

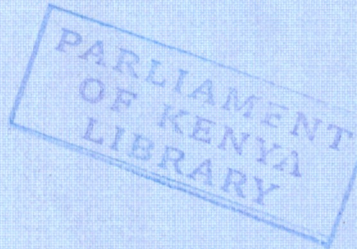
REPUBLIC OF KENYA



Paper Laid

*Paper Laid by Lam
Hon. Aden Duale on
Tuesday 21st
Oct 2014*

KENYA NATIONAL AUDIT OFFICE

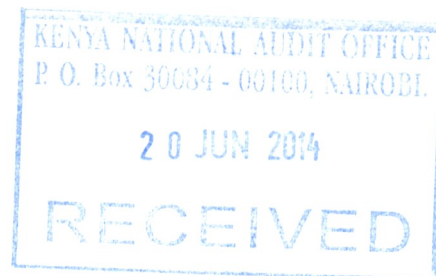


REPORT
OF
THE AUDITOR-GENERAL
ON
THE FINANCIAL STATEMENTS OF
KENYA AGRICULTURAL RESEARCH
INSTITUTE
FOR THE YEAR ENDED
30 JUNE 2013



**KENYA AGRICULTURAL RESEARCH
INSTITUTE**

**ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2013**



KENYA AGRICULTURAL RESEARCH INSTITUTE

CONTENTS

INSTITUTIONAL INFORMATION.....	PAGE 1- 14
STATEMENT OF BOARD OF MANAGEMENT'S RESPONSIBILITIES.....	PAGE 15-15
STATEMENT FROM THE CHAIRMAN, KARI BOARD OF MANAGEMENT.....	PAGE 16-16
STATEMENT FROM THE DIRECTOR, KARI.....	PAGE 17-17
STATEMENT OF COMPREHENSIVE INCOME	PAGE 18-18
STATEMENT OF FINANCIAL POSITION.....	PAGE 19-19
STATEMENT OF CHANGES IN CAPITAL FUNDS & RESERVES.....	PAGE 20-20
STATEMENT OF CASH FLOW	PAGE 21-21
NOTES TO THE ACCOUNTS	PAGE 22-32
KARI CENTRES.....	PAGE 33-33

KENYA AGRICULTURAL RESEARCH INSTITUTE

Institutional information

The Director has the pleasure in submitting the Financial Statements of the Institute for the year ended 30th June 2013

Legal Status

The Kenya Agricultural Research Institute (KARI) is statutory agricultural research organization established under the Science and Technology Act chapter 250 revised edition of 1979. KARI is the country's principal national institution responsible for research and technology generation on crops, livestock, soil and water management and the socio-economics. It falls under the Ministry of Agriculture.

The KARI vision and mission

The vision of the institute is to be an institution of excellence in agricultural research and technology transfer, contributing to an improved quality of life for all Kenyans. The institute's mandate is to conduct appropriate crop, livestock and factor research programmes that are geared towards the sustainable development of national agricultural sector. Its mission is to develop and disseminate appropriate agricultural technologies in collaboration with stakeholders. In pursuit of this mission, KARI seeks to acquire and contribute knowledge and creative solutions that are participatory and client-oriented; holistic and system-oriented; gender-sensitive and affordable to its stakeholders.

The Institute has a computerized Financial Management Information System, which is operational in all research centers and consolidation of financial data done at Headquarters.

Board of Management

The current Board of Management comprises of:

(a) Appointed Members

Prof. Onesmo ole-MoiYoi (Chairman)
Dr Eliud Kiplimo Kireger
Prof. Philip O. Owuor
Prof. Silvery B Buluma Oteng'i
Mr Willy Bett
Mr. Ahmed S. Takoi
Dr. E. A. Mukisira (Secretary)
Permanent Secretary- Ministry of Agriculture
Permanent Secretary- Ministry of Finance
Permanent Secretary- Ministry of Environment and Mineral Resources
Permanent Secretary- Ministry of Livestock and Fisheries Development
Director – Veterinary Services

(b) Senior Management

Dr. Joseph G Mureithi – Deputy Director Research & Technology
Mr. Nyakundi Mogere – Deputy Director Finance & Administration
Dr. Felister W Makini – Deputy Director Outreach and Partnerships

KENYA AGRICULTURAL RESEARCH INSTITUTE

Institutional Information Continued

National Council for Science and Technology

- Secretary

Principal Bankers

- Kenya Commercial Bank
KICC, Branch
P.O. Box 46950
Nairobi
Tel no. 020-214878, Fax no. 337650
- NIC Bank Limited
Westlands Branch
P.O. Box 44599- 00100
Nairobi.
Tel no. 4450882, Fax no. (020) 4450847

Principal Advocates

- KARI legal Office

Auditors

- Auditor General
Kenya National Audit Office
P. O. Box 30084-00100
Nairobi

Registered Office

- Kenya Agricultural Research Institute,
Headquarters,
Kaptagat Road, Off Waiyaki Way
P. O. Box 57811-00200
NAIROBI
Tel No. 4183301/20; Fax No. (254) 4183344

RESEARCH PROGRAMMES ACHIEVEMENTS: FY 2012/2013

The year recorded significant achievements in the various programmes including analysis of agricultural value chains targeting food crops, horticulture and livestock.. Presented below is a summary of achievements on a programme basis for FY 2012/2013.

Food Crops and Horticultural Crops Research

Food Crops

The main activities involved carrying out multi-location National Performance Trials (NPTs) and Distinctness Uniformity and Stability (DUS) test. NPT and DUS tests were conducted under the aegis of KEPHI, and culminated in the release of many food crop varieties. Significant achievements are as follows:

- A total of seventy three (73) varieties were released by the National Variety Release Committee (NVRC) in the period 2010-2013, as follows: 16 varieties (2010), 21 varieties (2011), 18 varieties (2012), and 18 varieties (2013 – due on 13th June 2013).
- A total of 186,800 Kg of Breeder Seeds were generated for various Food Crops, as follows: 40,400 Kg (Maize), 40,400 Kg (Wheat), 96,400 Kg (Maize), 920 Kg (Rice), 500 Kg (Sorghum), 16,000 Kg (Finger-millet), 31,500 Kg (Bush Beans), 440 Kg (Climbing Beans), and 400 Kg (Chickpea); also, some 5,200,000 planting materials (3,400,000 Sweet-potato vines and 2,800,000 Cassava cuttings) were availed to farmers.
- A total of 2,100,576 Kg of Certified Seeds of Maize were produced by various seed companies during the reporting period, as follows: 259,366 Kg (2010), 1,336,180 Kg (2011), 155,030 Kg (2012), and 350,000 Kg (by June 2013).
- During the period under review, the programme developed, for various crops, 15 Agronomic Packages, 15 Crop Health Packages, 7 Plant Diagnostic Kits (2 for Maize, 3 for Wheat and 2 for Cassava), 43 Technology Promotion packages for outreach, which included 18 (for Maize), 12 (Sweet-potato), 4 (Cassava), and 6 (Bush Beans).
- **Hybrid rice varieties development:** Green-house construction at KARI-Mwea is complete, rice breeding 'lines' have been acquired from IRRI-Phillipines and are being multiplied and tested at KARI-Mwea.
- Under publications, there were 25 papers in refereed journals, in Technical Bulletin, and 77 in conference proceedings in PY2 (2012) alone.
- Scientists in the programme were involved in official trips out of the country, attending conferences, workshops and professional meetings in various countries in the course of the three year, to gain experience in their fields of scientific research.

Horticulture and Industrial Crops

The main achievements were:

- 1 soybean variety 934/5/4, 2 sunflower (KAJ 001, KAJ 037) and 2 kale (CABI- 1 and CABI-4) varieties released.

KENYA AGRICULTURAL RESEARCH INSTITUTE

Institutional Information Continued

- 3 passion fruit (KPF-4, KPF-11 and KPF-12), 2 banana (FHIA01, FHIA17), 2 groundnut (12991, 99568) and 2 nightshade (Dark Green Giant Mangu, Light Green Giant Managu) varieties recommended for commercialization.
- 11 farmer training/workshops (4 Flowers, 1 bean, 1 fruit, 4 vegetables & 1 post harvest) held.
- Organized and hosted the 1st All Africa Horticulture Congress at Safari Park, Nairobi.
- 64 papers/poster (post harvest, vegetables, flowers, fruits, socio-economics, crop protection, biotechnology) presented in scientific conference and workshops.
- 1140 varieties (snap beans-10, cotton-40, tomato-3, sunflower -10, soyabean -35, sunflower -18, Canola -2, groundnut -12) evaluated on station
- 921 farmers and other horticulture and industrial crop stakeholders trained
- 2 papers published in refereed journals
- 320 germplasm of various horticulture and industrial crops maintained
- 200 apple seedlings sold to farmers.
- Greenhouse technology demonstrations (for tomato production) established on-station at KARI Thika, Mtwapa, Molo and Katumani.
- 1 Recipe for preparation of soybean milk, "githeri", "mandazi", and groundnut "dengu" (soup) and oil palm demonstrated in South West Kenya
- 5 crop varieties (indigenous vegetables, cotton, cashew, macadamia and groundnuts) under on-farm trials.
- 2 crop protection packages developed.
- 5 post-harvest technologies developed and evaluated
- 1 contract research signed by KARI Thika
- 9 farmer field schools completed.
- 16 on-farm demonstrations held.
- Development of food safety training manual in collaboration with the Ministry of Agriculture
- 1 research protocol on banana indexing and 1 on virus indexing developed.

Livestock and Range Management Research

Animal Health

The programme is implemented through 4 themes and the following were achievements:

- Two tests, CBPP CFT for bovine pleuropneumonia and an ELISA for analysis of residues in livestock products such as milk and meat have been tested and validated in the laboratory. The CFT is being commercialised under USAID funding and a Trade Mark is awaited. The use of ECf Merikebuni 'vaccine' has been demonstrated to protect cattle under pastoral conditions. To boost available ECf vaccine doses, two stabilate stocks,

KENYA AGRICULTURAL RESEARCH INSTITUTE

Institutional Information Continued

- M001 and M002 are being tested for protective ability and initial results indicate 67% protection.
- The accreditation of the Muguga North Virology laboratory to ISO 17025:2005 is underway and a consultancy is under procurement to guide the process. The laboratory will offer backstopping services to the Department of Veterinary Services in disease diagnoses and control.
- Laboratory manuals have been prepared and staff trained on 'Measurement of Uncertainties' and 'Internal Audit for ISO 17025:2005'.
- Regarding control of helminths, the use of ineffective anthelmintics has been partially blamed for the development of resistance against helminths. A study which sampled anthelmintics sold in Western and North Rift regions found the drugs ineffective thus increasing dangers of worms developing resistance to drugs.
- Farmers were trained on correct use of trypanocidal drugs and 30 Trainers of Trainers were also trained. In the tsetse infested zones of Western Kenya (Busia), a herd of trypanotolerant Orma Boran cattle has been established at Alupe for cross-breeding to impart trypanotolerance in the area for improved cattle productivity
- One student completed his MSc course on *peste des petits ruminants* (PPR) and six papers and extension leaflets have been published.
- Programme scientists participated in the livestock subsector value chains analysis and planning for publicization of the value chains in the counties.

Animal Production

Beef Value chain

- Mega project on beef value chain developed in May and June and implementation initiated (Participating centres: Kiboko, Lanet, Mtwapa, Garissa, Marsabit and Kitale).
- Collection of Bracharia, Panicum and Cenchrus ciliaris at coast and southern rangelands
- In July held meeting with Papalotla company and agreed on new work on Bracharia Mulato II and others. Concept note developed
- 2 scientists visited Japan in June 2013 and agreed collaboration with the National Livestock Research Institute of Japan on tropical grasses and apomixies
- 60 Sahiwal and Boran bulls sold for breeding

Indigenous Chicken Mega project progress

- 4 new indigenous chicken lines developed and ready for distribution to farmers
- Rehabilitation of the Poultry unit initiated for licensing by the DVS (Re-roofing, fencing and installation of standby generator)
- New contract Technoserve signed in April with a value of USD 179,328 up from USD 82,649. Activity Indigenous chicken
- New hatchery unit established in KARI Kakamega but yet to start operating
- 100,00 DOC supplied to farmers between Jan – June 2013
- Emerging Livestock sub-sector

KENYA AGRICULTURAL RESEARCH INSTITUTE

Institutional Information Continued

- A scoping study on emerging livestock conducted in May and will be presented to stakeholders in September 2013
- Upgrading proposal to be developed in October 2013

Small Ruminants Value chain

- Based on agreed constraints and opportunity a mega project to be developed in Naivasha next week
- Discussion with ICARDA on collaboration on-going and aim to submit proposal to CultiAF next month

Dairy value chain

- Continued implementation of dairy activities under EAAPP

Range Management

The programme continued to implement activities and key achievements are listed below;

- Evaluation of Doum palm ecology and its value chain in northern Kenya was done and a proposal for its sustainable and profitable utilization as an alternative livelihood option elaborated for funding
- Stakeholder feedback workshop on report findings of the study on current status and trends of camel production in the north rift and southern rangelands was held.
- Capacity building workshop for community based monitors and site monitors for drought Early warning was held at machakos, 23-26 January 2013
- 3.566MT of range grass seed was produced and will be available to farmers
- Technologies on camel value chain were exhibited to about 2000 customers / stakeholders. The technologies included camel health, nutrition and feeding, milk processing, hides and skins, etc.
- A Video show titled, "Sowing hope in the midst of declining productivity of arid land of Northern Kenya" was shown to approximately 500 participants in the plenary during the Kenya pastoralist Week at Isiolo Response received from those who visited the KARI tent show that there is great demand for KARI technologies.
- Training for 114 framers in 7 sites on vegetable production and post harvest management under KAPAP and catholic diocese of Marsabit
- Programme scientists secured 6 competitive grants
- 13 papers published in refereed journals
- 22 papers presented in Conferences and workshops
- Two officers graduated with MSc in Animal Production
- One officer attended the Intellectual Property Training Workshop.
- 2 PHD students graduated from university of Nairobi in Dryland resource management
- One programme scientist secured a PhD scholarship in rumen microbiology and another is progressing well working on range grass breeding and improvement

- Two scientists trained in Agricultural value chains and innovations platform organised by ASARECA

Natural Resource Management Research

1. Maintenance of ISO 17025:2005 certification for soil analysis laboratory at Kabete
 - Two Internal Surveillance Audits were carried out by KENAS.
 - Four sets (one set per quarter) of soil samples for Proficiency Testing by the Wageningen University (WEPAL) for International Soil Exchange Programme (ISE) were analyzed.
 - Bi-annual maintenance and servicing of equipment was carried out
2. Soils Laboratory:
 - Analyzed 9,941 *samples as follows; 8,368 soil samples, 1,082 plant tissue, 153 fertilizer/manuresamples and 338 irrigation water samples.*
3. Land Use Planning
 - Conducted 3 multipurpose land suitability assessments and 125 client specific land suitability assessments
 - Created 169 GIS databases and prepared 354 client thematic maps.
 - Implemented 34 partnership projects; conducted 2 on-farm demos/field days and 63 farmer & students trainings.
 - Published 154 KARI technical reports and 3 papers in conference proceedings.
4. Soil and Water Management
 - Promoted 8 soil and water management technologies
 - Published 5 technical briefs/notes, 4 papers in refereed journals
 - Produced one audio/video on soil and water management for climate change adaptation
5. Integrated Soil Fertility Management
 - Started digitization of FURP database. e-copy of original FURP database for priority APVCs for counties in the Rift valley, Western Kenya and Nyanza regions is now ready. The main crops covered are maize, beans, sorghum, millets, sweet potatoes, cabbage and fodder crops. Data for central, eastern and Coast region is still on-going.
 - Carried out Nutrient (N, P) omission trials in Kandara now to the validation stage where 4 best-bet treatments alongside Farmer practice.
 - 5 field trials (Kandara and KARI-Muguga) to evaluate ISFM strategies (N, P, K, micronutrients, lime and manure included) – were planted for the 3rd season in April and is now at early cob formation stage.
 - N-15 isotope techniques were used in an on-going experiment at Kiboko to evaluate the capacity of newly selected CIMMYT maize varieties to utilize applied nitrogen fertilizer for grain production.
 - Conducted trials on phosphate micro-dosing technologies for maize hybrids in Northwestern Kenya

KENYA AGRICULTURAL RESEARCH INSTITUTE

Institutional Information Continued

- Conducted trials on enhancing maize production through manure management and combinations of organic and mineral nutrient sources in eastern Kenya
 - Conducted trials on intercropping legumes with pyrethrum in former cold pyrethrum growing zones through rhizosphere studies
 - Conducted trials on formulation of soil-type specific potting media for control of macadamia seedling chlorosis
 - Identified and documented constraints and opportunities in paddy and rainfed rice production
6. Irrigation, Drainage and Management of Problem Soils
- Assessed the performance and recommend improvement of small-scale irrigation and drainage schemes for better performance of horticultural and food crops
 - Conducted trials to develop strategies and technologies for managing Vertisols
 - Conducted trials to adapting agriculture to climate change: developing promising strategies using analogue locations in eastern and southern Africa (calesa) Project
 - Conducted trials to enhancing production of tomato through Integrating Micro-Irriga Systems and Nutrient Management Under Green House Conditions in Central Kenya
 - Tested best approaches in dryland farming for integrated livestock and vegetable farming in Kajiado county
7. Environment Research and Climate Change
- Set up 5 demonstrations on technologies for climate change adaptation in Trans Mara and Tana Delta

Socioeconomics and Applied Statistics

The programme achievements are listed below:

- Completed a study on Farm level assessment of costs of adaptation to climate change in Marani District, Kisii
- Completed a study on determination of optimal enterprise mix in North Rift, Kenya.
- A study on economic analysis of selected enterprises (cassava, milk, maize, eggs) in Coastal lowland Kenya study was completed.
- A study to assess the storage losses of maize and pulses in coastal Kenya was complete_ and a conference paper on the same was presented in Ghana.
- A social, economic and cultural study to understand the low level acceptability of sorghum as a food security crop in the face of famine among the pastoral communities of the dry north rift valley, lessons for food policy in Kenya's marginal areas was completed
- A study on wheat situational analysis was completed based on participatory evaluation of wheat marketing structures in the wheat growing areas.
- An impact assessment study on the effects of climate change on adoption of developed pyrethrum technologies by smallholder pyrethrum producers was completed.
- An assessment study of the economic impact of biological control agents in major Brassica growing areas was completed.

KENYA AGRICULTURAL RESEARCH INSTITUTE

Institutional Information Continued

- A study on the evaluation and promotion of farmer seed enterprises for vegetatively propagated crops in Western and Coastal Regions of Kenya was completed
- A study on the Structure, Conduct and Performance of Soybean in Central Rift valley completed
- Improved production, marketing of honey and other bees products study was carried out in the mountainous areas of Marsabit, Laisamis and Samburu districts and a report completed
- Market analysis for the development of value added cotton products study was completed and a report prepared.
- A study on the Economic Analysis of markets and production data for Crops and Livestock Enterprises for Product Value Chain Analysis was completed and a report prepared
- A study on the farmers' perception of and attitude towards agriculture and its determinants in Kenya was completed and policy aspects in relations to youth assessed
- Climate change: Farm-level mitigation and adaptation strategies study in in North Rift Kenya was completed and a report prepared -- A paper was presented at the KARI conference
- A study on the role of relief aid and famine foods in sustainable rural development was completed at KARI Perkera and a report on the role of relief agencies as well as a conference paper prepared
- A study monitoring the impact of agriculture and food policies evaluating price dis/incentives was completed and technical reports for 10 commodities prepared.
- A study on the evaluation of Effectiveness of Agricultural Technology Transfer Methods in Northwest Kenya was completed
- A study on the Evaluation of information sources for livestock producers and traders in Narok, Kenya was completed and a report prepared showing the impact of the changes in land use in these areas

Adaptive Research and Outreach

The programme achievements are below:

- Facilitated holding of various stakeholders for a across KARI Centres including field days.
- Participated in the process of Training Needs Assessment for the Institute
- Continued to participate in codex meetings both locally and internationally.
- Participated in the ISO 9001:2008 certification process and maintenance.
- Continued to represent the Institute in the NALEP meetings.
- Participated in the operationalization of the new department of Outreach and Partnerships including development of Departmental Strategies.
- Continued to participate in Research-Extension Liaison meetings.
- Started desktop work on rationalization of KARI Centre networks as we tend towards NARS and the new constitution dispensation

- Continued to participate in the Institutes' Performance Contract processes.
- Participated in the processes of annual workplans and budgets.
- Continued to participate in the Institutes Management meetings Workshops and conferences.
- Continued to participate in the technologies packaging.

Biotechnology and Biodiversity Conservation

The programme continued strengthening KARI's key commodity programs of food crops, horticulture and industrial crops and animal production. Main achievements for the sub-programmes included:

Livestock Biotechnology

- Preparatory work on commercialization of the Contagious Caprine Pleural Pneumonia (CCPP) pen-side diagnostic kit was completed and most of the equipment has been delivered for mass production.
- The International Atomic Energy Agency (IAEA) funded Rift Valley Fever Sero – surveillance project was renewed in June 2009. A technician represented the Biotechnology Center at the Regional Coordination Meeting (RCM) at Vienna, Austria.
- Two qPCR machines were received from USDA and were commissioned.
- A LAMP diagnostic test was developed for Rift Valley Fever together with scientists from IAEA, Vienna. This is being validated.
- Two Sentinel herds in Naivasha and Marigat were set up in the AVID project. KARI in collaboration with the Directorate of Veterinary Services (DVS) and the International Livestock Research Institute (ILRI) will monitor the herds for antibody levels for Rift Valley Fever.
- Improved CBPP vaccine for cattle Reverse Vaccinology (identification of proteins of interest using bioinformatics)

Crop Biotechnology

- Two sorghum varieties were selected for introgression of nutritional traits (vitamin A, Zinc, Iron and protein).
- Biofortified sorghum was bulked and nutritional traits introgressed into 3 local sorghum varieties.
- At-least 300 tissue culture vanilla plantlets were acclimatized in the green/screen houses in preparation to implementation of on-farm trials.
- A total of 538 tissue culture plantlets of 9 local cassava varieties were multiplied for germplasm conservation.

KENYA AGRICULTURAL RESEARCH INSTITUTE

Institutional Information Continued

- More than 1600 cassava plantlets from IITA were produced for evaluation in different locations within the country
- Disease diagnostic procedures were developed and optimized for Cassava Brown streak virus (BSV) and other strains including optimization of RT-PCR on Cassava Mosaic virus Disease (CMD) and CBSD.
- Cassava BSV was fully sequenced and a paper submitted for publication.
- Nutritional studies conducted in western Kenya indicated significant deficiencies on Proteins, Zinc, iron and vitamin A in children under 5 years.
- 19 papers were published in peer reviewed journals while eight papers were presented in various conferences.
- A biosafety confined field trial site with irrigation was constructed and approved for GM testing of drought tolerant maize at KARI Kiboko.
- Two applications for field testing of transgenic cassava with resistance to cassava mosaic disease and biofortified with Vitamin A were processed by the institution biosafety committee and approved by the National Biosafety committee
- Characterization of cowpea aphid-borne mosaic virus in passion fruit.

Biodiversity Conservation

- Viability for the conserved germplasm was investigated and determined for 807 accessions
- Four collecting expeditions were mounted covering parts of coast, Rift Valley and Central Provinces, amassing a total of 16 assorted accessions of sorghum, finger millet, bulrush millet and cowpea wild relatives
- 1407 assorted accessions of sorghum, finger millet, pigeon pea and cowpea were regenerated and characterized in Kiboko using agro-morphological characteristics. In addition, regeneration and characterization of 148 accessions of Dolichos lablab and 95 of Cajanas cajan (Pigeon pea) was initiated and is going on in Kiboko while 15 accessions of *Vicia* species is going on in Muguga.
- 30 accessions of assorted African Leafy Vegetables were distributed for utilization in research
- Draft regulations to implement the International Treaty on Plant Genetic Resources for Food and Agriculture (ITPGRFA) prepared and ready for review by stakeholders.
- Two publications in refereed journals and two publications in conference proceedings were produced during the year under review
- A tissue culture lab and the *in vitro* conservation unit was refurbished and equipped
- One scientist successfully completed BSc training and has embarked on an MSc. Course.
- The sweet potato field genebank was regenerated and the diversity in the yam field genebank enhanced through enrichment planting.

KARI Seed Unit (KSU)

KSU multiplies breeder, basic and certified seed of the required crop varieties, in accordance with the Seed Act. KSU also propagates seedlings of fruit/nut trees and other planting materials. These products are sold on cost recovery basis. The main programme achievements were:

- 50 crop varieties maintained.
- 100 metric tonnes of breeder seed produced.
- 25 metric tonnes of pre-basic seed produced.
- 4 fruit tree mother blocks maintained.
- 300,000 root stocks raised through grafting.
- 250,000 seedlings produced for sale.
- 1.9 million cassava cuttings produced for sale.
- 2.5 million sweet potato cuttings produced.
- Total revenue was KES 160m.

Technology Packaging and Transfer

- **KARI 2011 institutional Annual Report:** The production and publication of KARI 2011 report has been accomplished.
- **East African Agricultural and Forestry Journal (EAAFJ):** The Journal secretariat continued to receive and process manuscripts for publication by EAAFJ.
 - A contract to publish a special Issue had been agreed upon with the College of Agriculture of the University of Nairobi. There were 77 manuscripts submitted for this contract. The manuscripts have been reviewed and 39 of them have been finalized for publication in Volume 77 Issue Nos. 3&4 and Volume 78 Nos. 1&2.
 - Twelve (12) manuscripts among over 50 submitted under regular/routine cycle have been finalized after undergoing rigorous review and will be published in Volume 78 Issue No 3.
 - Over 250 papers presented during 13th KARI Biennial Conference have been reviewed and 111 of them passed for publication by the journal. These manuscripts are being finalized for publication in Volume 78 No. 4 and Volume 79 Nos. 1,2,3&4.
- **Technology Innovation Units (TIU).** Establishment of TIU is a new initiative by O&P as a 'one stop shops' of KARI technologies and innovations and is being piloted in 11 Centres
- **Inventory of KARI Technologies:** The inventory of KARI technologies, knowledge and innovations of commodities of interest to the East Africa Agricultural Productivity Project (EAAPP) was completed.
- **Production of Technology Brochures:** At the time of 13th KARI Biennial Scientific Conference and Exhibition, the Division printed 18 brochures, 500 copies of each.
- **Participation in Shows:** The Division coordinated participation in over ten Agricultural Society of Kenya (ASK) Shows in the country

KENYA AGRICULTURAL RESEARCH INSTITUTE

Institutional Information Continued

- **Information Management and Communication Technology (IMCT) achievements:**
- KARI AND KAINET Stakeholders Awarded best e-agriculture award for the Fourth year running by the Computer Society of Kenya during Annual ICT Excellence Awards
- Corporate Internet Capacity was upgraded to from 11mbps to 19mbps via KENET. Computer Labs and Local Area Network for KARI Kibos completed and functional.
- Established a common Printer/Copier room at the headquarters to pilot sharing of resources
- KARI ICT needs assessment recommendations, technical specification development has been completed and the tender advertised and awarded. This comprises over 1000 computers, over 21 servers, various software for servers and users, UPSes, printers projector and configuration equipments
- Wide Area Network establishment piloted at Kabete NARL, Perkerra, Embu, Njoro, Mtwapa and Thika are fully functional in readiness for institute wide roll out.
- Renewed purchase of the corporate security software: Mail marshal for email, Kaspersky Antivirus system for user computers and McAfee for the server systems
- The off-site backup at Kabete NARL is fully operational..
- KARI senior management have real-time connectivity using ipads
- The PERI online resources subscription for the year 2013 renewed, this enables access to over 20,000 online resources. These includes databases, e-journals and e-books in agriculture and other fields.
- Two Hundred and Fifty Seven (207) information requests were responded to through the Question and Answer Service (QAS)..
- The e-RAILS Question and Answer Service, Voucher System project supported by FARA was implemented. The project involves 2 farmers groups, Katoloni from Machakos and Aberdares.
- From Limuru. 30 queries made by the farmers were responded to and uploaded into the run knowledge base.
- The Mkulima programme collaboration involving KARI/KBC/JKUAT made 25 field and 6 studio recordings from Sept 2012-April 2013. 11 of the programmes were aired. The recordings included the 110 frequently asked questions by farmers through the Question and Answer Service (QAS).
- Processed and finalised the KARI InFocus Newsletter July-September and October-December 2012 issues and published on the website
- Audio visual coverage and participation in the Agriculture Society of Kenya (ASK) Shows at Nairobi, Nakuru, Kisumu, Kakamega, Machakos and Embu
- Audiovisual coverage for institutional events and activities including President of Tanzania visit to KARI, Slovak Minister for Foreign and European Affairs Visit to KARI, KARI Board of Management Retreat in Embu, Farmers' Open Days in Muranga and Kakamega, Dissemination of Push-pull Technology in Muranga, and EAAPP/ASARECA Workshop in Mombasa.

Planning, Monitoring and Evaluation

The Planning, Monitoring and Evaluation unit was effectively established on November 1, 2007.

Major achievements realized since 2007

- Monitoring & evaluation framework developed; in particular, the data capture templates
- Scientists' capacity building on principles and practice of monitoring and evaluation conducted
- Monitoring and evaluation of projects done regularly
- Progress on status of Strategic Plan (2009-2014) documented in 2012 and 2013.
- Automated KARI Project Performance Monitoring and Evaluation System developed and is being rolled out to all centres (2012, 2013)

KENYA AGRICULTURAL RESEARCH INSTITUTE

STATEMENT OF BOARD OF MANAGEMENT'S RESPONSIBILITIES

The Science and Technology Act (Cap 250) requires the Board of Management to prepare financial statements for each financial year, which include a balance sheet showing in detail the assets and liabilities of the Institute, a statement of income and expenditure, and such other statements that the Board of Management may deem necessary. It also requires the Board of Management to ensure the Institute keeps proper books of account and other books and records in relation to the Institute and to all the undertakings, funds, investments, activities and property of the Institute. They are also responsible for safeguarding the assets of the Institute.

The Board of Management accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with generally accepted accounting practice and in the manner required by the Science and Technology Act chapter 250 revised edition of 1979. The Board of Management is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Institute and of its operating results. The Board of Management further accept responsibility for the Maintenance of accounting records which may be relied upon in the preparation of the financial statements, as well as adequate systems of internal controls.

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

Chairman: Onesmo Kariuki MD

Director: [Signature]

Date: 27.09.2013

KENYA AGRICULTURAL RESEARCH INSTITUTE

Statement from the Chairman, KARI Board of Management

The agricultural sector in Kenya strives to increase productivity, commercialization and competitiveness through generation and promotion of knowledge, information and technologies that respond to clients' demands and opportunities.

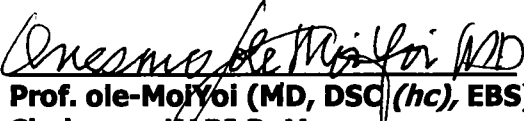
In the year under review, the KARI Board of Management (BoM) ensured that in the implementation of the KARI Strategic Plan (2009-2014), the Institute embraced the Agricultural Productivity Value Chain (APVC) approach for all research projects. To ensure research planning was all inclusive, KARI developed workplans and budgets for the rolling out and publicization of the Staple crops, Horticulture and Livestock APVC subsector analysis reports to the counties. Through these workplans, regional value chain rollout workshops were conducted for stakeholders.

The BoM developed policies that guided the annual activity planning and milestones. Subsequently, a performance contract with the Ministry of Agriculture was drawn and we committed ourselves to the achievement of the set goals. I am glad to report that we recorded commendable achievements on all the targets for the year.

During this period, KARI undertook 3 ISO Management Review meetings as well as an ISO External Surveillance audit conducted by Bureau Veritas. The scope of the certification includes providing agriculture consultancy and research services, developing agricultural information systems and quality assurance for developing agricultural technologies. The challenge is to maintain this ISO status and the Board has put mechanisms in place to address this. With this milestone achieved, the Board shifted its focus on the process of certification and accreditation of the Virus Reference Laboratory at KARI-Muguga. Additionally, the Board continues to oversee the maintenance of Accreditation of KARI-Kabete soil analysis Laboratories. These facilities continue to offer quality services to our clients and we view them as key to our service delivery efforts.

The Board of Management views Human Resources as an important resource for the advancement of Science, Technology and Innovativeness in the Institute. In an effort to uphold this, the Board oversaw the development of the Career Progression Guidelines, the Scheme of Service and the Annual Training Plan. These policy documents were finalized and it is envisaged that they will go a long way in improving staff retention and succession planning.

I thank our Government of Kenya, development partners, collaborators, farmers, the KARI Management and the entire staff for working hard to record these commendable achievements. Let us work even harder for we still owe our beloved nation and the Kenyan people even more for next year.


Prof. Ole-Moiyoi (MD, DSC (hc), EBS)
Chairman, KARI BoM

KENYA AGRICULTURAL RESEARCH INSTITUTE

Statement from the Director, KARI

The Kenya Agricultural Research Institute Management remained committed to the ideals of Kenya Vision 2030 in its implementation of the projects planned for the year under review. The research projects undertaken during the year were aligned to the Institute's strategic Plan and Government Medium Term Plan. Besides, research projects focused on the assessment, validation and development of agricultural technologies identified along the Agricultural Product Value Chains (APVC), which is entrenched in the KARI Strategic Plan (2009-2014). The activities included research which is KARI's core business, staff development and welfare. These were meant to provide a good working environment, compensate and motivate staff, develop and maintain facilities in tandem with the research needs.

Researchers continued conducting various projects with funding mainly from the Kenya Agricultural Productivity Project (KAPAP), the East African Agricultural Productivity Project (EAAPP) and other agencies and development partners totalling to over KSh 470 million and Appropriation in Aid standing at KSh 94 million. The Management continued to apply the best practices by ensuring that funds allocated to the Institute were utilized for the programmes and activities for which they had been targeted for. This contributed to prudent management of resources which in return led to the achievements reported herein.

Among the achievements, were the official releases of 15 crop varieties by KEPHIS. These included seven maize varieties, three stem-ruse resistant wheat varieties, three climbing beans and one sorghum variety. In addition, the Adaptive Research Programme tested and recommended 29 crop varieties to farmers for cultivation. On the livestock research, the East Coast Fever (ECF) Merikebuni Vaccine Stabilate was tested and the data collected indicated that the vaccines were suitable for use. Over 125 papers from KARI researchers were published or accepted for publication in renowned peer reviewed journals. Another 120 papers were presented in conferences around the world and some 120 technical papers were published. This offered an opportunity to our researchers to communicate to farmers, the extension workers and other stakeholders on the technologies available. A total of 300 farmer training workshops, field days and demonstrations were held.

During the reporting period, , through the KARI Training Master Plan, the following staff completed training: 12 PhD, 10 MSc, 20 BSc, 6 Diploma and 3 Certificate courses in various local and international institutions. During the same period a total of 438 staff members were sponsored for short courses and conferences abroad while 294 were sponsored for local courses to improve staff skills capacity. KARI also provided attachments for 215 students during the period.

On behalf of the Management, I would like to take this opportunity to thank the Government of Kenya and our development partners for the support they accorded to the Institute during the reporting period. This support ensured that the Institute meets the set targets leading to a "Very Good" rating by the Performance Contract secretariat of the Office of the Prime Minister.



Ephraim A. Mukisira (PhD, MBS)
DIRECTOR, KARI

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P.O. Box 30084-00100
NAIROBI

KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON KENYA AGRICULTURAL RESEARCH INSTITUTE FOR THE YEAR ENDED 30 JUNE 2013

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Kenya Agricultural Research Institute set out on pages 18 to 32 which comprise the statement of financial position as at 30 June 2013, and the statement of comprehensive income, statement of changes in capital funds and reserves and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor-General's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that

are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

1. Property, Plant and Equipment

- 1.1 As previously reported, the Institute has so far managed to obtain ownership documents for thirty-five (35) parcels of land out of the seventy-seven (77) it is vested with. The parcels of land without title documents include L.R. No.5212 allocated to a private developer, even though the Institute holds an allotment letter for the property. Further, part of the Institute's land at Manera and Olmagogo farms in Naivasha- Mai Mahiu Road, was illegally acquired by private developers in year 2000. Another property in Katumani Centre measuring approximately 100 hectares has been occupied by private developers since year 2000. In addition, in January 2011, a group of individuals forcibly invaded the Institute's land L. R. 5210 and L. R. 5211 in Naivasha, claiming ownership. The Institute filed a case in court to have them evicted, and a ruling in favour of the Institute was made on 29 March 2012. However, a review of the position in November 2013 revealed that the invaders had not vacated the land.
- 1.2 The property, plant and equipment net book value of Kshs.20,668,226,000 as at 30 June 2013 includes a figure of Kshs.81,650,080 representing the value of buildings allocated to Kenya Plant Health Inspectorate Service in 1998. The net book value is therefore overstated by Kshs.81,650,080.

Under the above circumstances, the accuracy of the property, plant and equipment balance of Kshs.20,668,226,000 as at 30 June 2013 could not be ascertained.

2. Trade and Other Receivables

2.1 As previously reported and as disclosed in Note 6 to the financial statements trade and other receivables balance of Kshs.108,326,000 includes trade receivables amounting to Kshs.12,649,000 and Kshs.33,287,000 owed by various debtors and Kenya Seed Company respectively, which have remained outstanding for a long period of time. In addition, among the long outstanding trade debtors are former Members of Parliament, who owe the Institute a total of Kshs.537,700. The management has however not provided evidence of measures being put in place to pursue recovery of these debts.

2.2 Further, the Institute has no policy on provision for bad and doubtful debts, in spite of the huge portfolio of long outstanding debts whose recovery appears doubtful. Similarly, the records maintained by the Institute do not show the periods for which these debts have remained outstanding.

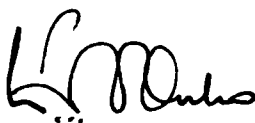
2.3 In addition, the surrender dates of imprests totaling Kshs.56,446,841.20 included in the trade and other receivables balance were not disclosed for audit confirmation. Under the circumstances, it has not been possible to confirm accuracy and recoverability of trade and other receivables balance of Kshs.108,326,000 as at 30 June 2013.

3.0 Development Funds

As previously reported, the Government of Kenya development grants figure of Kshs.251,993,000 disclosed under note 3 b(i) differs with the figure of Kshs.284,540,000 shown in the Ministry's records. The management has not explained or reconciled the difference of Kshs.32,547,000 between the two sets of records. Consequently, the accuracy of the GOK development funds of Kshs.251,993,000 received during the year could not be confirmed.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Institute as at 30 June, 2013, and of its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Science and Technology Act, Cap 250 of the Laws of Kenya.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

10 July 2014

KENYA AGRICULTURAL RESEARCH INSTITUTE

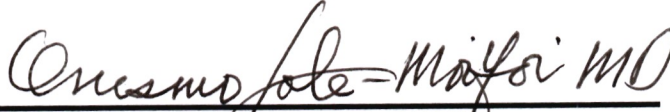
Statement of Comprehensive Income for the Year Ended 30 June 2013

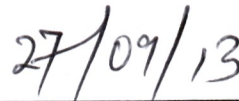
		2013	2012
	Notes	Kshs '000	Kshs '000
AIA	2(a)		
Goods		223,651	255,341
Services		19,495	21,993
Interest Received	2(b)	15,982	10,972
Other receipts	2(c)	79,257	90,167
Recurrent Funds	3(a)		
Personal Emoluments		2,045,760	2,002,000
Operational			
Development Funds	3(b)		
GOK	3(b.i)	251,993	485,204
IDA/GEF	3(b.ii)	582,520	176,054
Other donors	3(b.iii)	871,151	975,022
Total Income		4,089,810	4,016,754
Expenditure			
Staff Costs	4(a)	2,174,217	2,156,746
Administrative Costs	4(b)	1,858,580	1,550,469
Board Expenses	4(c)	11,230	19,408
Audit Fees	4(d)	1,487	1,000
Depreciation		238,221	207,897
TOTAL Expenditure		4,283,734	3,935,520
Surplus / (Deficit)		(193,924)	81,234

KENYA AGRICULTURAL RESEARCH INSTITUTE

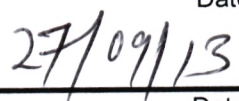
Statement of Financial Position as At 30th June 2013

		2013	2012
Non-Current Assets	Notes	Kshs' 000	Restated Kshs' 000
Property, Plant and Equipment	5	20,668,226	7,417,257
Current Assets			
Trade and other Receivables	6	108,326	82,778
Prepayments	7	36,385	21,521
Inventory	8	314,478	277,740
Cash and bank	9 (a)	778,891	1,042,124
Deposits	9 (b)	117,016	109,462
Total Current Assets		1,355,096	1,533,624
Total Assets		22,023,322	8,950,881
Current Liabilities			
Overdraft			16
Trade and Other Payables	10	65,455	*194,408
Total Current liabilities		65,455	194,424
Net Current Assets		1,289,641	1,339,200
Total Net Assets		21,957,867	8,756,457
Represented By			
General Reserve	11	967,272	*1,161,196
Capital Fund	12	3,042,558	2,938,467
Revaluation Reserve	13	17,948,038	4,656,794
Totals		21,957,867	8,756,457


 Chairman, Board of Management of KARI


 Date


 Director, KARI


 Date

*Restated as explained in note 14 Pg 31

KENYA AGRICULTURAL RESEARCH INSTITUTE

Statement of Changes in Capital Funds and Reserves for the Year Ended 30th June 2013

	Capital Fund	Revaluation Reserve	General Reserve	Totals
	Kshs '000	Kshs'000	Kshs'000	Kshs'000
Balance B/F: 01/07/2011	2,701,754	4,656,795	1,102,966	8,461,515
Additions	236,714	-	81,235	317,949
Audited Balance 30/06/2012	2,938,468	4,656,795	1,184,201	8,779,464
Adjusted Errors/Prior Year	-	-	(23,005)	(23,005)
Restated Balance C/F : 30th June 2012	2,938,468	4,656,795	1,161,196	8,756,459
Statement as at 30th June 2013				
Rested Balance B/F: 01/07/2012	2,938,468	4,656,795	1,161,196	8,756,459
Additions	104,091	13,291,243	(193,924)	13,201,409
Balance C/F: 30/06/2013	3,042,559	17,948,038	967,272	21,957,868

KENYA AGRICULTURAL RESEARCH INSTITUTE

Statement of Cash Flows for the Year 30th June 2013

	Notes	2013 Kshs' 000	2012 Restated Kshs' 000
Cash Flow From Operating Activities			
Surplus for the year		(193,924)	81,234
Adjustment for items not involving movement of cash:			
Depreciation on Assets		238,221	207,897
Loss on disposals		-	(447)
Adjustment on disposal		(1,614)	
Cash flow from operating activities before increase/decrease in working capital		(42,682)	288,684
Working Capital			
(Increase)/Decrease in Stocks		(36,738)	(75,488)
(Increase)/Decrease in Debtors		(25,549)	(16,224)
(Increase)/Decrease in Prepayments		(14,865)	(21,521)
Increase/(Decrease) in Creditors		(128,953)	*123,247
Cash flow from operating activities		(163,422)	298,698
Investment Activities			
Purchase of fixed Assets		(204,162)	(391,124)
Adjustment for Disposed Assets		7,830	447
Cash flow Before Financing Activities		(359,754)	(91,979)
Financing Activities			
Capital grant		104,091	236,715
Increase in Cash and Cash equivalent for the year		(255,664)	144,736
Cash & Cash Equivalent at the Start of the year		1,151,570	1,006,834
Cash & Cash Equivalent at the End of the year		895,906	1,151,570

*Restated as explained in note 14 Pg 32

KENYA AGRICULTURAL RESEARCH INSTITUTE

NOTES TO THE ACCOUNTS FOR THE YEAR ENDEND 30TH JUNE 2013

1. *Significant Accounting Policies*

(a) Accounting Convention

The accounts are prepared under the historical cost convention.

(b) Revenue Recognition

GOK Grants and other receipts are recognized as income when received. Those of revenue nature are credited to Income while those of capital nature are credited to capital fund.

(a) Stocks.

Stocks are stated at the lower of cost and net realizable value.

(b) Fixed Assets

Fixed assets are stated at cost or at revalued cost.

(c) Depreciation

Depreciation is calculated to write off the cost or valuation of fixed assets using the straight-line method at the following annual rates:

Permanent Buildings	2%
Motor Vehicles	25%
Motorcycles & Bicycles	25%
Plant and Machinery	12.5%
Office Equipment	12.5%
Furniture & Fittings	12.5%
Laboratory Equipment	12.5%

(f) Currency translation

Central Bank of Kenya prevailing or ruling currency mean rates is used in translation of foreign currency.

(g) Retirement benefits

The retirement scheme is contributory with employee and employer contributing 5% and 10% respectively, on the basis of the Basic Salary.

(h) Biological assets

Biological assets are measured on initial recognition and at the end of each reporting period at fair value less costs to sell in accordance with IFRS No.41

KENYA AGRICULTURAL RESEARCH INSTITUTE

Notes to the accounts continued

2. Income

(a) Appropriation In Aid.

The Institute generates some revenue from sale of farm produce and services offered to clients.

Sale of Goods

	2013	2012
	Kshs'000	Kshs'000
Sale - Sheep & Goats	1,527	1,423
Sale - Pigs	10	54
Sale - Cows	14,952	15,371
Sale - Poultry	45	68
Sale- Poultry-DITU	2,008	1,652
Sale-Poultry Chicks	13,689	10,984
Sale - Maize	5,794	3,059
Sale - Sorghum & Millets	551	558
Sale - Rice	77	251
Sale - Roots & Tubers	4,842	22,401
Sale - Vegetables	1,132	487
Sale - Beans	618	115
Sale - Fruits	816	644
Sale - Bananas	628	823
Sale - Wheat	3,976	3,038
Sale - Cassava	46	45
Sale - Seeds	71,490	52,088
Sale - Seedlings	11,924	29,088
Sale - Trees & Plants	2,899	639
Sale - Manure	183	116
Sale - Sand & Ballast	77	91
Sale - Firewood	502	204
Sale - Flowers	72	157
Sale - Pyrethrum	78	7
Sale - Cotton	42	83
Sale - Fodder	5,559	5,864
Sale - Beef	92	39
Sale - Milk	20,309	17,384
Sale - Eggs	2	752
Sale-Tomatoes	38	59
Sale-Hay	3,370	1,200
Sale-Water	138	0
Sale-Miscellaneous	21,092	9,709
Increase/Decrease in Stock	34,937	75,605
Sale of Scrap	138	1,283
Sub Total	223,651	255,341

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KENYA AGRICULTURAL RESEARCH INSTITUTE

Services		
Soil Analysis	8,406	8,435
Veterinary Services	0	97
Seed Inspection	0	9
Seed Moisture analysis	19	
Pesticide Analysis	2	3
Water Analysis	39	270
Plant Analysis	1,535	1,710
Fertilizer Analysis	9	0.00
Sale of Journals & Periodicals	18	385
Hire-Ground/Confer. facilities	2,480	4,142
Royalties	6,990	6,943
Sub Total	19,496	21,993
Grand Total	243,147	277,334

(b) Interest Received

This represent interest earned on cash deposits held on call.

	2013	2012
	Kshs'000	Kshs'000
Interest Received	15,982	10,972
Total	15,982	10,972

(c) Other Receipts

	2013	2012
	Kshs'000	Kshs'000
Other Receipts		
Miscellaneous Income	0	3,408
Cafeteria Income	22,820	22,084
Guest House Income	4,958	6,893
Bus Income	498	950
Rent Received	44,612	41,364
Commission Received	0	496
Utilities Income	2,893	2,596
Sale Tender Documents	1,394	3,249
Drip Kit Sales	1	8,526
Grazing Fee	122	153
Commission Received	21	
Gain on Sale of Fixed Assets	1,938	447
Total	79,257	90,167

These include proceeds from Services rendered by the institute as well as sale of boarded items and tender documents.

KENYA AGRICULTURAL RESEARCH INSTITUTE

Notes to the accounts continued

3. Grants

(a) Recurrent Grants

The Institute receives grants from the Exchequer for personnel emoluments, operations and maintenance.

	2013	2012
	Kshs'000	Kshs'000
Grants-Personal Emoluments	2,045,760	2,002,000
Total	2,045,760	2,002,000

(b) Development Grants

These represent grants received from various donors and IDA Credit Agreement including the Government's contribution for research activities.

(b.i) Development Funds- GOK

This represents GOK counterpart funds received for development research activities

	2013	2012
	Kshs'000	Kshs'000
Development Funds- GOK		
Development Grant -GOK	251,993	485,204
Sub Total	251,993	485,204

(b.ii) Development Funds- IDA

These represent grants received from IDA for KAPAP and EAAPP projects research activities.

	2013	2012
	Kshs'000	Kshs'000
Development Funds- IDA		
Development Funds-KAPAP	467,026	95,693
Development Funds- EAAPP	115,493	80,361
Sub Total	582,519	176,054

KENYA AGRICULTURAL RESEARCH INSTITUTE

Notes to the accounts continued

(b.iii) Development Funds- Other Donors

These represent grants received from various donors for research activities

Development Funds- Other Donors	2013	2012
	Kshs'000	Kshs'000
Development Grant - EU	0	367,107
Development Grant- USAID	11,743	3,864
Development Grant - ROCKFELLER	5,403	9,259
Development Grant -CIP	93,765	44,027
Development Grant -CIAT	5,754	10,853
Development Grant -ICRAF	214	0
Development Grant -FAO	12,493	7,672
Development Grant -ILRI	22,051	21,226
Development Grant -ADB	16,979	10,337
Development Grant -ICRISAT	5,096	12,141
Development Grant -CIMMYT	86,250	59,826
Development Grant -AFNET	3,569	0
Development Grant -IDRC	53,171	146,002
Development Grant –FORD Foundation	0	22,353
Development Grant –Cornel University.	0	44,515
Development Grant –Gates Foundation	0	6,348
Development Grant –AGRA	26,988	20,790
Development Grant –ASARECA	32,823	14,365
Development Grant - Small Grants	494,852	174,336
Sub Total	871,151	975,022

4. Expenditure

(a) Staff costs

These represent all personnel emoluments and casual wages paid to staff during the financial year.

	2013	2012
	Kshs'000	Kshs'000
Basic Salary	1,283,888	1,201,783
House Allowance	282,208	270,032
Other Personal Allowances	42,398	51,875
Commuter allowance	239,342	207,966
Transfer Allowance	1,392	1,243
Medical Allowance	0	9,236
Passage & Leave Expenses	14,758	14,968
Gratuity & pension Contrib.	182,082	156,473
Medical Expenses	128,149	65,354
Total	2,174,217	2,156,746

KENYA AGRICULTURAL RESEARCH INSTITUTE

Notes to the accounts continued

(b) Administrative costs

These comprises of all development expenses and expenses related to appropriation in aid (AIA).

	2013	2012
	Kshs'000	Kshs'000
Fuel, Oil & Lubricants	92,662	82,573
Vehicle Insurance	997	3,713
Road Tax & Licenses	588	351
Hire of Transport	8,057	6,978
Repairs & Maintenance. Vehicles	57,082	56,448
Repair & Maintenance. Motor Cycles	553	467
Freight, Clearing & Shipping	558	2,239
Purchase. Of Supplies for Prod.	204,182	197,404
Purchase. of Drugs	5,057	3,341
Purchase. of Sierra & Vaccine	3,410	4,326
Farm Development	5,964	3,587
Purchase. Of Fungi. Ins.& Sprays	9,118	6,836
Purchase. of Farm Input	66,395	49,775
Purchase. of Lab Stores	34,530	29,248
Research Materials	21,777	17,391
Purchase of Animals	2,374	1,168
Purchase. Of Dressing & Non-Phar	81	15
Purchase. of Consumable Stores	9,682	7,319
Hire of Machinery & Equip	2,678	1,883
Purchase. W/shop tools, Spares, Equip	598	616
Farmer Grants (CIGs/ CBOs)	0	2,111
R& Maintenance. Bldg & Stations	50,606	56,112
R& Maintenance. Water Sup. &	2,240	4,557
Repair & Maintenance. Office Equip	1,336	2,021
Repairs & Maintenance. Lab Equip	467	2,965
Repairs & Maintenance. Furniture	145	165
Maintenance. of Plant & Machinery	6,287	7,036
Maintenance. of Roads, Ferries	148	0
Minor Alter & Maintenance. Works	3,972	2,907
Office Running Expenses	2,713	1,039
Office Stationery	28,994	26,207
Computer Expenses	27,950	20,485
Printing and Publishing	10,168	10,495
Advertising and Publicity	11,506	11,381
Library Expenses	640	694
Show Expenses	15,513	13,449
Cafeteria Expenses	26,333	24,584
Food and Ration	9,226	7,838
Official Entertainment	4,247	5,033

KENYA AGRICULTURAL RESEARCH INSTITUTE

Conferences and Seminars	41,657	36,201
Rent and Rates	356	200
Commissions and Honoraria	4,151	8,493
Security Expenses	37,876	17,596
Insurance- Building, Plant, Equip	0	37
Uniforms and Clothing	11,497	1,413
Miscellaneous Charges	37,144	17,126
Subscriptions to Newspapers	710	219
Insurance- Group Personal	48,983	36,632
Daily Subsistence Allowance	535,419	449,157
External Travel & Per Diem	17,530	20,013
Travel Costs (air, bus, mileage)	18,999	15,304
Training	31,071	26,906
Water expenses	3,251	4,493
Electricity Supplies	60,500	73,969
Gas Expenses	113	
Telephone Expenses	8,356	8,627
Postage and Courier expenses	2,391	2,161
Internet Connections	8,021	5,256
Leased Communication Lines	324	563
Contracted Profess. services	41,932	133,841
Membership fess & subscription	4,150	6,866
Contractual Employees	0	766
Legal Dues, Arbitration & Compensation	2,199	1,080
Bank Charges	5,114	5,484
Casual Labour	208,003	
Total	1,858,580	1,550,469

(C) Board Expenses

These relates to all allowances/salaries and expenses incurred by KARI Board of Management

	2013	2012
	Kshs'000	Kshs'000
Boards and Committees	11,230	19,408
Total	11,230	19,408

(d) Audit fees

These are fees incurred by the institute during the various external audits

	2013	2012
	Kshs'000	Kshs'000
Audit fees	1,487	1,000
Total	1,487	1,000

KENYA AGRICULTURAL RESEARCH INSTITUTE

Notes to the accounts continued

5. Property, Plant and Equipment Fixed Assets Movement Schedule as At 30th June 2013

Description	Land	Buildings	Work in Progress	Motor Vehicles	Plant and Machinery	Office Equipment	Furniture and Fittings	Lab. Equipment	M/ Cycles & Bicycles	Total
	Kshs '000	Kshs '000		Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000
Cost or valuation at 1st July 2011	4,285,110	2,986,039	5,984	571,443	237,510	289,893	96,770	525,250	18,980	9,016,981
Disposal for the period		330,417		431,625	83,738	170,226	61,206	312,096	14,464	1,403,773
Cost or Valuation at 30 th June 2012		59,721		38,709	36,692	31,842	4,907	34,659	1,367	207,897
Acc. Depreciation at 1 st July 2011				-10,485	-1,115				-345	-11,945
Charge for the period		390,138		459,849	119,315	202,067	66,113	346,755	15,486	1,599,724
Net Book Value at 30th June 2012	4,285,110	2,595,901	5,984	111,594	118,195	87,826	30,657	178,496	3,494	7,417,257
Cost or valuation at 1st July 2012	4,285,110	2,986,039	5,984	571,443	237,510	289,893	96,770	525,250	18,980	9,016,981
Accumulated Depreciation Written Off	0	390,138	0	459,849	119,316	202,067	66,113	346,755	15,486	1,599,724
Net Book Value as at 1st July 2012	4,285,110	2,595,901	5,984	111,594	118,194	86,480	30,657	179,842	3,494	7,417,257
Revaluation for the Year	11,049,561	1,972,989		104,466	(8,878)	23,905	83,688	63,975	1,537	13,291,243
Cost or Valuation at 1st July, 2012	15,334,671	4,568,890	5,984	216,060	109,316	110,385	114,345	243,817	5,031	20,708,500
Addition for the Period	0	7,749	60,247	17,051	6,132	5,912	2,307	104,766	0	204,164
Disposal for the Period	0	0		-5,085	-2,600	0		-145		-7,830
Cost or Valuation at 30th June, 2013	15,334,671	4,576,639	66,231	228,026	112,848	120,055	116,652	344,680	5,031	20,904,834
Charge for the period		91,562		58,278	14,431	14,537	14,581	43,573	1,258	238,220
Acc. Depreciation at 30 th June 2013	0	91,562	-	58,278	14,431	14,537	14,581	43,573	1,258	238,220
Adjustment for the Period	0	0	0	1,271	325			18		1,614
Net Book Value at 30th June 2013	15,334,671	4,485,077	66,231	171,019	98,742	105,518	102,071	301,125	3,773	20,668,227

6. Trade and other Receivables

	2013	2012
	Kshs'000	Kshs'000
Trade Receivables	12,649	12,704
Imprests	56,447	32,845
Other Receivables	3,500	1,533
Salary advances	112	78
Other Deposits	2,331	2,331
Kenya Seed	33,287	33,287
Total	108,326	82,778

Management is continually making efforts to recover the outstanding debts.

7. Prepayments

This relates to insurance services paid for in the current financial but covers services in the following financial year.

8. Inventory

The Institute obtained a valuation of all livestock and consumable stores in June 2013 of **Kshs, 314.5 million**. Inventory is stated at the lower of cost or net realizable value. Livestock is valued on the basis of live weight and market rate ruling at the date of valuation.

9. (a) Cash and Bank

The Institute Maintained its bank accounts at the Kenya Commercial Bank, Kenyatta International Conference Centre branch, NIC Bank ,Westlands branch and the Co-operative Bank of Kenya while some were held by the centres at various branches.

	2013	2012
	Kshs'000	Kshs'000
Bank Balance	778,891	1,042,124
Total	778,891	1,042,124

9. (b) Deposits

	2013	2012
	Kshs'000	Kshs'000
Deposits held on call	117,016	109,463
Total	117,016	109,463

KENYA AGRICULTURAL RESEARCH INSTITUTE

Notes to the accounts continued

10. Trade and other Payables

Trade payables represent amount owing to suppliers for Goods Supplied and Services rendered. Other payables represent Payroll deductions outstanding as at 30 June 2013

	2013	2012
	Kshs '000	Kshs '000
(a) Overdraft		16
(b) Trade Payables		
Trade Creditors	48,003	*66,769
(c) Other Payables		
Statutory deductions		39,007
Other creditors	17,452	88,631
Sub Total	17,452	127,639
Total Payables	65,455	194,408

11. General Reserve

	2013	2012
	Kshs'000	Kshs'000
Balance Brought Forward as at 1 st July 2012	1,161,196	1,102,966
Surplus/Deficit for the Year	(193,924)	81,235
Error Corrected	-	(23,005)
Balance Carried Forward as at 30 th June 2013	967,272	*1,161,196

General Reserve represents the surplus / deficit accumulated over the periods. The Prior Year Adjustment have been made on the opening Balances

12. Capital Funds

This represents Revenue of Capital nature from the government and various Donors

	2013	2012
	Kshs'000	Kshs'000
Capital Funds Brought Forward as at 1 st July 2012	2,938,468	2,701,754
Capital funds during the year.	104,091	236,714
Balance Carried Forward as at 30 th June 2013	3,042,559	2,938,468

KENYA AGRICULTURAL RESEARCH INSTITUTE*Notes to the accounts continued***13. Revaluation Reserves**

This represents Surplus Revaluation of Fixed Assets

	2013	2012
	Kshs'000	Kshs'000
Balance Brought Forward as at 1 st July 2012	4,656,795	4,656,795
Revaluation Increase	13,291,243	-
Balance Carried Forward as at 30 th June 2013	17,948,038	4,656,795

14. Prior Year Adjustments.

This represents adjustments made on previous audited accounts.

	2012
	Kshs'000
Other payables error corrected	(23,005)
Total Adjustment	(23,005)

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Muguga

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