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POSTAL CORPORATION OF KENYA

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KENYA NATIONAL ASSEMBLY
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ANNUAL REPORT & ACCOUNTS FOR PERIOD

ENDING 30TH JUNE 2004

CHAIRMAN'S STATEMENT ON 2003/2004 ACCOUNTS

I am pleased to submit this report highlighting the key changes introduced in the Corporation within the period under review and the results thereof.

Revenue

Overall, this was a better year than the previous one in terms of business growth. Revenue has grown over last year by 2% in spite of global decline in Postal revenue due to technological advancement. Costs were brought under control through elimination of wastage and competitive procurement of goods and services as provided by the Exchequer & Audit Act (Public Procurement Regulations, 2001).

Technology

Installation and roll out of the satellite - based Internet connectivity to over 400 post offices across the country was a major achievement during the year. This state of the art technology makes it possible for Kenyans, particularly those in the rural areas, to access the latest information at the touch of a button. This will greatly help in bridging the digital divide and enhance the provision of universal service.

Corporate re-organization

Implementation of the five year Corporate Strategic Business Plan has seen the development of a new management structure to support the commercial orientation of the Corporation. We have embarked on staff rationalization in order to improve productivity at all levels through reduction in cost of employment, improved operational efficiency and enhanced standards of customer service.

Zero Tolerance to Corruption

The Corporation has embraced national efforts to minimize corruption through participation in the public service integrity programmes and reinforcement of internal disciplinary measures to counter fraud and pilferage.

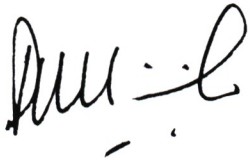
Corporate Governance

The most significant development in the year was the establishment of a fully functional Finance and Audit Committee of the Board with specific oversight responsibilities over management.

Social Responsibility

In response to the national campaign on HIV/AIDS awareness the Corporation has taken the initiative to involve staff and their families in the exercise. In future, the Corporation will continue to support ongoing programmes in the areas of HIV/AIDS awareness, education and the disabled.

Finally, I would like to take this opportunity to thank my fellow Board Members and staff for their dedicated support and commitment throughout the year.



**MAJOR GENERAL (RETIRED) P.M KARIUKI
CHAIRMAN.**

11th April, 2006

POSTMASTER GENERAL'S REPORT ON 2003/2004 ACCOUNTS

The Corporation's performance in the financial year ended 30th June, 2004 compares favourably to the same period the previous year, thanks to the slight growth experienced by the Kenyan economy and our determination to grow revenue and cut costs. However, several factors continue to hamper growth of our postal business; namely;

- Continued use of very old and dilapidated fleet of vehicles which other service providers have taken advantage of to take away a large share of Corporation's business. This is reflected by the drop in the EMS revenue from an actual Kshs. 66 million in 2002/2003 to Kshs. 61 million.
- Stiff competition especially on the postage revenue
- Stiff competition on money orders from financial institutions.
- Manual systems in the banking halls and back offices have impacted negatively on service delivery.

Revenue

Operating revenue generated was Kshs. 2,574 million compared to Kshs. 2,528 million the previous year, representing a 2% growth.

Operating Expenditure

The expenditure incurred during the period under review amounted to Kshs. 2,564 million against Kshs. 2,532 million the previous year. There was a marked increase in combined administrative and operation costs, for the following reasons:-

- The employment of new officers in key areas of the Corporation. This has led to increased expenditure on salaries, house allowances, pension as well as training costs.
- The ongoing restructuring within the Corporation also contributed to an increase in operating expenditure in the areas stated above.
- Face lifting of Post Offices.
- Increased marketing activities to revamp revenue streams.

Financial Performance

The overall financial results reflect a deficit of Kshs. 118 million. Included in this loss are exceptional expenditure items comprising of;

- Accumulated Staff Leave Kshs. 91 million
- Euro-bank deposits/loss Kshs. 53 million

I should mention that were it not for the above charges, captured as required in prudent accounting, the Corporation would have registered an overall positive position for the period under review. I wish to thank all staff and management team in particular for continuing commitment to turn around the performance of this Corporation through exemplary service to our customers. To the Board of Directors, I thank them for their wise counsel.



KEN OLUOCH
Ag. POSTMASTER GENERAL

11th April, 2006



KENYA NATIONAL AUDIT OFFICE

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON FINANCIAL STATEMENTS OF POSTAL CORPORATION OF KENYA FOR THE YEAR ENDED 30 JUNE 2004

I have audited the financial statements of Postal Corporation of Kenya for the 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 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 state of the Corporation'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 of 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. Fixed Assets

The Corporation Balance Sheet fixed assets as at 30 June 2004 reflect net assets valued Kshs.3,064,189,007 and which could not be verified as the Corporation did not avail the asset register. In addition, the Corporation was vested with land of the former Kenya Posts and Telecommunications Corporation of which 99 properties are still registered in the name of the defunct Corporation. Further the Corporation records indicate that the original title of plot No. Kisumu

Municipality Block 8/257 that was in the name of the defunct Corporation had a portion of 2.87 acres hived off and allocated to M/s Equator Bottlers without any compensation. Available information further indicates that plot 6/73 was surrendered to Commissioner of Lands to provide a road access in exchange for plot reference 6/515 which ended up in the ownership of an individual who eventually transferred it to a third party. This situation is indicative of significant impairment on properties. Consequently, it has not been possible to confirm whether the carrying values as stated in the financial statements reflect the fair values of properties as at the balance sheet date.

2. Contract Between Kenya Postel Directories Limited And Postal Corporation of Kenya

On 9 July 2001, the Postal Corporation of Kenya contracted Kenya Postel Directories Limited to publish, print and produce 350,000 Post Office Directories where the cost of printing and production was to be borne wholly by Kenya Postel Directories Limited through setting advertising space in the directories. On 15 November 2002, the Post Master General wrote to the Director General, Communications Commission of Kenya indicating that Kenya Postel Directories Limited had incurred a shortfall of Kshs.74,000,000 on production costs and managed to raise approximately Kshs.33,000,000 from sale of advertising space. The Postmaster General was given authority to levy a Kshs.200 one time charge on all Post Office Box/Bag renters to enable them cover the deficit on printing of the directories. The management has not explained its involvement in the non-performance of the contract on the part of Postel Directories Limited. Further another agreement was signed on 20 December 2002 between Postal Corporation of Kenya and Kenya Postel Directories Limited where Postal Corporation of Kenya would purchase 334,426 Directories at Kshs.66,885,200 payable to Kenya Postel Directories in three equal instalments of Kshs.22,295,066, with the last instalment payable on 31 March 2003. The information availed indicates that there was no Board resolution and that the Board's seal was used without Board's authority. The management has not explained its failure to seek the Board's approval.

3. Debtors

The Balance Sheet debtors and others figure of Kshs.1,754,645,931 comprise among others Kenya Post Office Savings Bank's balance Kshs.409,536,406 and Suppliers Software-Ross-Canada balance of Kshs.106,542,296 which have not been verified due to lack of supporting documents. In view of these observations, it is therefore not possible to confirm that the debtors figure of Kshs.1,754,645,931 is fairly stated.

4. Rehabilitation of City Square Post Office

The above works was contracted for a sum of Kshs.7,949,624 and during the year ended 30 June 2004, Kshs.4,821,267 had been paid to the contractor while the work done was confirmed as defective and subsequently the contract terminated. It has not been possible to establish how the contractor for the rehabilitation work was identified and whether proper procurement procedures were followed in the award of this contract as the tender documents were not availed for audit verification. It has therefore not been possible to ascertain that the payment of Kshs.4,821,267 to the contractor represent good value for money.

Opinion

In my opinion, except for the matters set out in the preceding paragraphs, 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 Corporation as at 30 June 2004 and of its surplus and cash flows for the year then ended and comply with the Postal Corporation of Kenya Act, 1998.



E. N. MWAI

CONTROLLER AND AUDITOR GENERAL

Nairobi

21 December 2005

Postal Corporation of Kenya

General Operating and Net Revenue Account

For the period ended 30th June 2004

	Notes	2003/2004 Kshs	2002/2003 Kshs	Variance
Operating Revenue	1			
Postal Revenue		2,329,434,634	2,284,737,534	44,697,100
Agency Services & Rent		<u>244,636,398</u>	<u>243,599,209</u>	<u>1,037,189</u>
Total		<u><u>2,574,071,032</u></u>	<u><u>2,528,336,743</u></u>	<u><u>45,734,289</u></u>
Operating Expenditure				
Administration	2	687,407,428	684,384,799	(3,022,629)
Directors Expenses	3	9,521,262	15,650,857	6,129,595
Operation	4	1,219,647,305	1,193,501,089	(26,146,216)
Conveyance of mails		57,073,375	51,501,790	(5,571,585)
International Services	5	52,333,916	39,060,489	(13,273,427)
Rental	6	120,628,314	72,054,647	(48,573,667)
Maintenance		18,290,358	52,804,444	34,514,086
Training		18,631,246	11,846,320	(6,784,926)
Telephone Charges	7	64,764,885	90,824,466	26,059,581
Provision for Depreciation		103,092,564	93,524,270	(9,568,294)
Pension		114,934,924	110,764,061	(4,170,863)
Provision for Bad and Doubtful debts	8	-	-	-
Miscellaneous	9	<u>98,270,649</u>	<u>116,160,911</u>	<u>17,890,262</u>
Total		<u><u>2,564,596,227</u></u>	<u><u>2,532,078,142</u></u>	<u><u>(32,518,085)</u></u>
Operating Surplus/(Deficit)		<u>9,474,805</u>	<u>(3,741,399)</u>	<u>13,216,204</u>
Non operating Revenue	10	27,027,654	30,951,063	(3,923,409)
Non Operating Expenditure		<u>8,817,178</u>	<u>19,620,933</u>	<u>10,803,755</u>
EADB Loan Charges		<u>1,343,056</u>	<u>2,082,570</u>	<u>739,514</u>
sub Total		<u>16,867,420</u>	<u>9,247,560</u>	<u>7,619,860</u>
Exceptional Item-Revenue		<u>5,090</u>	<u>16,253,653</u>	<u>(16,248,563)</u>
Exceptional Item-Expenditure	11	<u>144,272,232</u>	-	-
sub Total		<u>(144,267,142)</u>	<u>16,253,653</u>	<u>(160,520,795)</u>
Net Surplus /(Deficit) Before Tax		<u>(117,924,917)</u>	<u>21,759,814</u>	<u>(139,684,731)</u>
Tax Provision		-	18,003,206	18,003,206
Net Surplus /(Deficit) after Tax		<u><u>(117,924,917)</u></u>	<u><u>3,756,608</u></u>	<u><u>(121,681,525)</u></u>

Postal Corporation of Kenya

Balance Sheet

As at 30th June 2004

	Notes	2003/2004 Kshs	2002/2003 Kshs
Fixed Assets	12		
Land and Buildings		2,845,845,520	2,891,124,063
Motor Vehicles		85,180,431	106,533,392
Furniture and office equipment		133,163,056	148,967,479
Net Fixed Assets in Operation		<u>3,064,189,007</u>	<u>3,146,624,934</u>
Current Assets	13		
Stocks		2,363,026	3,952,322
Debtors			
Service		1,284,761,979	1,024,061,648
Others		469,883,952	567,042,054
Cash and Bank		959,015,325	676,368,931
		<u>2,716,024,281</u>	<u>2,271,424,955</u>
Current Liabilities	14		
Creditors			
Service		871,584,429	858,418,139
Others		1,480,215,974	1,007,008,190
		<u>2,351,800,403</u>	<u>1,865,426,329</u>
Net Current Assets		<u>364,223,878</u>	<u>405,998,626</u>
Assets Employed		<u>3,428,412,886</u>	<u>3,552,623,560</u>
Financed by:			
Owners equity:			
Revaluation Reserve		1,966,076,533	1,966,076,533
General Reserve	15	619,387,733	737,312,650
		<u>2,585,464,266</u>	<u>2,703,389,183</u>
Loans		8,194,767	14,480,525
Pension and Provident Fund		834,753,852	834,753,852
		<u>3,428,412,886</u>	<u>3,552,623,560</u>



CHAIRMAN



POSTMASTER GENERAL

Postal Corporation of Kenya

Cash Flow Statement

For the period ended 30th June 2004

Particulars	Notes	2003/2004 Kshs.	2002/2003 Kshs.
Cash Flows from Operating Activities:			
Cash receipts from customers		2,466,783,673	2,512,040,758
Cash paid to Suppliers and Employees		<u>(2,583,477,625)</u>	<u>(2,403,684,874)</u>
Cash generated from operations		(116,693,952)	108,355,884
Corporation Tax paid		<u>(32,853,206)</u>	<u>(58,078,783)</u>
Net Cash from Operating Activities		<u>(149,547,158)</u>	<u>51,277,101</u>
Cash Flows from Investing Activities:			
Proceeds from sale of Vehicles		1,408,150	-
Interest Received		7,604,396	30,951,063
Interest Charges		(22,027,393)	(2,082,571)
Purchase of Property and Equipment	16	(56,551,077)	(114,514,266)
Loans and Advances		<u>(61,848,220)</u>	<u>(36,920,025)</u>
Net Cash from Investing Activities		<u>(131,414,144)</u>	<u>(122,565,799)</u>
Cash Flows from Financing Activities:			
Postbank		552,846,957	50,647,045
Money and Postal Orders		-	4,501,514
Key Deposits		6,173,790	25,404,130
VAT		1,772,329	1,987,792
Customs		9,100,378	7,087,143
Loans		-	5,370,812
Loans Redemption		<u>(6,285,758)</u>	<u>(4,501,514)</u>
Net Cash Flows from Financing Activities		<u>563,607,696</u>	<u>90,496,922</u>
Net increase in cash and cash equivalents		<u>282,646,394</u>	<u>19,208,224</u>
Cash and Cash equivalents - 2002/2003		<u>676,368,931</u>	<u>682,564,837</u>
Cash and Cash equivalents - 2003/2004	17	<u><u>959,015,325</u></u>	<u><u>676,368,931</u></u>

Accounting policies

For the year ended 30th June, 2004

The principal accounting policies adopted in the preparation of these financial statements are as outlined below:-

1. Basis of Accounting

The accounts are prepared in accordance with cost convention as modified by the revaluation of certain fixed assets.

2. Interest

Interest receivable from Bank Accounts is accounted for in the General Operating and Net Revenue Account as it accrues. Interest payable is chargeable to General Operating and Net Revenue Account.

3. Revenue recognition

Revenue is recognized on an accrual basis and represent receipts accruing from the major services of Postal Corporation of Kenya. It is stated net of Value Added Tax.

4. Stocks

These are stated at the lower of cost and Net realizable value. Cost is determined on a weighted average basis net of provision for obsolescence.

5. Fixed Assets

• Cost

Fixed Assets are stated at purchase or production cost, less accumulated depreciation. Cost for self constructed assets include the cost of materials, direct labour and an appropriate portion of overhead costs. Additions to fixed assets during the year are capitalized at cost.

• Depreciation

Depreciation on fixed assets is calculated to write off the cost or valuation of the assets over their estimated useful lives by equal annual installments as follows:-

Accounting policies

continued

Useful lives (Years)

- Land	-	Nil
- Land and Building freehold	-	50
- Computers	-	5
- Motor vehicles	-	6-9
- Furniture & Office equipment	-	10

No provision for depreciation is made on additional assets acquired during the year. Buildings under leasehold land are depreciated over the lease period at valuation.

6. Translation of foreign currencies

Assets and Liabilities denominated in foreign currencies are translated into Kenya shillings at Inter-Bank rates of exchange ruling on the Balance Sheet date.

Transactions in Foreign Currencies are translated in Kenya Shillings at Inter-Bank rates of exchange ruling at the time of the transaction.

7. Debtors

Known bad debts are written-off and a provision is made for those considered doubtful of collection.

8. Pension obligation

The corporation contribution to pension scheme is charged to the General Operating and Net Revenue for the year.

9. Cash and cash equivalent

For the purpose of cash flow statement cash and cash equivalents comprises cash in hand, and bank balances.

10. Comparatives

Where necessary figures have been adjusted to conform with changes in presentation in the current year. Particular comparatives have been adjusted or extended to take into account the requirements of international accounting standards.

Notes forming part of the financial statements.

For the year ended 30th June, 2004

1. Analysis of Revenue	Actual	Actual	Growth
	2003/2004	2002/2003	
	Kshs	Kshs	
(i) Postal Revenue:			
Sale of stamps	480,712,588	543,044,281	-13.0
Postage paid in bulk	768,630,394	685,956,284	10.8
Foreign administrations	245,877,882	232,590,978	5.4
Money order commission	297,701,899	285,697,600	4.0
Postal order commission	353,010	2,266,388	-542.0
Box/Bag rentals	449,509,549	441,935,235	1.7
EMS speedpost	60,695,826	66,349,222	-9.3
Miscellaneous (lock replacements etc)	13,454,901	20,071,927	-49.2
Total	2,316,936,049	2,277,911,915	1.7
Premium services:			
Internet services(VSAT)	7,876,490	-	100.0
Bureau Services	2,859,040	5,345,710	-87.0
Posta shops	1,255,501	690,023	45.0
Photo Copy	507,554	789,886	-55.6
Total	12,498,585	6,825,619	45.4
Total Postal Revenue	2,329,434,634	2,284,737,534	1.9
(ii) Rent Receivable(kencell,safari com,Tkl)	44,067,777	36,221,487	17.8
(iii) Agency Services:			
KPOSB	131,587,540	136,565,036	-3.8
Customs and excise commission	1,114,153	3,545,494	-218.2
Telkom	16,002,105	25,548,552	-59.7
Pension Commission	5,249,810	3,293,785	37.3
Western Union Commission	2,138,805	3,064,275	-43.3
TSC commission	18,009,434	22,157,310	-23.0
Promotional Activities	-	11,303,172	
Others(sony.mudete tea etc)	26,466,774	1,900,098	92.8
Total Agency Revenue	200,568,621	207,377,722	-3.4
Total operating Revenue	2,574,071,032	2,528,336,743	1.8
(iv) Non-Operating Revenue	27,027,654	30,951,063	-14.5
Total	2,601,098,686	2,559,287,806	1.6
(v) Exceptional item - Bad Debt Recovery	5,090	16,253,653	
Grand Total	2,601,103,776	2,575,541,459	1.0

Notes forming part of the financial statements.

For the year ended 30th June, 2004

2. Administration

	2003/2004	2002/2003	Growth %
Salaries and Allowances	254,314,131	261,747,269	(3)
House Allowance	116,872,096	103,891,063	12
Medical	127,581,163	144,794,739	(12)
Consultancy Charges	817,000	208,455	292
Bank Charges	20,684,337	14,276,717	45
Office Administration expenses	11,451,058	15,046,218	(24)
Contingencies	-	5,478,136	(100)
Insurance	59,206,081	39,435,725	50
Security Charges	41,631,178	52,343,750	(20)
General Stores	14,906,035	20,508,134	(27)
Vehicle running costs	22,225,994	25,518,193	(13)
Loss on disposal of Motor Vehicle	787,784	-	-
Others	288,563	1,387,264	(79)
Tax on Fringe benefits	16,642,008	-	-
Sub-total	687,407,428	684,635,663	0.40

*Insurance under provision in the year on GPA

3. Directors Expenses

	2003/2004	2002/2003	Growth %
F(1) Directors Sitting Allowance	3,026,544	2,923,800	4
F(j) Directors Honorarium Allowance	1,179,580	3,061,841	(61)
F(k) Directors Travelling Subsistence - Local	1,170,053	1,670,252	(30)
F(L) Directors Travelling Subsistence - External	2,293,648	6,922,306	(67)
F(m) Directors incidental Expenses	234,129	1,072,658	(78)
F(n) Directors incidental expenses -	1,617,308	-	-
Sub - total	9,521,262	15,650,857	(39.16)

Notes forming part of the financial statements.

For the year ended 30th June, 2004
continued

4. Operational

	2003/2004	2002/2003	Growth %
Salaries and Allowance	753,191,229	770,166,931	(2)
Postal Agencies	5,932,593	6,403,626	(7)
House Allowance	359,930,469	320,843,878	12
Office Administration expenses	5,905,564	4,208,773	40
General Stores	15,316,614	25,411,827	(40)
Supply of Stamps	416,092	26,719	1,457
Vehicle running costs	45,944,218	60,665,625	(24)
Postal Losses	1,087,708	1,308,076	(17)
Operating License	4,015,703	4,260,108	(6)
Freight	70,441	184,360	(62)
Others	-	2,143,518	(100)
VAT Charges	27,835,974	-	-
Sub-total	1,219,646,605	1,195,623,441	2

5. International Services

	2003/2004	2002/2003	Growth %
International Parcel Services- payments	13,263,523	12,189,759	9
International Mail Services - payments	39,070,394	26,870,700	45
Sub-total	52,333,917	39,060,459	54

6. Rentals

	2003/2004	2002/2003	Growth %
Site Rentals (Op.)	22,108,090	352,350	6,174
Rates (Op.)	6,689,850	3,378,803	98
Office Rentals (Op.)	91,799,564	62,699,400	46
Rates (Resd.)	30,810	241,635	(87)
House Rentals	-	5,382,459	(100)
Sub-totals	120,628,314	72,054,647	6,132

Notes forming part of the financial statements.

For the year ended 30th June, 2004
continued

7. Telephone charges

	2003/2004	2002/2003	Growth %
Headquarter	23,541,103	-	-
Regions	41,223,783	-	-
Sub- total	64,764,886	90,824,466	(29)

8. Provisions for Bad and Doubtful Debts

*No Provision was made in this financial year against trade debtors.

9. Miscellaneous

	2003/2004	2002/2003	Growth %
Furniture & Fittings (- Repairs)	1,004,881	5,551,825	(82)
Electricity/Water/Fuel Bills	17,743,774	21,501,222	(17)
Staff award	90,403	6,067,678	(99)
PCK Sporting Activities	705,332	543,504	30
Legal Expenses	6,038,849	14,580,515	(59)
Health, Safety Environment (HSE)	14,600,118	12,450,777	17
Shows and Exhibitions	252,982	-	-
Electronic Media Adverts	1,506,740	-	-
Print Media Adverts	50,822,063	-	-
Entertainment	3,005,507	-	-
Marketing Services	-	27,306,887	-
Stores Consumables	-	25,658,503	-
Audit fees	2,500,000	2,500,000	-
Sub - total	98,270,649	116,160,911	(15.40)

Notes forming part of the financial statements.

For the year ended 30th June, 2004

continued

10. Non-Operating Revenue

	2003/2004	2002/2003	Growth %
	Kshs.	Kshs.	
Bank Interest	6,226,043	25,375,228	(75)
Staff loans interest	13,885,831	5,750,141	(12)
Tender	2,370,500	7,343,181	(68)
Disposal of Vehicles	1,378,353	468,000	195
Loss recoveries	-	633,000	(100)
Sale of Stores	1,322,472	766,299	73
Others, (e.g GPA reimbursement)	1,844,455	5,870,853	(69)
Total	27,027,654	56,206,702	(51.91)

11. Exceptional Items - Expenditure

	2003/2004	2002/2003	Growth %
Euro-bank	53,041,741	-	-
Staff Leave	91,230,491	-	-
Total	144,272,232	-	-

12. Fixed Assets Schedule

Particulars	Land and Buildings	Motor Vehicles	Furniture and Office Equipment	Grand Total
Cost / Evaluation				
At 1/7/2003	3,082,504,640	194,937,090	284,408,909	3,561,850,639
Adjustment			(8,270,722)	(8,270,722)
Additions	4,985,506	2,566,752	23,393,796	30,946,054
Disposals		(2,602,434)		(2,602,434)
AS At 30/6/2004	3,087,490,146	194,901,408	299,531,983	3,581,923,537
Depreciation				
Cuumm b/f 1/7/2003	191,380,577	88,403,698	135,441,430	415,225,705
Adjustment				-
Charge charge for the year	50,264,049	21,901,018	30,927,497	103,092,564
Disposal/Adjustments		(583,739)		(583,739)
30/6/2004	241,644,626	109,720,977	166,368,927	517,734,530
Net Book Value				
Assets in operation	2,845,845,520	85,180,431	133,163,056	3,064,189,007

Notes forming part of the financial statements.
For the year ended 30th June, 2004

13. Schedule of Current Assets	2003/2004 Kshs	2002/2003 Kshs
Stocks:		
	-	-
Consumable Stores	2,363,026	3,952,322
Total Stocks	<u>2,363,026</u>	<u>3,952,322</u>
Debtors:		
Services:		
Foreign Administration	589,734,588	523,053,575
E M S	31,444,788	27,394,835
	<u>621,179,376</u>	<u>550,448,410</u>
Less: Provision for Doudtful debts	(331,822,099)	(331,827,189)
Net Service Debtors	<u>289,357,277</u>	<u>218,621,221</u>
Sale of stamps	-	-
Money Orders-Intre state	3,472,153	6,229,194
Total	<u>292,829,430</u>	<u>224,850,415</u>
Rent Receivable		
Rent	165,240,931	152,159,226
Agency:		
Kenya Post Office Savings Bank	409,536,406	257,341,269
Telkom Kenya Limited	391,917,937	375,915,832
Telposta Pension Scheme	19,044,715	13,794,905
Other Agency Debtors	6,192,560	3,606,598
Total	<u>991,932,549</u>	<u>799,211,233</u>
Total service Debtors	<u>1,284,761,979</u>	<u>1,024,061,648</u>
Other Debtors		
Rentals	41,037	-
Suppliers - Software-ROSS-Canada	106,542,296	72,952,613
Suppliers - Zadock Furniture Systems	212,282	212,282
Staff Advances	296,356,487	330,955,701
Statutory	651,130	685,530
Other Deposits	11,878,850	118,024,718
Institutions	4,155,439	2,801,131
Cooperatives	1,714,717	765,500
Kenya Post Office Savings Bank	10,746,705	2,739,619
Telkom Kenya Limited	36,485,010	36,504,961
Deposits Hospitals	1,100,000	1,400,000
Total Other Debtors	<u>469,883,952</u>	<u>567,042,054</u>
Total debtors	<u>1,754,645,931</u>	<u>1,591,103,702</u>
Cash and Bank Balances		
On hand	102,877,380	109,720,677
Bank	801,050,210	528,277,411
Cash in Transit	51,958,107	37,648,298
Crown Agent and UPU Account	3,129,628	722,545
Total	<u>959,015,325</u>	<u>676,368,931</u>
Total Current Assets	<u>2,716,024,281</u>	<u>2,271,424,955</u>

Notes forming part of the financial statements.
For the year ended 30th June, 2004

14. Current Liabilities

	2003-2004	2002-2003
	Kshs	Kshs
Service Creditors		
Foreign Administration	127,410,117	97,049,730
Money Orders	152,619,125	173,046,345
Postal Orders	9,575,084	13,146,583
Key Letter Box Deposits	58,393,081	52,581,939
Rental Deposits	333,085	231,271
EMS	3,455,782	2,134,343
Telephone and Telegraph	446,270,055	456,464,437
Conveyance of Mail	60,996,369	63,763,491
Agency Accounts	12,531,730	-
Total Service Creditors	<u>871,584,429</u>	<u>858,418,139</u>
Other Creditors		
Statutory	15,325,522	20,353,855
Staff advances	11,817	-
Pensions	16,510,666	172,609,528
Provident Fund	2,275,133	13,148,830
Value Added Tax withholding	1,772,329	1,944,054
Corporation Tax		18,003,206
Accrued Liabilities	144,272,232	-
Institutions	1,379,401	1,108,369
Cooperatives	22,212,610	20,362,811
Kenya Post Office Savings Bank	944,961,863	550,868,530
Telkom Kenya Limited	6,092,022	5,942,828
Administration	37,529,304	14,301,149
Operational	7,534,047	3,578,796
Rentals	48,110,215	2,357,761
Training	3,924,196	1,142,477
Deffered Projects	96,819,340	96,819,340
Contract work	40,398,807	47,337,712
Suppliers		
Local	2,305,256	4,847,186
Overseas	-	333,720
Other Deposits	32,893,614	20,134,761
Miscellaneous	55,887,599	11,813,279
Total others	<u>1,480,215,974</u>	<u>1,007,008,190</u>
Total Current Creditors	<u>2,351,800,403</u>	<u>1,865,426,330</u>

Notes forming part of the financial statements.

For the year ended 30th June, 2004
continued

15. Reserves

Description	General Reserve	Revaluation Reserve	Total
	Kshs.	Kshs.	Kshs.
Balance as at 30th June 2003	737,312,650	1,966,076,533	2,703,389,183
Retained Surplus for the period	(117,924,917)	-	(117,924,917)
Increase /Decrease in revaluation	-	-	-
Balance as at 30th June 2004	619,387,733	1,966,076,533	2,585,464,266

16. Purchase of property and equipment

	Kshs
• Payment of Computer Software (Ross)	- 33,589,683
• Motor Vehicle	- 2,175,214
• Furniture	- 2,611,445
• Computers and Office equipment	- 18,174,735
Total	- 56,551,077



17. Cash and Cash equivalents

	2003/2004 Kshs.	2002/2003 Kshs.
Cash on hand	102,877,380	109,720,677
Bank	801,050,210	478,277,411
Cash in Transit	51,958,107	37,648,298
Crown Agent and UPU	3,129,628	722,545
Short-Term-Deposit	-	50,000,000
Total	959,015,325	676,368,931

