

REPUBLIC OF KENYA



PARLIAMENT
OF KENYA
LIBRARY


Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE:	02 MAY 2023
	DAY: Wednesday Tuesday
TABLED BY:	Hon. Kimani Ichung'wah (Leader of the Majority Party)
CLERK-AT THE TABLE:	Modo

**KENYA INDUSTRIAL RESEARCH AND
DEVELOPMENT INSTITUTE**

**FOR THE YEAR ENDED
30 JUNE, 2022**



REPUBLIC OF KENYA



KENYA INDUSTRIAL RESEARCH AND DEVELOPMENT INSTITUTE



KENYA INDUSTRIAL RESEARCH AND DEVELOPMENT INSTITUTE (KIRDI)

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2022**

Popo Road off Mombasa Road, P.O. Box 30650 - 00100, NAIROBI, Kenya
Tel: +254 (20) 2388216 or +254 (20) 2393466
Mobile: 0724 214 092
Website: www.kirdi.go.ke | Email: directorgeneral@kirdi.go.ke
Research | Innovate | Commercialize

Kenya Industrial Research and Development Institute (KIRDI)
Annual Reports and Financial Statements
For the year ended 30th June 2022

TABLE OF CONTENTS

TABLE OF CONTENTS	II
1. KEY INSTITUTE INFORMATION AND MANAGEMENT	III
2. THE BOARD OF DIRECTORS.....	VII
3. MANAGEMENT TEAM 2020/2021.....	XV
4. CHAIRPERSON'S STATEMENT.....	XIX
5. REPORT OF THE DIRECTOR GENERAL.....	XXI
6. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2021/22	XXIII
7. CORPORATE GOVERNANCE STATEMENT	XXVII
8. MANAGEMENT DISCUSSION AND ANALYSIS.....	XXXV
9. ANALYSIS OF GOVERNMENT GRANT RECEIVED IN THE PAST 5 YEARS.....	XXXVII
10. REPORT OF THE DIRECTORS.....	XLI
11. STATEMENT OF DIRECTORS' RESPONSIBILITIES	XLII
12. REPORT OF THE INDEPENDENT AUDITORS ON KENYA INDUSTRIAL RESEARCH DEVELOPMENT INSTITUTE AND.....	XLIV
13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 TH JUNE 2022	1
14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022	2
15. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022.....	3
16. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2022.....	4
17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022	5
18. NOTES TO THE FINANCIAL STATEMENTS.....	7
19. APPENDICES.....	24
APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS.....	24
APPENDIX II: PROJECTS IMPLEMENTED BY KIRDI	26
APPENDIX III: INTER-ENTITY TRANSFERS	27

1. KEY INSTITUTE INFORMATION AND MANAGEMENT

(a) Background Information

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is a statutory research organization which was established under the Science and Technology Act Cap 250, 1979 (later repealed and replaced by the Science, Technology and Innovation Act 2013) and currently under KIRDI Act 2022.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

(a) Principal Activities

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

(b) Key Management

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

- The Office of Director and Chief Executive Officer
- Research Technology and Innovation Department
- Finance and Administration Department
- Transfer of Technology and Enterprise Services Department

Kenya Industrial Research and Development Institute (KIRDI)
Annual Reports and Financial Statements
For the year ended 30th June 2022

- Corporate Services Department
- Legal services & Corporate Secretary

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

Sr. No.	Designation	Name
1.	Director / Chief Executive Officer	Prof. David K. Rotich Tuigong'
2.	Director - General	Dr. -Ing. Calvin Onyango
3.	Deputy Director, Technology Transfer and Extension Services	Dr. Arthur Onyuka
4.	Deputy Director - Finance, Human Resource and Administration	Dr. Josephine N. Mandere
5.	Deputy Director, Research Technology and Innovation	Dr. Martha Induli
6.	Deputy Director - Corporate Services	Mr. Nicodemus Mutinda
7.	Assistant Director- Finance	Mr. Stanley Abonyo
8.	Ag. Assistant Director - Human Resource and Administration	Ms. Jane Kamenwa
9.	Principal Internal Auditor	Mr. Thomas Kazungu
10.	Head Procurement	Mr. Mark Sichangi

(d) Fiduciary Oversight Arrangements

The Board works through various sub-committees which include; The Research Technology and Innovation Committee, Finance and Special Projects Committee, Risk and Audit Committee, Human Resources, and Administration Committee

Research Technology and Innovation Committee

This Committee consisted of five members. The Committee was chaired by Ms. Rahab Lanoi. It had a responsibility to oversee the Institute's

research project plans, Technology and Research. It also reviews project proposals. Other members of the Committee include Dr. Kaberia Limukii, Dr. -Eng. David Nduhiu, Prof. George Thiongo, Eng. Andrew Muigai, and Dr. Arthur S. Onyuka.

Finance and Special Projects Committee

This Committee consisted of five members. The Committee was chaired by Eng. Andrew Muigai. This Committee had oversight on all financial issues including budgets, financial reporting process and controls and procurement. It also reviews proposals for Capital Developments. In addition, the Committee appraises capital budgets for recommendation to the Board. Other members of the Committee include Ms. Rahab Lanoi, Mr. Martin Gumo, Mr. Roy Nyangena, Prof. George Thiongo, Mr. Stanley Maina Kagera and Dr. Arthur S. Onyuka.

Risk and Audit Committee

This Committee consisted of five members. The Committee was chaired by Ms. Nyawira Njeru. It had an oversight responsibility of reviewing, assessing adequacy and monitoring of internal controls, risk management and corporate governance processes; examining internal and external audit reports and recommendations therein. Other members of the Committee include Ms. Jane Omari, Mr. Roy Nyangena and Mr. Stanley Maina Kagera.

Human Resources and Administration Committee

This Committee consisted of five members. The Committee was chaired by Mr. Kaberia Limukii. It was responsible for human resource matters including recruitment, succession management, monitoring and appraising the performance of senior management, including the Director-General, review of the HR policies, review of general

Kenya Industrial Research and Development Institute (KIRDI)
Annual Reports and Financial Statements
For the year ended 30th June 2022

administrative and procurement policies and oversight of corporate communication policies. Other members of the Committee include Ms. Nyawira Njeru, Ms. Jane Omari, Dr. Eng. David Nduhiu and Dr. Arthur S. Onyuka.

(e) Institute's Headquarters

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

(f) Institute's Contacts

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

(g) Institute's Bankers

1. National Bank of Kenya
KEBS South C, Popo Road Branch
NAIROBI, KENYA
2. Absa Bank of Kenya
Bunyala Road Branch
NAIROBI, KENYA

(h) Independent Auditors

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

(i) Principal Legal Adviser

The Attorney General
State Law Office and Department of Justice
Harambee Avenue
P.O. Box 40112
City Square 00200
NAIROBI, KENYA

2. THE BOARD OF DIRECTORS

DIRECTOR	PROFILE
 <p data-bbox="201 981 619 1048">Dr. Dinah Mwinzi, PhD, CBS - Chair of the Board of Directors</p>	<p data-bbox="651 461 1283 495"><i>Appointed on 8th October 2021 for 3 years</i></p> <p data-bbox="651 533 1559 1048">Dr. Mwinzi holds a Doctorate of Philosophy in Educational Communication & Technology, Master's Degree in Philosophy and Religion and a Bachelor of Education (Arts) Degree. She is a member of Kenya Association of Public Administration and Management (KAPAM). She is currently the Vice Chancellor KAG East University. She has served in various leadership and managerial positions in the Public Sector which include Chairperson, Director and Deputy Chairperson. She has served in other capacities as Principal Secretary, Vocational & Technical Training Director, Vocational Education and Training, Director, Youth Training, Lecturer - Moi University Deputy Dean of Students, Moi University Assistant Dean of Students, Moi University and High School Teacher.</p>
 <p data-bbox="201 1473 587 1563">Prof. Christopher G. Nyagah Member of the board of Directors.</p>	<p data-bbox="651 1088 1559 1189"><i>Appointed on 17th April 2015 and served for three years. His term ended on 16th April, 2018 and was reappointed on 21st September 2018</i></p> <p data-bbox="651 1223 1559 1469">PROF. NYAGAH holds a PhD in Chemistry, MSc. and B. Ed (Science) Hons from the University of Nairobi. He has more than 40 years of experience in Research, University Teaching and Management and has published many articles in referred journals. Prof. Nyagah is currently a Full Professor of Chemistry at Jomo Kenyatta University of Agriculture and Technology.</p>

Kenya Industrial Research and Development Institute (KIRDI)
Annual Reports and Financial Statements
For the year ended 30th June 2022

	<p><i>Re-appointed Director on 3rd May 2019 for a 3 years term which ended on 3rd May 2022</i></p> <p>MS. NJERU is an Accredited Certified Executive Leadership Coach (CELC) and holds a MSc. Marketing from the University of Wales and is pursuing a Master's in Public Policy and Administration at Kenyatta University. She holds a B. Com Degree from Catholic University of Eastern Africa and a Post Graduate Diploma in Marketing from Chartered Institute of Marketing UK. Ms. Njeru is a Member of Institute of Directors (Kenya), International Coach Federation and Chartered Institute of Marketing UK. She has over Fifteen (15) years' experience in Management having served in various leadership and managerial positions in both public and private sectors. She has worked for Sealed Air Corporation as Business Director, Eastern and Southern Africa and currently works with Becton Dickinson, Leading Global Health & Public Private Partnerships in Eastern Europe, Middle East and Africa.</p>
	<p><i>Re-appointed Director on 30th May 2019 for a 3 years term which ended on 30th May 2022</i></p> <p>ENG. MUIGAI holds a BSc. Degree in Civil Engineering from the University of Nairobi, Post Graduate Diploma in Procurement Management from Turin Italy and Post Graduate Certificate in Project Planning Appraisal & Financing from University of Bradford.</p> <p>He is Registered with the Engineers Registration Board of Kenya as well as a Corporate Member of Institute of Engineers of Kenya; he is also a Member of the Institute of Directors (Kenya). He is an entrepreneur, engineer and consultant with over thirty (30) years of experience in Civil Engineering & Project Management Consultancy; and over twenty five (25) years of experience in Leadership and Management gained in both the public and private sectors.</p> <p>He is currently the Executive Director Kunene Partners Limited - an advisory and fund raising firm - in special situation investments in sectors that include but not limited to real estate, energy, agriculture and infrastructure</p>

Ms. Nyawira Ophelia Njeru
 Member of the Board of Directors

Eng. Andrew Gichamba Muigai
 Member of the Board of Directors

Kenya Industrial Research and Development Institute (KIRDI)
Annual Reports and Financial Statements
For the year ended 30th June 2022

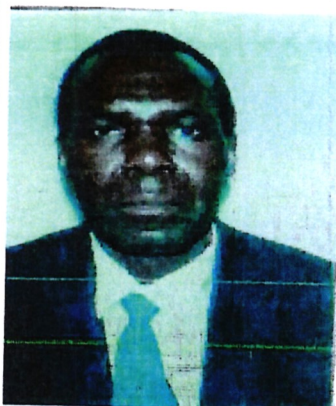


Mr. Nobby Macharia
 Alternate Member of the Board
 of Directors

Alternate to the Principal Secretary, Ministry of Industrialization

Mr. Macharia holds MBA(Entrepreneurship) from Kenya Methodist University and B.Sc. (Agriculture) from the University of Nairobi

He is currently holding the position of Director of Industries-Agro Industries at the Ministry of Industrialization (State Department of Industrialization).



Mr. Simon Ndubi Atebe
 Alternate to PS, State
 Department of Industrialization

***Alternate to PS, State Department of Industrialization
 (Replaced Mr. Nobby Macharia effective November 2021)***

Mr. Atebe a Master of Business Administration and a Bachelor Degree in Food Science & Technology from the University of Nairobi. He has several Post Graduate Training Courses.

He has worked as an Analyst in the Government Chemist Department, Ministry of Health. He is currently serving as a Deputy Director of Industries, State Department of Industrialization.

He has also served as a Director at the Kenya Leather Development Council (KLDC) and Kenya Industrial Estates (KIE).



Mr. Roy Getusi Nyangena
 Alternate to PS, State
 Department of Industrialization

***Alternate to the Principal Secretary, Ministry of Industrialization
 (Replaced Mr. Atebe effective March, 2022)***

Mr. Nyangena holds a Master's Degree on Rural Economics and a Bachelor of Commerce (Bcom). He is the Deputy Director of Industries, State Department of Industrialization, Ministry of Industry, Trade & Enterprise Development.

He has served in the Ministry as the Assistant Director of Industries in the Ministry of Industrialization and also served in the East African Community Affairs, Incharge of Continental Free Trade Area Affairs and representative of the State Department for Industrialization in Bilateral matter.

Kenya Industrial Research and Development Institute (KIRDI)
Annual Reports and Financial Statements
For the year ended 30th June 2022



**Mrs. Omari Jane Bisieri
 (Nee Menge)**
 Alternate to the Executive
 Secretary, National Commission
 for Science, Technology and
 Innovation (NACOSTI)

Alternate to the Executive Secretary, National Commission for Science, Technology and Innovation (NACOSTI)

Mrs. Omari is currently pursuing PhD in the department of Pathology School of Medicine, Kenyatta University. She holds an MSc (Zoology) Kenyatta University and BSc Botany and Zoology, Minor Education from Kenyatta University respectively.

She is a Principal Science Analyst in Agriculture and Natural Resources at the National Commission for Science Technology and Innovation (NACOSTI).

She is a former Grant Manager for the Kenya Policy component in the Biosciences Innovation Policy Consortium for Eastern Africa (BIPCEA) BioInnovate Phase I (2010-2015) and Grant Manager for the East African Regional Programme and Research Network for Biotechnology, Biosafety and Biotechnology Policy Development (BIO-EARN) respectively.



Mr. Martin S. Gumo
 Alternate Member of the Board
 of Directors




Alternate to the Principal Secretary, Ministry of Finance and National Treasury

MR. GUMO holds a Master of Science Degree in Finance from the University of Nairobi, Bachelor of Commerce (Accounting option) Degree and He is a qualified Accountant with CPA (K) and a member of ICPAK.




He is a career civil servant with vast experience in management and Public Finance having worked in the Public Service for over 35 years.

He is currently the Deputy Director, Macro and Fiscal Affairs in the National Treasury. Previously, he worked with the Ministry of Finance (now the National Treasury) and the Kenya Revenue Authority.



**Kenya Industrial Research and Development Institute (KIRDI)
Annual Reports and Financial Statements
For the year ended 30th June 2022**

 <p>Maj. Rtd Hussein Abshiro Herin Member of the Board of Directors</p>	<p><i>Appointed Director on 3rd May 2019 for a 3 years terms. He resigned on 9th February, 2022</i></p> <p>MAJ. RTD. ABSHIRO HERIN is a retired Military/Airforce Officer with an illustrious career spanning over two and a half decades. Currently pursuing MSc. Procurement and Contract Management at JKUAT. Holds BSc. Business Management (Human Resource option) and Military Advance Intelligence Affiliation Courses both local and overseas. He has thorough knowledge of National Security and Security implication.</p>
 <p>Dr. Kaberia Evans Limukii Member of the Board of Directors.</p>	<p><i>Appointed Director on 3rd May 2019 for a 3 years term which ended on 3rd May 2022</i></p> <p>Dr. Limukii holds PhD (Administration & Policy) from Moi university, Post- Doctoral Higher National diploma in Human resource management from Shaberere Technical Training Institute, M.E.D (Planning and Economics), Kenyatta University, B.E.D (Arts), Kenyatta University and he is I.T. compliant. He is widely published in referred journals, an expert in management and policy. He has served in several senior capacities in the university, County Government and several management boards. He is a member of the Education management society of Kenya, Life Member red cross Kenya and a member of the Institute Resource Management (IHRM). He has attended Seminars and workshops touching on Education, Democracy, Procurement and Administration.</p>
 <p>Ms. Rahab W. Lanoi Member of the Board of</p>	<p><i>Appointed Director on 30th May 2019 for a 3 years term which ended on 30th May, 2022</i></p> <p>MS. LANOI is currently pursuing Ph.D (Strategic Management at Kenyatta University, She has Master's degree in Business administration (Strategic Management) from Kenyatta University, BSC Computer information Systems, Advance Diploma in information Technology. She has worked as a Strategic consultant/Digital Marketing Manager at Herms solutions, a lecturer at CUEA department of computer science and school of business, she has also worked at Air Kenya express at various position i.e Operation shift manager ,Marketing account manager and system administrator strategic planning manager. She has</p>

Kenya Industrial Research and Development Institute (KIRDI)
Annual Reports and Financial Statements
For the year ended 30th June 2022

Directors	attended various training and seminars related to her career.
 <p>Dr. Stephen Kiptoem Mairori Member of the Board of Directors</p>	<p>Appointed Director on 21st September, 2018 for a 3 years term</p> <p>DR. MAIRORI holds a Bachelor's Degrees, Masters of Divinity with a focus on Leadership, Doctor of Ministry. He was a member of the County Government of Trans Nzoia Public Service Board selection panel in 2013. Served as a Board Member at NACADA and Kenya Institute of Public Policy (KIPPRA). Has served as a Regional Coordinator Global Leadership Summit, Executive Director of ICM Kenya and Equip National Director.</p>
 <p>Mr. James K. Wang'ombe Alternate to the Inspector General, Inspectorate of State Corporations, Office of the Deputy President</p>	<p>Alternate to the Inspector General, Inspectorate of State Corporations, Office of the Deputy President.</p> <p>MR. WANG'OMBE is an Economist by Profession. He Holds an MBA and is a Member of Information Systems Audit and Control Association (ISACA).</p> <p>He has over 28 years of Experience in the Public Service having served in the Planning and Oversight Sectors.</p> <p>He is currently an Inspector with the Inspectorate of State Corporations.</p>
 <p>Prof. George Thiongo Member of the Board of Directors</p>	<p>Appointed Director on 8th October 2021</p> <p>Prof Thiongo holds a Doctorate in Biochemistry, Masters of Science degree in Chemistry and a Bachelor of Education in Science. He has worked as a Professor, Lecturer, Leader in Church, Principal and Dean of High School. He has been a Chairman at the University, Board of the Institute of Environment and Energy Technology.</p> <p>He has 35 list of publications, 4 draft papers about to submit, 6 innovations and 16th Conference Papers. He is part of JKUAT team tendering on consultancy services for development of a strategic plan for transformation of KPLC training school.</p> <p>Prof. Thiongo has been involved in development of new</p>

Kenya Industrial Research and Development Institute (KIRDI)
Annual Reports and Financial Statements
For the year ended 30th June 2022

	<p>academic programmes and has Academic Honours from 'Who is Who in Science and Engineering in the World, 2001', Association of Commonwealth Staff Scholarship, August-December 1999 and Teaching Assistantship Awards from Kenyatta University, 1982-1988.</p>
 <p>Dr. Eng. David Nduhiu Member of the Board of Directors</p>	<p><i>Appointed Director on 29th October 2021</i></p> <p>Dr. Eng. Nduhiu holds a Doctorate of Business Administration (DBA) Honoris Causa from the Commonwealth University, Masters in Leadership and Management, Bachelor of Science, Civil Engineering.</p> <p>He has been the Chairman, Devcon Group Limited from 2003 and also the founder of Kirethi Construction Company Limited in 1980.</p> <p>He has served as the Vice Chairman of Kenya Medical Training College and a Chairperson of the Human Resource Committee.</p> <p>He has been awarded an International Gold Medal award for Quality by a Swiss-based Company and also an internal New Golden Construction award millennium award in 2008 Spain. He is a member of the European Federation of National Engineering Association.</p>
 <p>Mr. Stanley Maina Kagera Alternate to the Principal Secretary, Treasury & Planning</p>	<p><i>Alternate to the Principal Secretary, Ministry of Finance and National Treasury</i> <i>(Replaced Mr. Martin S. Gumo effective 10th March, 2022)</i></p> <p>Director holds a Master's Degree in Economic Policy Management, Bachelor of Bachelor of Arts in Economics, Certificate in Project Management, Productivity Management from U.S.A, Young Professional Course Certificate on Macro Economic research from KIPPRA among other certificates.</p> <p>Director has worked as an Economist in various Government offices including, Deputy Director National Treasury, Ministry of Health, Policy Analyst in the Office of the Prime Minister.</p>

Kenya Industrial Research and Development Institute (KIRDI)
Annual Reports and Financial Statements
For the year ended 30th June 2022



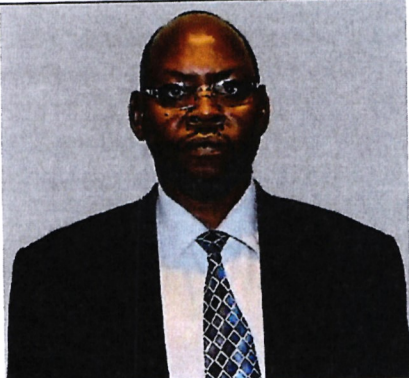
Dr. -Ing. Calvin Onyango
 Director-General / Secretary to
 the Board

Appointed Director-General on 6th June, 2022

Dr. -Ing Calvin Onyango holds a PhD in Bioprocess Engineering from Institute of Food Technology and Bioprocess Engineering, Technische Universitaet Dresden, Dresden, Germany; Masters and Bachelor's Degrees in Food Science and Technology from the University of Nairobi, Kenya.

Dr-Ing. Onyango has expansive research experience spanning over twenty-six (26) years. His expertise is in Food Science and Technology. He has published widely in peer reviewed scientific journals and also contributed immensely in research conferences and workshops. He has fundraised extensively through bankable research proposals. His research work has been cited widely and he has also received numerous awards in appreciation of his contribution to the body of research in food science and technology.

His career in research at KIRDI has seen him rise through the ranks to the position of Director - General for the Institute. He previously served in several management positions in the Institute. Through his career development he has also had periods of gaining work experience while on sabbatical leave where he taught as visiting lecturer in various Universities locally and abroad.





Prof. David K. Rotich Tuigong
 Director / Secretary to the
 Board




Director / CEO for the period 4th June 2018 to 4th June 2022

PROF. TUIGONG holds a Doctorate of Engineering (Textile Engineering) degree from Donghua University (2002-2006), Shanghai, China; Master of Engineering degree in Textile Technology from Ghent University (1996-1998), Belgium. A Bachelor of Technology (Textile Engineering) from Bharathiar University, India. Was Previously Deputy Vice Chancellor - Finance at Moi University (2014-2016) and Managing Director, Rivatex East Africa Ltd (2007-2014). He has several publications to his name and is a member of Kenya Institute of Management; International Society of Engineers Education; Registered Graduate Engineer; Member of the Textiles Institute - Manchester, UK.

3. MANAGEMENT TEAM 2021/2022

MEMBER	PROFILE
 <p>Dr. -Ing. Calvin Onyango Director-General / Secretary to the Board</p>	<p><i>Appointed Director-General on 6th June, 2022</i></p> <p>Dr.-Ing. Calvin Onyango holds a PhD in Bioprocess Engineering from Institute of Food Technology and Bioprocess Engineering, Technische Universitaet Dresden, Dresden, Germany; Masters and Bachelor's Degrees in Food Science and Technology from the University of Nairobi, Kenya.</p> <p>Dr.-Ing. Onyango has expansive research experience spanning over twenty-six (26) years. His expertise is in Food Science and Technology. He has published widely in peer reviewed scientific journals and also contributed immensely in research conferences and workshops. He has fundraised extensively through bankable research proposals. His research work has been cited widely and he has also received numerous awards in appreciation of his contribution to the body of research in food science and technology.</p> <p>His career in research at KIRDI has seen him rise through the ranks to the position of Director - General for the Institute. He previously served in several management positions in the Institute. Through his career development he has also had periods of gaining work experience while on sabbatical leave where he taught as visiting lecturer in various Universities locally and abroad.</p>
 <p>Prof. David K. Rotich Tuigong Director / Secretary to the Board</p>	<p><i>Director / CEO for the period 4th June 2018 to 4th June 2022</i></p> <p>PROF. TUIGONG holds a Doctorate of Engineering (Textile Engineering) degree from Donghua University (2002-2006), Shanghai, China; Master of Engineering degree in Textile Technology from Ghent University (1996-1998), Belgium. A Bachelor of Technology (Textile Engineering) from Bharathiar University, India. Was Previously Deputy Vice Chancellor - Finance at Moi University (2014-2016) and Managing Director, Rivatex East Africa Ltd (2007-2014).</p> <p>He has several publications to his name and is a member of Kenya Institute of Management; Member: International Society of Engineers Education; Registered Graduate Engineer; Member of The Textiles Institute - Manchester, UK.</p>

Kenya Industrial Research and Development Institute (KIRDI)
Annual Reports and Financial Statements
For the year ended 30th June 2022

 <p>Dr. Arthur Steven Onyuka Deputy Director Technology Transfer and Extension Services</p>	<p>Dr. Onyuka holds a PhD degree in Leather and Waste Management (2006 - 2010) and BSc (Hons) in Leather Technology (2001 - 2004) from the University of Northampton (UK), Leadership Development Certificate (2010) from Institute of Leadership and Management (ILM), UK, and Senior Management Course (2020) from Kenya School of Government (Baringo).</p> <p>He has previously been the National Designated Entity (NDE) for Climate Technology Centre & Network (CTCN). He is a Fellow of the Society of Leather Technologists and Chemists (UK) and a member of the Chartered Institute of Waste Management (UK).</p> <p>He has done a number of publications in peer review journals and has over 20 years of experience in research, industry, academia and management in the areas of leather technology, climate change and environment management.</p>
 <p>Dr. Martha K. Induli Deputy Director Research Technology and Innovation</p>	<p>DR. INDULI holds a Doctor of Philosophy (Natural Products Chemistry) from Makerere University, a Master's of Science (Chemistry) from University of Nairobi and a Bachelor of Science (Chemistry) degree from Moi University. She is a member of the Natural Products Research Network for Eastern and Central Africa (Kenya Chapter).</p> <p>She is an expert in Plant and Microbial Natural products research and has over 20 years' experience in the field with several publications in various refereed journals.</p>
 <p>Mr. Nicodemus Mutinda Deputy Director, Corporate Services</p>	<p>MR. MUTINDA holds a Master's of Business Administration (MBA) in Strategic Management from Kenyatta University, Bachelor of Technology in Textile Engineering from Moi University and is a certified Quality Management Systems auditor.</p> <p>He has more than 15 years of experience in Business Processes Re-engineering, Product Development, Quality Management Systems, Performance Management and Project Management.</p> <p>He is responsible for Planning, Strategy, Monitoring and Evaluation, Quality Assurance, Marketing and Corporate Communication functions within the Institute.</p>

Kenya Industrial Research and Development Institute (KIRDI)
Annual Reports and Financial Statements
For the year ended 30th June 2022



Dr. Josephine N. M. Akama, OGW
 Deputy Director, Finance, HR & Administration

DR. AKAMA Holds an Honorary Doctorate Degree in Humanities from Graduate College and Seminary International (USA), an Masters of Business Administration (MBA) in Strategic Management from The University of Nairobi and B. Com (Finance option) from Catholic University of East Africa.

She is a qualified accountant with CPA (K) and a member of Institute of Certified Public Accountants (ICPAK), Kenya Institute of Certified Public Secretaries (ICS) and Association of Women Accountants of Kenya (AWAK). She is also a trained Chaplain. She has also attended Strategic Leadership and Development programme, Research Methodology Seminar, Corporate Governance and effective Directorship, Senior Management courses from Kenya School of Government, Risk Management among others.

She has a wide experience in Finance, Accounting, Management & Governance having served in various leadership and managerial positions in both public and private sectors.



Mr. Stanley Abonyo
 Assistant Director-Finance

MR. ABONYO holds a Masters of accounting and Business Statistics degree from Rajasthan v. University India and Bachelor of Commerce (Accounting Option) degree from the same University. He is a qualified accountant with CPA (K) and a member of Institute of Certified Public Accountants (ICPAK) and also a Certified Pension Fund Trustee (Kenya). He has also attended several continuing professional development programmes including leadership and integrity training, public finance management and Senior Management Course from Kenya School of Government (SMC).

He has over fifteen (15) years' experience in finance and Accounting gained in Public and private sector. He has taught finance and accounting units in several public universities in Kenya as a part time Lecturer.




Mr. Thomas S. Kazungu
 Principal Internal Auditor

MR. KAZUNGU holds a Master's degree in Business Administration (MBA) in Finance option from Jomo Kenyatta University of Agriculture and Bachelor of Business Management degree (Accounting Option) from Moi university. He is a qualified accountant with CPA (K) and a member of Institute of Certified Public Accountants (ICPAK).

He has over ten (10) years' experience in finance and Accounting gained in Public sector.

Kenya Industrial Research and Development Institute (KIRDI)
Annual Reports and Financial Statements
For the year ended 30th June 2022

 <p>Ms. Jane Kamenwa Ag. Assistant Director, Human Resource & Administration</p>	<p>MS. KAMENWA holds a BBA (HR) from the Kenya Methodist University (KEMU) and a Diploma in Business Management (ABE-UK). She is a member of Institute of Human Resource Management and an Associate Member of Association of Business Executives (UK).</p> <p>She has undergone several short-term training programmes during her work experience including Senior Management Course (SMC). She is due to complete CHRP course in - November, 2022. She has more than 30 years' experience in Administration.</p>
--	---

4. CHAIRPERSON'S STATEMENT

On behalf of the KIRDI Board of Directors, I am delighted to present the KIRDI Statement of Accounts for Financial Year 2021/2022. During the financial year KIRDI played a key role in driving the manufacturing pillar of the Big Four Agenda and the Kenya Vision 2030. Specifically, KIRDI developed technologies for value addition to agricultural and natural materials and transferred these technologies for commercial utilization by Micro, Small and Medium Enterprises. With access to the new technologies developed by KIRDI, MSMEs were able to manufacture high value, high quality and competitive products for both domestic and foreign markets.

The impact of technology development and transfer is increase in income for the manufacturing MSMEs as well as for the producers of the raw materials. During the Financial Year, KIRDI played a key role in job creation through transfer of twenty-two (22) Commercial Industrial technologies to support the manufacturing sector. The Institute supported a total of 488 industrial clients through the business incubation and common manufacturing facilities; the institute trained 346 industrial clients and upgraded their skills in production of various products. A total of 257 products from industrial clients were tested to ascertain their quality through provisions of various KIRDI laboratory service Centres.

One of the key projects that the board continued to implement during the financial year 2021/2022 is construction of the industrial research laboratories at South B in Nairobi County. During the financial year the board brought the completion level of the project to 80%. Once complete this project is expected to enable the Institute to venture into the emerging technological fields such as nano-technologies, 3D printing, Internet of Things (IoT), bioengineering among others.

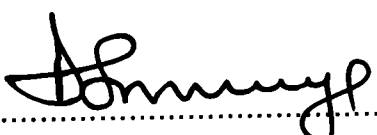
Another important milestone realized in the financial year 2021/2022 is enactment of the Kenya Industrial Research and Development Institute Act, 2022. This has strengthened the mandate, functions and governance framework of the Institute. In addition, the Institute's Human Resource Instruments comprising of Organization Structure, Career Guidelines and Human Resource Policy and Procedures Manual were reviewed thus enhancing the operational framework of the Institute.

Kenya Industrial Research and Development Institute (KIRDI)
Annual Reports and Financial Statements
For the year ended 30th June 2022

The Institute is committed to constitutionalism, governance and integrity. To this end the Institute continued to review and align its policies and programmes with the KIRDI Act 2022. Policies that were developed or reviewed include: - Finance policy and procedures manual, Strategic Plan 2021-2026, Transport policy, among others.

During the financial year the Institute continued suffering from the effects of COVID-19 pandemic scaling down the Institute's operations. Another challenge the Institute faced was financial constraints to fund the implementation of planned activities. The allocated recurrent budget was only able to take care of the staff salaries and therefore the Institute had challenges in funding the research and development activities as well operations and maintenance. The Institute also faced challenges of lack of adequate technical staff occasioned by staff departure over time through retirement, resignation and natural attrition.

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

Signature.....

DR. DINAH MWINZI, PHD, CBS

Date:13/04/23

5. REPORT OF THE DIRECTOR GENERAL

I am delighted to present the KIRDI Financial Report for the 2021/2022 Financial Year. During the year, the Institute continued to implement programmes/ projects aligned to the Big Four Agenda and in particular supporting value addition and promotion of MSME growth and development. The following programmes were implemented during the financial year.

(a) Value Addition Technology Development and Transfer

During the financial year the Institute developed 16 new technologies for value addition to agricultural and natural products. The Institute also transferred to industry 25 industrial technologies. The industrial technologies transferred included technologies that were developed during the financial year 2021/2022 and others that had been developed in the previous years.

(b) Upgrade of Locally Produced Industrial Products

During the financial year the Institute upgraded 59 industrial products that are locally manufactured to attain global competitiveness level through product development and product improvement.

(c) Industrial Technology Start Up Enterprise Support

During the 2021/2022 Financial Year the Institute supported 1,112 industrial technology start-up enterprises through incubation, provision of common manufacturing facilities, product development, training and consultancy services.

(d) Infrastructure Development

During 2021/2022 Financial Year the institute achieved construction completion level of 80% for the industrial research laboratories at KIRDI Nairobi South B.

(e) Externally funded projects

During the 2021/2022 financial year the Institute implemented the following externally/Donor funded projects: -

Kenya Industrial Research and Development Institute (KIRDI)
Annual Reports and Financial Statements
For the year ended 30th June 2022

- i. Adaptation and promotion of refractance window drying technology for production of high-quality bio-products. Funded by Bio Innovate Africa.
- ii. Production of polyphenol and gama-amino butyric acid enhanced tea varieties for mitigation against cancer and high blood pressure. Funded by National Research Fund, Kenya.
- iii. Approaches to value-addition and commercialization of climate smart crops for enhanced food security and nutrition in Africa and beyond. Funded by National Research Fund, Kenya.
- iv. Developing microbial biotechnology industry from Kenya's soda lakes in line with the Nagoya Protocol funded by Global Environment Facility.
- v. Green and Circular Innovation for Kenyan Companies (GECKO). Funded by the Strategic Sector Cooperation.
- vi. Banana fiber: Commercializing ecofriendly packaging and sanitary towels. Funded by National Research Fund.

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

Signature:  Date: 12.04.2023
DR. -ING. CALVIN ONYANGO

**6. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES
FOR FY 2021/22**

**REVIEW OF KENYA INDUSTRIAL RESEARCH AND DEVELOPMENT
INSTITUTE'S PERFORMANCE FOR FY 2021/2022**

KIRDI has three (3) strategic themes and objectives within its Strategic Plan for the FY 2021/22- 2025/26. These strategic themes are as follows: -

Theme 1: Market Driven Industrial Research, Development and Technology Transfer

Theme 2: Organizational Capacity Development

Theme 3: Strategic Partnerships and Knowledge Management

KIRDI develops its annual work plans and performance contract based on the above three (3) pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Institute achieved its performance targets set for the FY 2021/2022 period for its strategic pillars, as indicated in Table 1 below:

**Kenya Industrial Research and Development Institute (KIRDI)
Annual Reports and Financial Statements
For the year ended 30th June 2022**

Table 1: KIRDI's Achievements FY 2021/2022

Strategic Theme	Objective	Key Performance Indicators	Activities	Achievements
Theme 1: Market driven industrial research, development and technology transfer	To undertake market driven industrial research and development	Number of technologies developed	Design, develop and package value addition technologies to address identified technology gaps	Sixteen (16) new industrial technologies developed in priority areas i.e. (agro-processing, engineering, leather & textile)
		Number of Intellectual Properties Registered	Apply for registration of intellectual properties from developed technologies	Registration of one (1) intellectual property initiated
		No. of MSME's products upgraded to enhance global competitiveness	Upgrade of MSME's products through product improvement	Fifty nine (59) MSME products upgraded in agro-processing, natural products, textile, leather, engineering priority sectors
		No. of publications done	Publications in scientific journals	Seven (7) scientific papers published in various research journals
		No. of MSMEs supported	Provide incubation and common manufacturing Facilities, Training and Capacity Building, Laboratory services to MSMEs	1,134 MSME's supported during the FY 2021/22
Theme 2: Organisational Capacity Development	To transfer technologies that support growth of the manufacturing sector	No. of technologies transferred	Transfer industrial technologies to MSMEs	25 technologies transferred in Agro-processing, Engineering, Leather and Textile priority sectors
		Percentage completion level	Complete construction of Research, Technology and Innovation Laboratories at Nairobi South B	Achieved 80 % completion rate by June 2022
		KIRDI Act Operationalized	Enactment of KIRDI Bill	KIRDI Bill assented in March 2022; operationalisation ongoing.

**Kenya Industrial Research and Development Institute (KIRDI)
Annual Reports and Financial Statements
For the year ended 30th June 2022**

Strategic Theme	Objective	Key Performance Indicators	Activities	Achievements
		No. of HR instruments reviewed and operationalised	Review and Operationalize HR Instruments	HR Policy, HR Career guidelines and HR organisation structure and grading instruments approved.
		Training Report	Undertake Training Needs Assessment	Training Needs Assessment done and approved for implementation
		No. of staff trained	Undertake staff training as per training programme report	Trainings affected by budgetary constraints; 16 staff trained on ISO 17025 by KENAS; 8 staff underwent senior management training at KSG.
		Revised customer service charter in place	Review customer service charter	Customer Service Charter revised and displayed at all customer service points; Staff and stakeholders sensitized
		% level of customer satisfaction	Undertaking branding, promotion and marketing outreach	Customer satisfaction at 74.8 % an improvement from 67.4 % previously.
		Number of infomercials and press briefs developed and published/aired		Fifteen (15) news features done with various TV stations, featured in one (1) local radio station, six (6) interviews/talk shows on TV, prepared and disseminated two(2) newsletters and mentions in four (4) daily newspapers.
		Number of marketing outreach activities undertaken		Exhibited at Africa Industrialisation Week (15 th Nov 2021), Africa Public Service Delivery Week (21 st -24 th June 2022) and participated in Biashara Tuesday's forums with the CAS-MoITED.
		Amount of revenue generated (Kshs)	Enhanced A-I-A collection	Raised Kshs. 22.7M as revenue against a target of Kshs. 26 M in the financial year.
		No. of stakeholder forums held	Implement programme based partnership with stakeholders	Four (4) forums held with GIZ, UNIDO, KCIC on various research projects.
		No. of research findings disseminated in local and international conferences	Dissemination of research knowledge	Seven (7) scientific papers published in various research journals; Launched a virtual KIRDI research seminar
Theme 3: Partnerships and Knowledge Management	To strengthen organisational capacity			
	To forge and strengthen partnership with industry and other stakeholders			

**Kenya Industrial Research and Development Institute (KIRDI)
Annual Reports and Financial Statements
For the year ended 30th June 2022**

Strategic Theme	Objective	Key Performance Indicators	Activities	Achievements
		Amount received from donor funded/collaborative projects	Develop proposals for identified calls by development partners	disseminating three (3) research findings by KIRDI staff. Kshs. 20,919,155 realized towards implementation of R&D projects

7. CORPORATE GOVERNANCE STATEMENT

The Board and Management of KIRDI are committed to maintaining the highest standards of corporate governance. This statement describes KIRDI's governance principles and practices. The Institute's corporate values and ethics are entrenched in the strategic and Institutional objectives and are focused on transforming and accelerating growth in value for the benefit of all Institute's stakeholders.

a) The Board Role

The Board of KIRDI exercises its role collectively. The Board determines the Institute's Mission, Vision, Purpose and Core values, sets and oversees the overall strategy and approves significant policies of the institute, ensures that the strategy is aligned with the purpose of the institute and the legitimate interests and expectations of its shareholders and other stakeholders. The Board also ensures that the strategy of the Institute is aligned to the long term goals of the Institute on sustainability so as not to compromise the ability of future generations to meet their own needs. The Board also approves the organizational structure, approves the annual budget of the Institute, monitors the Institute's performance and ensures sustainability, enhances the corporate image of the Institute, ensures availability of adequate resources for the achievement of the Institute's objectives, hires the C.E.O on such terms and conditions of service as may be approved by the relevant government organs, approves the appointment of senior management staff and ensures effective communication with stakeholders.

b) Composition of the BOD

The Board consisted of one (1) executive and eleven (11) non-executive Directors. The composition of the Board and brief biographies of the Directors, which highlights the diverse experience and expertise which they bring to the Board as set out on pages ix to xvii.

c) Board Meetings

A schedule of Board and Committee meetings was circulated to the Board in advance in the financial year.

During the year ended 30th June 2022, the Board held meetings as follows; Six (6) Full Board, Nine (9) Special Full Board meeting necessitated by recruitment of Acting CEO and a substantitate CEO, review and approval of Institute's

Kenya Industrial Research and Development Institute (KIRDI)
Annual Reports and Financial Statements
For the year ended 30th June 2022

Human Resource policies and instruments. Also the Board had Four (4) RTI committee meetings, Six (6) Finance and Special Projects committee meetings, Four (4) Risk and Audit committee meetings and Four (4) HRA committee meetings. On top of that the Board held One (1) Special finance and special projects committee meetings, One (1) Audit Training for Board members, One (1) Board/Staff Familization and One (1) CEO Handing over.

Individual attendance at these meetings is set out in the table below.

d) 2021/2022 BOARD AND BOARD COMMITTEES MEMBERSHIP AND ATTENDANCE

	Board Member	Full Board	Special Full Board	RTI	Special RTI	HR&A	RAC	Finance & Special Projects	Special F&SP	Board Audit Training	Staff Familization	CEO's Handing over
1	Dr. Dinah Mwinzi, PhD, CBS	3	9	0	0	0	0	0	0	1	1	1
2	Eng. Andrew Gichamba Muigai	6	7	4	1	1	1	3	1	1	1	0
3	Ms. Nyawira Ophelia Njeru	5	3	0	0	3	3	2	0	1	1	0
4	Mr. Martin S. Gumo	3	0	0	0	0	1	3	0	0	0	0
5	Mrs. Omari Jane Bisieri	6	8	2	0	3	4	0	0	1	1	1
6	Dr. Kaberia Evans Limukii	5	7	4	1	4	0	0	0	1	1	0
7	Ms. Rahab W. Lanoi	6	8	3	1	0		6	1	1	1	0
8	Major (R) Hussein Abshiro	4	4	0	0	2	1	3	0	1	0	0
9	Prof. Christopher Nyaga	3	0	0	0	0	1	0	0	0	0	0
10	Nobby Macharia	3	0	0	0	0	0	3	0	0	0	0
11	Dr. Stephen Mairori	3	0	0	0	1	1	0	0	0	0	0
12	Prof. George Thiongo	2	8	3	1	1		1	1	1	1	1
13	Dr. Eng. David Nduhiu	3	8	2	1	2	0	1	1	1	1	0
14	Mr. Roy Getusi Nyangena	0	2	0	0	0	1	1	1	0	1	1
15	Mr. Stanley Maina Kagera	1	1	0	0	0	1	1	0	0	0	1
16	Mr. Simon Ateba	1	5	1	0	0		2	0	1	0	0
17	Mr. J K Wangombe	1	4	0	0	0	0	0	0	0	1	0

BOARD COMMITTEES AND THEIR COMPOSITION

The Board committees, composition and mandate is as below;

Research Technology and Innovation Committee

This being the Core Mandate of the Institute, the committee deliberates on all matters pertaining to Research, Technology and Innovation policies, guidelines and management.

The members of the committee were:

Dr. Kaberia E. Limukii	-	Chairperson
Ms. Jane Bisieri Omari		
Prof. Christopher G. Nyagah		
Ms. Rahab W. Lanoi		
Eng. Andrew G. Muigai		
Mr. Simon Atebe		
Prof. George Thiong'o		
Eng. David Nduhiu		
Prof. David K. Rotich Tuigong'		

The committee had the responsibility to Monitor and evaluate Research, Technology, Innovation and Development in the Institute, Consider, define and recommend to the Board the scope of Research, Technology, Innovation and Development areas relevant to the Institute, Develop policy guidelines to manage Research, Technology, Innovation and Development portfolio of the Institute and vet, monitor and inspect the extent of Research, Technology, Innovation and Development comparing with the world best practices.

Finance and Special Projects Committee

The Finance and Special Projects (F&SP) Committee is the prime mechanism through which the Board ensures that the institution's decisions, policies and practices in relation to finance, procurement, infrastructural development and all special projects are in full compliance with relevant policies and statutory requirements.

The members of the committee were:

Ms. Rahab W. Lanoi	-	Chairperson
Ms. Nyawira Njeru		

Kenya Industrial Research and Development Institute (KIRDI)
Annual Reports and Financial Statements
For the year ended 30th June 2022

Maj. Rtd. Hussein Abshiro Herin
Mr. Nobby Macharia
Mr. Martim S. O. Gumo
Mr. Stanley Kagera
Prof. George Thiongo
Eng. Andrew Muigai
Mr. Roy Nyangena
Mr. Simon Atebe
Prof. David K. Rotich Tuigong'

This Committee had the role of considering, advising and making appropriate recommendations to the Board of Directors on all aspects of financial strategy, including fundraising initiatives, Reviewing financial performance against budget and plans, Considering proposals for major capital expenditure projects and recommending to the Board, Reviewing progress on each major capital expenditure project during implementation, requesting and receiving reports from other committees on any matter having a financial implication, Ensuring that adequate A in A was raised, providing oversight of the arrangements for safeguarding institutional assets and making recommendations to the Board as appropriate.

Risk and Audit Committee

The Risk & Audit (RAC) Committee of the Board dealt with risk management and audit matters. The internal audit unit within the institute was responsible for the institution's internal audit and provided secretariat to the Risk & Audit Committee of the Board.

The members of the Committee were:

Dr. Stephen Kiptoem Mairori	-	Chairperson
Prof. Christopher G. Nyagah		
Mr. Martin Gumo		
Ms. Jane Bisieri Omari		
Eng. Andrew G. Muigai		
Mr. Stanley Kagera		
Ms. Ophelia Nyawira		
Maj. Rtd. Hussein Abshiro		
Mr. Simon Atebe		
Mr. Roy Nyangena		

The Committee reviewed the activities, resources and the operational effectiveness of internal audit office; including appointment, replacement, and dismissal of the Internal Auditor, and where appropriate made recommendations to the Board. It considered the respective scope of work and audit plans of the internal audit office, reviewed major findings on internal audit and investigations reports; and ensured that appropriate action was taken on issues arising from such reports, reviewed and monitored management's responsiveness to the findings and recommendations of the Internal Auditor, reviewed the Comptroller and Auditor General /external auditor's management letters and management's response, discussed with external auditors any reservations and problems arising in the course of their audit, and any audit management letters and management responses prior to the issuance of the audit certificate, reported Committee actions to the Board with such recommendations as the committee may deem appropriate; and Undertook such other duties or functions as may be assigned by the Board of Directors which are relevant to audit and investigations.

Human Resources and Administration Committee

The committee was expected to satisfy itself that the institute's human resources management and administration activities were adequate and effective.

The Members of the Committee were:

Maj. Hussein Abshiro Herin	-	Chairperson
Dr. Stephen K. Mairori		
Ms. Nyawira Ophelia Njeru		
Mr. Nobby Macharia		
Dr. Kaberia E. Limukii		
Ms. Jane Omari		
Prof. George Thiongo		
Eng. David Nduhiu		
Ms. Jane Omari		
Prof. David K. Rotich Tuigong'		

The Role of the Committee was to consider, review, monitor and make recommendations to the Board of Directors on the institute's human resources strategy and policies that pertain to staffing, compensation, benefits, and related issues of strategic importance that directly affected the institute's ability to recruit, develop and retain highly-qualified staff needed for it to achieve its mandate, to deliberate on promotions, terminations, dismissals, and staff development within the specified job grades, to request and receive

**Kenya Industrial Research and Development Institute (KIRDI)
Annual Reports and Financial Statements
For the year ended 30th June 2022**

reports from other committees on any matter having a human Resource implication and undertake such other duties or functions as may be assigned by the Board of Directors which are relevant to Human Resource and Administration.

Directors' Remunerations

Details of remuneration paid to the Directors are set out in the Remuneration Report on Page 16.

Risk Management and Internal Control

The Board is responsible for the Institute's system of risk management and internal control, which is designed to manage rather than eliminate the risk of failure to achieve Institutes objectives and can provide only reasonable and not absolute assurance against material misstatement or loss. The Board has delegated responsibility for the ongoing monitoring of the effectiveness of this system to the Risk and Audit Committee. The Board received regular reports from the Chairman of the Risk and Audit Committee on its activities during the year and in addition considered a report from the Audit Committee on the conduct of and the findings and agreed actions from the annual assessment of risk management and internal control.

Board Performance Evaluation

Under the guidelines issued by the State Corporations Advisory Committee (SCAC), and the Performance Management office The Board is responsible for ensuring that a rigorous evaluation is carried out of its performance, and that of its committees and individual directors. The evaluation is conducted annually and the results of the evaluation are provided to the Ministry of Industrialization and Enterprise Development, SCAC and office of the President on Performance contracting. The Board obtained an average score of 90.2% rated as very good performance.

Institute's Conduct Guidelines

The Guidelines set out the KIRDI's commitment to the highest standards of integrity. They have been circulated to employees across the Institute and are also available on the Institute's website www.kirdi.go.ke. A range of measures were developed to ensure that employees in the Institute remained aware of the Guidelines and of the general need to ensure that all the institute's activities were conducted in a compliant and ethical manner.

Ethical Policies

The values of the Institute are Customer focus, Innovativeness and creativity, Integrity and professionalism, Quality, Partnerships and teamwork and Environmental Protection. The Board carries out its legal duties in accordance with these values and having appropriate regard to the interests of the KIRDI's stakeholders. Policies and codes of conduct have been established by the Board and management to support the Institute's objectives, vision and values.

Statement of Professional Practice

The Institute's code of ethics, known as the KIRDI Code of Conduct, sets standards of behavior required of all employees and Directors including:

- ✓ To act properly and efficiently in pursuing the objectives of the Institute;
- ✓ To avoid situations which may give rise to a conflict of interest;
- ✓ To know and adhere to the Institute's Equal Employment Opportunity policy and programs;
- ✓ To maintain confidentiality in the affairs of the Institute and its stakeholders; and
- ✓ To be absolutely honest in all professional activities.

These standards are regularly communicated to the Institute's staff.

Going Concern

The Institute's activities, together with the factors likely to affect its future development, performance and position are set out in the Report of the Chief Executive's officer on pages xv to xvii. The financial position of the Institute, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 1 to 23.

Having assessed the relevant operational risks, the Directors believe that the Institute is well placed to manage its operational risks successfully. The Directors have a reasonable expectation that the Institute has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Workplace Responsibilities, Behaviors and Compliance

The Institute is strongly committed to maintaining an ethical workplace and to complying with its legal and ethical responsibilities. The Institute has a number of policies relating to workplace responsibilities, behaviors and compliance that apply to and must be observed by staff.

The Institute has a system in place which allows staff to report (and remain anonymous if they wish) suspected fraud or corrupt, unlawful or improper conduct.

8. MANAGEMENT DISCUSSION AND ANALYSIS

In the financial year 2021/22, the Institute planned implementation of the Big Four Agenda programmes/projects to support growth of manufacturing contribution to GDP, Vision 2030 projects and paying special attention to implementation of COVID-19 Recovery strategies and plans. This include; (a) Infrastructure development which includes the construction of Research, Technology and Innovation laboratories at KIRDI South B, (b) Developing and transferring manufacturing value addition technologies, (c) Provision of technological support to MSMEs and (d) Upgrade of MSMEs products to substitute imports.

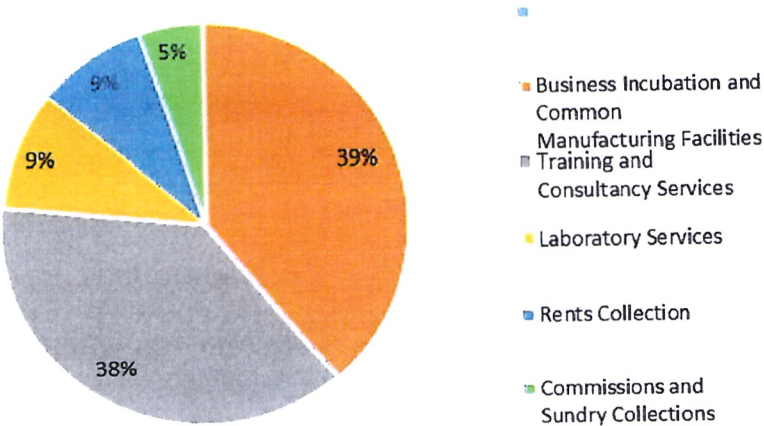
As per the approved Annual Work Plan FY 2021/22, KIRDI's major activities included: - to increase project completion rate at KIRDI South B to 80% completion level from 76.5%; undertake upgrade the quality of products manufactured locally by MSME's to substitute imports in support of the post COVID-19 recovery strategy amongst other activities.

The Institute achieved the following major targets during the financial year: - Construction works at KIRDI South B are currently at 80% as targeted. In support of the post COVID-19 recovery strategy the Institute supported upgrade of fifty-nine (59) MSME's products agro-processing, natural products, textile, leather, engineering priority sectors to attain standardization marks and developed and transferred forty-one (41) value addition technologies to support the manufacturing pillar of the Big Four Agenda. Towards the promotion of MSMEs development, a total of 1,134 MSME's were supported through incubation and use of common manufacturing facilities, technical skills training in food processing and natural products value addition and laboratory services during the financial year.

The Institute realized internally generated incomes (A-in-A) of Kshs 21.3 Million against a target of Kshs 26 Million during the financial year. The chart below shows percentage share of the source of A-I-A during the financial year.

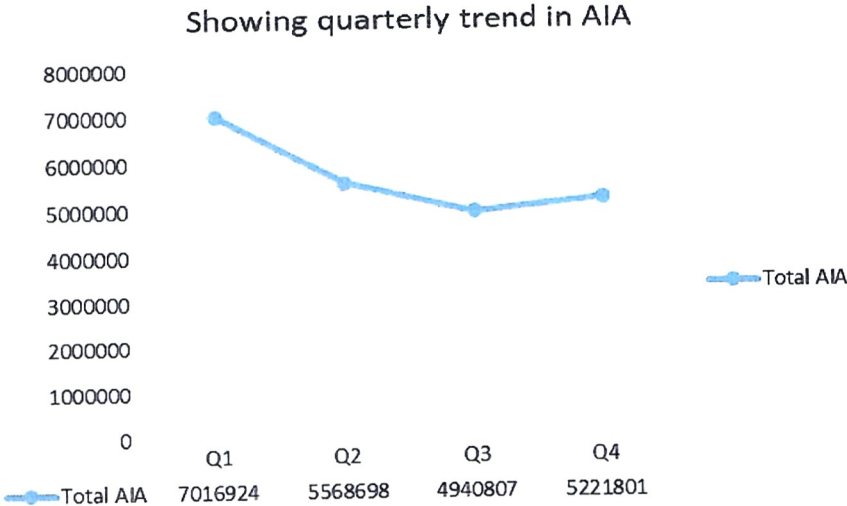
Kenya Industrial Research and Development Institute (KIRDI)
Annual Reports and Financial Statements
For the year ended 30th June 2022

Chart Showing % Share of AIA Sources as at June 2022



Business incubation accounted for 39 %, training and capacity building accounted for 38 %, rents collection and laboratory services at 9% each while commissions and sundry collections at 5%. The annual target was not achieved on account of a decrease in the average amount spent by each client on services due to the increased cost of doing business at the Institute service centres.

The figure below shows the trend on A-in-A growth during the financial year quarterly.

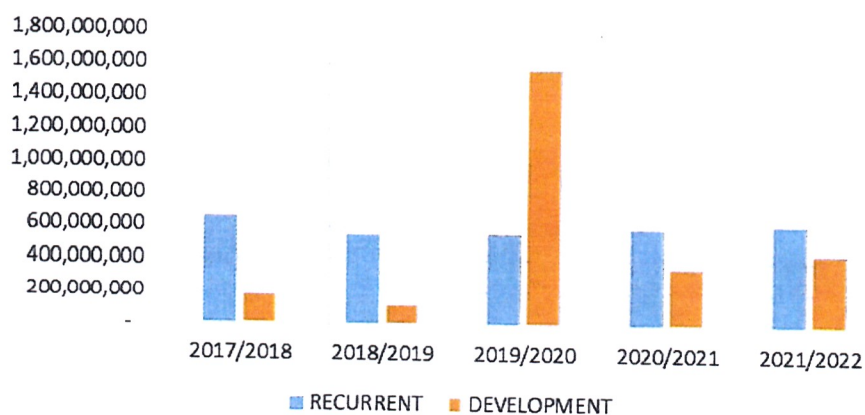


The Institute recorded high AIA in the first quarter attributed to an increase in number of training and capacity building services done during the period July to September 2021. There was a decline of revenue growth by 21% and 11 % in the second and third quarter respectively, however quarterly AIA grew by 6% in the fourth quarter. The overall performance at the close of the FY 2021/22 was slowed down by decreased budget allocation for planned recurrent activities and budgetary cuts on the capital development project.

The major risk facing the Institute is legal action due to breach of contract for the project on Research, Technology and Innovation laboratories in Nairobi, South B. The project has run behind completion schedule due to low funding and the project has started incurring cost overruns. However, this risk is set to be mitigated with the budgeted allocation in FY 2022/23 and in the medium term. In addition, the covid-19 pandemic and government directives affecting normal operations are expected to slow down Institute operations. The Institute has put in place all necessary measures to ensure operations are ongoing.

9. ANALYSIS OF GOVERNMENT GRANT RECEIVED IN THE PAST 5 YEARS

Analysis of GOK grants received in the past 5 years



The above table shows analysis of government grants allocations to KIRDI in the past 5 years for recurrent and development activities.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT (ENVIRONMENTAL & SUSTAINABILITY REPORTING)

KIRDI exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on our strategic themes: putting the Customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar.

i. Sustainability Strategy and Profile

The mandate of the organisation is to undertake industrial research and development in all industrial and allied technologies. To promote sustainable development, the Institute utilizes modern research technologies, facilities, enhanced technical skills, and ensures dissemination of research outputs.

Notable challenge in implementation of sustainability strategies was reduction in allocated resources. This affected operations at the Institute and generation of internal revenue. In addition, internal generated revenue was hampered by reduced demand for services linked to government restrictions to control spread of COVID-19.

As a short-term measure, the management enhanced collaborations with the private sector, development partners and government agencies to ensure service delivery continued unaffected. In addition, the management re-organized work schedules to ensure continuity of operations for staff with the working from home directive by the government.

ii. Environmental Performance

KIRDI management is committed to a proactive Safety, Health and Environmental (SHE) policy. Our objective is to ensure the health, safety and welfare of all employees by preventing or adequately controlling SHE

risks, providing all of our employees with a safe and healthy workplace and achieving high standards of environmental performance for all aspects of our operation (SHE Policy, 2021).

The Institute is guided by the Safety, Health and Environment policy of 2015, that is aligned to the Safety, Health and Environment Act (OSHA, 2007), Revised 2010 which was approved by the board of directors on April 2021.

During the financial year, prioritised implementation of the environmental sustainability report of 2019 on its activities to guide KIRDI in embracing energy efficiency, water use efficiency, waste minimization and management, as well as the much-needed adoption of clean tech renewable energy solutions. The Institute also spearheaded the accreditation of energy efficiency, cook stoves, biogas and chemical laboratories on ISO 17025:2017 to support the industry in conformity assessments. In addition, disposal of idle assets and chemicals using NEMA accredited suppliers was undertaken to avoid work related hazards.

iii. Employee Welfare

The Institute has a KIRDI Human Resource Policies and Procedures manual (2018) that guides the recruitment process. The regulations take into consideration recruitment, selection, appointment, promotion and transfer matters in KIRDI. This also take into account the gender rule and PWD's. The policies are updated from time to time to reflect policy changes affecting human resource management and development in the Institute. The policy also takes into consideration matters pertaining to performance management and training and development of employees. During the financial year senior management staff were trained on the senior management course and a number of research scientists are

currently on their masters and doctorate programmes. The Institute has in place Safety, Health and Environment policy of 2013 (currently under review) in compliance with Occupational Safety and Health Act of 2007. (OSHA).

iv. Market Place Practices

The Institute is instrumental in supporting clients upgrade their products to attain competitiveness through product research and supporting the clients attain quality mark of standardisation. This promotes fair competition in the industry. During the financial year a total of 27 products attained certification. The Institute has also established corruption prevention mechanisms with a corruption prevention committee in place. In addition, the employees are encouraged to practice national values. Towards promoting transparency in procurement, the Institute has put in place an e-procurement system that integrates users and suppliers. In addition, tenders for goods and services are advertised in the Institute's website and the e-procurement portal.

v. Community Engagements

During the financial year the Institute did not engage in any community engagement due to budgetary constraints and restrictions arising from COVID-19 protocols during the second half of the implementation period.

10. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30th, 2022 which show the state of the Institute's affairs.

i. Principal activities

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

ii. Results

The results of the entity for the year ended 30th June, 2022 are set out on page 1 to 23 of this report.

iii. Directors

The members of the Board of Directors who served during the year are shown on page on xxxi & xxxii of the report.

iv. Auditors

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

By Order of the Board

Signature: 

CORPORATION SECRETARY

Date: 12/04/2023

11. STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Directors are responsible for the preparation and presentation of the Institute's financial statements, which give a true and fair view of the state of affairs of the Institute for and as at the end of the financial year (period) ended on June 30th, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Institute; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

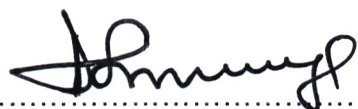
The Directors accept responsibility for the Institute's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Reporting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Directors are of the opinion that the Institute's financial statements give a true and fair view of the state of Institute's transactions during the financial year ended June 30th, 2022, and of the Institute's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Institute, which have been relied upon in the

preparation of the Institute's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Kenya Industrial Research and Development Institute's Financial Statements were approved by the Board of Directors on day of 2023 and signed on its behalf by:



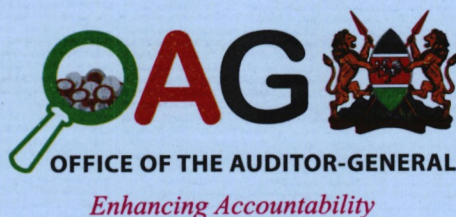
.....
CHAIRPERSON OF THE BOARD



.....
DIRECTOR-GENERAL

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KENYA INDUSTRIAL RESEARCH AND DEVELOPMENT INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya Industrial Research and Development Institute set out on pages 1 to 25, which comprise of the statement of financial position as at 30 June, 2022 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, the Public Finance Management Act, 2015 and the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly the financial position of Kenya Industrial Research and Development Institute and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, the Science, Technology and Innovation Act, 2013 and the Kenya Industrial Research and Development Institute Act, 2022.

Basis for Qualified Opinion

1. Recognition of Deferred Grant Income

The statement of financial performance and as disclosed under Note 4 to financial statements reflects transfers from Government amounting to Kshs.777,604,547 which includes Kshs.160,174,547 in respect to deferred grant income. However, paragraph 7(b) of the International Accounting Standard (IAS) No.20, states that Government grants including non-monetary grants at fair value, shall not be recognized until there is reasonable assurance that the grant will be received. No evidence was provided indicating compliance with the provisions of the accounting standard.

In the circumstances, the recoverability of the deferred grant income could not be confirmed.

2. Lack of Revaluation of Motor Vehicles

The statement of financial position and as disclosed in Note 17(a) to the financial statements reflects property, plant and equipment balance of Kshs.5,721,961,694 which includes an amount of Kshs.39,625,000 in respect to original cost of motor vehicles as at 30 June, 2022. However, all the motor vehicles were fully depreciated although they were still in use by the Institute. This is contrary to Paragraph 49 of the International Public Sector Accounting Standard (IPSAS) No.17 on property, plant and equipment, which provides for revaluation of property, plant and equipment every three to five years. Further, Management did not provide logbook for one (1) vehicle for audit review.

In the circumstances, the fair value of the motor vehicles could not be confirmed.

3. Poor Financial Performance

The statement of financial performance reflects a deficit of Kshs.78,374,639 for the year under review while the statement of changes in net assets reflects accumulated deficit of

Kshs.582,099,028 as at 30 June, 2022. Management did not disclose the strategies in place to have the institute return to profitability.

In the absence of strategies to reverse this loss-making trend, the Institute's continued existence is dependent upon the financial support of the Government and its creditors.

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Issues

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance which have remained unresolved as at 30 June, 2022.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in 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.

Unauthorized Expenditure

The statement of comparison of budget and actual amounts reflects final expenditure budget and actual on comparable basis of Kshs.643,430, 000 and Kshs.730,858,162 respectively resulting to an over-expenditure of Kshs.87,428,162 or 14% of the budget.

This is contrary to Section 12 of the State Corporations Act, Cap 446 which states that "No State Corporation shall, without the prior approval in writing of the Minister and the Treasury, incur any expenditure for which provision has not been made in an annual estimate prepared and approved in accordance with Section 11".

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

Basis of Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Lack of Risk Management Policy

Review of records maintained by the Institute revealed that the Management operated without a documented risk management policy framework which is fundamental towards establishing an accountable and innovative public service.

In the circumstances, it was not possible to confirm the effectiveness of the Institute's risk management activities.

Basis of 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 control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal 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 control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Institute's ability to continue to sustain its services, disclosing, as applicable, matters

related to sustainability of its services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Institute or 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 are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the Internal Control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the Internal Control components does not

reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


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

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

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

31 March, 2023

10

10/10/10

10

10

Kenya Industrial Research and Development Institute (KIRDI)
Annual Reports and Financial Statements
For the year ended 30th June 2022


13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2022


	NOTES	2021/2022 KSHS.	2020/2021 KSHS.
REVENUE			
Income from non-exchange transactions			
Transfers from Government	4	777,604,547	716,429,681
Grants and subsidies from Donors	5	39,169,935	10,960,065
		816,774,482	727,389,746
Income from exchange transactions			
Rendering of services	6	19,183,028	15,975,787
Other income	7	2,129,518	7,098,442
		21,312,546	23,074,229
Total revenue		838,087,028	750,463,975
EXPENSES			
Use of goods and Services	8	87,283,902	69,717,061
Employee Costs	9	605,522,968	581,281,869
Board expenditure	10	15,232,197	23,109,889
Repairs and maintenance	11	22,819,096	20,811,893
Depreciation and Amortization	12	160,174,547	125,138,988
Grants and Subsidies	13	25,428,958	20,390,746
		916,461,667	840,450,446
SURPLUS/(DEFICIT) FOR THE YEAR		(78,374,639)	(89,986,471)

The notes set out on pages 7 to 23 form an integral part of these financial statements.

The Kenya Industrial Research and Development Institute's financial statements set out on page 1 to 27 were approved on day of2023 and signed on its behalf by:


.....
DIRECTOR-GENERAL


.....
D. DIRECTOR FINANCE, HRMA
ICPAK No. 9950


.....
CHAIRPERSON OF THE BOARD

12.04.2023
.....
Date

12/04/2023
.....
Date

13/04/23
.....
Date

Kenya Industrial Research and Development Institute (KIRDI)
Annual Reports and Financial Statements
For the year ended 30th June 2022

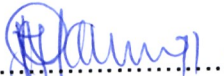
14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

ASSETS	NOTES	2021/2022 KSH	2020/2021 KSH
CURRENT ASSETS			
Cash and Cash Equivalents	14	24,359,954	311,247,409
Receivables (non-exchange transactions)	15	280,451,647	132,836,189
Stores and inventory	16	3,635,173	5,189,958
Total		308,446,774	449,273,556
NON CURRENT ASSETS			
Property, Plant and Equipment	17	5,721,961,694	5,269,279,624
R & D Projects	18	160,424,504	160,424,504
Total		5,882,386,198	5,429,704,128
TOTAL ASSETS		6,190,832,972	5,878,977,684
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	19	200,172,024	93,021,926
Unused Project Funds	20	13,740,977	18,250,780
Provisions	21	3,358,000	3,358,000
Total		217,271,001	114,630,706
NON-CURRENT LIABILITIES			
Retentions	22	257,123,009	242,301,310
TOTAL LIABILITIES		474,394,010	356,932,016
Net Assets		5,716,438,962	5,522,045,668
Capital/Development funds	23	6,298,537,990	6,010,712,537
Accumulated deficit	24	(582,099,028)	(488,666,869)
TOTAL NET ASSETS & LIABILITIES		6,190,832,972	5,878,977,684

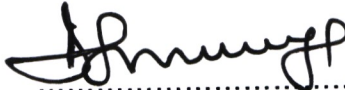
The Kenya Industrial Research and Development Institute's financial statements set out on page 1 to 27 were approved on day of2023 and signed on its behalf by:



 DIRECTOR-GENERAL



 D. DIRECTOR FINANCE, HRMA
 ICPAK No. 9950



 CHAIRPERSON OF THE BOARD

12.04.2023

 Date

12/04/2023

 Date

13/04/23

 Date

15. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022


	Capital/ Development Funds Ksh	Retained earnings/ (Deficit) Ksh	Total Ksh
As at 30th June 2020	5,775,382,396	(415,423,826)	5,359,958,570
G.O.K Grants (net increase)	360,469,129		360,469,129
Amortization	(125,138,988)		(125,138,988)
Prior year adjustments		7,312,747	7,312,747
Surplus/(Deficit) for the year		(89,986,471)	(89,986,471)
Unutilized Donor funds for the year		9,430,681	9,430,681
As at 30th June 2021	6,010,712,537	(488,666,869)	5,522,045,668
G.O.K Grants (net increase)	448,000,000		448,000,000
Amortization	(160,174,547)		(160,174,547)
Prior year adjustments		(1,316,543)	(1,316,543)
Surplus/(Deficit) for the year		(78,374,639)	(78,374,639)
Unutilized Donor funds		(13,740,977)	(13,740,977)
As at 30th June 2022	6,298,537,990	(582,099,028)	5,716,438,962

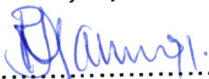
Kenya Industrial Research and Development Institute (KIRDI)
Annual Reports and Financial Statements
For the year ended 30th June 2022

16. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2022

	Note	2021/2022 KSHS.	2020/2021 KSHS.
CASH FLOW FROM OPERATING ACTIVITIES			
Operating surplus/(deficit)		(78,374,639)	(89,986,471)
Adjustment for items not involving movements of cash:			
Deferred grant income	4	(160,174,547)	(125,138,988)
Depreciation expenses	12	160,174,547	125,138,988
prior year adjustments	25	(1,316,543)	7,312,747
Project funds surplus/deficit	20	(13,740,977)	9,430,681
Surplus/Deficits before working capital changes		(93,432,159)	(73,243,043)
WORKING CAPITAL CHANGES			
increase/Decrease in inventories	16	1,554,785	(4,594,697)
Decrease (increase) in Accounts receivable	15	(147,615,458)	337,843
Increase (decrease) in provisions	21	700,000	700,000
Decrease (increase) in Accounts payable	19&22	121,971,797	12,171,290
Changes in Working capital		(23,388,876)	8,614,436
Net cashflow generated from Operating Activities		(116,821,035)	(64,628,607)
Cash Flow in Investing Activities:			
Additions to Property, plant and Equipment (Net)	17	(613,556,617)	(914,686,618)
Cashflow from financing:			
Capital grants		448,000,000	360,469,129
Donor project funds decrease	20	(4,509,803)	(9,430,681)
Net cash generated from financing activities		443,490,197	351,038,448
Net increase/ decrease in cash and cash equivalents		(286,887,455)	(628,276,777)
Cash at the beginning of the year		311,247,409	939,524,186
Cash at the end of the year	14	24,359,954	311,247,409

The Kenya Industrial Research and Development Institute's financial statements set out on page 1 to 28 were approved by on day of2023 and signed on its behalf by:


 DIRECTOR-GENERAL


 D. DIRECTOR FINANCE, HRMA
 ICPAK No. 9950


 CHAIRPERSON OF THE BOARD

12-04-2023
 Date

12/04/2023
 Date

13/04/23
 Date

17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

	Original Budget	Adjustment	Final Budget	Actual on comparable basis	Performance difference	variance	Note
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	%	
Rendering of services	26,000,000	-	26,000,000	21,312,546	(4,687,454)	-18	I
Government grants	617,430,000	-	617,430,000	617,430,000	-	0	
Total income	643,430,000	-	643,430,000	638,742,546	(4,687,454)	-1	
Expenditure	Kshs	Kshs	Kshs	Kshs	Kshs	%	
Use of Goods and services	37,666,000	-	37,666,000	87,283,902	(49,617,902)	-132	II
Compensation of Employees	597,364,000	-	597,364,000	605,522,968	(8,158,968)	-1	
Board expenditure	5,000,000	-	5,000,000	15,232,197	(10,232,197)	-205	III
Repairs and maintenance	3,400,000	-	3,400,000	22,819,095	(19,419,095)	-571	IV
Total Expenditure	643,430,000	-	643,430,000	730,858,162	(87,428,162)		
Surplus/(Deficit)	-			(92,115,616)			

Budget Variances

i) Rendering of services

The shortfall in revenue targets was a result of the effect of covid19 pandemic on the operations and incubation activities that had not resumed.

ii) Use of goods and services

The negative variance of Ksh 49.6 million is a result of underfunding of the recurrent budget to sustain normal operations.

iii) Remuneration of Directors and Board expenses

The negative variance of Kshs.10.2 million was due inadequate funding of the line item with unanticipated increase in activities that demand the attention of the Board including approving the policy instruments.

iv) Repairs and maintenance

The expenditure was necessitated by rehabilitation of the machinery and equipment to restore to proper working condition.

Kenya Industrial Research and Development Institute (KIRDI)
Annual Reports and Financial Statements
For the year ended 30th June 2022

	Original Budget	Adjustment	Final Budget	Actual on comparable basis	Performance difference	variance	Note
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	%	
Development grants	448,000,000	-	448,000,000	224,000,000	224,000,000	-50	v
Expenditure	Kshs	Kshs	Kshs	Kshs	Kshs	%	
Construction of Buildings	448,000,000	-	448,000,000	354,484,863	93,515,137	21	vi
Rehabilitation and of plant Equipment and machinery	-	-	-	-	-	-	
Total	448,000,000	-	448,000,000	354,484,863	93,515,137		

Budget Variances

V) Development grants

The National Treasury had not released Ksh 224,000,000 as part of the budgetary allocation for the year.

vi) Construction of buildings

The main contractor had not raised the additional fee note for the works for South B project as a result of an on-going arbitration matter with the Institute.

18. NOTES TO THE FINANCIAL STATEMENTS

Note 1. General Information

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

Note 2. Statement of Compliance and Basis of preparation

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 3. Significant Accounting Policies

a) Basis of Preparation

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

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

(b) Currency

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

(c) Property, Plant and Equipment

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

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

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

(d) Depreciation

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

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

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

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

(e) Revenue

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

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

(f) Bad Debts

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

(g) Stores and Inventory

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

(h) Insurance cost

Annual insurance costs are accounted for wholly in the year of commencement of covers that expire within two months after end of financial year and prorated otherwise.

(i) Retirement Benefits/Gratuity

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

(j) Government grants

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

(k) Accounts receivable

Accounts receivable are stated at anticipated realizable value.

(l) Accounts payable

Accounts payable are stated at nominal value.

(m) Budget information

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

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

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank. Bank account balances includes amounts held at commercial banks at the end of the financial year.

(o) Research and development costs

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

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

The ability to measure reliably the expenditure during development.

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

(p) Unused Project grants

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

Kenya Industrial Research and Development Institute (KIRDI)
Annual Reports and Financial Statements
For the year ended 30th June 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 4. Transfers from Government

	2021/2022	2020/2021
	KSHS.	KSHS.
Recurrent grants-operational	617,430,000	591,290,693
Deferred grant income	160,174,547	125,138,988
Total	777,604,547	716,429,681

Note 5. Grants & Subsidies from Donors

	2021/2022	2020/2021
	KSHS.	KSHS.
Project fund receipts	20,919,155	10,960,065
Deferred grant income	18,250,780	0
Total	38,169,935	10,960,065

Note 6. Rendering Services

	2021/2022	2020/2021
	KSHS.	KSHS.
Service fees	19,183,028	15,975,787

Note 7. Other income

	2021/2022	2020/2021
	KSHS.	KSHS.
Sundry revenue	2,129,518	2,503,745
Increase in stock	0	4,594,697
Total	2,129,518	7,098,442

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 8. Use of goods and Services

	2021/2022	2020/2021
	KSHS.	KSHS.
Transport operation expenses	3,586,844	2,207,921
Postal and telecom expenses	2,508,378	2,532,414
Telephone expenses	2,806,748	680,982
Official entertainment	5,380,650	3,832,634
Electricity	9,578,843	6,975,581
Gas purchase	2,914,928	980,750
Water and conservancy	1,093,345	1,593,232
Publishing and printing	1,843,728	894,136
Purchase of consumables	5,551,601	4,778,437
Uniform and clothing	0	1,610,850
Library expenses	2,387,785	1,640,313
Purchase of stationery	5,293,129	2,804,993
Advertising and publicity	3,171,606	894,698
Show expenses and market research	1,392,251	805,324
Rent and rate(non-residential)	1,382,385	2,986,765
Computer expenses	4,553,404	2,336,403
Misc. and other charges	1,059,647	1,041,613
Contribution to other bodies	708,022	391,068
Insurance of property	2,142,455	1,611,702
Provision for audit fee	700,000	700,000

Kenya Industrial Research and Development Institute (KIRDI)
Annual Reports and Financial Statements
For the year ended 30th June 2022

Laboratory chemicals	6,229,136	6,493,162
Contracted guards & cleaning services	13,667,564	12,249,741
Contracted professional services	1,969,390	288,601
Decrease in stock (Note 14)	1,554,785	0
Research feasibility studies & projects	5,807,278	9,385,741
Totals	87,283,902	69,717,061

Note 9. Employee Costs

	2021/2022 KSHS.	2020/2021 KSHS.
Basic salary	314,389,529	301,083,619
House allowance	93,949,157	100,420,873
Other personal allowance	39,548,098	40,279,127
Risk Allowance	10,229,236	10,790,934
Medical insurance	37,315,524	37,284,228
Passage and Leave	4,829,000	5,111,500
Training expenses	4,740,230	2,395,497
Group life & personal accident (GPA)	1,607,262	2,122,032
Fees commission and honoraria	8,698,700	2,191,400
Gratuity, Pension and NSSF	65,179,025	60,969,120
Travelling and subsistence	25,037,207	18,633,539
TOTAL	605,522,968	581,281,869

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 10. Board Expenditure

	2021/2022	2020/2021
	KSHS	KSHS
Sitting Allowance	6,020,000	6,963,000
Travel costs	2,372,121	2,363,862
Hospitality costs	1,475,139	4,190,836
Conferences and seminars	926,840	5,083,791
Daily subsistence	3,731,000	3,548,400
Remuneration & honoraria	707,097	960,000
Totals	15,232,197	23,109,889

Note 11. Repairs and Maintenance

	2021/2022	2020/2021
	KSHS.	KSHS.
Maintenance of office, furniture & equip.	5,938,990	2,955,090
Maintenance of build. & stations-non residential	7,346,429	12,026,732
Maintenance of plant, machinery & equip.	5,886,296	2,918,724
Maintenance expense-motor vehicles	3,647,380	2,911,347
TOTAL	22,819,095	20,811,893

Kenya Industrial Research and Development Institute (KIRDI)
Annual Reports and Financial Statements
For the year ended 30th June 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 12. Depreciation and Amortization

	2021/2022	2020/2021
	KSHS.	KSHS.
Property, Plant and Equipment	160,174,547	125,138,988

Note 13. Grants and Subsidies

	2021/2022	2020/2021
	KSHS.	KSHS.
Project funds utilized	25,428,958	20,390,746

Note 14(a) Cash and Cash Equivalents

	2021/2022	2020/2021
	KSHS.	KSHS.
Current Account		
National bank of Kenya	11,958,064.00	259,116,328
Absa Bank	588,316	38,655,867
Others		
Mpesa Account	11,813,574	13,475,214
	24,359,954	311,247,409

Kenya Industrial Research and Development Institute (KIRDI)
Annual Reports and Financial Statements
For the year ended 30th June 2022

Oxygen deposit	0	30,000
Hospital deposit	0	10,000
Electricity deposit-Kisumu	308,138	308,138
Electricity deposit-South C & Eldoret	50,000	50,000
Advance payment to Contractors	47,451,535	67,694,442
Provision for doubtful debts	4,703,665	0
TOTAL	280,451,647	132,836,189

Note 15(b) Reconciliation for impairment on Receivables (non-exchange)

	2021/2022	2020/2021
	KSHS.	KSHS.
At the beginning of the year	132,836,189.00	196,526,266
Additional provision in the year	227,039,929.00	74,110,381
Recovered during the year	(79,424,471)	(137,800,458)
At the end of the year	280,451,647	132,836,189

Note 16. Stores and Inventories

	2021/2022	2020/2021
	KSHS.	KSHS.
General Stores	3,635,173	5,189,958
Loose tools	-	-
Total	3,635,173	5,189,958

Decrease in stock for general stores held was Ksh 1,554,785 as stock adjustment.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 14(b) Analysis of Cash and cash equivalent

	Account number	2021/2022	2020/2021
		KSHS.	KSHS.
National bank of Kenya-HQ main Account	01003000903200	8,590,072	27,199,480
National bank of Kenya-LDC A/c	01003002829200	383,243	78,376,111
National bank of Kenya-EDSC A/c	01003002832800	121,115	144,660
National bank of Kenya-Kisumu A/c	01003000903202	1,570,141	908,965
National bank of Kenya-LSC A/c	01003005406800	847,597	1,348,712
Absa Bank A/c	0708004898	588,316	38,655,867
National bank of Kenya-NIIC Account	01003005406700	445,896	9,925,808
Mpesa	681725	11,813,574	13,475,214
Absa Bank-LC Bank Guarantee	0708004898	-	141,212,592
TOTAL		24,359,954	311,247,409

Note 15(a) Receivables from Non-exchange transactions

	2021/2022	2020/2021
	KSHS.	KSHS.
Ministry of Industrialization	226,326,000	59,060,693
Foreign Travel imprest	1,346,409	0
Temporary imprest	265,900	898,380
Salary advance	0	340,755
Excess medical	0	4,077,781
Fuel deposit	0	366,000

Kenya Industrial Research and Development Institute (KIRDI)
Annual Reports and Financial Statements
For the year ended 30th June 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 17(a): Property, Plant and Equipment

Cost/ Value	WORK IN		BUILDINGS	MACHINERY & EQUIPMENT	MOTOR VEHICLES	FURNITURE & FITTINGS	COMPUTERS & EQUIPMENT	TOTAL
	LAND	PROGRESS						
	SHS	SHS	SHS	SHS	SHS	SHS	SHS	SHS
As at 1/7/2020	26,865,000	3,249,278,816	1,088,221,014	714,937,996	44,255,000	43,044,047	76,301,668	5,242,903,541
Additions	-	747,381,732	-	148,918,369	-	8,331,517	12,370,000	917,001,618
Disposal								
Adjust.					(4,630,000)			(4,630,000)
As at 30/6/2021	26,865,000	3,996,660,548	1,088,221,014	863,856,365	39,625,000	51,375,564	88,671,668	6,155,275,159
Additions	-	354,484,863	-	251,687,339		475,240	150,650	606,798,092
Disposal								
Adjust.				5,809,546			1,393,104	7,202,650
As at 30/6/2022	26,865,000	4,351,145,411	1,088,221,014	1,121,353,250	39,625,000	51,850,804	90,215,422	6,769,275,901
Depreciation and Impairment								
As at 1/7/2020	1,151,358	-	163,745,864	485,419,459	22,540,000	35,672,498	54,642,368	763,171,547
Depreciation	383,786		21,764,420	79,664,950	9,700,000	2,848,970	10,776,862	125,138,988
Transfers/								
Adjust					(2,315,000)			(2,315,000)
As at 30/6/2021	1,535,144	-	185,510,284	565,084,409	29,925,000	38,521,468	65,419,230	885,995,535
Depreciation/	383,786		21,764,420	114,926,531	9,700,000	2,908,376	10,491,434	160,174,547
Amortization								
Transfers/								
Adjust				726,195			417,930	1,144,125
As at 30/6/2022	1,918,930	-	207,274,704	680,737,135	39,625,000	41,429,844	76,328,594	1,047,314,207
Net book values								
As at 30/6/2021	25,329,856	3,996,660,548	902,710,730	298,771,956	9,700,000	12,854,096	23,252,438	5,269,279,624
As at 30/6/2022	24,946,070	4,351,145,411	880,946,310	440,616,115	-	10,420,960	13,886,828	5,721,961,694

The capital work in progress expenditure relates to ongoing RTI laboratories construction project in Nairobi South B. Part of property, plant and equipment reported in the financial statement are motor vehicles, plant and equipment fully depreciated at zero value but are still in use awaiting revaluation.

Kenya Industrial Research and Development Institute (KIRDI)
Annual Reports and Financial Statements
For the year ended 30th June 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 17(b)

	Cost/ Value	Accumulated Depreciation	NBV
	KSH	KSH	KSH
Land	26,865,000	1,918,930	24,946,070
Buildings	1,088,221,014	207,274,704	880,946,310
Plant, Machinery and Equipment	1,121,353,250	680,737,135	440,616,115
Motor Vehicles	39,625,000	39,625,000	-
Computers and related Equipment	90,215,422	76,328,594	13,886,828
Furniture, Office equipment and fittings	51,850,804	41,429,844	10,420,960

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

	Cost/ Valuation	Normal annual depreciation charge
Plant, Machinery and Equipment	28,583,796	3,575,975
Computers and related Equipment	55,376,326	16,612,897
Furniture, Office equipment and fittings	201,941,000	25,242,625
Total	285,901,122	35,737,640

Note 18. Research and Development Projects

These is composed of expenditure amounting Kshs.160,424,504 transferred from Development vote to R & D on recognition that R & D projects will generate future economic benefits.

The Institute intends to patent its research discoveries which includes prototype development, designs and pilot plants.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 19. Accounts Payable

	2021/2022 KSH	2020/2021 KSH
Payroll deductions	3,338,126	4,279,458
Miscellaneous deposits a/c	0	1,544,670
Court award obligation	0	5,252,250
Other Creditors	196,833,898	81,945,548
TOTAL	200,172,024	93,021,926

Note 20. Unused Project Funds

	2021/2022 KSH	2020/2021 KSH
National Research fund	852,254	8,229,105
Sea weed project-Blue economy	1,784,705	1,826,705
ICIPE Project	409,115	1,649,240
Un-Foundation UNFS-Clean stove	160,004	0
Soda lake Project-KWS	2,251,860	2,278,080
GECKO Project-Denmark Tekniske Univ.	187,818	432,018
SolCool Dry Project-BMEL/BLE	52,047	2,988,444
UNIDO-IBPP Energy technologies	1,307,477	0
GIZ kenya - Agri jobs	24,812	573,498
Mycotile project - Mycelium & agri waste	198,940	143,000
World bank Africa - ACE II PTRE	79,190	130,690
Institute of global food-Sea forth	2,021,831	0
LVCT Health project	89,400	0
Donor collaborative projects	4,321,524	0
TOTAL	13,740,977	18,250,780

The net amount utilized was Ksh 4,509,803

Kenya Industrial Research and Development Institute (KIRDI)
Annual Reports and Financial Statements
For the year ended 30th June 2022

Note 21. Provisions

	2021/2022	2020/2021
	KSH	KSH
Provision for Audit fee at the beginning	3,358,000	2,658,000
Additional for the year	700,000	700,000
Provision utilized in the year	(700,000)	-
Balance at year-end	3,358,000	3,358,000

Note 22. Retention money

These are retention monies on bills settled for construction contracts which are held for more than a year pending projects completion and expiry of defects liability period.

	2021/2022	2020/2021
	KSH	KSH
Balance at the beginning	242,301,310	259,637,749
Additions during the year	14,821,699	0
Amount paid in the year	0	(17,336,439)
Closing balance	257,123,009	242,301,310

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Note 23. Capital/ Development funds

The Kshs. 6,251,302,594 stated as Capital funds is the net accumulation of Development releases going way back to 1980 when the Institute began self-Accounting.

These represents grants received from the exchequer to finance acquisition of capital assets and other expenses related to research and development activities.

Note 24. Retained earnings/ Accumulated deficit

These represents the Institute's accumulated funds Account as balances brought forward for revaluation reserves and the accumulated deficit arising from the income and expenditure account.

Note 25. Prior year adjustments

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

Note 26. Recurrent and Development expenditure

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

Note 27. Related party transactions

At the closing of the financial year the institute had not received Ksh 59,060,693 being part of the budgetary allocation from the State Department for Industrialization.

Note 28. Contingent liabilities

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

Note 29. Financial risk management

The Institute has no significant risk attributed to accounts receivable. Services offered to clients are primarily on cash basis. Advances and prepayments are managed within approved policy parameters.

Note 30. Capital commitments

Authorized and contracted for is the proposed construction of RTI laboratories in Nairobi south B at a cost of Ksh.4,812,400,055.

Kenya Industrial Research and Development Institute (KIRDI)
Annual Reports and Financial Statements
For the year ended 30th June 2022

19. APPENDICES

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Ref. No on the External Audit Report	Issue/ Observation from Auditor	Management Comments	Focal Point Person to resolve the issue (Name and designation)	Status: (Resolved/ Not resolved)	Timeframe:(Put a date when you expect the issue to be resolved)
1.0	Basis of Qualification Lack of Revaluation of Property, Plant and equipment	The National Treasury has not provided for funding of the activity Management has made a request for consideration in the budgetary allocation for the purpose of revaluation of these assets.	Director General and Board	I request has been made to The National Treasury for budget allocation through the parent Ministry (MOITED)	Not definite
2.0	Long outstanding accounts receivable	Management has procured a comprehensive medical Insurance scheme to mitigate against any future occurrence.	Director/Board of Directors	A comprehensive medical insurance scheme is already in place	Resolved
1.0	Basis of Conclusion Delay in project completion- Proposed Techno Centre	Management continuous to engage the National Treasury to prioritize funding and completion of the project.	Director / Board of Directors	Management still continuity to engage with the National Treasury with an allocation of Ksh. 500 Million provide in FY 2022/23	3years
2.0	Unapproved over-expenditure on Recommendation of Remuneration of Directors	Management will comply to the budget provisions	Director / Board of Directors	Strict adherence to budget lines	June 2023

Kenya Industrial Research and Development Institute (KIRDI)
Annual Reports and Financial Statements
For the year ended 30th June 2022

3.1	Employee Costs Payments of employees in Acting capacity for more than 6 months	The instate is on the process of implementing the Human Resource Instruments	Director	Ongoing	June 2023
3.2	Employees paid special duty allowance for more than 6 months	The institute is on the process of implementing the Human Resource Instruments	Director	ongoing	June 2023
4.0	Lack of Automation of the financial reporting and Inventory processes	Management made a request to the National Treasury through the Ministry (MOITED) for additional funds to procure an EPR system.	Director / Board of Directors	I request has been made to The National Treasury for budget allocation through the Ministry (MOITED)	2years
1.0	Basis of conclusion Inadequate staffing in key functional areas	The institute is on the process of implementing the Human Resource Instruments	Director / Board of Directors	Ongoing	2years
2.0	Failure to perform Annual Governance Audit	Management will conduct the exercise	Director / Board of Directors	ongoing	1years

Signature: 
DIRECTOR-GENERAL

Date: 12.04.2023

Kenya Industrial Research and Development Institute (KIRDI)
 Annual Reports and Financial Statements
 For the year ended 30th June 2022

APPENDIX II: PROJECTS IMPLEMENTED BY KIRDI

Project Code & Project Title	Financing		Expected Completion Date	Actual Cumulative Expenditure up to 30th June 2022	Project Completion % as at 30th June 2022	Allocation for 2021/22 Budget		Requirement for 2022/23 Budget		Remarks
	Total Est Cost of Project (a)	GoK				GOK	Foreign	GOK	Foreign	
	Kshs Million			Kshs Million		Kshs Million				
1175101000 Construction of Industrial Research Laboratories - KIRDI South B	5,634	5,634	30/06/2024	4,351	76.8%	448	0	857	0	
Total	5,634	5,634		4,351		448	-	857	-	

APPENDIX III: INTER-ENTITY TRANSFERS

Breakdown of Transfers from the State Department of Industry

MDA Transferring Funds	Date received as per Bank statement	Nature: Recurrent/ Development grants	Total Amount (KES)	Where Recorded /Recognized					Total Transfers
				Statement of Financial performance	Capital Fund	Deferred income	Receivable	Others	
State Dept for Industry	7/31/2021	Recurrent	59,060,693	-			59,060,693		59,060,693
State Dept for Industry	8/26/2021	Recurrent	51,452,500	51,452,500					51,452,500
State Dept for Industry	9/3/2021	Development	224,000,000		224,000,000				224,000,000
State Dept for Industry	9/23/2021	Recurrent	51,452,500	51,452,500					51,452,500
State Dept for Industry	9/29/2021	Recurrent	51,452,500	51,452,500					51,452,500
State Dept for Industry	11/1/2021	Recurrent	51,452,500	51,452,500					51,452,500
State Dept for Industry	11/1/2021	Recurrent	51,452,500	51,452,500					51,452,500
State Dept for Industry	12/20/2021	Recurrent	51,452,500	51,452,500					51,452,500
State Dept for Industry	2/9/2022	Recurrent	51,452,500	51,452,500					51,452,500
State Dept for Industry	3/2/2022	Recurrent	51,452,500	51,452,500					51,452,500
State Dept for Industry	3/31/2022	Recurrent	51,452,500	51,452,500					51,452,500
State Dept for Industry	5/4/2022	Recurrent	51,452,500	51,452,500					51,452,500
State Dept for Industry	06/06/2022	Recurrent	51,452,500	51,452,500					51,452,500
State Dept for Industry	6/27/2022	Recurrent	51,452,500	51,452,500					51,452,500
State Dept for Industry	7/6/2022	Development	224,000,000		224,000,000				224,000,000
Total			1,124,490,693	617,430,000	448,000,000		59,060,693		1,124,490,693

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

Ministry of Industrialization Trade &
Enterprise Development, State Department
for Industrialization
Head of Accounts

Name:

Signature:

Date:

END