



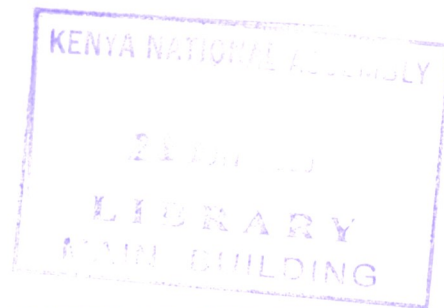
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**KENYA INSTITUTE OF ADMINISTRATION
(K. I. A.)**

**REPORT OF THE CONTROLLER AND
AUDITOR GENERAL ON THE
FINANCIAL STATEMENTS OF THE
KENYA INSTITUTE OF ADMINISTRATION FOR
THE YEAR ENDED 30TH JUNE 2006**



REPORT OF CONTROLLER AND AUDITOR GENERALS REPORT ON THE FINANCIAL STATEMENTS OF KENYA INSTITUTE OF ADMINISTRATION FOR THE YEAR ENDED 20 JUNE 2006

I have audited the financial statements of Kenya Institute of Administration for the year ended 30 June 2006 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 Council and the Controller and Auditor General

The Council is responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the Institute 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 amounts and disclosures in the financial statements. It also includes an assessment of the accounting policies used and significant estimates made by the Council, as well as an evaluation of the overall presentation of the financial statements. I believe the audit provides a reasonable basis for my opinion.

1. Cash and Cash Equivalents

As disclosed in note 8 to the financial statements cash in hand as at 30 June 2006 amounted to Kshs. 6,602,252. However, this balance could not be confirmed as the cash book had several adjustments that were not explained. In addition, although the financial statements indicate bank balances of Kshs. 7,022,069, the grant and revenue cash books reflected bank balances of Kshs. 757,268 and Kshs. 15,388,083 respectively as at 30 June 2006. In addition, bank reconciliation statements for the two accounts were not made available for audit verification. Further, a prior period adjustment for cash of Kshs. 8,635,964 reflected under reserves could not be verified as no supporting documents were made available for audit verification. Under the circumstances, the correctness and accuracy of the cash and cash equivalents balance of Kshs. 141,367,421 as at 30 June 2006 could not be confirmed.

2. Trade Receivables

The trade receivables balance of Kshs.103,831,089 as at 30 June 2006 includes an amount of Kshs.60,23,380 in respect of 200 and earlier years, whose recovery appears doubtful, but for which no provision for bad and doubtful debts has been made in these financial statements. Further, Refer to Drawer cheques balance amounting to Kshs.404,500 includes cheques totalling to Kshs.399,987 brought forward from previous years with some dating as far back as 1999 which have not been replaced. In addition, Directorate of Personnel Management deposits totalling Kshs.1,050,418 were not analysed. In view of the foregoing, it was not possible to confirm the propriety of the trade receivables balances of Kshs.103,831,089 as reflected in these financial statements.

3. Trade and Other Payables

The trade and other payables balance of Kshs.27,306,736 includes an amount of Kshs.439,350 due to International Labour Organisation and stale cheques of Kshs. 81,273, relating to the period between 1999 and 2001. No explanation has been given as to why these long outstanding balances have not been cleared from the accounting records of the Institute.

4. Income

The Institute's total income of Kshs.215,926,582 for the year ended 30 June 2006 includes an amount of Kshs.7,468,853 being interest from investment that has not been correctly stated because it includes an amount of Kshs.311,358 relating to an investment in Treasury bills by the Bookshop. Under the circumstances, it is not possible to confirm the propriety of the total income of Kshs.215,926,582 for the year ended 30 June 2006.

5. Expenditure

The total expenditure of Kshs.182,103,350 for the year ended 30 June 2006 excludes consumables of Kshs.1,563,134 and general operation and maintenance of Kshs. 3,221,949, all totalling Kshs.4,785,083 which have been explained. In addition, an amount of Kshs. 9,123,282 reflected as adjustment for cash was not supported and explained. Under the circumstances, it was not possible to confirm the correctness of total expenditure of Kshs.182,103,350 for the year ended 30 June 2006.

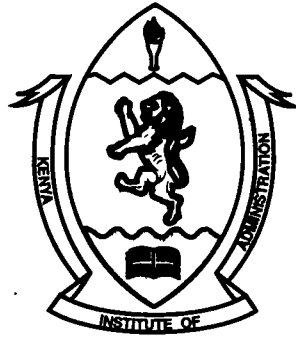
Opinion

Except for any adjustments that might be necessary arising from the foregoing 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 affairs of the Institute as at 30 June 2006 and of its surplus and cash flows for the year then ended and comply with Kenya Institute of Administration Act No. 2 of 1996.



P. N. KOMORA
CONTROLLER AND AUDITOR GENERAL

Nairobi
19 March 2007



THE KENYA INSTITUTE OF ADMINISTRATION

**FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE 2006**

Vision

Our Vision is to be a model institution of excellence in management development and capacity building in the public sector.

Mission

Our mission is to improve service delivery in the public sector by providing quality Training, Research and Consultancy Services.

Corporate Values

Teamwork and Productivity

Kenya Institute of Administration (KIA) is a multi and intra-disciplinary organization requiring effective teamwork to deliver services. We endeavour to work together as a team in order to achieve our vision, mission and strategic objectives. The institute shall support and facilitate teamwork by recognizing both team and individual effort and output. We shall develop strategies to ensure that this approach is deepened.

Quality Service Delivery

Ensuring quality and timeliness of service delivery will form the basis of our future success. The institute shall endeavour to exceed customer expectations by being customer sensitive and meet customer needs on a timely basis. KIA seeks to guarantee the quality of all our products, prompt and efficient delivery of services to all our customers. Our commitment to service excellence will be demonstrated by our professionalism in handling customers.

Creativity and Innovation

KIA will encourage creativity and innovativeness among its staff. The Institute shall make an effort to recognize and reward creativity and innovativeness by staff in generating new ideas that can be used to achieve our vision.

Integrity, Transparency and Accountability

KIA shall strive to be a role model in the public service provision by promoting and exhibiting a culture of integrity by maintaining high standards of transparency, accountability and honesty in service delivery. All employees shall strive to withstand ethical scrutiny by leaving up to our commitment and sustain high standards of competence in all our day-to-day operations.

Employee Satisfaction

KIA recognizes the important role played by employees in achieving Institute's success. Employees provide the greatest input into achieving our Vision, mission and corporate objectives. KIA will provide opportunity for career development by encouraging continuous learning and growth for all employees. The Institute will be committed to the welfare of its workers through increased empowerment, recognition and staff motivation.

KIA Mandate

According to the KIA Act (No. 2 of 1996) Section 4, the functions and mandate of the Institute are defined as follows:

- i. To provide training, consultancy and research services on commercial basis which are designed to promote national development and standards of competence and integrity in the public service, state corporations and local governments;
- ii. To provide training, consultancy and research services on commercial basis to persons, local or foreigners, in the private sector;
- iii. To provide training to promote a culture of decency, honesty, hard work, transparency and accountability among the public servants;
- iv. To conduct examinations and award diplomas and other forms of suitable awards to the successful candidates; and
- v. To do all such other things as appear to be necessary, desirable or expedient for the proper discharge of its functions under this Act.

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CORPORATE INFORMATION

1. COUNCIL BOARD MEMBERS

The Institute is run by a council board appointed under KIA Act 2 of 1996 and the members who served during the year and to the date of this report were:

Mr. Leonard K. Sawe - Chairman
Mr. Geylord Avedi, EBS
Mr. William S.W. Busolo
Mr. M.Kiswili
Mrs. Shellomith Bobotti
Mr. Henry M. Chakava
Mr. Fred Ojiambo
Mrs. Kalai S. Maluki
Mr. Erastus Mureithi, EBS
Permanent Secretary/Director – DPM
Permanent Secretary/Provincial Administration – OOP
Permanent Secretary Treasury
Representative – PSC of Kenya
Representative – State corporations
Director KIA –Dr. Margaret Kobia - Secretary

The following members joined the Board during the year;

Mr. William S.W. Busolo-1 March 2006
Mrs. Shellomith Bobotti-1 March 2006
Mr. Henry M. Chakava-1 March 2006

The following member left the Board during the year;

Mr. Onesmus Ireri-16 February 2006

2. REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Kenya Institute of Administration
Lower Kabete Road
PO BOX 23030-00604
Lower Kabete Road
Nairobi.

3. BANKERS

Kenya Commercial Bank Limited
National Bank of Kenya Limited

4. AUDITORS

Controller and Auditor General
Kenya National Audit office
P.O Box 30084- 00100
Nairobi.

COUNCIL MEMBERS

Mr. Leonard K. Sawe - Chairman

He has a Bachelor of Arts Degree in Political Science and Public Administration. He is a former Permanent Secretary.

Mr. Geylord Avedi, EBS

He has a Bachelor of Science degree in Chemistry and Biology, a Post Graduate Certificate in Education and a Post Graduate Diploma in Education. He is the Chairman Public Service Remuneration Board and the Vice Chairman Moi University Council. He is also a Former Permanent Secretary.

Mr. William S.W. Busolo

He has a Masters of Science degree in Architecture. He also holds a Bachelor of Science degree in Architecture. He is a registered architect.

Mr. Mike Kiswili

He is a practising Accountant. He holds an MBA in Finance and Strategic Management. He is also a CPA (K) and FCCA.

Mrs. Shellomith Bobotti

She has a Bachelor of Commerce degree .
She is also a CPA (K).

Mr. Henry M. Chakava

He has a Masters of Arts degree in Philosophy and religious Studies. He also holds a Bachelor of Arts degree in Literature and Philosophy. He is the chairman of Kenway Publications Ltd. and East African Educational Publishers Ltd.

Mr. Fred Ojiambo

He is a practising lawyer. He has a Bachelor of Law LL.B (Hons) and a Post Graduate Diploma in Advocacy.

Mrs. Kalai S. Maluki

She has Bachelor Arts Degree in Social Sciences. She is a former General Manager, Human Resource Management Kenya Posts and Telecommunications Corporation

Mr. Erastus Mureithi, EBS

He is the former Managing Director Co-operative Bank of Kenya. He is the Chairman Kenya Flower Council. He has a Masters of Arts in Counselling Psychology and a Bachelor of Science in Agriculture.

Permanent Secretary/Director – DPM

Permanent Secretary/Provincial Administration – OOP

Permanent Secretary Treasury

Representative – PSC of Kenya

Representative – State corporations

Director KIA - Secretary

Dr. Margaret Kobia

Ph.D

TOP MANAGEMENT

Director/Chief Executive

Dr. Margaret Kobia

Ph.D

Deputy Director Finance and Administration

Elijah Kimotho Wachira, HSC

BSc.MBA(NBI)

Deputy Director Business Development

Charles Orina Bosire, SS

BEd. Econ (NBI), Msc.(ADL)

REPORT OF THE COUNCIL MEMBERS

The Council members have pleasure in submitting their report, together with the audited financial statements for the year ended 30 June 2006.

1. LEGAL FORM

The Kenya Institute of Administration is a Management Development Institute (MDI) incorporated in Kenya through an Act of Parliament (KIA Act No. 2 of 1996).

2. DOMICILE

The Kenya Institute of Administration domicile in Kenya.

3. PRINCIPAL ACTIVITIES

The Kenya Institute of Administration provides training, research and consultancy services on a cost recovery basis.

4. RESULTS

	Kshs'000
Surplus for the year	33,823
Taxation	<u>nil</u>
Surplus taken to reserves	<u>33,823</u>

5. RESERVES

The reserves of the Institute is as set out on note 9

6. COUNCIL MEMBERS

The council members who served during the year are as set out on page 5.

7. AUDITORS

The controller and Auditor general is responsible for the statutory audit of the Institute's books in accordance with section 14 of the Public Audit Act, 2003.

Sawe
Mr. Leonard K. Sawe: _____ **Date:** 26.02.07
Chairman

Mkobea
Dr. Margaret Kobia: _____ **Date:** 26/2/07
Director

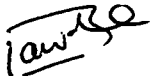
STATEMENT OF COUNCIL'S RESPONSIBILITIES


The Kenya Institute of Administration Act requires the council 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 council may deem necessary.

It also requires the Council 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 Council accepts 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 Kenya Institute of Administration Act. The council is of the opinion that the financial statements give true and fair view of the state of financial affairs of the Institute and of its operating results. The Council further accepts responsibility for the maintenance of accounting records which may be relied upon in preparation of the financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the council to indicate that the Institute will not remain as a going concern for at least the Next twelve months from the date of this Statement.


Mr. Leonard K. Sawe: _____ **Date:** 26-2-07
Chairman


Dr. Margaret Kobia: _____ **Date:** 26/2/07
Director

**INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006**

		2006	2005
	NOTE	Kshs.	Kshs.
Revenue	2	215,926,582	177,122,676
Expenses	3	<u>182,103,350</u>	<u>131,132,105</u>
Surplus		<u>33,823,231</u>	<u>45,990,571</u>

**BALANCE SHEET
FOR THE YEAR ENDED 30 JUNE 2006**

	NOTE	2006 Kshs	2005 Kshs.
ASSETS			
Non current			
Property, Plant & Equipment	4	566,721,631	558,185,818
Current Assets			
Inventories	5	2,425,667	2,280,213
Trade Receivables	6	103,831,089	106,599,613
Other Current Assets	7	4,820,704	4,167,204
Cash and Cash Equivalents	8	141,367,421	110,014,543
		<u>252,444,882</u>	<u>223,061,573</u>
TOTAL ASSETS		<u>819,166,513</u>	<u>781,247,391</u>
Capital Reserves	9	476,831,855	476,831,855
Retained Earnings (Surplus)	9	315,027,921	281,204,690
TOTAL EQUITY		791,859,776	758,036,545
Non - Current Liabilities			
Long-Term Creditors		-	529,667
Long-Term Provisions		-	900,000
Total Non- Current Liabilities			1,429,667
Current Liabilities			
Trade and Other Payables	11	27,306,736	19,949,514
Short Term Provisions		-	300,000
Cash and Cash Equivalents		-	1,531,656
Total Current Liabilities		<u>27,306,736</u>	<u>21,781,170</u>
TOTAL LIABILITIES		<u>27,306,736</u>	<u>23,210,837</u>
TOTAL EQUITY AND LIABILITIES		<u>819,16,513</u>	<u>781,247,382</u>

The financial statements on pages 12-23 are signed on behalf of the board of council members by:

Lawrence 26-02-07

Mr. Leonard K. Sawe: _____ **Date:** _____
Chairman

Mkoba 26/2/07

Dr. Margaret Kobia: _____ **Date:** _____
Director

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006**

	2006	2005
	Kshs.	Kshs.
Cash flow from Operating Activities		
Surplus before taxation	33,823,231	45,990,571
Adjustment:-		
Depreciation	13,802,705	10,937,575
Foreign exchange gain	-	(1,000)
Gain on Sale of Boarded Items	-	(141,467)
Increase in provision for bad debts	9,467,340	-
Operating Income before Working Capital changes	57,093,277	56,785,679
Decrease in Trade receivables	(10,468,340)	(21,567,844)
Increase in Inventories	(145,455)	909,014
Decrease Trade Payable	6,527,555	13,739,331
Decrease in Prepayments	-	(123,662)
Decrease in Interest receivables	-	(1,063,600)
Increase in Provision for Audit fees	-	300,000
Decrease in Advances	536,566	(255,725)
Decrease in W.I.P	1,679,450	(1,494,850)
Adjustment:-	-	465,847
Net Cash Flow from Operating Activities	55,223,053	47,694,190
Cash flow from investing Activities		-
Purchase of Property Plant & Equipment	(22,338,519)	(80,695,589)
Proceeds from sale of boarded items	-	421,750
Net cash used in investing activities	(22,338,519)	(80,273,839)
Net Increase in cash in Hand & Cash Equivalent	32,884,534	(32,579,649)
Cash & Cash Equivalent start of period	<u>108,482,887</u>	<u>149,698,500</u>
Cash & Cash Equivalent end of period	<u>141,367,421</u>	<u>108,482,887</u>

STATEMENT OF CHANGES IN EQUITY

	Revaluation Reserve Kshs	Retained Earnings Kshs	Total Kshs
Balance as at 1 July 2005	476,831,855	281,204,690	758,036,545
Changes in Equity for 2005/2006:	-	-	-
Profit for the period	-	33,823,231	33,823,231
Balance as at 30 June 2006	476,831,855	315,027,921	791,859,776

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with International Financial Reporting Standards. The principal accounting policies adopted in the preparation of these financial statements are set out below:

(i) Basis of preparation

The Financial Statements have been prepared under the historical cost basis of accounting and are presented in Kenya Shillings.

(ii) Income Recognition

Income from training, Research and Consultancy is recognized at the time a transaction is effected. Income from short-term investment is recognized as it accrues and is credited to the general revenue.

(iii) GoK Grant

- a) GoK grant received within the year is recognized as other income to match with operations and maintenance costs.
- b) The grant is related to income and does not include any grant asset. There is no other form of monetary Government assistance the Institute has received.
- c) There are no unfulfilled conditions or any other contingencies attached to Government assistance that has been recognized.

(iv) Investments

The investments are made in the 91 day treasury bills and are shown in the accounts at their fair value.

(v) Property, Plant and Equipment

Property, Plant and Equipment are stated at cost or valuation, less accumulated depreciation. The Institute's properties were last valued in 1998/99 by Ministry of Lands and Ministry of Roads and Public works. The surplus that arose there from was transferred to the capital reserve. A new valuation report was received in the last month of the financial year 2005/06. New assets values will take effect from 1 July 2006.

Depreciation is provided on the cost/valuation of the assets on reducing balance basis at rates designed to write down the assets to their estimated residual values over their estimated useful lives as follows:

		Rate per Annum
Buildings	-	2 %
Plant and Equipment	-	25 %
Furniture and fittings	-	17.5%
Motor Vehicles	-	20%

(vi) Computer Software and Development Costs

Generally, costs associated with computers software programmes are recognized as expenses in the period in which they are incurred.

However, costs that are clearly associated with an identifiable product, which is controllable by the Institute and has a definite benefit exceeding the cost beyond one year, are recognized as an intangible asset.

(vii) Retirement Benefits Costs

The Institute's obligations to staff retirement benefit schemes are charged to the income statement in the year to which they relate.

The Institute operates a defined benefit staff provident fund and a personal accident assurance scheme for employees. The Assets of the provident are held in a separate Trustee administered fund. The scheme is funded by contributions from both the employees and employer, and the rate of Institute's contribution is determined by the Trustee who take into account the recommendations of independent Actuaries and the benefits are paid to the retiring staff in accordance with the fund rules.

The Institute also contributes to the Statutory National Social Security Fund (NSSF). The Institute's obligations under the fund are limited to specific Contributions to a Maximum of Kshs.200/= per employee per month.

(viii) Inventories

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

(ix) Receivables

The receivables are stated at original invoiced amounts less an estimate made for Doubtful receivables. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the end of year.

(x) Provision for Doubtful Debts

General provision is made in respect of outstanding revenue where payment is considered doubtful.

(xi) Cash and Cash Equivalents

For the purposes of the cash flow statement cash and cash equivalents comprise cash in hand and deposits in banks and short-term highly liquid investments net of any bank overdrafts. In the balance sheet, bank overdrafts are included in current liabilities.

2. INCOME

	2006	2005
	Kshs	Kshs
Training Fees	139,273,061	115,341,825
Consultancy Fees	<u>300,000</u>	<u>240,000</u>
	<u>139,573,061</u>	<u>115,581,825</u>
Other Income		
Hire of Facilities	19,364,593	3,573,138
Miscellaneous Receipts	7,939,817	5,361,393
Rents	7,518,254	7,086,307
Foreign Exchange gain	-	1,000
Gains on sale of Boarded Items	-	141,467
GOK Grant	34,062,004	40,072,946
Interest from Investment	7,468,853	5,304,600
	<u>76,353,520</u>	<u>61,540,851</u>
Total Income	<u>215,926,582</u>	<u>177,122,676</u>

3. EXPENDITURE

	2006 Kshs	2005 Kshs
i) Consumables used	24,997,691	19,535,676
ii) Staff costs		
Staff Salaries and Allowances	76,885,262	64,183,439
Staff Training Expenses	735,115	1,316,180
Medical expenses	1,071,109	-
Defined benefit scheme	7,834,776	-
Staff pension -NSSF	13,400	
	86,526,261	65,499,619
iii) Depreciation	13,802,705	10,937,575
iv) Other expenses		
Consultancy, Marketing & Council Expenses	7,695,503	6,431,865
General Operations & Maintenance	25,061,097	26,424,726
Adjustments for cash	9,123,282	8,635,964
Miscellaneous Expenses	5,929,719	1,138,338
Provision for Audit fees	300,000	300,000
Closing Inventory	(2,425,667)	
Prepaid expenses	(1,626,621)	
Provision for Doubtful Debts	<u>12,719,381</u>	<u>864,306</u>
	<u>56,776,694</u>	<u>35,159,235</u>
v) Total expenses	<u>182,103,350</u>	<u>131,132,105</u>

4. BALANCE SHEET

i. Non-Current Assets

Property, Plant and Equipment

	2,006	2005
	Kshs	Kshs
Land and building	538,148,000	531,998,233
Plant and Equipment	13,932,673	12,475,462
Motor Vehicles	6,421,675	8,027,094
Fixtures and Fittings	7,963,145	5,343,511
Library Books	256,139	341,518
	566,721,631	558,185,818

ii. Fixed assets movement schedule

	Freehold land	Buildings	Plant and Equipment	Motor Vehicles	Fixtures and Fittings	Library Books	Total
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Cost or valuation							
At start of year	255,000,000	276,998,233	12,475,462	8,027,094	5,343,511	341,518	558,185,818
Additions		11,928,297	6,101,436	-	4,308,786	-	22,338,519
At end of year	255,000,000	288,926,530	18,576,898	8,027,094	9,652,297	341,518	580,524,337
Depreciation							
At start of year	-	25,442,201	21,584,014	14,544,716	11,872,761	1,597,602	75,041,294
Charge for the year	-	5,778,531	4,644,224	1,605,419	1,689,152	85,380	13,802,705
At end of year	-	31,220,732	26,228,238	16,150,135	13,561,913	1,682,982	88,843,999
Net book value							
30.06.06	255,000,000	283,148,000	13,932,673	6,421,675	7,963,145	256,139	566,721,631
30.06.05	255,000,000	276,998,233	12,475,462	8,027,094	5,343,511	341,518	558,185,818

5. INVENTORIES

	2006	2005
	Kshs	Kshs
Food & Rations	734,047	760,861
Fuel	330,278	194,306
Hardware for maintenance	736,791	758,990
Cleaning materials	233,155	226,168
Stationery	391,397	339,888
	<u>2,425,667</u>	<u>2,280,213</u>

6. TRADE RECEIVABLES

	2,006	2005
	Kshs	Kshs
Trade Debtors	116,550,470	105,891,121
Provisions	(12,719,381)	(3,252,041)
Total	<u>103,831,089</u>	<u>105,891,121</u>

(i) PROVISION FOR BAD AND DOUBTFUL DEBTS

General Provision	2006	2005
	Kshs	Kshs
At start of year	3,252,041	2,387,735
At end of year	12,719,381	(3,252,041)
Increase/(decrease)	<u>9,467,340</u>	<u>(864,306)</u>

7. OTHER CURRENT ASSETS

	2006	2005
	Kshs	Kshs
Pre payments	1,626,621	1,234,922
Work-in-Progress	-	1,679,450
Staff Debtors	321,736	138,224
Interest Receivable	-	1,252,832
KIA Nursery debt	7,850	
DPM – De posits 1997/98	1,050,418	1,050,418
Rent of Shops/Houses	824,821	665,045
K.I.A Bookshop – Refunds	584,758	170,752
RD- Cheques	404,500	399,987
UON –Water charges	-	1,536,106
	<u>4,820,704</u>	<u>8,127,737</u>

8. CASH AND CASH EQUIVALENTS

Cash and Cash equivalents were as follows as of 30 June 2006

	2006 kshs	2005 Kshs
Cash on Hand	6,606,252	1,168,107
Bank Balances	7,022,069	-
Treasury Bills	127,739,100	117,482,400
	<u>141,367,421</u>	<u>118,650,507</u>

9. RESERVES

	2006 kshs	2005 Kshs
Capital Reserve	476,831,855	476,831,855
Retained Surplus	289,840,654	243,850,083
adjustment for Cash	8,635,964	-
adjusted opening retained earnings	281,204,690	243,850,083
Profit (Loss) for the year	33,823,231	45,990,571
	<u>315,027,921</u>	<u>289,840,654</u>
At end of period	<u>791,859,776</u>	<u>766,672,509</u>

Prior Period Item

A special audit conducted for the years 2004/5 to September 2006/07 confirmed that an amount of Kshs. 8,635,964 was lost in the year 2004/5. The opening balance of retained earnings of the financial year 2004/5 has been restated to correct the loss.

Capital Reserves

The Capital Reserves of Kshs.476, 831,855 arose on the valuation of the Freehold Property, Plant, Equipment and Library books in 1998/99 financial years.

10. LONG TERM PROVISIONS

	2006 Kshs	2005 Kshs
Provision for audit fees	-	900,000

11. CREDITORS.

	2006	2005
	Kshs	Kshs
ILO	439,350	439,350
Stale Cheques	81,273	81,273
Refunds	9,044	9,044
Audit fees	300,000	300,000
	829,667	829,667

OTHER CREDITORS

	2006	2005
	Kshs	Kshs
Retentions	2,719,599	4,166,925
K.I.A Bookshop	4,360,213	5,100,624
Receipts in Advance	7,095,771	7,632,337
VAT	12,295,307	
Suppliers	6,180	3,049,628
	26,477,070	19,949,514
Total creditors	<u>27,306,736</u>	<u>20,779,181</u>

12. CONTINGENT LIABILITIES-LITIGATION

- (i) In the ordinary course of business, the Institute is a defendant in a case filed by Antonio enterprises under Nairobi CMCC No. 11511 of 2004 as Antonio enterprises Vs Kenya Institute of Administration claiming Kshs.466,460 as storage for beds not delivered and general damages. The Institute has forwarded the case to Attorney General who has since entered the defence on behalf of the Institute.
- (ii) Julie Nyawira Mathenge has sued the Institute over Plot Nos. 11508-11514 Lower Kabete Nairobi. She was allegedly allocated the said plots which stand on the Institute's land. The Institute has taken steps to prevent its land from the alleged allocation.

- (iii) Salvage motors have sued the Institute for a Land Rover which they had repaired. The Land Rover disappeared while in their garage. Salvage motors want to be paid for the cost of repair and storage charges. However the case is time barred and possibility of any liability is remote.

Although there can be no assurances on the above litigations, the Institute believes, based on the information currently available, that the ultimate resolution of these legal proceedings would not likely have material effect on the results of its operations, financial position or liquidity.

13. FAIR VALUES

The carrying values of financial assets and liabilities are not significantly different from their fair values.

14. REPORTING CURRENCY

The reporting currency is Kenya Shilling.