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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

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NATIONAL MUSEUMS OF KENYA

ANNUAL ACCOUNTS FOR 1995/96 AND AUDITOR- GENERAL [CORPORATIONS] REPORT

The duly Audited Final Accounts for the year ended 30 June, 1996 are being tabled before the Board of Directors.

COMMENTS ON THE ACCOUNTS

Save for the qualification on valuation of Land and Buildings of the Inland Museums and lack of issue of the Title Deeds by the Commissioner of Lands for the Assets owned by the National Museums of Kenya, the Auditor-General [Corporations] is satisfied that the Accounts do show a true and fair position of the National Museums of Kenya finances and performance.

In the year under review, we registered a surplus of K£.768,084 compared to a deficit of K£.889,795 in 1995. This good performance was made possible by an increase in Government Grant-in-Aid by 57.09%, that is from K£.3,730,000 in 1994/95 to KShs.5,859,353 in 1995/96. The Revenue performance was not encouraging as it increased by only 0.32%, that is from K£.2,730,761 in 1994/95 to K£.2,739,597 in the year under review.

Projects income Increased from K£.976,676 in 1994/95 to K£.1,049,749 in 1995/96, which is an increase of 7.48%.

Development Grant amounting to K£.41,000 allocated for the Regional Museums, Sites and Monuments was not received from the parent Ministry.

FIXED ASSETS

The Management is making all the efforts to obtain the Title Deeds for the Assets owned by the National Museums of Kenya. The Management has already made arrangement with the Commissioner of Lands to undertake the valuation exercise of the Land and Buildings of the Inland Museums.

REPORT OF THE AUDITOR--GENERAL (CORPORATIONS) ON THE ACCOUNTS OF
THE NATIONAL MUSEUMS OF KENYA FOR THE YEAR ENDED 30 JUNE 1996


REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF
THE NATIONAL MUSEUMS OF KENYA FOR THE YEAR ENDED 30 JUNE 1996

I have examined the accounts of the National Museums of Kenya for the year ended 30 June 1996 in accordance with Section 29 (2) of the Exchequer and Audit Act, (Cap 412). I have obtained all the information and explanations which were considered necessary for the purpose of the audit. Proper books of account have been kept by the National Museums of Kenya and the accounts are in agreement therewith.

Except for the reservation set out herebelow, in my opinion, the accounts when read together with the notes thereon, give a true and fair view of the state of financial affairs of the National Museums of Kenya as at 30 June 1996 and of the excess income over expenditure and its cash flows for the year ended on that date.

FIXED ASSETS

The Balance Sheet fixed assets figure of K£38,539,984 as at 30 June 1996 does not include the value of land and buildings of the inland Museums except for the Museum's Nairobi Headquarters. The Balance Sheet fixed assets are thus understated by the undetermined value of land and buildings so excluded. In addition, although the National Museums of Kenya Headquarters and the Coast areas assets were revalued by the Commissioner of Lands in October 1996 at K£23,339,250 and K£13,500,000 in respect of land and buildings respectively, the Museums do not have title deeds to the land on which the revalued buildings stand. Available evidence however indicates that the Management is making efforts to obtain title deeds for the assets owned by the Museums of Kenya.




W.K. KEMEI
AUDITOR-GENERAL (CORPORATIONS)

24 June 1997

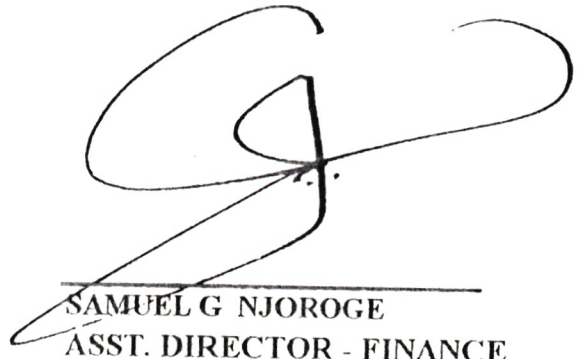
NATIONAL MUSEUMS OF KENYA

BALANCE SHEET AS AT 30TH JUNE, 1996

	<u>NOTES</u>	1996 K.£.	1995 K.£.
<u>FIXED ASSETS</u>	(9A, B & C)	38,539,984	1,164,514
<u>CURRENT ASSETS</u>			
Stock	(5)	60,172	201,309
Debtors, Deposits & Pre-payments		27,655	68,582
Cash at Banks		2,048,543	1,064,936
		2,136,370	1,334,827
<u>CURRENT LIABILITIES</u>			
Creditors & Accrued Charges		298,548	351,362
Projects Deposits	(6)	1,131,350	1,078,417
		1,429,898	1,429,779
<u>NET CURRENT ASSETS/ (LIABILITIES)</u>		706,472	(94,952)
<u>TOTAL NET ASSETS</u>		39,246,456	1,069,562
<u>FINANCED BY:</u>			
General Fund		1,837,646	1,069,562
Capital Reserve		37,408,810	-
		39,246,456	1,069,562



DR MOHAMED A ISAHAKIA
DIRECTOR/CHIEF EXECUTIVE
NATIONAL MUSEUMS OF KENYA



SAMUEL G NJOROGE
ASST. DIRECTOR - FINANCE
NATIONAL MUSEUMS OF KENYA

NATIONAL MUSEUMS OF KENYA

GENERAL FUND ACCOUNT AS AT 30TH JUNE, 1996

	NOTES	1996 K.£.	1995 K.£.
TOTAL INCOME (APPENDIX 1)		11,325,867	8,973,431
<u>LESS EXPENDITURE</u>			
RECURRENT (APPENDIX 2)		10,460,057	9,672,666
DEVELOPMENT (APPENDIX 3)		97,726	190,560
		10,557,783	(9,863,226)
EXCESS OF INCOME OVER EXPENDITURE		768,084	(889,795)
BALANCE AS AT 1ST JULY, 1995		1,069,562	1,959,357
EXCESS/(DEFICIT) OF INCOME OVER EXPENDITURE		768,084	(889,795)
BALANCE AS AT 30TH JUNE 1996		1,837,646	1,069,562

NATIONAL MUSEUMS OF

Accounting Period:

Group Code	MUSEUM PROJECTS	THIS YEAR TOTAL 1996	LAST YEAR TOTAL 1995
INDS	K. POUNDS	K. POUNDS	K. POUNDS
	ADMIN		0
501	GRANT		
502	GRANT 0	0	(30,000)
503	ADMIS 0	(5,859,353)	(3,730,000)
504	DONAT 0	(2,739,597)	(2,730,761)
505	RENTAL 0	(21,824)	(132,501)
506	INTERI 0	(46,662)	(32,006)
507	SALE 1 0	(163,956)	(145,932)
508	SALE 1 0	(430,334)	(495,385)
509	SALE 2 0	(104,402)	(98,458)
510	SALE 3 0	(329,384)	(221,574)
511	FILM 5 0	0	(7,701)
514	SUNDRY 0	(2,427)	(2,229)
515	PROJED 0	(75)	(370,205)
	0	(1,049,749)	(976,676)
	0	(1,049,824)	(8,973,429)
	0	(1,049,824)	(8,973,429)

END OF REPORT

REGIONAL MUSEUMS OF

Accounting Period:

Group Code	MUSEUM PROJECTS	THIS YEAR		LAST YEAR	
		TOTAL 1996	TOTAL 1995	TOTAL 1996	TOTAL 1995
INDS	K. POUNDS	K. POUNDS	K. POUNDS	K. POUNDS	K. POUNDS
ADMIN					
-----	72B	446,898	5,481,743	5,470,237	
101	PERSO 482	44,594	333,141	429,579	
102	TRANS 863	101,357	301,379	414,421	
103	TRAVE 0	44,971	154,921	111,594	
104	AIR F 0	11,152	52,597	35,680	
105	ENTER 0	44,330	255,342	166,075	
106	PRINT 207	32,641	314,713	293,478	
107	POSTA 0	31,691	59,343	51,689	
108	LEGAL 0	3,043	74,623	75,772	
109	ADVER 0	1,958	11,385	15,588	
110	SUBSC 0	0	15,075	7,500	
111	AUDIT 0	52,814	102,622	97,569	
112	COMPU 0	307	67,385	60,928	
113	BANK 0	1,492	16,488	31,429	
115	SUNDR-----				
	.280	817,247	8,240,749	7,261,539	
ESTAB					
-----	0	160	11,414	1,747	
201	RENT 0	3,765	346,718	395,228	
202	ELECT 0	819	173,450	191,685	
203	INSUR 45	32,756	237,571	340,814	
204	MINOR 288	14,494	188,052	301,681	
205	MAINT 0	0	263,767	214,229	
206	DEPRE-----				
	333	51,994	1,220,970	1,445,384	
EQUIP					
-----	0	0	21,457	8,473	
301	EXHIB 0	1,785	22,968	14,844	
302	PURCH 0	82,066	167,874	97,265	
303	ANIMA 0	32,259	55,095	53,985	
304	LABAR 0	462	14,549	21,834	
305	PURCH 0	6,460	13,507	16,049	
306	PHOTO 0	20,612	37,056	25,898	
307	FREIG 0	5,213	100,534	106,827	
308	CONSU 0	23,497	66,490	113,762	
309	PURCH 0	5,679	11,153	36,352	
310	PURCH 0	0	11,065	4,579	
312	ROYAL 0	0	401	0	
314	PURCH 0	3,551	476,189	465,875	
401	PURCH-----				
	0	181,584	998,338	965,741	
	1,513	1,050,824	10,460,057	9,672,665	
GRAND					

Accounting Period: 13/1996

EXPENDITURE

K. POUNDS

DESCRIPTION

NAIROBI MUSEUM	84,304
KAFENGURIA & LODWAR MUSEUMS	350
BARINGO MUSEUM	13,072
TOTALS	97,726

END OF REPORT

NATIONAL MUSEUMS OF KENYA

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE, 1996

	1995/96 K£.	1994/95 K£.
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
Net Income from Museums Operations	768,084.00	(889,795.00)
<u>Adjustments for:</u>		
Depreciation	263,767.00	214,229.00
Operating Income before Working Capital Changes	1,031,851.00	(675,566.00)
Decrease in Debtors	40,927.00	(6,629.00)
Decrease in Stock	141,137.00	(35,394.00)
Increase in Creditors	119.00	22,798.00
Net Cash from Operating Activities	1,214,034.00	(694,791.00)
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
Purchase of Equipment	(151,565.00)	(133,899.00)
Purchase of Motor Vehicles	(78,862.00)	(152,000.00)
Net Cash from Financing Activities	(230,427.00)	285,899.00
Net Increase in Cash	983,607.00	(980,690.00)
Cash at beginning of the Period	1,064,936.00	2,045,626.00
Cash at end of the Period	2,048,543.00	1,064,936.00

NATIONAL MUSEUMS OF KENYA
NOTES ON THE ACCOUNTS FOR THE YEAR ENDING
30TH JUNE, 1996

ACCOUNTING POLICY

1. **Basis of Accounting**

The accounts are prepared under the Historical Cost Convention.

2. **Grants**

Government grants are credited to the Income and Expenditure Accounts on the basis of the payment made by the Government of Kenya.

3. **As an Accounting Policy, no value has been placed on Exhibits, Study Collection and Fixtures. Museum Exhibits have no Commercial Value, and the Study Collection is Priceless.**

4. **Purchase of Animals**

Purchase of Primates are charged to the Income and Expenditure Account at the time of purchase.

5. **Stock**

Stocks are stated at the lower of cost or net realisable value.

6. **Projects 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 the Income and Expenditure are always the same. The balances remain in the respective Deposit Accounts.

7. **Development Grant**

Government of Kenya Grants-in-Aid amounting to K£ 41,000 allocated to the National Museums of Kenya for Development was not received in 1995/96 Financial Year from the Parent Ministry.

8. **Source and Application of Funds Statement**

In accordance with the generally acceptable accounting standards, we have redefined the item "Income from Museum Operations" to read Surplus/Deficit as it appears in the General Fund Account.

9. **Taxation**

The National Museums of Kenya is exempt from Income Tax and Stamp Duty. VAT and Excise Duty are exempt on case by case on application to the Treasury.

10. (a) **Additional Assets - Land, Buildings and Computers**

Land, Buildings and Computers were not previously reflected in the Accounts. They have now been valued and brought into the Accounts at Net Values, hence no depreciation has been charged in the current year. The valuation of Land and buildings was done by the Ministry of Lands and Settlement.

NATIONAL MUSEUMS OF KENYA

10. (b) FIXED ASSETS SCHEDULE AS AT 30TH JUNE, 1996

	LAND K£	BUILDINGS K£	EQUIPMENT/ FURNITURE K£	COMPUTERS K£	VEHICLES K£	TOTAL K£
<u>COST/VALUATION</u>						
As at 1st July, 1995	-	-	2,047,837	-	353,892	2,401,729
Additional during the 1995/96	-	-	151,565	-	78,862	230,427
Revaluation during the year	23,339,250	13,500,000	385,027	184,533	-	37,408,810
	23,339,250	13,500,000	2,584,429	184,533	432,754	40,040,966
	23,339,250	13,500,000	2,584,429	184,533	432,754	40,040,966
<u>DEPRECIATION</u>						
As at 1st July 1995	-	-	1,134,634	-	102,581	1,237,215
Charge for the Year 1995/96	-	-	181,224	-	82,543	263,767
			1,315,858		185,124	1,500,982
<u>NET BOOK VALUES</u>						
As at 30th June, 1996	23,339,250	13,500,000	1,268,577	184,533	247,630	38,539,984
As at 30th June, 1995	-	-	913,203	-	251,311	1,164,514

10. (c) DEPRECIATION

Depreciation on all fixed assets is provided on a reducing balance basis to write-off the cost over their expected useful lives.

The depreciation percentage rates

- i) Motor Vehicles = 25%
 - ii) Equipment and Furniture = 12.50%
 - iii) Computers = 25%
 - iv) Land = 0%
 - v) Buildings = 1%
- These rates are based on reducing balances.