

REPUBLIC OF KENYA

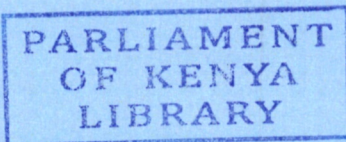


OFFICE OF THE AUDITOR-GENERAL



REPORT

*Paper laid by
Lony on 10/5/2017 (pm)*



OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
NURSING COUNCIL OF KENYA**

**FOR THE YEAR ENDED
30 JUNE 2016**

NURSING COUNCIL OF KENYA



REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2016

**Prepared in accordance with the Accrual Basis of Accounting Method
under the International Public Sector Accounting Standards (IPSAS)**

**Nursing Council of Kenya
Reports and Audited Financial Statements
For the Year Ended 30th June 2016**

CONTENTS

PAGE

KEY NCK CORPORATE INFORMATION.....	3-4
BOARD MEMBERS AND SENIOR MANAGEMENT TEAM.....	5-7
REPORT OF THE CHAIRMAN	8
REPORT OF THE REGISTRAR/ CHIEF EXECUTIVE OFFICER.....	9
CORPORATE GOVERNANCE STATEMENT.....	10
STATEMENT OF RESPONSIBILITIES OF COUNCIL MEMBERS.....	11
REPORT FROM AUDITOR GENERAL.....	12-13
STATEMENT OF FINANCIAL PERFORMANCE.....	14
STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2016.....	15
STATEMENT OF CHANGES IN EQUITY	16
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2016.....	17
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS.....	18
NOTES	19-28

Nursing Council of Kenya

Reports and Audited Financial Statements

For the Year Ended 30th June 2016

KEY NCK CORPORATE INFORMATION

a) Background information

The Nursing Council of Kenya was established on 10th June 1983 under The Nurses Act Chapter 257 of the Laws of Kenya. NCK is represented by Board of Members who are responsible for the general policy and strategic direction of the Council.

b) Principal Activity

The principal activity of NCK is to regulate the Nursing profession in Kenya.

c) Key Management

The NCK management is under the following key organs:

- Board of Members
- Registrar
- Senior Management Team

d) Fiduciary Management

The management personnel who held office during the financial year ended 30th June 2016 and who had direct fiduciary responsibility were:

Name	Designation
1. Edna C. Tallam-Kimaiyo	Registrar
2. Sarah Burje	Deputy Registrar
3. Michael Wachira	Finance Manager
4. Augustine Abade	Procurement Manager

e) Fiduciary Oversight Arrangements

The Nursing Council of Kenya comprises of the Chairman (Representative of Kenya Progressive Nurses association), Vice Chairman (Representative of Kenya Medical Training Colleges), Director of Nursing Services, Ministry of Education Representative, Representative of National Nurses Association of Kenya, Representative from Universities, Representative from Institute of Human Resources and Representative from Ministry of Health. The key function of the Board is to guide and control the performance and management of the affairs of the Council. The Board has appointed various standing committees to which it has delegated certain responsibilities with the chairmen of the committees reporting to the full Board.

The four standing committees of the Board of the Council are (1) Executive Committee (2) Human Resource and Finance Committee (3) Education, Research & Examination Committee, (4) Discipline, Standards & Ethics Committee.

**Nursing Council of Kenya
Reports and Audited Financial Statements
For the Year Ended 30th June 2016**

KEY NCK CORPORATE INFORMATION (CONTINUED)

f) NCK Headquarters

P.O. Box 20056 – 00200
NCK Plaza
Kabarnet Road
Nairobi, Kenya

g) NCK Contacts

Tel: +254-20-3873556
Nairobi, Kenya
Email: info@nckkenya.org
Website: www.nckkenya.com

h) Bankers

Barclays Bank of Kenya Limited,
Queensway Branch
P.O Box 30011-00100
Tel: +254-20-2711221
Nairobi, Kenya

Cooperative Bank of Kenya Limited
Kibera Branch
P.O Box 48231 – 00100
Nairobi, Kenya

i) Independent Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers, University way
P.O Box 30084 – 00100
Nairobi, Kenya

j) Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O Box 40112 – 00200
Nairobi, Kenya

**Nursing Council of Kenya
Reports and Audited Financial Statements
For the Year Ended 30th June 2016**

BOARD MEMBERS AND SENIOUR MANAGEMENT

BOARD MEMBERS

	NAME	REPRESENTING
1	Mr. Thaddeus Mayaka	Chairman
2	Mathew Kipturgo	Vice- Chairperson
3	Kinuthia Wamwangi(EBS)	KIHRM
4	Rose Kuria	Director of Nursing Services
5	Paul Mungai	Ministry of Education
6	Mary Wangai	Ministry of Health
7	Alfred Obengo	National Nurses Association of Kenya
8	Samson Cheruiyot	Universities

SENIOR MANAGEMENT

NAME	DESIGNATION
Edna .C. Tallam - Kimaiyo	Registrar, Secretary to the Board and Chief Executive Officer
Sarah Burje	Deputy Registrar
Michael Wachira	H.O.D Finance
Betina Muthama	H.O.D Examinations
Sophie Ngugi	H.OD. Standards
Fredrick Ochieno	H.O.D Education
Susan Ndugui	H.O.D Human Resource Management
Eva Magothe	H.O.D Information Technology
Augustine Abade	H.O.D Procurement

BOARD MEMBERS



Mr. Thaddeus Mayaka
Chairman



Mathew Kiptugo
Vice Chair Person



Kinuthia Wamwangi (EBS)
KHRM



Rose Kuria
Director of Nursing Services



Paul Mungai
Ministry of Education



Mary Wengel
Ministry of Health



Alfred Obengo
National Nurses Association of Kenya



Samson Cherulyot
Universities

SENIOR MANAGEMENT



**Edna Tallam
Kimaiyo
Registrar, Board
Secretary and CEO**



**Sarah Burje
Ag. Deputy Registrar**



**Michael Wachira
Ag. H.O.D Finance**



**Betina Muthama
Ag. H.O.D
Examinations**



**Sophie Ngugi
H.O.D. Standards**



**Fredrick Ochieno
Ag. H.O.D Education**



**Priscilla J. Najoli
H.O.D Registration
& Licencing**



**Susan Ndugui
Ag. H.O.D H.R.M**



**Eva Magothe
H.O.D I.T**



**Augustine Abade
H.O.D
Procurement**

**Nursing Council of Kenya
Reports and Audited Financial Statements
For the Year Ended 30th June 2016**

REPORT OF THE CHAIRMAN OF THE BOARD

The Nursing Council of Kenya in collaboration with various stakeholders is spearheading the delivery of NCK services in conformity with the Kenyan constitution and vision 2030 economic blueprint.

The Council was established in June 1983 under the Nurses Act cap 257 to make provisions for training, registration, enrolment and licensing of Nurses, to regulate their conduct and to ensure their maximum participation in the health care of the community and connected purposes.

The Council is tasked with regulating the Nursing Profession in Kenya. Its broad mandate entails Organizing Examinations, Conducting Visits to Health Institutions, Register/Enroll/License those Candidates who are trained both inside and outside Kenya, Review syllabi for various Nursing programs and review relevant education materials and discipline those Nurses who commit offences.

The execution of the above is not without challenges. In view of this, the NCK launched a five-year strategic plan in the year 2010 up to June 2016. The strategic plan 2010 -2016 recognized the prevailing need for health services and the difficult socio-economic circumstances facing the country.

The strategic plan addressed four key goals which were: - improved nursing standards, improved service delivery and institutional image, institutional development, financial sustainability, and ICT capability development. The achievement of these goals was to address the challenges and take advantage of the opportunities that will arise thereon

Considerable success has been realized in the achievement of these goals and it is hoped that pending issues will be achieved to the required standards. This will require an enabling work environment and support and commitment from all stakeholders who include the Council Board and secretariat, nursing fraternity, the Ministry of Health and other GOK Departments.

Lastly, the NCK commits itself not to lose sight of its vision and mission and will always uphold in esteem its core values during interaction with clients. These core values include a strong commitment to superior services, commitment to transparency and accountability in the leadership and management of affairs, adherence to competence in performance, commitment to public policy and ethics, and believe in equality of all human beings irrespective of their social standing.

Sign.....
Thaddeus Mayaka
NCK CHAIRMAN

**Nursing Council of Kenya
Reports and Audited Financial Statements
For the Year Ended 30th June 2016**

REPORT OF THE REGISTRAR/ CHIEF EXECUTIVE OFFICER

The Nursing Council of Kenya, NCK, was established in June 1983 through the enactment of the Nursing Act. The major role of the Council is to regulate the Nursing profession in Kenya, The strategic plan of the NCK is designed to ensure 100% compliance with the requirements under the Nursing Act and other relevant rules and regulations.

The core business of NCK is to make provision for training, registration, enrolment and licensing of nurses: to regulate their conduct and to ensure their maximum participation in the health care of the community and for connected purposes. This is in line with the mission and vision of NCK, which is “to ensure the provision of quality nurses training and maintenance of professional nursing practice through appropriate regulations” Our vision is “The Nursing Council of Kenya is committed to the provision of world class nursing education and practice”

In January 2014 we revised the accreditation standards for schools of nursing. The accreditation document has standards on; Governance, Curriculum, physical facilities, Clinical training resources, Clinical placement, Faculty, Students, Continuous quality improvement, Program evaluation, Research and CPD.

The revised standards aim to:-

- i) Foster continuing improvement of the courses.
- ii) Provide for an evaluation process that is efficient for institutions.
- iii) Provide for continuous evaluation as a means of assessing whether the training courses consistently fulfills their goals.
- iv) Boost partnerships between training institutions and clinical placement providers.

As I conclude, I would like to express deep appreciation to the government of Kenya for their support and commitment in supporting Nurses’ growth in the country, our development and strategic partners as well as public and private organizations who are important in achieving our objectives. We are thankful to all county governments who have collaborated with us. We remain grateful to all the citizens of Kenya for giving us the opportunity to serve them.

Sign.....

**Edna .C. Tallam - Kimaiyo
REGISTRAR/CHIEF EXECUTIVE OFFICER
NURSING COUNCIL OF KENYA**

Nursing Council of Kenya
Reports and Audited Financial Statements
For the Year Ended 30th June 2016

CORPORATE GOVERNANCE STATEMENT

The Board of the Nursing Council of Kenya is responsible for the overall management of the organization and is accountable to its stakeholders for ensuring that the organization complies with the law and the highest standards of best practices in corporate governance and quality service delivery. The Council's board is committed to integrity in accordance with the generally accepted corporate practices and endorses the developed principles of good corporate governance.

The Board

The Council Board is made up of Eight (8) members nominated to represent major stakeholders. The Registrar / Chief Executive Officer of the Council is an ex-official member and acts as Secretary to the Board. The Board holds a minimum of four scheduled meetings annually to receive and consider detailed operating reports and advice of the following standing committees each of whose membership comprises three / four Board members: -

- i) Human Resource and Finance committee
- ii) Registration and Licensing committee
- iii) Education, Research and Examination committee
- iv) Discipline, Standards and Ethics committee
- v) Executive committee

Internal Control System

The Council has put in place policies, procedures, regulations and controls to ensure that the accounting and financial reporting are accurate and reliable, and that operations are effective and efficient. Procedures are in place for obtaining authority for transactions, for ensuring compliance with laws and regulations that have significant implications and to ensure that assets are subject to proper physical controls and that the organization remains structured to ensure proper segregation of duties. The Board of the Council through its Executive committee exercises the oversight role including the reviewing of the design and effectiveness of the systems of internal control of the Council and the assessing of the results of all the activities of the council against plans and budget.

The Board through its scheduled quarterly meetings and through scheduled meetings of its committees considers the reports of its oversight function and directs implementation of such measures as it deems necessary to improve the reliability, effectiveness and efficiency of the council's internal control system. The council's senior management team holds monthly meetings to review and report on the progress and impact of implementation the Board's decisions.

Risk Management Policy

The Council has developed a Risk Management Policy. The aim of implementing this policy is to ensure that incidents that may threaten the ability of the organization to achieve its objectives are recognized early enough for suitable measures to be taken. This will guard against unethical practices that may threaten the value of the organization by promoting accountability and transparency.

**Nursing Council of Kenya
Reports and Audited Financial Statements
For the Year Ended 30th June 2016**

STATEMENT OF RESPONSIBILITIES OF COUNCIL MEMBERS

The Public Finance Management Act, 2012 and the State Corporations Act Cap 466, require the Council members to prepare financial statements in respect to the Nursing council, which give a true and fair view of the state of affairs of the Council at the end of the financial year/period and the operating results of the Council for that year/period. The Members are also required to ensure that the Council keeps proper accounting records which disclose with reasonable accuracy the financial position of the Council. The members are also responsible for safeguarding the assets of the Council.

The Members are responsible for the preparation and presentation of the Council's financial statements, which give a true and fair view of the state of affairs of the Council for and as at the end of the financial year ended on June 30, 2016. These responsibilities include: (i) maintaining adequate financial management arrangements ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy, the financial position of the Council; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Council; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Members accept responsibilities for the Council's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with Accrual Basis of Accounting method under the International Public Sector Accounting Standards (IPSAS) and in the manner required by the PFM Act and the State Corporations Act. The Members are of the opinion that the Council's financial statements give a true and fair view of the state of Council's transactions during the financial year ended June 30, 2016, and of the Council's financial position as at that date. The Members further confirm the completeness of the accounting records maintained for the Council, which have been relied upon in the Preparation of the Council's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board Members to indicate that the Council will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Council's financial statements were approved by the Board on 7th Dec 2016 and signed on its behalf by:-

Sign.....
THADDEUS MAYAKA
CHAIRMAN

Sign.....
MATHEWS KIPTURGO
VICE CHAIRMAN

REPUBLIC OF KENYA

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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NURSING COUNCIL OF KENYA FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

The accompanying financial statements of Nursing Council of Kenya, set out on pages 14 to 28, which comprise the statement of financial position as at 30 June 2016, and the statement of financial performance, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information have been audited on my behalf by Gad Wekesa and Associates, auditors appointed under Section 23 of the Public Audit Act, 2015. The auditors have duly reported to me the results of their audit and on the basis of their report, I am satisfied that all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit were obtained.

Management's responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229 of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In

Report of the Auditor-General on the Financial Statements of Nursing Council of Kenya for the year ended 30 June 2016

making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

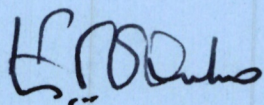
Irregular top-up Duty Allowances

Included in the statement of financial performance for the year ended 30 June 2016 is staff costs of Kshs.42,642,421. Included in this staff cost expense is Kshs.8,614,080 which the Council paid as top-up duty allowance to 15 staff members seconded to the Council from the Ministry of Health. The allowances were paid as top-up duty allowances, equivalent to the officers' basic salaries from the Ministry of Health. However, these payments were made contrary to the Government Circular No. DPM/1AXXXIV/(95) of 17 July 2008 that scrapped all top-up allowances. Further, no approval for such allowance, from the parent Ministry was availed for audit review. The Council, however, stopped payment of the allowance w.e.f 1 July 2016.

In the circumstances, it has not been possible to confirm the propriety of the expenditure of Kshs.8,614,080 included under staff costs amount of Kshs.42,642,421 in the Statement of Financial Performance for the year ended 30 June 2016.

Qualified Opinion

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Nursing Council of Kenya as at 30 June 2016, and of its financial performance and of its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Nurses Act, Cap. 257 of the Laws of Kenya.



FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

22 March 2017

Nursing Council of Kenya
Reports and Audited Financial Statements
For the Year Ended 30th June 2016

STATEMENT OF FINANCIAL PERFORMANCE


	Notes	2016 <u>KSH</u>	2015 <u>KSH</u>
REVENUE			
Income from fees & registration	2	127,910,031	97,853,766
Net income from sale of training materials	3	11,588,924	13,781,765
Other Incomes	4	<u>3,736,255</u>	<u>11,850,780</u>
Total revenue		<u>143,235,210</u>	<u>123,486,311</u>
EXPENDITURE			
Board expenses	5	8,456,785	10,187,135
Finance expenses	6	683,452	647,401
Staff costs	7	42,642,421	35,958,933
Legal expenses	8	5,775,000	5,049,100
Insurance costs	9	2,100,764	1,522,909
Utilities costs	10	15,715,810	19,481,232
Travel expenses	11	17,836,355	18,329,267
Audit expenses	12	945,000	600,000
Other operating expenses	13	37,957,771	48,764,776
Depreciation expense	14	<u>4,569,473</u>	<u>5,727,700</u>
Total expenditure		<u>136,682,831</u>	<u>146,268,453</u>
SURPLUS / (DEFICIT) FOR THE YEAR		<u>6,552,379</u>	<u>(22,782,142)</u>

**Nursing Council of Kenya
Reports and Audited Financial Statements
For the Year Ended 30th June 2016**

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2016

	NOTE	2016 <u>KSH</u>	2015 <u>KSH</u>
<u>ASSETS</u>			
Non- Current Assets			
Property, Plant & Equipment	15	<u>73,267,880</u>	<u>67,305,205</u>
Current Assets			
Inventories	16	6,140,076	1,608,463
Trade & other receivables	17	2,826	30,450
Cash & Cash Equivalent	18	<u>18,522,302</u>	<u>13,405,521</u>
Total Current Assets		<u>24,665,204</u>	<u>15,044,434</u>
TOTAL ASSETS		<u>97,933,084</u>	<u>82,349,639</u>
<u>LIABILITIES AND ACCUMULATED FUND</u>			
Current Liabilities			
Trade & Other payables	19	<u>22,357,770</u>	<u>13,326,704</u>
Total current liabilities		<u>22,357,770</u>	<u>13,326,704</u>
Accumulated fund	20	<u>75,575,314</u>	<u>69,022,935</u>
TOTAL EQUITY AND LIABILITIES		<u>97,933,084</u>	<u>82,349,639</u>

The Financial Statements and notes on pages 14 to 25 were approved by the Board of the Nursing Council of Kenya on 2th Dec 2016 and signed on its behalf by:-

Sign.....

Sign.....

Sign.....

THADDEUS MAYAKA
CHAIRMAN

MATHEWS KIPTURGO
VICE CHAIRMAN

EDNA C. TALLAM- KIMAIYO
REGISTRAR

Nursing Council of Kenya
Reports and Audited Financial Statements
For the Year Ended 30th June 2016

STATEMENT OF CHANGES IN EQUITY

	Accumulated Fund Kshs	Surplus (Deficit) Kshs	Total Kshs
<u>For the year ended 30.06.2015</u>			
As at 1 st July 2014	91,805,077	-	91,805,077
Surplus (deficit) for the year	-	(22,782,142)	(22,782,142)
Transfer to accumulated fund	(22,782,142)	22,782,142	-
As at 30th June 2015	<u>69,022,935</u>	-	<u>69,022,935</u>
<u>For the year ended 30.06.2016</u>			
As at 1 st July 2015	69,022,935	-	69,022,935
Surplus (deficit) for the year	-	6,552,379	6,552,379
Transfer to accumulated fund	6,552,379	(6,552,379)	-
As at 30th June 2016	<u>75,575,314</u>	-	<u>75,575,314</u>

Nursing Council of Kenya
Reports and Audited Financial Statements
For the Year Ended 30th June 2016

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2016

	2016	2015
	Kshs	Kshs
<u>Cash Flows from operating activities</u>		
Surplus / Deficit for the year	6,552,379	(22,782,142)
Adjust for:		
Depreciation	<u>4,569,473</u>	<u>5,727,700</u>
Surplus before working capital changes	<u>11,121,852</u>	<u>(17,054,442)</u>
<u>Working capital changes</u>		
Decrease / (Increase) in stocks	(4,531,613)	322,887
Decrease / (Increase) in trade debtors and receivables	27,624	18,850
Increase / decrease in trade creditors and payables	<u>9,031,066</u>	<u>11,924,196</u>
	<u>4,527,077</u>	<u>12,265,933</u>
Net cash from operating activities	<u>15,648,929</u>	<u>(4,788,509)</u>
<u>Cash flow from investing activities:</u>		
Purchase of property, plant and equipment	(10,532,148)	(831,548)
Net cash Flows From Investing activities	<u>(10,532,148)</u>	<u>(831,548)</u>
Net Increase/(Decrease) in cash and cash equivalents	5,116,781	(5,620,057)
Cash & cash equivalents at the beginning of the year	<u>13,405,521</u>	<u>19,025,578</u>
Cash & cash equivalents at the end of the year	<u>18,522,302</u>	<u>13,405,521</u>

Nursing Council of Kenya
Reports and Audited Financial Statements
For the Year Ended 30th June 2016

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Budget	Actuals	Budgetary Performance Difference	Budgetary Performance Difference
	Year to 31.06.2016	Year to 31.06.2016	Favourable (Unfavourable)	Favourable (Unfavourable)
	Kshs '000	Kshs '000	Kshs '000	%age
Revenue				
Internally generated revenue:				
Sales, fees, charges	136,550	138,880	2,330	1.71%
Grant revenue for seminars	-	1,803	1,803	0.00%
Development Partner(s)	-	-	-	0.00%
Others – Recurrent (Specify)	-	2,552	2,552	0.00%
Recurrent Revenue	136,550	143,235	6,685	4.90%
Payments				
Personnel Emoluments	40,000	42,642	(2,642)	-7%
Board Expenses	8,000	8,457	(457)	-6%
Operating /Administrative Expenses	60,000	78,913	(18,249)	-30%
Repair and Maintenance	3,000	2,101	899	30%
Depreciation	5,450	4,570	880	16%
Total Operating Expenses	116,450	136,683	(19,569)	-17%
Operating Surplus / Deficit	20,100	6,552	(13,548)	-67%
Bank Charges	(3,350)	(683)	2,667	79.61%
Net Earnings (Deficit)	16,750	5,869	(10,881)	12.21%
Ratios				
Operating Surplus Margin	15.00%	4.00%	26.67%	28.80%
Personnel Costs to Recurrent Revenue	29.00%	30%	-0.77%	-2.7%
Personnel Costs to Recurrent Costs	34.00%	31.20%	2.80%	8.2%
Number of Employees				
Management	9	9	-	-
Technical	28	28	-	-
Others	9	5	-	-

Nursing Council of Kenya
Reports and Audited Financial Statements
For the Year Ended 30th June 2016

NOTES

These notes comprise a summary of principal accounting policies adopted in the preparation of the financial statements (Note 1) and other explanatory information (Notes 2 to 20) considered necessary for fair and reasonably complete understanding of the financial statements.

NOTE: 1 Summary of Significant Accounting Policies

(a) Statement of compliance and basis of preparation

The financial statements have been prepared under historical cost convention as modified to include revaluation of assets. The preparation of financial statements in conformity with international public sector accounting standards allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the council's accounting policies. The financial statements have been prepared and presented in Kenya shillings which are the functional and reporting currency of the council. The financial statements have been prepared in accordance with the PFM Act, the state Corporation Act and International Public Sector Accounting Standards (IPSAS)

(b) Revenue recognition

Revenue is recognized when received.

(c) Depreciation

Depreciation is calculated to write off their costs or valuation in equal annual installments over their estimated useful lives using the reducing balance method. Depreciation is not charged on assets bought during second half of the financial year.

The annual rates in use are:-

Percentage	%
1. Land	nil
2. Building	2.5%
3. Office furniture and fittings	12.5%
4. Motor Vehicle	25.0%
5. Computers	30.0%

(d) Inventories

Stocks are valued at the lower of cost or net of realizable value.

(e) Trade and other receivables

Trade and other receivables are recognized at fair values.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank. Bank account balances include amounts held at the various commercial banks at the end of the financial year.

(g) Trade and other payables

Trade and other payables are non-interest bearing and are carried at amortized cost, which is measured at the fair value of contractual value of the consideration to be paid in future in respect of goods and services supplied, whether billed to the council or not, less any payments made to the suppliers.

Nursing Council of Kenya
Reports and Audited Financial Statements
For the Year Ended 30th June 2016

NOTES (CONTINUED)

	2016	2015
	Kshs	Kshs
<u>NOTE 2: INCOME FROM REGISTRATION AND OTHER FEES</u>		
Examination & Indexing	52,249,457	33,836,257
Registration & Enrolment	22,803,144	23,927,835
Council Rental Income	480,000	420,000
Private Practice License	5,458,200	3,585,600
BscN& Curriculum Study	2,366,000	520,000
Application for License & Verification	10,920,630	3,629,610
Retention Systems Fees	24,684,000	23,388,531
Accreditation & Inspections	8,948,600	8,545,933
	<u>127,910,031</u>	<u>97,853,766</u>
<u>NOTE 3: INCOME FROM SALE OF TRAINING MATERIALS</u>		
Sales	29,556,765	59,144,318
Opening stock	(1,608,463)	(1,931,350)
Purchases	(22,499,454)	(45,039,666)
Closing stock	6,140,076	1,608,463
Income from sales of materials	<u>11,588,924</u>	<u>13,781,765</u>
<u>NOTE 4: OTHER INCOME</u>		
License storage penalty	2,552,000	1,750,780
IMCI seminars/workshops grant income	1,184,255	10,100,000
	<u>3,736,255</u>	<u>11,850,780</u>
<u>NOTE 5: BOARD EXPENSES</u>		
Sitting allowance	3,380,000	3,453,318
Accommodation allowance	3,690,100	3,314,317
Lunch allowance	164,300	631,000
Transport allowance and honoraria	1,222,385	2,788,500
	<u>8,456,785</u>	<u>10,187,135</u>
<u>NOTE 6: FINANCIAL EXPENSES</u>		
Bank charges	683,452	647,401
	<u>683,452</u>	<u>647,401</u>

**Nursing Council of Kenya
Reports and Audited Financial Statements
For the Year Ended 30th June 2016**

NOTES (CONTINUED)

NOTE 7: STAFF COSTS

Basic Salary	14,767,831	11,221,064
House Allowance	5,875,608	4,521,936
Commuter Allowance	2,812,000	2,140,000
Responsibility Allowance	3,626,857	2,756,620
Duty Allowance	9,227,843	7,005,057
Leave Allowance	154,000	117,000
Wages	1,804,688	1,362,094
Gratuity	1,570,450	1,199,940
Staff development	700,000	518,000
Medical cover	2,103,144	1,589,110
	<u>42,642,421</u>	<u>32,430,821</u>

NOTE 8: LEGAL EXPENSES

Legal fees	3,900,000	3,408,000
Consultancy Fees	1,875,000	1,641,100
	<u>5,775,000</u>	<u>5,049,100</u>

NOTE 9: INSURANCE COSTS

Motor vehicle Insurance	451,037	327,425
Buildings Insurance	147,117	106,604
Land Rates	288,231	208,638
Repair & Maintenance	1,214,379	880,242
	<u>2,100,764</u>	<u>1,522,909</u>

**Nursing Council of Kenya
Reports and Audited Financial Statements
For the Year Ended 30th June 2016**

NOTE 10: UTILITIES COSTS

Office running expenses	1,683,205	1,323,493
Motor Vehicle running expenses	1,445,183	1,425,999
Advertising & Newspapers	618,721	1,934,930
Stationary	7,365,397	10,036,197
Postage & Telephone Charges	2,768,605	2,595,836
Electricity and water	1,025,931	1,359,169
Security and alarm systems	808,765	805,608
	<u>15,715,810</u>	<u>19,481,232</u>

NOTE 11: TRAVEL EXPENSES

Travel	4,472,496	4,582,317
Examinations	13,363,859	13,746,950
	<u>17,836,355</u>	<u>18,329,267</u>

NOTE 12: AUDIT FEES

Provision for audit fees	<u>945,000</u>	<u>600,000</u>
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**Nursing Council of Kenya
Reports and Audited Financial Statements
For the Year Ended 30th June 2016**

NOTES (CONTINUED)

	2016	2015
	Kshs	Kshs
NOTE 13: <u>OTHER OPERATING EXPENSES</u>		
Seminars & Workshops	16,765,675	16,991,997
Writing & signing of certificates	282,433	1,523,669
Donations & Subscriptions	579,750	1,427,400
Retention System	6,090,000	6,912,369
Standards, Ethics & Visits	7,801,354	3,768,180
Council Elections	2,150,854	6,826,368
IMCI Workshops	4,287,705	11,314,793
	<u>37,957,771</u>	<u>48,764,776</u>
NOTE 14: <u>DEPRECIATION EXPENSE</u>		
Depreciation charge for the year	<u>4,569,473</u>	<u>5,727,700</u>

Nursing Council of Kenya
Reports and Audited Financial Statements
For the Year Ended 30th June 2016

NOTE 15: PROPERTY , PLANT AND EQUIPMENT

COST	FURNITURE AND FITTINGS	COMPUTERS	MOTOR VEHICLES	BUILDINGS	LAND	TOTALS
	KSH	KSH	KSH	KSH	KSH	KSHS
As at 1/7/2013	11,682,669	5,841,334	2,023,310	52,826,262	10,816,180	83,189,755
As at 1/7/2014	12,341,159	19,189,314	2,023,310	52,826,262	10,816,180	97,196,225
Additions in the Year	352,168	479,380	-	-	-	831,548
As at 30/6/2015	<u>12,693,327</u>	<u>19,668,694</u>	<u>2,023,310</u>	<u>52,826,262</u>	<u>10,816,180</u>	<u>98,027,773</u>
<u>DEPRECIATION:</u>						
As at 1/7/2013	6,165,914	3,082,957	1,707,433	8,600,129	-	19,556,433
As at 1/7/2014	6,937,820	6,564,864	1,786,402	9,705,782	-	24,994,868
Charge for the Year	684,812	3,905,649	59,227	1,078,012	-	5,727,700
As at 30/6/2015	<u>7,622,632</u>	<u>10,470,513</u>	<u>1,845,629</u>	<u>10,783,794</u>	=	<u>30,722,568</u>
N..B.V						
AS AT 30/6/2015	5,070,695	9,198,181	177,681	42,042,468	10,816,180	67,305,205
AS AT 30/6/2014	5,403,339	12,624,450	236,908	43,120,480	10,816,180	72,201,357
AS AT 30/6/2013	<u>5,516,755</u>	<u>2,758,377</u>	<u>315,877</u>	<u>44,226,133</u>	<u>10,816,180</u>	<u>63,633,322</u>

Nursing Council of Kenya
Reports and Audited Financial Statements
For the Year Ended 30th June 2016

NOTES 15. (CONT....)

	Furniture & Fittings Kshs	Computers Kshs	Motor vehicles Kshs	Building Kshs	Land Kshs	Totals Kshs
<u>COST</u>						
As at 1/7/2014	12,341,159	19,189,314	2,023,310	52,826,262	10,816,180	97,196,225
As at 30/6/2015	12,693,327	19,668,694	2,023,310	52,826,262	10,816,180	98,027,773
Additions in the Year	<u>720,000</u>	<u>269,000</u>	<u>9,543,148</u>	-	-	<u>10,532,148</u>
As at 30/6/2016	<u>13,413,327</u>	<u>19,937,694</u>	<u>11,566,458</u>	<u>52,826,262</u>	<u>10,816,180</u>	<u>108,559,921</u>
<u>DEPRECIATION:</u>						
As at 1/7/2014	6,937,820	6,564,864	1,786,402	9,705,782	-	24,994,868
As at 30/6/2015	7,622,632	10,470,513	1,845,629	10,783,794	-	30,722,568
Charge for the Year	633,837	2,840,154	44,420	1,051,062	-	4,569,473
As at 30/6/2016	<u>8,256,469</u>	<u>13,310,667</u>	<u>1,890,049</u>	<u>11,834,856</u>	-	<u>35,292,041</u>
Net Book Value						
As at 30/6/2016	<u>5,156,858</u>	<u>6,627,027</u>	<u>9,676,409</u>	<u>40,991,406</u>	<u>10,816,180</u>	<u>73,267,880</u>
As at 30/6/2015	<u>5,070,695</u>	<u>9,198,181</u>	<u>177,681</u>	<u>42,042,468</u>	<u>10,816,180</u>	<u>67,305,205</u>
As at 30/6/2014	<u>5,403,339</u>	<u>12,624,450</u>	<u>236,908</u>	<u>43,120,480</u>	<u>10,816,180</u>	<u>72,201,357</u>

NOTE 16: INVENTORY

Stocks of training materials	6,140,076	1,608,463
	<u>6,140,076</u>	<u>1,608,463</u>

NOTE 17: TRADE AND OTHER RECIEVABLES

Staff Salary Advances	-	-
Prepayments (machines service contracts)	2,826	30,450
	<u>2,826</u>	<u>30,450</u>

Nursing Council of Kenya
Reports and Audited Financial Statements
For the Year Ended 30th June 2016

NOTE 18: CASH AND CASH EQUIVALENT

Cash at Bank (Barclays A/c 094-8023954)	2,460,102	9,528,167
Cash at Bank (Co-op A/c 01136098613400)	13,037,656	3,474,954
M-Pesa Account (Pay- Bill No. 992350)	2,977,044	-
Cash in Hand	<u>47,500</u>	<u>402,400</u>
	<u>18,522,302</u>	<u>13,405,521</u>

Nursing Council of Kenya
Reports and Audited Financial Statements
For the Year Ended 30th June 2016

NOTE 19: TRADE & OTHER PAYABLES

	2016	2015
	Kshs	Kshs
Provision for audit fees	945,000.00	630,000.00
PAYE	117,417.00	754,697.00
Rent deposit	135,000.00	135,000.00
Ampath technique ltd	179,883.00	379,860.00
Ariemo quality supplies	585,000.00	-
Baltech equip ltd	140,000.00	180,000.00
Bensenga Merchants	-	139,100.00
Captain marketing agency	494,200.00	-
Centrino color printers	576,000.00	866,000.00
Chana Printers	112,500.00	112,500.00
Columbus printing ltd	925,000.00	-
Continental Graphics Ltd:	343,320.00	391,280.00
Crystal mgmt consultants	30,000.00	-
Dancyngo investment supplies	540,000.00	-
Dawena enterprises	232,000.00	-
East Coast Printers Ltd.	447,235.00	2,546,460.00
Enin investment	920,000.00	-
Firmstar ltd	785,168.00	532,958.00
Fiona enterprises ltd	370,000.00	-
G4S Kenya Ltd.	172,632.00	-
Geetech ltd	226,200.00	-
Geoges general supplies	203,410.00	-
Greenwood printers ltd	111,444.00	391,444.00
Gryjos printers	596,400.00	1,292,400.00
Intek general supplies ltd	401,813.00	153,090.00
Intriq ventures ltd	3,200,000.00	-
Jeclad enterprises	310,000.00	-
Kedypha Agencies Ltd	309,075.00	-
Kenafric diaries	140,000.00	1,653,800.00
Kwawi creative ltd	211,370.00	-
Lantana supplies	332,000.00	-

Nursing Council of Kenya
Reports and Audited Financial Statements
For the Year Ended 30th June 2016

NOTE 19: TRADE & OTHER PAYABLES (Cont)

Lerniflocia agencie	115,925.00	-
Lilex solutions	280,000.00	-
Magnate ventures ltd	46,600.00	-
Marken enterprises	41,500.00	-
Nemlon Enterprises	1,320,000.00	-
Mepa trading enterprises	42,730.00	-
MFI document solutions ltd	426,950.00	309,615.00
Netafim agencies	414,000.00	-
Olulunga enterprises	91,000.00	91,000.00
Option General Supplies	260,000.00	-
Osborne Investments Ltd	360,000.00	-
Pelsom Enterprises Ltd	225,504.00	433,400.00
Persim ltd	230,300.00	-
Rabbix supplies	113,000.00	-
Racar agencies ltd	173,900.00	-
Rosa mystica spiritual	72,000.00	-
Roytam ventures	113,879.00	-
Sarajo agencies	124,915.00	-
Silverscope ltd	1,375,000.00	1,026,000.00
Soloh worldwide ltd	866,000.00	866,000.00
SOS children's	30,000.00	-
Strutchart Merchants	68,000.00	68,000.00
Supplynet investments	180,000.00	-
swiftnet east africa ltd	258,000.00	-
The puzzle expert	100,000.00	374,100.00
Tumza general agencies	258,000.00	-
Wavelink east africa	282,000.00	-
Wayce logistics	396,500.00	-
	<u>22,357,770.00</u>	<u>13,326,704.00</u>

NOTE 20: ACCUMULATED FUND

Balance brought forward	69,022,935	91,805,077
Add: Surplus (deficit) for the year	<u>6,552,379</u>	<u>(22,782,142)</u>
Balance carried forward	<u>75,575,314</u>	<u>69,022,935</u>

