



REPUBLIC OF KENYA



*Paper laid
by leader of the
majority party*

KENYA NATIONAL AUDIT OFFICE



*Small
on 2/7/2013
[signature]*

**REPORT OF
THE
AUDITOR-GENERAL**

ON

**THE FINANCIAL STATEMENTS OF
KENYA AGRICULTURAL RESEARCH
INSTITUTE FOR THE YEAR
ENDED 30 JUNE 2012**



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**KENYA AGRICULTURAL RESEARCH
INSTITUTE**

**ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2012**

KENYA AGRICULTURAL RESEARCH INSTITUTE

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KENYA AGRICULTURAL RESEARCH INSTITUTE

Institutional Information

The Director has the pleasure in submitting the Financial Statements of the Institute for the year ended 30th June 2012

Legal Status

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

The KARI Vision and Mission

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

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

Board of Management

The current Board of Management comprises of:

(a) Appointed Members

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

(b) Senior Management

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

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Institutional information continued

National Council for Science and Technology

- Secretary

Principal Bankers

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

Principal Advocates

- KARI legal Office

Auditors

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

Registered Office

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

KENYA AGRICULTURAL RESEARCH INSTITUTE

Institutional information continued

RESEARCH PROGRAMMES ACHIEVEMENTS: FY 2011/2012

The year recorded significant achievements in the various programmes. Presented below is a summary of achievements on a programme basis for FY 2011/2012.

Food Crops and Horticultural Crops Research

Food Crops

- Completed write-up of Staple Crops Value Chains (VC): Analysis on 10 VCs: 3 Pulses (Dry Beans, Pigeon-pea, Cowpea), 3 Root & Tuber Crops (Sweet-potato, Cassava, Potato), and 4 Cereal Crops (Maize, Finger-millet, Wheat, Rice) done. Polishing up and establishing VC Platforms pending.
- Produced of Breeder Seed of Staple Crops: 2,000 Kg of Maize, 178 Kg of Finger-millet, 402 Kg of root-rot resistant Bush Beans.
- Produced of Certified Seed of Staple Crops: 5.47 metric tons (T) of Maize and 10 T of new stem-rust resistant Wheat varieties (Robin and Eagle-10).
- Got Varieties nominated for National Performance Trial (NPTs): 13 Maize, 1 Sorghum, 12 Finger-millet, 14 Bean varieties.
- Produced Root Crops planting materials: 756,200 Cassava cuttings 1,108,600 Sweet-potato vines.
- Released 35 new Staple Crop varieties: 9 Maize, 8 Wheat, 3 MAC Beans 2 Hybrid Sorghum, 6 Sweet-potato, 3 Cassava, 3 Potato, and 1 Chickpea by the National Variety Release Committee, and pre-release of 9 varieties (5 Sweet-potato and 4 Maize) by the NPT Committee.
- Accessed some 20 Competitive Small Grants.
- Linked scientists to external research institutions: 17 Scientists in the programme were involved in many official trips outside the country, attending conferences, workshops, and professional meetings in various countries.
- Published seven papers in Refereed Journals, 11 papers for Conference Proceedings.

Horticulture and Industrial Crops

- Held 7 value chain workshops for Horticulture and Industrial crop commodities involving about 500 stakeholders drawn from different segments of the respective value chains.
- Participated in the draft formulation of a total of 5 policies in Fruits, Vegetables, Botanicals, Flowers, Nuts, Oil crops and MAPS.
- Participated in 10 on-farm demonstrations and field days on activities related to horticulture and Industrial crops.
- Held total of 17 farmer training workshops in different KARI centres on horticulture and industrial crops.
- Produced 11 documentaries /electronic messages on different news channels on different topics on fruits, vegetables, botanicals, flowers, nuts, oil crops and MAPS.
- Published 23 papers in peer reviewed journals and 2 book chapters.
- Published 39 papers in scientific conference proceedings on Fruits, Vegetables, Botanicals, Flowers, Nuts, Oil crops and MAPS.
- Published 4 posters on Fruits, Vegetables, Botanicals, Flowers, Nuts, Oil crops and MAPS.
- Published 34 Brochures/Pamphlets and Fact Sheets on Fruits, Vegetables, Botanicals, Flowers, Nuts, Oil crops and MAPS.

KENYA AGRICULTURAL RESEARCH INSTITUTE

Institutional information continued

- Published 15 KARI technical notes on Fruits, Vegetables, Botanicals, Flowers, Nuts, Oilcrops, MAPS, vegetables flowers.
- Published 20 articles in magazines, and newspapers on fruits, vegetables, botanicals, flowers, nuts, oil crops and MAPS.
- Presented 9 papers in different workshops in Kenya.
- Presented 4 papers in special meetings called for special guests.

Livestock and Range Management Research

Animal Health

- ISO 2005:17025 certification process of Animal Health diagnostic services laboratories at Muguga continued and 17 staff members were trained on measurement of uncertainties by KENAS.
- Over 1,500 cattle immunised with East Coast fever vaccine in Nakuru and Nyahururu and feed blocks technology taken up by farmer groups in Kuresoi, Molo and Nyahururu.
- A training manual on control of ticks and tick borne diseases was drafted.
- Testing of the Muguga cocktail ECF vaccine was done in Kipkelion, Kipkabus, Kieni and Olenguruone through VetAid and the East African Dairy Development project. A monitoring visit at the end of February 2011 showed that the vaccine was well taken and that it was safe and a review meeting held on 9th June 2011 in Nakuru.
- Guidelines for production, distribution and delivery of the ECF vaccine were developed by the DVS committee on ECF immunisation of which the centre is a member.
- Technology transfer under RDA, Korea and KARI collaboration continued and rice processing mill was acquired. KARI staff members were trained in Korea on agricultural skills.
- Divisional staff members participated in policy meetings on the national livestock policy
- A documentary to show training and uptake of ECF vaccine and urea molasses blocks was prepared in collaboration with KBC.
- A 26min documentary on "Eradicating Tick Borne Diseases in Livestock" was produced
- Two leaflets were produced namely *tick management and control* and *important ticks in Eastern and Central Africa, their survival mechanisms and effects*.
- Three simple but key take away messages on acaricides usage and immunisation against ECF were developed and presented in bookmark form.
- Safety/Toxicity and efficacy of two novel diamidine compounds against *Trypanosoma brucei rhodesiense* infections in SS monkey models established.
- Biting fly species distribution in Isiolo and Marsabit mapped.
- Appropriate best bet biting fly trapping device for the ASALs evaluated.
- Appropriate strategies for control of *T. evansi* in the ASALs identified
- Tsetse mass rearing received automatic rearing equipment from Slovakia and staff trained.
- Equipping of a maggot debridement therapy facility at TRC was done and 2 KARI-TRC staff were trained on Maggot debridement therapy in Slovakia
- A factory grade prototype infectra device has been fabricated and an instruction manual prepared.
- 3 extension publications (Management of ticks, ticks and the problems they cause and Training manual on ticks and tick borne diseases).
- 8 scientific papers were prepared and published.

Animal Production

- One hybrid scavenging bird with a sex-linked gene developed and is available to farmers

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Institutional information continued

- Nutrition guidelines were developed for feeding dairy cattle on ground Rhodes grass, natural pasture grass mixed with *desmodium* and molasses in the ratio of 6:6:1:2.
- Breeding guidelines developed for the Boran stud, Crossbreeding of Friesian and Boran and, Upgrading of Zebu cattle to the Boran.
- 46 Boran cows registered with Kenya stud book as foundations and pure-breds.
- A 112 breeding Sahiwal bulls and bucks sold to farmers.
- 99,800 indigenous chicken chicks valued at KES 7.98 million were sold to farmers.
- 19 Breeding Boran bulls sold to farmers, 31 Breeding Boran heifers were sold to farmers.
- 11 breeding Friesian-Boran crossbred heifers were sold to farmers.
- 2.26 MT of Breeder seed produced and sold to farmers for fodder production (4 Sorghum varieties: E1291, E6518, Ikinyaruka, BM 30); 1.4 MT of Finger millet NKU/ FM1 produced and sold to farmers; MT of Rhode grass seed produced and sold to farmers.
- 22,866 ft cuttings of sweet potato vines produced and sold to farmers; 39,037 ft cuttings of Napier grass produced and sold to farmers; 462 ft cuttings of Desmodium produced and sold to farmers; 273 ft cuttings of Giant Panicum produced and sold to farmers and 100 ft cuttings of Edible Cana produced and sold to farmers.
- Attended 5 field days and demonstrated livestock technologies.
- 3 demonstration plots established in Mogotio, Marigat and Katokoi (East Pokot) for beef technologies.
- Participated in 3 animal breeding and improvement policy and bill meetings.
- 11 papers were published in referred journals.
- 19 papers were published in conference proceedings.
- 1 book chapter was produced.
- 3 training manuals were produced and distributed.

Range Management

- Management guidelines to avoid inbreeding in pastoral goat herds was developed.
- A prototype simple milk cooler using local materials (charcoal) and adapted to the pastoral areas was developed.
- Information on mineral profiles of pasture and livestock under pastoral conditions was generated.
- A locally assembled mineral supplement formula for camels was developed.
- Baseline study on current status, trends and opportunities of camel production in southern rangelands and north rift regions of Kenya was conducted.
- Generated information (a) on smallholders' feed conservation strategies in SE Kenya, (b) on preference and nutritive value of indigenous plant feed materials in drylands of SE Kenya was generated and, (c) current status of camel calf management and strategies for its implement.
- A study to evaluate preference of the Sahiwal cattle in Kajiado indicated that local pastoralists have high preference for the Sahiwal breed.
- A *Bracharia Mullato II* seed bulking plot was established at KARI Kiboko.
- 2708 kg of range grass seed was produced and is available to farmers; 8800 bales of range grass hay produced and available to farmers.
- Scientists on training made good progress with two having successfully defended their PhD dissertations and one having successfully defended the Msc. Thesis.
- A scoping mission of Turkana to explore the possibility of establishing Research engagement was done.
- Board paper for establishment of KARI Turkana Drylands Research Centre was written.

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Institutional information continued

- A blue print document for the Revitalization of KARI Garissa Research centre developed
- 16 papers were published in refereed journals from across the programme centres.
- 33 papers presented at various conferences and symposia.
- A Camel Manual for service providers was jointly published.
- A DVD on camel husbandry and value adding for milk was produced.

Natural Resource Management Research

1. Maintenance of ISO 17025:2005 certification for soil analysis laboratory at Kabete
 - One internal audit by KENAS was undertaken.
 - Analyzed four sets (one set per quarter) of soil samples for Proficiency Testing by the Wageningen University (WEPAL) for International Soil Exchange Programme (ISE).
2. Soils Laboratory:
 - Analyzed 18,031 samples as follows; Soil samples = 15,827; Plant tissue = 1,506; Fertilizer/manure = 180; Water samples = 518.
3. Land Use Planning
 - Conducted 4 multipurpose land suitability assessments and 17 client specific land suitability assessments
 - Created 328 GIS databases; prepared 608 client thematic maps.
 - Implemented 26 partnership projects; conducted 3 on-farm demos/field days and 50 farmer & students trainings.
 - Published 39 KARI technical reports and 6 papers in conference proceedings.
4. Soil and Water Management
 - Tested and recommended 5 efficient soil-water use technologies; conducted 2 outreach and partnership projects, 56 FFS and conducted and participated in 118 on farm demos and field days.
 - Produced 7 technical publications; published 3 papers in conference proceedings and 1 book chapter.
5. Integrated Soil Fertility Management
 - Analysed 9,770 chemical and biological samples.
 - Won 1 competitive grant.
 - Conducted 41 outreach/partnership projects; 6 FFS and 39 on-farm demos field days.
 - Published 2 book chapters; 1 paper in a refereed journal; 20 papers in conference proceedings and produced 2 technical report.
6. Irrigation, Drainage and Management of Problem Soils
 - Rolled out the water harvesting tailor suit dam lining technology using semi factory laminated materials.
 - Participated at the water forum of the IAEA in Vienna Austria as panellists. Two projects implemented in Kenya selected for the water forum.
 - Two competitive grant proposal awarded with external partners.
 - 3 scientists attended short term (1 to 2 weeks) trainings.

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- Participated in 10 field days demonstrating irrigation technologies.
- Hosted 4 fellows (Zimbabwe, Zambia, Sierra Leone and Namibia) and two scientific visitors (Nigeria and Sudan) for varying periods ranging from 1 week for scientific visits and 2 to 5 months for fellowships.
- Published 2 book chapters; 5 technical reports and presented 2 conference papers.
- Conducted Climate Risks Assessment for Ijara, Trans Mara and Tana Delta and compiled report on Stakeholder Communication and Policy Influence Strategy; Training Needs Assessment; and Research Design.
- Established baselines through assessment of household vulnerability and risk to climate change in different agro-ecosystems.
- Participated in the Climate Change Expo organized by the Ministry of Environment and Mineral Resources.
- Activated the KARI Climate Change Unit web portal for greater outreach and visibility of climate change work in KARI.
- 4 PhD students registered in local universities focusing on climate data downscaling for regional planning; policy support to vulnerability analysis; economic costs and benefits analysis of adaptation options; tradeoff analysis of adaptation practices.
- Conducted and facilitated short term training in climate data analysis (12 researchers); climate data modeling using APSIM (6); Climate Risk Assessment (8); modeling of carbon gases dynamics (1); Outcome Mapping (5); GIS (1). Participated in the Technical Working Group for Mitigation tasked with formulation of the National Adaptation Plan that is aimed at actualizing the National Climate Change Response Strategy.

Socioeconomics and Applied Statistics

Completed Studies on:

- Rice value chains in collaboration with MoA and NIB.
- Economic analyses to assess level of competitiveness for three farm enterprises (Maize, dairy and poultry-broilers) in the coastal lowlands of Kenya.
- Enhancing the diffusion of new tsetse control technologies for improved livestock health and productivity in smallholder indigenous communities of Sub-Saharan Africa.
- Tracking varietal change and assessing the diffusion of improved sorghum, pigeon peas, wheat, maize and groundnut varieties in Kenya.
- Gender Issues along the Cattle Value Chain: The Case of Beef and Milk Marketing in Kenya.
- Cost Benefit Analysis for rainfed Rice-Legume Based Cropping System for Sustainable Food Security and Incomes for the Small Scale Farmers.
- Groundnuts market study in western Kenya which was implemented through KARI Kakamega and Kisii.
- Facilitated three weeks training workshops for partners in Nairobi and Nakuru on Participatory Market Systems Development [PMSD].
- Maize-meal value chains analysis study in collaboration with the MoA.
- Sorghum and millet under the HOPE project.
- Potential of groundnuts commercialization in Vihiga and Bomet districts.
- Food price crisis, its impacts and policy responses for Kenya.
- Agricultural Science and Technology Indicators (ASTI) for Kenyan NARS.

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Institutional information continued

- Land Use Policies and Sustainable Development in Developing Countries: Modeling Tools Applied to Kenya.
- Policy guidelines and their effects on wheat production in Kenya.
- Facilitated training of three groups of scientists on applied statistics at KARI Naivasha and Thika.
- Supervised seven MSc students (three in Agricultural Economics and four in Statistics).
- Trained horticulture and industrial crops officers on survey design and data collection techniques.
- Strengthening the availability and access to rice statistics for Sub-Saharan Africa. A contribution to the Emergency Rice Initiative.
- Prepared a CAD 4.3 million 42 months joint KARI/McGill Food Security competitive grants project.
- Preparation of a biometrics training manual.

Conducted Studies on:

- Assessment of staff turn-over and ageing in four African National Agricultural Research Institutes (NARIs) with KARI representing Kenya.
- Strategic Grain Reserves in collaboration with IFPRI.
- Estimating gender preferences and valuation of common bean traits in Eastern and Western Kenya.
- Stakeholders' capacity strengthening on Gadam sorghum production, storage and marketing – targeting store managers and field staff of smart logistics company limited.
- Policy review and recommendations for the beef and cow milk sub- sectors.
- Assessing the Influence of Agricultural Policies in Rice Production and Marketing in Nyando District, Kenya.
- Assessment of status of transport infrastructure and handling practices; a case of Moyale livestock market in northern Kenya.
- Interactions between Land use, land Management Practices, Socio-economic Aspects and Land Degradation in the Lake Victoria Basin.

Adaptive Research and Outreach

- Oversaw adaptive on-farm/on-station trials and demonstrations.
- Participated in the process of Training Needs Assessment for the Institute.
- Attended Codex meetings both locally and internationally.
- Participated in the ISO 9000:2008 certification process.
- Represented KARI in NALEP meetings.
- Participated in Research-Extension Liaison meetings and in partners and stakeholders meetings.
- Desktop work on rationalization of KARI Centre networks to align with NARS and the new constitution dispensation.
- Contributed to the Outreach policy formulation of Eastern African Universities.
- Operationalize the new department of Outreach and Partnerships.
- Participated in partners and stakeholders meetings.
- Continued with innovation activities through JOLISAA, PROLINNOVA.
- Continued to participate in technical management meetings including departmental meetings.
- Held and facilitated Field Days/Open Days for KARI's clients

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Institutional information continued

Biotechnology and Biodiversity Conservation

Livestock Biotechnology

- Contagious Caprine Pleural Pneumonia (CCPP) pen-side diagnostic kit ready for commercialization, and launching.
- Epidemiological survey for RVF confirmed that the disease is all over Kenya and a paper published in a peer reviewed journal.
- Proteomic footprints of a member of Glossinavirus (*Hytrosaviridae*): An expeditious approach to virus control strategies in tsetse factories (*Henry M. Kariithi, Jan van Lent, Monique M. van Oers, Adly M. M. Abd-Alla*) Journal of Invertebrate Pathology.
- Dossier being prepared for IBC and NBA for approval of the confined evaluation of Recombinant Capripox/Rift Valley fever vaccine.
- Diagnostic test Loop Mediated Isothermal Amplification (LAMP) for RVF developed currently being validated and compared to qPCR and Virus Isolation.
- RT-PCR for Newcastle Disease virus fusion gene developed being evaluated for use as diagnostic test.
- A serological survey using serum samples collected in the period 2006 - 2007 of RVF in wildlife (kudu, giraffe, buffalos, warthogs, gazelles, eland, wildebeest etc) found that these animals are amplifying hosts for RVF.
- Two Sentinel herds in Naivasha and Marigat were set up in the AVID project.

Crop Biotechnology

- 45 partial sequences for sweet potato leaf curl virus (*Begomovirus*) and surveys for its distribution found that the virus is distributed all over the country.
- Two papers on cassava brown streak virus diagnostics have been published in refereed journals.
- Two confined field trials on transgenic cassava conducted and four lines resistant to CMD identified and advanced for further evaluation.
- Confined field trails for biofortified cassava (4 x protein, 6 x zinc and iron, 10 x Vitamin A) identified 3 promising lines which are to be advanced for further evaluation.
- Identified the casual agent for the new Maize disease in collaboration with the KARI crop protection programme, Ohio State University, USA and the food and environmental research agency UK. Sequencing of two viruses almost complete.
- Two confined trials of the Water Efficient Maize for Africa (WEMA) in Kiboko, demonstrated that under drought conditions that would conventionally reduce maize yield by 100%, the Drought tolerant trait improved the yield by 60%.
- At-least 300 vanilla plantlets were acclimatized in the green/screen houses in preparation to implementation of on-farm trials.
- A total of 538 plants of 9 local cassava varieties were multiplied for germplasm conservation.
- More than 1600 cassava plantlets from IITA were produced for evaluation in different locations within the country.
- Disease diagnostic procedures were developed and optimized for Cassava BSV and other strains including optimization of RT-PCR on CMD and CBSD.
- Cassava BSV was fully sequenced and a paper submitted for publication.

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- Construction of two biosafety screen houses at Kabete and Kakamega for transgenic cassava research is in progress.
- A Biosafety confined field trial site with irrigation was constructed and approved for GM testing of drought tolerant maize at KARI Kiboko.
- Two applications for field testing of transgenic cassava with resistance to cassava mosaic disease and biofortified with Vitamin A were processed by the institution biosafety committee and approved by the National Biosafety committee.

Biodiversity Conservation

- Viability for the conserved germplasm was investigated and determined for 807 accessions, over 95% were viable.
- Four collecting expeditions were mounted covering parts of coast, Rift Valley and Central Provinces, amassing a total of 16 assorted accessions of sorghum, finger millet, bulrush millet and cowpea wild relatives.
- A total of 1407 assorted accessions of sorghum, finger millet, pigeon pea and cowpea were regenerated and characterized in Kiboko using agro-morphological traits.
- A total of 30 accessions of assorted African Leafy Vegetables were distributed for utilization in research.
- 100% of data generated from various Genebank activities digitally captured and all queries responded to appropriately.
- Draft regulations to implement the International Treaty on Plant Genetic Resources for Food and Agriculture (ITPGRFA) prepared and ready for review by stakeholders.
- Two publications in refereed journals and two publications in conference proceedings were produced during the year under review.
- A tissue culture lab and the *in vitro* conservation unit was refurbished and equipped.
- The sweet potato field Genebank was regenerated and the diversity in the yam field Genebank enhanced through enrichment planting.
- Regenerated 516 accessions comprising African leafy vegetables, cowpea, dolicos, cucurbits and *vicia*.
- Made 28 new collections in collaboration with National museums of Kenya.
- Distributed 2176 accessions for research.
- Published one paper in a refereed journal.

KARI Seed Unit (KSU)

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

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

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Information Management and Communication Technology (IMCT)

The Information Management and Communication Technology Division facilitate information management and application of information and communication technologies in KARI. The division has three units, namely, the information technology unit (ITU), library and information services unit (LIS) and the publications unit (PU). Achievements in the three units and included:

- KARI AND KAINET Stakeholders Awarded best e-agriculture award for the third year running by the Computer Society of Kenya during Annual ICT Excellence Awards.
- Processed and published EAAFJ Journal Vol 76, Issues 1,2 3 and 4; and Vol 77 Issues 1
- Processed and Published KARI Annual Reports for 2007, 2008, 2009 and 2010.
- Published and distributed Year 2012 Calendars, Diaries and Christmas cards.
- The Question and Answer Services (QAS) is a demand oriented user services geared towards dissemination of current and relevant information to various user categories. The User Categories include Researchers, farmers, Extension workers and policy makers among others. During 2012-2013, Two Hundred and Seventy Seven (277) queries were responded to.
- The Library and Information Services (LIS) renewed subscriptions for online information resources. Researchers have access to over 20,000 online resources in agriculture and other fields.
- TEEAL updates up to the year 2010 were acquired for 16 KARI centres. These centres include KARI headquarters, KARI Kitale, KARI Lanet, KARI Njoro, KARI Naivasha, KARI Embu, KARI TRC, KARI Mwea, KARI Kakamega, KARI Katumani, KARI Muguga South, KARI Mtwapa, KARI Kabete, KARI Thika, KARI Kibos, and KARI Kisii.
- Renewed institutional membership to the Kenya Library and Information service consortium (KLISC).
- Subscriptions for PERI online information resources were renewed. This has enabled Researchers access to over 20,000 online resources in agriculture and other fields. Addition E-resources were registered including e-books and Journals.
- In order to fast tract the automation of the Library and Information Services, the unit in collaboration with the Senior System Analyst carried out systems requirements analysis and evaluation of four library automation software which include KOHA, WEBLIS, LISAGRI AND ABCD. The software evaluation check list consisting of the various parameters were evaluated.
- The annual stocktaking and weeding exercise for KARI Headquarters Library took place on 18th-26th June 2012.
- Completion of the ICT Needs assessment and production of the requirements for its implementation.
- Implementation of e-RAILS programmes with KARI stakeholder. These includes procurement of ICT equipments, training and capacity building of stakeholders and application of e-RAILS web portal to partners.
- Implementation of websites for EAAPP's Regional Dairy Centre of Excellence (RDCE) and climate change unit.
- Three internet connections restored of the operations of Headquarters, to Kabete NARL to further on to Muguga campus wireless infrastructure.

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- Commissioned Perkerra point-to-point network link and the institutional second internet access which acts as a back-up service, bringing the minimum capacity of Internet to the institute to 22mbps.
- Deployed of corporate softwares for the mail marshal email security system and Kaspersky Antivirus system.
- Established computer laboratories in Headquarters, Kibos, Njoro, Muguga South, Embu and Mtwapa.

Planning, Monitoring and Evaluation

Inventory of on-going research activities

In total, an inventory of about 450 on-going research activities in the year was developed. Of the on-going research activities, about 61% were crop-related, 16% livestock-related and the balance were on cross-cutting programmes (Natural Resource Management, Biotechnology and Socio-Economics).

Monitoring and evaluation of research project activities

Three monitoring and evaluation field visits were done during the year.

- The first visit was conducted in October 2011 as a precursor to the multi-agency M&E for all EAAPP funded activities.
- In December, 2012 a multi-agency (KARI, MoA, MoLD) M&E visit was undertaken in all project sites. All the 17 on-going research projects were monitored and evaluated.
- M&E of Biovision project (Muguga South) was done as a requirement from the donor (ICIPE) to assess the "push-pull project in Central Kenya" progress as a condition for possible continuation to the next season after two years of implementation. The M&E team recommended its continuation for another season following its successful phase 1 implementation.

Capacity building activities

- Facilitated an M&E workshop for all Principal Investigators (PIs) for EAAPP funded research projects at ATC, Kitui in October, 2011.
- Facilitated an M&E workshop for Crop Residue Project scientists at ATC, Maseno in December, 2011.
- Facilitated in training of scientists of the "Agricultural Productivity and Climate Change in ASALs" project at KARI Njoro on theory of change.
- Attended a 3-week "Results-based monitoring & evaluation" course at KIA.
- 500 copies of the Workshop Proceedings on "PME: Concepts, Principles and Experiences" were printed and each centre received a minimum of seven copies as a reference material on PM&E.

Management Information System: The case of KARI Project Performance System (KPPMS)

With technical support from a consultant, the unit developed the KARI Project Performance System KPPMS (KPPMS) modeled on the KASAL MIS. In order to improve usability and buy-in by both the users and management, two sensitization workshops / seminars have been held; the first was a workshop at KARI Naivasha which was attended by about 22 participants from

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mega projects (KAPAP, EAAPP, USAID, KARI-McGill, Climate Change), PME and ICT. They were trained on the operations of the system; the second was a seminar held at KARI HQ for senior management on the utility and operations of the system. In both cases, valuable feedback on the system was received and has been applied to the system appropriately.

KENYA AGRICULTURAL RESEARCH INSTITUTE

Statement from the Chairman, KARI Board of Management

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

In the year under review, the KARI Board of Management (BoM) ensured that in the implementation of the KARI Strategic Plan (2009-2014), the Institute embraced Agricultural Productivity Value Chain (APVC) approach for all research projects. To ensure research planning was all inclusive, KARI held over 45 research priority forums jointly with key stakeholders, partners and collaborators.

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

A key milestone during the reporting period was the attainment of ISO 9001:2008 status. This ISO Certificate was awarded to the Institute by Bureau Veritas. The scope of the certification includes providing agriculture consultancy and research services, developing agricultural information systems and quality assurance for developing agricultural technologies. The challenge is to maintain this ISO status and the Board has put mechanisms in place to address this. With this milestone achieved, the Board shifted its focus on the process of certification and accreditation of the Virus Isolation Laboratory (VIL) at KARI-Muguga. Additionally, the Board continues to oversee the maintenance of Accreditation of KARI-Kabete Laboratories. These facilities continue to offer quality services to our clients and we view them as key to our service delivery efforts.

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

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

Prof. ole-MoiYoi (MD, DSC (hc), EBS)
Chairman, KARI BoM

KENYA AGRICULTURAL RESEARCH INSTITUTE

Statement from the Director, KARI

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

Besides, research projects focused on the assessment, validation and development of agricultural technologies identified along the Agricultural Product Value Chains (APVC), which is entrenched in the KARI Strategic Plan (2009-2014).

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

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

In the reporting year, a KARI Training Master Plan was approved thereby training 25 PhD, 18 MSc, 22 BSc, 21 Diploma and 17 Certificate courses in various local and international institutions. In 2011, six scientists were awarded PhD, 14 Masters, 16 Bachelor degrees, while four obtained diplomas and six certificates. Over 248 scientists were facilitated to attend local and international conferences and workshops, 259 attended short courses and 45 staff undertook external benchmarking visits.

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

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

KENYA AGRICULTURAL RESEARCH INSTITUTE

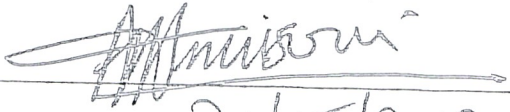
STATEMENT OF BOARD OF MANAGEMENT'S RESPONSIBILITIES

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

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

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

Chairman: 

Director: 

Date: 21/05/2013

REPUBLIC OF KENYA

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NAIROBI



KENYA NATIONAL AUDIT OFFICE

**REPORT OF THE AUDITOR-GENERAL ON KENYA AGRICULTURAL
RESEARCH INSTITUTE FOR THE YEAR ENDED 30 JUNE 2012**

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Kenya Agricultural Research Institute set out on pages 17 to 32, which comprise the statement of financial position as at 30 June 2012, and the statement of comprehensive income, statement of changes in capital funds and reserves and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

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

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

Auditor-General's Responsibility

My responsibility is to express an opinion on the financial statements based on the audit and report in accordance with the provisions of Section 15(2) of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. The audit was conducted in accordance with International

Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Basis for Qualified Opinion

1. Property, Plant and Equipment

- i) As previously reported, the Institute has so far managed to obtain ownership documents for thirty-three (33) parcels of land out of the seventy-seven (77) it is vested with. The parcels of land without title documents includes L.R. No 5212 allocated to a private developer, even though the Institute holds an allotment letter for the property. Further, part of the Institute's land at Manera and Olmagogo farms in Naivasha-Mai Mahiu Road, was illegally acquired by private developers in year 2000. Another property in Katumani Centre measuring approximately 100 hectares has been occupied by private developers since year 2000.
- ii) The property, plant and equipment net book value of Kshs.7,417,257,000 as at 30 June 2012 includes a figure of Kshs.81,650,080 representing the value of buildings allocated to Kenya Plant Health Inspectorate Service in 1998. The net book value is therefore overstated by Kshs.81,650,000.
- iii) The Institute and other Government institutions based at Alupe Complex in Busia County, agreed to subdivide the Alupe land amongst themselves, out of which the Institute was allocated 81 hectares. Although the Institute has obtained a letter of allotment, the value of the allocated land could not be determined, hence excluded from the financial statements.
- (iv) In January 2011, a group of individuals forcibly invaded the Institute's land L.R.5210 and L R 5211 in Naivasha, claiming ownership. The Institute filed a case in

court to have them evicted, and a ruling in favour of the Institute was made on 29 March 2012. However, a review of the position in February 2013, revealed that the invaders had not vacated the land.

In the foregoing circumstances, the accuracy of the property, plant and equipment balance of Kshs.7,417,257,000 as at 30 June 2012 could not be determined.

2. Trade and Other Receivables

i) The trade and other receivables balance of Kshs.82,778,000 includes trade receivables amounting to Kshs.12,608,000 and Kshs.33,287,100 owed by Kenya Seed Company, which have been outstanding for a considerably long period of time. In addition, among the long outstanding trade debtors are former Members of Parliament, who owe the Institute a total of Kshs.537,700. No explanation has been provided for the inordinate delay in recovering these debts or the nature of debts owed by the former Members of Parliament.

ii) Further, the Institute has no policy on provision for bad and doubtful debts, in spite of the huge portfolio of long outstanding debts whose recoverability appears uncertain. The Institute also does not prepare ageing analysis of its debtors since the financial management system is unable to give such analysis.

iii) In addition, the surrender dates of imprests totalling Kshs.32,160,000 included in trade and other receivables balance were not availed for audit verification. Management explained that their accounting system does not capture imprest surrender dates and consequently it could not be confirmed when the imprests were due for surrender and whether the same were used for the intended purposes.

Consequently, it has not been possible to confirm whether the trade and other receivables balance of Kshs.82,778,000 as at 30 June 2012 is fairly stated.

3. Trade and other Payables

As similarly reported in the previous year, the trade and other payables balance of Kshs.171,403,000 include creditors totalling Kshs.14,390,000 which have been long outstanding. However, management has not provided satisfactory reason for not settling these debts. The trade and other payables balance also includes Kshs.14,649,063 described as compensation from insurance company held on behalf of the next of kins of deceased employees awaiting confirmation of their identity (next of kins). The compensations also have remained outstanding for a long period of time without being paid to the beneficiaries or Public Trustee for management.

Consequently, it has not been possible to confirm the validity of these debts and whether the trade and other payables balance of Kshs.171,403,000 as at 30 June 2012 is fairly stated.

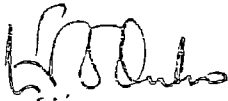
4. Development Funds

The Government of Kenya development grants figure of Kshs.485,204,000 disclosed under note 3b(i) differs with the figure of Kshs.284,540,000 as per records of Ministry of Agriculture. The management has not explained the source of the extra funding of Kshs.200,664,000 indicated in the Institute's records to have been received from the Ministry.

Consequently the accuracy of the GOK development funds of Kshs.485,204,000 reflected in the Institute's records could not be confirmed.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Institute as at 30 June 2012, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with Science and Technology Act, Cap 250 of the Laws of Kenya.



Edward R.O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

5 June 2013

KENYA AGRICULTURAL RESEARCH INSTITUTE

Statement of Comprehensive Income for the Year Ended 30 June 2012

		2012	2011
	Notes	Kshs '000	Kshs '000
Income			
AIA	2(a)		
Goods		255,341	157,984
Services		21,993	16,827
Interest Received	2(b)	10,972	5,690
Other receipts	2(c)	90,167	94,261
Recurrent Funds	3(a)		
Personal Emoluments		2,002,000	1,984,062
Operational			
Development Funds	3(b)		
GOK	3(b.i)	485,204	535,218
IDA/GEF	3(b.ii)	176,054	610,479
Other donors	3(b.iii)	975,022	470,723
Total Income		4,016,754	3,875,244
Expenditure			
Staff Costs	4(a)	2,156,746	1,992,678
Administrative Costs	4(b)	1,550,469	1,236,662
Board Expenses	4(c)	19,408	20,776
Audit Fees	4(d)	1,000	1,000
Depreciation		207,897	185,694
TOTAL Expenditure		3,935,520	3,436,810
Surplus / (Deficit)		81,234	438,434

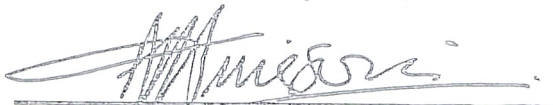
KENYA AGRICULTURAL RESEARCH INSTITUTE

Statement of Financial Position as At 30th June 2012

		2012	2011
Non Current Assets	Notes	Kshs' 000	Restated Kshs' 000
Property, Plant and Equipment	5	7,417,257	7,234,031
Current Assets			
Trade and other Receivables	6	82,778	*66,554
Prepayments	7	21,521	-
Inventory	8	277,740	202,252
Cash and bank	9 (a)	1,042,124	*901,925
Deposits	9 (b)	109,462	**104,930
Total Current Assets		1,533,624	1,275,661
Total Assets		8,950,881	8,509,692
Current Liabilities			
Overdraft		16	23
Trade and Other Payables	10	171,403	*48,156
Total Current liabilities		171,419	48,179
Net Current Assets		1,362,206	1,227,482
Total Net Assets		8,779,463	8,461,514
Represented By			
General Reserve	11	1,184,201	*1,102,966
Capital Fund	12	2,938,467	2,701,754
Revaluation Reserve	13	4,656,795	4,656,794
Totals		8,779,463	8,461,514



 Chairman, Board of Management of KARI



 Director,
 KARI

21/05/2013

 Date

21/05/2013

 Date

*Restated as explained in Note 14 page 31

** Restated as explained in Note 9(b) and 10 page 30

KENYA AGRICULTURAL RESEARCH INSTITUTE

Statement of Changes in Capital Funds and Reserves for the Year Ended 30th June 2012

Statement as at 30 th June 2012	Capital Fund	Revaluation Reserve	General Reserve	Restated Totals
	Kshs '000	Kshs'000	Kshs'000	Kshs'000
Balance C/F: 1 st July, 2010	2,657,280	4,656,795	585,202	7,899,277
Additions/Surplus for the year	44,474	-	438,434	482,908
Audited Balance C/F: 30 th June, 2011	2,701,754	4,656,795	1,023,637	8,382,185
Adjusted Errors/Prior year	-	-	79,330	79,330
Restated Balance C/F 30 th June, 2011	2,701,754	4,656,795	*1,102,966	*8,461,515
Restated Balance B/F: 1 st July, 2011	2,701,754	4,656,795	*1,102,966	*8,461,515
Additions/Surplus for the year	236,714	-	81,235	317,948
Balance C/F: 30 th June, 2012	2,938,468	4,656,795	1,184,200	8,779,463

*Restated as explained in Note 14 page 31

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KENYA AGRICULTURAL RESEARCH INSTITUTE

Statement of Cash Flows for the Year 30th June 2012

	Notes	2012 Kshs' 000	2011 Restated Kshs' 000
Cash Flow From Operating Activities			
Surplus for the year		81,235	438,434
Adjustment for items not involving movement of cash :			
Depreciation on Assets		207,897	185,694
Surplus on sale of fixed assets		(447)	(4,797)
Cash flow from operating activities before increase/decrease in working capital		288,685	619,331
Working Capital			
(Increase)/Decrease in Stocks		(75,488)	(39,426)
(Increase)/Decrease in Debtors		(16,224)	**9,279
(Increase)/Decrease in Prepayments		(21,521)	-
Increase/(Decrease) in Creditors		123,247	(123,564)
Cash flow from operating activities		298,700	465,620
Investment Activities			
Purchase of fixed Assets		(391,124)	(78,817)
Adjustment for Disposed Assets		447	4,797
Cash flow Before Financing Activities		(91,977)	391,600
Financing Activities			
Capital grant		236,714	44,474
Increase in Cash and Cash equivalent for the year		144,737	436,074
Cash & Cash Equivalent at the Start of the year		1,006,834	571,342
Cash & Cash Equivalent at the End of the year		1,151,571	*1,006,834

*Restated as explained in Note 14 page 31

** Restated as explained in Note 9(b) and 10 page 30

KENYA AGRICULTURAL RESEARCH INSTITUTE

NOTES TO THE ACCOUNTS FOR THE YEAR ENDEND 30TH JUNE 2012

1. Significant Accounting Policies

(a) Accounting Convention

The accounts are prepared under the historical cost convention.

(b) Revenue Recognition

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

(a) Stocks.

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

(b) Fixed Assets

Fixed assets are stated at cost or at revalued cost.

(c) Depreciation

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

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

(f) Currency translation

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

(g) Retirement benefits

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

(h) Biological assets

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

KENYA AGRICULTURAL RESEARCH INSTITUTE

Notes to the accounts continued

2. Income

(a) Appropriation In Aid.

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

Sale of Goods

	2012	2011
	Kshs'000	Kshs'000
Sale - Sheep & Goats	1,423	590
Sale - Pigs	54	201
Sale - Cows	15,371	10,022
Sale - Camels	0	426
Sale - Poultry	68	82
Sale- Poultry-DITU	1,652	1,232
Sale-Poultry Chicks	10,984	6,725
Sale - Maize	3,059	2,568
Sale - Sorghum & Millets	558	317
Sale - Rice	251	13
Sale - Roots & Tubers	22,401	2,881
Sale - Vegetables	487	1,642
Sale - Beans	115	262
Sale - Fruits	644	900
Sale - Bananas	823	582
Sale - Wheat	3,038	1,432
Sale - Cassava	45	33
Sale - Seeds	52,088	41,073
Sale - Seedlings	29,088	18,553
Sale - Trees & Plants	639	1,029
Sale - Manure	116	113
Sale - Sand & Ballast	91	28
Sale - Firewood	204	372
Sale - Flowers	157	155
Sale - Pyrethrum	7	3
Sale - Cotton	83	56
Sale - Fodder	5,864	4,849
Sale - Beef	39	7
Sale - Milk	17,384	15,913
Sale - Eggs	752	24
Sale-Tomatoes	59	20
Sale-Hay	1,200	1,197
Sale-Miscellaneous	9,709	3,254
Increase/Decrease in Stock	75,605	39,426
Sale of Scrap	1,283	2,005
Sub Total	255,341	157,985
Services		

KENYA AGRICULTURAL RESEARCH INSTITUTE

Notes to the accounts continued

Soil Analysis	8,435	7,554
Veterinary Services	97	2
Seed Inspection	9	169
Pesticide Analysis	3	2
Water Analysis	270	184
Plant Analysis	1,710	996
Fertilizer Analysis	0.00	7
Sale of Journals & Periodicals	385	11
Hire-Ground/Confer. facilities	4,142	2,042
Royalties	6,943	5,860
Sub Total	21,993	16,827
Grand Total	277,334	174,811

(b) Interest Received

This represent interest earned on cash deposits held on call.

	2012	2011
	Kshs'000	Kshs'000
Interest Received	10,972	5,690
Total	10,972	5,690

(c) Other Receipts

	2012	2011
	Kshs'000	Kshs'000
Other Receipts		
Miscellaneous Income	3,408	16,129
Cafeteria Income	22,084	18,227
Guest House Income	6,893	5,395
Bus Income	950	-
Rent Received	41,364	40,834
Commission Received	496	51
Utilities Income	2,596	850
Sale Tender Documents	3,249	400
Drip Kit Sales	8,526	8,239
Grazing Fee	153	244
Gain on Sale of Fixed Assets	447	3,892
Total	90,167	94,261

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

3. Grants

(a) Recurrent Grants

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

KENYA AGRICULTURAL RESEARCH INSTITUTE

Notes to the accounts continued

	2012	2011
	Kshs'000	Kshs'000
Grants-Personal Emoluments	2,002,000	1,984,062
Total	2,002,000	1,984,062

(b) Development Grants

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

(b.i) Development Funds- GOK

This represents GOK counterpart funds received for development research activities

	2012	2011
	Kshs'000	Kshs'000
Development Funds- GOK	485,204	535,218
Sub Total	485,204	535,218

(b.ii) Development Funds- IDA

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

	2012	2011
	Kshs'000	Kshs'000
Development Funds- KAPAP	95,693	-
Development Funds- EAAPP	80,361	610,479
Sub Total	176,054	610,479

(b.iii) Development Funds- Other Donors

These represent grants received from various donors for research activities

KENYA AGRICULTURAL RESEARCH INSTITUTE

Notes to the accounts continued

Development Funds- Other Donors	2012	2011
	Kshs'000	Kshs'000
Development Grant - EU	367,107	5,627
Development Grant- USAID	3,864	12,030
Development Grant - ROCKFELLER	9,259	29,160
Development Grant -CIP	44,027	59,024
Development Grant -CIAT	10,853	13,477
Development Grant -FAO	7,672	819
Development Grant -ILRI	21,226	425
Development Grant -ADB	10,337	11,855
Development Grant -ICRISAT	12,141	6,235
Development Grant -CIMMYT	59,826	61,509
Development Grant -DANIDA	0	1,043
Development Grant -IDRC	146,002	56,592
Development Grant -FORD Foundation	22,353	6,902
Development Grant -Cornel University.	44,515	-
Development Grant -Gates Foundation	6,348	13,562
Development Grant -AGRA	20,790	39,124
Development Grant -ASARECA	14,365	18,123
Development Grant - Small Grants	174,336	135,216
Sub Total	975,022	470,723

4. Expenditure

(a) Staff costs

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

	2012	2011
	Kshs'000	Kshs'000
Basic Salary	1,201,783	1,195,928
House Allowance	270,032	272,492
Other Personal Allowances	51,875	55,288
Commuter allowance	207,966	41,868
Transfer Allowance	1,243	1,051
Medical Allowance	9,236	36,333
Passage & Leave Expenses	14,968	14,622
Gratuity & pension Contrib.	156,473	228,738
Medical Expenses	65,354	7,114
Casual Labour	177,852	139,244
Total	2,156,746	1,992,678

KENYA AGRICULTURAL RESEARCH INSTITUTE

Notes to the accounts continued

(b) Administrative costs

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

	2012	2011
	Kshs'000	Kshs'000
Fuel, Oil & Lubricants	82,573	78,379
Vehicle Insurance	3,713	8,562
Road Tax & Licenses	351	478
Hire of Transport	6,978	10,061
Repairs & Maintenance. Vehicles	56,448	55,810
Repair & Maintenance. Motor Cycles	467	1,119
Freight, Clearing & Shipping	2,239	478
Purchase. Of Supplies for Prod.	197,404	136,153
Purchase. of Drugs	3,341	3,022
Purchase. of Sierra & Vaccine	4,326	1,389
Farm Development	3,587	3,368
Purchase. Of Fungi. Ins. & Sprays	6,836	5,428
Purchase. of Farm Input	49,775	54,250
Purchase. of Lab Stores	29,248	31,920
Research Materials	17,391	16,058
Purchase of Animals	1,168	2,165
Purchase. Of Dressing & Non-Phar	15	131
Purchase. of Consumable Stores	7,319	6,696
Hire of Machinery & Equip	1,883	2,550
Purchase. W/shop tools, Spares, Equip	616	847
Farmer Grants (CIGs/ CBOs)	2,111	4,302
R& Maintenance. Bldg & Stations	56,112	39,247
R& Maintenance. Water Sup. &	4,557	6,067
Repair & Maintenance. Office Equip	2,021	1,965
Repairs & Maintenance. Lab Equip	2,965	868
Repairs & Maintenance. Furniture	165	564
Maintenance. of Plant & Machinery	7,036	9,063
Maintenance. of Roads, Ferries	0	139
Minor Alter & Maintenance. Works	2,907	3,851
Office Running Expenses	1,039	1,222
Office Stationery	26,207	25,044
Computer Expenses	20,485	11,249
Printing and Publishing	10,495	6,939
Advertising and Publicity	11,381	7,033
Library Expenses	694	1,114
Show Expenses	13,449	11,910
Cafeteria Expenses	24,584	18,670

KENYA AGRICULTURAL RESEARCH INSTITUTE

Notes to the accounts continued

Food and Ration	7,838	8,123
Official Entertainment	5,033	1,851
Conferences and Seminars	36,201	53,550
Rent and Rates	200	633
Commissions and Honoraria	8,493	9,619
Security Expenses	17,596	17,773
Insurance- Building, Plant, Equip	37	448
Uniforms and Clothing	1,413	788
Miscellaneous Charges	17,126	18,974
Subscriptions to Newspapers	219	721
Insurance- Group Personal	36,632	35,201
Daily Subsistence Allowance	449,157	359,816
External Travel & Per Diem	20,013	18,745
Travel Costs (air, bus, mileage)	15,304	12,027
Training	26,906	24,663
Water expenses	4,493	1,773
Electricity Supplies	73,969	59,391
Gas Expenses	138	77
Telephone Expenses	8,627	10,010
Postage and Courier expenses	2,161	2,047
Internet Connections	5,256	7,230
Leased Communication Lines	563	425
Contracted Profess. services	133,841	14,397
Membership fess & subscription	6,866	4,963
Contractual Employees	766	2
Legal Dues, Arbitration & Compensation	1,080	1,615
Bank Charges	5,484	3,690
Total	1,550,469	1,236,662

(C) Board Expenses

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

	2012	2011
	Kshs'000	Kshs'000
Boards and Committees	19,408	20,776
Total	19,408	20,776

(d) Audit fees

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

	2012	2011
	Kshs'000	Kshs'000
Audit fees	1,000	1,000
Total	1,000	1,000

KENYA AGRICULTURAL RESEARCH INSTITUTE

Notes to the accounts continued

5. Property, Plant and Equipment

Fixed Assets Movement Schedule as At 30th June 2012

Description	Land	Buildings	Work in Progress	Motor Vehicles	Plant and Machinery	Office Equipment	Furniture and Fittings	Lab. Equipment	M/ Cycles & Bicycles	Total
	Kshs '000	Kshs '000		Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000
Cost or valuation at 1 st July 2010	4,285,110	2,940,336	-	442,854	119,063	246,267	90,495	424,711	14,947	8,563,783
Addition for the period				11,574	8,288	14,044	3,054	41,520	337	78,817
Disposal for the period				(4,114)	(505)				(178)	(4,797)
Cost or Valuation at 30 th June 2011	4,285,110	2,940,336		450,314	126,846	260,311	93,549	466,231	15,106	8,637,803
Acc. Depreciation at 1 st July 2010		271,610		427,570	68,325	137,687	49,512	253,817	14,354	1,222,875
Charge for the period		58,807		8,169	15,919	32,539	11,694	58,279	288	185,694
Adjustment for the period				(4,114)	(505)				(178)	(4,797)
Acc. Depreciation at 30 th June 2011		330,417		431,625	83,739	170,226	61,206	312,096	14,464	1,403,773
Net Book Value at 30 th June 2011	4,285,110	2,609,919		18,689	43,107	90,085	32,343	154,135	642	7,234,031
Cost or valuation at 1 st July 2011	4,285,110	2,940,336		450,314	126,846	260,311	93,549	466,231	15,106	8,637,803
Addition for the period		45,703	5,984	131,614	111,779	29,583	3,221	59,020	4,220	391,124
Disposal for the period				(10,485)	(1,115)				(345)	(11,945)
Cost or Valuation at 30 th June 2012	4,285,110	2,986,039	5,984	571,443	237,510	289,893	96,770	525,250	18,980	9,016,981
Acc. Depreciation at 1 st July 2011		330,417		431,625	83,738	170,226	61,206	312,096	14,464	1,403,773
Charge for the period		59,721		38,709	36,692	31,842	4,907	34,659	1,367	207,897
Adjustment for the period				(10,485)	(1,115)				(345)	(11,945)
Acc. Depreciation at 30 th June 2012		390,138		459,849	119,315	202,067	66,113	346,755	15,486	1,599,724
Net Book Value at 30 th June 2012	4,285,110	2,595,901	5,984	111,594	118,195	87,826	30,657	178,496	3,494	7,417,257

KENYA AGRICULTURAL RESEARCH INSTITUTE

Notes to the accounts continued

6. Trade and other Receivables

	2012	2011
	Kshs'000	Restated Kshs' 000
Trade Receivables	12,704	11,590
Imprests	32,845	14,341
Other Receivables	1,533	4,606
Other Deposits	2,331	2,331
Salary Advances	78	399
Kenya Seed	33,287	33,287
Total	82,778	**66,554

Management is continually making efforts to recover the outstanding debts. Other deposits have been reclassified under trade and other receivables. Initially they had been reported under deposits

7. Prepayments

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

8. Inventory

The Institute obtained a valuation of all livestock and consumable stores in June 2012 of **Kshs, 277.7 million**. Inventory is stated at the lower of cost or net realizable value. Livestock is valued on the basis of live weight and market rate ruling at the date of valuation. As at 30th June 2012 there was a gain of **Kshs, 78.8 million** in livestock compared to the previous financial year.

9. (a) Cash and Bank

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

	2012	2011
	Kshs'000	Kshs'000
Bank Balance	1,042,124	901,925
Total	1,042,124	901,925

KENYA AGRICULTURAL RESEARCH INSTITUTE

Notes to the accounts continued

9. (b) Deposits

	2012	2011
	Kshs'000	Restated Kshs' 000
Deposits held on call	109,463	104,930
Total	109,463	**104,930

Other deposits have been reclassified under trade and other receivables

10. Trade and other Payables

Trade payables represent amount owing to suppliers for Goods Supplied and Services rendered. Other payables represent Payroll deductions outstanding as at 30 June 2012

	2012	2011
	Kshs '000	Kshs '000
(a) Overdraft	16	23
(b) Trade Payables		
Trade Creditors	43,764	29,426
(c) Other Payables		
Statutory deductions	39,008	-
Other creditors	88,631	18,730
Sub Total	171,402	48,156
Total Payables	171,419	48,179

11. General Reserve

	2012	2011
	Kshs'000	Kshs'000
Balance Brought Forward as at 1 st July 2011	1,102,966	585,203
Surplus for the year	81,235	438,434
Error Corrected	-	79,330
Balance Carried Forward as at 30 th June 2012	1,184,201	1,102,966

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

KENYA AGRICULTURAL RESEARCH INSTITUTE

Notes to the accounts continued

12. Capital Funds

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

	2012	2011
	Kshs'000	Kshs'000
Capital Funds Brought Forward as at 1 st July 2011	2,701,754	2,657,280
Capital funds during the year.	236,714	44,474
Balance Carried Forward as at 30 th June 2012	2,938,468	2,701,754

13. Revaluation Reserves

This represents Surplus Revaluation of Fixed Assets

	2012	2011
	Kshs'000	Kshs'000
Balance Brought Forward as at 1 st July 2011	4,656,795	4,656,795
Balance Carried Forward as at 30 th June 2012	4,656,795	4,656,795

14. Prior Year Adjustments.

This represents adjustments made on previous audited accounts.

Bank Adjustments	Kshs'000
Bank errors corrected	(582)
Payables Adjustment	-
Trade and other Payables errors corrected	139,369
Receivables Adjustment	-
Trade and other Receivables errors corrected	(59,458)
Total	79,329

KENYA AGRICULTURAL RESEARCH INSTITUTE

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