/08/2015 at 1515 Hrs

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF KENYA BUREAU OF STANDARDS

FOR THE YEAR ENDED 30 JUNE 2014

KENYA BUREAU OF STANDARDS

ANNUAL REPORT & FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30TH JUNE 2014

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

Table of Contents

I. CORPORATE INFORMATION AND MANAGEMENT

(a) Background information

The Kenya Bureau of Standards (KEBS) is a government agency established through an Act of Parliament in July 1974. The Standards Act (Cap.496) defines the functions of KEBS and provides for its management and control.

(b) Principal Activities

KEBS principal activities includes development of Kenya Standards, dissemination of Standards-related information, quality assurance, maintenance and dissemination of measurement standards, calibration of measurements and testing equipment, laboratory testing, product and quality systems certification, training and quality inspection of all imports.

(c) Key Management

KEBS day-to-day management is under the following key organs:

1) Managing Director;
2) Divisional Directors
3) Senior Department Managers

(d) Fiduciary Management

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

Designation	Name
Managing Director	Charles Ongwae

(e) Fiduciary Oversight Arrangements

The National Standards Council (NSC) has a functional Organizational Structure that has been responsible for the dynamic growth witnessed in the period under review. In discharging its duty, the NSC delegates decision making process to various committees which are then deliberated and resolutions made for implementation by management.

The Committees of the National Standards Council include:-

a) Staff and General Purpose Committee
b) Finance Committee
c) Technical Committee
d) Permits Committee
e) Audit Committee
f) Standards Approval Committee

(f) KEBS Headquarters
Kenya Bureau of Standards,
Popo Road, South C, Off Mombasa Road,
P O BOX 54974-00200,
NAIROBI - KENYA.

(g) KEBS Contacts
Telephone: (+254 20) 6948000
E-mail: info@kebs.org
Website: www.kebs.org

(h) KEBS Bankers
National Bank of Kenya,
National Bank Building,
Harambee Avenue,
P O BOX 72866-00200,
NAIROBI.

The Co-Operative Bank of Kenya Ltd
Co-Operative Bank House,
Haile Salessie Avenue,
P O BOX 48231-00100,
NAIROBI.

Kenya Commercial Bank Ltd,
Kencom House,
Moi Avenue,
P O BOX 48400,
NAIROBI.

(i) Independent Auditors
Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya

(j) Principal Legal Adviser
The Attorney General,
State Law Office,
Harambee Avenue,
P.O. Box 40112
City Square 00200
Nairobi, Kenya.

II. THE NATIONAL STANDARDS COUNCIL

Hon. Lucas Maitha

Chairman NSC
Age 47
Hon. Lucas Maitha became the Chairman with effect from 10th January 2014. He holds an MA. (Hons) degree from University of Mumbai Bombay. Prior to his present position, he was the chairman of Betting Control & Licensing Board and Member of Parliament for Malindi until 2007.

Charles Ongwae

Managing Director/Secretary NSC
Age 55
Mr. Charles Ongwae holds a B.Com & MBA Degree in Strategic Management from the University of Nairobi. He is also CPA(K) and CPS(K). Prior to his present position, he was Managing Director, Barclays Bank, Uganda from 2009 to February 2014. He also served as Chief Finance Officer, Barclays Bank of Kenya Ltd. He also held Senior positions in Esso Kenya Ltd (Mobil Oil Kenya), served as executive committee member of AMREF Uganda and Director of University of Nairobi Enterprises. He joined the NSC on 1st March, 2014.

Dr. Brigid Boyani Monda

Board Member
Age 50
Dr. Monda is both a consultant obstetrician and gynecologist and a lecturer at the School of Health sciences, Kenyatta University. She holds a Masters in Obstetrics and Gynaceology from University of Nairobi. She is also a health columnist in various print media which includes Standard Newspaper, Twende magazine, EVE, Parents and True love magazines. She joined the board on 21st March 2011 and retired on 20th March 2014.

Dr. Emily Jeptanui Kogos

Chairperson - Technical Committee
Age 52
Dr. Emily Kogos holds a PhD in Information Sciences from Moi University. She is a lecturer in the department of Publishing and Media Studies at Moi University. She has published several books, written various academic journals/papers and attended various conferences in information science and library studies. She joined the board on 21st March 2011 and retired on 20th March 2014.

Salim Chingabwi

Chairman - Staff and General Purpose committee
Age 58
Mr. Chingabwi holds an Msc (Hons) degree in Human Resources Development. He is the Human Resources & Administration Manager at Kenya Ports Authority. He is also a lecturer in Management at Bandari College and other training institutions in Mombasa. He also serves as a committee member of FKE.

Nene Nzyuko

Board Member
Age 49
Mr. Nene holds a BA (Hons) Degree with vast experience in institutional management, monitoring and ensuring compliance and budget processes at NSSF. He is also the director of Faine Enterprises. He joined the board on 21st March 2011 and retired on 20th March 2014.

Yasin Haji Hussein

Chairman - Audit Committee
Age 40
Mr. Haji Hussein holds an MBA (Hons) degree in Entrepreneurship from Moi University. He is the Managing Director of Lunar Petroleum and an Audit Manager at Josiah Ongaro & Associates. He joined the board on 21st March 2011 and retired on 20th March 2014

Joshua L. Angelei

Board Member
Age 36
Mr. Angelei is both a lawyer and an administrator by profession. He holds an LLB (Hons) degree from the University of Nairobi and a B.Com (Hons) Business Administration from Daystar University. He is currently a director of Friends of Lake Turkana. Prior to this he held several executive positions at Tangerine Ltd and EPZ. He joined the board on 21st March 2011 and retired on 20th March 2014.

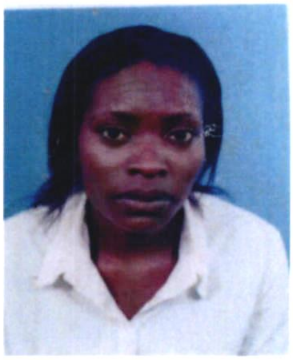
Nyawira O. Njeru

Board Member
Age 40
Ms. Nyawira Njeru holds an MBA (Strategic Management) and B.Com. (Marketing) both from the Catholic University of East Africa; Diploma in Public Relations at NIBS and Diploma (Nursing) at Cecily McDonnell School of Nursing. She is currently Market Development Manager East & West Africa at Becton Dickinson East Africa Ltd. She joined the board on 21st March 2011 and retired on 20th March 2014.

Ahmed Hashi

Board Member
Age 47
Mr. Ahmed Hashi holds a Masters degree in Political Science/ International Relations from York University Toronto Ontario – Canada. He has extensive experience as a senior policy analyst in Canada including being a senior advisor to the Prime Minister of the Republic of Kenya. He joined the board on 21st March 2011 and retired on 20th March 2014.

Jeridah K Sinange



Chairperson - Standards Approval Committee
Age 32
Ms. Jerida Sinange holds an MSC in Environmental Management and Legislation from Jomo Kenyatta University. She is a leading environmentalist at both regional and national levels. She is currently the Environmental and Certification coordinator at Tropical Farm Management in Tanzania and Kenya. She joined the board on 21st March 2011 and retired on 20th March 2014

Andrew Muriuki

Chairman - Finance Committee
Age 45
Mr. Muriuki holds an MSC in Information Systems from University of Sunderland, UK. He is currently the deputy registrar of administration and finance; Kimathi University College of Technology. He joined the board on 21st March 2011 and retired on 20th March 2014.

Kennedy Odera Obar

Board Member
Age 40
Mr. Kennedy Odera is a lawyer by profession. He holds a LLB (Hons) degree from the University of Nairobi and a Diploma in Legal practice from Kenya School of Law. He is a member of the Law Society of Kenya, East African Law Society and International Commission of Jurists. He is currently a Senior Partner of Odera Obar & Co. Advocates. He joined the board on 21st March 2011 and retired on 20th March 2014.

Nazir Gulam Yusuf

Board Member
Age 57
Mr. Gulam Yusuf holds a BA degree in Administration and Management. He is currently the Managing director of Kyoga Hauliers (Kenya) Ltd and has served as a director in several companies. He joined the board on 21st March 2011 and retired 20th March 2014.

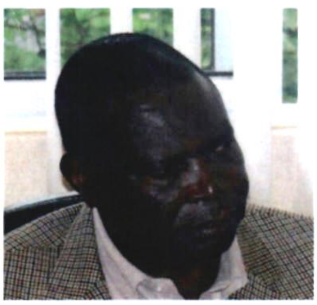
Mohamed Adan

Board Member
Age 52
Mr. Adan is both an administrator and accountant by profession. He is currently a businessman having worked previously with the UN and various NGOs in Kenya. He joined the board on 17th September 2012.

Mary Simat Ngeny

Board Member
Age 54
Mrs. Mary Ng'eny holds a BA degree from University of Nairobi. She previously worked for Telkom Kenya as a senior personnel officer until her retirement in 2007. She Joined the board on the 17th September, 2012.

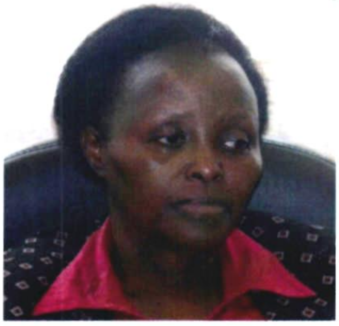
Martin Gumo



Alternate Permanent Secretary - Treasury

Ms Emily Gatuguta
Alternate Permanent Secretary -Ministry of Industrialization & Enterprise Development

Age: 60



She holds an MBA degree from the University of Leeds England. She also holds a Bachelors degree from the University of Nairobi. She was a Director of Administration at the Minitry of Industrialization & Enterprise Development until her retirement in February 2015. Prior to that, she served as Director of Administration in the following ministries; Office of the President & Home affairs and Agriculture. She was also a senior Deputy Secretary in the Ministry of Finance and Planning & Registrar of Motor Vehicles from 1994 to 1997. She was a board member in several parastatals.

Eva Oduor

Age 57

Mrs. Eva Oduor holds Bachelor of Science in Chemistry and Biochemistry. She joined KEBS in May 1980. She was promoted as Director Standards Division which she served for eight (8) years before being appointed as Managing Director on 15th December 2011. She was the Chairperson, Permits Committee from 1st July 2013 to 10th Sept. 2013 when she retired from the board.

Charles Gathondu Gachahi

Director, Standards Development & Trade

Holds a Bachelor of Science degree in Chemistry, from University of Nairobi. He was the Ag. Managing Director from 11th September 2013 to 28th Feb. 2014. He is currently Director Standards Development Division.

III. MANAGEMENT TEAM

Charles Ongwae | **Managing Director**

Mr. Charles Ongwae holds a B.Com & MBA Degree in Strategic Management from the University of Nairobi. He is also CPA(K) and CPS(K). Prior to his present position, he was Managing Director, Barclays Bank, Uganda from 2009 to February 2014. He also served as Chief Finance Officer, Barclays Bank of Kenya Ltd. He also held Senior positions in Esso Kenya Ltd (Mobil Oil Kenya), served as executive committee member of AMREF Uganda and Director of University of Nairobi Enterprises. He joined the NSC on 1st March, 2014.

Maurice Ager | **Director Finance and Strategy**

Holds a Master of Business Administration degree from United States International University (USIU) and Bachelor of Commerce in Accounting from University of Nairobi. He is a Certified Public Accountant of Kenya. He is currently Director - Finance and Strategy Division.

Christopher Kibett | **Director - Human Resourse & Communication**

Holds a Master of Business Administration degree from University of Nairobi, Bachelor of Science Degree from Kenyatta University and Higher National Diploma in Human Resource Management. He is currently Director Human Resource and Communication Division.

Charles Gathondu Gachahi | **Director, Standards Development & Trade**

Holds a Bachelor of Science degree in Chemistry, from the University of Nairobi and Diploma in SME development from Galilee College Israel. He is currently Director Standards Development Division.

John Wambutta Abongs

Director - Quality Assurance & Inspection

Holds a Bachelor of Science degree in Chemistry from University of Nairobi and Diploma in Textile Technical and Management from Demaere Institute in Netherlands. He is currently Director, Quality Assurance and Inspection Division.

Dennis Nyarangi Moturi

Ag. Director - Metrology & Testing

Holds a Bachelor of Science degree from University of Nairobi and Advanced Training in Metrology. He is currently Acting Director Metrology and Testing Division.

Brian Kimanyano Mmbwanga

Ag. HOD - Legal

Brian is an advocate of the High Court of Kenya. He holds a Bachelor of Laws, LLB (Hons) Degree from University of Nairobi and a Post Graduate Diploma in Law. He is a member of the Law Society of Kenya. He is currently acting Head of Legal Department.

CPA Lincoln Mutisya Nyamai

Head of Audit & Risk

He holds a Bachelor of Business Administration Degree in Finance and is a member of the Institute of Certified Public Accountants of Kenya. He has served in the department for 15 years with 8 years being the Head of Department. He is the secretary of the Audit Committee of the Board.

IV. THE CHAIRMAN'S STATEMENT

I have great pleasure in presenting the Annual Report and Audited Accounts for Kenya Bureau of Standards (KEBS) for the Financial Year 2013/2014.

The scope of Kebs has over the past expanded from the development of standards to cover a wider area described as Standardization, Metrology and Conformity Assessment (SMCA) for commodities and services in all sectors of the economy, not only in Kenya, but also in the East African region.

Kebs has embarked on diverse initiatives that generate income to complement the support previously received from the Government of Kenya. We are currently working on creating round-the-clock operations in all the country's port of entry to better monitor what comes into the local market. A number of digital solutions such as introduction of the call center, short message service for verification of our Mark of Quality etc have been implemented. Improvements in revenues in the financial period 2013-2014 are due to improved control environment and technology solutions that ensures that revenue collection for various services is at the convenience of the customer.

Through various board committees, Kebs has been able to achieve its mandates. Hence as we go forward to the new financial year, we remain positive that service delivery confidence gained over the years will keep an upward trend.

On behalf of the Kenya Bureau of Standards Board, I wish to express my sincere gratitude and appreciation to our stakeholders. I wish to recognize the commitment and the hard work displayed by the Kebs Managing Director, the management and staff throughout the year under review.

We look forward to their continued support.

Hon. LUCAS MAITHA,
CHAIRMAN, NATIONAL STANDARDS COUNCIL, KEBS.

V. REPORT OF THE MANAGING DIRECTOR

The role played by the Kenya Bureau of Standards (KEBS) in providing standardization solutions is critical in the achievement of Kenya's development blueprint, Vision 2030. This role majorly in standards development and harmonization, product inspection and certification, testing, measurement and enforcement of standards is instrumental in restricting the influx of sub-standard goods, into the Kenyan market.

The year under review was significant to KEBS in a number of ways notably, it is the year when significant turnaround in financial performance began to be witnessed as reflected in the surplus for the period and the healthy financial position. More significantly, there were notable achievements in the core mandate of the organization. These are as summarized below:-

KEBS MAJOR ACHIEVEMENTS DURING THE YEAR

1. Standards Development and International Trade

During the financial year ended June 30, 2014, KEBS published a total of 460 new standards which are ready for use by the industry. Standards form a basis for international trade as they translate the market conditions into a precise set of requirements to be met. Development of 460 new standards will assist industries meet the basic market requirements. In addition KEBS reviewed a total of 772 standards. Review of standards ensures that published standards are up to date. Kebs also participates in the dissemination of standards to industry and during the year twenty six seminars and workshops were held to disseminate standards to the industry. Propagation of Standards through seminars and workshops enables users of standards to utilize the standards to improve their processes and products. This improves the competitiveness of Kenyan products in the global market.

2. Vision 2030 Projects

Hospital Beds - The standard on hospital beds was completed during the year. This standard will help transfer technology to SMEs to manufacture export grade hospital beds as part of their contribution to the manufacturing sector.

Arc Welding Machines – A Certification Scheme was completed during the year in review and locally manufactured welding machines are being certified to the standard. The standard has helped transfer technology to SMEs to manufacture export grade Arc Welding Machines as part of contribution to the manufacturing sector.

3. Quality Assurance and Inspection

During the year under review a total of 6,069 permits were issued for products from large firms and 1848 permits were issued for SME products. This will increase market access for these products locally and internationally and for the SMEs this will create a level playing ground for their products in the market. On product conformity in the market we achieved a conformity level of 89.7%. This assures consumers that products in the market meet the required standards. On imported products where we have the Pre-export verification of conformity (PVOC) assessment programme we achieved a PVOC compliance rate of 87%. This level of conformity assures Kenyans that imported products meet the required standards. The products that did not meet the standards were rejected.

4. Metrology and Testing

In Metrology we made significant strides in the following areas:

- **Temperature Laboratory** - The Temperature Lab was upgraded through acquisition of Fixed Point Cells. This now means that KEBS can achieve the SI unit of Temperature in-house. Having direct traceability to the SI unit eliminates the need to have our standards calibrated externally, saving KEBS close to KES 600,000 annually.

- **Installation of calibration benches** – KEBS partnered with Time Electronics to assemble, install and commission scalable calibration benches for Moi Teaching and Referral Hospital and Kenyatta National Hospital. This has enabled the two referral hospitals to improve reliability of their medical and related equipment and ensure patient safety.

In laboratory Testing, KEBS acquired the following state of the art testing equipment :-

- Inductively Coupled Plasma Mass Spectrometer (ICP-MS) – this equipment has greatly increased the speed, precision, and sensitivity in detection of metallic minerals thus providing a shared resource for research in Kenya in liaison with universities.

- Microwave Plasma Atomic Absorption Spectrophotometer (MP-AES) – this equipment has greatly increased the speed and capability of testing minerals in food thus enabling food safety (testing of heavy metals), food nutrition (food fortification with minerals.) to be assured across the country.

- Spark Emission Spectrometer (SES) – this equipment has increased the speed of testing of the composition of reinforcement bars and other ferrous metals which will increase quality and safety in the construction industry.

In terms of improvements in our Testing capacity, during the year KEBS attained the capability for Gas leak detection. Gas leak detection capability will improve the safety of trade in gases in portable cylinders and fixed installations. Our laboratory in the North Rift region (Eldoret) also became operational during the year.

5. Certification Body (CB).

The Kenya Bureau of Standards Certification Body (CB) plays a vital role in economic development by ensuring that Kenyan and foreign organizations have improved efficiencies and are able to serve their citizens better. In addition to Kenyan organizations, the CB provides certfication services to organizations in Tanzania, Uganda and Rwanda.

During the period under review the Certification Body certified 30 new firms. Certification to ISO Management Systems improves the processes of the certified organizations and improves productivity thus enabling the organizations to meet market requirements. The Certification Body also participated in developing the revision of ISO 17024:2012 standard for personnel certification. Participation in international standardization enables the country to gain international capabilities for positively influencing trade through development of international standards.

6. National Quality Institute (NQI).

The National Quality Institute (NQI) is charged with responsibility of training and capacity building for Industry to raise awareness on the importance of standardization and conformity assessment and promoting practical usage of standards and advancement of quality management systems and thus increase efficiency and productivity.

During the year NQI trained 242 firms on process management systems among which were 41 SMEs. The training will assist firms to improve their processes and production systems to comply with market requirements thus improving their competitiveness in local and international markets.

7. Information and Communication Technology.

In view of the ever –changing operating environment that requires us to embrace digital services, we made progress in implementing digital solutions that include the following:-

- ISO eServices to automate the activities of standards development
- Library Management system and online Kenya Standards catalogue – to automate the activities of Kebs Technical Library.
- Sample master Laboratory Information Management System – to automate KEBS laboratory operations (LIMS).
- Integrated Records Management system to automate all KEBS registries.
- Entropy – to automate KEBS implementation of ISO 9001:2008 Quality Management System.
- KEBS SMS on 20023 to complement the efforts of identifying illegal usage of KEBS quality marks through public participation via SMS.

8. Future Developments.

By 2017, we plan to open 10 new offices in the regions where we are not well represented. This will take KEBS's services closer to the people. In addition we plan to upgrade our laboratories and offices in Mombasa, Kisumu and Eldoret within the next three years so as to increase our capacity to serve our customers more efficiently. We also plan to enhance our enforcement capabilities in Market Surveillance.

I wish to thank the PS and CS MOEID and NSC for their guidance on policy and strategic direction, Development partners, Trade Mark East Africa, European Union, USAID, UNIDO and IFC for their technical and financial support, and staff of KEBS for their support and dedication to standardization activities without which, we could not have made these significant achievements.

Charles O. Ongwae
MANAGING DIRECTOR

VI. CORPORATE GOVERNANCE STATEMENT

The Apex body at the Kenya Bureau of Standards is the National Standards Council (NSC). The Council is the governing body tasked with the responsibility of formulating policies as per section 7 of the Standards Act. It is therefore the organ that formulates policies and provides an oversight role and supervises the administration and financial management of the institution. It is the board of KEBS.

The Chairman and entire NSC embrace the principles of good governance and in their oversight role ensure that the interests of the institution and of all its staff and stakeholders are promoted and protected. The Chief Executive Officer is the Managing Director who is responsible for the day-to-day running of this standards and quality watchdog. The parent Ministry is the Ministry of Industrialization & Enterprise Development which has direct responsibility over management and affairs of KEBS.

Membership to International Bodies.

KEBS is a member of several global standardization bodies including the International Organization of Standardization (ISO) which has a network of 163 national standards bodies. KEBS is also a member of the International Electrotechnical Commission (IEC), the African Organization for Standardization (ARSO), East African Community (EAC) Standards Committee, Common Markets for Eastern and Southern Africa (COMESA) Standards Committee and the World Trade Organization (WTO).

NSC Committees

During the financial year ended 30th June, 2014 the NSC consisted of 19 members including a non-executive chairman and the Managing Director. The NSC has 6 committees whose members and mandate are as stated below:

AUDIT COMMITTEE

Members

1. Yassin Haji Hussein – Chairman
2. Nyawira O. Njeru
3. Nene Nzyuko
4. Kennedy Odera
5. Joshua Angelei
6. Martin Gumo
7. Mohamed Adan
8. Edward Ngigi
9. Lincoln Nyamai – Chief Manager Internal Audit

Formation of the Audit Committee was derived from Treasury Circular No. 16/2005. The purpose of setting up this committee in the board was to strengthen corporate governance within the KEBS leadership. The Audit Committee of the NSC holds quarterly regular meetings. In the year ended June 30, 2014 an additional special committee meeting was also held. The committee's responsibility in the board includes the following:-

a) Strengthening the independence, integrity and effectiveness of audit function.
b) Reviewing issues raised by both the internal and external auditors.
c) Approval of the internal audit work plan for the year.
d) Reviewing matters raised in the audit reports and where necessary further recommendations are given and if there is need they are escalated to the full council for further deliberation.

FINANCE COMMITTEE:

Members:

1. Andrew N. Maruiki - Chairman
2. Jeridah Sinange
3. Nazir G. Yusuf
4. Dr. Brigid Monda
5. Salim Chingabwi
6. Erastus Kimuri

In the year ended 30th June 2014, the Finance Committee held 2 regular meetings and 2 special committee meetings. This committee's mandate among others is to:-

a) Assist the NSC in overseeing financial policy and procedures formulation, review and implementation.
b) Review the institution's budgets & workplans and recommend to the NSC for approval.
c) Review the quarterly and the annual financial statements and recommend to the NSC for approval.

TECHNICAL COMMITTEE

Members.

1. Dr. Emily Kogos - Chairperson
2. Kennedy Odera
3. Ahmed S.A. Hashi
4. Andrew N. Muriuki
5. Nazir G. Yusuf
6. Martin Gumo
7. Nene Nzyuko
8. Mary Ngeny
9. Mohamed Adan

The Technical Committee held 3 regular and 2 special meetings. The main focus of the committee is to receive and review reports from Metrology and Testing and Quality Assurance and Inspection divisions and make recommendations to the NSC for approval. The committee's mandate also includes review of proposed capital projects for implementation.

PERMITS COMMITTEE

Members:

1. Evah Oduor - Chairperson from 1st July 2013.
2. Charles Gachahi - Chairman from 11th September 2013 to 25th Feb. 2013.
3. Charles Ongwae - Chairman from 1st March 2013 to date.
3. Ahmed S.A. Hashi
4. Nene Nzyuko
5. Jeridah Sinange
6. Dr. Brigid Monda
7. Erastus Kimuri
8. Mary Ngeny
9. Mohamed Adan
10. Edward Ngigi
11. Director – Quality Assurance & Inspection - Secretary

The Committee is established under clause 12 of the Subsidiary Regulations of the Standards Act under "Standardization Mark (Permits and Fees) Regulations, 1977" {Legal Notice 54/1977}. This is the only committee of the board which is chaired by an executive director-the CEO. The Permits approval committee meets every quarter. During the year ended 30th June 2014 a total of 7 committee meetings were held.

The functions of the committee include the following:-

a) The Committee considers applications from firms interested in applying the Diamond Mark of Quality on their products. Such applications are presented by the management for Grant (if new) or renewal of the permits. The Diamond Mark application is a voluntary mark of excellence and is for applicants who are interested. It is valid for three (3) years and is open to both local and imported goods. So far 400 valid D-Mark permits have been issued both within and outside the country.
b) The Committee also receives reports on highlights on the performance of products during certain periods preceding the meetings.
c) The Chairman of the committee presents resolutions of the committee to the NSC.

STANDARDS APPROVAL COMMITTEE.

Members.

1. Jeridah Sinange - Chairperson
2. Dr. Karanja Thiong'o
3. Yassin Haji Hussein
4. Nyawira O. Njeru
5. Nene Nzyuko
6. Kennedy Odera
7. Joshua L. Angelei
8. Martin Gumo
9. Dr. Emily Kogos
10. Erastus Kimuri

11. Andrew Muriuki
12. Salim Chingabwi
13. Dr. Brigid Monda
14. Ahmed S.A. Hashi
15. Nazir G. Yusuf
16. Mary Ngeny
17. Mohamed Adan
18. Edward Ngigi

The Standards Approval Committee (SAC) is one of the sub-committees of the NSC. Membership of the committee is drawn from members with experience with standards, consumer issues and industry. The MD is a member of this committee. The committee meets on a quarterly basis unless there are urgent standards that need to be recommended for approval. During the period ended 30th June 2014, the committee held 3 meetings. The key responsibility of the committee is to recommend to the NSC final draft standards for approval as Kenya Standards. Before recommendation the committee interrogates the final draft standards to ensure:-

a) Due process is followed in the development, harmonization and adoption of the standards.
b) All key stakeholders are involved in the development process - these include Regulators, users of the standards, manufacturers, research institutions, academia etc.
c) The standards support the economic development of the country, and;
d) The standards ensure the protection of the environment and consumers and also the health and Safety of citizens.

STAFF & GENERAL PURPOSE COMMITTEE

Members:

1. Salim Chingabwi - Chairman
2. Nyawira O. Njeru
3. Joshua L. Angelei
4. Dr. Emily Kogos
5. Yassin Haji Hussein
6. Erastus Kimuri
7. Mary Ngeny

The Staff & General Purpose Committee of the council held 1 regular and 12 special committee meetings. The key responsibilities of the committee includes:-

a) Review and recommend to the Council all KEBS human resource policies relating to terms and conditions of service of employees.
b) Oversee the implementation by management of all approved human resource policies and procedures.
c) Advice the Council on the criteria for identifying, recruiting, and appointment of managerial staff
d) Handle management reports on performance management system, compensation guidelines and recommend to the NSC for approval.
e) Handle discipline cases and make recommendations to the Council for appropriate action.

VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

KEBS Corporate Social Responsibility (CSR) is aimed at causing a positive impact on the society; it reflects the expectations of the society within the organizations sphere at a particular time. The main objective of KEBS CSR is to maximize its contribution for sustainable development.

CSR and community based activities are part of KEBS procedure for marketing management. This is also mirrored in the Strategic Marketing Plan 2012 – 2017 which states that KEBS will sponsor worthy causes involving women, youth and physically challenged.

In the financial year 2013/14 KEBS undertook the activities below as per the approved vetting procedures and CSR criteria for sponsorship.

1. Kenya Paraplegic Organization
2. First Lady's Marathon
3. Freedom from Hunger

VIII. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2014 which show the state of the Kenya Bureau of Standards affairs.

Principal activities.

The principal activities of the Kenya Bureau of Standards are as follows:-

- Promoting Standardization in commerce and industry.
- Providing testing and calibration Services
- Controlling the use of standardization marks.
- Educating stakeholders and clients on standardization.
- Facilitating the implementation and practical application of standards and
- Maintaining and disseminating International System of Units (SI) of measurement.

Results

The results of the Kenya Bureau of Standards for the year ended June 30, 2014 are set out on page 1.

Directors

The members of the Board of Directors who served during the year are shown on pages iv - ix.

Auditors

The Auditor General is responsible for the statutory audit of the Kenya Bureau of Standards in accordance with the Public Finance Management (PFM) Act, 2012.

By Order of the Board

Charles Ongwae,
Managing Director,
Kenya Bureau of Standards.

Date: 21/05/2015

IX. STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITY ON THE FINANCIAL STATEMENTS

The Standards Act requires the National Standards Council to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of Kenya Bureau of Standards as at the end of each financial year, and its surplus or deficit for that year. It also requires the Council to ensure that KEBS keeps proper accounting records, which disclose with reasonable accuracy the financial position of the KEBS. The Council is also responsible for safeguarding the assets of the Bureau.

The Council accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards and the requirements of the Standards Act. The Council is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Bureau as at 30th June 2014 and its surplus for the year then ended. The Council further accepts responsibility for the maintenance of accounting records, which may be relied upon in the preparation of the financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Council to indicate that KEBS 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 Kebs financial statements were approved by the Board on 24th September, 2014 and signed on its behalf by:-

Chairman,
LUCAS MAITHA.

Managing Director,
CHARLES CHARLES .

REPUBLIC OF KENYA

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

P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON KENYA BUREAU OF STANDARDS FOR THE YEAR ENDED 30 JUNE 2014

REPORT ON THE FINANCIAL STATEMENTS

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

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards and for such 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.

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

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15 of the Public Audit Act, 2003 and submit the report in compliance with Article 229(7) of the Constitution of Kenya. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bureau's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

1. Trade and Other Receivables

As reported in 2012/2013, trade and other receivables' balance of Kshs.177,937,482 as at 30 June 2014, includes long outstanding debts of Kshs.17,500,000 owed by a law firm (under receivership) in respect of a payment made to the firm for purchase of land in Donholm, Nairobi. Although the transaction later turned out to be fraudulent, recovery of the money had not been made as at 30 June 2014. Further, the trade and other receivables' balance of Kshs.177,937,482 includes trade debtors totalling Kshs.59,956,770 and which have been long overdue. Further, prepayments amounting Kshs.2,697,529 were made to three firms for goods and services that were never supplied or rendered.

In the circumstances, it has not been possible to confirm the adequacy of the provision for bad and doubtful debts of Kshs.24,900,436 made in the financial statements and the accuracy and recoverability of trade and other receivables balance of Kshs.177,937,482 as at 30 June 2014.

2. Non- Current Assets

Available information indicates that it is the policy of the Bureau to value its assets after every five years. The last revaluation was done in 2012 by a local valuation firm which gave a value of property, plant and equipment at Kshs. 4,516,739,451 but was however not incorporated in the books of account thereby understating the amount reflected in the financial statements.

Consequently, it has not been possible to confirm that the property, plant and equipment balance of Kshs.1,792,986,323 as at 30 June 2014 is fairly stated.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Bureau as at 30 June2014, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Standards Act, Cap 496 of the Laws of Kenya.

Other Matter

Proposed Regional Offices and Laboratories Project in Mombasa

As reported in 2012/2013, the Bureau invited tender for construction of the proposed regional offices and laboratories project in Mombasa on 17 March, 2013. Preliminary expenses totalling Kshs.101,938,209 were paid for the proposed regional offices and laboratories project in Mombasa to various consultants.
Explanation and evidence obtained from the management indicated that the above consultants were picked from the list of prequalified consultants. However, neither the details on how these consultancy firms quoted, nor the criteria used on evaluation and selection were not produced for audit review. In addition, the amounts continue to be reflected as work in progress despite the fact that the contract was halted and the matter is under arbitration.

The circumstances, the procurement of the consultancy firms for the proposed regional office and laboratories project was not done in line with the Public Procurement and Disposal Act, 2005 and hence Kshs.101,938,209 paid to consultants was therefore irregular.

My opinion is not qualified with respect to the above matter.

Edward R.O. Ouko,CBS
AUDITOR-GENERAL

Nairobi

18 June 2015

KENYA BUREAU OF STANDARDS

X. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30th JUNE 2014.

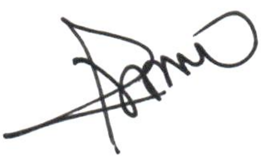
	Note	2013/2014 Kshs	2012/2013 Kshs
Revenue from non-exchange transactions	2		
Standards Levy		505,283,873	464,842,606
Gok Grant(QIF)		-	77,760,000
		505,283,873	**542,602,606**
Revenue from exchange transactions	2		
Inspection of Motor Vehicles		228,296,485	194,033,492
Laboratory Analysis Fees		47,059,497	41,674,098
Metrological Services Fees		63,526,387	55,133,894
Systems Certificatiion Fees		78,496,182	51,468,605
Seminar Fees		41,252,424	33,470,588
Product Certification Fees		39,812,317	35,636,089
Sale of Standards		7,546,680	10,506,148
Investment Income		102,526,050	113,304,415
Miscellaneous Income		2,658,252	12,456,206
PVOC Program		1,209,973,562	900,841,420
Certificate of Origin		8,590,445	10,326,211
Standardization Mark Fees		128,269,877	113,582,519
PVOC Royalties & Accreditation Fees		337,609,056	320,119,527
NQI membership fee		507,200	603,500
		2,296,124,414	**1,893,156,712**
Total revenue		**2,801,408,287**	**2,435,759,317**
Expenses			
Staff Costs	3	1,547,953,904	1,459,191,144
Administration Expenses	4	332,986,594	400,263,412
Board Expenses	5	46,837,178	50,954,532
Financial & Insurance Expenses	6	20,822,442	21,649,258
Project Consultancy Expenses	7	63,129,637	43,444,758
Technical Expenses	8	98,445,127	104,594,576
Maintenance Expenses	9	38,326,846	55,207,928
Travelling & Subsistence Expenses	10	142,877,316	179,521,980
Depreciation and amortization expense	11	146,191,173	163,093,798
Total expenses		**2,437,570,217**	**2,477,921,387**
Other gains/(losses)			
Gain/Loss on Disposal	19	87,033	(531,651)
Surplus before tax		**363,925,103**	**(42,693,720)**
Taxation		-	-
Surplus for the period		**363,925,103**	**(42,693,720)**

KENYA BUREAU OF STANDARDS

XI. STATEMENT OF FINANCIAL POSITION AS AT 30th JUNE 2014

	Note	2013-2014 Kshs	2012-2013 Kshs
Assets			
Current assets			
Cash and cash equivalents	12	1,735,468,462	1,285,607,327
Receivables from exchange transactions	13	177,937,482	202,687,261
Receivables from non-exchange transactions	14	30,000,000	28,563,732
Inventories	15	99,674,300	89,720,267
		2,043,080,244	**1,606,578,587**
Non-current assets			
Property, plant and equipment		1,792,986,323	1,804,047,481
Intangible Assets	20	36,500,114	48,454,687
		1,829,486,437	**1,852,502,168**
Total assets		**3,872,566,681**	**3,459,080,755**
Current liabilities			
Trade and other payables	16	177,160,472	127,599,649
		177,160,472	**127,599,649**
Total liabilities		**177,160,472**	**127,599,649**
Net assets			
Capital Grant	17	842,069,883	842,069,883
Revaluation Reserve		990,156,591	990,156,591
Revenue Reserve		1,863,179,734	1,499,254,631
		3,695,406,209	**3,331,481,105**
Total net assets and liabilities		**3,872,566,681**	**3,459,080,755**

The Financial Statements set out on pages 1 to 14 were signed on behalf of the National Standards Council by:



MANAGING DIRECTOR,
CHARLES ONGWAE.

Date 21/05/2015

CHAIRMAN,
LUCAS MAITHA.

Date 21/05/2015

KENYA BUREAU OF STANDARDS

XII. STATEMENT OF CHANGES IN NET ASSETS
For the year ended 30 June 2014

	Capital Grant	Reserves Revaluation Reserve	Revenue Resserve	Total
	Kshs	Kshs	Kshs	Kshs
Balance as at 30 June 2012	**782,831,128**	**992,406,591**	**1,541,948,351**	**3,317,186,071**
Surplus/(deficit) for the period			(42,693,720)	(42,693,720)
TMEA & Time Electronics	59,238,755			59,238,755
Revaluation on Disposal		(2,250,000)		(2,250,000)
Balance as at 30 June 2013	**842,069,883**	**990,156,591**	**1,499,254,631**	**3,331,481,105**
Surplus for the period			363,925,103	363,925,103
Balance as at 30 June 2014	**842,069,883**	**990,156,591**	**1,863,179,734**	**3,695,406,208**

KENYA BUREAU OF STANDARDS

XIII. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2014

	Note	2013-2014 Kshs	2012-2013 Kshs
Net cash flows from operating activities	18	**572,949,544**	**143,176,723**
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(123,373,409)	(531,114,430)
Proceeds from sale of property, plant and equipment		285,000	2,289,391
Net cash flows used in investing activities		**(123,088,409)**	**(528,825,039)**
Cash flows from financing activities			
Increase in deposits		-	59,238,755
Net cash flows used in financing activities		**-**	**59,238,755**
Net increase/(decrease) in cash and cash equivalents		**449,861,135**	**(326,409,561)**
Cash and cash equivalents at 1 JULY		1,285,607,328	1,612,016,888
Cash and cash equivalents at 30 JUNE		**1,735,468,462**	**1,285,607,328**

KENYA BUREAU OF STANDARDS

XIV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2013-2014 Kshs '000	2013-2014 Kshs '000	2013-2014 Kshs '000	2013-2014 Kshs '000	2013-2014 Kshs '000
Revenue					
Standards Levy	490,240	5,500	495,740	505,284	9,544
Inspection of Motor Vehicles	160,000	40,000	200,000	228,296	28,296
Laboratory Analysis Fees	80,620	(11,400)	69,220	47,059	(22,161)
Metrological Services Fees	84,500	0	84,500	63,526	(20,974)
Systems Certificatiion Fees	58,400	4,200	62,600	78,496	15,896
Seminar Fees	46,600	-	46,600	41,252	(5,348)
Product Certification	37,000	3,485	40,485	39,812	(673)
Sale of Standards	16,560	134	16,694	7,547	(9,147)
Investment Income	66,500	18,500	85,000	102,526	17,526
Miscellaneous Income	17,098	(198)	16,900	2,658	(14,242)
PVOC Program	1,003,695	73,112	1,076,807	1,209,974	133,167
Certificate of Origin	11,000	0	11,000	8,590	(2,410)
Standardization Mark	111,800	5,035	116,835	128,270	11,435
PVOC Royalties & Accreditation Fees	320,000	0	320,000	337,609	17,609
NQI membership fee	2,000	0	2,000	507	(1,493)
Petroleum Inspection	60,000	(60,000)	-	-	-
Gain / (Loss)on Disposal				87	(87)
Total income	**2,566,013**	**78,368**	**2,644,381**	**2,801,495**	**156,941**
Expenses					
Staff Costs	1,526,967	15,715	1,542,682	1,547,954	(5,272)
Administration Expenses	393,987	37,575	431,563	332,987	98,576
Board Expenses	35,000	10,000	45,000	46,837	(1,837)
Financial & Insurance Expenses	132,530	0	132,530	20,822	111,708
Project Consultancy Expenses	36,600	3,700	40,300	63,130	(22,830)
Technical Expenses	122,620	9,540	132,160	98,445	33,715
Maintenance Expenses	44,482	7,641	52,123	38,327	13,796
Travelling & Subsistence Expenses	160,855	13,846	174,701	142,877	31,824
Depreciation and amortization expense				146,191	(146,191)
Total expenditure	**2,453,041**	**98,018**	**2,551,059**	**2,437,570**	**113,488**
Surplus for the period	**112,972**	**- 19,650**	**93,322**	**363,925**	**43,453**

XV. NOTES TO THE FINANCIAL STATEMENTS.

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

The Kenya Bureau of Standards financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Kenya Bureau of Standards. The accounting policies have been applied as per IPSAS in the year under review.

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

2. Summary of significant accounting policies

a) Revenue recognition

i) Revenue from non-exchange transactions – IPSAS 23
Levy Fees
Kenya Bureau of standards recognises revenues from Levy fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognised instead of revenue. Other non-exchange revenue are recognised when it is probable that the future economic benefits or service potential associated with the asset will flow to the KEBS and the fair value of the asset can be measured reliably.

ii) Revenue from exchange transactions – IPSAS 9
Rendering of services
Revenue from rendering of services is recognised 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.

b) Budget information – IPSAS 24
The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of KEBS.

c) Property, Plant and Equipment – IPSAS 17

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, such parts are recognised as individual assets with specific useful lives and depreciated accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

d) Intangible assets – IPSAS 31

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

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

e) Inventories – IPSAS 12

Inventories are stated at lower of cost and net realisable value. Cost is determined on First In First Out (FIFO) method.

f) Provisions – IPSAS 19

Provisions are recognized when the Kenya Bureau of Standards 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.

Contingent liabilities

Contingent liabilities are not recognised, but details disclosed 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.

g) Nature and purpose of reserves

Reserves are created and maintained in terms of specific requirements.

i) Changes in accounting policies and estimates – IPSAS 3

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

j) Employee benefits – IPSAS 25
Retirement benefit plans
The Kenya Bureau of Standards provides retirement benefits for its employees. Defined contribution plans are post employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

k) 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 National Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers which were not surrendered or accounted for at the end of the financial year.

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

m) Subsequent events – IPSAS 14
There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2014.

3.Staff Costs

	2013/2014	2012/2013
	Shs	Shs
Basic Salary	818,665,518	738,444,784
House Allowance	307,172,811	307,639,195
Medical Allowance	2,014,178	5,839,027
Medical Expenses		5,699,519
Commuter & Other Expenses	116,796,781	111,839,834
N.S.S.F Contributions	2,115,400	2,145,200
Gratuity and Pension Expenses	148,424,007	140,448,174
Transfer Allowance	5,348,939	3,192,563
Leave Allowance	37,034,278	33,807,169
Perfomance Management	8,903,850	8,361,955
Alcohol & Drug Prevention and HIV Program	3,437,188	3,005,079
Medical Insurance	98,040,954	98,768,645
Total Staff Costs	**1,547,953,904**	**1,459,191,144**

4. Administration Expenses

	2013/2014	2012/2013
	Shs	Shs
Transport Operating	13,897,446	13,452,223
Post and Delivery	6,210,085	6,049,524
Telephone	9,855,187	11,206,736
Tender Expenses	2,268,551	4,072,466
Electricity,Water and Conservancy	26,277,770	24,512,134
Fuel	19,896,329	16,922,973
Publishing and Printing	2,423,242	5,978,655
Purchase of Uniforms and Clothings	4,947,190	4,679,038
Library	3,630,329	5,740,021
Purchase of Stationery	19,146,741	26,918,474
Advertising and Publicity	22,998,662	50,519,158
Show and Exhibitions	7,226,955	6,095,758
Sports and Welfare	30,536,551	27,993,345
Rent and Rates	22,807,460	28,439,412
Hire of Transport	34,348	103,294
Staff Awards & Honoraria	7,829,774	12,000,709
Audit fees	580,000	579,999
Security	10,806,192	8,986,239
Subscriptions	15,119,976	7,383,141
Training	16,338,593	33,819,222
Seminar	22,719,326	46,632,288
Computer	62,938,738	55,316,160
World Standards and Metrology days	2,821,806	2,261,248
Provision for doubtful debts	1,675,344	601,194
Total Administration Expenses	**332,986,594**	**400,263,412**

5. Board Expenses

	2013/2014	2012/2013
	Shs	Shs
Conference,Committee and Board	46,837,178	50,954,532
Total Board Expenses	**46,837,178**	**50,954,532**

6. Financial & Insurance Expenses

	2013/2014 Shs	2012/2013 Shs
Financial Costs	3,252,877	2,293,474
Insurances	17,569,564	19,355,784
Total Finance & Insurance Expenses	**20,822,442**	**21,649,258**

7. Project & Consultancy Expenses

	2013/2014 Shs	2012/2013 Shs
Contracted Professional services	4,974,443	16,147,970
Legal Expenses	55,976,347	26,774,489
Research and Development in Metrology	2,178,847	522,300
Total Project & Consultancy Expenses	**63,129,637**	**43,444,758**

8. Technical Expenses

	2013/2014 Shs	2012/2013 Shs
Laboratory Material Chemicals & Reagants	42,694,658	41,368,751
Standards Enforcement	2,550,744	2,510,445
Certification Services	4,281,654	4,257,487
Standards Development	33,056,303	37,231,928
Accreditation Services	14,074,355	17,551,607
BIPM CMC Programme	504,803	-
Kenya National Committee of IEC	1,282,611	1,674,358
Total Technical Expenses	**98,445,127**	**104,594,576**

9. Maintenance Expenses

	2013/2014 Shs	2012/2013 Shs
Maintenance of Office Equipment	7,970,285	8,599,771
Maintenance of Physical Standards	6,484,882	10,411,758
Maintenance of Building	14,661,342	25,181,365
Civil & Engineering Alteration	9,210,337	11,015,034
Total Maintenance Expenses	**38,326,846**	**55,207,928**

10. Travelling & Accomodation Expenses

	2013/2014 Shs	2012/2013 Shs
Local Travelling and Accomodation	77,472,787	91,444,552
External Travelling	65,404,529	88,077,428
Total Travelling & Accomdation Expenses	**142,877,316**	**179,521,980**

11. Depreciation and amortization expense

	2013/2014	2012/2013
	Shs	Shs
Property, plant and equipment	130,548,267	142,327,504
Intangible Assets	15,642,906	20,766,295
Total depreciation and amortization	**146,191,173**	**163,093,798**

12. Cash and cash equivalents

	2013/2014	2012/2013
	Shs	Shs
Bank	223,760,144	43,729,770
Cash-on-hand	1,345,088	1,107,072
Short-term deposits	1,510,363,230	1,240,770,485
Total cash and cash equivalents	**1,735,468,462**	**1,285,607,327**

13. Receivables from exchange transactions

	2013/2014	2012/2013
Current receivables	Shs	Shs
Trade Debtors	140,450,992	142,172,622
Makhecha & Company Advocates	17,500,000	17,500,000
Prepayments	2,697,529	2,697,529
Staff Advances	8,268,166	6,248,915
Miscelleneous Debtors	1,585,822	1,585,822
NBK-Interest receivable	13,717,711	9,602,681
Provision for doubtful debts	(24,900,436)	(23,225,092)
Kenas	4,229,475	4,229,475
Prepayments (Assets)		41,139,991
Prepaid Rent		735,318
Accrued Income (Courier)	5,375,410	-
Prepayments (Medical)	8,912,814	-
Prepayments (Union)	100,000	-
Total current receivables	**177,937,482**	**202,687,261**

14. Receivables from non-exchange contracts

Current receivables	2013/2014	2012/2013
	Shs	Shs
Kenya Revenue Authority	30,000,000	28,563,732
Total current receivables	**30,000,000**	**28,563,732**

15. Inventories

	2013/2014	2012/2013
	Shs	Shs
Stationery	10,430,587	7,319,922
Bio Chemical Stock	20,968,160	17,700,038
Standards Stock	66,802,544	62,416,592
Clinic Stock	49,426	166,678
Engineering Stock	1,055,271	1,981,792
Canteen Stock	368,312	135,245
Total inventories at the lower of cost and net realizable value	**99,674,300**	**89,720,267**

16. Trade and other payables from exchange transactions

	2013/2014	2012/2013
	Shs	Shs
General Trade Creditors	77,663,218	53,097,758
Library Deposits	93,600	93,600
Staff Deductions Payable	78,652,796	72,461,682
Audit Fees Payable	580,000	580,000
Advance Rental Income	1,366,610	1,366,610
Accrued Liability	18,804,248	-
Total trade and other payables	**177,160,472**	**127,599,649**

17. Grants

	2013/2014	2012/2013
	Shs	Shs
International Atomic Energy Agency	49,162,428	49,162,428
Kenya Government Grant	612,776,307	612,776,307
W. Germany Government Grant	64,921,147	64,921,147
World Trade Organisation Grant	899,479	899,479
World Bank Grant	39,722,771	39,722,771
Intertek	1,809,742	1,809,742
UNIDO	13,539,254	13,539,254
Trade Mark East Africa	58,910,057	58,910,057
Time Electronics	328,699	328,699
Total Grants	**842,069,883**	**842,069,883**

18. Cash generated from operations

	2013/2014	2012/2013
	Shs	Shs
Surplus/(Deficit) for the year before tax	363,925,103	(42,693,720)
Adjusted for:		
Depreciation	130,548,267	142,327,504
Amortization	15,642,906	20,766,295
Revaluation on disposal	-	(2,250,000)
Gains and losses on disposal of assets	(87,033)	531,651
Working capital adjustments:		
Decrease/(Increase) In Inventories	(9,954,033)	(11,207,285)
Decrease/(Increase) In Receivables	23,313,511	(7,268,945)
Increase/(Decrease) In Payables	49,560,823	42,971,225
Net cash flows from operating activities	**572,949,544**	**143,176,723**

19. Gain on sale of assets

	2013/2014	2012/2013
	Shs	Shs
Property, plant and equipment	87,033	(531,651)
Total gain on sale of assets	**87,033**	**(531,651)**

20. Intangible assets - software

	2013/2014
	Shs
Cost	
At 1 July 2012	**75,072,045**
Additions	55,956,113
At 30 June 2013	**131,028,157**
Additions – internal development	-
At 30 June 2014	**131,028,157**
Amortization and impairment	
At 1 July 2012	**58,118,842**
Amortization	20,766,295
At 30 June 2013	**78,885,137**
Amortization	15,642,906
At 30 June 2014	**94,528,043**
Net book values	
At 30 June 2014	**36,500,114**
At 30 June 2013	**48,454,687**

25. Property, plant and equipment

	Leasedhold Land	Buildings	Work In Progress	Machinery Equipment & Furniture	Computers	Motor Vehicle	Total
Cost	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 1 July 2012	127,390,000	719,177,038	15,563,880	1,018,761,992	139,913,305	142,753,202	2,163,559,417
Additions	-	-	110,563,795	250,071,914	43,318,785	71,203,824	475,158,317
Disposals	-	-	-	-	-	(10,562,355)	(10,562,355)
Transfers/adjustments	-	-	(6,565,800)	-	-	6,565,800	-
At 30 June 2013	**127,390,000**	**719,177,038**	**119,561,875**	**1,268,833,906**	**183,232,090**	**209,960,471**	**2,628,155,379**
Additions	-	-	24,294,567	85,633,454	9,102,388	4,343,000	123,373,409
Disposals	-	-	-	-		(2,304,634)	(2,304,634)
Transfer/adjustments	-	-	-	-		-	-
At 30 June 2014	**127,390,000**	**719,177,038**	**143,856,442**	**1,354,467,360**	**192,334,478**	**211,998,836**	**2,749,224,154**
Depreciation and impairment							-
At 1 July 2012	-	46,350,676	-	476,506,365	85,311,871	85,041,131	693,210,042
Depreciation	-	6,080,053	-	79,232,754	30,482,566	26,532,131	142,327,504
Disposals	-	-	-	-		(7,741,313)	(7,741,313)
At 30 June 2013	-	**52,430,729**	-	**555,739,119**	**115,794,436**	**103,831,948**	**827,796,232**
Depreciation	-	6,080,053	-	79,872,824	22,962,012	21,633,378	130,548,267
Disposals	-	-	-	-		(2,106,668)	(2,106,668)
At 30 June 2014	-	**58,510,782**	-	**635,611,943**	**138,756,449**	**123,358,658**	**956,237,832**
Net book values							-
At 30 June 2014	**127,390,000**	**660,666,256**	**143,856,442**	**718,855,417**	**53,578,029**	**88,640,179**	**1,792,986,323**
At 30 June 2013	**127,390,000**	**666,746,309**	**119,561,875**	**713,094,787**	**71,125,987**	**106,128,523**	**1,804,047,481**