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Leader of majority

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**REPORT  
OF**

**THE AUDITOR-GENERAL**

**ON**

**KENYA BIOVAX INSTITUTE LIMITED**

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



REPUBLIC OF KENYA

**BIOVAX**



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**KENYA BIOVAX INSTITUTE LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**30<sup>th</sup> JUNE 2022**

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**Prepared in accordance with the International Financial Reporting Standards(IFRS).**

**Kenya BioVax Institute Limited**  
**Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2022**

**Kenya BioVax Institute Limited**  
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## **I. Key Entity Information**

### **a) Background information**

The Kenya Vision 2030 commissioned, in 2008, envisioned transforming Kenya to a newly industrializing middle-income economy by 2030 and it was to be implemented in 5-year plans. One strategy through which this was to be achieved was through the manufacture of basic commodities for East and Central Africa. The COVID-19 pandemic brought to light the urgent need for the country to strengthen local manufacturing of pharmaceuticals to reduce the dependency on imported health products and technologies (HPTs), including human vaccines. In response, the GoK established the Kenya BioVax Institute (KBI) in 2021, under the Companies Act (2015), with the mandate of manufacturing and commercializing health products and technologies that include human vaccines, therapeutics, and other biomedical products. The establishment and operationalization of the KBI was informed by a feasibility study commissioned by the Ministry of Health through the Kenya Medical Research Institute. This initiative would enable the country to assure availability of biopharmaceuticals including vaccines which are critical to universal health coverage and preventive healthcare as guided by the Vision 2030 blueprint.

At Cabinet level, KBI is represented by the Cabinet Secretary for Health, who is responsible for providing the general policy and strategic direction of the KBI. The KBI is domiciled in Kenya.

### **b) Principal Activities**

The principal activity of the KBI is to manufacture and commercialise specialised health products and technologies (HPTs), including human vaccines, biological therapeutics and diagnostics.

#### **Vision:**

The vision of KBI is to be a world-class, state-of-the-art, facility for manufacturing and commercialising specialised HPTs including human vaccines.

#### **Mission:**

The mission of the KBI is to protect health and promote life by producing safe, effective, high-quality and affordable HPTs, including human vaccines, biological therapeutics and diagnostics, and therefore creating self-reliance, self-sufficiency and improved access to quality healthcare.

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**Core values:**

The core values of KBI are integrity, collaboration, customer centricity, innovation, professionalism, resilience, courage, trust and respect.

**c) Key Management:**

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

1. The Board of Directors;
2. The Chief Executive Officer / Director-General;
3. The Management

**d) Fiduciary Management:**

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

<b>No.</b>	<b>Designation:</b>	<b>Name:</b>
1	Chief Executive Officer / Director-General (Acting), period 15 December 2021 to 06 June 2022.	Dr. Rabera Kenyanya
2	Chief Executive Officer / Director-General, period 07 June 2022 to year ended 30 June 2022.	Dr. Michael Lusiola
3	Officer in charge, Finance (seconded from the Ministry of Health).	Mr. Michael Wanjohi
4	Officer in charge, Procurement (seconded from the Ministry of Health)	Ms. Nancy Ndegwa

**e) Fiduciary Oversight Arrangements:**

The following were the Committees of the Board of Directors, that provided fiduciary oversight, during the period ended 30 June 2022:

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No	Committee:	Membership of the Committees:
1	Risk, Compliance and Audit Committee	<ul style="list-style-type: none"><li>• Dr. Dennis Rangi</li><li>• Dr. John Kiiru</li></ul>
2	Finance, Human resources and Administration Committee	<ul style="list-style-type: none"><li>• Mr. Sachen Chandaria</li><li>• Ms. Shamim Chanzu</li><li>• Mr. Albert Mwenda</li></ul>

**f) Directors**

The Directors who served the entity during the year/period were as follows:

No.	Name:	Role:	Appointed date:
1	Mr. Mugo Kibati	Chairman	05 Nov 2021
2	Dr. Michael Lusiola	Chief Executive Officer	07 June 2022
3	Mr. Sachen Chandaria	Board Member	05 Nov 2021
4	Ms. Shamim Chanzu	Board Member	05 Nov 2021
5	Dr. Dennis Rangi	Board Member	05 Nov 2021
6	Dr. John Kiiru	Alternate to PS, Health	05 Nov 2021
7	Mr. Albert Mwenda	Alternate to PS, Treasury	05 Nov 2021

Note:

\*Dr. Rabera Kenyanya served as the Acting CEO / DG from 15 December 2021 to 06 June 2022.

\*\* Capt. Lawrence Wahome was appointed to the Board of Directors on 05 August 2022.

**g) Corporate Secretary**

Mr. Bernard Kuria

P.O. Box 30016 - 00100

Nairobi

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**h) Registered Office**

Afya House  
Cathedral Road  
P.O. Box 30016 - 00100  
Nairobi, KENYA

**i) Corporate Headquarters**

P.O. Box 30016 - 00100  
Afya House  
Cathedral Road  
Nairobi, KENYA

**j) Corporate Contacts**

Telephone: (254) 727237836  
E-mail: [info@biovax.go.ke](mailto:info@biovax.go.ke)  
Website: [www.biovax.go.ke](http://www.biovax.go.ke)

**k) Corporate Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, KENYA.
2. NCBA Bank  
Upper Hill Branch  
P.o.Box 44599 00100  
Nairobi, KENYA.

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**l) Independent Auditors**

Auditor-General

The Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, KENYA

**m) Principal Legal Advisers**

1. The Attorney General

State Law Office and Department of Justice



Harambee Avenue

P.O. Box 40112



City Square 00200

Nairobi, KENYA.



II. The Board of Directors

Ref	Directors	Details
1.	 <p>Mr. Mugo Kibati <b>Chairman, Board of Directors.</b></p>	<p>Mr. Mugo Kibati holds a Masters Degree in Technology and Policy, an MBA/MA degree in International Economics, and a B.Tech degree in Electrical Engineering. He has been a Chairman and a Board Member of various organisations including MKOPA Solar Ltd Lake Turkana Wind Power Limited and Sanlam Kenya Ltd. . He is currently the Chief Executive Officer of Telkom Kenya Ltd</p>
2.	 <p>Mr. Sachen Chandaria <b>Director (Independent).</b></p>	<p>Mr. Sachen Chandaria holds a BSc degree in ,Chemistry and in Management. He is a Director in various organisations including Endeavor Kenya Ltd and Icolo.io Ltd. He is currently the Chief Executive Officer of Stellar Investment Holdings and Orbit Products Africa Ltd.</p> <p>Mr. Chandaria is the Chair of the Human Resource, Finance and Administration Committee of the Board.</p>



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Ref	Directors	Details
3.	 <p>Ms. Shamim Chanzu  <b>Director (Independent)</b></p>	<p>Ms. Shamim Chanzu holds an MBA degree, a Bachelor of Education degree in Business Studies, a Higher National Diploma (IHRM), and a Diploma in Management. She has worked as the Head of Human Resources &amp; Public Affairs at Ola Energy, Head of HR Operations, and as Programs &amp; Policies Manager at Exxon Mobil. She is currently the Regional Human Resource Business Partner at Plan International. Ms. Chanzu is the Chair of the Strategy &amp; Planning Committee of the Board.</p>
4.	 <p>Dr. Dennis Rangi  <b>Director (Independent)</b></p>	<p>Dr. Dennis Rangi holds a PhD in Partnerships, an MBA in Strategic Management, a Bachelor of Science degree in Biological Sciences and a Post-Graduate Diploma in Microbial Technology. He is currently the Director-General at the Centre for Agriculture and BioScience International. Dr. Rangi is the Chair of the Risk, Compliance &amp; Audit Committee of the Board.</p>


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Ref	Directors	Details
5.	 <p>Dr. John Kiiru  <b>Director (Alternate to PS, Ministry of Health)</b></p>	<p>Dr. John Kiiru holds a PhD in BioScience Engineering, an MSc in Molecular Biology, an MSc in Microbiology, and a BSc degree in Biological Science. He has over 10 years of experience as a Research Scientist at the Kenya Medical Research Institute (KEMRI), and is a Post-Doctoral Researcher at the University of Liverpool, UK, the KEMRI, the University of Nairobi and the International Livestock Research Institute (ILRI).</p> <p>Dr. Kiiru is the Chair of the Technical Committee of the Board.</p>
6.	 <p>Mr. Albert Mwenda.  <b>Director (Alternate to PS, National Treasury and Planning).</b></p>	<p>Mr. Albert Mwenda holds a Masters degree in Public and Economic Policy, an MBA and a BA degree in Economics. He has over 20 years of experience working in the central government and private sector organizations, including as a Consultant for World Bank, the UNICEF, the UNDP, the SID and as an advisor to the National Treasury. He is currently a Director-General at the National Treasury &amp; Planning.</p>




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Ref	Directors	Details
7.	 <p>Captain Lawrence Wahome  <b>Director (Independent)</b></p>	<p>Captain Lawrence Wahome, who joined the Board of Directors in August 2022, has over 19 years of experience in leading and managing supply chains in various organisations, including the United Nations, the World Food Programme and the MSF-Holland. He has 11 years of leadership experience working in the military service at the Kenya Airforce.</p>
8.	 <p>Dr. Michael Lusiola –  <b>Chief Executive Officer / Director-General.</b></p>	<p>Dr. Michael Lusiola holds a Doctorate and Masters degrees in Evidence-based Medicine, Pharmacotherapeutics and Business Administration. He has post-graduate diplomas in Management, in Global Health and in Clinical Pharmacology. He has over 23 years experience working in global pharmaceutical research and development, and in clinical practice in the UK and USA. Dr. Lusiola is an ex-officio member of the Board.</p>

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<b>Ref</b>	<b>Directors</b>	<b>Details</b>
9.	 Mr. Bernard Kuria <b>Corporation Secretary.</b>	Mr. Bernard Kuria holds a Bachelor's degree in Law. Mr. Kuria is the Corporation Secretary of the Board of Directors.

**III. Management Team**

Ref	Management	Details
1.	 Dr. Michael Lusiola – <b>CEO / DG.</b>	Main areas of responsibility include development of the corporate strategy, aligning the organisation, managing and leading the project teams, engaging internal and external stakeholders and being the liason with the Board of Directors.
2.	 Col. Robert Gatata – <b>Head of ICT, Facility Readiness and Security</b>	Main areas of responsibility include preparedness of the manufacturing facility in readiness for installation of machinery and equipment, oversight of the information, communication and technology infrastructure (ICT) and biosafety / biosecurity. Colonel Gatata has been seconded from Ministry of Defence.
3.	 Dr. Rabera Kenyaya –	Main areas of responsibility include managing the operations and interactions within related government agencies, and supporting the planning activities to enable the establishment of the Institute.

	<b>Head of Technical Operations</b>	. Dr. Rabera has been seconded from the Ministry of Health.
4.	 Dr. Cecilia Wanjala – <b>Head of Regulatory, Quality and Planning</b>	Main areas of responsibility include developing the Regulatory strategy for the facility and for the HPTs that are to be manufactured at the Institute, and embedding a quality management system across the organisation. In addition, Dr. Wanjala’s responsibilities include supporting the CEO / DG in developing the corporate strategy for the organisation. Dr. Wanjala has been seconded from Kenya Medical Research Institute.
5.	 Mr. Bernard Kuria – Head of Legal Services / Corporation Secretary (seconded from the Ministry of Health).	Main areas of responsibility include providing the legal and corporate service support for the organisation. Mr. Kuria has been seconded from the Ministry of Health.

**IV. Chairman’s Statement.**

The Kenya BioVax Institute limited (KBI) was established as a commercial/manufacturing company wholly-owned by the Government of Kenya. It was incorporated in September 2021 with a mandate to manufacture, package and commercialize specialized health products and technologies including vaccines, therapeutics, diagnostic reagents and other biomedical products. The establishment of the KBI is intended to position Kenya as a bio-tech manufacturing hub for the Region and Africa., promoting investment in research and development, including technology and knowledge transfer to support existing and novel research areas that are relevant to national and regional issues. As a hub, KBI in particular, and Kenya as whole will create opportunities for investment in research and development and also create job opportunities for Kenyans.

In terms of sustainability and self-reliance, the KBI will play a major role in controlling the government’s healthcare expenditure on human vaccines and other HPTs, making these more affordable. The effort will also remedy the currently unsustainable situation where approximately 70% of the finished HPTs and 100% of raw materials are imported into Kenya.

As the KBI becomes operational, it will ensure availability of safe, effective and high-quality human vaccines and other specialized HPTs), improving access to these health products and avoid and minimize interruptions in the supply chain (lessons learned from the COVID-19 pandemic).

In creating a capability of pandemic preparedness, supported by health surveillance system, KBI will not only enable the country and the region to fulfill the goal of universal health coverage but also help to manage the ‘graduation’ from donor support (UNICEF / GAVI), focused on vaccines that is expected to end by 2027 thereby impacting on access to The Kenya Expanded Programme on Immunization for childhood and maternal vaccines.

During the year, the key activities and areas of focus have been:

- a. Refurbishing of the facility premises;
- b. Developing workplans for the operations and maintenance;
- c. Procuring materials and inputs in preparation for production;
- d. Planning on acquiring and installing machinery and equipment and;
- e. Staffing, capacity building and training.

Successes have included the constructive engagements with strategic partners, including other vaccines manufacturers for technology transfer, regulatory authorities for certifications and development partners for support.

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Challenges encountered during the year included delays in accessing funding for development and operations. In addition, the manufacturing activities for the Institute require highly-skilled personnel and highly-advanced technology, machinery and equipment, all of which are difficult to obtain under the current economic environment. For specialised HPTs, e.g. human vaccines, a higher regulatory certification threshold is required for successful manufacture and commercialisation. Therefore, having a suitable regulatory framework is key in supporting the efforts to establish and operationalize.

The organization is envisaged to pioneer human vaccine manufacturing in the region and trade locally, across the African continent and globally. The facility will aid in developing capacity and put into effect production capability, self- reliance and sufficiency.



Mr. Mugo Kibati

Chairman.

24/2/2023

**V. Report of the Chief Executive Officer / Director-General..**

In 2019, Kenya became a lower-middle income country (LMIC), setting the stage for it to transition from donor support (from UNICEF) to building its own capacity to manufacture and/or procure human vaccines, biotherapeutics and diagnostics. In preparing for the transition, the government began its journey to establish the Kenya BioVax Institute facility to manufacture vaccines as a long-term, cost-effective strategy to ensure self-sufficiency, self-reliance and a constant supply of safe, effective, high-quality human vaccines. The COVID-19 pandemic catalyzed the urgency for this initiative the objectives being:

- a. Manufacture human vaccines and other biomedical products, such as anti-cancer monoclonal antibody agents, insulins and anti-venoms for the local, regional and international market;
- b. Manufacture pharmaceutical diagnostics kits and health products and technologies including rapid test diagnostic test kits;
- c. Support technology transfer and commercialization of outputs from medical research institutions, e.g. KEMRI, universities and;
- d. Support local pharmaceutical industries in development and production of quality and affordable human medicinal products.

By establishing the KBI, the expected key benefits to be accrued include:

- Self-sufficiency and sustainability of vaccine supplies locally;
- Management of vaccine preventable diseases by sustainably promoting the immunization and vaccination programs;
- Capacity building for local vaccine manufacturing through technology transfer;
- Control of costs and healthcare expenditure by the exchequer;
- Socio-economic development through enhancement of local manufacturing;
- Enhance prevention, preparedness and ability to rapidly respond to local health emergencies including emerging infectious diseases like COVID-19;
- Reduce over dependence on imports of vaccines in the country;
- Sustainable access and affordability of safe, effective and high-quality human vaccines locally and;

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- Provide a platform for research and development for specialized health products and technologies, e.g., anti-cancer agents, anti-venoms, insulins and other biological products.

During the period to 30 June 2022, the development methodology at KBI has been approached through phased implementation, in consideration of the complexity embedded in the vaccines production and manufacturing processes, the costly technological outlay, and the complex research and development activities, all of which could have been potential barriers to entry. This 3-phase approach was deployed to ensure establishment of a state-of-the-art vaccine manufacturing facility that will aim to achieve product commercialization by end of year 2024 and operationalization as a fully-fledged bulk production facility by start of year 2027.

The identified site of the facility, situated in Embakasi, was refurbished to the global standard, and made ready for installation of manufacturing modules and connection to local utilities. The contracts to engage the expertise and consultancy on Good Manufacturing Practice (GMP) and the 'design, build, commission and maintenance' with the turn-key contractor were kick-started, with the plan to progress and ensure that the facility is ready for the commissioning process by year 2024.

Strategic partnerships and collaboration frameworks were established during the period ending 30 June 2022, with relevant stakeholders to explore potential engagements in the areas of technology transfer, market analyses, WHO pre-qualification, knowledge transfer and human capacity building. This was with the aim of securing the necessary skills for establishing vaccine manufacturing capacity in Kenya as well as to promote the development of the vaccine ecosystem in regulatory affairs (Pharmacy and Poisons Board and National Quality Control Laboratory), research and development (Kenya Medical Research Institute, the local universities and other related research institutes) and specialized supply chain management for products requiring cold chain storage.

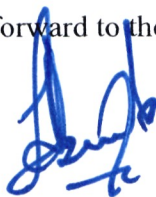
Following the award of the turn-key contract and the award of the GMP consultancy, the Institute has commenced works with the key partners, and is currently setting up the facility. Activities have included:

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- i. Concept designing and layouts;
- ii. Fabrication of the turn-key modular structures;
- iii. Assembly of the required machinery and equipment, including for the filling lines, the Quality Control laboratory, labelling and packaging;
- iv. Technology and knowledge transfers for drug substances and drug products, working with strategic partners and stakeholders and;
- v. Recruitment of staff and developing capability and skills.

On behalf of the Institute Board and staff, I would like to take this opportunity to thank the Government for its unequivocal support during the year under review. I also appreciate the financial, material and moral support of our strategic partners, collaborators and friends during the year. And it is because of the understanding and guidance of the Chairman of the Board as well as the cooperation of the entire staff that we have ended the year with success.

I look forward to the coming financial year and the years ahead.



Dr. Michael Lusiola.

CEO / Director-General.

24/2/2023

**VI. Statement of Performance against Predetermined Objectives for FY 2021-2022**

The Kenya BioVax Institute was established in September 2021 following a feasibility study conducted by the Kenya Medical Research Institute (KEMRI) and the subsequent recommendation by a multi-agency committee on human vaccine production that developed the foundational institutional framework documents (feasibility study, concept note) that have been used by the Institute.

Currently, Kenya BioVax Institute Limited has Three strategic pillars/ themes/issues and objectives within its operational framework. These strategic pillars/ themes/ issues are as follows:

1. Pillar /theme/issue 1: To assure access and availability of health products and technologies, with self-reliance and self-sufficiency so as to protect health and promote life for childhood and maternal population groups;
2. Pillar/theme/issue 2: To position Kenya as the biotechnology hub in the region and therefore promote scientific research and development and support the commercialisation of outputs from the research institutions;
3. Pillar/theme/issue 3: To build human resource capacity through knowledge and technology transfer.

Kenya BioVax Institute Limited executed its operations based on the above three pillars. Assessment of the Board’s performance against its annual work plan was done on a quarterly basis. Kenya BioVax Institute Limited achieved its performance targets set for the FY 2021-2022 period for its three strategic pillars, as indicated in the diagram below:

<b>Strategic Pillar/Theme/Issues</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
Pillar 1: To assure access and availability of health products and technologies, and develop self-reliance and self-sufficiency so as to protect health	Set up and operationalise a sterile biopharmaceuticals facility to manufacture and commercialise	Percentage completion of phase 1 refurbishment	Phase I Refurbishment of the facility at Embakasi Warehouses including external works, roofing	70% facility readiness, for installation of machinery and equipment.

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Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
and promote life for childhood, adolescent girls and maternal patient populations.	<p>specialised HPTs, including human vaccines, and other biomedical products so as to build self-reliance.</p> <p>To develop the ability to respond to local vaccine needs.</p> <p>To provide rapid access to vaccines in the face of a new pandemic or epidemic threat.</p>		and internal painting	
<p>Pillar 2: To position Kenya as the biotechnology hub in the region to promote scientific research and development and support commercialisation of research institutions outputs</p>	<p>Establish strategic partnerships with other manufacturers, development partners, biomedical research institutions and regulatory authorities, in order to advance the biotechnology manufacturing ecosystem in the region.</p>	<p>Number of stakeholders engaged</p>	<p>Strategic partners engagement</p>	<p>4  (World Health Organisation, Pharmacy and Poisons Board, Kenya Veterinary Vaccine Production Institute, Africa-CDC)</p>
<p>Pillar 3: To build human resource capacity through knowledge and technology transfer</p>	<p>Build human resource capacity through knowledge and technology transfer.</p> <p>Substantial investment in local human capital development with</p>	<p>Number of staff recruited</p>	<p>Recruitment of CEO; hiring process for priority 23 roles.</p>	<p>1 recruited.</p>

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<b>Strategic Pillar/Theme/Issues</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
	the creation of highly-skilled jobs.			

## **VII. Corporate Governance Statement**

Kenya BioVax Institute has held 4 board meetings since the appointment of the board members. . The Board members have diligently attended all these board meetings.

The Institute, in its decision-making processes, observed the highest ethical standards and benchmarks on best practices in compliance with the applicable legal principles, its vision, mission and core values.

### **i) Board Charter**

The Board is guided by the Board Charter which defines the governance procedures within which the Board exists and operates. The charter for KBI had not yet been enacted by the Board by the end of the period ending 30 June 2022. However, once enacted, it will clearly state the respective roles, responsibilities and the authorities of the Board and its Committees.

### **ii) Process of appointment and removal of directors**

The appointments to the Board, and removal from the Board, are in accordance with the Company's Act 2015, and the Memorandum and Articles of Association. Directors were appointed by the Cabinet Secretary, for the time being responsible for health, and to serve for a term of 3 years each from the date of appointment and may, subject to performance evaluation, be appointed for a further and last term of 3 years. The Board consisted of the Chairperson, 5 Directors and the CEO / D-G as ex-officio, by the period ending 30 June 2022.

Some of the roles that the Board of Directors undertook during the period ending 30 June 2022 included the following:

- a) Determined the organization's mission, vision, purpose and core values;
- b) Set and oversaw the overall strategy and approve significant policies of the organization;
- c) Ensured that the strategy was aligned with the purpose and the long term goals of the organization on sustainability;
- d) Approved the organizational structure;
- e) Approved the annual budget of the organization;
- f) Monitored the organization's performance and ensured sustainability;

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- g) Ensured availability of adequate resources for the achievement of the organization's objectives;
- h) Hired the CEO, on such terms and conditions of service as were approved by the relevant government organ(s) and approved the appointment of senior management staff.

The Chairperson:

- a) Provided overall leadership to the Board;
- b) Played a key role in setting the agenda for Board meetings;
- c) Conducted efficient Board meetings and guided the Board's decision-making process;
- d) Encouraged Board members to participate fully in Board deliberations;
- e) Harnessed the collective skills of the Board and its committees;
- f) Monitored the performance of the CEO, maintained close, but independent working relationship with the CEO, ensured appropriate balance of power between the CEO and the Board and was available for consultations with Board members and the CEO;
- g) Encouraged a culture of transparency and teamwork among Board members.

Each Board member:

- a) Exercised the highest degree of care, skill and diligence in discharging their duties;
- b) Acted in the best interest of the organization and not for any other purpose;
- c) Acted honestly at all times and did not place themselves in a situation where their personal interests conflicted with those of the organization;
- d) Exercised independent judgment at all times;
- e) Understood and accepted the principle of collective responsibility;
- f) Devoted sufficient time to carry out their responsibilities;
- g) Promoted transparency and accountability at Board level;
- h) Promoted teamwork within the Board and the organization.

**VIII. Management Discussion and Analysis**

**a) Operational and financial performance of the organisation for the last three to five year period.**

The Kenya BioVax Institute's Board of Directors was inaugurated in December 2021. During the period ending 30 June 2022, the Institute was focussed on establishing itself, in order to become operational. As a newly formed entity, there are no data covering the required period of 3-5 years to report herein.

**b) Entity's key projects or investments decision implemented or ongoing.**

During the period ending 30 June 2022, the key decisions made included:

1. Adoption of the Budget and Procurement Plan for FY 2021/2022, from the Committee on Human Vaccines Production under the Kenya Medical Research Institute (KEMRI).
2. Contracting for:
  - a. Turn-key contractor for design, build, commission and maintenance of the production facility;
  - b. GMP Consultant expert to provide certification, qualification and validation for the turn-key facility, to ensure globally acceptable standards for the facility

**c) Entity's compliance with statutory requirements,**

The Institute complied with statutory requirements and remitted payroll statutory deductions as required.

**d) Major risks facing the organisation,**

These have included:

1. Instability of the financial markets, hence affecting FOREX and currency value, hence purchasing power;  
Funding – delays in accessing funding for development and operations; delayed disbursement of funds from the Government;

- 3) Technical expertise – the manufacturing activities for the Institute require highly-skilled personnel and highly-advanced technology, machinery and equipment, all of which are challenging to find and;
- 4) Regulatory – a high regulatory threshold is required for manufacture of these specialized HPTs, especially for human vaccines. Having a suitable regulatory framework for instance supported by a ‘Maturity Level 3’ for the local regulatory agency) is key in efforts to operationalize.

**e) Material arrears in statutory and other financial obligations,**

The Institute did not have any loan default, pending bills, tax default, outstanding staff and Pension obligation/actuarial deficit during the period ending 30 June 2022.

**f) Future developments and anticipated desired results.**

a. Manufacturing, Research and Development

- Position Kenya as a Bio-tech manufacturing hub for the Region and Africa;
- Promote Investment in Research & Development, including Technology and Knowledge Transfer to support existing and novel research areas that are relevant to national and regional issues;
- Investment hub: create opportunities for Investment in Research & Development Infrastructure and;
- Create job opportunities for Kenyans.

b. Sustainability

- Control GoK healthcare expenditure on human vaccines and other HPTs;
- Affordability of cost of healthcare and;
- Remedy the currently unsustainable situation where approximately 70% of finished HPTs and 100% of raw materials are imported.

c. Self-reliance

- Ensure availability of safe, effective and high-quality human vaccines and other specialized Health Products and Technologies (HPTs);

**Kenya BioVax Institute Limited**  
**Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2022**

- Improve access to health products;
- Avoid and minimize interruptions in the supply chain (lessons learned from the COVID-19 pandemic);
- Pandemic preparedness planning supported by health surveillance systems;
- Access of Universal Health Coverage and;
- Manage the ‘graduation’ from donor support (UNICEF / GAVI), focused on vaccines that is expected to end by 2027 thereby impacting on access to The Kenya Expanded Programme on Immunization for childhood and maternal vaccines.

**Progress in establishment of Kenya BioVax Institute (KBI).**

S/No.	DATE	IMPLEMENTATION STATUS
1.	September 2021	<ul style="list-style-type: none"> <li>• KBI incorporated as a state corporation to manufacture and commercialize specialized human health products and technologies.</li> </ul>
2.	December 2021	<ul style="list-style-type: none"> <li>• Board of Directors inaugurated</li> </ul>
3.	January 2022	<ul style="list-style-type: none"> <li>• Identified site for the facility and prepared it for the assembly and commissioning</li> </ul>
4.	March 2022	<ul style="list-style-type: none"> <li>• Human resource instruments approved by the board and recruitment of staff commenced</li> </ul>
5.	June 2022	<ul style="list-style-type: none"> <li>• Board appointed the CEO and commenced on human resources capability building. Comprehensive set of HR instruments including organization structure/design, career guidelines, HR policies and manuals already developed.</li> <li>• MOH provided support by deploying staff to aid with the initial establishment and operationalization.</li> <li>• Training and development plans both local and international put in place to aid upskilling and capacity building.</li> </ul>
7.	Continuous	<ul style="list-style-type: none"> <li>• Partnership and business development.</li> <li>• KBI successfully engaged multiple partners to support its establishment. These have included global pharmaceutical manufacturers (for instance AstraZeneca, Johnson &amp; Johnson, CanSino Biologics, Aspen Pharmacare, Serum Institute), regulatory agencies and development partners (such as the World Health Organization, the African Union) and supporting research institutions (for instance KEMRI, UoN).</li> </ul>

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S/No.	DATE	IMPLEMENTATION STATUS
		<ul style="list-style-type: none"><li>• The institute has leveraged these partnerships and has been successful in obtaining contractual arrangements and agreements for drug substances and drug products, which will be key in developing the product pipeline.</li></ul>

**Current Areas of Focus**

- a. Refurbishing of the premises continues;
- b. Developing workplans for the operations and maintenance;
- c. Procuring materials and inputs in preparation for production;
- d. Planning on acquiring and installing machinery and equipment and;
- e. Staffing, capacity building and training.

## **IX. Environmental and Sustainability Reporting**

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

### **(i) Sustainability strategy and profile -**

The Institute has set out the development of its sustainability strategy and profile and has sought strategic partners, both locally and internationally to support its functionality especially in technology and knowledge transfer.

In addition, the Institute plans to establish a state-of-the-art modular sterile product manufacturing facility that is WHO-prequalified and has engaged key partners, e.g., the World Health Organisation, the Pharmacy and Poisons Board.

### **(ii) Employee welfare**

The Institute developed its human resource instruments which were approved by both SCAC and the Public Service Commission by April, 2021. Phased recruitment of the approved staff establishment of 174 commenced and was aligned to Government policies of gender ratio and regional balance.

### **(iii) Market place practices**

The organisation should outline its efforts to:

#### **a) Responsible competition practice.**

The Institute undertook its procurement processes supported by the Ministry of Health, in adherence to prevailing laws and regulations and using Ministry pre-qualified suppliers.

#### **b) Responsible supply chain and supplier relations**

The Institute's procurement processes were supported by the Ministry of Health, in adherence to the prevailing procurement laws and regulations. Procurement was against the Board approved procurement plan and available resources from the National Treasury and Planning.

**X. Report of the Directors**

The Directors submitted their report together with the audited financial statements for the year ended June 30, 2022, which showed the state of KBI's affairs. .

**i) Principal activities**

The principal activities of the entity are to manufacture and commercialise specialised human HPTs, including human vaccines, biotherapeutics and diagnostics.

**ii) Results**

The results of the entity for the year ended June 30, 2022, are set out in Section XIII below..

**iii) Dividends**

No dividend was declared for the year.

**iv) Directors**

The members of the Board of Directors who served during the year are shown in Section II above, in accordance with the Articles of Association

**v) Auditors**

The Auditor-General is responsible for the statutory audit of the KBI in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board

.....  
  
**Name: Mr. Bernard Kuria,**

**Corporate Secretary/Secretary to the Board**

**Date:** 24/2/2023

## **XI. Statement of Directors' Responsibilities**

Section 81 of the Public Finance Management Act, 2012 require the Directors to prepare financial statements in respect of that , 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 Kenya BioVax Institute Limited keeps proper accounting records which disclose with reasonable accuracy the financial position of the Kenya BioVax Institute Limited. The Directors are also responsible for safeguarding the assets of the Kenya BioVax Institute Limited.

The Directors were responsible for the preparation and presentation of the Kenya BioVax Institute Limited financial statements, which give a true and fair view of the state of affairs of the Kenya BioVax Institute Limited for and as at the end of the financial year (period) ended on June 30, 2022.

This responsibility included:

- (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 responsibility for the Kenya BioVax Institute Limited financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act, 2012. The Directors are of the opinion that the Kenya BioVax Institute Limited financial statements give a true and fair view of the state of the Institute transactions during the financial year ended June 30, 2022, and of the financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the

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Institute, which have been relied upon in the preparation of the financial statements as well as the adequacy of the systems of internal financial control.

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

**Approval of the financial statements**

The Institute's financial statements were approved by the Board on 24/2 202~~2~~<sup>3</sup> and signed on its behalf by:

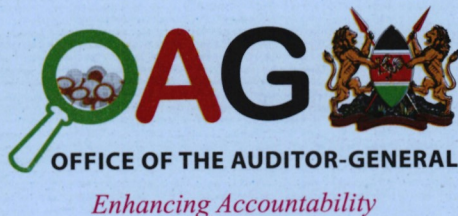


**Mugo Kibati**  
**Chairperson of the Board**



**Dr. Michael Lusiola**  
**Accounting officer / CEO**

# REPUBLIC OF KENYA



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

## **REPORT OF THE AUDITOR-GENERAL ON KENYA BIOVAX INSTITUTE LIMITED FOR THE YEAR ENDED 30 JUNE, 2022**

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### PREAMBLE

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

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

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

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

## REPORT ON THE FINANCIAL STATEMENTS

### **Qualified Opinion**

I have audited the accompanying financial statements of Kenya Biovax Institute Limited set out on pages 1 to 46, which comprise of the statement of financial position as at 30 June, 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kenya Biovax Institute Limited as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) and comply with the Public Finance Management Act, 2012 and the Companies Act, 2015.

### **Basis for Qualified Opinion**

#### **Unsupported Travel Expenditure**

The statement of profit or loss and other comprehensive income reflects administration costs of Kshs.18,713,718 as disclosed in Note 3 to the financial statements. However, analysis of supporting schedules revealed travel expenditure amounting to Kshs.7,432,800 which was not supported by nomination letters of various stakeholders, work tickets, signed attendance sheets and the basis of rates applied to pay non-staff members were not stated. Further, travel expenditure amounting to Kshs.9,413,900 was paid to participants for various activities using a single cheque but the accompanying bank instruction omitted some participants, while the recipients of these funds did not acknowledge receiving the reimbursed amounts.

In the circumstances, the accuracy and propriety of the expenditure of Kshs.18,713,718 could not be confirmed.

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

## **Key Audit Matters**

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

## **Other Matter**

### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.490,605,000 and Kshs.490,605,000 respectively resulting to 100% of the funding.

However, the Institute spent an amount of Kshs.18,713,718 against a budget of Kshs.490,605,000 resulting to under expenditure of Kshs.471,891,282 or 96% of the budget.

The under expenditure affected the Institute's key objective of manufacturing and commercialization specialized health products and technologies (HPTs).

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Lack of Board Charter and Extra Meetings**

During the year under review the Institute Board operated without a charter contrary to the provisions of section 1.11(1,2) of the Mwongozo code on management of state corporations. Further, eight (8) Board meetings were held against the recommended six (6) meetings without evidence of special approval by the Cabinet Secretary contrary to paragraph A (2) of Circular Ref: No. OP/CAB.9/1A of 11 March, 2020 on management of state corporations.

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

#### **2. Irregular Use of Low Value Procurement Method**

The statement of profit or loss and other comprehensive income reflects administration costs of Kshs.18,713,718 as disclosed in Note 3 to the financial statements. The amount includes Kshs.417,810 for purchases done using the low value procurement method.

However, these purchases exceeded the threshold of Kshs.50,000 per item per financial year. This was contrary to 92 of the Public Procurement and Asset Disposal Regulations, 2020 and the second schedule which states that the estimated cost of the goods, works or services being procured per item per financial year is as per the threshold matrix.

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

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

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

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters 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 overall governance were not effective.

### **Basis for Conclusion**

#### **1. Lack of Strategic and Operational Plans**

Review of the organization's records revealed that the Institute did not have strategic and operational plans in place to align with Government directives and National policies and National Development Goals including the Kenya Vision 2030.

In the circumstances, the organization operated without strategic and operational plans.

#### **2. Lack of Policy Framework**

Review of organization's records revealed the Institute did not have a human resource policy as required by Section B2 of the Human Resource Policies and Procedures Manual for Public Service, 2016 which requires every department to prepare human resource plan. This should guide the Management in making appropriate decision on the recruitment, deployment, management and separation at the point of exit.

Further, the organization did not have finance policy, asset management policy and transport policy which may lead to poor and inefficient management of organizational resources.

In the circumstances, the existence of an effective policy guidelines could not be established.

### **3. Weakness in Information Technology Internal Control Environment**

Review of the organization Information and Communication Technology Environment revealed that there was no approved disaster recovery plan to deal with loss of data and information in case of systems failure.

In the circumstances, the integrity, security and reliability of the financial data including Management Information System could not be confirmed.

### **4. Failure to Carry Out Risk Assessment**

The organization failed to carry out risk assessment contrary to Treasury circular No. 3/2009 of 23 February, 2009 which provided a broad policy framework for developing and implementing customized Risk Management Strategies in Public Institutions.

In the circumstances, the risk assessment could not be confirmed.

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.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

As required by the Kenyan Companies Act, 2015 I report based on my audit, that:

- i. 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;
- ii. In my opinion, adequate accounting records have been kept by the Company, so far as appears from the examination of those records; and,
- iii. The Company's financial statements are in agreement with the accounting records and returns.

### **Responsibilities of Management and the Board of Directors**

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

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

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

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

The Board of Directors is responsible for overseeing the Company'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 controls may not prevent or detect misstatements and instances of noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the 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 appropriate 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 Company's ability to continue as a going concern. 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 lead the Company to cease as a going concern.
- 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 Company to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
CPA ~~Nancy Gathungu~~, CBS  
AUDITOR-GENERAL

Nairobi

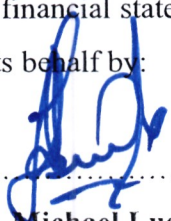
29 March, 2023

KENYA BIOVAX INSTITUTE LIMITED  
Annual Report and Financial Statements for the year ended June 30, 2022


XIII. Statement of Profit or Loss and Other Comprehensive Income for the year ended 30<sup>th</sup> June 2022.

Description	Note	2021-2022	2020-2021
		Kshs	Kshs
<b>Other income</b>			-
Grants from the National Government	1	90,605,000	-
Finance income	2	399,819	-
<b>Total revenues</b>		91,004,819	-
			-
<b>Operating expenses</b>			-
Administration costs	3	18,713,718	-
Finance costs		-	-
<b>Total operating expenses</b>		18,713,718	-
			-
<b>Profit/(loss) before taxation</b>		72,291,101	-
			-
<b>Profit/(loss) after taxation</b>		72,291,101	-
<b>Other comprehensive income</b>			-
<b>Profit/ (loss) after taxation</b>		72,291,101	-
<b>Total comprehensive income for the year</b>		72,291,101	-

The financial statements were approved by the Board for period ending 30 June 2022 and signed on its behalf by:

  
.....  
Dr. Michael Lusiola  
CEO/DG

24/2/2023

  
.....  
Name:  
Head of Finance  
ICPAK M/NO:  
24/2/2023

  
.....  
Mugo Kibati  
Chairman of the Board

24/2/2023

## KENYA BIOVAX INSTITUTE LIMITED

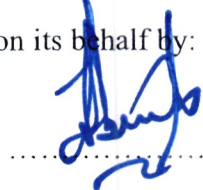
## Annual Report and Financial Statements for the year ended June 30, 2022

## XIV. Statement of Financial Position as at 30 June 2022

Description	Note	2021-2022	2020-2021
		Kshs	Kshs
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, Plant And Equipment	8	11,930,000	-
<b>Total Non-Current Assets</b>		11,930,000	-
<b>Current Assets</b>			
Bank And Cash Balances	9	465,127,396	-
<b>Total Assets</b>		<b>477,057,396</b>	-
<b>Equity And Liabilities</b>			
<b>Capital And Reserves</b>			
Share capital (Authorised-1,000,000,000) Issued	10	400,000,000	-
Retained Earnings	13	72,291,101	-
<b>Capital And Reserves</b>		472,291,101	-
<b>Non-Current Liabilities</b>			
Borrowings	-	-	-
Deferred Tax Liability	-	-	-
Lease Liabilities	-	-	-
Deferred Income	-	-	-
<b>Total Non-Current Liabilities</b>	-	-	-
<b>Current Liabilities</b>			
Trade And Other Payables	14	4,766,295	-
<b>Total Liabilities</b>		477,057,396	-
<b>Total Equity And Liabilities</b>		<b>477,057,396</b>	-

KENYA BIOVAX INSTITUTE LIMITED  
Annual Report and Financial Statements for the year ended June 30, 2022

The financial statements were approved by the Board for period ending 30 June 2022 and signed on its behalf by:



Dr. Michael Lusiola  
C.E.O/DG

24/2/2023



Name:  
Head of Finance

ICPAK M/NO:  
24/2/2023



Mugo Kibati  
Chairman of the Board

24/2/2023

KENYA BIOVAX INSTITUTE LIMITED  
Annual Report and Financial Statements for the year ended June 30, 2022

XV. Statement of Changes in Equity for the year ended 30 June 2022

	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/Development Grants/Fund	Total
<b>As at July 1, 2021</b>	-	-	-	-	-	-	-
Issue of new share capital	-	-	-	72,291,101	-	400,000,000	472,291,101
Revaluation gain	-	-	-	-	-	-	-
Transfer of excess depreciation on revaluation	-	-	-	-	-	-	-
Deferred tax on excess depreciation	-	-	-	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
<b>As of June 30, 2022</b>				72,291,101	-	400,000,000	472,291,101
<b>As at July 1, 2021</b>	-	-	-	-	-	-	-
Profit for the year	-	-	-	72,291,101	-	-	72,291,101
Capital/development grants received during the year	-	-	-	-	-	400,000,000	400,000,000
Proposed final dividends	-	-	-	-	-	-	-

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 Annual Report and Financial Statements for the year ended June 30, 2022

	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/Development Grants/Fund	Total
<b>At June 30, 2022</b>	-	-	-	72,291,101	-	472,291,101	472,291,101

*Note:*

1. For items that are not common in the financial statements, the entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.
2. Prior year adjustment should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances needs to be done.

KENYA BIOVAX INSTITUTE LIMITED  
Annual Report and Financial Statements for the year ended June 30, 2022

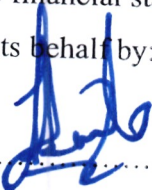
**XVI. Statement of Cash Flows for the year ended 30 June 2022**

Description	Note	2021-2022	2020-2021
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
Cash generated from/(used in) operations	3	(18,629,097)	-
Interest received	2	399,819	-
Interest paid	4	(84,621)	-
<b>Net cash generated from/(used in) operating activities</b>		(18,313,899)	-
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	8	(11,930,000 )	-
Proceeds from disposal of property, plant and equipment		-	-
Purchase of intangible assets		-	-
Purchase of investment property		-	-
Purchase of quoted investments		-	-
Proceeds from disposal of quoted investments		-	-
<b>Net cash generated from/(used in) investing activities</b>		(11,930,000 )	-
<b>Cash flows from financing activities</b>			
Proceeds of Grants from National Government		490,605,000	-
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Dividends paid		-	-
<b>Net cash generated from/(used in) financing activities</b>		490,605,000	-
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>460,361,101</b>	-

KENYA BIOVAX INSTITUTE LIMITED  
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Description	Note	2021-2022	2020-2021
		Kshs	Kshs
Cash and cash equivalents at beginning of year		-	-
Increase in Trade payables		4,766,295	-
Effects of foreign exchanges rate fluctuations		-	-
Cash and cash equivalents at end of the year	9	465,127,396	-

The financial statements were approved by the Board for period ending 30 June 2022 and signed on its behalf by:



Dr. Michael Lusiola  
C.E.O/DG

24/2/2023



Name:  
Head of Finance  
ICPAK M/NO:

24/2/2023



Mugo Kibati  
Chairman of the Board

24/2/2023

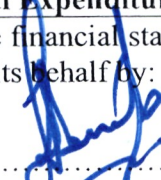
KENYA BIOVAX INSTITUTE LIMITED

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XVII. Statement of Comparison of Budget and Actual amounts for the period ended 30 June 2022

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022
	Kshs	Kshs	Kshs	Kshs	Kshs	xxx%
<b>Revenue</b>						
Sale of goods						
Sale of services						
Transfers from the Government	500,000,000	9,395,000	490,605,000	490,605,000	-	100%
Donations in kind	-	-	-	-	-	-
Finance income	-	399,819	399,819	399,819	-	100%
Other income	-	-	-	-	-	-
<b>Total income</b>	-		491,004,819	491,004,819	-	100%
<b>Expenses</b>						
Compensation of employees						
Use of goods and services	100,000,000	9,395,000	90,605,000	18,713,718	-71,891,282	-79%
Finance cost						
Rent paid						
Taxation paid						
Other payments					-	
Grants and subsidies paid						
<b>Total expenditure</b>				18,713,718		-79%
<b>Surplus for the period</b>				42,291,101		
<b>Capital Expenditure</b>				11,930,000		

The financial statements were approved by the Board for period ending 30 June 2022 and signed on its behalf by:


  
 Dr. Michael Lusiola  
 C.E.O/DG

24/2/2023

  
 Name:  
 Head of Finance

ICPAK M/NO:

24/2/2023

  
 Mugo Kibati  
 Chairman of the Board

24/2/2023

## **XVIII. Notes to the Financial Statements**

### **1. General Information**

Kenya Biovax Institute Limited is established by and derives its authority and accountability from Company's Act (2015). The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is the manufacture and commercialisation of human HPTs, including vaccines, biotherapeutics and diagnostics.

For Kenyan Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income in these financial statements.

### **2. Statement of Compliance and Basis of Preparation**

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

## Notes to the Financial Statements (Continued)

## 3. Application of New and Revised International Financial Reporting Standards (IFRS)

- i. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.*

Title	Description	Effective Date
Amendments to IAS 16 titled Property, Plant and Equipment: Proceeds before Intended Use (issued in May 2020)	The amendments, applicable to annual periods beginning on or after 1 January 2022, prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing an asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.
Amendments to IAS 37 titled Onerous Contracts - Cost of Fulfilling a Contract (issued in May 2020)	The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. They are effective for contracts for which an entity has not yet fulfilled all its obligations on or after 1 January 2022.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted
Amendment to IFRS 1 titled Subsidiary as a First-time Adopter	The amendment, applicable to annual periods beginning on or after 1 January 2022, provides a subsidiary that becomes a first-time adopter later than its parent with an exemption relating to the measurement of its assets and liabilities. The exemption does not apply to components of equity.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.

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Title	Description	Effective Date
Amendment to IFRS 9 titled Fees in the '10 per cent' Test for De-recognition of Financial Liabilities	The amendment, applicable to annual periods beginning on or after 1 January 2022, to IFRS 9 clarifies the fees that a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted
Amendment to IAS 41 titled Taxation in Fair Value Measurements (issued in May 2020 as part of the Annual Improvements to IFRS Standards 2018-2020)	The amendment, applicable to annual periods beginning on or after 1 January 2022, to IAS 41 removed the requirement to exclude taxation cash flows when measuring fair value. This amendment aligned the requirements in IAS 41 on fair value measurement with those in other IFRS	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.

KENYA BIOVAX INSTITUTE LIMITED  
Annual Report and Financial Statements for the year ended June 30, 2022

Notes to the Financial Statements (Continued)

Application of New and Revised International Financial Reporting Standards (IFRS)

- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.*

Title	Description	Effective Date
IFRS 17 Insurance Contracts (issued in May 2017)	The new standard, effective for annual periods beginning on or after 1st January 2023, establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. The Company does not issue insurance contracts.	The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted
Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020)	The amendments, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.	The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.
Amendments to IAS 1 titled Disclosure of Accounting Policies (issued in February 2021)	The amendments, applicable to annual periods beginning on or after 1st January 2023, require entities to disclose their <b>material</b> accounting policy information rather than their <b>significant</b> accounting policies	The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.

Title	Description	Effective Date
IFRS 17 Insurance Contracts (issued in May 2017)	The new standard, effective for annual periods beginning on or after 1st January 2023, establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. The Company does not issue insurance contracts.	The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted
IAS 12 — Income Taxes	IAS 12, "Income Taxes" implements a so-called 'comprehensive balance sheet method' of accounting for income taxes which recognizes both the current tax consequences of transactions and events and the future tax consequences of the future recovery or settlement of the carrying amount of an entity's assets and liabilities. Differences between the carrying amount and tax base of assets and liabilities, and carried forward tax losses and credits, are recognized, with limited exceptions, as deferred tax liabilities or deferred tax assets, with the latter also being subject to a 'probable profits' test.	The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted.
IAS 8- Accounting Policies, Errors and Estimates	The amendments, applicable to annual periods beginning on or after 1st January 2023, introduce a definition of 'accounting estimates' and include other amendments to IAS 8 to help entities	The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted.

KENYA BIOVAX INSTITUTE LIMITED

Annual Report and Financial Statements for the year ended June 30, 2022

Title	Description	Effective Date
IFRS 17 Insurance Contracts (issued in May 2017)	The new standard, effective for annual periods beginning on or after 1st January 2023, establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. The Company does not issue insurance contracts.	The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted
	distinguish changes in accounting policies from changes in accounting estimates.	

*iii. Early adoption of standards*

Kenya BioVax Institute Limited did not early – adopt any new or amended standards in year 2021-2022.

Notes to the Financial Statements (Continued)

**4. Summary of Significant Accounting Policies**

The principle accounting policies adopted in the preparation of these financial statements are set out below:

**a) Revenue recognition**

Revenue is measured based on the consideration to which the entity expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The entity recognizes revenue when it transfers control of a product or service to a customer.

- i) Revenue from the sale of goods and services** is recognized in the year in which the Kenya Biovax Institute Limited delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.
- ii) Grants from National Government** are recognized in the year in which the Kenya Biovax Institute Limited actually receives such grants. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.
- iii) Finance income** comprises interest receivable from bank deposits and investment in securities, and is recognized in profit or loss on a time proportion basis using the effective interest rate method.
- iv) Dividend income** is recognized in the income statement in the year in which the right to receive the payment is established.
- v) Rental income** is recognized in the income statement as it accrues using the effective interest implicit in lease agreements.
- vi) Other income** is recognized as it accrues.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies**

**b) In-kind contributions**

In-kind contributions are donations that are made to the *entity* in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the *entity* includes such value in the statement of comprehensive income both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

**c) Property, plant and equipment**

All categories of property, plant and equipment are initially recorded at cost less accumulated depreciation and impairment losses.

Certain categories of property, plant and equipment are subsequently carried at re-valued amounts, being their fair value at the date of re-valuation less any subsequent accumulated depreciation and impairment losses.

Increases in the carrying amounts of assets arising from re-valuation are credited to other comprehensive income. Decreases that offset previous increases in the carrying amount of the same asset are charged against the revaluation reserve account; all other decreases are charged to profit or loss in the income statement. Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from the disposal with the net carrying amount of the items, and are recognised in profit or loss in the income statement.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies

**d) Depreciation and impairment of property, plant and equipment**

Freehold land and capital work in progress are not depreciated. Capital work in progress relates mainly to the cost of ongoing but incomplete works on buildings and other civil works and installations.

Depreciation on property, plant and equipment is recognized in the income statement on a straight-line basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use, as guided by National Treasury policy on assets depreciation are:

Freehold Land	Nil
Buildings and civil works	Nil
Plant and machinery	Nil
Motor vehicles, including motor cycles	Nil
Computers and related equipment	Nil
Office equipment, furniture and fittings	Nil

A full year's depreciation charge is recognised both in the year of asset purchase and in the year of asset disposal.

Items of property, plant and equipment are reviewed annually for impairment. Where the carrying amount of an asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies**

**e) Intangible assets**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

**f) Amortisation and impairment of intangible assets**

Amortisation is calculated on the straight-line basis over the estimated useful life of the intangible asset. All intangible assets are reviewed annually for impairment. Where the carrying amount of an intangible asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

**g) Investment property**

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise. An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies**

**h) Right of Use Asset**

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the entity incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the entity expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

**i) Fixed interest investments (bonds)**

Fixed interest investments refer to investment funds placed under Central Bank of Kenya (CBK) long-term infrastructure bonds and other corporate bonds with the intention of earning interest income upon the bond's disposal or maturity. Fixed interest investments are freely traded at the Nairobi Securities Exchange. The bonds are measured at fair value through profit or loss.

**j) Quoted investments**

Quoted investments are classified as non-current assets and comprise marketable securities traded freely at the Nairobi Securities Exchange or other regional and international securities exchanges. Quoted investments are stated at fair value.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies**

**k) Unquoted investments**

Unquoted investments stated at cost under non-current assets, and comprise equity shares held in other Government owned or controlled entities that are not quoted in the Securities Exchange.

**l) Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

**m) Trade and other receivables**

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off after all efforts at recovery have been exhausted.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies

**n) Taxation**

**i) Current income tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**o) Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies**

**Deferred Tax**

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies**

**p) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognized in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalized borrowing costs reflect the hedged interest rate. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

**q) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various Commercial Banks at the end of the reporting period. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**r) Borrowings**

Interest bearing loans and overdrafts are initially recorded at fair value being received, net of issue costs associated with the borrowing. Subsequently, these are measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue cost and any discount or premium on settlement. Finance charges, including premiums payable of settlement or redemption are accounted for on accrual basis and are

added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Loan interest accruing during the construction of a project is capitalised as part of the cost of the project.

**s) Trade and other payables**

Trade and other payables are non-interest bearing and are carried at amortised cost, which is measured at the fair value of contractual value of the consideration to be paid in future in respect of goods and services supplied, whether billed to the entity or not, less any payments made to the suppliers.

**t) Retirement benefit obligations**

The entity operates a defined contribution scheme for all full-time employees from July 1, 2022. The scheme is administered by an in-house team and is funded by contributions from both the company and its employees. The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.200 per employee per month.

**u) Provision for staff leave pay**

Employees' entitlements to annual leave are recognised as they accrue at the employees. At provision is made for the estimated liability for annual leave at the reporting date.

**v) Exchange rate differences**

The accounting records are maintained in the functional currency of the primary economic environment in which the entity operates, Kenya Shillings. Transactions in foreign currencies during the year/period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies**

**w) Budget information**

The original budget for FY 2021-2022 was Kshs. 2 billion as per the National Treasury's allocation. This was later revised in the supplementary budget and the final approved budget by the National Assembly was Kshs.500M i.e. Kshs. 100 million for recurrent and Kshs.400 million for development.

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

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

**Notes to the Financial Statements (Continues)**

**a) Service concession arrangements**

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**b) Comparative figures**

There are no comparative figures because this is the first year of preparation of financial statements.

**c) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2022.

**5. Significant Judgments and Sources of Estimation Uncertainty**

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

State all judgements, estimates and assumptions made: e.g.

**Notes to the Financial Statements (Continues)**

**a) Estimates and assumptions**

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

**b) Useful lives and residual values**

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

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the assets

**c) Provisions**

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

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

(include provisions applicable for your organisation e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions)

KENYA BIOVAX INSTITUTE LIMITED  
Annual Report and Financial Statements for the year ended June 30, 2022

Notes to the Financial Statements (Continues)

1. Grants from National Government

Description	2021-2022	2020-2021
	Kshs	Kshs
Reccurent grants received	90,605,000	-
Capital grants realized (see note below)	400,000,000	-
In kind contributions/ donations	-	-
<b>Total</b>	<b>490,605,000</b>	-

Notes to the Financial Statements (Continued)

Name of the Entity sending the grant	Amount recognized in the Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund. KShs	Total grant income during the year KShs	2021-2022 KShs
Ministry/State Department	-	-	-	-	-
Health Ministry	490,605,000	-	-	-	-
<b>Total</b>	<b>490,605,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

2. Finance Income

Description	2021-2022	2020-2021
	Kshs	Kshs
Interest income from treasury bonds	-	-
Interest income from treasury bills	-	-
Interest from receivables	-	-
Interest from commercial banks and financial institutions	399,819	-
Interest on staff loans	-	-

## KENYA BIOVAX INSTITUTE LIMITED

## Annual Report and Financial Statements for the year ended June 30, 2022

Dividends	-	-
<b>Total</b>	<b>399,819</b>	<b>-</b>

## Notes to the Financial Statements (Continued)

## 3. Administration Costs

	2021-2022	2020-2021
Description	Kshs	Kshs
Staff costs (note 12b)	-	-
Directors' emoluments	-	-
Electricity and water	-	-
Communication services and supplies	-	-
Transportation, travelling and subsistence	-	-
Advertising, printing, stationery and photocopying	-	-
Rent expenses	-	-
Staff training expenses	-	-
Hospitality supplies and services	-	-
Insurance costs	-	-
Bank charges and commissions	84,621	-
Office and general supplies and services	-	-
Auditors' remuneration	-	-
Legal fees	-	-
Consultancy fees	-	-
Licenses and permits	-	-
Repairs and maintenance	-	-
Provision for bad and doubtful debts	-	-
Inventory provisions	-	-
Depreciation	-	-
Amortization	-	-
Other Operating Expenses	18,629,097	-
<b>Total</b>	<b>18,713,718</b>	<b>-</b>

KENYA BIOVAX INSTITUTE LIMITED  
Annual Report and Financial Statements for the year ended June 30, 2022

Notes to the Financial Statements (Continued)

4. Operating Profit/ (Loss)

	2021-2022	2020-2021
Description	Kshs	Kshs
<b>The operating profit/(loss) is arrived at after charging/(crediting):</b>		
Staff Costs (Note 12b)	-	-
Depreciation of property, plant and equipment	-	-
Depreciation of right-of-use asset	-	-
Amortisation of intangible assets	-	-
Provision for bad and doubtful debts	-	-
Directors' emoluments – fees	-	-
Other	18,713,718	-
Auditors' remuneration - current year fees	-	-
Prior year under-provision	-	-
Loss on disposal of property, plant and equipment	-	-
Net foreign exchange loss	-	-
Interest receivable	-	-
Interest payable	-	-
Rent receivable	-	-

Notes to the Financial Statements (Continued)

5. Income Tax Expense/(Credit)

(a) Reconciliation of tax expense/ (credit) to the expected tax based on accounting profit

	2021-2022	2020-2021
Description	Kshs	Kshs
Profit before taxation	72,291,101	-
Tax at the applicable tax rate of 30%	-	-
Current tax	-	-
Prior Year Under-Provision	-	-
Tax effects of expenses not deductible for tax purposes	-	-
Tax effects of income not taxable	-	-

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Tax effects of excess capital allowances over Depreciation/Amortization	-	-
Deferred tax Prior Year Over-Provision	-	-
<b>Total</b>	<b>72,291,101</b>	-

Notes to the Financial Statements (Continued)

**6. Earnings Per Share**

The earnings per share is calculated by dividing the profit after tax of Kshs. 72,291,101 by the average number of ordinary shares in issue during the year. There were not dilutive or potentially dilutive ordinary share as at the reporting date.

**7. Dividend per Share**

No Proposed dividends is to be declared since the company has only started its operations

Notes to the Financial Statements (Continued)

8. Property, Plant and Equipment

	Freehold land	Buildings & civil works	Plant and machinery	Motor vehicles, including, motor cycles	Computers & related equipment	Office equipment, furniture & fittings	Capital work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>Cost or valuation</b>								
At July 1, 2021	-	-	-	-	-	-	-	-
Additions	-	-	-	11,930,000	-	-	-	11,930,000
Transfers	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
<b>At June 30, 2022</b>	-	-	-	-	-	-	-	-
<b>Depreciation</b>								
At July 1, 2021	-	-	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-	-	-
Impairment loss	-	-	-	-	-	-	-	-
Eliminated on disposal	-	-	-	-	-	-	-	-
<b>At June 30, 2022</b>	-	-	-	-	-	-	-	-
<b>Net book value at June 30, 2022</b>	-	-	-	11,930,000	-	-	-	11,930,000



**Notes To The Financial Statements (Continued)****Valuation**

Land and buildings were valued by xxx independent valuer on xxx-on-xxx basis of valuation. These amounts were adopted on xxx.

**(b) Property, Plant and Equipment at Cost**

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

<b>Description</b>	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>NBV</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Land	-	-	-
Buildings	-	-	-
Plant And Machinery	-	-	-
Motor Vehicles, Including Motorcycles	11,930,000	-	11,930,000
Computers And Related Equipment	-	-	-
Office Equipment, Furniture, And Fittings	-	-	-
	-	-	-

**9. Bank and Cash Balances**

Description	2021-2022	2020-2021
	Kshs	Kshs
Cash at bank-NCBA BANK A/c 5462760018 NCBA Upper Hill Branch	465,127,396	-
Cash in hand	-	-
<b>Total</b>	<b>465,127,396</b>	<b>-</b>

*[Provide short appropriate explanations as necessary] Example: The bulk of the cash at bank was held at Barclays Bank of Kenya and Kenya Commercial Bank, the entity's main bankers.*

## Notes To The Financial Statements (Continued)

## Detailed analysis of the cash and cash equivalents

Description		2021-2022	2020-2021
Financial institution	Account number	Kshs	Kshs
<b>a) Current Account</b>			
NCBA Bank Upper Hill Branch	5462780018	465,127,396	-
<b>Sub- Total</b>		<b>465,127,396</b>	<b>-</b>
<b>b) On - Call Deposits</b>			
Other Commercial banks		-	-
<b>Sub- Total</b>		<b>-</b>	<b>-</b>
<b>c) Fixed Deposits Account</b>			
Other Commercial banks		-	-
<b>Sub- Total</b>		<b>-</b>	<b>-</b>
<b>d) Staff Car Loan/ Mortgage</b>			
Other Commercial banks		-	-
<b>Sub- Total</b>		<b>-</b>	<b>-</b>
<b>e) Others (Specify)</b>			
Cash in transit		-	-
Cash in hand		-	-
Mobile money account		-	-
<b>Sub- Total</b>		<b>-</b>	<b>-</b>
<b>Grand Total</b>		<b>-</b>	<b>-</b>

## 10. Ordinary Share Capital

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Authorized:</b>		
Ordinary Shares of Kshs par value each	1,000,000,000	-
<b>Issued and Fully paid:</b>		
Ordinary Shares of Kshs par value each	400,000,000	-

**Notes To The Financial Statements (Continued)**

**11. Revaluation Reserve**

The revaluation reserve relates to the revaluation of certain items of property, plant and equipment. As indicated in the Statement of Changes in Equity, this is stated after transfer of excess depreciation net of related deferred tax to retained earnings. Revaluation surpluses are not distributable.

**12. Fair Value Adjustment Reserve**

The fair value adjustment reserve arises on the revaluation of available-for-sale financial assets, principally the marketable securities. When a financial asset is sold, the portion of the reserve that relates to that asset is reduced from the fair value adjustment reserve and is recognised in profit or loss. Where a financial asset is impaired, the portion of the reserve that relates to that asset is recognised in profit or loss.

**13. Retained Earnings**

The retained earnings represent amounts available for distribution to the Kenya BioVax Institute limited shareholders. Undistributed retained earnings are utilised to finance the Kenya BioVax Institute Limited business activities.

KENYA BIOVAX INSTITUTE LIMITED

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Notes to the Financial Statements (Continued)

14. Trade and Other Payables

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade payables	4,766,295	-
Accrued expenses	-	-
Retention/ Contract monies	-	-
Deposits	-	-
Employee payables	-	-
Other payables	-	-
<b>Total</b>	<b>4,766,295</b>	<b>-</b>

KENYA BIOVAX INSTITUTE LIMITED  
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Notes to the Financial Statements (Continued)

15. Notes to the Statement of Cash Flows

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>(a) Reconciliation Of Operating Profit/(Loss) To Cash Generated From/(Used In) Operations</b>		
Profit or Loss before tax	72,291,101	-
Depreciation	-	-
Amortisation	-	-
(Gain)/Loss on disposal of Property, Plant And Equipment	-	-
Operating Profit/(Loss) before Working Capital changes	72,291,101	-
(Increase)/Decrease in Inventories	-	-
(Increase)/Decrease in Trade and Other Receivables	-	-
Increase/(Decrease) in Trade and Other Payables	4,766,295	-
Increase/(Decrease) in Retirement Benefit Obligations	-	-
Increase/(Decrease) in Provision for Staff Leave Pay	-	-
Cash Generated from/(used In) operations	77,057,396	-
<b>(b) Analysis of Changes in Loans</b>	-	-
<b>Balance at beginning of the year</b>		-
Receipts during the year	-	-
Repayments during the year	-	-
Repayments of previous year's accrued interest	-	-
Foreign Exchange (Gains)/Losses	-	-
Accrued interest	-	-
<b>Balance at end of the year</b>		-
<b>(c) Analysis of Cash and Cash equivalents</b>		-
Short Term Deposits	-	-
Cash At Bank	465,127,396	-
Cash In Hand	-	-
Balance At End Of The Year	465,127,396	-

## **16. Related Party Disclosures**

### **Government of Kenya**

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

Other related parties include:

- i) The Ministry of Health
- ii) Kenya Medical Research Institute
- iii) Key management:
  - Dr Michael Lusiola
  - Dr Rabera Kenyanya
  - Col Robert Gatata
  - Dr Cecilia Wanjala
  - Mr Benard Kuria
- iv) Board of directors:
  - Mr Mugo Kibati – Chairman
  - Mr Sachen Chandaria
  - Ms Shamim chanzu
  - Dr Dennis Rangi
  - Dr John Kiiru
  - Mr Albert Mwenda
  - Captain Lawrence Wahome

Notes to the Financial Statements (Continued)

<b>a) Grants from the government</b>		
Grants from national govt	490,605,000	-
Grants from county government	-	-
Donations in kind	-	-
<b>Total</b>	<b>490,605,000</b>	<b>-</b>

**17. Financial Risk Management**

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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

**(i) Credit risk**

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

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

## Notes to the Financial Statements (Continued)

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
<b>At 30 June 2022</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	465,127,396	-	-	-
<b>Total</b>	<b>465,127,396</b>	<b>465,127,396</b>	<b>-</b>	<b>-</b>
<b>At 30 June 2022</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

***Credit Risk (Continued)***

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from Kenya BioVax Institute Ltd.

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

## Notes to the Financial Statements (Continued)

## ii) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2022</b>				
Trade payables	4,766,295	-	-	4,766,295
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	<b>4,766,295</b>	<b>-</b>	<b>-</b>	<b>4,766,295</b>
<b>At 30 June 2021</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Notes To The Financial Statements (Continued)

**(iii) Market risk**

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The company's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

**a) Foreign currency risk**

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description	Kshs	Other currencies Kshs	Total Kshs
<b>At 30 June 2022</b>			
<b>Financial assets</b>			
Investments	-	-	-
Cash	-	-	-
Debtors	-	-	-
<b>Financial liabilities</b>	-	-	-
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

**Notes To The Financial Statements (Continued)****i) Sensitivity analysis**

The entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

**ii) Capital Risk Management**

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

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Revaluation reserve	-	-
Retained earnings	72,291,101	-
Capital reserve	400,000,000	-
<b>Total Funds</b>	-	-
Total Borrowings	-	-
Less: Cash and Bank balances	465,127,396	-
Net Debt/(Excess Cash and Cash Equivalents)	465,127,396	-
<b>Gearing</b>	<b>xx%</b>	<b>xx%</b>

**18. Incorporation**

Kenya BioVax Institute Limited is incorporated in Kenya under the Kenyan Companies Act and is domiciled in Kenya.

**19. Events after the Reporting Period**

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

**20. Currency**

The financial statements are presented in Kenya Shillings (KES)

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XIX. Appendices

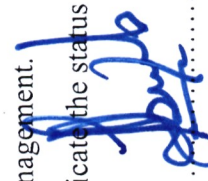
Appendix 1: Implementation Status Of Auditor-General prior year recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		The company started in the financial year FY 2021/2022		
		NA		

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management.
- (iii) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury

.....  


Name: Dr. Michael Lusiola,  
 CEO / D-G

Date 30/6/22

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Appendix II: Projects implemented by Kenya BioVax Institute Ltd

**Projects**

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

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1	N/A					
2						

**Status of Projects completion**

(Summarise the status of project completion at the end of each quarter, ie total costs incurred, stage which the project is etc)

Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	N/A					
2						
3						

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Appendix IV: Transfers From Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - Kshs	Statement of Financial Performance	Where Recorded/Recognized					Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific		
Ministry of Health	21/06/2022	Recurrent	90,605,000	-	-	-	-	-	-	-
Ministry of Health	21/06/2022	Development	400,000,000	-	-	-	-	-	-	-
<b>Total</b>			<b>490,605,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Appendix V- Inter-Entity Confirmation Letter

*[Insert your Letterhead]*

*[Insert name of beneficiary entity]*

*[Insert Address]*

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The Kenya BioVax Institute Ltd wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

<b>Confirmation of amounts received by [Insert name of beneficiary entity] as at 30<sup>th</sup> June 2022</b>						
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (KShs) as at 30 <sup>th</sup> June 2022			Amount Received by [beneficiary entity] (Kshs) as at 30 <sup>th</sup> June 2021 (E)	Differences (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)		
N/A						
<b>Total</b>						

In confirm that the amounts shown above are correct as of the date indicated.

**Head of Accountants department of beneficiary entity:**

Name ..... Sign:  Date: 24/2/2023

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**Appendix VI: Reporting of Climate Relevant Expenditures**

Name of the Organization  
 Telephone Number  
 Email Address  
 Name of CEO/MD/Head

Name and contact details of contact person (in case of any clarifications) .....

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
N/A									

## Appendix VII: Disaster Expenditure Reporting Template

Date:						
Entity						
Period to which this report refers (FY)	Year	Quarter				
Name of Reporting Officer						
Contact details of the reporting officer:	Email	Telephone				
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments
N/A						