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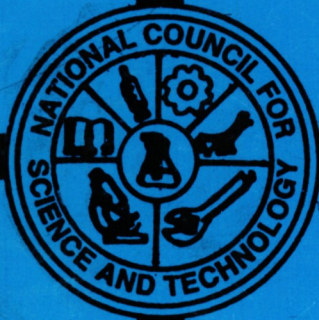
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NATIONAL COUNCIL FOR SCIENCE AND TECHNOLOGY



**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL
STATEMENTS OF NATIONAL COUNCIL FOR SCIENCE AND TECHNOLOGY
FOR THE YEAR ENDED 30TH JUNE 2004**

NATIONAL COUNCIL FOR SCIENCE AND TECHNOLOGY

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REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF NATIONAL COUNCIL FOR SCIENCE AND TECHNOLOGY FOR THE YEAR ENDED 30TH JUNE 2004

I have audited the financial statements of National Council for Science and Technology for the year ended 30th June 2004 in accordance with the provisions of 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. The financial statements are in agreement with the books of account.

Respective Responsibilities of the Directors and the Controller and Auditor General

The directors are responsible for the preparation of financial statements which give a true and fair view of the Council's state of affairs and its operating results. My responsibility is to express an independent opinion on the financial statements based on my audit.

Basis of Opinion

The Audit was conducted in accordance with the International Standards on Auditing. Those Standards require that the Audit be planned and performed with a view to obtaining reasonable assurance that the financial statements are free from material misstatement. An audit includes an examination, on a test basis, of evidence supporting the amount and disclosures in the financial statements. It also includes an assessment of the accounting policies used and significant estimates made by the directors, as well as an evaluation of the overall presentation of the financial statements. I believe my audit provides a reasonable basis for the opinion.

Comments

1. Debtors

The Balance sheet debtors figure of Kshs. 89,968 include an amount of Kshs. 53,097 or 59% of total debtors owed by the former Ministry of Research and Technology which has remained outstanding for eight (8) years. No efforts have been made to have this long outstanding debt recovered or provision made in these financial statements if irrecoverable.

2. Assets

Salvaged partitions which are carried in the books at a cost of Kshs. 5,746,188 were removed from former Council office premises at Emperor Plaza in March 2000 when the Council relocated to its current office premises. These were said to have been stored at the Ministry of Public works yard in Industrial area, Nairobi but were found to be missing during the Audit physical verification exercise. Although the Council has explained that the matter is under investigation, the amount shown in the balance sheet is overstated to the extent of the missing partitions. Consequently, I am unable to give an opinion on the carrying value of fixed assets as reflected in the financial statements.

3. Presentation of Financial Statements

The Financial statements have not been prepared in accordance with International Accounting and International Financial Reporting Standards. There are no accounting policies on stocks valuation and revenue recognition among other omissions. Further there are no explanatory notes on stocks, prior year adjustment of Kshs. 2,000,500, Government Grants, capital reserves and cash and bank balances. Consequently, the financial statements do not provide relevant, reliable, comparable and understandable information.

Opinion

Except for the above reservations, in my opinion, proper books of account have been kept and the financial statements give a true and fair view of the state of the financial affairs of the Council as at 30th June 2004 and of its surplus and cash flows for the year then ended and comply with the Science and Technology Act, (Cap 250).



E.N. MWAI
CONTROLLER AND AUDITOR GENERAL

Nairobi

30 November 2005

STATEMENT OF CHANGES IN ACCUMULATED FUNDS

	GoK CAPITAL GRANT Kshs	REVALUATION RESERVE Kshs	REVENUE RESERVE Kshs	TOTAL
At 1 st July 2002	7,480,590.00	886,293.00	-2,724,729.90	5,642,153.10
Prior year Adjustment	-	-	260,249.65	260,249.65
Surplus for the year	-	-	-357,828.25	-357,828.25
At 30 th June 2003	7,480,590.00	886,293.00	-2,822,308.50	5,544,574.50
At 1 st July 2003	7,480,590.00	886,293.00	-2,822,308.50	5,544,574.50
Addition	-	-	-	-
Prior year adjustment	-	-	-2,000,499.80	-2,000,499.80
Surplus for the year	-	-	2,451,453.95	2,451,453.95
At 30 th June 2004	<u>7,480,590.00</u>	<u>886,293.00</u>	<u>-2,371,354.35</u>	<u>5,995,528.65</u>

CASH FLOW STATEMENT JUNE 2004

	2003/04	2002/03
Cash flow from operating Activities	2,451,454.00	(357,828.00)
Adjustments for items not involving cash movement		
Depreciation expenses	692,038.00	769,100.00
Prior year adjustment	(2,000,500.00)	260,250.00
Surplus before working capital changes	1,142,992.00	671,522.00
Working Capital Changes		
-Debtors	(6,048.00)	465,279.00
Creditors	61,953.00	(238,129.00)
Net inflow from operating activities	1,196,897.00	898,672.00
Cash Flow from investing Activities		
Purchase of computer	-298,000.00	(208,000.00)
Net used in investing Activities	900,897.00	690,672.00
Cash flow from financing activities		
Deposits (Research Fund)	(181,757.00)	173,647.00
Net increase in cash:	719,140.00	864,319.00
Cash and cash equivalents –Beginning	2,869,607.05	2,094,839.00
Cash at the beginning of the year	2,094,839.00	1,230,520.00
Cash at the end of the year	2,813,979.00	2,094,839.00

**INCOME AND EXPENDITURE ACCOUNT STATEMENT FOR THE YEAR ENDED
30TH JUNE 2004**

	Note	2003/04	2002/03
		Kshs	Kshs
INCOME	5	<u>35,350,249.00</u>	<u>34,016,754.00</u>
EXPENDITURE			
Staff Costs	6	2,853,609.65	1,575,121.80
Travelling & Accommodation Costs	7	4,357,667.45	1,165,372.65
Administration /Operational Costs	8	4,875,485.50	3,472,661.05
Research/Project Costs	9	20,812,032.45	28,161,426.75
TOTAL		<u>32,898,795.05</u>	<u>34,374,582.25</u>
SURPLUS (DEFICIT)		<u>2,451,453.95</u>	<u>-357,828.25</u>

Note - 2 DEBTORS

	2003/04	2002/03
MRT, KIPO & Research Institutes	21,098.95	21,098.95
Ministry of Research & Technology	29,803.00	29,803.00
IDRC Fund-Biodiversity Project	2,194.85	2,194.85
Temporary imprest	36,870.70	9,500.70
ECEP project	-	21,321.95
	<u>89,967.50</u>	<u>83,919.45</u>

Note -3 CREDITORS/SUNDRIES

	2003/04	2002/03
Kenya Post & Telecommunication	477,160.95	477,160.95
Kenya Power & Lighting Corporation	23,748.00	23,748.00
Ongata Works	624,863.00	624,863.00
Womi Associates	5,460,282.00	5,460,282.00
K.P. & L. Co. Ltd.	1,050.60	1,050.60
NCST Social Welfare	6,896.60	6,896.60
Stale Cheques	214,486.15	152,533.15
Items awaiting clearance	1,886.05	1,886.05
Auditor General Corporation	820,000.00	820,000.00
	<u>7,630,373.35</u>	<u>7,568,420.35</u>

Note – 4 - DEPOSIT (RESEARCH FUND)

	2003/04	2002/03
I.A.E.A – Project – FP Walong	0.75	174,048.15
Miscellaneous Deposit – I.A.E.A Project A. Kula	-	8,000.00
Basic Education O.N. Wambayi	290.00	-
	<u>290.75</u>	<u>182,048.15</u>

Note – 5- INCOME

	2003/04	2002/03
Recurrent Grants	35,287,749.00	34,011,654.00
Appropriation in Aid	62,500.00	5,100.00
	<u>35,350,249.00</u>	<u>34,016,754.00</u>

Note – 6 – Staff Costs

	2003/04	2002/03
Training expenses	100,251.40	101,839.00
Passage/Leave expenses	384,388.75	232,115.15
Medical expenses	200,825.30	172,173.00
Official entertainment	51,973.50	50,249.00
Board, Committees & Conferences Exp.	2,116,170.70	10,187,445.65
SUB TOTAL	<u>2,853,609.65</u>	<u>1,575,121.80</u>

Note – 7- TRAVELLING & SUBSISTENCE COSTS

	2003/04	2002/04
Local Travelling & Accommodation	1,629,767.05	415,384.00
External Travelling & Accommodation	2,727,900.40	749,988.65
SUB TOTAL	<u>4,357,667.45</u>	<u>1,165,372.65</u>

Note – 8 – ADMINISTRATION/OPERATIONAL COSTS

	2003/04	2002/03
Transport Operating Expenses	2,086,311.45	1,114,140.30
Telephone expenses	775,358.95	392,972.40
Postal/Telegrams expenses	70,093.00	69,892.00
Electricity expenses	112,990.90	102,225.85
Water and Conservancy	9,906.00	12,700.00
Publishing and Printing Expenses	97,485.90	66,304.00
Library expenses	58,695.00	58,822.20
Advertising and Publicity Expenses	30,121.00	17,380.00
Show expenses	7,800.00	7,300.00
Contracted Professional Services	36,400.00	34,960.35
Computer Expenses	47,975.00	47,250.00
National Documentation Centre	208,000.00	203,685.45
Miscellaneous expenses	15,497.50	14,949.40
Grants in Aid	61,457.10	57,887.65
Purchase of supplies for production	124,800.00	103,167.00
Purchase of uniforms and clothing	51,930.00	36,440.00
Purchase of stationery	161,457.50	149,741.00
Maintainance of plant and property	129,492.00	120,283.00
Insurance of property	97,676.20	93,460.45
Depreciation expenses	692,038.00	769,100.00
SUB TOTAL	<u>4,875,485.50</u>	<u>3,472,661.05</u>

Note – 9 – RESEARCH/PROJECT COSTS

	2003/04	2002/03
Research Fund	47,455,969.50	2,540,727.45
Research Fund (FPE)	7,163,914.65	0
Kenya National Academy of Sciences	4,356,700.20	4,268,090.30
National Health Research	65,598.60	1,705,036.40
International Atomic Energy Agency	4,479,849.50	19,647,572.60
SUB TOTAL	<u>63,522,032.45</u>	<u>28,161,426.75</u>

NOTES

BASIS OF ACCOUNTS

National Council for Science and Technology prepares its accounts
On the historical cost accounting basis

DEPRECIATION

Depreciation on the fixed assets is provided for on the reducing balance method as follows:-

	Asset	Rate
(a).	Motor vehicle	25%
(b).	Furniture and Fittings	12.5%
(c).	Plant, machinery and Equipment	12.5%
(d).	Computers	12.5%

Note - 1**NON- CURRENT ASSETS MOVEMENT SCHEDULE FOR THE YEAR ENDED 2003/2004**

	FURNITURE & FITTINGS	PLANT MACHINERY EQUIPMENT COMPUTERS	MOTOR VEHICLE	TOTAL
	KSHS	KSHS	KSHS	KSHS
Cost - 1st July 2003	29,669,835.00	1,825,204.00	1,660,160.00	32,947,199.00
Additions during the year	-	298,000.00	-	298,000.00
	29,669,835.00	2,123,204.00	1,660,160.00	33,245,199.00

DEPRECIATION

Acc.Dep-1st July 2003	25,056,363.00	1,234,784.00	1,493,956.00	27,785,103.00
Charge for the year	576,684.00	73,803.00	41551.00	692,038.00
	25,633,047.00	1,308,587.00	1,535,507.00	28,477,141.00

NET BOOK VALUE (NBV)

30th June 2004	4,036,788.00	814,618.00	124,653.00	4,976,059.00
30th June 2003	4,613,472.00	590,421.00	166,204.00	5,370,096.00

**NATIONAL COUNCIL FOR SCIENCE AND TECHNOLOGY BALANCE SHEET
FOR THE YEAR ENDED 30TH JUNE 2004**

	Note	2003/4	2002/3
ASSETS			
NON-CURRENT ASSETS			
Property plant and Equipment	Note -1	<u>4,976,059.00</u>	<u>5,370,096.00</u>
CURRENT ASSETS			
Stock (Partitions)		5,746,188.00	5,746,188.00
Debtors	Note -2	89,967.50	83,919.45
Cash/ Bank Balances		<u>2,813,978.75</u>	<u>2,094,839.00</u>
Total		<u>8,650,134.25</u>	<u>7,924,946.45</u>
TOTAL ASSETS		<u>13,626,193.25</u>	<u>13,295,042.45</u>
 GENERAL FUND AND LIABILITIES			
ACCUMULATES FUNDS			
Government Grants in Aids		7,480,590.00	7,480,590.00
Capita Reserves		886,292.50	886,292.50
Revenue reserves (Income & Expenditure)		-2,371,354.35	-2,822,308.50
		<u>5,995,528.15</u>	<u>5,544,574.00</u>
 CURRENT LIABILITIES			
Creditors	Note-3	7,630,373.35	7,568,420.35
Deposits (Research Fund)	Note -4	290.75	182,048.15
		<u>7,630,664.10</u>	<u>7,750,468.50</u>
TOTAL ACCUMULATED FUNDS & LIABILITIES		<u>13,626,192.25</u>	<u>13,295,042.25</u>

The financial statements were approved by
NCST on 14/9/05

CHAIRMAN _____

SECRETARY 

