

NATIONAL MUSEUMS OF KENYA

Report of the Directors for the year ended 30th June 2004

Directors who held office during the year and to the date of this report were:-

Mr. Lalit Pandit - Chairman
Prof. Peter M. Ngau
Prof. Henry W. Mutoro
Dr. Theresa Aloo
Dr. Patrice Agonga
Dr. M.D. Kagombe
Dr. Ngatia
Mr. J.B. Mwaniki
Mrs. Sophie Agoye

PARLIAMENT
OF KENYA
LIBRARY

AUDITORS:

The corporation Auditor is Controller and Auditor General and continues in the office in accordance with the National Museums of Kenya Act and State Corporation Act.

BANKERS:

Kenya Commercial Bank Ltd
Sarit Centre
P.O. Box 14959
Nairobi - Kenya

Standard Chartered Bank
Westlands
P.O. Box 14438
Nairobi - Kenya

LAWYERS:

HAMILTON HARRISON & MATHEWS ADVOCATES
P.O. BOX 30333
TELEPHONE NOS.
NAIROBI
TELEPHONE NOS. 02 - 225981 or 02 - 330577

ACTIVITIES:

The principal activities of National Museums of Kenya are:-

- To identify, interpret, protect and promote the cultural and natural heritage of Kenya
- To expand and maintain the collection base in flora and fauna and cultural objects
- To develop efficient and effective conservation strategies

By order of the Board:


Director General

NATIONAL MUSEUMS OF KENYA


Statement of the Directors responsibility for the year ended 30th June 2004.

The State Corporation Act requires the Directors to prepare financial statements for each financial year that gives a true and fair view of the state of affairs of the Corporation as at the end of the financial year and the operating results for that year. It also requires the Directors to ensure the corporation keeps proper accounting records, which disclose with reasonable accuracy at any time of the financial position of the corporation. They are also responsible for safeguarding the assets of the corporation.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates consistent with previous years in conformity with International Financial Reporting Standards and in the manner required by the State Corporations Act. The Directors are of the opinion that the Financial Statements give a true and fair view of the state of the financial affairs of the corporation as at 30th June 2004 and of its operating results. The Directors further accept responsibility for the maintenance of the accounting records which may be relied upon in the preparation of the financial statements as well as adequate systems of internal financial controls.

Nothing has come to the attention of the Directors to indicate that the corporation will not remain a going concern for at least the next twelve months from the date of these statements.


Dr. Farah Idle Omar
DIRECTOR GENERAL


MR. Issa A. i. Timamy
CHAIRMAN-BOARD OF DIRECTORS

REPUBLIC OF KENYA

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P.O. Box 30084-00100

Nairobi

KENYA NATIONAL AUDIT OFFICE

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF NATIONAL MUSEUMS OF KENYA FOR THE YEAR 30 JUNE 2004

I have audited the financial statements of National Museums of Kenya for year ended 30 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 Responsibility of the Directors and the Controller and Auditor General

As set out in the statement of directors responsibilities, the directors are responsible for the preparation of financial statements which give a true and fair view of the Museum'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. Short Term Deposits.

The balance sheet reflect short term investments of Kshs 30,321,830 (2003-Kshs. 35,321,218) placed with three commercial banks contrary to Treasury Circulars No. 15 of 15 July 1982 which stipulates that surplus funds of State

Corporation be invested in Treasury Bills and bonds. Further, fixed deposit receipts in respect of these deposits were not availed for audit verification. No explanation has been given for the failure to adhere to the Treasury instruction on short term investments.

2. Capital Reserves

The balance sheet capital reserves figure of Kshs. 2,022,840,802 includes a prior year adjustment of Kshs. 21,179,318 whose details and documentary evidence were not provided for audit verification. Consequently, the accuracy of the capital reserve figure of Kshs. 2,022,840,802 could not be confirmed.

Opinion

In my opinion, except for the above reservations, 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 Museums of Kenya as at 30 June 2004 and of its surplus and cash flows for the year then ended and comply with National Museums Act Cap 216.



E.N. MWAI
CONTROLLER AND AUDITOR GENERAL

Nairobi

27 December 2005

NATIONAL MUSEUMS OF KENYA


BALANCE SHEET AS AT 30TH JUNE, 2004

	NOTES	2004 KSHS.	2003 KSHS.
NON CURRENT ASSETS			
Property, plant and equipment	1	2,145,944,634.50	2,156,885,281.45
 CURRENT ASSETS			
Stocks	7	981,403.00	963,734.70
Debtors, Deposits & Pre-payments	2,3	10,007,904.00	5,472,587.50
Cash book balances	8	82,422,815.20	33,727,760.30
Short term bank deposits	5	30,321,829.70	35,321,218.40
		123,733,951.90	75,485,300.90
 CURRENT LIABILITIES			
Creditors & Accrued Charges	6	22,315,483.05	13,611,185.00
Projects Deposits	9	33,666,690.10	41,765,145.40
		55,982,173.15	55,376,330.40
 NET CURRENT ASSETS/ (LIABILITIES)		 67,751,778.75	 20,108,970.50
 TOTAL NET ASSETS		 <u>2,213,696,413.25</u>	 <u>2,176,994,251.95</u>
 FINANCED BY:			
Profit and Loss account		158,889,508.30	133,657,324.10
Capital Reserve		2,022,840,801.70	2,001,661,483.90
Loan Account	4	31,966,103.25	41,675,443.95
		2,213,696,413.25	2,176,994,251.95

The financial statement were approved by the Board of Directors on 8/12/2004 and signed on its behalf by:-



DR. IDLE OMAR FARAH
 DIRECTOR GENERAL
 NATIONAL MUSEUMS OF KENYA



MR. ISSA A. TIMAMY
 CHAIRMAN - BOARD OF DIRECTORS
 NATIONAL MUSEUMS OF KENYA

NATIONAL MUSEUMS OF KENYA

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2004

	NOTES	2004 Kshs.	2003 Kshs.
TOTAL INCOME	10	428,907,266.00	410,550,847.50
LESS EXPENDITURE			
RECURRENT DEVELOPMENT	11	403,675,081.80	411,300,620.40
			1,496,191.00
SURPLUS/(DEFICIT)		403,675,081.80	412,796,811.40
BALANCE AS AT 1ST JULY, 2003		25,232,184.20	(2,245,963.90)
SURPLUS/(DEFICIT) for the year			
BALANCE AS AT 30TH JUNE 2004		133,657,324.10	135,903,288.00
		25,232,184.20	(2,245,963.90)
		<u>158,889,508.30</u>	<u>133,657,324.10</u>

NATIONAL MUSEUMS OF KENYA

Statement of changes in equity for the year ended 30th June 2004

	General Fund account	Capital Reserve	Loan Account	Total
As at 1st July 2002	135,903,288.00	2,001,661,483.90	47,257,072.95	2,184,821,844.85
increase/(decrease) during the year	(2,245,963.90)		(5,581,629.00)	(7,827,592.90)
Prior year adjustments				
As at 30th June 2003	133,657,324.10	2,001,661,483.90	41,675,443.95	2,176,994,251.95
As at 1st July 2003	133,657,324.10	2,001,661,483.90	41,675,443.95	2,176,994,251.95
Increase/(decrease) during the year	25,232,184.20		(9,709,340.70)	15,522,843.50
Prior year adjustment		21,179,317.80		21,179,317.80
As at 30th June 2004	158,889,508.30	2,022,840,801.70	31,966,103.25	2,213,696,413.25

NATIONAL MUSEUMS OF KENYA

CASH FLOW STATEMENT FOR THE YEAR ENDED 30th JUNE, 2004

	2004 Kshs.	2003 Kshs.
CASH FLOW FROM OPERATING ACTIVITIES		
Net Income from Museums Operations	25,247,976.70	(2,245,963.90)
Adjustments for:		
Depreciation	14,083,648.70	15,088,897.30
Prior period adjustment	21,189,917.80	
Operating Income before Working Capital Changes	60,521,543.20	12,842,933.40
Increase in Debtors	(4,535,316.50)	(1,525,150.40)
Increase in Stock	(17,668.30)	(168,058.60)
Increase /(Decrease) in Creditors	8,704,298.05	16,133,795.40
Project deposits	(8,453,494.50)	3,550,020.10
Net Cash from Operation Activities	56,219,361.95	4,984,071.00
CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Loan	(9,709,340.70)	(5,581,629.00)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Land	nil	nil
Purchase of Equipment	(2,235,158.80)	(2,019,442.00)
Purchase of Computers	(907,843.00)	(1,476,368.00)
Purchase of Motor Vehicles	nil	nil
Amortization of Capital Revenue	nil	nil
Purchase of Buildings	nil	nil
Net cash from investing Activities	(12,852,342.50)	(9,077,439.00)
Net increase (Decrease) in Cash	43,367,019.45	(14,061,510.00)
Cash at beginning of the Period	69,377,625.45	79,560,478.00
Cash at end of the Period	112,744,644.90	69,048,978.70

ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements are prepared under the historical cost convention.

(b) Government Grants

Government Grants are credited to the income and expenditure account on the basis of the payment made by the government of Kenya.

(c) Exhibits and Collections

As a policy, no value has been placed on exhibits, study collection and fixtures. Museum Exhibits have no commercial value, and the study collection is priceless.

(d) Purchase of Animals

Purchase of primates are charged to the income and expenditures account at the time of purchase.

(e) Stock

Stocks are valued at the lower of costs and net realization value.

(f) Project Fund income and deposits

These are funds earmarked for specific projects mostly dealing with Research in particular areas. The projects are credited to a Deposit Account when received and only transfer the amount spent each month to income. In this case income and expenditure are always the same. The balance remains in the respective deposit account.

(g) Taxation

The National Museums of Kenya is exempted from stamp duty. VAT and excise Duty are exempted on the case by case on application to the Treasury

(h) Property, Plant and Equipment

Property, plant and Equipment is stated at historical cost less accumulated depreciation. Depreciation is calculated on the reducing balance basis to write down the cost of each asset to its residual value over its estimated useful life using the following rate:

- Motor Vehicles - 25%
- Equipment and furniture - 12.5%
- Computers - 25%
- Land - 0%
- Buildings - 1%

(i) Translation of Foreign Currencies

Translations in foreign currencies during the year are converted into Kenya Shillings at rates ruling at the transaction dates. Assets and liabilities at the balance sheet date which are expressed in foreign currency are translated into Kenya Shillings at rates ruling at the date. The resulting differences from conversion and translation are dealt with in the income and expenditure statement in year in which they arise.

(j) Branches

The financial transactions of the branches are incorporated in these financial statements.

(k) Retirement Benefits

NMK operates a defined contribution staff Retirement Benefit Scheme for its employees. The schemes is administered by Insurance Company of East Africa and is funded by contribution from both NMK and the employees. NMK's contribution is charged to the income and expenditure statement in the year to which they relate. NMK also contributes to a statutory defined scheme, the National Social Security Fund (NSSF) contributions are determined by local statute and are currently limited to Kshs. 200 per employee per month.

(l) Gratuity

Employees entitlement to gratuity is recognized when they are paid to employees.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

PROPERTY, PLANT AND EQUIPMENT AS AT 30TH JUNE 2004

	PROPERTY		PLANT AND EQUIPMENT			TOTAL
	LAND	BUILDINGS	EQUIPMENT/ FURNITURE	COMPUTERS	VEHICLES	
	KSHS	KSHS	KSHS	KSHS	KSHS	
COST VALUATION						
As at 1st July, 2003	1,580,255,240.00	549,446,480.00	112,056,729.65	14,158,353.00	27,311,000.00	2,283,227,802.65
Additions during the year	—	—	2,235,158.80	907,843.00	—	3,143,001.80
	1,580,255,240.00	549,446,480.00	114,291,888.45	15,066,196.00	27,311,000.00	2,286,370,804.45
DEPRECIATION						
As at 1st July 2003	—	34,703,753.10	59,771,871.90	9,773,760.60	22,093,135.60	126,342,521.20
Charge for the Year	—	5,147,427.30	6,535,607.20	1,096,148.10	1,304,466.10	14,083,648.70
	—	39,851,180.40	66,307,479.10	10,869,908.70	23,397,601.70	140,426,169.90
NET BOOK VALUES						
As at 30th June, 2004	1,580,255,240.00	509,595,299.60	47,984,409.35	4,196,287.30	3,913,398.30	2,145,944,634.55
As at 30th June, 2003	1,580,255,240.00	514,742,726.90	52,284,857.75	4,384,592.40	5,217,864.40	2,156,885,281.45

	<u>2004</u>	<u>2003</u>
2. Debtors		
Salary in Advance	2,435,450.70	1,266,956.80
Imprest	6,961,238.40	2,937,851.80
Contra	—	656,563.90
Service Debtors	<u>126,965.00</u>	<u>126,965.00</u>
	<u>9,523,654.10</u>	<u>4,988,337.50</u>
3. Prepayments and Deposits		
Rent	169,000.00	169,000.00
Light/water	150,750.00	150,750.00
Prepayments	<u>164,500.00</u>	<u>164,500.00</u>
	<u>484,250.00</u>	<u>484,250.00</u>
4. Long Term Loan		
Balance	31,966,103.25	41,675,443.95
5. Short term Deposits in Finance Institutions		
Standard Bank - Westlands	20,539,026.30	20,409,480.15
Standard Bank - Karen	7,073,401.10	12,328,138.20
Housing Finance	<u>2,709,402.30</u>	<u>2,583,600.05</u>
	<u>30,321,829.70</u>	<u>35,321,218.40</u>
6. Creditors and Accruals		
Payroll liabilities	14,765,000.35	521,200.00
Other Accruals	480,398.90	273,877.10
Trade Creditors	<u>6,955,333.80</u>	<u>12,816,107.90</u>
	<u>22,315,483.05</u>	<u>13,611,185.00</u>
7. Stock		
Publications	490,097.60	464,709.60
Artifacts	436,676.20	389,294.00
Soft Drinks	<u>54,832.10</u>	<u>109,731.10</u>
	<u>981,403.00</u>	<u>963,734.70</u>

	<u>2003/2004</u>	<u>2002/2003</u>
(8) Cash Book Balances	82,422,815.20	33,727,760.65
(9) Project Deposits	33,666,690.10	41,965,145.40
(10) Income		
Recurrent	333,617,809.00	300,557,309.00
Development Grant	5,900,000.00	5,500,000.00
Others	69,340,645.00	72,939,126.00
Projects	<u>20,048,812.00</u>	<u>31,554,414.00</u>
	<u>428,907,266.00</u>	<u>410,550,849.00</u>
(11) Expenditure		
Administration	300,707,531.00	279,833,915
Personnel emoluments	56,392,674.00	69,631,340.00
Others	<u>357,100,205.00</u>	<u>349,465,255.00</u>
Establishment	30,901,902.00	39,716,767.00
Equipment, Exhibits & Research	<u>15,672,974.80</u>	<u>22,118,600.00</u>
	<u>403,675,081.80</u>	<u>411,300,622.00</u>

(12) Currency

The financial statements are presented in Kenya Shillings