

KENYA NATIONAL AUDIT OFFICE



paper laid
By leader of
majority
Hon. A. Kenyatta
on behalf of
12/11/2014
[Signature]

REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
KENYA INDUSTRIAL RESEARCH AND
DEVELOPMENT INSTITUTE**

**FOR THE YEAR ENDED
30 JUNE 2013**

REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE

REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
KENYA INDUSTRIAL RESEARCH AND
DEVELOPMENT INSTITUTE**

**FOR THE YEAR ENDED
30 JUNE 2013**



KIRDI

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KENYA INDUSTRIAL RESEARCH AND DEVELOPMENT INSTITUTE (KIRDI)

P. O. Box 30650 - 00-100, NAIROBI, Popo Road, South C, Tel: No. (020) 6003842, Fax No 6003493

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



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KENYA INDUSTRIAL RESEARCH AND DEVELOPMENT INSTITUTE (KIRDI)

Financial statements for the year ended 30th June 2013

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KENYA INDUSTRIAL RESEARCH AND DEVELOPMENT INSTITUTE (KIRDI)

Financial statements for the year ended 30th June 2013

Board of Directors' Report

The Board of Directors has the pleasure in submitting the Financial Statement of the Institute for the year ended 30th June 2013.

Legal Status

The Kenya Industrial Research and Development Institute (KIRDI) is a statutory research organization established under the Science and Technology Act Cap 250, 1979 (now repealed and replaced by the Science, Technology and Innovation Act 2013). KIRDI is the country's principal national institution responsible for industrial research and development. It falls under the Ministry of Industrialization and Enterprise Development.

The KIRDI Vision and Mission

The vision of the institute is to be a centre of excellence in Industrial Research Technology and Innovation.

Its mission is to undertake Industrial Research Technology and Innovation and disseminate findings that will have a positive impact on the national development.

Board of Directors

The current Board of Directors comprises of:

(a) Appointed Members

- i. Eng. Dr. Siphila Wanjiku Mumenya, Chairperson
- ii. Prof. Tuikong D. K. Serem
- iii. Mr. John M. Migiro
- iv. Mr. Elema Isako Fila
- v. Prof. Wambui Kogi-Makau
- vi. Prof. Michael Lokuruka
- vii. Prof. Jacob O. Midiwo
- viii. Mr. David Muriithi Githendu
- ix. Dr. M. C. Z. Moturi, CEO and Secretary to the Board



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KENYA INDUSTRIAL RESEARCH AND DEVELOPMENT INSTITUTE (KIRDI)

Financial statements for the year ended 30th June 2013

(b) Ex-Officio Members

- i) Principal Secretary
Ministry of Industrialization and Enterprise Development
- ii) Principal Secretary
The National Treasury
- iii) Principal Secretary
Ministry of Lands, Housing and Urban Development
- iv) Secretary / CEO
National Commission for Science, Technology and Innovation

Other Relevant Information

- Principal Bankers:**
- 1. National Bank of Kenya
Harambee Avenue
NAIROBI
 - 2. Barclays Bank of Kenya
N I C Branch
NAIROBI
- Principal Advocates:**
- 1. Guserwa and Co. Advocates
P. O. Box 8384 – 00200,
NAIROBI
 - 2. Maangi Kitonga & Co Advocates
P. O. Box 41880 - 00100,
NAIROBI
- Registered Office:** Popo Road, South- C,
P.O Box 30650-00100, NAIROBI.
- Independent Auditor:** Auditor-General, Kenya National Audit Office,
P.O. Box 30084-00100, NAIROBI.



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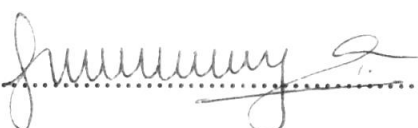
Financial statements for the year ended 30th June 2013

STATEMENT OF BOARD DIRECTORS' RESPONSIBILITY

The Science and Technology Act Cap 250, 1979 (now repealed and replaced by the Science, Technology and Innovation Act, 2013) requires the Board of Directors 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 may deem necessary. It also requires the Board to ensure the Institute keeps proper books of account and other books and records in relation to the Institute and to all undertakings, funds, investments, activities and property of the Institute. The Board is responsible for safeguarding the assets of the Institute.

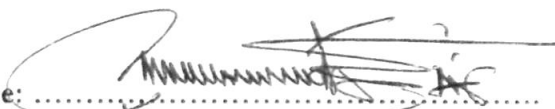
The Board accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with generally accepted accounting practice and in the manner required by the Science and Technology Act, Cap 250, 1979 (now repealed and replaced by the Science, Technology and Innovation Act, 2013). The Board 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 records which may be relied upon in the preparation of the financial statements, as well as adequate systems of internal financial control.

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

Signature: 

Date: 2nd April 2014

Chairperson: **ENG. DR. SIPHILA WANJIKU MUMENYA**

Signature: 

Date: 31st March 2014

Director: **DR. M. C. Z. MOTURI**

REPUBLIC OF KENYA

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NAIROBI

KENYA NATIONAL AUDIT OFFICE

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

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Kenya Industrial Research and Development Institute set out on pages 5 to 16, which comprise the statement of financial position as at 30 June 2013, and the statement of comprehensive income, statement of changes in accumulated funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

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

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 these 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.

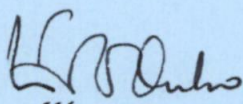
Basis for Qualified Opinion

Development Grants

The Institute received capital development grants of Kshs.646,000,000.00 from the Ministry of Industrialization during 2012/2013. However, out of this amount, Kshs.224,324,144.00 was treated as recurrent income as reflected under note 21. The Institute did not avail any authority to reallocate development grants to recurrent grants and consequently, was in breach of the law.

Qualified Opinion

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



Edward R.O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

14 October 2014

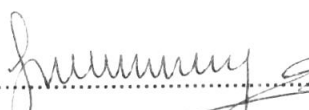


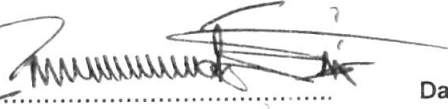
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KENYA INDUSTRIAL RESEARCH AND DEVELOPMENT INSTITUTE(KIRDI)
STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2013

ASSETS	NOTES	2012/2013	2011/2012
NON CURRENT ASSETS			
Property and Equipment	2	1,235,533,075	739,868,885
R & D projects	27	132,395,771	132,395,771
		1,367,928,846	872,264,656
CURRENT ASSETS			
Stores and inventories	19	21,298,116	29,603,783
Accounts Receivable	3 & 4	79,936,567	6,207,234
Cash and Cash Equivalents	6	24,926,174	81,013,519
Deposits	5	764,138	764,138
Total		126,924,995	117,588,674
TOTAL ASSETS		1,494,853,841	989,853,330
ACCUMULATED FUNDS & LIABILITIES			
Capital funds G.O.K	24	1,272,794,492	865,810,376
Project Grants	8	30,931,023	38,912,043
General Reserves	25	(53,225,921)	(29,521,777)
Donations UNIDO	26	83,515,167	83,515,167
Accumulated Funds		1,334,014,761	958,715,809
Current Liabilities			
Accounts payable (Creditors)	7	160,839,080	31,137,521
TOTAL ACCUMULATED FUNDS & LIABILITIES		1,494,853,841	989,853,330

Signature  Date: 2nd April 2014
 Chairperson: Eng. Dr. Siphila W. Mumenya

Signature  Date: 31st March 2014
 Director: Dr. M. C. Z. Moturi



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KENYA INDUSTRIAL RESEARCH AND DEVELOPMENT INSTITUTE(KIRDI)

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH JUNE 2013

	NOTES	2012/2013 KSHS.	2011/2012 KSHS.
INCOME			
Re-Current Grant	9a	541,600,000	552,000,000
Other Income	9b	33,935,410	59,733,053
Development grants	21	224,324,144	217,929,263
		799,859,554	829,662,316
EXPENSES			
Staff Cost	10	442,626,069	396,035,702
Administrative Expense	11	96,629,365	161,746,712
Board Exp. & Director's remuneration	28	24,834,660	30,801,080
Insurance Expense	12	3,842,375	4,102,535
Research feasibility studies and projects	13	133,958,431	86,403,200
Technical Expense	14	15,893,465	30,154,150
Maintenance Expenses	15	18,119,963	50,169,527
Traveling And Subsistence Expenses	16	44,299,005	74,093,651
Depreciation Expenses	2	48,275,841	37,591,399
Decrease in stock	19	8,305,667	4,150,284
		836,784,841	875,248,240
SURPLUS/(DEFICIT) FOR THE YEAR			
General Reserve B/F		(36,925,287)	(45,585,924)
Project grants included in sundry revenue		(29,521,777)	16,414,147
W.I.P expenditure adjustment	2	-	(350,000)
		13,221,143	-
Balance C/D		(53,225,921)	(29,521,777)



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KENYA INDUSTRIAL RESEARCH AND DEVELOPMENT INSTITUTE(KIRDI)

STATEMENT OF CHANGES IN ACCUMULATED FUNDS FOR THE YEAR ENDED 30TH JUNE 2013

	Project Grants	Capital Funds	Revenue Reserve	UNIDO grant	Total
	Ksh	Ksh	Ksh	Ksh	Ksh
As at 30th June 2011	8,945,771	559,039,639	16,414,147	83,515,167	667,914,724
G.O.K Grants		306,770,737			306,770,737
Project Grants net increase/(decrease)	29,966,272		(350,000)		29,616,272
Surplus/(Deficit) for the year			(45,585,924)		(45,585,924)
As at 30th June 2012	38,912,043	865,810,376	(29,521,777)	83,515,167	958,715,809
G.O.K Grants net increase		421,675,856			421,675,856
Decrease due to assets impairment		(14,691,740)			(14,691,740)
W.I.P expenditure adjustment			13,221,143		13,221,143
Project Grants net increase/(decrease)	(7,981,020)				(7,981,020)
Surplus/(Deficit) for the year			(36,925,287)		(36,925,287)
As at 30th June 2013	30,931,023	1,272,794,492	(53,225,921)	83,515,167	1,334,014,761



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STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30TH JUNE 2013

	2012/2013 KSHS.	2011/2012 KSHS.
CASH FLOW FROM OPERATING ACTIVITIES		
Operating surplus/(deficit)	(36,925,287)	(45,585,924)
Adjustment for items not involving movements of cash:		
Depreciation expenses	48,275,841	41,741,683
Surplus/Deficits before working capital changes	11,350,554	(3,844,241)
WORKING CAPITAL CHANGES		
Stock	8,305,667	(4,824,174)
Debtors	(73,729,333)	(3,511,864)
Deposits	0	0
Creditors and Accruals	9,424,708	(4,037,547)
Changes in Working capital	(55,998,958)	(12,373,585)
Net Inflow From Operating Activities	(44,648,404)	(16,217,826)
Cash Flow in Investing Activities:		
Purchase of Property and Equipment	(425,133,777)	(306,770,737)
Disposal proceeds	0	172,500
Cashflow from financing:		
Capital grants	421,675,856	306,770,737
Changes from Donor project funding	(7,981,020)	29,616,272
Net inflow from financing activities	413,694,836	336,387,009
Net increase/Decrease in cash	(56,087,345)	13,570,946
Cash at the beginning of the year	81,013,519	67,442,573
Cash at the end of the year	24,926,174	81,013,519



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KENYA INDUSTRIAL RESEARCH AND DEVELOPMENT INSTITUTE (KIRDI)

Financial statements for the year ended 30th June 2013

Notes to the Accounts

1. Principal accounting policies

Basis of Preparation

(a) The financial statements have been prepared in accordance with International financial reporting standards (IFRS) under the historical cost convention except where otherwise stated in the Accounting policies below.

(b) **Fixed Assets (Non-Current Assets)**

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

(c) **Depreciation**

Provision is made for depreciation on the straight-line method designed to write off the original cost or valuation of fixed assets other than land, and work in progress over the actual life of the asset. A whole year's depreciation is charged on assets acquired nine months or more prior to the closure of the financial year and none to those acquired three months or less to the end of the financial year. The annual rates for this purpose are: -

1. Building	2%
2. Machines	12.5% or as per valuer's recommendation
3. Motor vehicles	25%
4. Office furniture & equipment ...	12.5% or as per valuer's recommendation
5. Computers	30%

(d) **Income**

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

(e) **Bad Debts**

Bad debts are written-off after all efforts to collect them have been exhausted.



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KENYA INDUSTRIAL RESEARCH AND DEVELOPMENT INSTITUTE (KIRDI)

Financial statements for the year ended 30th June 2013

(f) Currency

Financial Statement has been presented in Kenya Shillings.

(g) Stores and Inventory

Stock is valued at cost with the exception of donations which is reported at revaluation.

(h) Retirement Benefits/Gratuity

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

(i) Government grants

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



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KENYA INDUSTRIAL RESEARCH AND DEVELOPMENT INSTITUTE (KIRDI)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2013

Note 2

FIXED ASSETS SCHEDULE

	LAND	WORK IN PROGRESS	BUILDINGS	MACHINERY & EQUIPMENT	MOTOR VEHICLES	FURNITURE & FITTINGS	COMPUTERS & EQUIPMENT	TOTAL
	SHS	SHS	SHS	SHS	SHS	SHS	SHS	SHS
VALUE/COST as at 1/7/2012	26,865,000	302,615,983	338,930,826	157,669,849	71,267,551	25,587,326	38,611,106	961,547,641
Additions during the year	-	487,014,473	-	39,357,294	9,681,290	3,109,309	6,248,262	545,410,628
Adjustment on: Asset impairment W.I.P		13,221,143	(21,395,426)		(4,768,609)			(26,164,035)
TOTAL 30th June 2013	26,865,000	802,851,599	317,535,400	197,027,143	76,180,232	28,696,635	44,859,368	1,494,015,377
Accumulated Depreciation b/f	-	-	46,175,326	98,068,512	32,294,105	20,479,279	24,661,534	221,678,756
Depreciation for the year Adj. Depr. (impairment)	-	-	6,350,708	15,946,305	16,851,589	1,893,414	7,233,825	48,275,841
Total Dep.	-	-	45,822,348	114,014,817	44,377,085	22,372,693	31,895,359	258,482,302
Net Book Value 30:06:2013	26,865,000	802,851,599	271,713,052	83,012,326	31,803,147	6,323,942	12,964,009	1,235,533,075
Net Book Value 30:06:2012	26,865,000	302,615,983	292,755,500	59,601,337	38,973,446	5,108,047	13,949,572	739,868,885



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KENYA INDUSTRIAL RESEARCH AND DEVELOPMENT INSTITUTE(KIRDI)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2013

	2012/2013 KSHS.	2011/2012 KSHS.
Note 3		
ACCOUNTS RECEIVABLE		
M.O.I Dev. Grants	70,000,000.00	0
National Industrial Training Authority	2,460,000.00	0
P.A.Y.E a/c	0	75,130
	72,460,000	75,130
Note 4		
ADVANCES AND PREPAYMENTS		
Traveling imprest(local)	260,205	211,100
Traveling imprest(overseas)	0	312,867
Temporary imprest	613,500	158,490
Standing imprest	601,340	50,517
Salary advance	700,316	666,533
Excess medical	4,276,496	4,594,078
Plot scheme	133,719	133,719
Excess medical insurance	890,991	4,800
TOTAL	7,476,567	6,132,104
Note 5		
DEPOSITS(utilities)		
Fuel	366,000	366,000
Oxygen	30,000	30,000
Hospital	10,000	10,000
Electricity-Kisumu	308,133	308,138
Electricity-South C/ Eldoret	50,000	50,000
TOTAL	764,138	764,138
Note 6		
Cash and Bank balance		
HQ(main Account)	1,202,155	5,961,719
LDC A/c	323,889	760,640
EDSC A/c	427,510	329,748
BBK-Bank guarantee	0	34,104,000
Danida BSPS cashbook	4,848,321	20,497,821
Kisumu imprest A/c	1,035,977	622,822
LSC A/c	1,011,679	722,758
BBK A/c	12,643,272	15,235,864
NIIC/Projects Account	3,423,371	2,778,147
TOTAL	24,926,174	81,013,519



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KENYA INDUSTRIAL RESEARCH AND DEVELOPMENT INSTITUTE(KIRDI)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2013

	2012/2013 KSH	2011/2012 KSH
Note 7		
Accounts payable(Creditors)		
Payroll deductions	2,909,872	2,247,694
Retention money	56,601,515	23,391,265
Other Creditors	99,856,035	3,138,405
Provision for audit fee	730,000	810,000
Miscellaneous deposits	741,658	1,550,157
TOTAL	160,839,080	31,137,521
Note 8		
Project funds		
WIFIP hyacinth project	546,500	546,500
ATPS-ICT project	158,891	158,891
Horticultural ADB	55,803	55,803
Mini-hydro project	84,813	84,813
DANIDA-Fish leather/Arc welding	7,628,315	7,688,725
KAPP/ ILRI-Mushroom project	3,062,175	9,787,217
DANIDA-MOI	19,304,616	20,500,184
Lake and sea resources	89,910	89,910
TOTAL	30,931,023	38,912,043
Note 9a		
Recurrent Grants	541,600,000	552,000,000
Note 9b		
Other Income		
Rents and sundry revenue	33,935,410	54,908,879
Increase in stock-General stores (Note 19)	0	4,824,174
TOTAL	33,935,410	59,733,053



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KENYA INDUSTRIAL RESEARCH AND DEVELOPMENT INSTITUTE(KIRDI)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2013

EXPENSES

Note 10. STAFF COST	2012/2013 KSHS.	2011/2012 KSHS
Basic salary	228,778,525	212,174,720
House allowance	78,622,759	64,760,764
Other personal allowance	32,688,729	25,952,562
Medical Allowance	12,009,592	10,229,108
Medical Expenses	15,831,352	10,177,876
Passage and Leave	4,765,088	4,435,356
Training expenses	15,394,583	18,064,743
Group life, GPA	3,692,019	1,958,283
Fees commission and Honoraria	8,343,832	5,190,789
Gratuity, Pension and NSSF	42,499,590	43,091,501
TOTAL	442,626,069	396,035,702
Note 11. ADMINISTRATIVE COSTS		
Transport operation expenses	4,271,919	3,954,643
Postal and telecom expenses	2,409,601	7,665,392
Telephone expenses	1,077,282	2,349,508
Official entertainment	12,587,078	19,440,225
Electricity	6,887,059	7,439,584
Gas purchase	2,207,476	2,423,158
Water and conservancy	1,627,604	1,962,290
Publishing and printing	3,694,386	14,535,950
Purchase of consumables	3,654,272	13,749,943
Uniform and clothing	47,265	1,595,504
Library expenses	2,229,046	5,916,492
Purchase of stationery	10,480,629	18,466,225
Advertising and publicity	6,560,647	16,693,909
Show expenses and market research	6,131,349	9,189,805
Rent and rate(non-residential)	2,119,584	5,410,343
Computer expenses	7,445,317	16,520,893
Misc. and other charges	3,532,451	2,517,887
Contribution to other bodies	1,105,121	1,221,379
Contracted guards & cleaning services	10,061,279	10,193,582
Provision for audit fee	500,000	500,000
TOTAL	96,629,365	161,746,712
Note 12 INSURANCE EXPENSES		
Insurance of properties	3,842,375	4,102,535
Note 13 R & D EXPENSES		
Research feasibility studies & projects	133,958,431	86,403,200

The expenditure on R& D projects amounting ksh 133,958,431 includes travel expenses related to feasibility studies, project preparation and designs.



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KENYA INDUSTRIAL RESEARCH AND DEVELOPMENT INSTITUTE(KIRDI)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2013

Note 14	2012/2013	2011/2012
Technical expenses	KSH	KSHS
Laboratory chemicals	8,448,169	12,428,445
Contracted professional services	6,544,381	16,742,640
Rental of gas cylinders	5,220	222,937
Refined fuels & lubricants-production	895,695	760,128
TOTAL	15,893,465	30,154,150
Note 15		
Maintenance Expenses		
Maint. of office, furniture & equip.	6,072,622	15,143,316
Maint. of build. & stations-non res.	3,605,994	13,658,837
Maint. of plant machinery & equip.	5,050,733	17,133,609
Maint. exp-motor vehicles	3,390,614	4,233,765
TOTAL	18,119,963	50,169,527
Note 16		
Traveling and subsistence		
Traveling and accommodation	44,299,005	74,093,651
Note 17		
INCOME		
Recurrent grant	541,600,000	552,000,000
Other revenue	33,935,410	59,733,053
Development grants	224,324,144	217,929,263
TOTAL	799,859,554	829,662,316

Note 18 (INCORPORATION)

The Kenya Industrial Research and Development Institute (KIRDI) is a statutory organisation established under the science and Technology Act Cap.250, and is domiciled in Kenya.

Note 19 Stores and Inventories

	2012/2013	2011/2012
	(Kshs.)	(Kshs.)
General Stores	3,313,549	7,468,932
Loose tools	17,984,567	22,134,851
	21,298,116	29,603,783
Stock Adjustment	General stores	Loose-tools
Opening stock.....	7,468,932	22,134,851
Net decrease /(Amortisation)	(4,155,383)	(4,150,284)
Closing stock	3,313,549	17,984,567

Note 20 Recurrent grants

The institute receives grants from exchequer for personnel emoluments, operations and maintenance costs.

Note 21 Development grants

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

The total amount received was Ksh 576,000,000 out of which Ksh 154,324,144 has been attributed to the income and expenditure statement and Ksh 421,675,856 as capital grants, being amount spent on acquisition of fixed assets.



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KENYA INDUSTRIAL RESEARCH AND DEVELOPMENT INSTITUTE(KIRDI)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2013

Note 22 Recurrent and Development expenditure

The expenditure is financed by both recurrent and development funds received.

Note 23 Reserves

These represents the Institute's accumulated funds Account as balances brought forward for revaluation reserve ,capital funds and the surplus/deficit arising from the income and expenditure account.

Note 24 Capital funds G.O.K

The Ksh 1,272,794,492 stated as Capital funds is accumulation of Development releases going way back to 1980 when the Institute began self Accounting.

During the year old buildings at South C station with a net book value of Ksh 14,691,740 were impaired at the initial stage of commencing planned redevelopment project on the location.

The decrease in the carrying value of those assets has been charged against the capital reserves.

Note 25 General Reserves

The General Reserves Account balance of ksh.(142,944,985) is arrived as follows:-

2011/2012 Balance b/f	(29,521,777)
W.I.P expenditure adjustment	13,221,143
Surplus/(Deficit) for the year	(36,925,287)
	<u>(53,225,921)</u>

Note 26 Donation-UNIDO

Donations represent stock of loose tools donated to the Institute in the 1990s by UNIDO amounting Ksh.83,515,167.

Note 27 R & D Projects

These is composed of expenditure amounting Kshs.132,395,771 transferred from Development vote to R&D on recognition that R&D projects will generate future economic benefits.

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

Note 28 Board expenses

Expenses of conferences and Board amounting Ksh 24,834,660 includes the Director's remuneration of Ksh 5,895,600, Board sitting allowances Ksh 9,469,530, expenditure on various seminars and conferences Ksh 3,156,510 and hospitality amounting Ksh 6,313,020.

Note 29 Abbreviations

OTA -Coffee Ochratoxin A project funded by European Union
UNIDO-United nations Industrial development Organisation
KAPP- Kenya Agricultural productivity project of KARI
IFS- International Foundation for Science
WIFIP-Development of fertilizer from water hyacinth in lake region Project
ATPS- Africa Technology policy studies Network
ADB- Africa Development Bank
DANIDA-Danish Industrial development agency
MOI-Ministry of industrialisation and enterprise development
G.O.K-Government of Kenya