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# KENYA INDUSTRIAL RESEARCH AND DEVELOPMENT INSTITUTE

Auditor's Report and Financial  
Statements for the year (2001 – 2002)

KENYA NATIONAL ASSEMBLY  
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REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE  
FINANCIAL STATEMENTS OF KENYA INDUSTRIAL RESEARCH AND  
DEVELOPMENT INSTITUTE FOR THE YEAR ENDED 30 JUNE 2002



## **REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF KENYA INDUSTRIAL RESEARCH AND DEVELOPMENT INSTITUTE FOR THE YEAR ENDED 30 JUNE 2002**

I have examined the financial statements of Kenya Industrial Research and Development Institute for the year ended 30 June 2002 in accordance with Section 29 of the Exchequer and Audit Act (Cap 412). I have obtained all the information and explanations considered necessary for the purpose of the audit. Proper books of account have been maintained by the Institute and the financial statements which have been prepared under the historical cost convention as modified to include the revaluation of certain fixed assets are in agreement therewith and comply with the Science and Technology Act (Cap 250).

In my opinion, and subject to the matters referred to herebelow, the Financial Statements when read together with the Notes thereon present fairly the Institute's financial state of affairs as at 30 June 2002 and of its deficit for the year then ended.

### **1.0 FINANCIAL PERFORMANCE**

The Institute incurred a deficit of Kshs.497,121.00 during the year to bring the accumulated deficit to Kshs.52,209,405.95. This figure is arrived at after debiting a prior year's adjustment of Kshs.213,928.0 which has however, not been explained and/or documents produced for its verification. Consequently, the accumulated deficit of Kshs.52,209,406 could not be confirmed. Unless the trend of deficits is checked, the Institute may not be able to continue its operations to meet its financial obligations.

### **2.0 FIXED ASSETS**

Fixed Assets figure of Kshs.250,230,077 as at 30 June 2002 include land valued at Kshs.26,865,000 out of which a sum of Kshs.1,950,000 relate to a parcel of land LR No.15292, Kibos Road – Kisumu whose title has not been registered in the name of the Institute. In the absence of the title deed, it is not possible to confirm the Institutes ownership of the property.

### **3.0 WORK IN PROGRESS**

As stated in note 2 to the financial statements the Work In Progress of Kshs.64,847,182 as at 30 June 2002 includes additions during the year amounting to Kshs.1,730,152. However, the supporting schedules produced for audit review show additions to Work In Progress of Kshs.1,743,805 leaving an unexplained difference of Kshs.13,653. In addition, the Institute's Work In Progress figure of Kshs.64,847,182 has not been analysed and the necessary supporting documents produced for audit verification. Under the circumstances the Work In Progress balance of Kshs.64,847,182 as at 30 June 2002 could not be confirmed as accurate.

**KENYA INDUSTRIAL RESEARCH AND DEVELOPMENT INSTITUTE**  
**BALANCE SHEET AS AT 30TH JUNE 2002**

<u>Capital Employment</u>	<u>Note</u>	2001/2002 <u>Ksh.</u>	2000/2001 <u>Ksh.</u>
Fixed Assets	(2)	250,230,077.00	257,677,093.20
<u>Current Assets</u>			
Debtors	(3)	8,057,287.00	6,673,200.95
Advances & Prepayments	(4)	13,389,499.85	10,830,511.35
Deposits	(5)	394,138.00	394,138.00
Investments	(6)	140,000.00	140,000.00
Cash & Bank Balance	(7)	39,755,885.00	7,038,148.50
Stock-(General)		1,994,180.00	1,564,858.00
Stock-(Loose tools)		60,634,353.00	68,261,291.00
		<u>124,365,342.85</u>	<u>94,902,147.80</u>
<u>Current Liabilities</u>			
Pension dues			
Provision for Audit Fees		302,700.00	452,700.00
Provision for Doubtful Debts		1,094,089.05	1,094,089.05
Creditors	(8)	21,515,600.80	3,232,860.55
		<u>22,912,389.85</u>	<u>4,779,649.60</u>
Net Current Assets		101,452,953.00	90,122,498.20
Total Net Assets		<u>351,683,030.00</u>	<u>347,799,591.40</u>
<u>Financed by:</u>			
Capital Grants		113,556,180.00	111,056,180.00
Capital Reserve		16,118,280.00	16,118,280.00
Project Grants	(9)	392,758.95	(441,290.25)
Special Reserves		140,000.00	140,000.00
Miscellaneous Deposit		2,791,593.00	1,463,355.25
Revaluation reserve		187,378,457.00	187,378,457.00
General Reserve		(52,209,405.95)	(51,430,557.60)
Donations		83,515,167.00	83,515,167.00
		<u>351,683,030.00</u>	<u>347,799,591.40</u>

*Judith Mulure*

JUDITH MULURE-NYAKAWA (MRS)  
Ag. FINANCE MANAGER

30/10/2002

*Dr. P.M. Muturi*

DR. P.M. MUTURI  
Ag. DIRECTOR

# KENYA INDUSTRIAL RESEARCH AND DEVELOPMENT INSTITUTE (KIRDI)

## NOTES ON THE ACCOUNTS AS AT 30TH JUNE, 2002

### 1) Principle accounting Policies

The institute is a non profit making body and the accounts are prepared on the basis of government accounting procedures as modified to include the revaluation of certain assets.

### 2) Fixed 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

### 3) 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 or estimated 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 rate for this purpose are:-

1.	Building .....	2%
2.	Machines.....	12.5%
3.	Motor Vehicles.....	25%
4.	Office furniture & Equipment.....	12.5%

### (c) 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 and potential entrepreneurs who need laboratory reports on their products.

### (d) Bad Debts

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

# KENYA INDUSTRIAL RESEARCH AND DEVELOPMENT INSTITUT

## FIXED ASSETS SCHEDULE 2001/2002

	LAND	WORK IN PROGRESS	BUILDING	MACHINERY & EQUIPMENT	MOTOR VEHICLES	FURNITURE & FITTINGS	TOTAL
	SHS	SHS					
VALUE/COST as at 1/7/2001	26,865,000	63,117,031	105,547,090	85,474,616	7,996,000	16,216,558	308,216,214
Additions during the year		1,730,152		1,276,274		131,956	3,138,392
Adjustment / Disposal							
<b>TOTAL</b> 30th June 2002	26,865,000	64,847,182	108,547,000	86,750,890	7,996,000	16,348,534	311,354,506
Accumulated Depreciation b/f			13,025,340	27,520,508	1,999,000	7,933,972	50,539,121
Depreciation for the year			2,170,940	4,846,736	1,999,000	1,568,733	10,585,408
Total Dep.			15,196,580	32,367,244	3,998,000	9,562,705	61,124,529
Net Book Value 30:06:2002	26,865,000	64,847,182	93,350,420	54,383,646	3,998,000	6,785,829	250,230,077
Net Book Value 30:06:2001	26,865,000.00	63,117,030.55	95,521,360.00	57,954,107.45	5,997,000.00	8,222,595.20	257,677,093.20

**KENYA INDUSTRIAL RESEARCH AND DEVELOPMENT INSTITUTE**  
**INCOME AND EXPENDITURE FOR THE YEAR ENDED 30TH JUNE 2002**

**INCOME**

Recurrent Grants  
 Other Revenue

**Total Income**

**LESS: EXPENDITURE**

Personal Emol. (sal. Est. Staff )  
 Gratuity & Pension  
 N.S.S.F  
 House Allowance  
 Other Personal Allowance  
 Medical Allowance  
 Fees, Commissions & Honoraria  
 Training Expenses  
 Passage & Leave Expenses  
 Medical Expenses(in-patient)  
 Group Life Insurance  
 Vehicle Running Expenses  
 Travelling & Accommodation  
 Postal & Telecom. Expenses  
 Telephone Expenses  
 Official Entertainment  
 Exp.of Confer. Com.& Board  
 Electricity  
 Gas Purchase  
 Water & conservancy  
 Purchase of Research Materials  
 Purchase of Labs. Chemicals  
 Purchase of Consumable Stores  
 Publishing & Printing  
 Uniforms & Clothing  
 Library Expenses  
 Purchase of Stationery  
 Advertising & Publicity  
 Show Expenses  
 Rents & Rates  
 Contracted Professional services  
 Computer Expenses  
 Hire of Transport & Machinery  
 Misc. & Other Charges  
 Staff Welfare Activities  
 Projects  
 Insurance  
 Purchase of Plant & Equipment

NOTES

(10)

	2001/2002	2000/2001
		Ksh.
	131,232,560	98,860,000.00
	7,155,152	6,864,987.60
	138,387,712	105,724,987.60
	49,488,982	53,149,670.30
	10,347,403	10,752,797.10
	456,360	263,240.00
	16,370,766	
	2,377,212	2,797,528.20
	4,024,700	4,257,516.00
	47,713	244,818.30
	769,778	666,751.80
	680,527	715,000.00
	3,695,132	2,222,156.00
	1,183,845	1,970,166.00
	2,244,188	2,239,613.00
	2,398,426	2,964,236.70
	416,443	432,975.00
	1,992,340	1,284,444.95
	845,174	490,868.80
	811,665	2,029,760.50
	441,597	1,816,726.20
	67,817	5,450.00
	933,763	139,533.80
	702,561	428,137.50
	499,683	
	1,192,693	954,313.40
	493,134	389,580.25
	344,233	87,868.00
	554,179	209,578.80
	1,686,363	1,271,769.70
	242,118	678,333.00
	2,634,805	775,835.00
	2,098,583	2,504,927.15
	976,799	702,390.00
	237,215	119,069.50
	424,434	377,922.80
	157,420	419,975.00
	42,494	
	1,286,539	1,431,493.00
	246,588	274,553.00

Purchase of furniture		2,241	
Maintenance of Mach. & Office Equip.		1,284,071	579,414.60
Maintenance of Lab. Equipment		378,576	53,511.70
Maintenance of building & Stations.		1,131,669	1,566,937.60
Contribution to other Bodies		232,697	78,073.20
Other Expenditure	(11)	4,029,557	4,616,785.90
<b>Total Expenditure</b>		<b>120,472,487</b>	<b>105,963,721.75</b>
Surplus (Deficit) for the year c/d		17,915,225	(238,734.15)
Surplus (Deficit) for the year b/d		17,915,225	(238,734.15)
Less: Depreciation for the year		(10,585,408)	(10,464,261.00)
Depreciation of loose tools 2001/2002		(7,626,938)	(7,626,938.00)
Provision for audit fees		(200,000)	(150,000.00)
Provision for Bad Debts			(646,912.05)
Net Surplus(Deficit)for the year		(497,121)	(19,126,845.20)
<b>Add :</b>			
Increase (Decrease) in stock		429,322	(352,711.00)
Special Reserves A/c	(12)		1,200,000.00
Doubtful Debts recovered	(13)		2,636,140.00
Prior year adjustment	(14)	(213,928)	(2,004,080.00)
closure of pension a/c			3,683,983.15
Surplus(Deficit)for the year 2000/2001 b/f		<b>(51,430,558)</b>	<b>(37,467,044.55)</b>
Surplus(Deficit)for the year 2001/2002 c/f		<b>(52,209,406)</b>	<b>(51,430,557.60)</b>



Notes2001/20022000/20013. Debtors

Balance 1980/81 to 30/06/2002	4,274,655.65	4,515,606.65
Payroll Deductions	2,051,260.00	1,941,393.55
Defalcation		
World Bank project pension scheme	1,731,371.40	216,200.75
	<u>8,057,287.05</u>	<u>6,673,200.95</u>

4. Advances & Prepayments

Traveling Imprest (Local)	646,351.95	367,316.95
Traveling Imprest (Overseas)	182,213.40	227,867.70
Temporary Imprest	6,672,547.65	5,520,907.30
Standing Imprest	304,251.80	259,232.30
Salary Advance	1,144,811.95	1,204,291.40
Salary In Advance	1,010,435.80	992,718.30
Insurance Cover	(594,481.50)	(9,358.10)
Excess Medical	3,363,928.80	1,607,595.00
Plot Scheme	659,440.00	659,440.00
	<u>13,389,499.85</u>	<u>10,830,511.35</u>

5. Deposits

Fuel	6,000.00	6,000.00
Oxygen	30,000.00	30,000.00
Hospital	10,000.00	10,000.00
Electricity - Kisumu	308,138.00	308,138.00
Electricity - Newsite	40,000.00	40,000.00
	<u>394,138.00</u>	<u>394,138.00</u>

6. Investments

Pension		
Trabiti Finance	140,000.00	140,000.00
	<u>140,000.00</u>	<u>140,000.00</u>

7. Cash Balance

FR (Main Account)	15,327,705.95	204,910.10
L.D.C	1,714,833.55	854,937.70
E.D.S.C	1,402,804.80	961,570.80
K.S.P.P	135,275.45	101,780.75

LABS	527,629.05	564,895.00
FOREX A/C	-	-
BBK A/C	20,631,598.20	4,334,016.15
N.I.I.C	16,038.00	16,038.00
	39,755,885.00	<u>7,038,148.50</u>

#### 8. Creditors

Nairobi city council (Rent & Rates)	1,801,800.00	1,801,800.00
Payroll Deductions	1,355,089.00	1,431,060.55
House Allowance Arrears	16,370,765.00	-
world Bank Project	1,987,946.80	-
Trade creditors	-	-
	<u>21,515,600.80</u>	<u>3,232,860.55</u>

#### Potato- ASARECA

Cassava- IITA	180,758.90	180,758.90
Cassava- EARRNET	(445,124.00)	(445,124.00)
Horticulture- A.D.B	629,938.00	196,924.00
Horticulture- IFAD	196,924.00	(355,088.40)
Coffee OTTA Project	169,925.80	-
Potato- ASARECA	(339,663.75)	(18,760.75)
	<u>392,758.95</u>	<u>(441,290.25)</u>

#### 10. Other Incomes:

Rent & Sundry Revenue	413,446.50	330,721.75
L.D.C	3,763,712.00	1,832,524.40
E.D.S.C	2,119,167.40	2,380,930.30
Kisumu Sorghum	36,644.00	65,358.00
N.I.I.C	-	-
LABS	780,985.00	746,031.60
Outstanding Debtors	-	174,538.55
Interest on fixed deposits	-	116,997.25
Refund of motor vehicle deposit	-	72,353.50
Forex a/c	41,198.40	19,923.75
Training levy	-	1,125,608.50
Interest on Service Gratuity	7,155,153.30	<u>6,864,987.60</u>

#### 11. Other Expenditure:

L.D.C	2,329,134.90	1,382,578.70
E.D.S.C	644,099.30	1,417,330.15
N.I.I.C	114,213.00	428,376.00
LABS	612,260.35	1,027,164.30

K.S.P.P	88,900.00	218,177.45
Waitro Project		113,820.80
Hire purchase interest		
Training levy		
Closure of External project A/C		
Decrease of debtors	240,951.00	
Forex a/c Bank charges		29,338.50
	4,029,558.55	<u>4,616,785.90</u>

