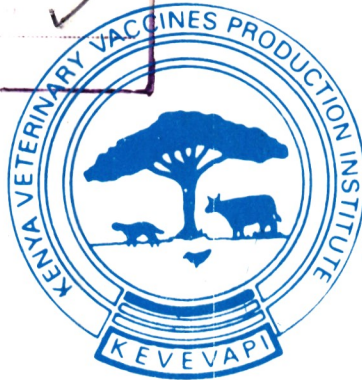


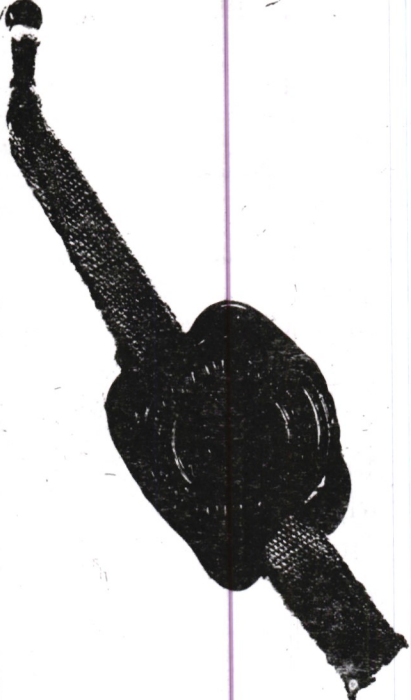
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**REPORT OF THE AUDITOR - GENERAL (CORPORATIONS)
ON THE KENYA VETERINARY VACCINES PRODUCTION INSTITUTE
ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2000.**

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**REPORT OF THE AUDITOR GENERAL (CORPORATIONS) ON THE ACCOUNTS
OF KENYA VETERINARY VACCINES PRODUCTION INSTITUTE FOR THE
YEAR ENDED 30 JUNE 2000**

**REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON
THE ACCOUNTS OF KENYA VETERINARY VACCINES
PRODUCTION INSTITUTE FOR THE YEAR ENDED 30 JUNE 2000**

I have examined the Accounts of Kenya Veterinary Vaccines Production Institute for the year ended 30 June 2000 in accordance with provisions of Section 29(2) of the Exchequer and Audit Act (Cap 412). I have obtained all the information and explanations required for the purpose of the audit. Proper books of account have been kept and the Accounts, which have been prepared under the historical cost convention, are in agreement therewith and comply with the Kenya Veterinary Vaccines Production Institute's Order of 1990.

In my opinion, and except for the matters referred to herebelow, the Accounts, when read together with the Notes thereon, present fairly the financial state of affairs of the Institute as at 30 June 2000 and of its loss and cash flows for the year then ended.

1. FINANCIAL POSITION

During the year 1999/2000, the Institute incurred a loss of Kshs.40,027,000 which reduced its accumulated surplus from Kshs.5,699,600 as at 30 June 1999 to a loss of Kshs.34,391,400 as at 30 June 2000. The Accounts also reflect creditors of Kshs.75,637,400 which also include unremitted statutory deductions amounting to Kshs.10,328,735 as at 30 June 2000. Records of the Institute further reflect bank overdraft of Kshs.27,366,700 as at 30 June 2000 against approved overdraft limit of Kshs.20 million while the Balance Sheet also reflects negative working capital of Kshs.17,204,900 as at 30 June 2000. Evidently, therefore, the Institute is facing serious financial problems and is technically insolvent.

2. FIXED ASSETS

In April, 1995, Government, through the Ministry of Agriculture, Livestock Development and Marketing, allocated the Institute with land at Kibiko Holding Ground-LR.2418 measuring over 500 acres. The Institute does not, however, hold a title deed for the property. In addition, the Institute does not also own the land at Kabete where its production plant, valued at some Kshs.50 million, is located and as a result the ownership of the subject land cannot be confirmed.