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THE AUDITOR-GENERAL

ON

KENYA BUREAU OF STANDARDS (KEBS)

FOR THE YEAR ENDED
30 JUNE, 2024



OFFICE OF THE AUDITOR GENERAL
P.O. Box 30084 - 00100, NAIROBI
REGISTRY

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KENYA BUREAU OF STANDARDS

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2024

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

Table of Contents	Page
1. ACRONYMS AND DEFINITION OF KEY TERMS	iii
2. KEY ENTITY INFORMATION AND MANAGEMENT	vii
3. THE NATIONAL STANDARDS COUNCIL (NSC)	xi
4. KEY MANAGEMENT TEAM.....	xv
5. CHAIRMAN'S STATEMENT.....	xix
5. REPORT OF THE MANAGING DIRECTOR	xxii
6. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2023/24	xxiv
7. CORPORATE GOVERNANCE STATEMENT	xxvii
8. MANAGEMENT DISCUSSION AND ANALYSIS	xxxix
9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING	xxxix
10. REPORT OF THE DIRECTORS	xlvi
11. STATEMENT OF DIRECTORS' RESPONSIBILITIES.....	xlvi
12. REPORT OF THE INDEPENDENT AUDITOR FOR THE KENYA BUREAU OF STANDARDS	i
13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024.....	1
14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024	2
15. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2024	3
16. STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2024	4
17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024.....	5
18. NOTES TO THE FINANCIAL STATEMENTS.....	6
Appendix 1: Implementation Status of Auditor-General's Recommendations	28

1. ACRONYMS AND DEFINITION OF KEY TERMS

A. ACRONYMS

ABMS	Anti- Bribery Management System
ACCA	Association of Chartered Certified Accountants
AGPO	Access to Government Procurement Opportunities
AfCFTA	African Continental Free Trade Area
ARSO	African Organization for Standardization
BBA	Bachelor of Business Administration
BCom	Bachelor of Commerce
BCMS	Business Continuity Management System
BIPM	Bureau International des Poids et Mesures
BSC	Bachelor of Science
BSI	British Standards Institution
CB	Certification Body
CEO	Chief Executive Officer
CFA	Certified Financial Analyst
CIPS	Chartered Institute of Purchasing and Supplies
CMC	Calibration and Measurement Capability
COMESA	Common Market for Eastern and Southern Africa
CPA	Certified Public Accountant
CPA (K)	Certified Public Accountant, Kenya
CPS	Certified Public Secretary
CPS (K)	Certified Public Secretary, Kenya
CSR	Corporate Social Responsibility
DI	Destination Inspection
EA	East Africa
EAC	East African Community
EBK	Engineers Board of Kenya
EGMS	Excisable Goods Management System
EHS	Environment, Health & Safety
ESAMI	Eastern and Southern African Management Institute
FAO	Food and Agriculture Organization
FKE	Federation of Kenya Employers
FY	Financial Year
IIA	Institute of Internal Auditors

ICPSK	Institute of Certified Public Secretaries of Kenya
IFC	International Finance Corporation
IEC	International Electro technical Commission
ISACA	Information Systems Audit and Control Association
ISO	International Organization for Standardization
IEK	Institution of Engineers of Kenya
ISMS	Information Security Management System
JKUAT	Jomo Kenyatta University of Agriculture and Technology
KASIB	Kenya Association of Stockbrokers and Investment Banks
KEBS	Kenya Bureau of Standards
KENAS	Kenya Accreditation Services
KFS	Kenya Forest Services
KEPSA	Kenya Private Sector Alliance
KENTRADE	Kenya Trade Network Agency
KPI	Key Performance Indicator
MBA	Master's in Business Administration
MD	Managing Director
MSC	Master of Science
MSME	Micro Small and Medium Enterprises
MTP	Medium Term Plan
NEMA	National Environment Management Authority
NMI	National Metrology Institute
NQI	National Quality Institute
NRL	National Research Laboratory
NSC	National Standards Council
OSHA	Occupational Safety and Health Act
PC	Performance Contract
PVoC	Pre-Export Verification of Conformity
PPADA	Public Procurement and Asset Disposal Act
PPADR	Public Procurement and Asset Disposal Resolution
RVA	Raad Voor Accreditatie (Dutch Accreditation Council)
SCAC	State Corporations Advisory Committee
SMCA	Standards, Metrology and Conformity Assessment
SDGs	Sustainable Development Goals

SME	Small and Medium Enterprise
SO	Strategic Objective
TAT	Turn Around Time
TBT	Technical Barriers to Trade
TQM	Total Quality Management
UK	United Kingdom
UNIDO	United Nations Industrial Development Organization
USAID	United States Agency for International Development
WHO	World Health Organization
WTO	World Trade Organization
DOSH	Directorate of Occupational Safety and Health
CSI	Corporate Social Investment
KNEC	Kenya National Examination Council
NHIF	National Hospital Insurance Fund

B. DEFINITION OF KEY TERMS

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

Comparative Year - Means the prior period.

Cash Flow - The sum of cash flow arising from operating activities and cash flow arising from investing activities. Also referred to as cash flow before financing activities.

Working capital - Inventories plus trade accounts receivable less trade accounts payable. It does not include receivables from and liabilities to related parties or sale of trade accounts receivable.

Books of account - These are the books that must be kept by a business or organisation to record its financial transactions accurately.

Capital commitment - These are the agreed and contracted for amounts, before the end of the financial year, to be spent after the end of the accounting period on buying of fixed assets.

Contingent liability - This is money which might be owed to an entity if a particular event happens.

Current assets - These are short-term assets which are constantly changing in value, such as stocks, debtors and bank balances and can easily be converted into cash.

Current liabilities - These are short-term liabilities which are due to be paid in less than one year, such as bank overdrafts, money owed to suppliers and employees.

Depreciation - This is the drop in value of an asset due to wear and tear, age and obsolescence as recorded in an organisation's financial records.

Domiciled - This is the permanent location in which the business is based in a country.

Fixed Asset - This is an asset whose intended use exceeds more than one year like motor vehicle, buildings and machinery.

Financial statement - This is a statement which includes the annual accounts, directors' reports and the environmental sustainability report.

Financial year - This is the period covered by a set of annual financial statements running from 1st July to 30th June.

Intangible assets - These are assets that is not physical in nature including information, goodwill, patent rights, intellectual property, and software.

Related party - This is a person, group of persons or an organisation, which controls or can significantly influence the business operations and policies.

Retained earnings - These are those profits/surpluses earned by a business which have not yet been utilized

2. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Kenya Bureau of Standards (KEBS) is a state corporation domiciled in Kenya and established under the Standards Act (Cap.496) of the Laws of Kenya in July 1974. The Standards Act defines the functions of KEBS and provides for its management and control.

KEBS has remained the premier government agency for the provision of Standards, Metrology and Conformity Assessment (SMCA) services since its inception. Over that period its main activities have grown from the development of standards and quality control for a limited number of locally manufactured products in the 1970s to the provision of more comprehensive Standards development, Metrology, Conformity Assessment, Training and Certification services. With the re-establishment of the East African Community (EAC) and Common Market for Eastern and Southern Africa (COMESA), KEBS activities now include participation in the development, harmonization and implementation of SMCA activities at the regional and African level. KEBS is an active member of the Africa Organization for Standardization (ARSO) and other international standards bodies such as ISO, IEC, BIPM and Codex Alimentarius. KEBS operates the National Enquiry Point in support of the WTO Agreements on Technical Barriers to Trade (TBT) and facilitates trade in accordance with the Common Market for Eastern and Southern Africa (COMESA) treaty.

KEBS is governed by the KEBS Board of Directors also known as the National Standards Council (NSC). The NSC is the policy-making body for supervising and controlling the administration and financial management of the Bureau. The Managing Director is the Chief Executive responsible for the day-to-day administration of the Bureau within the broad guidelines formulated by the NSC.

KEBS is structured into seven Directorates namely: -

- Quality Assurance and Inspection
- Market Surveillance
- Metrology and Testing
- Standards Development and Trade
- Finance and Strategy
- Human Resource and Administration
- Legal Services

KEBS operates regional offices in Mombasa, Kisumu, Eldoret, Nakuru, Nyeri and Garissa to bring services closer to the public.

(b) Principal Activities

i. KEBS Mandate

The functions of KEBS as mandated by the Standards Act, Chapter 496 of the Laws of Kenya are *inter alia*:

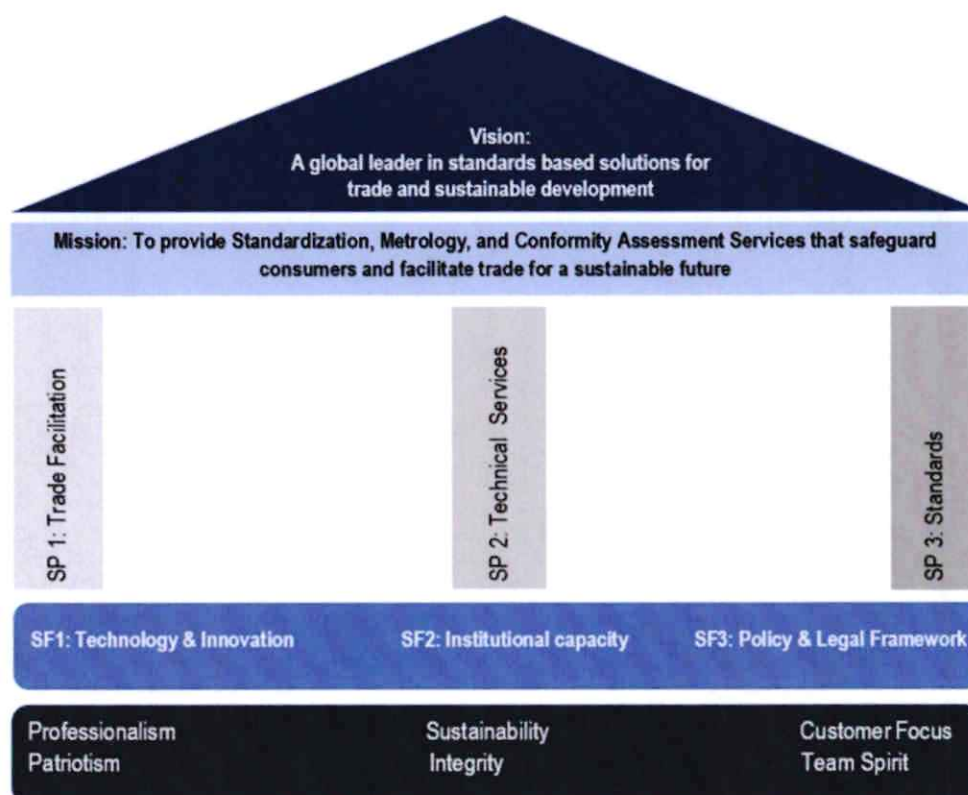
- a) To promote standardization in industry and commerce.
- b) To make arrangements or provide facilities for the testing and calibration of precision instruments, gauges and scientific apparatus, for the determination of their degree of accuracy by comparison with standards approved by the Minister on the recommendation of the Council, and for the issue of certificates in regard thereto;
- c) To make arrangements or provide facilities for the examination and testing of commodities and any material or substance from or with which and the manner in which they may be manufactured, produced, processed or treated.

- d) To control, in accordance with the provisions of this Act, the use of standardization marks and distinctive marks;
- e) To prepare, frame, modify or amend specifications and codes of practice.
- f) To encourage or undertake educational work in connection with standardization.
- g) To assist the Government or any local authority or other public body or any other person in the preparation and framing of any specifications or codes of practice;
- h) To provide for co-operation with the Government or the representatives of any industry or with any local authority or other public body or any other person, with a view to securing the adoption and practical application of standards.
- i) To provide for the testing at the request of the Minister, and on behalf of the Government, of locally manufactured and imported commodities with a view to determining whether such commodities comply with the provisions of this Act or any other law dealing with standards of quality or description.

ii. KEBS Strategic Direction

KEBS is in the process of implementing a five-year strategic plan. The 2023-2027 Strategic Plan defines the strategic direction that KEBS will pursue to achieve its goals and objectives more efficiently in the dynamic environment in which it operates and overcome threats from the external environment. In the 2023-2027 strategic period, KEBS strategic focus is anchored on three strategic pillars (Trade Facilitation, Technical Services, Standards) and three strategic foundations (Technology and Innovation, Institutional Capacity and Policy and Legal Framework.).

Figure 1: KEBS Strategic Direction



(c) Key Management

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

No.	Designation	Name
1.	National Standards Council	NSC
2.	Managing Director	Esther Ngari
3.	Director Human Resource & Administration	Chriss Kibett
4.	Acting Director Standards Development & Trade	Zacharia Lukorito
5.	Director Quality Assurance & Inspection	Dr. Geoffrey Muriira
6.	Director Market Surveillance	Peter Kaigwara
7.	Director Metrology & Testing Services	Dr. Henry Kibet Rotich
8.	Director Legal Services & Corporate Secretary	Miriam Boit Kahiro

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility are as listed in Table 1:

Table 1: Key Management Personnel

No.	Designation	Name
1.	National Standards Council	NSC
2.	Managing Director	Esther Ngari
3.	Director Human Resource & Administration	Chriss Kibett
4.	Acting Director Standards Development & Trade	Zacharia Lukorito
5.	Director Quality Assurance & Inspection	Dr. Geoffrey Muriira
6.	Director Market Surveillance	Peter Kaigwara
7.	Director Metrology & Testing Services	Dr. Henry Kibet Rotich
8.	Director Legal Services & Corporate Secretary	Miriam Boit Kahiro
9.	Head of Finance	Solomon Naiguta
10.	Head of Audit & Risk	Eric Kirubi
11.	Head of Procurement	Jane Ndinya
12.	Head of Planning and Strategy	Samson Butichi

(e) Fiduciary Oversight Arrangements

The NSC is the governing body that is responsible for overseeing KEBS operations. In discharging its duties, the NSC delegates the decision-making process to various NSC committees. The deliberations and resolutions of the NSC are implemented by the management. During the financial year ended 30th June 2024, the NSC consisted of eleven (11) members including the Chairman, Managing Director and the Corporation Secretary. The NSC had four (4) committees namely Standards Appraisal Committee, Technical Trade and Permits Approval Committee, Audit and Risk Committee, Finance, Staff and General-Purpose 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
Mobile: 0722 202137 or 0734 600 471/2
Toll Free Line: 1545
E-mail: info@kebs.org
Website: www.kebs.org

(h) KEBS Bankers

1. National Bank of Kenya Limited

National Bank Building
Harambee Avenue
P. O. Box 72866-00200
Nairobi – Kenya

2. Co-operative Bank of Kenya Limited

Co-operative Bank House
Haile Selassie Avenue
P. O. Box 48231 – 00100
Nairobi – Kenya

3. Kenya Commercial Bank Limited

KCB Towers
Kenya Road, Upper Hill
P. O. Box 48400-00100
Nairobi – Kenya

(i) Independent Auditors

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

4. Principal Legal Adviser

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

3. THE NATIONAL STANDARDS COUNCIL (NSC)

Ref	Directors	Details
1.	 Anthony M Munyiri-Chairman DOB: 25th March 1971	Mr. Anthony M. Munyiri has 30 years' experience in the Securities and Investment Industry. He holds a Bachelor of Arts degree, a Master of Arts degree in Management, and a Master of Business Administration degree. He has also undergone an Advanced Management Program at Strathmore & IESE Business Schools, Nairobi & Barcelona, Spain. He is currently pursuing a Doctor of Education degree in Leadership from Saint Mary's University of Minnesota. Mr. Munyiri is a member of the Kenya Association of Stockbrokers and Investment Banks (KASIB), Institute of Certified Investment and Financial Analysts and Institute of Directors (Kenya). He has served as the Chairman, National Social Security Fund Board of Trustees, Chief Executive Officer at Globe Tec Asset Managers Limited – (Licensed by Capital Markets Authority), Chief Executive Officer at Securities Africa Kenya Limited - (Member, Nairobi Securities Exchange), Associate Director at Standard Investment Bank among others. He was appointed to the National Standards Council on 15th March 2024.
2.	 Esther Njeri Ngari - Managing Director and Secretary to the Council DOB: 30th September 1973	Esther is the Managing Director of Kenya Bureau of Standards (KEBS). Prior to this role, she served as the Director, Standards Development and International Trade at KEBS for over four (4) years. She holds a Master of Business Administration from JKUAT and a bachelor's degree in Dairy Science and Food Technology from Egerton University. She has completed additional studies in Agribusiness, Value Chain Analysis and Development from the University of Queensland, Australia. Furthermore, she holds a Professional Diploma in Supply Chain Management by Chartered Institute of Purchasing and Supplies (CIPS) United Kingdom. She is trained by Boston Institute in Performance Contracting and Management. Esther is a certified Lead Auditor for Food Safety Management Systems, Quality Management Systems and Environmental Management Systems. Esther is also trained in Strategic Leadership Development Program.

3.	 Musa Osman - Board Member DOB: 17th April 1985	Director Musa Osman holds a Bachelor of Business Administration degree and is currently pursuing a Bachelor of Arts degree in Political Science and Public Administration at the University of Nairobi. He has served as the Managing Director, Pinnie Agency Ltd, a construction company specializing in delivery of construction projects. He was the Finance Manager, Olchoro Communications Limited and a Human Resource of Difawa Investments He Joined the NSC on 24th November 2023 and is the chair of the Finance Staff and General-Purpose Committee.
4.	 Stephen Kipkosgei Yego - Board member DOB: 15th September, 1969	Director Stephen Yego holds a Master's in Business Administration in Strategic Management and a Bachelor of Arts (Anthropology & Economics) from University of Nairobi. He has served as the Managing Director at Tarzan Limited, Senior Operations and Compliance Officer at the National Hospital Insurance Fund, Administration Manager at Phylnets Communication Ltd and Kenya National Examination Council (KNEC). He Joined the NSC on 24th February 2023.
5.	 Patricia Okune – Board Member DOB: 1st September 1962	Director Patricia Okune holds a Master of Science in Environmental Biology, Bachelor's degree in Education - science, a diploma in Education management, a Diploma in Science Education and a certificate course in guidance and counselling. She previously worked as a Senior Principal at Lwanda Kawuor Mixed Secondary School and deputy Principal at Rapedhi Mixed Secondary school. She Joined the NSC on 24th February 2023. She is the chair of the Audit and risk Committee

6.	 Francis Karu Kuria - Board Member DOB: 20th November 1962	Director Francis Kuria holds a Diploma in mechanical Engineering from Kenya Polytechnic and is a CPA holder from Graphins College Nairobi. He has served as the Managing Director, Karu Engineering Services and a Workshop Manager at Thika Motor Dealers. He has also served as a Board Member in Thika Girls Kiribaribi and Chania Boys High School. He joined the NSC on 24th February 2023. He is the chair of Standards Appraisal Committee.
7.	 Grace Nyabonyi Momanyi - Board Member DOB: 4th May 1987	Director Momanyi Nyabonyi holds a Bachelor of Law Degree from University of Nairobi and a post Graduate diploma in Law from the Kenya School of Law. She is a Certified Secretary of Kenya (CPSK) and an accredited Governance Auditor by the Institute of Certified Secretaries of Kenya. Director Momanyi is the Managing Partner of Morayo Advocates LLP and collaborates with the Institute of Certified Secretaries and the Kenya School of Law to facilitate workshops and trainings in Corporate Governance as well as undertaking Governance Audits. She joined the NSC on 24th February 2023.
8.	 John Kaggieh Njera -Board Member DOB: 2nd July 1967	Director John Njera is currently the Director of Planning, Macro and Fiscal Affairs Department at the National Treasury. He was appointed as the alternate member of the Principal Secretary, National Treasury on 7th February 2023.

9.	 Nimo Omar Haji - Board Member DOB: 1st January 1981.	Director Nimo Haji holds a Bachelor of Arts in Business and Administration and a diploma in Business Administration from Mount Kenya University. She has served as the General Manager Strategy and Shared services at Ruffino Consulting & Investment Co. Limited. She previously worked as the Chief Executive officer at Alert Guard Services Limited, Accounts Manager at Llyode and also worked for the County assembly - Nairobi County. She Joined the NSC on 9th June 2023.
10.	 Eng. Kennedy Wabwile Simiyu - Board Member DOB 5th July 1973	Director Eng. Kennedy Wabwile holds a Master of Science in Mechanical Engineering, Industrial Engineering & Management option and a Bachelor of Science in Mechanical Engineering from the University of Nairobi. He has a Certificate in computer proficiency, Computer Aided Design and Manufacturing and Training of Trainers by Modern Management institute, Nairobi. He's currently acting Director - Kenya Industrial Training Institute, previously worked as a Deputy Director of Industries in the Ministry of Investment, Trade and industry, and Head of Secretariat for Scrap Metal Council. He joined the NSC on 26th January 2023, and is the alternate to the Principal Secretary, State Department for Industry.
11.	 Miriam Boit Kahiro - Corporation Secretary DOB: 12th April 1984	Director Miriam Boit-Kahiro holds a Master's Degree (LLM) in International Corporate Governance & Financial Regulation from the University of Warwick, United Kingdom and a Bachelor's Degree in Law from Moi University. She is an Advocate of the High Court of Kenya, a Commissioner for Oaths and a Certified Secretary of Kenya. She is a member of both the Law Society of Kenya and the Institute of Certified Secretaries of Kenya. She has legal experience spanning over 15 years with expertise in the fields of Capital Markets, Public Sector Regulatory Affairs and Corporate Governance.

4. KEY MANAGEMENT TEAM

	Management	Details
1.	 Esther Ngari Managing Director	Esther is the Managing Director of Kenya Bureau of Standards (KEBS). Prior to this role, she served as the Director, Standards Development and International Trade at KEBS for over four (4) years. She holds a Master of Business Administration from JKUAT and a Bachelor's Degree in Dairy Science and Food Technology from Egerton University. She has completed additional studies in Agribusiness, Value Chain Analysis and Development from the University of Queensland, Australia. Furthermore, she holds a Professional Diploma in Supply Chain Management by Chartered Institute of Purchasing and Supplies (CIPS) United Kingdom. She is trained by Boston Institute in Performance Contracting and Management. Esther is a certified Lead Auditor for Food Safety Management Systems, Quality Management Systems and Environmental Management Systems. Esther is also trained in Strategic Leadership Development Program.
2.	 Dr. Geoffrey Muriira Director - Quality Assurance & Inspection	Dr. Geoffrey Muriira holds a PhD in Medical Biochemistry from Kenyatta University, Masters of Plant Biotechnology from Marche Politecnica Universitat in Ancona, Italy, Masters of Science in Biochemistry and a Bachelor of Science Degree in Biomedical both from Egerton University.
3.	 Peter Nganga Kaigwara Director - Market Surveillance	Peter Kaigwara holds a Master of Science Degree in Environmental Chemistry and Bachelor of Science degree in Chemistry from the University of Nairobi.

4.	 Mohammed Adan Director - Finance and Strategy	Mohammed Adan holds a Master of Science in Accounting and Financial Management and a Bachelor's Degree in Accounting & Business Management from University of Hertfordshire (UK). He is a Chartered Accountant and a member of the Association of Chartered Certified Accountants (ACCA).
5.	 Chriss Kibett Director- Human Resource and Administration	Mr. Chriss Kibett holds a Master's Degree in Business Administration from University of Nairobi, a BSC from Kenyatta University and a Higher National Diploma in Human Resource Management.
6.	 Dr. Henry Kibet Rotich Director - Metrology & Testing	Dr. Henry Rotich holds a PhD in Hydrology and Water Resources from Jilin University, China and a Master of Science in Analytical Chemistry from North East Normal University, China. He also holds an Executive MBA from JKUAT and a Bachelors degree.

7.	 Zacharia Lukorito Ag Director, Standards Development and International Trade	Zacharia Lukorito holds MSC in Industrial Engineering and Management from Dedan Kimathi University of Technology-Kenya, MSC in Computer Based Information Systems from the University of Sunderland - UK and a BSC in Mechanical Engineering from the Jomo Kenyatta University of Agriculture and Technology – Kenya
8.	 Miriam Boit Kahiro Director - Legal Services and Corporation Secretary	Miriam Boit-Kahiro holds a Master's degree (LLM) in International Corporate Governance & Financial Regulation from the University of Warwick, United Kingdom and a Bachelor's Degree in Law from Moi University. She is an Advocate of the High Court of Kenya, a Commissioner for Oaths and a Certified Public Secretary of Kenya. She is a member of both the Law Society of Kenya and the Institute of Certified Public Secretaries of Kenya. She has legal experience spanning over 15 years with expertise in the fields of Capital Markets, Public Sector Regulatory Affairs and Corporate Governance.
9.	 Samson Butichi Chief Manager - Planning and Strategy and Quality Management Representative	Samson Butichi holds an MBA in Strategic Management from ESAMI/MsM and a Bachelor of Science Degree in Chemistry/Biochemistry from Egerton University. He is a KEBS CB Registered Lead Auditor, Lead Trainer, and member of the Kenya Institute of Management

10.	 Jane Ndinya Chief Manager - Supply Chain	Jane Ndinya holds a Master's Degree in Strategic Management from University of Nairobi and a Bachelor of Education Degree (Accounts, Commerce and Economics) from University of Nairobi. She is a member of the Chartered Institute of Procurement and Supplies and Kenya Institute of Supplies Management.
11.	 CPA Solomon Tonkei Naiguta Chief Manager - Finance	CPA Solomon T. Ole Naiguta holds a Master's of Science Degree (Finance) from the University of Nairobi and Bachelor of Commerce in Finance from Catholic University of Eastern Africa. He is a CPA (K) and a member of the Institute of Certified Public Accountants of Kenya (ICPAK).
12.	 CPA Eric Kirubi Chief Manager - Audit & Risk	CPA Eric Kirubi holds a Master of Business Administration in Strategic Management from Kenyatta University and a Bachelor of Commerce degree (Accounting Option) from the University of Nairobi. He is a Certified Public Accountant of Kenya, Certified Internal Auditor, Certified Information Systems Auditor, Certified in Risk Management Assurance, Certified Fraud Examiner, Certified Investment & Financial Analyst and Certified Public Secretary of Kenya. He is a member of the Institute of Certified Public Accountants of Kenya, Institute of Internal Auditors, ISACA, Association of Certified Fraud Examiners and Institute of Certified Secretaries of Kenya.

5. CHAIRMAN'S STATEMENT



The National Standards Council (NSC) is tasked with the oversight role that ensures the delivery of Standards, Metrology and Conformity Assessment services to the citizens of Kenya. It is my pleasure to present the KEBS annual report and unaudited accounts for the financial year 2023/24.

The NSC envisions KEBS as being a global leader in standards-based solutions for trade and sustainable development come the year 2027. In the 2023/2024 fiscal year, we continued to be guided by the 2023/27 Strategic Plan which condensed into six thematic areas divided into Strategic Pillars and Strategic Foundations. Our Strategic Pillars are focused on transformation and improvement of how KEBS facilitates trade, undertakes technical services, and anchors Standardization in the country. We have established Strategic Foundations that include Technology & Innovation, Institutional capacity, and Legal health. The above pillars and foundations have a few KPIs and activities that support the realization of our vision. The following high level KPIs as

monitored by the NSC give an indication of our journey to 2027:

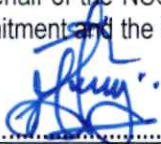
Theme	Strategic Focus Areas	KPIs	Cumm. Score	% Cumm. Score	
Trade Facilitation: To transform KEBS regulatory service provision	SP1.1: Promotion of MSMEs for enhancement of their competitiveness	SP1 1.2 Provide capacity building for 24,000 MSMEs	7,420	4,800	155%
	SP1.2: Establish and operationalize destination inspection of imports	SP1:2:1: Increase in number of used Motor vehicles subjected to destination inspection from 1,868 to 41,500	3,207	1,868	172%
		SP 1.2.2: Increase in number of consignments subjected to destination inspection (DI) from 170,000 to 273,000	252,939	205,700	123%
SP2: Technical Services: To transform and enhance the KEBS technical services to global standards with Africa regional coverage	SP2.3 Increase scope and regional coverage for Systems certification and training services	SP2.3.2 Increase certification coverage to all Regional Economic Communities (REC)	4	3	133%

Theme	Strategic Focus Areas	KPIs	Cumm. Score	% Cumm. Score	
SP3: Standards: To transform standards development for local content and export market needs	SP3.1 Development and harmonization of market driven standards	SP3.1.3: Increase number of market driven harmonized African Standards from 17 to 128	46	38	121%
SF1: Technology and Innovation: To enhance KEBS transformation through automation and integration of systems	SF1:1: Automation of key KEBS processes	SF1.1.1 Increase the level of automation from 68% to 100%	77	74.4	103%
SF2: Institutional Capacity: To strengthen KEBS institutional capacity to enhance productivity and ensure efficient and effective services delivery	SF2.1: Human Capacity: Optimal Staffing and Change Management	SF2.1.1 Increase employee productivity from 2.6 to 2.8	3	2.8	118%
SF3: Policy and Legal Framework: To strengthen KEBS legal services for institutional resilience	SF3.1 Management of legal risks	SF3:1:1: Reduce litigation matters by 10% in the first year from the baseline and 5% annually for the subsequent years	21	15	137%

The NSC notes the efforts that have been put in place by management in executing the activities and initiatives in the strategy that has led to the great performance results for the key performance indicators.

Some of the challenges that hindered our operations included a freeze on capital projects that hindered the initiation of construction projects in the strategic plan, court awards to litigants and freezing of our bank accounts. As an organization that beliefs in use of standards to provide solutions, we have been able to stay afloat through the recertification of our management systems to address Quality, Business Continuity, Anti-Bribery and Information Security risks for organizational security and resilience.

On behalf of the NSC, I sincerely express my gratitude and appreciation to our stakeholders. I also wish to recognize the commitment and the hard work displayed by the management and staff throughout the year.



.....
Anthony M. Munyiri,
CHAIRMAN, NSC.

Date: th 9 Dec 2024

5. REPORT OF THE MANAGING DIRECTOR

The Kenya Bureau of Standards (KEBS) continues to uphold its reputation as a premier national standards body, driving excellence in standards development, calibration and measurement services, product certification, inspection, testing, market surveillance, system certification, and training. In the financial year 2023/24, our role has been further reinforced through our active participation in advancing global and regional development frameworks, including the United Nations Sustainable Development Goals (SDGs), Africa's Agenda 2063, and Kenya's Vision 2030.

Guided by our vision of being a global leader in standards-based solutions for trade and sustainable development, KEBS has aligned its efforts with the Bottom-Up Economic Transformation Agenda under the Medium-Term Plan IV. This alignment has enabled us to contribute meaningfully to the nation's economic growth and industrial transformation, positioning Kenya as a competitive player in the global market.



KEBS Major Achievements During the 2023/24 Financial Year.

1. Trade Facilitation

KEBS made significant strides in trade facilitation, particularly in supporting the competitiveness of Micro, Small, and Medium Enterprises (MSMEs). Through our capacity-building initiatives, we empowered 7,420 MSMEs, surpassing our target of 4,800. This 54% overachievement underscores our commitment to enhancing the productivity and market readiness of MSMEs, which are crucial drivers of Kenya's economy.

In our continued effort to ensure the safety and compliance of imports, we successfully established and operationalized destination inspection (DI) processes. The number of used motor vehicles subjected to destination inspection rose sharply to 3,207, against a target of 1,868, reflecting a remarkable 72% increase. Additionally, the number of consignments subjected to DI surged by 23%, further safeguarding consumer interests and ensuring compliance with national standards.

2. Technical Services

Our technical services arm also saw noteworthy advancements, with a focus on efficiency and regional integration. We reduced the average testing Turnaround Time (TAT) from 13 days to 12, an achievement that enhances our service delivery and meets the growing demands of our stakeholders.

Certification coverage within selected Regional Economic Communities expanded by 33%, marking a significant milestone in our efforts to harmonize standards across the continent. Furthermore, our training programs experienced a 4% increase in scope, empowering more professionals and industries with the knowledge and skills needed to adhere to international standards.

We also spearheaded the development of market-driven harmonized African Standards, increasing the number from 38 to 46. This initiative not only strengthens regional trade but also ensures that African products meet global market requirements.

3. Technology and Innovation

In our pursuit of excellence, KEBS has prioritized technology and innovation to streamline operations and improve service delivery. We achieved a substantial increase in the level of automation across key customer-facing areas. This advancement has brought our services closer to the people, enhancing accessibility, reducing processing times, and improving customer satisfaction.

4. Institutional Capacity

Our efforts to strengthen institutional capacity yielded positive results, particularly in employee productivity. Through targeted initiatives and a focus on professional development, we achieved a significant increase in employee performance, contributing to the overall success of the organization.

Report of the Managing Director (Continued)

However, it is important to note that the implementation of some key projects faced delays due to a tight fiscal space. Despite these challenges, we remain committed to our strategic goals and continue to seek innovative solutions to overcome financial constraints.

5. Financial Performance

The 2023/24 financial year marked a period of remarkable financial sustainability for KEBS. Through effective resource mobilization, enhanced revenue collection, and prudent use of resources, we achieved a historic increase in annual revenue. Our total revenue rose from KES 6,974,542,038 in the financial year 2022/23 to KES 7,631,234,591 in year 2023/24. This 9% growth represents the highest revenue recorded in recent years, a testament to our strategic focus on optimizing revenue streams, particularly through the domestication of import inspection services.

6. Legal Framework

To safeguard our operations and manage potential risks, KEBS has put in place a robust legal framework. This framework ensures that all our activities are conducted within the bounds of the law, thereby minimizing legal risks and ensuring compliance with national and international regulations.

Conclusion

I would like to express my deepest gratitude to the Cabinet Secretary, Ministry of Investments, Trade, and Industry, and the Principal Secretary, State Department for Industry and the National Standards Council for their unwavering support and visionary leadership. Their guidance has been instrumental in driving KEBS towards achieving our strategic objectives and aligning our efforts with the broader national development agenda.

I extend my gratitude to the KEBS management team and the entire staff for their commitment to upholding the highest standards of work ethics that has enabled KEBS to seize opportunities, to navigate challenges and deliver on our mandate with excellence.

The collective efforts of our stakeholders have been pivotal in positioning KEBS as a global leader in standards-based solutions, fostering sustainable development, and enhancing Kenya's competitiveness on the international stage.

As we look ahead, I am confident that KEBS will continue to build on these achievements, leveraging our strong institutional foundation, innovative capabilities, and dedicated workforce to drive further progress in the years to come.


.....
Esther Ngari
MANAGING DIRECTOR

Date: 09.12.2024

6. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2023/24

a. Review of Kenya Bureau of Standards Financial Year 2023/24

Kenya Bureau of Standards (KEBS) has six (6) strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2023/2024. These strategic pillars/ themes/ issues are as follows:

- i. **SP1: Trade Facilitation:** To transform KEBS regulatory service provision
- ii. **SP2: Technical Services:** To transform and enhance the KEBS technical services to global standards with Africa regional coverage
- iii. **SP3: Standards:** To transform standards development for local content and export market needs
- iv. **SF1: Technology and Innovation:** To enhance KEBS transformation through automation and integration of systems
- v. **SF2: Institutional Capacity:** To strengthen KEBS institutional capacity to enhance productivity and ensure efficient and effective services delivery
- vi. **SF3: Policy and Legal Framework:** To strengthen KEBS legal services for institutional resilience

KEBS develops its annual work plans based on the above 6 pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The KEBS achieved its performance targets set for the FY 2023/2024 period for its 6 strategic pillars, as indicated in the table below:

<i>Theme</i>	<i>Strategic Focus Areas</i>	<i>Key Performance Indicators</i>	<i>Activities</i>	<i>Achievement</i>
Trade Facilitation: To transform KEBS regulatory service provision	SP1.1: Promotion of MSMEs for enhancement of their competitiveness	SP1.1.1 Increase in number of certified products permits	Increase in number of certified products permits for MSMEs from 5,829 to 10,000	5,894
		SP1.1.2 Provide capacity building for MSMEs	Provide capacity building for 24,000 MSMEs	7,420
	SP1.2: Establish and operationalize destination inspection of imports	SP1.2.1: Increase in number of used Motor vehicles subjected to destination inspection	Increase in number of used Motor vehicles subjected to destination inspection from 1,868 to 41,500	3,207
		SP1.2.2: Increase in number of consignments subjected to destination inspection (DI).	Increased the number of consignments subjected to destination inspection (DI) from 170,000 to 273,00	252,939
SP2: Technical Services: To transform and enhance the KEBS technical services to global standards with Africa regional coverage	SP2.1: Upscale testing, Reference materials production and Proficiency Testing	SP2.1.2 Reduce the Average Testing Turnaround Time (TAT)	Reduced the Average Testing Turnaround Time (TAT) from 14 days to 9 days	13 Days
	SP2.3 Increase scope and regional coverage for Systems certification and training services	SP2.3.2 Increase certification coverage to all Regional Economic Communities (REC)	Increase certification coverage to all Regional Economic Communities (REC)	4 regional communities Covered.
	SP2.4 Increase scope and regional coverage for training services	SP2.3.3 Increase in training scopes in all Regional Economic Communities (REC)	Increased training scopes from 50 to 60 in all Regional	56 Training scopes in regional

Theme	Strategic Focus Areas	Key Performance Indicators	Activities	Achievement
			Economic Communities (REC)	Economic communities
SP3: Standards: To transform standards development for local content and export market needs	SP3.1 Development and harmonization of market driven standards	SP3.1.2: Reduce timeline to develop/harmonize/adopt a standard	Reduced the timeline to develop/harmonize/adopt a standard from an average of 12 months to 9 months	10 Months
	SP3.1 Development and harmonization of market driven standards	SP3.1.3: Increase the number of market driven harmonized African Standards.	Increase number of market driven harmonized African Standards from 17 to 128	46 number of Market driven harmonized African Standards.
SF1: Technology and Innovation: To enhance KEBS transformation through automation and integration of systems	SF1.1: Automation of key KEBS processes	SF1.1.1 Increase the level of automation .	Increase the level of automation from 68% to 100%	77% level of Automation.
SF2: Institutional Capacity: To strengthen KEBS institutional capacity to enhance productivity and ensure efficient and effective services delivery	SF2.1: Human Capacity: Optimal Staffing and Change Management	SF2.1.1 Increase employee productivity from 2.6 to 2.8	Increase employee productivity from 2.6 to 2.8	Employee productivity increased to 3.0
	SF2.2: Infrastructure: Acquisition of Offices, laboratories, buildings and equipment, and telecommunications	SF2.2.1 Construct and Occupy Mt Kenya – Meru Office & Laboratory)	Construct and Occupy Mt Kenya – Meru Office & Laboratory. (% completion Vs plan)	0% of construction
		SF2.2.2 Construct KEBS HQ Complex	Construct KEBS HQ Complex (%completion Vs plan)	0% of construction
		SF2.2.3 Construct offices at SRR, NER, MKR and Konza	Construct offices at SRR, NER, MKR and Konza	0% of construction
		SF2.2.5 Operational modern campus area (ICT) telecommunication network	5 Operational modern campus area (ICT) telecommunication network. (Percent completion Vs Plan	100%
	SF2.3: Financial Sustainability: Resource mobilization, Enhance revenue collection and prudent use of resources.	SF2.3.1 Increase in annual revenue.	Increase in annual revenue from 6.2B – 12.0B by 2027	Kes. 7.63 Billion achieved in 2024.

Theme	Strategic Focus Areas	Key Performance Indicators	Activities	Achievement
SF3: Policy and Legal Framework: To strengthen KEBS legal services for institutional resilience	SF3.1 Management of legal risks	SF3:1:1: Reduce litigation matters .	Reduce litigation matters by 10% in the first year from the baseline and 5% annually for the subsequent years	Reduced by 21 %.
Grand Total				

The above achievements are based on the performance management system based on the balanced scorecard. The corporate balanced scorecard derives inputs from the signed Performance Contract with the government, all the KPI deliverables form the Strategic Plan and the quality objectives in the management systems adopted by KEBS.

There was no progress on the performance under planned projects for the year. The National Treasury sent a circular dated 27th March 2024 suspending all capital expenditure projects until they are approved. KEBS will continue to engage the National treasury for these projects bearing in mind their Strategic nature.

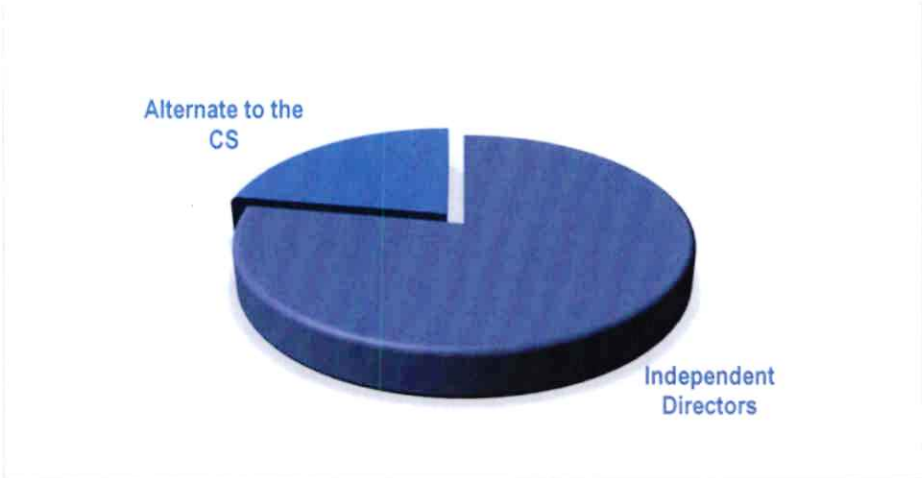
KEBS has implemented the balanced scorecard since the year 2008 and continually improved the same to consider quality and risk management in an integrated manner.

7. CORPORATE GOVERNANCE STATEMENT

a) NSC Composition

During the year under review, the NSC was composed of seven (7) independent non-executive directors and two (2) alternate directors representing Cabinet Secretary, National Treasury and Planning, and Principal Secretary, State Department of Industry. In addition, a representative from the Office of the Inspector General State Corporations attended board meetings.

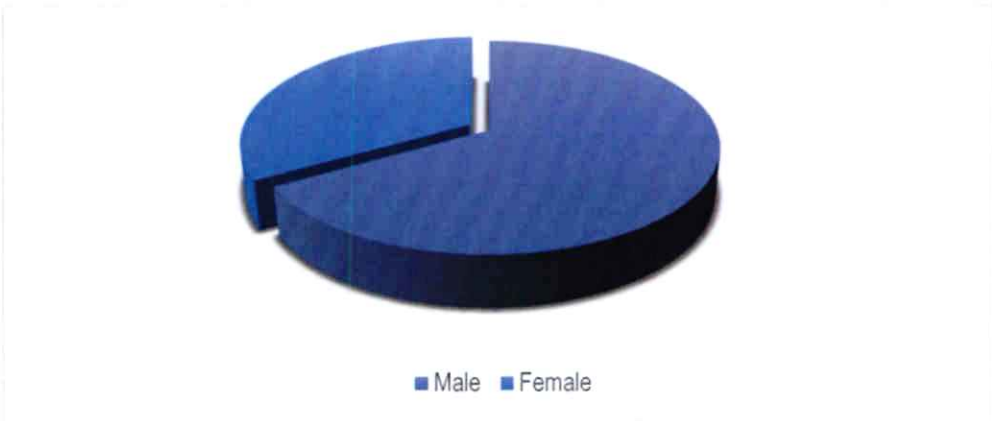
Figure 2: Board Composition



b) NSC Gender Representation

The NSC representation was at 33% female and 67% male as indicated below.

Figure 3: NSC Gender Composition



c) The roles and functions of the Board

The roles and functions of NSC members are provided for in the Standards Act, Cap 496, Laws of Kenya and in the Board Charter as follows:

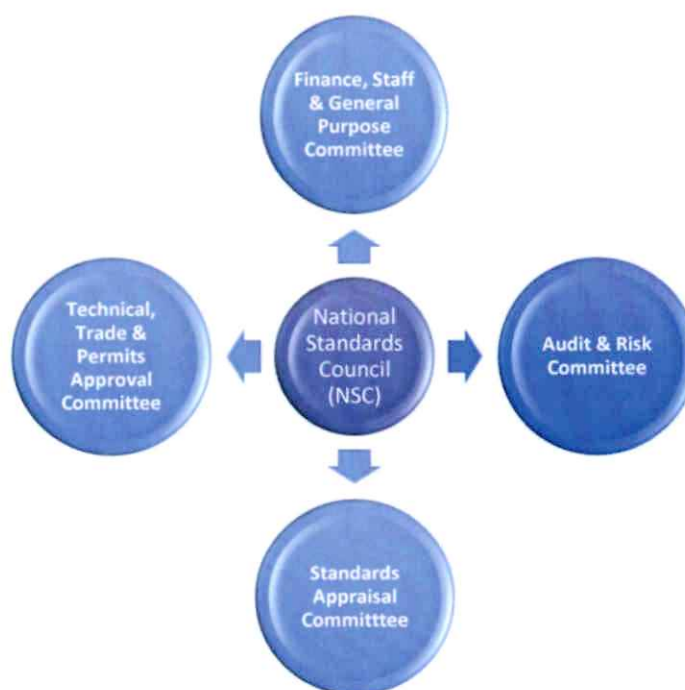
Corporate Governance Statement (Continued)

- 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 KEBS;
- 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 KEBS;
- v. Selecting and applying appropriate accounting policies; and
- vi. Making accounting estimates that are reasonable in the circumstances.

d) Committees of the Board

The committees of the Board are as presented in Figure 4 below:

Figure 4: NSC Committees



Corporate Governance Statement (Continued)

National Standards Council Committee Membership and Roles

NSC Committee Membership	Roles
Standards Appraisal Committee Francis Karu - Chairperson Patricia Okune Eng. Kennedy Wabwile Musa Osman Gerald Mwangi – in attendance Esther Ngari	- Appraise Kenya Standards and other standard related deliverables within the provisions of the Standards Act. - Recommend the composition, reconstitution, merging and disbanding of technical committees to NSC. - Determine appeals emerging from the Standards Approval Process.
Audit and Risk Committee Patricia Okune - Chairperson Francis Karu John Njera Stephen Yego Nimo Haji	- Provide assurance from management that all financial and non-financial internal control on the risk management function are operating effectively and reliably. - Receive, review, and provide an independent view to NSC on KEBS financial reporting and the integrity of financial reports. - Oversee the Internal Audit and Risk department. - Oversee the implementation of audit recommendations arising from Internal Audit Department, Office of the Auditor General and Public Investment Committee. - Strengthen the independence, integrity, and effectiveness of the audit function. - Review audit matters raised by internal and external auditors. - Advise on risk identification, mitigation measures and the effectiveness of internal control systems. - Oversee KEBS compliance with regulatory and statutory requirements and promote a culture of lawful and ethical behaviour.
Finance, Staff & General-Purpose Committee Musa Osman – Chairperson Momanyi Nyabonyi John Njera Gerald Mwangi – in attendance Esther Ngari	- Assist the NSC in overseeing financial policy and procedures formulation and its review. - Review the institution's budgets and recommend to the NSC for approval. - Review the procurement plan and recommend to the NSC for approval. - Review quarterly and annual financial statements and procurement reports and recommend to the NSC for approval. - Review and recommend to NSC all KEBS human resource policies relating to terms and conditions of service of employees. - Oversee the implementation of approved human resource policies and procedures.
Technical Trade and Permits Approval Committee Stephen Yego- Chairperson Eng. Kennedy Wabwile Momanyi Nyabonyi Nimo Haji John Njera Esther Ngari	- Consider and review Quarterly and annual Corporate GOK/KEBS Performance Contract and reports compliance with PC to the NSC. - Consider the Project reports, guide management and report to the NSC the status of both donor and KEBS funded projects. - Recommend regulations, policy statements and procedures to the NSC for approval. - Receive and review reports from Metrology and Testing, Quality Assurance and Inspection, Market Surveillance directorates, and make recommendations to the NSC for approval. - Conduct or cause to be conducted surveillance to ensure the quality of standards of any product in the market.

Corporate Governance Statement (Continued)

e) NSC Competence

The NSC members were drawn from diverse professional backgrounds and experience to provide necessary expertise and oversight role in the running of the organization.

f) Board Charter

There is a board charter that provides guidelines to the board in exercising its mandate. The charter was adopted by the organization in accordance with the *Mwongozo* Code of Governance for State Corporations and is complimentary to the requirements regarding the board and board members contained in applicable Kenyan laws and regulations. The charter is available to all members of the board through the KEBS electronic board document management system (E-board).

g) Appointment and Removal of Directors.

The process of appointment and removal of Directors is done in line with the Standard Act Cap 496.

h) NSC Evaluation and Remuneration

The NSC evaluation was carried out on 17th July 2023 for the previous Financial Year 2022/23. The NSC remuneration was done as per the State Corporations Act and relevant Government Circulars.

i) NSC Induction and Training

The induction of the new NSC members and training on corporate governance, KEBS mandate and operations were carried out during the year under review.

j) NSC Committee Meetings

The NSC Committee meetings for the year under review are as presented in Table 4 below.

Table 3: NSC Committee Meetings

Committee	Actual No. of meetings
National Standards Council	28
Finance, Staff & General Committee	8
Standards Approval committee	5
Technical, Trade, and Permits Approval Committee	6
Consultative & Adhoc	38
Audit & Risk Committee	6

NOTE: The consultative meetings are meetings between each committee chair with the Managing Director.

k) Conflict of Interest

The NSC members are obligated to fully disclose to the Board any real or potential conflict of interest whether direct or indirect. Declaration of conflict of interest is a standing agenda item in all Board and Committee meetings prior to discussion of a substantive agenda.

l) Governance Audit

A governance audit was conducted in the 2023/24 Financial Year.

m) Ethics and Conduct

The NSC members are expected to be of good conduct and ethics in line with chapter six of the constitution and other related regulations.

8. MANAGEMENT DISCUSSION AND ANALYSIS

This annual report captures the overall performance of KEBS based on its strategic objectives and GoK performance contract indicators.

This section highlights the financial and operational performances, challenges in relation to performance management, major risks facing the organization and corporate social responsibility activities carried out during the 2023/24 financial year.

9.1 Financial and Operational Performance of the Organisation

The operations of KEBS were based on the Strategic Plan 2023-2027 and the annual KEBS-GOK Performance contract guidelines. The annual work plans were implemented using the Balance Scorecard methodology. Presented below are the discussion and analysis of KEBS performance for the period under review.

a) Financial Performance

KEBS financial performance was less than what was projected in the year under review, however, the achievement in revenue was at an all-time high compared to the last five years.

i. Revenue

There has been a steady growth in revenue in the last five-year period. The comparative analysis of revenue in the period is as presented in Figure 5 below. The year under review registered an all-time highest revenue of Kes 7.6 Billion. This was due to increased efficiency as a result of improved technology which positively translated to better generation and collection of the organization revenues. Overall, revenue increased by 9% in comparison to the previous year revenues. This was majorly driven by the increase in inspection of motor vehicles fees by more than 10% and destination inspection fees by 4% when compared to the last financial year.

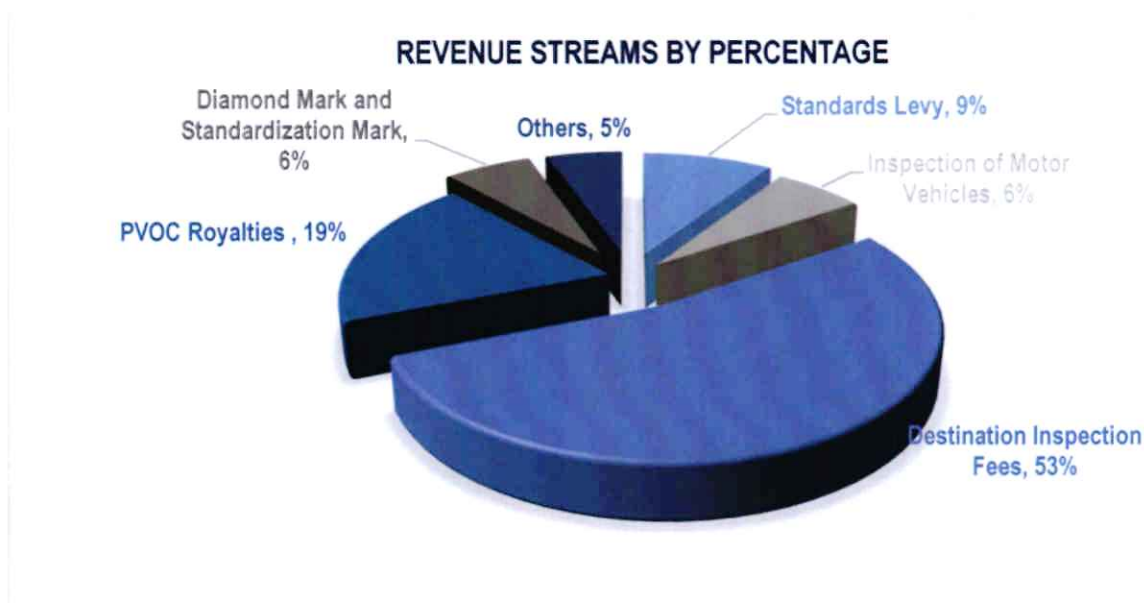
Figure 5: Revenue



Management Discussion and Analysis (Continued)

From the analysis, distribution of revenue was as follows: destination inspection 52%, PVOC royalties 19%, standards levy 9% Inspection of Motor Vehicles, Diamond and Standardization mark both at 6% and 5% from other revenue streams.. The five major revenue streams analysis is as presented in Figure 6 below.

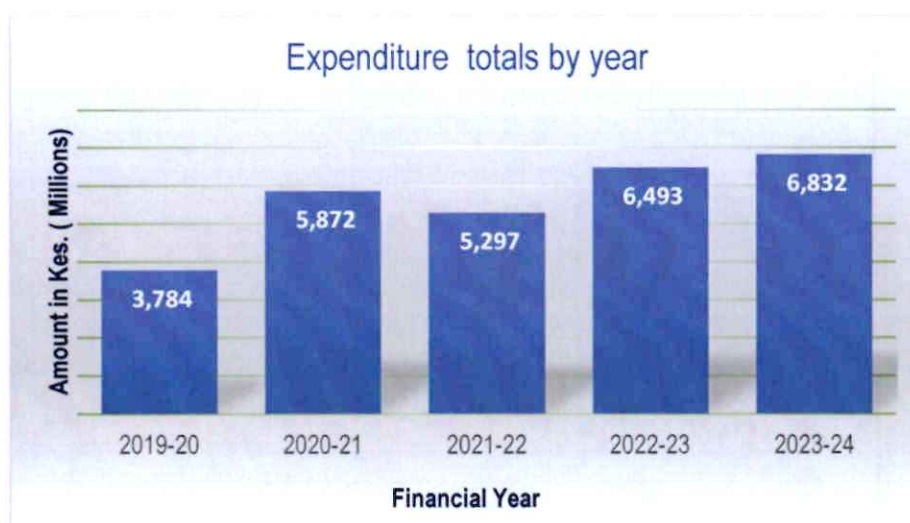
Figure 6: Revenue streams by Percentage



ii. Expenditure

The total expenditure increased by 5% from Kes 6.5 Billion in FY 2022/23 to Kes 6.8 Billion in FY 2023/24. The expenditure analysis for the last five years is as analysed in figure 7 below.

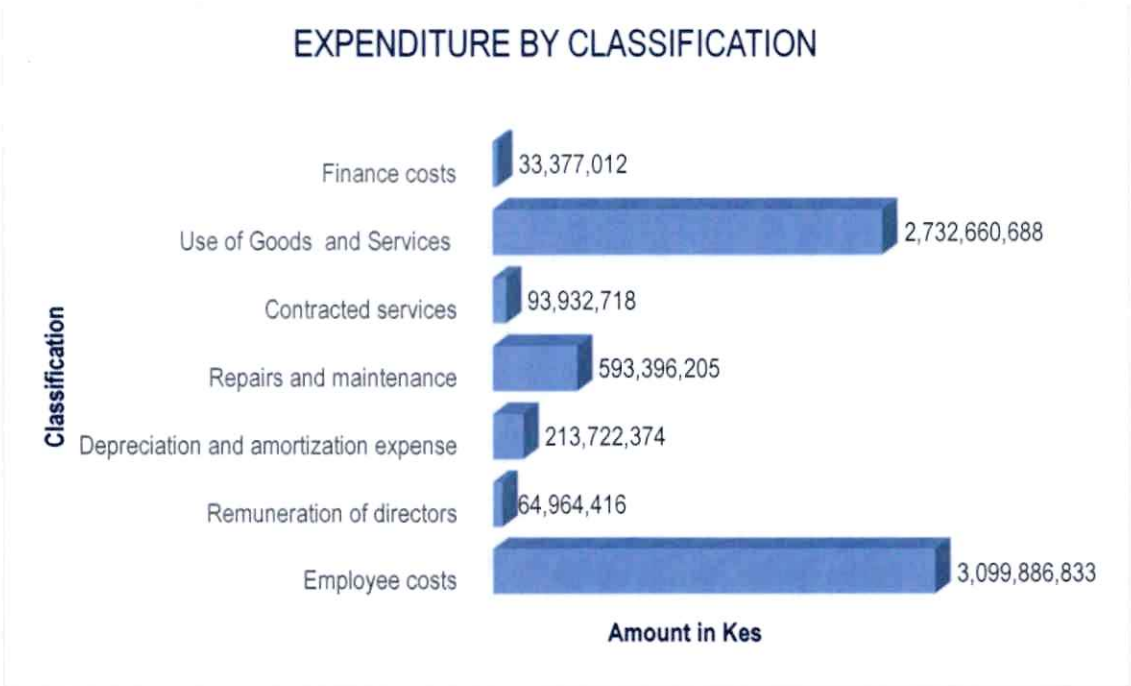
Figure 7: Comparative expenditure for FY 2020 to 2024



Management Discussion and Analysis (Continued)

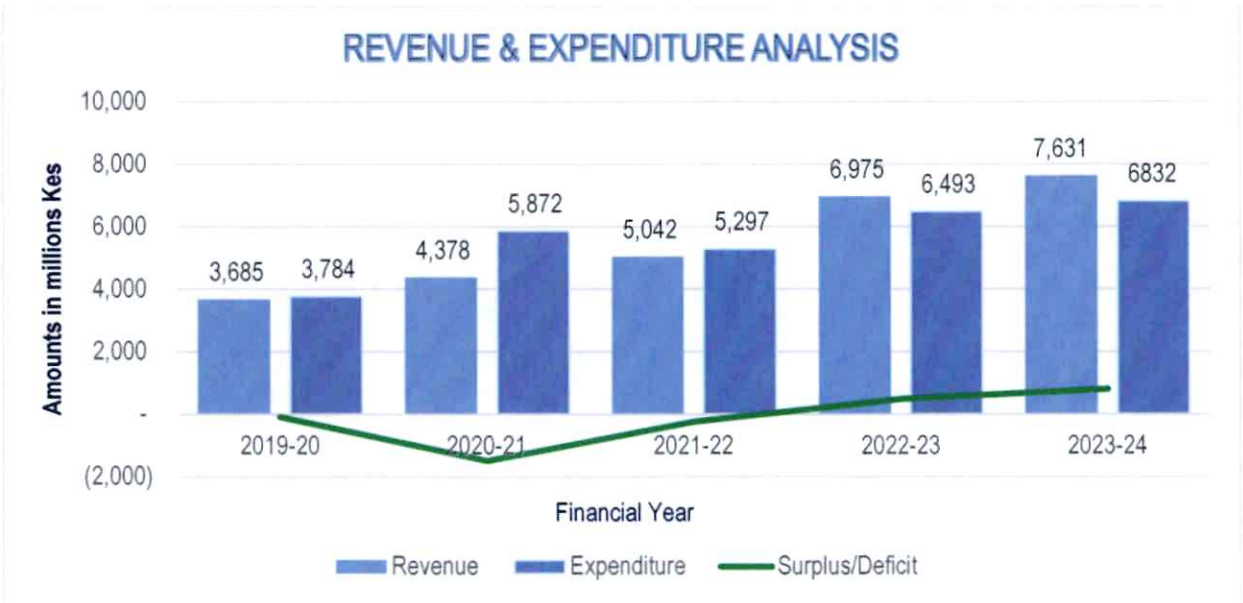
The distribution of recurrent expenditure is as presented in Figure 8 below

Figure 8: Recurrent Expenditure



The revenue and expenditure analysis for the last five years are as represented by the figure 9 below:

Figure 9: Revenue and Expenditure performance



Management Discussion and Analysis (Continued)

iii) Total Assets

Over the last 5 years the value of total assets has gradually increased due to enhanced capital expenditure. The total assets over the last five financial years are as presented in figure 10 below:

Figure 10: Total Assets



b) Operational Performance

The overall percentage of cumulative achievement performance score for KEBS in 2023/24 FY was **120%**. This was an excellent **performance**. It is important to note that this was a great improvement in operational performance in the year under review as compared to 2022/23.

c) Challenges related to performance management

Some of the challenges faced in relation to corporate performance include:

- i. The effects of the litigations against KEBS which led disruption of operations.
- ii. The increased inflation and subsequent high cost of living affected the purchasing power and increased the cost the of doing business especially regarding operational cost.
- iii. Inadequate staffing levels in the technical areas during the year.

9.2 Key Projects and Investments Decision

a) KEBS Infrastructure

During the year under review, KEBS acquired a state of art equipment to expand our infrastructure.

b) Automation

KEBS has continued to invest in Information Communication and Technology (ICT) both hardware and software. The current automation level stands at 77%.

Management Discussion and Analysis (Continued)

9.3 Major risks facing the organisation and Mitigation measures

a) Legal Risk

This refers to potential adverse outcomes in litigation which could drive liquidity constraints, thereby limiting financial flexibility of KEBS and potentially jeopardizing the ability to respond to or take advantage of opportunities or meet other ordinary needs. KEBS will implement strategies to mitigate these risks by use of the automation process for contract and cases management; proper legal representation and enhance the internal capacity; alternative dispute resolution i.e. negotiations, mediation, conciliation and setting aside contingency funds for the litigations.

b) Financial Risk

An annual revenue of **Kes 7.63** billion was generated against a target of **Kes 8.04** billion resulting to a shortfall of **Kes 415** million which was equivalent to **5%**. To mitigate this, KEBS will implement the Resource Mobilization and Cost Reduction Strategy to address the gap.

c) Reputational Risk

KEBS brand identity is extremely important and failure to protect this would result in deterioration of KEBS reputation and potential loss of business. To mitigate, KEBS continues to reinforce its values, policies and processes with employees, business partners and other stakeholders. KEBS takes robust action, where necessary, to protect its trademarks, brand and reputation and commits to implement the communication strategy and stakeholder engagement programmes.

d) Information Security Risk

Failure to protect KEBS against inadvertent loss of data or cyber-attack would adversely affect its brand identity and reputation. KEBS implements and is certified to ISO/IEC 27001:2013 (Information Security Management Systems).

e) Business Continuity risk

KEBS operates in an environment characterized by disruptions that affect service delivery. Failure to address this risk will lead to loss of revenue, inability to meet obligations and inability to continue service delivery. To mitigate against this, KEBS implements and is certified to ISO 22301:2019 Business Continuity Management system based.

9.4 KEBS compliance with statutory requirements

The organisation complied with statutory requirements. At the close of the financial year, the organisation did not have any material statutory arrears except financial obligations in form of commitments that were yet to be actualised. These appear under the statement of capital commitment and litigations.

Management Discussion and Analysis (Continued)

9.5 Review of the economy and sector

Global economy growth is stabilizing but at a weak pace. Despite an improvement in near-term prospects, the global outlook remains subdued by historical standards. The World Bank's global economic prospects (June 2023) projects the world economy to remain frail and at risk of a deeper downturn, with slowdown from 3.1 percent in 2022 to 2.1 percent in 2023 and 2.4 percent in 2024. In 2024-25, growth is set to underperform its 2010s average in nearly 60 percent of economies, comprising over 80 percent of the global population. Downside risk predominates, including geopolitical tensions, trade fragmentation, higher-for longer interest rates and climate-related disasters. Global cooperation is needed to safeguard trade, support green and digital transitions, deliver debt relief and improve food security. In Emerging Market and Developing Economies (EMDE's) public investment can boost productivity and catalyse private investment, promoting long-run growth. Comprehensive fiscal reforms are essential to address ongoing fiscal challenges in small states, including those arising from heightened exposure to external shocks.

Growth in Sub-Saharan Africa is projected to pick up to 3.5 percent in 2024, and average about 4 percent in 2025-26, as inflation retreats and private consumption and investment improve. The projected recovery is somewhat weaker, largely reflecting the damaging effects of recent increases in political instability and conflict that have delayed recovery in parts of the region. Importantly, the expected increase in per capita income is insufficient to make significant progress on poverty alleviation in the region. Recent growth in debt service costs has sharply narrowed fiscal space and exacerbated financing needs in many economies. Risks to the outlook remain tilted to the downside. These risks include increasing global geopolitical tensions especially an escalation of conflict in the Middle East, a further deterioration in regional political stability, a sharper than expected economic slowdown in China, greater frequency and intensity of adverse weather events and a heightened risk of government debt distress.

Kenya, being the largest economy in East Africa and the regional transportation and financial hub, plays a very important role in the growth and general well being of East Africa. The major industries driving the Kenyan economy include financial services, agriculture, real estate, manufacturing, logistics, tourism, retail and energy. The government of Kenya is generally investment-friendly and has enacted several regulatory reforms to simplify foreign and local investment, including the creation of an export Processing zones and Special economic Zones to encourage manufacturing locally and encourage export of locally manufactured products. By 2023, the country had become Africa's largest start-up hub by both funds invested and number of projects.

The economy of Kenya is market based with a few state enterprises. Kenya has experienced continued growth in GDP over the last few years, supported by ongoing public infrastructure projects, strong public and private sector investment and appropriate economic and fiscal policies, reflecting the broad-based and diversified nature of the Kenyan economy. The economy is estimated to have grown by 5.6 percent in 2023 up from 4.8 percent in 2022. This growth was supported by a rebound in agriculture, which had faced two consecutive years of output decline due to a prolonged drought, and the continued strength and resilience of the services sectors.

Kenya's financial sector is vibrant, well developed and diversified in the region and has highest financial inclusion in the region and compares very well with other global players. Banking sector is well capitalized, profitable with capital adequacy and liquidity ratios above the recommended thresholds.

Overall inflation has remained within the Government target range of 5 ± 2.5 percent in the first three quarters of FY 2023/24. Inflation declined to 5.7 percent in 2024 from 9.2% in 2023 largely driven by the easing of food and energy prices, pass-

Management Discussion and Analysis (Continued)

through effects of exchange rate appreciation and the impact of monetary policy tightening. Macroeconomic stability has been preserved over the last few years with inflation, interest rates and exchange rates remaining largely stable.

The Central Bank Rate (CBR) was raised to 10.50 per cent as at June 2023, and 12.50 per cent as at December 2023 compared to 8.75 in December 2022. This was necessitated by the need to address inflationary pressures occasioned by depreciation of the Kenyan Shilling against major currencies and high global prices during the review period. As a result, overall interest rates increased during the review period. The 91-Day Treasury bill interest rate increased to 15.70 per cent in December 2023 from 9.33 per cent in December 2022. The Inter-bank rate rose to 11.65 per cent in December 2023 from 5.39 per cent. Average commercial banks interest rate for loans and advances increased to 14.63 per cent in December 2023 from 12.67 per cent as at December 2022.

Kenya Bureau of standards being a Semi Autonomous government Agency has a duty to facilitate manufacturing and trade with a view to help the country achieve its vision to become a newly industrialised nation. This is purposed to be achieved through promotion of standardization in industry and commerce.

The above mandate is also in line with the Mission and Vision of KEBS. Additionally, it supports the strategic intent of KEBS as an organisation which by extension, supports the government's Bottom-up Economic transformation agenda. KEBS concentrates its efforts towards contributing effectively and efficiently to the achievement of the national development agenda as espoused in the Kenya Vision 2030 Medium term plan IV. KEBS has continually improved the delivery of its technical services, integrated its automated systems and mitigated legal risks to enhance the revenue generation towards the realization of the corporate objectives. KEBS has put in place adequate mechanisms for the efficient, effective and economic utilization of resources. It has adopted the value chain execution framework in ensuring that resources are targeted on strategy critical activities.

KEBS as an institution committed itself to Promotion of MSMEs for enhancement of their competitiveness and access to both local and export markets and Enhance KEBS contribution to local content through standardization among other things in the past financial year.

KEBS's strategy is aligned to the Kenyan government's Bottom-up Economic Transformation Agenda. The strategy has contributed to organizational success in the following ways:

- a) Developing a strong reputation as a world-class standards organization. This has attracted investment and promoted Kenyan products and services in international markets.
- b) Providing efficient and effective conformity assessment services. This has helped businesses to reduce costs and to improve the quality of their products and services.
- c) Maintaining national measurement standards to ensure accuracy, traceability, and reliability of measurements in Kenya.
- d) Conducting research, innovation and development to support standardisation, metrology and conformity assessment for efficient and effective service delivery.

KEBS' strategy is a key driver of organizational success and its implementation has enabled KEBS to contribute to the Kenyan economy and improve consumer's quality of lives. KEBS has emphasized the critical role of standards in catalyzing business growth, enhancing efficiency, and fostering sustainable development. Standards are the bedrock of successful businesses, driving innovation, productivity, and quality. By adopting these practices, organizations not only become more competitive but also contribute to the overall growth and sustainability of the economy.

Management Discussion and Analysis (Continued)

9.6 Future development

KEBS implements a transformative KEBS 2023-2027 Strategic plan comprised of three strategic pillars (SP) and three strategic foundations (SF). In this strategic period KEBS commits:

SP1: Trade Facilitation

To transform KEBS regulatory service provision through promotion of MSMEs for enhancement of their competitiveness, establishment and operationalization of imports destination inspection and promotion of consumer protection from substandard products, protection of the environment and creation of a level playing ground for economic operators.

SP2: Technical Services

To transform and enhance the KEBS technical services to global standards with Africa regional coverage by upscaling private testing, reference materials production and proficiency testing; diversification of calibration services (medical laboratory equipment; development of regional calibration centers and focus on niche clients) and increase scope and regional coverage for systems certification and training services.

SP3: Standards

To transform standards development for local content and export market needs through development and harmonization of market driven standards; enhance uptake of standards and modernization of the national measurement reference standards.

SF1: Technology and Innovation

To enhance KEBS transformation through automation and integration of systems through automation of key KEBS processes, integration of key automated systems and modernization of laboratories.

SF2: Institutional Capacity

To strengthen KEBS institutional capacity to enhance productivity and ensure efficient and effective services delivery through optimal staffing and culture change; acquisition of offices, laboratories buildings and equipment, and telecommunications; resource mobilization, enhance revenue collection and prudent use of resources; enhance corporate image and branding; strengthening internal controls; enhance the implementation, monitoring and evaluation framework; and contribute to climate change mitigation and adaptation.

SF3: Legal Health

To strengthen KEBS legal services for institutional resilience through management of legal risks; strengthening legislative and regulatory framework and enhance good governance and board performance.

9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

KEBS exists to provide standards-based solutions for trade and sustainable development. KEBS is committed to safeguard customers, the environment and facilitate trade for a sustainable future. Below is an outline of KEBS's policies and activities that promote sustainability.

i. Sustainability strategy and profile

KEBS has aligned its processes to international standards to ensure social economic and environmental sustainability. In pursuit of this, KEBS implements strategies to guarantee financial sustainability while ensuring environmental and social safeguards. The focus areas include establishment of destination inspection centres for imports to enhance revenue generation and create employment opportunities for Kenyans. Furthermore, modernization of calibration and testing laboratories coupled with acquisition of modern equipment and technologies will improve service delivery and position KEBS to as a centre of excellence and innovation.

KEBS manages its risks through implementation and accreditation to relevant management systems. Some of the key standards which KEBS is accredited/certified to include ISO/IEC 17025 Laboratory Management System, ISO/IEC 17021 Management System Certification, ISO/IEC 17024 – Personnel Certification, ISO 9001 Quality Management System, ISO 22301 Business Continuity Management System, ISO 37001 Anti-Bribery Management System and ISO/IEC 27001 Information Security Management System.

ii. Environmental performance

a. KEBS Environmental Policy Statement

KEBS adheres to its environmental policy statement in undertaking operations. The policy statement is presented in the figure 11 below.

Environmental and sustainability reporting (Continued)

Figure 11: KEBS Environmental Policy



Environmental and sustainability reporting (Continued)

b. Successes and Shortcomings

Successes and shortcomings in relation to environmental performance are presented in Table 5 below:

Focal Area	Annual Targets / Activities	Indicator	Complete	Pending
Environmental Sustainability Planning	Environment Policy	Environmental Policy in place since June 2015.	X	
	Structures to address environmental issues	Environmental (EHS) Committees in place at HQ and Regional offices	X	
	Internal environmental inspections on monthly basis	EHS Inspections carried out on monthly basis and reports filed	X	
	Statutory environmental audit	Audit Report		X
	Environmental awareness campaigns	Scheduled campaign activities	X	
Pollution Control	Waste management interventions	Initiatives to segregate and reduce waste implemented	X	
	Installation of waste segregation bins	Waste bins provided in laboratories and installed around the HQ compound	X	
	Laboratory waste disposal (empty chemical bottles)	Disposal report/ minutes/ collection by NEMA-approved service provider	X	
Climate Change	Energy saving initiatives – conduct internal energy audit to act as a baseline	Internal energy audit report with recommendations	X	
	Rainwater harvesting as an alternate source of water	Feasibility report on rainwater harvesting		X
Environmental Ecological Enhancement	Conduct annual tree planting exercise	Number of trees planted – a total of 8700 trees were planted in the year. KEBS adopted part of Mt. Kenya Forest (Hombe Forest) where 8000 trees were planted in November 2022.	X	
Environmental Education and Awareness	Display environmental policy in strategic locations	Physical (offices) and online (website & entropy)	X	
	Identify, train and appoint environmental champions	EHS champions trained/ appointed as members of the EHS committees in HQ and regions.	X	
	Participation in environmental events with communities and schools	Evidence of participation in environmental events – tree planting with local community at Mt. Kenya (Hombe) forest in November 2022	X	
	Sensitization of staff on environmental sustainability relevant to KEBS mandate	Records of sensitization sessions		X

Environmental and sustainability reporting (Continued)

c. Efforts to manage biodiversity

This was mainly achieved through the tree planting exercises conducted at the HQ, Embu, Kirinyaga, Uasin Gishu, Mombasa and Narok Counties. The trees will in turn provide functioning ecosystems that will supply oxygen, clean air and water and improve pollination of plants.

d. Waste management policy

KEBS is committed to complying with all relevant environmental legal and contractual requirements through efficient use of resources and implementation of measures to minimize environmental pollution.

Generated laboratory and office waste is collected by NEMA approved contracted service providers for disposal in approved waste disposal sites. Expired laboratory chemicals and reagents are disposed through procuring a NEMA-approved service provider and KEBS ensures incineration of the waste is carried out without undue environmental pollution. Sub-standard goods seized from the market are also appropriately disposed in a manner that safeguards the environment,

e. Efforts to reduce environmental impact of the KEBS services.

These include:

- ❖ Training of staff on ISO 14001:2015 Standard on Environment Management Systems (EMS).
- ❖ Waste segregation at source especially in the laboratories.
- ❖ Proper disposal of chemical and other wastes via a running contract with a NEMA-approved waste management service provider.
- ❖ Monthly inspections to identify environmental hazards and recommend appropriate preventive and corrective actions.
- ❖ Use of fume hoods in the laboratories to reduce air pollution and enhance air quality for staff.
- ❖ Automation of KEBS processes to reduce use of stationery thus conserving the environment.
- ❖ Treatment of laboratory wastewater in Kisumu regional offices.
- ❖ Monitoring of radiation level in the radiation laboratory.
- ❖ Tree planting by KEBS.

iii. Employee welfare

KEBS implements human resource policies that guide on management of human capital in compliance with the Constitution of Kenya 2010, labour laws and related regulations. In compliance with the constitution, gender mainstreaming, balancing on appointment and promotion is observed with a view of ensuring that a minimum of a third (1/3) of either gender is achieved. The recruitment process is done as per KEBS HR Policy and Procedure manual where heads of departments determine the skills and competencies required for all jobs. The recruitment process encourages the female gender and persons with disabilities to apply.

Challenges faced during the process are discussed thereafter and improved. Furthermore, stakeholders are involved in identification and implementation of relevant interventions to address the skill gaps. KEBS implements a training and development policy that ensures profiling of required skill set, identifies skills gaps and implementation of appropriate interventions to improve on staff competencies.

The Staff Performance is managed through the Balanced Scorecard tool and implementation of a performance-based rewards. This ensures target setting are done at the beginning of the financial year taking into account the objectives set out in the Strategic Plan, Government Performance Contract and other relevant requirements. KEBS has a policy on health and safety which is in compliance with OSHA Act, 2007.

Environmental and sustainability reporting (Continued)

The work environment is assessed by DOSH for compliance and staff have insurance covers of GPA, Group Life and Medical Scheme. Furthermore, KEBS implements employee wellness programs to address emerging issues like mental health, drug, and substance abuse.

iv. Market place practices-

KEBS has outlined its effort as below.

a. Responsible competition practice

KEBS implements the Anti Bribery Management system based on ISO 37001: 2016. In establishing, implementing and maintaining the system, KEBS considers the context of operation needs and expectations of interested parties including public officials and competitors. Furthermore, KEBS undertakes bribery risk assessment on a quarterly basis to identify critical touch points and implements controls to address potential risks. KEBS requires business associates and suppliers to complete a self-declaration form that the person/tenderer will not engage in any corrupt or fraudulent practices and fulfils the requirements of Public Procurement and Asset Disposal Act of 2015. KEBS observes political neutrality as public service regulations.

b. Responsible Supply chain and supplier relations

In line with Article 227 of the Constitution, KEBS ensures fairness, competitiveness, transparency, equity, and cost effectiveness in the supply chain process as guided by the Public Procurement and Asset Disposal Act (PPADA) 2015 and Public Procurement and Asset Disposal Regulations (PPADR) 2020. KEBS gives priority to special groups in line with Access to Government Procurement Opportunities (AGPO) and encourages procurement of goods and services produced locally.

c. Responsible marketing and advertisement

KEBS works towards creating awareness and visibility of its brand and products. The organization's marketing and advertisements are socially responsible and culturally sensitive to the business community and society.

The marketing and advertisements provide stakeholders with information on quality content, which is a factual and honest representation of its products, delivered in a framework of social values. Marketing tools are transparent and give full disclosure of information on various products offered by KEBS and their application.

Collectively, KEBS Social Media accounts and KEBS website reach over 100,000 on a monthly basis. Through this platform, KEBS shares all information on its Mandate and the services it offers. Customers and the public alike are able to get real time information on KEBS activities and product / service availability.

KEBS places advertisement in newspapers, industry specific magazines, sector specific information packets, workshops, shows & exhibitions, posters, and video casts to disseminate promotional materials for advocacy, sensitization, and community outreach. KEBS implements a complaint management system to ensure customer concerns and appeals are captured and addressed. Consumer complaints are addressed through KEBS market surveillance complaints procedure.

d. Product stewardship

"Wajibika na KEBS" which means to be accountable, is an initiative that seeks to create an environment where its customers and the public in general can be quality conscious. This can be done by verifying the authenticity of KEBS quality marks by use of KEBS Toll-free Line 1545 and KEBS Short code 20023 by sending, SM#Permit Number /ISM#UCR Number /DM#Permit Number for verification of validity of product certification permits, confirmation of employment and status of personnel.

Environmental and sustainability reporting (Continued)

v. Corporate Social Responsibility / Community Engagements

KEBS continually integrate social Investment into the way we carry out our day-to-day business, seeking to lead by example. The organization coordinates CS/ activities that are in line with KEBS achieving the vision of being a global leader in standard based solutions while remaining true to our core values. The CSI objectives are detailed below;

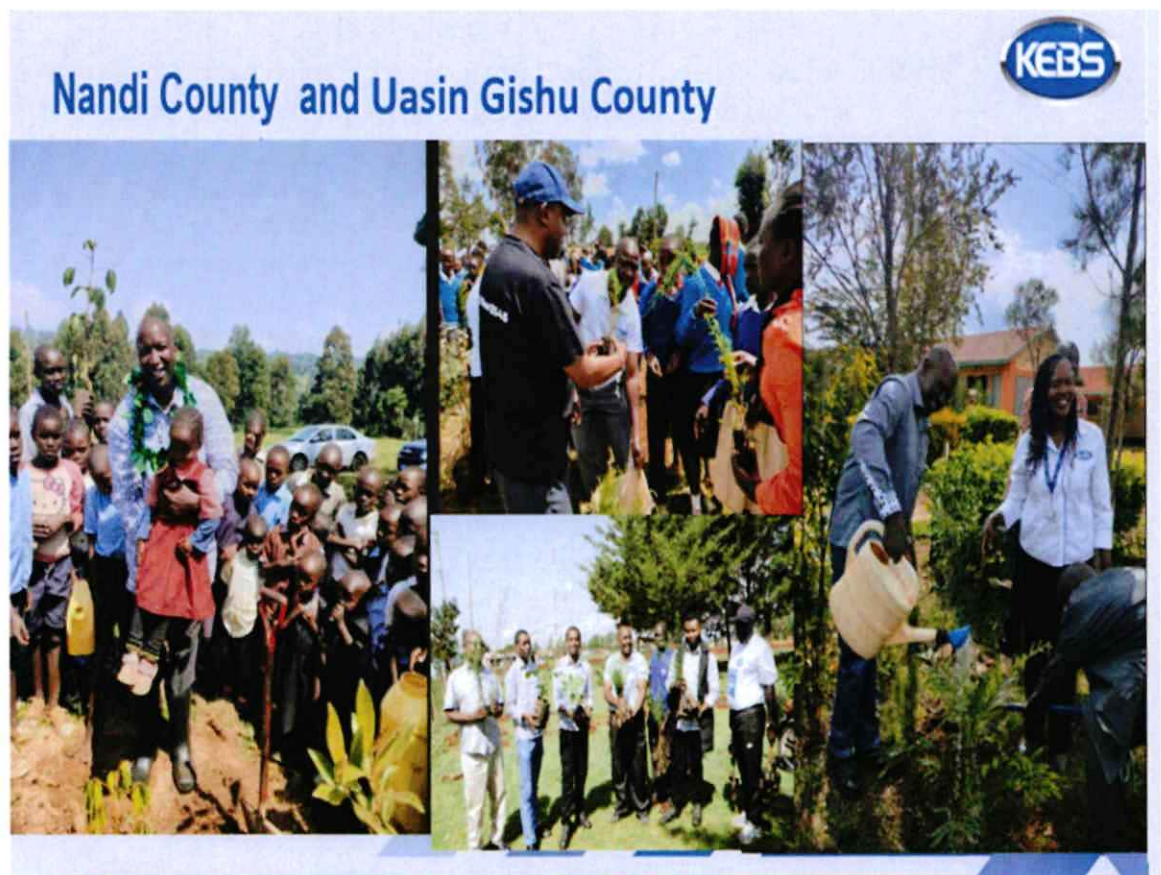
- a. To maximize KEBS overall impact on the society and stakeholders.
- b. To give back to the community in the best way possible.
- c. Create awareness on KEBS role
- d. To enlighten students by instilling a standards oriented culture.
- e. To support various national campaigns on Social and development issues that need support
- f. To maintain and improve organizational image and achieve customer loyalty.

Environmental Sustainability

This financial year, impactful initiatives are highlighted as detailed below;

- a. **Rehabilitation of Dilapidated Forest:** KEBS adopted 20 hectares of degraded land within Kangaita Forest Station in Kirinyaga County. Partnering with the Kenya Forest Service (KFS) through the "Adopt-A-Forest" program, KEBS not only planted substantial trees, but also committed to maintain the forest for the next three years to ensure a high survival rate. This goes beyond simply planting trees and contributes to the long-term health of Kenyan forests. Going with the late Nobel prize winner Wangari Maathai "Until you dig a hole, you plant a tree, you water it and make it survive, you haven't done a thing.
- b. **Sustainable Schools, Thriving Trees:** Recognizing the value of engaging future generations, KEBS partnered with schools to plant additional trees. KEBS chose schools as they provide an ideal environment for tree care as students and staff can nurture the seedlings. KEBS's initiative extended beyond planting, with some schools receiving water tanks to harvest rainwater for use during the dry season for irrigation. This ensures the longevity of the trees and fosters a culture of environmental responsibility among students.
- c. **Furthermore, the partnership with schools provided an opportunity to create awareness on Standardization, Metrology and Conformity Assessment to the young generation.** Through this initiative, students learnt about career opportunities in KEBS, the platforms for verification of validity of standardization marks and channels for raising concerns. It is expected that students will act as ambassadors and share the acquired information with their families and this will support the initiative for entrenching a culture of quality.
- d. **Partnership with other organizations:** A total of 11000 trees were planted in partnership with several organizations including Ministry of Investments Trade and Industry where 4,000 trees were planted; 3,000, at Embu Forest in Embu County and 1000 at Mau Forest in Narok County. An additional 4,000 Indigenous seedlings were planted by **Paran Women group** in Mau Forest and East African Portland Cement where 3,000 trees were planted during the National Tree Planting Day on 10th May 2024.
- e. The trees planted in these locations are indigenous drought-resistant species that provide additional value and contribute to the biodiversity of the area.
- f. KEBS employees participated in the tree planting program showcasing a commitment to sustainability within the organization's culture.
- g. KEBS's initiative aligns with the national goals of reducing greenhouse gas emissions and combating climate change

Narok County - Partnership with Paran Women Group





Environmental and sustainability reporting (Continued)

Table 5 :KEBS Tree Growing activities for FY 2023/24

Institutional Tree Growing Reporting Progress / Achievement For the 15 billion Tree growing Programme				
County	Sub-county	ward	Specific planting sites	Seedlings planted
Embu			Embu Forest	3,000
Nairobi	South C		KEBS HQ	500
Kisumu			KEBS Kisumu Office	1,000
Uasin Gishu	Kapseret Sub County		Kapseret Forest	2,500
Mombasa			Kilifi Primary	1,000
Nyeri			Sagana Block	1,000
KEBS Offices			Regions	500
Kirinyaga			Kangaita Forest	20,000
Multiple Counties			Schools	10,500
Mt Kenya			Schools	5,000
Narok			Mau Forest	1,000
Nairobi	Mavoko		East African Portland Cement	3,000
Embu			Embu	1,000
Mombasa			Coast Region	500
Uasin Gishu			Eldoret	1,146
Kisumu			Lake Region	1,000
Garissa			Garissa	1,000
Nairobi	South C		CS VisitKEBS HQ	3
Nairobi	South C		ISO Deputy Sec Gen KEBS HQ	1
Nairobi	South C		IEC President	1
Bungoma	Bungoma Central		Chebukwa Primary School	538
TOTAL				54,189

10. REPORT OF THE DIRECTORS

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

i) Principal activities

The principal activities of KEBS are;

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

ii) Results

KEBS results for the year ended June 30, 2024 are set out on Page 1 to 5.

iii) Directors

The NSC members who served during the year are shown on page xiii and the following NSC members were appointed/reappointed, and others exited the NSC during the year under review as listed in the table below:

BOARD APPOINTMENT & RETIREMENT					
S. No	NAME	DATE	S. No	NAME	DATE
APPOINTED			EXITED		
1	Musa Osman	24th November.2023	1	Shallow Yahya	24th November.2023
2	Anthony Munyiri	13th March 2024	2	Gilbert Langat	29th December 2023
			3	Amb. Peter Munyiri	13th March 2024

iv) Surplus remission

KEBS remit Kenya shillings sixty million as part of last financial year surplus .

v) Auditors

The Auditor General is responsible for the statutory audit of KEBS in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended 30th June 2024.

By Order of the NSC.



Esther Ngari
Managing Director/Secretary to the NSC

09.12.2024
Date

11. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and the Standards Act (Cap 496) requires the NSC to prepare financial statements in respect of KEBS. The financial statement should give a true and fair view of the state of affairs of KEBS and the operating results for the year under review. The NSC is also required to ensure that KEBS keeps proper accounting records, which disclose with reasonable accuracy the financial position of KEBS. The NSC is also responsible for safeguarding the assets of KEBS.

The NSC is responsible for the preparation and presentation of KEBS financial statements, which give a true and fair view of the state of affairs of KEBS for and as at the end of the financial year ended 30th June, 2024. These responsibilities include:

- a) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- b) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of KEBS;
- c) 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;
- d) Safeguarding the assets of KEBS;
- e) Selecting and applying appropriate accounting policies and
- f) Making accounting estimates that are reasonable in the circumstances.

The NSC accept responsibility for KEBS 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 requirements of the Standards Act. The NSC is of the opinion that KEBS financial statements give a true and fair view of the state of KEBS transactions during the financial year ended 30th June, 2024, and of the KEBS financial position as at that date. The NSC further confirms the completeness of the accounting records maintained for KEBS, which have been relied upon in the preparation of the KEBS financial statements as well as the adequacy of the systems of internal financial control.

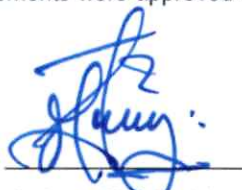
Nothing has come to the attention of the NSC to indicate that KEBS will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the Financial Statements

The KEBS financial statements were approved by the NSC on 9.12. 2024 and signed on its behalf by:

Signature

Name



Anthony M. Munyiri
NSC Chairman



Esther N. Ngari
Managing Director

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KENYA BUREAU OF STANDARDS FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Bureau of Standards set out on pages 1 to 30, which comprise the statement of financial position as at

Report of the Auditor-General on Kenya Bureau of Standards for the year ended 30 June, 2024

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Bureau of Standards as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Standards Act (Cap 496) of the laws of Kenya July, 1974 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Emphasis of Matter

Uncertainty on Sustainability of Services

The statement of financial position reflects current liabilities balance of Kshs.3,188,876,191 (2022-2023: Kshs.2,256,131,930) against current assets of Kshs.1,852,580,022 (2022-2023: Kshs.1,325,549,918) resulting to a negative working capital of Kshs.1,336,296,169 (2022-2023: Kshs.903,582,012).

In the circumstances, the Bureau is technically insolvent, and the financial statements have been prepared on assumption of a going concern basis and of continued financial support from the National Government, bankers and creditors.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Issues

In the audit report of the previous year, an issue was raised under the Report on Financial Statements, which has remained unresolved as at 30 June, 2024.

Other Information

The Management is responsible for the other information set out on page vii to xlix which comprise of Key Entity Information and Management, The National Standards Council, Key Management Team, Chairman's Statement, Report of the Managing Director, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors, Statement of Directors' Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Accounts Payable

Long-outstanding Trade and other Payables

The statement of financial position reflects trade and other payables balance of Kshs.1,683,778,165 as disclosed in Note 22 to the financial statements. Included in the balance is Kshs.319,365,396 which has been outstanding for more than one (1) year. No satisfactory explanation was provided for not clearing these outstanding liabilities.

In the circumstances, business operations, liquidity and livelihoods of the creditors and by extension their beneficiaries may be affected negatively due to failure by the Bureau to pay the amounts due to them.

2. Regularity of human resource management practices

Shortfall in Staff Establishment

Review of payroll records provided for audit revealed that the Bureau has a total of one thousand one hundred and seventeen (1,117) members of staff against an approved

establishment of one thousand four hundred and forty-one (1,441), resulting in staffing shortfall of three hundred and twenty-four (324) in various levels. In addition, there was an over establishment of one hundred and four (104) members in some of the various cadres

In the circumstances, the employees may be overstretched leading to poor service delivery that may negatively impact on the realization of the Bureau's goals.

3. Other Non-Compliance

Long Outstanding Debtors

The statement of financial position reflects Kshs.1,337,506,655 in respect to current receivables from exchange transactions as disclosed in Note 19 to the financial statements. Included in this balance is Kshs.188,615,972 which relates to debtors who have been outstanding for more than one (1) year.

In the circumstances, the absence of active and intentional collection of the long-outstanding debts, including enforcement of existing debt collection mechanisms, may lead to the Bureau losing revenue.

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

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of the Management and those Charged with Governance

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

Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the

effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

24 December, 2024

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

	Notes	2023-24	2022-23
		Kes	Kes
Revenue from non-exchange transactions			
Standards Levy	6	704,893,328	708,713,153
Revenue from exchange transactions			
Rendering Of Services	7	6,904,377,998	6,239,274,419
Government Transfer-(RIIP)	8	6,000,000	9,000,000
Finance Income	9	3,801,177	4,928,891
Other Income	10	12,162,089	12,625,575
Total Revenue		7,631,234,591	6,974,542,038
Expenses			
Employee costs	11	3,317,600,127	2,822,933,455
Remuneration of directors	12	64,964,416	64,965,734
Depreciation and amortization expense	13	213,722,374	171,643,954
Repairs and maintenance	14	593,396,205	514,793,457
Contracted services	15	93,932,718	72,749,512
Use of Goods and Services	16	2,517,704,754	2,845,901,368
Finance costs	17	30,843,852	-
Total Expenses		6,832,164,446	6,492,987,479
Other gains			
Exchange gain.		21,054,590	-
Surplus for the year		820,124,735	481,554,559
Remission to National Treasury		738,112,262	250,000,000
Net Surplus for the year		82,012,474	231,554,559

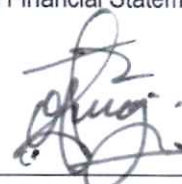
The notes set out on pages 6 to 29 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 5 were signed on behalf of the National Standards Council by:



Esther N. Ngari
Managing Director



Mohammed Adan
Director Finance and Strategy
ACCA Member: 12019291206002



Anthony M. Munyiri
NSC Chairman

Date: 09.12.2024

Date: 09/12/24

Date: 9th Dec 2024

14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

	Notes	2023-2024	2022-2023
		Kes	Kes
Assets			
Current assets			
Cash and cash equivalents	18	284,484,701	507,675,097
Current receivables from exchange transactions	19	1,337,506,655	643,452,646
Receivables from non-exchange transactions	20	51,643,296	50,179,963
Inventories	21	178,945,370	124,242,213
Total Current Assets		1,852,580,022	1,325,549,918
Non-current assets			
Non current receivables from exchange transactions	19	601,827,075	643,140,819
Property, plant and equipment	26	3,526,404,900	3,306,769,028
Intangible assets	27	1,389,492	1,984,989
Total Non current assets		4,129,621,467	3,951,894,836
Total Assets (A)		5,982,201,490	5,277,444,754
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	22	1,683,778,165	1,649,989,054
Court Awards	23	351,665,786	480,679,862
Current portion of borrowings	24	291,541,363	125,463,014
Remission Surplus Payable	32	861,890,877	-
Total Current Liabilities		3,188,876,191	2,256,131,930
Total Liabilities (B)		3,188,876,191	2,256,131,930
Net assets (A-B)		2,793,325,298	3,021,312,824
Represented By:			
Revaluation Reserves		990,156,591	990,156,591
Accumulated surplus		807,700,501	1,035,688,027
Capital Fund		995,468,206	995,468,206
Net Assets		2,793,325,298	3,021,312,824

The Financial Statements set out on pages 1 to 5 were signed on behalf of the National Standards Council by:


Esther N. Ngari
Managing Director


Mohammed Adan
Director Finance and Strategy
ACCA Member: 12019291206002


Anthony M. Munyiri
NSC Chairman

Date: 09.12.2024

Date: 09/12/24

Date: 9th Dec 2024

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

	Revaluation reserve	Retained earnings	Capital/Development Grants/Fund	Total
	Kes	Kes	Kes	Kes
At June 30, 2022	990,156,591	554,133,469	995,468,206	2,539,758,266
Surplus for the year		481,554,559		481,554,559
Capital/Development grants received during the year				-
Transfer of depreciation/amortisation from capital fund to retained earnings				-
At June 30, 2023	990,156,591	1,035,688,028	995,468,206	3,021,312,825
Capital/Development grants received during the year				-
Surplus for the Period		82,012,474		82,012,474
Transfer to National Treasury		(310,000,000)		(310,000,000)
At June 30, 2024	990,156,591	807,700,501	995,468,206	2,793,325,298

Note: The remission of surplus of Kes 310,000,000 relating to prior year was made out of the retained earning in the year under review, this is a result of posting 100% of surplus in the retained earnings of the prior year.

16. STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2024

		2023-2024	2022-2023
	Notes	Kes	Kes
Cash flows from operating activities			
Receipts			
Transfers from other governments entities		6,000,000	9,000,000
Levies, fines, and penalties		703,429,994	708,713,153
Rendering of services		5,971,920,372	6,239,274,419
Finance income		3,801,177	4,928,891
Other income		12,162,089	12,625,575
Total receipts		6,697,313,632	6,974,542,038
Adjusted for increase /decrease in receivables			(171,351,362)
Net Receipts		6,697,313,632	6,803,190,676
Payments			
Use of goods and services		2,517,929,854	2,845,901,368
Employee costs		3,352,752,582	2,822,933,455
Board Expenses		64,964,416	64,965,734
Repairs and maintenance		593,396,205	514,793,457
Contracted services		93,932,718	72,749,512
Financial cost		30,843,852	-
Total payments		6,653,819,627	6,321,343,525
adjusted for: increase/decrease in inventory			8,753,628
increase/decrease in payables			(143,471,648)
Net cash flows from/(used in) operating activities	25	43,494,005	616,565,171
Cash flows from investing activities			
Purchase of PPE and Intangible assets		(432,762,749)	336,513,858
Net cash flows used in investing activities		(432,762,749)	336,513,858
Cash flows from financing activities			
Proceeds from borrowings		166,078,349	-
Net cash flows from financing Activities		166,078,349	-
Net increase/(decrease) in cash & Cash Equivalents		(223,190,396)	280,051,313
Cash and cash equivalents at 1 July		507,675,097	227,623,784
Cash and cash equivalent at 30 June		284,484,701	507,675,097

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

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of Utilization
Revenue	Kes	Kes	Kes	Kes	Kes	%
Standards Levy	894,341,000	-	894,341,000	704,893,328	(189,447,672)	79%
Revenue from exchange transactions		-			-	
Rendering of services	7,056,608,810	54,344,458	7,110,953,268	6,904,377,998	(206,575,270)	97%
Government Transfer-(RIIP)	16,500,000	-	16,500,000	6,000,000	(10,500,000)	36%
Finance Income	3,549,000	(169,000)	3,380,000	3,801,177	421,177	112%
Other Income	10,477,000	9,200,000	19,677,000	12,162,089	(7,514,911)	62%
Total revenue	7,981,475,810	63,375,458	8,044,851,268	7,631,234,591	(413,616,677)	95%
Expenses		-				
Employee costs	3,471,153,370	-	3,471,153,370	3,317,600,127	153,553,243	96%
Remuneration of directors	65,000,000	-	65,000,000	64,964,416	35,584	100%
Depreciation and amortization expense	263,398,000	-	263,398,000	213,722,374	49,675,626	81%
Repairs and maintenance	640,347,280	(16,247,500)	624,099,780	593,396,205	30,703,575	95%
Contracted services	55,740,200	38,364,800	94,105,000	93,932,718	172,282	99.8%
Use of Goods and Services	2,098,275,710	190,638,800	2,288,914,510	2,517,704,754	(228,790,244)	110%
Finance costs	16,713,250	19,759,358	36,472,608	30,843,852	5,628,756	85%
Total expenditure	6,610,627,810	232,515,458	6,843,143,268	6,832,164,446	10,978,822	100%
Adjustment for Disposal		-				
Surplus for the period	1,370,848,000	(169,140,000)	1,201,708,000	799,070,145	(402,637,855)	
Capital Expenditure	1,170,848,000	30,860,000	1,201,708,000	432,762,749	768,945,251	36%

Notes for material deviation.

1. Income

- i. **Standards Levy** The achievement regarding Standards Levy fell short by 21% due to closure of some of the businesses, high inflation and the harsh economic times experienced in the country.
- ii. **Rendering of Services**
 - a. **Diamond Mark and Standardization Mark. This was achieved due to;**
 - Stakeholder engagement and communication resulted to firms seeing the standardization mark as valuable for improving quality, compliance, and market access.
 - Strong Enforcement and Compliance Mechanisms**, Proper surveillance and monitoring at the points of entry ensured that our targets for Destination Inspection fees were achieved.
 - b. **PVoC Royalties**
 - Clear and Effective Regulations: Strong enforcement of compliance requirements has ensured that firms adhere to the PVoC process, thereby contributing to the achievement of the fee targets
 - Streamlined Payment Systems**; Efficient billing, invoicing, and payment processes has made it easier for firms to pay their PVoC fees. Automated systems and online payment options has helped improve convenience and reduce administrative burdens
 - Clear Value Proposition: Firms see inspections as valuable for improving quality, compliance, or market access. The perceived benefits can justify the fees.

iii. 2. Expenditure

- i) **Employee Cost**- The expenditure target was below target due to staff exits and non-employment of staff.
- ii) **Repairs and maintenance and contracted services** - This was slightly underspent due to the delay in procurement process.
- iii) **Use of Goods and services**- This was overspent due to a recognition of a crystalized litigation.

Summary of reallocations

The main reason for the reallocations was to provide for activities not adequately covered in the initial budget.

18. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

KEBS was established under an Act of Parliament and derives its authority and accountability from the Standards Act (Cap.496). KEBS is a state corporation, domiciled in Kenya. Its' principal activities include development and dissemination of standards related information, dissemination of measurement standards, calibration of measurements and testing equipment, laboratory testing, quality assurance, market surveillance, systems certification, training, and quality inspection of all imports.

2. Statement of Compliance and Basis of Preparation

KEBS financial statements have been prepared in accordance with the PFM Act 2012, State Corporation Act Cap 446 and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya Shillings (Kes) which is the functional and reporting currency. All values have been rounded off to the nearest shilling. The accounting policies have been applied consistently.

The financial statements have been prepared based on the historical cost, except where otherwise stated in the accounting policies. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

3. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2024.

There were no new and amended standards issued in the financial year.

ii. New and amended standards and interpretations in issue but not effective in the year ended 30 June 2024.

Standard	Effective date and impact;
IPSAS 43	Applicable 1st January 2025 The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. The standard will apply to KEBS.

Standard	Effective date and impact:
	i. KEBS will assume the right to use asset for the leased equipment reflecting the right to use the asset over the leased term. ii. A corresponding lease liability will be recorded, representing the present value of lease payment. iii. It will provide more comprehensive information about leasing activities and lead to better financial management and decision making within the entity.
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	Applicable 1st January 2025 The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. The standard is not applicable to KEBS
IPSAS 45-Property Plant and Equipment	Applicable 1st January 2025 The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. The standard does not apply to KEBS.
IPSAS 46 Measurement	Applicable 1st January 2025 The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value. The standard applicable and relevant to KEBS. The standard will bring clarity and a fair way of measurement on the current operational values and hence uniformity and comparability in financial transactions, processes and reporting.

Standard	Effective date and impact:
IPSAS 47- Revenue	Applicable 1st January 2026 This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions. The standard will apply to KEBS. KEBS has and envisions having more streams of income, thus the standard introduces a more robust and objective approach to revenue recognition and measurement, increasing the level of transparency and disclosure that will aid in addressing any legacy revenue issues and provide more useful information.
IPSAS 48- Transfer Expenses	Applicable 1st January 2026 The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers. The standard is not applicable to KEBS.
IPSAS 49- Retirement Benefit Plans	Applicable 1st January 2026 The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan. The standard is relevant to KEBS operations KEBS operates a Defined Benefit pension scheme. Upon actuarial valuation, where a deficit is established the liability becomes an obligation to KEBS that needs to be settled. In addition, the standard will enhance greater comprehensibility, transparency and accountability which will require KEBS to meet its obligations. This will increase transparency and result to stronger financial management and informed decision making.

iii. Early adoption of standards

KEBS did not exercise the choice given in the standard to adopt the new or amended standards in the financial year under review.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i. Revenue from non-exchange transactions

Standards Levy Fees

KEBS recognises revenues from Standards Levy fees, when the event occurs, and the asset recognition criteria are met. Other non-exchange revenue is recognised when it is probable that the future economic benefits or service potential associated with the asset will flow to KEBS and the fair value of the asset can be measured reliably.

ii. Revenue from Exchange Transactions

a. 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. Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

KEBS recognizes interest income as it is earned on accrual basis.

b) Budget information

The original budget for FY 2023-2024 was approved by the National Treasury on 30th June 2023. 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 KEBS upon receiving the respective approvals in order to conclude the final budget.

KEBS budget is prepared on the same basis to the actual income and expenditure disclosed in the financial statements. The amounts in the financial statements were recast 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.

c) Taxes

i. Value Added Tax (VAT)

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

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the tax authority is included as part of receivables or payables in the statement of financial position.

For KEBS, expenses and assets are recognised at the gross amount.

ii. Corporation tax

As per section 219 (3) of the PFM Act regulations 2015, the Cabinet Secretary National Treasury has exempted regulatory authorities from payment of income tax of which KEBS is in that category.

d) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, such parts are recognized 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.

Depreciation is calculated on a reducing balance at the indicated annual rates:

Buildings Over the leased period of 99 years

Equipment 10%

Computer 30%

Motor vehicle 20%

Free hold land and work in progress is not depreciated.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining operating surplus or deficit.

e) Operating Leases

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense and charged in the statement of comprehensive income.

KEBS operating leases are in the form of rental premises and leased printing machines. The payments are expensed in the statement of financial performance.

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.

Amortization is calculated on a reducing balance at the annual rate of 30%

g) Trade and other receivables

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

Financial Instruments

i. Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or

available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

ii. Financial liabilities

Initial recognition and measurement

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

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

KEBS does not have any financial instrument.

h) Inventories

Inventories are stated at lower of cost and net realizable value. The cost of the inventory is stated at its fair value at the date of acquisition plus any subsequent costs incurred in bringing each inventory item to its present location.

i) Provisions

Provisions are recognized when KEBS 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. During the year, a provision for court awards of Ksh 352 Million was provided and a balance of 217 Million will be expensed in the year 2024/25.

j) Contingent liabilities

KEBS 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.

k) Contingent assets

KEBS 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.

l) Nature and purpose of reserves

Reserves are created and maintained in terms of specific requirements. KEBS revenue reserves are maintained for purposes of upgrading and expansion of KEBS quality infrastructure. Revaluation reserves reported refers to the change in fixed assets since the last revaluation in 2009.

Changes in accounting policies and estimates

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.

m) Employee benefits

Retirement benefit plans

KEBS operates a defined contribution and defined benefit scheme for its employees. The defined contribution scheme is administered by Trustees and is funded from contributions from both the employer and employee. During the year under review, the employers contribution was increased to 20% from 12% and the employees contribution was retained at 10% of the basic salary. 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. KEBS last actuarial valuation was done in November 2023.

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. Receivables in foreign currency are converted at the central bank rate at the end of the financial reporting period.

o) Related parties

The organization 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 of the NSC members, Managing Director, Directors, Heads of various departments and Regional Managers within KEBS.

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 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.

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, 2024.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the KEBS 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.

a) 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. KEBS based its assumptions and estimates on parameters available when the 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 KEBS.

i) Going Concern

The financial statements have been prepared on a going concern basis and it is assumed that KEBS will remain a going concern for at least the next twelve months from the date of these statements.

KEBS posted a surplus of Kes **820 Million** in the financial year under review.

b) 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 KEBS
- 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

KEBS recognises useful lives and residual values of assets as follows:

- | | |
|--|----------------------|
| i. Buildings lease period | 99years |
| ii. Equipment | 10 years |
| iii. Computer | 3 years |
| iv. Motor vehicle | 5 years |
| v. Intangible assets (Software) | 3 years |
| vi. Lease hold Land and Work in Progress | are not depreciated. |

c) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 19.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date. The provision for bad debts is specific.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. STANDARDS LEVY		
Description	2023-2024	2022-2023
	Kes	Kes
Standards Levy	704,893,328	708,713,153
Total Standards Levy	704,893,328	708,713,153
7. RENDERING OF SERVICES		
Inspection of Motor Vehicles	483,833,637	363,603,968
Laboratory Analysis Fees	57,463,882	64,026,744
Metrology Services Fees	106,468,921	83,905,319
Systems Certification Fees	82,259,102	70,438,122
Seminar Fees	78,970,777	74,895,460
Diamond Mark Fees	132,652,818	64,638,831
Sale of Standards & Development Fees	33,994,428	51,890,368
Destination Inspection Fees	4,078,600,861	3,913,752,856
Standardization Mark Fees	341,755,811	349,757,398
PVOC Royalties	1,477,353,876	1,183,939,271
NQI Membership Fee	31,023,885	18,426,082
Total Revenue from Rendering of Services	6,904,377,998	6,239,274,419
8. Government Transfer		
Description	2023-2024	2022-2023
	Kes	Kes
RIIP Project	6,000,000	9,000,000
NRF	-	-
Total Government Transfers	6,000,000	9,000,000
9. FINANCE INCOME		
Description	2023-2024	2022-2023
	Kes	Kes
Finance Income	3,801,177	4,928,891
Total Interest Income	3,801,177	4,928,891
10. OTHER INCOME		
Description	2023-2024	2022-2023
	Kes	Kes
Miscellaneous Income	12,162,089	12,625,575
Other Development Partners	-	-
Total Other Income	12,162,089	12,625,575

11. EMPLOYEE COSTS		
	2023-2024	2022-2023
	Kes	Kes
Basic Salary	1,921,637,081	1,641,632,475
House Allowance	445,453,957	423,814,484
Commuter & Other Expenses	225,328,073	218,364,005
Gratuity and Pension Expenses	310,685,596	226,774,036
NSSF Contribution	22,710,263	7,699,246
Transfer Allowance	15,911,655	11,234,677
Leave Allowance	49,827,288	50,173,852
Performance Management	15,029,569	17,112,802
Alcohol & Drug Prevention and HIV Program	7,662,225	7,836,696
Medical Insurance	270,572,019	188,957,887
Staff Awards & Honoraria	32,782,400	29,333,296
Total Employee Cost	3,317,600,127	2,822,933,455
12. REMUNERATION OF DIRECTORS		
Description	2023-2024	2022-2023
	Kes	Kes
Board Meeting Expenses		
Chairman/Directors' Honoraria	856,129	651,667
Sitting allowances	12,362,684	12,566,600
Induction and Training	9,892,154	15,189,637
Travel and accommodation	41,853,449	36,557,830
Total	64,964,416	64,965,734
13. DEPRECIATION AND AMORTIZATION EXPENSE		
Description	2023-2024	2022-2023
	Kes	Kes
Property, plant and equipment	213,126,878	170,793,244
Intangible assets	595,497	850,709
Total Depreciation and Amortization	213,722,374	171,643,954
14 .REPAIRS AND MAINTENANCE		
Description	2023-2024	2022-2023
	Kes	Kes
Transport Operating	52,044,317	38,152,756
Computer Expenses	255,080,480	293,822,587
Maintenance of Office Equipment	14,681,249	5,822,355
Maintenance of Physical Standards & Lab Equipment	66,399,735	41,788,831
Maintenance of Building	127,137,110	74,704,971
Civil & Engineering Alteration	78,053,314	60,501,957
Total Repairs and Maintenance	593,396,205	514,793,457
15. CONTRACTED SERVICES		
Description	2023-2024	2022-2023
	Kes	Kes
Contracted Professional services	93,932,718	72,749,512
Total Contracted Services	93,932,718	72,749,512

16. USE OF GOODS AND SERVICES		
Description	2023-2024	2022-2023
	Kes	Kes
Post and Delivery	11,512,318	10,994,106
Telephone	23,533,051	5,321,833
Tender Expenses	14,735,500	15,271,768
Electricity, Water and Conservancy	46,086,502	35,730,182
Fuel	66,477,121	39,774,505
Publishing and Printing	8,065,590	7,222,885
Purchase of Uniforms and Clothings	18,954,416	4,862,249
Library	10,026,325	17,392,040
Purchase of Stationery	55,412,800	37,904,485
Advertising and Publicity	91,929,556	31,000,582
Show and Exhibitions	74,233,616	33,041,521
Sports and Welfare	118,022,677	83,243,888
Rent and Rates	64,470,237	48,983,378
Hire of Transport	1,267,809	61,160
Audit fees	807,960	1,614,720
Security	51,578,137	35,030,553
Subscriptions	37,125,025	28,421,930
Training	149,603,252	73,428,564
Seminar	73,427,905	59,015,607
World Standards and Metrology days	8,585,091	5,808,701
Environment, Health & Safety Services	26,202,852	30,617,210
Legal Expenses	105,289,155	94,825,965
Research and Development in Metrology	44,954,597	30,584,686
Laboratory Material Chemicals & Reagents	142,470,876	135,965,570
Standards Enforcement	83,648,810	64,640,189
Certification Services	61,378,608	61,271,759
Standards Development	149,480,949	106,866,986
Accreditation Services	136,400,676	92,338,215
BIPM CMC Programme	14,305,818	3,894,013
Kenya National Committee of IEC	6,357,504	5,371,642
Quality Awards	1,953,494	1,399,100
Insurance	76,917,385	17,733,604
Bank Charges	883,533	14,853,871
Regional Integration expenses	27,682,940	11,325,569
Local Travelling and Accommodation	389,620,843	276,678,294
External Travelling	131,727,641	122,978,761
Court Awards	192,574,186	1,200,431,277
Total Use of Goods and Services	2,517,704,754	2,845,901,368

17 .FINANCE COSTS		
Description	2023-2024	2022-2023
	Kes	Kes
Interest on Bank overdrafts	30,843,852	-
Total Finance Costs	30,843,852	-
18(a) CASH AND CASH EQUIVALENT		
Description	2023-2024	2022-2023
	Kes	Kes
Bank	12,016,905	282,181,584
Cash	509,073	232,818
Short-term deposits (Restricted Cash)	18,949,976	18,021,201
Staff Mortgage Account (Restricted Cash)	253,008,747	207,239,494
Total Cash and Cash Equivalent	284,484,701	507,675,097

(b) Current Accounts			
FINANCIAL INSTITUTION	ACCOUNT No.	2023-24	2022-23
		Kes	Kes
National Bank of Kenya	0100-3002-830-600	8,863,517	1,052,003
National Bank of Kenya	0100-3002-830-602	429,935	
National Bank of Kenya	010-2000-283-0601	151,706	
National Bank of Kenya	0100-3236-26100	782,392	-
National Bank of Kenya	0200-302-830-600		884,595
National Bank of Kenya	0100-343-159-300	480	-
National Bank of Kenya	0100-320-408-500	8,545	-
National Bank of Kenya	0100-328-362-800	779,261	-
National Bank of Kenya	0100-10510-9703	32,444	
Kenya Commercial Bank	110-783-946-7	968,625	-
National Bank of Kenya	010-71002830601		279,519,306
National Bank of Kenya	010-7100-2830-600		725,680
TOTAL		12,016,905	282,181,584
(ii) Fixed Deposits			
National Bank of Kenya		18,949,976	18,021,201
TOTAL		18,949,976	18,021,201
(iii) Staff Mortgage			
Kenya Commercial Bank		251,186,885	207,239,494
Kenya Commercial Bank-	1184-164-681	1,821,862	
Total Staff Mortgage		253,008,747	207,239,494
Cash At Hand		509,073	232,818
Grand Total		284,484,701	507,675,097
(iv) Overdrawn Accounts			
National Bank of Kenya	0100-3002-830-602		-5,692,233
National Bank of Kenya	0100-3002-830-603		-1,090,343
National Bank of Kenya	0100-3002-830-604	(7,089,361)	-49,317,386
National Bank of Kenya	0100-3002-830-605		-1,136,625
National Bank of Kenya	0100-3002-830-606		-1,287,821
National Bank of Kenya	0100-3002-830-607	(5,510)	-69,510
Kenya Commercial Bank	110-761-835-5	(2,087,177)	-8,442,148
National Bank of Kenya	010-2000-283-0601		-20,765,395
National Bank of Kenya	010-7100-283-0601	(262,830,216)	
Co-operative Bank	114-415-044-547-00	(516,316)	-11,817,965
Co-operative Bank	212-050-445-4700	(5,908)	-14,333,207
National Bank of Kenya	0100-10510-9703		-1,400,493
National Bank of Kenya	0200-302-830-600	(1,589,824)	
TOTAL		(274,124,312)	-115,353,125
(v) Overdrawn Mpesa			
M-PESA	804700	(17,417,051)	-10,109,889

19. RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Description	2023-2024	2022-2023
	Kes	Kes
Current receivables		
Trade Debtors	1,129,353,427	520,910,792
Makhecha & Company Advocates	17,500,000	17,500,000
Prepayments	2,697,529	2,697,529
Staff Advances	6,190,813	7,115,458
Miscellaneous Debtors	1,585,822	1,585,822
Accrued Expenses	129,555,479	118,958,130
Provision for doubtful debts	(52,548,453)	(52,548,453)
KCB- KRA receivable	21,600,000	21,600,000
Other Debtors- E Citizen	75,938,669	-
Rent Deposits	5,633,369	5,633,369
Total Current receivables	1,337,506,655	643,452,646
Non-current receivables		
Staff Mortgage Scheme	601,827,075	643,140,819
Total non-current receivables	601,827,075	643,140,819
Total Receivables From Exchange Transactions	1,939,333,731	1,286,593,465
20. RECEIVABLES FROM NON-EXCHANGE		
Description	2023-2024	2022-2023
	Kes	Kes
Current receivables		
Kenya Revenue Authority	51,643,296	50,179,963
Total current receivables	51,643,296	50,179,963

(a) Receivables from Exchange Transactions (Current)		
Description	2023-2024	2022-2023
	Kes	Kes
Receivables		
Service, Water and Electricity Debtors	21,161,241	17,955,779
Other Exchange Debtors	1,316,345,414	625,496,867.00
Total Current Receivables	1,337,506,655	643,452,646.00
(b) Receivables from Exchange		
Other exchange debtors	601,827,075	643,140,819
Total non-current receivables	601,827,075	643,140,819

(c) Ageing analysis for Receivables from exchange transactions				
Description	2023-2024		2022-2023	
	Kes	% of the total	Kes	% of the total
Less than 1 year	1,200,534,433	60%	364,905,770.00	28%
Between 1- 2 years	35,051,276	2%	57,299,173.00	4%
Between 2-3 years	21,980,235	1%	17,105,206.00	1%
Over 3 years	733,411,083	37%	847,283,315.00	66%
Total (a+b)	1,990,977,027	100%	1,286,593,464.00	100%

21. INVENTORIES		
Description	2023-2024	2022-2023
	Kes	Kes
Stationery	42,804,911	42,076,981
Bio Chemical Stock	64,704,491	21,197,867
Standards Stock	61,695,789	50,955,455
Engineering Stock	9,740,179	10,011,910
Total inventories at the lower of cost and net realizable value	178,945,370	124,242,213

22. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
Description	2023-2024	2022-2023
	Kes	Kes
General Trade Creditors	422,317,809	644,201,817
Audit Fees Payable-Auditor Gen.	807,360	807,360
Staff Deductions Payable	153,753,507	127,303,563
Accrued Retention Fee	22,815,826	14,054,627
Accrued Creditors	579,225,705	518,479,862
Accrued Expenses -ISM Mark	5,137,248	92,456,672
Staff Performance Reward Payable	427,576,887	249,947,152
Accrued Legal Expenses	2,738,000	2,738,000
Employer Pension Arrear	69,405,822	-
Total Trade and Other Payables	1,683,778,165	1,649,989,054

Aging Analysis (Trade & Other Payables)	Current F/Y	%ge of the Total	Comparative F/Y	%ge of the Total
under 1 year	1,377,975,124	82%	1,508,715,033	67%
1-2 Years	262,984,463	16%	614,298,426	27%
2-3 years	18,519,193	1%	6,939,570	0%
Over 3 Years	24,299,385	1%	126,178,901	6%
TOTAL	1,683,778,165	100%	2,256,131,930	100%

23.COURT AWARDS		
Description	2023-2024	2022-2023
	Kes	Kes
Court Awards	351,665,786	480,679,862
Total Court Awards	351,665,786	480,679,862
24. BORROWINGS		
Description	2023-2024	2022-2023
	Kes	Kes
Balance at beginning of the year	125,463,014	369,704,431
Domestic borrowings during the year	166,078,349	0
Repayments during the year	-	-244,241,418
Balance at end of the year	291,541,363	125,463,014
Domestic Borrowings		
bank Overdraft from NBK	(262,830,216)	-
Overdrawn cashbooks	(11,294,096)	115,353,125
Overdrawn Mpesa	(17,417,051)	10,109,889
Total balance at end of the year	(291,541,363)	125,463,014
Description	2023-2024	2022-2023
	Kes	Kes
Short term borrowings(current portion)	291,541,363	125,463,014
Total Borrowings	291,541,363	125,463,014

25.CASH GENERATED FROM OPERATIONS		
	2023-2024	2022-2023
	Kes	Kes
Surplus/ Deficit for the year	82,012,474	481,554,559
Adjusted for:		
Depreciation	213,126,878	170,793,244
Amortization	595,497	850,709
Working capital adjustments:		
Increase / Decrease In Inventories	(54,703,157)	(8,753,628)
Increase / Decrease In Receivables	(654,203,599)	(171,351,362)
Increase/ Decrease In Payables	369,798,074	143,471,648
Net cash flows from operating activities	43,494,005	616,565,171

Kenya Bureau of Standards
Annual Reports and Financial Statements
For the year ended June 30, 2024.

26. PROPERTY, PLANT AND EQUIPMENT							
	Land	Buildings	Work in progress	Plant & equipment, Furniture and fittings	Computers	Motor Vehicle	Total
Cost	Kes	Kes	Kes	Kes	Kes	Kes	Kes
At 30th June 2022	127,390,000	1,838,279,242	268,598,966	2,258,445,482	389,922,737	487,991,258	5,370,627,684
Additions		1,989,400	32,812,009	243,655,438	58,057,011		336,513,858
Disposals							-
Transfer/adjustments							-
At 30th June 2023	127,390,000	1,840,268,642	301,410,975	2,502,100,920	447,979,748	487,991,258	5,707,141,542
Additions				245,918,670	57,056,239	129,787,840	432,762,749
Disposals							
Transfer/adjustments							
At 30th June 2024	127,390,000	1,840,268,642	301,410,975	2,748,019,590	505,035,987	617,779,098	6,139,904,292
Depreciation and impairment							
Depreciation		6,080,053		109,573,547	33,473,899	21,665,746	170,793,244
Disposals							
Impairment							
Transfer/adjustment							
At 30th June 2023	-	113,231,259	-	1,515,938,997	369,873,984	401,328,274	2,400,372,514
Depreciation		6,080,053		123,208,059	40,548,601	43,290,165	213,126,878
Disposals							
Impairment							
Transfer/adjustment							
At 30th June 2024	-	119,311,312	-	1,639,147,057	410,422,585	444,618,439	2,613,499,392
Net book value							
As At 30th June 2023	127,390,000	1,727,037,383	301,410,975	986,161,922	78,105,763	86,662,984	3,306,769,028
As At 30th June 2024	127,390,000	1,720,957,330	301,410,975	1,108,872,533	94,613,402	173,160,659	3,526,404,900

27. INTANGIBLE ASSETS-SOFTWARE		
Description	2023-24	2022-2023
	Kes	Kes
Cost		
At beginning of the year	143,717,912	143,717,912
Additions	-	-
At end of the year	143,717,912	143,717,912
Additions-internal development	-	-
At end of the year	143,717,912	143,717,912
Amortization and impairment		
At beginning of the year	141,732,923	140,882,214
Amortization	595,497	850,709
At end of the year	142,328,420	141,732,923
Impairment loss	-	-
At end of the year	142,328,420	141,732,923
NBV	1,389,492	1,984,989

28. Financial Risk Management

KEBS activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The organization's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. KEBS has an integrated risk management framework. KEBS financial risk management objectives and policies are detailed below:

a) Credit Risk

KEBS credit risk is primarily attributable to its trade receivables. The amounts presented in the financial statements are net of doubtful receivables, estimated by the KEBS management based on prior experience. The credit risk on liquid funds with financial institutions is low. This is because the bank balances are held with regulated financial institutions and are fully performing.

Credit Risk	Total Amount	Fully performing	Past due	Impaired
	Kes	Kes	Kes	Kes
As At 30 June 2024				
Receivables from exchange transactions	1,939,333,731	1,939,333,731	-	-
Receivables from non exchange transactions	51,643,296	51,643,296	-	-
Bank balances	284,484,701	282,379,291	-	-
Total	2,275,461,728	2,273,356,318	-	-
As At 30 June 2023	1,286,593,465			
Receivables from exchange transactions		1,286,593,465	-	-
Receivables from non exchange transactions	50,179,963	50,179,963	-	-
Bank balances	507,675,097	507,675,097	-	-
Total Credit Risk	1,844,448,525	1,844,448,525		-

b) Liquidity risk management

Liquidity risk is the risk that the organization will not have sufficient financial resources to meet its obligations when they fall due. KEBS was able to meet its maturing obligations when due. KEBS manages liquidity risks by continuous monitoring of forecasts and actual cash flows.

Liquidity Risk Management				
	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kes	Kes	Kes	Kes
As at 30th June 2024				
Trade payables	176,565,191	128,272,717	117,479,901	422,317,809
Current portion of borrowings	291,541,363	294,319,795	294,319,795	294,319,795
Total	468,106,554	422,592,512	411,799,696	716,637,604
As at 30th June 2023				
Trade payables	143,879,107	437,003,488	63,319,221	644,201,817
Current portion of borrowings	125,463,014	125,463,014	125,463,014	125,463,014
Total	269,342,121	562,466,502	188,782,235	769,664,830

c) Market Risk

Market risk is the risk that the fair value or future cash flow of financial instruments will fluctuate because of changes in foreign exchange rates, commodity prices and interest rates. The objective of market risk management policy is to protect and enhance the statement of financial position and statement of comprehensive income by managing and controlling market risk exposures within acceptable parameters and to optimise the funding of business operations and facilitate capital expansion. The market risk exposure of the company relates primarily to currency and interest rate risk.

i) Foreign currency risk

KEBS is exposed to foreign exchange risk arising from trading with suppliers and customers in foreign currency. Exchange rate exposures are managed within approved policy parameters utilizing of assets and liabilities.

KEBS manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

ii) Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. KEBS did not have any interest borrowings in the current financial period hence no exposure to interest rate risk

iii) Capital Risk Management

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

Capital Risk Management		
	2023/24	2022/2023
	Kes	Kes
Revaluation reserve	990,156,591	990,156,591
Retained earnings	374,937,752	1,035,688,028
Capital reserve	1,428,230,955	995,468,206
Total funds	2,793,325,298	3,021,312,825
Total borrowings	291,541,363	125,463,014
Less: cash and bank balances	284,484,701	507,675,097
Net debt/(excess cash and cash equivalents)	(7,056,662)	382,212,083
Gearing	10%	4%

29. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to KEBS include those parties who have ability to exercise control or exercise significant influence over KEBS operating and financial decisions. Related parties include the key management comprising of the NSC members, Managing Director, Directors, Head of various departments and Regional Managers within KEBS.

Government of Kenya

The Government of Kenya is the principal shareholder of KEBS, holding 100% of the Entity'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) Ministry of Investment Trade and Industry
- ii) County Governments
- iii) Other SCs and SAGAs
- iv) The National Treasury and Planning
- v) The National Standards Council
- vi) Key management.

	2023/24	2022/2023
	Kes	Kes
Transactions with related parties		
a) Sales to related parties		
Rent income from govt. Agencies	1,760,000	1,786,264
Training and Certification of govt. Agencies	86,072,435	192,916,367
Interest Earned	2,872,402	2,848,540
Total	90,704,837	197,551,171
b) purchases from related parties		
Purchases of electricity from KPLC	35,636,387	30,515,495
Purchase of water from govt service providers	10,313,835	4,620,616
Rent expenses paid to govt agencies	11,446,056	9,400,000
Training and conference fees paid to govt. Agencies	29,072,328	7,005,000
Bank Charges and Interest Payable	33,377,012	12,603,391
Total	119,845,619	64,144,502
c) Grants /transfers from the government		
Grants from national govt	6,000,000	9,000,000
Total	6,000,000	9,000,000
d) Key management compensation		
Directors' emoluments	856,129	651,657
Compensation to key management	185,632,302	165,089,724
Total	186,488,431	165,741,381

30. Contingent assets and contingent liabilities

KEBS contingent liability in the year is estimated at Kes 8 Billion on outstanding legal cases and costs together with defined benefit actuarial deficit .

31. Capital Commitments

CAPITAL COMMITMENTS		
Capital commitments	2023/24	2022/2023
	Kes	Kes
Authorised and Contracted for	274,525,488	242,121,897
Total	274,525,488	242,121,897

The Capital Commitments for the year amounted to Kes 274 Million.

32. 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. KEBS remitted 60,000,000 into the Consolidated Fund as part of the surplus for the last financial year.

32. SURPLUS REMISSION		
Description	2023-2024	2022-2023
	Kes	Kes
Surplus for the year	820,124,735	481,554,559
90% Computation	738,112,262	433,399,103
Remission Surplus Payable		
	2023-2024	2022-2023
Description	Kes	Kes
Payable at the beginning of the year	183,778,615	-
90% Surplus	738,112,262	(250,000,000)
Surplus Paid During the Year	(60,000,000)	
Payable at the end of the year	861,890,877	(250,000,000)

33. Events after the reporting period

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

34.Ultimate and Holding Entity

KEBS is a State Corporation under the Ministry of Investment Trade and Industry. Its ultimate parent is the Government of Kenya.

35.Currency

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

Appendix 1: Implementation Status of Auditor-General's Recommendations

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1 i)	Receivables from exchange transactions	The developer was engaged to develop KEBS staff housing Scheme which did not take place. A deposit of Kes 17,500,000 was paid for the staff housing scheme that was never implemented. The matter was forwarded to Inspectorate of State Corporation in 2011 and later referred to Ethics and Anti-Corruption Commission for investigations. This matter has taken over 20 years and it is unlikely that the monies will be recovered. KEBS made a request for approval from the National Treasury to write off the debt.	Not Resolved	Financial Year 2025
ii)	Prepayments	Prepayment of Kes 2,697,529 was made to three firms for goods and services that were never supplied 1. Tetralink Kenya Ltd – Kes.2, 256,436.75 (2000-2001) 2. Bestex Designers – Kes.153, 542.00 (2000-2001) 3. Home Link Ltd- Kes.287, 550.00 (1999-2000) This has taken over 20 years.	Not Resolved	Financial year 2025
iii)	Miscellaneous debtors of Ksh 1,585,822.00	The miscellaneous debtors of Kes 1,585,822 relate to amounts surcharged on KEBS officers for acts committed by them in the years 2000 and 2001. The staff were dismissed thereafter.	Not Resolved	Financial Year 2025
2.	Property Plant and Equipment	This refers to payments done (2012) in respect to preliminary activities to consultants for different works towards the commencement of the construction of coast regional offices and laboratories totalling to Kes 101,938,209. The project was later abandoned and KEBS opted for the purchase of a building which was much more cost effective and affordable. The Preliminary costs which were now sunk costs were expensed and removed from the Work in progress.	Not resolved	Financial Year 2025
3.	Cash and Cash Equivalent	This refers to money collected and banked in regional operations bank account that currently is before the court of law.	Not Resolved	Financial Year 2025

4	Supply and implementation of application software for KEBS integrated quality assurance and inspection operation	This relates to a contract which was awarded in 2012 to Circuit Business System for supply and implementation of an application software. The objectives of this project were not attained. This project was terminated and contractual options regarding compensation to KEBS is being pursued through the court.	Not Resolved	Financial Year 2025
5	Pre-export verification of conformity (PVOC) for exports to Kenya	This is a case of M/s Tellam freighters who allegedly moved the goods from the port without KEBS intervention. To prevent this from occurring, KEBS agreed with KRA that customs entries for goods not accompanied with Certificates of Conformity (CoCs) issued by any of the KEBS appointed inspection agent will only be passed by Customs department upon satisfactory quality inspection by KEBS.	Not Resolved	Financial Year 2025
6	Unapproved procurement of Legal firms.	This relates to lawyers engaged in the case of Geochem Middle East Vs KEBS where; a. The National Standards Council resolved that the legal team handling Geochem case be strengthened. b. KEBS obtained a conditional approval and retainer agreement between KEBS and the Law Firms setting out the scope of work was drawn. c. The procurement of the said Law firms was necessitated by the urgency and the impact of the matter had on the operations of KEBS. d. The firms were on the list of pre-qualified list for providers of legal service for the period 2015/2016-2018.	Not Resolved	Financial Year 2025
7	Non-Compliance with the E-Procurement	KEBS complied with Executive Order No.2 of 2018 by; a. maintaining and continuously updating and publicizing its procurement undertaking through the websites, public Notices boards and official government publication. b. KEBS has its own ERP(ACCPAC) which is not integrated with IFMIS, which is used processing procurement requests and procurement documents such as LPO/LSO and purchase requisition of vouchers	Not Resolved	Financial Year 2025

Kenya Bureau of Standards
Annual Reports and Financial Statements
For the year ended June 30, 2024.

8	Irregular Procurement of Insurance services.	This relate to an expenditure on general Insurance Amounting to Ksh. 11,157,170 paid to Occidental Insurance Company ltd. This expenditure was properly approved by the organization and the services were received by the organization hence cannot be irregular. KEBS is under obligation to ensure that its assets are sufficiently protected against risk exposures that are insurable. The procurement of insurance services was done through an open tender and awarded to the lowest evaluated bidder. In this case occidental was found to be lowest evaluated bidder.	Not Resolved	Financial Year 2025
9	Trade Receivable and other Receivables	This related to the provision on bad and doubtful debt amounting to Ksh. 52,548,453 in respect of provision for bad and doubtful debts which excludes Ksh. 5,469,529 recovered during the year 2021 and trade debtors outstanding for more than ninety days and no general provisions for doubtful debts was charged amounting to Kshs. 211,404,755. KEBS does not have a policy on general provision and instead applies specific provision in line with the procedure on provision for bad debts as stipulated in the credit policy and the international Financial reporting standards. The practice of general provision has been declining and specifically has been prohibited by international Financial Reporting Standard (IFRS) IAS 39 prohibits creation of general provisions on the basis of past experience due to the subjectivity involved in creating such an estimate. Instead, reporting entity is required to carry out impairment review to determine the recoverability of the receivables and any associated allowance.	Not Resolved	Financial Year 2025
10	Unsupported Trade and other payables.	This relates to Expenditures of ksh 75,858,279, which by the time of audit had not been supported with the delivery notes, invoice and inspection report This was part of the general trade creditors of Kshs 644,201,817. The Delivery notes, invoices and inspection reports have been provided for verification	Not Resolved	Financial Year 2025
11.	Long outstanding LPOs	This relates to Local purchase orders and Service orders which the suppliers had not serviced by the time of the audit. Whereas the suppliers turn around time has greatly improved, the validity of the Local purchase orders and service orders will reliably be addressed considering that some of the items ordered are specific and need be assembled as ordered by the client.	Not Resolved	Financial Year 2025

Sign.....

Managing Director- Kenya Bureau of Standards

Date:.....09.12.2024

Kenya Bureau of Standards
Annual Reports and Financial Statements
For the year ended June 30, 2024.

Appendix IV: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/Develop- ment/Others	Total Amount - KES	Where Recorded/recognized Statement of Financial Performance	Total Transfers during the Year
	as per bank statement				
The National Treasury & Economic Planning	28/08/2023	Recurrent	6,000,000	6,000,000	6,000,000
Total			6,000,000	6,000,000	6,000,000

Appendix VI: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source of Funds	Implementing Partners	
				Q1	Q2	Q3	Q4			
Corporate Social Investment(CSI) Tree Planting Project	The tree planting project aims to enhance the conservation of environment, mitigating the adverse effects of climate change and reducing forest degradation by planting trees in various locations public schools, Government Forest. This initiative will contribute to environmental sustainability, help to build resilient and sustainable community. The objectives of this project include environmental improvement, community engagement and biodiversity enhancement	To contribute to stopping and reversing Deforestation. To contribute to sustainable solutions to mitigate adverse effects of climate change	Acquisition of tree seedlings Tree planting, in public school. Tree planting in government forests Partnering with other organizations at grass root levels such as women groups Rehabilitation of dilapidated forests through Kenya forest (KFS) campaign Adopt-A-forest program	567,200	2,888,700	1,712,000	7,642,820	AIA	Kenya Forest Service	