

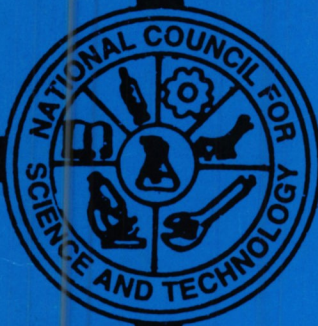


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NATIONAL COUNCIL FOR SCIENCE AND TECHNOLOGY



REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL
STATEMENTS OF NATIONAL COUNCIL FOR SCIENCE AND TECHNOLOGY
FOR THE YEAR ENDED 30TH JUNE 2005

REPUBLIC OF KENYA

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NAIROBI

KENYA NATIONAL AUDIT OFFICE

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE
FINANCIAL STATEMENTS OF NATIONAL COUNCIL FOR SCIENCE AND
TECHNOLOGY FOR THE YEAR ENDED 30TH JUNE 2005

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**NATIONAL COUNCIL FOR SCIENCE
AND TECHNOLOGY**

FINANCIAL STATEMENTS

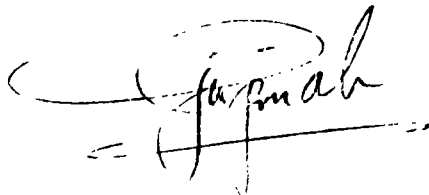
**FOR THE YEAR ENDED 30TH JUNE
2005**

THE CHIEF EXECUTIVE'S REPORT

It is my pleasure to present the annual financial statements of the National Council for Science and Technology for the year 2004/05. During the year under review the Council recorded a deficit of Kshs.4, 125,628 and a negative working capital of Kshs.2, 412,940.

The poor performance was due to inadequate provision and cutting of the Council's voted funds in the last quarter of the year. The Council was also unable to meet its financial obligations fully because of this cut. However, the Council has instituted stringent financial controls to avoid any over expenditure in order to revert to a positive working capital.

The Council continued to pursue its mission of research coordination and advisory duties. On behalf of the Council and the secretariat, I would like to express our gratitude to the Government and in particular the Parent Ministry of Education Science and Technology for releasing our grants in time and all the cooperation received. I would also like to record my sincere thanks to the entire National Council for Science and Technology Staff who have worked tirelessly to ensure smooth operations of this organization.



**Prof. G. K. King'oriah MBS, Ph. D.
Executive Secretary**

NATIONAL COUNCIL FOR SCIENCE AND TECHNOLOGY



KENYA NATIONAL AUDIT OFFICE

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF NATIONAL COUNCIL FOR SCIENCE AND TECHNOLOGY FOR THE YEAR ENDED 30 JUNE 2005

I have audited the financial statements of National Council for Science and Technology for the year ended 30 June 2005 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 amounts 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 my opinion.

Comments

1. Financial position

As at 30 June 2005, the Council realized a deficit of Kshs.4,178,725 which increased the cumulative deficit to Kshs.6,494,451. The balance sheet also reflects a negative working capital of Kshs.2,466,037 and the Fund could not pay its payables totalling Kshs.8,407,722 (2004 Kshs.7,630,373). The financial

statements have, therefore, been prepared on a going concern basis which assumes continued financial support from the Government and creditors.

2. Current assets.

Included in the current assets figure of Kshs.5,976,993 is an amount of Kshs. 5,746,188 worth of salvaged partitions removed from the former Council premises at Emperor Plaza in March 2000 when the Council relocated to its current office premises. These materials were said to have been stored at the Ministry of Public Works yard in Industrial area 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, it is not possible to confirm that the carrying value of the stocks figure of Kshs.5,746,188 as reflected in the financial statements reflect the fair values of the stocks as at the balance sheet date.

Opinion

Except for any adjustments that might be necessary arising from the matters discussed above, 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 National Council for Science and Technology as at 30 June 2005 and of the deficit and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Science and Technology Act (Cap 250).



E.N. MWAI
CONTROLLER AND AUDITOR GENERAL

Nairobi

11 May 2006

**NATIONAL COUNCIL FOR SCIENCE AND TECHNOLOGY
BALANCE SHEET FOR THE YEAR ENDED 30TH JUNE 2005**

	Note	2004/2005	2003/2004
ASSETS			
NON-CURRENT ASSETS			
Property Plant and Equipment	Note-2	<u>4,338,469.00</u>	<u>4,976,059.00</u>
CURRENT ASSETS			
Stock (Partitions)	Note-3	5,746,188.00	5,746,188.00
Receivables and Prepayments	Note-4	181,463.70	89,967.50
Cash and Cash Equivalents	Note-5	<u>49,341.25</u>	<u>2,813,978.75</u>
Total		5,976,992.95	8,650,134.25
TOTAL ASSETS		10,315,461.95	13,626,193.25
 GENERAL FUND AND LIABILITIES			
ACCUMULATED FUNDS			
Government Grants in Aid		7,480,590.00	7,480,590.00
Capital Reserves		886,292.50	886,292.50
Revenue Reserves (Income & Expenditure)		<u>(6,494,450.65)</u>	<u>(2,371,354.35)</u>
		1,872,431.85	5,995,528.15
 CURRENT LIABILITIES			
Payables and Accruals	Note-6	8,407,722.35	7,630,373.35
Deposits (Research Fund)	Note-7	<u>35,307.75</u>	<u>290.75</u>
		8,443,030.10	7,630,664.10
TOTAL ACCUMULATED FUNDS AND LIABILITIES		10,315,461.95	13,626,192.25

The financial statements were approved by NCST on:

CHAIRMAN



SECRETARY

22/3/06

**NATIONAL COUNCIL FOR SCIENCE AND TECHNOLOGY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE 2005**

	2004/2005	2003/2004
Cash flow from Operating Activities	(4,178,724.60)	2,451,454.00
Adjustments for Items not Involving Cash Movement		
Depreciation expenses	637,589.00	692,038.00
Prior year adjustment	<u> </u>	<u>(2,000,500.00)</u>
Surplus before working capital changes	<u>(3,541,135.60)</u>	<u>1,142,992.00</u>
Working Capital Changes		
Receivables and Prepayments	(91,496.20)	(6,048.00)
Payables and Accruals	777,348.95	61,953.00
Net inflow from operating activities	<u>(2,855,282.85)</u>	<u>1,198,897.00</u>
Cash Flow from Investing Activities		
Purchase of Computer	<u> </u>	<u>(298,000.00)</u>
Net Used in Investing Activities	<u>(2,855,282.85)</u>	<u>900,897.00</u>
Cash		
Cash Flow from Financing Activities		
Deposits (Research Fund)	<u>35,017.00</u>	<u>(181,757.00)</u>
Net Increase in Cash and Cash Equivalents	<u>(2,820,265.85)</u>	<u>719,140.00</u>
Beginning Cash and Cash Equivalents	<u>2,869,607.10</u>	<u>2,094,839.00</u>
Cash Balance at the end of the year	<u>49,341.25</u>	<u>2,813,979.00</u>

NATIONAL COUNCIL FOR SCIENCE AND TECHNOLOGY
INCOME AND EXPENDITURE ACCOUNT STATEMENT FOR THE YEAR ENDED 30TH

	Note	2004/2005 <u>Kshs</u>	2003/2004 <u>Kshs</u>
INCOME	8	<u>67,244,636.00</u>	<u>35,350,249.00</u>
EXPENDITURE			
Staff Costs	9	4,390,647.05	2,853,609.65
Travelling & Accommodation Costs	10	5,124,677.90	4,357,667.45
Administration/Oerational Costs	11	8,439,369.65	4,875,485.50
Research/Project Costs	12	53,468,666.00	20,812,032.45
TOTAL		<u>71,423,360.60</u>	<u>32,898,795.05</u>
SURPLUS (DEFICIT)		<u>(4,178,724.60)</u>	<u>2,451,453.95</u>

**NATIONAL COUNCIL FOR SCIENCE AND TECHNOLOGY
STATEMENT OF CHANGES IN ACCUMULATED FUNDS**

	GOK CAPITAL GRANT <u>Kshs</u>	REVALUATION RESERVE <u>Kshs</u>	REVENUE RESERVE <u>Kshs</u>	TOTAL <u>Kshs</u>
At 1st 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 30th June 2003	7,480,590.00	886,293.00	(2,822,308.50)	5,544,574.50
At 1st July 2003	7,480,590.00	886,293.00	(2,822,308.50)	5,544,574.50
Additions	-	-	-	-
Prior year adjustment	-	-	(2,000,499.80)	(2,000,499.80)
Surplus for the year	-	-	2,451,453.95	2,451,453.95
At 30th 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>
At 1st July 2004	7,480,590.00	886,293.00	(2,371,354.35)	5,995,528.65
Prior year adjustment			55,628.30	55,628.30
Surplus (Deficit)			(4,178,724.60)	(4,178,724.60)
At 30th June 2005	<u>7,480,590.00</u>	<u>886,293.00</u>	<u>(6,494,450.65)</u>	<u>1,872,432.35</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2005

Note - 1

SIGNIFICANT ACCOUNTING POLICIES

(a). Basis of Accounting :

The financial statements have been prepared under the historical cost basis of accounting

(b). Depreciation

Property Plant and Equipment are stated at their historical cost. Depreciation is calculated on a reducing balance for the following items at the indicated annual rates.

Asset	Rate
(i). Motor Vehicle	25%
(ii). Furniture & Fittings	12.50%
(iii). Plant, Machinery & Equipment	12.50%
(iv). Computers	12.50%

Note - 2

NON-CURRENT ASSETS MOVEMENT SCHEDULE FOR THE YEAR ENDED 2004/2005

PROPERTY, PLANT AND EQUIPMENT

	Furniture & Fittings	Plant Machinery Equipment Computers	Motor Vehicles	Total
	Kshs.	Kshs.	Kshs.	Kshs.
Cost - 1 st July 2004	29,669,835.00	2,123,204.00	1,660,160.00	33,453,199.00
Additions during the year	-	-	-	-
	29,669,835.00	2,123,204.00	1,660,160.00	33,453,199.00

DEPRECIATION

Acc. Dep- 1 st July 2004	25,633,047.00	1,308,587.00	1,535,507.00	28,477,141.00
Charge for the year	504,599.00	101,827.00	31,163.00	637,589.00
	26,137,646.00	1,410,414.00	1,566,670.00	29,114,730.00

NET BOOK VALUE (NBV)

30 th June 2005	3,532,189.00	712,790.00	93,490.00	4,338,469.00
30 th June 2004	4,036,788.00	814,617.00	124,653.00	4,976,058.00

NATIONAL COUNCIL FOR SCIENCE AND TECHNOLOGY

Note- 3

Stock (partitions) – 5,746,188.00

Relates to the value of partitioning materials pulled down from NCST's former office space. The materials were taken to the Ministry of Works godown in Industrial Area for safe custody.

Note- 4

Debtors : Account Receivables

	<u>2004/2005</u>	<u>2003/2004</u>
MRT, KIPO & Research Institutes	-	21,098.95
Ministry of Research and Technology	-	29,803.00
IDRC Fund-Biodiversity Project	-	2,194.85
Temporary Imprest	<u>181,463.70</u>	<u>36,870.70</u>
	<u>181,463.70</u>	<u>89,967.50</u>

Note- 5

Cash and Cash Equivalents

	<u>2004/2005</u>	<u>2003/2004</u>
Cash at Bank	37,180.35	2,813,978.75
Cash on hand	<u>12,160.90</u>	-
	<u>49,341.25</u>	<u>2,813,978.75</u>

Note-6

Payables and Accruals

	<u>2004/2005</u>	<u>2003/2004</u>
Kenya Posts & 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	941,835.15	214,486.15
Items Awaiting Clearance	1,886.05	1,886.05
Controller and Auditor General – KENAO	<u>870,000.00</u>	<u>820,000.00</u>
	<u>8,407,722.35</u>	<u>7,630,373.35</u>

Note-7

Research Funds (Deposits)

	<u>2004/2005</u>	<u>2003/2004</u>
IAEA Project – F.P. Oloo Walong	0.75	0.75
IAEA Project – P.A. Olet	35,017.00	-
<u>Basic Education – O.N. Wambayi</u>	<u>290.00</u>	<u>290.00</u>
	<u>35,307.75</u>	<u>290.75</u>

Note – 8 INCOME	<u>2004/2005</u>	<u>2003/2004</u>
Recurrent Grants	67,244,636.00	35,287,749.00
Appropriation In Aid	<u>0.00</u>	<u>62,500.00</u>
	<u>67,244,636.00</u>	<u>35,350,249.00</u>

Note – 9 Staff Costs	<u>2004/2005</u>	<u>2003/2004</u>
Training expenses	499,404.40	100,251.40
Passage and leave expenses	131,609.00	384,388.75
Medical expenses	283,103.10	200,825.30
Official entertainment	465,590.90	51,973.50
Boards, committees & Conferences	<u>3,010,939.65</u>	<u>2,116,170.70</u>
	<u>4,390,647.05</u>	<u>2,853,609.65</u>

Note – 10 Traveling and Accommodation costs	<u>2004/2005</u>	<u>2003/2004</u>
Local Traveling & Accommodation	2,293,393.90	1,629,767.05
External Traveling & Accommodation	<u>2,831,284.00</u>	<u>2,727,900.40</u>
	<u>5,124,677.90</u>	<u>4,357,667.45</u>

NATIONAL COUNCIL FOR SCIENCE AND TECHNOLOGY

Note - 11

Administration/Operational Costs:	<u>2004/2005</u>	<u>2003/2004</u>
Transport Operating Expenses	3,390,708.50	2,086,311.45
Telephone Expenses	1,053,892.55	775,358.95
Postal/Telegrams Expenses	172,995.00	70,093.00
Electricity Expenses	113,277.05	112,990.90
Water and Conservancy	9,906.00	9,906.00
Publishing and Printing Expenses	391,830.00	97,485.90
Library Expenses	261,776.00	58,695.00
Advertising and Publicity Expenses	20,280.00	30,121.00
Show Expenses	5,850.00	7,800.00
Contracted Professional Services	11,000.00	36,400.00
Computer Expenses	46,009.00	47,975.00
National Documentation Center	207,296.80	208,000.00
Miscellaneous Expenses	-	15,497.50
Grants in Aid	59,056.30	61,457.10
Purchase of Supplies for Production	124,800.00	124,800.00
Purchase of Uniforms and Clothing	20,967.00	51,930.00
Purchase of Stationery	1,480,375.15	161,457.50
Maintenance of Plant and Property	231,040.00	129,492.00
Insurance on Property	97,624.50	97,676.20
Provision for Audit Fees	50,000.00	50,000.00
Provision for Bad Debts	53,096.80	-
Depreciation Expenses	637,589.00	692,038.00
	<u>8,439,369.65</u>	<u>4,925,485.50</u>

Note-12

Research and Project Costs:	<u>2004/2005</u>	<u>2003/2004</u>
Research Fund	7,746,790.00	4,745,969.50
Research Fund (FPE)	11,525,192.15	7,163,914.65
Kenya National Academy of Sciences	4,361,840.00	4,356,700.20
National Health Research	59,722.25	65,598.60
International Atomic Energy Agency	29,775,121.60	4,479,849.50
	<u>53,468,666.00</u>	<u>20,812,032.45</u>

Currency

The currency used is Kenya Shillings

