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POSTAL CORPORATION OF KENYA

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ANNUAL REPORTS AND ACCOUNTS FOR
THE PERIOD
ENDING 30TH JUNE 2000

POSTAL CORPORATION OF KENYA

CHAIRMAN'S STATEMENT

During the financial year 1999/2000, the poor local and global economies resulted in a very difficult trading environment for Postal Corporation Kenya.

Nevertheless, the Corporation recorded fairly good performance during the year under review compared to the deficits that characterized the Postal business under the defunct KP&TC.

The Corporation's gross income increased from Kshs.1.9 Billion, 1998/1999 to Kshs.2.4 Billion in 1999/2000. This was due to the following factors:-

- Increase in Postage and Box Rental tariffs effected in January, 2000
- Additional Mail Business form Telkom (K)
- Telephone receipting services for Telkom (K)
- Rent charged on tenancy arrangement with Telkom (K)
- Rental boxes expansion
- Cost reductions in major expenditure centres.

The Corporation recorded a deficit of Kshs. 42 million.

The changed business environment continues to pose challenges for the Corporation which is expected to compete in all other segments save for postage and box rentals. While making every effort to expand its services in the captive market segments, the Corporation will also embark on aggressive marketing of its wide range of services to the public.

The entire Board was appointed in June, 2003, to take over the stewardship of the Corporation in discharge of its legal mandate to provide postal and financial services to the public, and as the designated public postal services licensee, ensure universal access of postal services.

On behalf of the board, may I sincerely thank our valued customers, staff and the communities in which we operate for their tremendous support.



J. NJAGI KAGAU
CHAIRMAN

26/7/2004 July, 2004

REPORT OF THE POSTMASTER GENERAL

Introduction

I am pleased to report that Postal Corporation of Kenya recorded satisfactory performance during the difficult and uncertain economic environment that prevailed for most of the financial year under review, particularly following the split of the then KP&TC into three entities.

The Economy

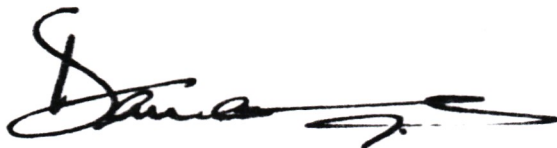
The Kenya economy had undergone severe recession in the preceding three years. Real gross Domestic Product (GDP) declined from 2.3 percent in 1997 to 1.4 percent in 1999. Inflation did however fall from 11.2 percent in 1997 to 3.5 percent in 1999 largely due to the tight monetary and fiscal policies pursued by the government.

Financial Performance

I note with satisfaction the fairly impressive financial performance during the year under review, making turnaround in the Corporation's performance hitherto characterised by deficits under the former KP&TC.

Let me take this opportunity to talk about the areas the Corporation has done well. Revenue has continued to grow against a backdrop of poor economic performance. A 22% growth was registered in 1999/2000 compared with only 11% recorded in 1998/1999. On the other hand, expenditure declined by 4.5 in the year under review notwithstanding additional expenditure attributed to salary review, telephone charges and rentals. Major contributions to this performance include revised postage and box tariffs, expansion of boxes and continued business support by our sister organization Telkom (K). Robust cost control through observation of strict financial discipline has resulted in notable reduction in expenditure. However, the Corporation recorded a deficit of Kshs. 42 million.

I was appointed Postmaster General in March, 2003. I am no stranger to public sector management having worked in Government for 23 years, lastly as Chief State Counsel in the Attorney General's Office. I am delighted to be part of this promising business and look forward to even better performance in the future.



D.K. AMEYO, OGW
POSTMASTER GENERAL

23/07/04 July, 2004

**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE
FINANCIAL STATEMENTS OF THE POSTAL CORPORATION OF KENYA
FOR THE YEAR ENDED 30 JUNE 2000**

I have examined the financial statements of the Postal Corporation of Kenya for the year ended June, 2000 in accordance with the provisions of Section 29 of the Exchequer and Audit Act, (Cap 412). I have obtained all the information and explanations considered necessary for the purpose of the audit. Proper books of account have been kept and the financial statements, which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets, are in agreement therewith and comply with the Postal Corporation Act, 1998.

Except for the matters set out below, in my opinion, the financial statements when read together with the notes thereon, present fairly the Corporation's financial state of affairs as at 30 June, 2000 and of its deficit and cash flows for the year then ended.

1. Land and Buildings

The Land and Buildings figure of Kshs.2,837,756,068 as at 30 June, 2000 includes total value of Kshs.10,584,286 in respect of four (4) land parcels and buildings which were vested in the Corporation with effect from 1 July 1999 but for which the Corporation does not hold documents of ownership. In addition, land and buildings valued at Kshs.16,050,000, eleven parcels of land, and motor vehicles valued at Kshs.13,235,000 were not vested in the Corporation. Further, there were double vesting of land and buildings and motor vehicles amounting to Kshs.1,200,000 and Kshs.1,725,000 respectively in Telkom (K) and Postal Corporation. The Corporation also has a claim on land and buildings valued at Kshs.217,750,000 but for which no evidence of ownership was seen. In view of the above, it was not possible to confirm that the assets and liabilities of the Corporation are fairly stated.

2. Work in Progress

The work in progress balance of Kshs.141,920,617 is made up of Kshs.88,700,000 being revaluation of the construction of Kericho Post Office and additional works of Kshs.53,220,617 carried out during the year 1999/2000. The opening balance of Work-in-Progress of Kshs.346,813,480 was revalued at Kshs.88,700,000 and the difference of Kshs.258,113,480 between the two figures, was written off against the Corporation's revaluation reserves. The lower revaluation of Kshs.88,700,000 for a project which had cost Kshs.346,813,480 and writing-off the difference of Kshs.258,113,480 which mostly comprised professional services paid by the defunct KP&TC towards the project indicates that the cost of such professional services may have been exaggerated and not

commensurate with the value of the work done on the project resulting in waste of public funds. No action appears to have been taken to investigate and determine who should bear such apparent loss of public funds.

3. Dormant Projects

The Corporation inherited five(5) projects from the defunct Kenya Posts and Telecommunications Corporation on which the defunct Corporation had incurred total capital expenditure of Kshs.347,847,298 mainly on professional services and building plans. This expenditure was charged in the accounts of the defunct Kenya Posts and Telecommunications Corporation. However, available information shows that the Corporation does not have funds to continue with the projects and the amount of Kshs.347,847,298 so far expended may therefore result into waste. No action appears to have been taken to investigate and apportion responsibility for this waste. It is further noted that although the Corporation took over the Eldoret and Tom Mboya Head Post Offices, the two dormant projects were not vested in any of the three successor Corporations and it is therefore not clear to which of the three Corporations these two dormant projects were vested.

4. Irregular Procurement of Goods and Services


During the year under review, the Corporation procured good/services worth Kshs.9,767,893 without calling for open tenders. The Corporation also issued(confirmatory) Local Purchase Orders for goods worth Kshs.4,982,699 after such goods had been received and used. In addition, a senior Corporation Manager unprocedurally approved the repair of 37 vehicles at a cost of Kshs.3,174,617. Examination of relevant invoices revealed that repair costs of some of the vehicles were exorbitant and no justification was provided for such exorbitant costs. No explanation had been provided by management for the breach of procurement procedures.

5. Revaluation Reserve & General Reserve Account

The General and Revaluation Reserve Account of Kshs.714,738,266 and Kshs.1,966,076,533 respectively as at 30 June 2000 are net of prior years adjustment figures of Kshs.209,386,797 and Kshs.1,311,784,817 respectively totalling Kshs.1,521,171,614. The prior year adjustment figure of Kshs.1,521,171,614 in turn includes the following amounts for which no explanation and /or supporting documents were provided for audit review to ascertain the nature and accuracy of the adjustments:

<u>Item</u>	<u>Amount (Kshs)</u>
Assets not vested	216,397,417
Short term deposits	143,389,550
Cash and Bank Balance	68,895,627
Bank over-draft	205,428,588
Total	<u>634,111,182</u>

In the absence of explanation and /or supporting documents for these prior year adjustments, it was not possible to ascertain the propriety of the general and revaluation accounts as at 30 June 2000 or their effect on the Balance Sheet.



E.N. MWAI
CONTROLLER AND AUDITOR GENERAL

NAIROBI

11 May, 2004

Postal Corporation of Kenya

General Operating and Net Revenue Account

For the period ended 30th June 2000

	Notes	1999/2000 Kshs	1998/99 Kshs
Operating Revenue	1		
Postal Revenue		2,111,266,448	1,862,266,460
Telegraph		26,744,012	27,455,250
Agency Services		250,838,768	34,034,350
Total		2,388,849,228	1,923,756,060
Operating Expenditure			
Administration	2	526,851,184	579,880,940
Operation	3	1,015,975,315	1,010,473,980
Conveyance of mails		50,756,113	78,891,310
International Services		27,911,560	33,851,180
Rental		75,465,097	44,567,660
Maintenance		35,278,254	30,629,130
Training		8,457,527	23,337,160
Telephone Charges		126,525,963	-
Provision for Depreciation		98,732,366	111,685,670
Pension		146,965,273	191,564,740
Other Provisions	4	278,400,526	4,302,160
Miscellaneous	5	68,320,534	131,061,430
Total		2,459,639,713	2,240,245,360
Operating Surplus/(Deficit)		(70,790,485)	(316,489,300)
Non operating Revenue	6	28,569,438	50,318,350
Non Operating Expenditure		-	31,315,200
		28,569,438	19,003,150
Net Surplus /(Deficit)		(42,221,047)	(297,486,150)



Postal Corporation of Kenya

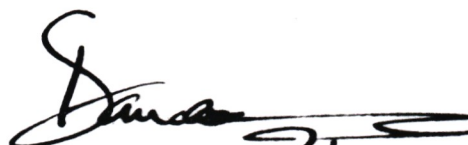
Balance Sheet

As at 30th June 2000

	Notes	1999/2000 Kshs	1998/99 Kshs
Fixed Assets	7		
Land and Buildings		2,837,756,068	3,033,531,510
Motor Vehicles		97,002,884	142,527,100
Furniture and office equipment		113,419,127	157,629,690
Net Fixed Assets in Operation		<u>3,048,178,079</u>	<u>3,333,688,300</u>
Capital works in progress		141,920,617	346,813,480
Investments	8		
Trade		-	12,015,000
Pension Fund		-	159,807,240
		<u>-</u>	<u>171,822,240</u>
Current Assets	9		
Stocks		73,193,404	76,746,000
Debtors			
Service		356,805,561	404,019,890
Others		639,560,683	828,485,990
Deposits	10		143,389,550
Cash and Bank		514,361,625	219,243,730
		<u>1,583,921,274</u>	<u>1,671,885,160</u>
Current Liabilities	11		
Creditors			
Service		344,459,615	306,582,030
Others		769,199,658	489,265,020
Overdraft		-	205,428,590
		<u>1,113,659,273</u>	<u>1,001,275,640</u>
Net Current Assets		<u>470,262,001</u>	<u>670,609,520</u>
Assets Employed		<u>3,660,360,697</u>	<u>4,522,933,540</u>
Financed by:			
Owners equity:			
Revaluation Reserve		1,966,076,533	3,277,861,350
General Reserve	12	714,738,266	966,346,110
		<u>2,680,814,799</u>	<u>4,244,207,460</u>
Pension and Provident Fund	13	979,545,898	278,726,080
		<u>3,660,360,697</u>	<u>4,522,933,540</u>



CHAIRMAN



POSTMASTER GENERAL

Postal Corporation of Kenya

Cash Flow Statement

For the period ended 30th June 2000

	1999/2000
	Kshs.
Cash Flow from Operating Activities:	
Net surplus before taxation	(42,221,047)
Adjustments for:	
Depreciation	98,732,366
Interest income	(23,448,223)
Other provisions	278,400,526
Exchange loss (Unrealised)	-
Gain on disposal of Motor Vehicles	-
Operating profit before working capital changes	311,463,622
(Increase) / Decrease in stock	(3,552,593)
(Increase) / Decrease in services debtors	231,186,197
(Increase) / Decrease in others debtors	(188,925,307)
Increase / (Decrease) in service creditors	37,877,583
Increase / (Decrease) in other creditors	279,934,638
Net Cash generated from operating activities	356,520,520
Corporation Tax paid	-
Net Cash from operating activities	356,520,520
Return on Investments and servicing of Loans:	
Interest received	23,448,223
Loan Charges	-
Net cash flow from Investment and Servicing of Finance	23,448,223
Cashflow from Investing Activities:	
Purchase/construction of Fixed Assets	(69,350,937)
Addition to work in progress	(53,220,617)
Proceeds on disposal of Fixed Assets	-
Net cash from investing activities	(122,571,554)
Cashflow from financing Activities:	
Loan repayments	-
VAT Received	4,930,909
VAT Paid	(3,436,834)
Net cash from financing activities	1,494,075
Adjustment	(55,993,259)
	514,361,626
Net increase/(decrease) in cash and cash Equivalent	357,156,936
Cash and cash Equivalent at beginning of period	157,204,690
Cash and cash Equivalent at end of period(Note 13)	514,361,626



Accounting policies

For the year ended 30th June,2000

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 historical 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 realisable 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:-

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.



Accounting policies

continued

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 Telposta pension scheme is charged to the General Operating and Net Revenue for the year

9. Cash and cash equivalent

For the purposes of cash flow statement cash and cash equivalents comprise cash in hand, and bank balances.

10. Comparatives

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

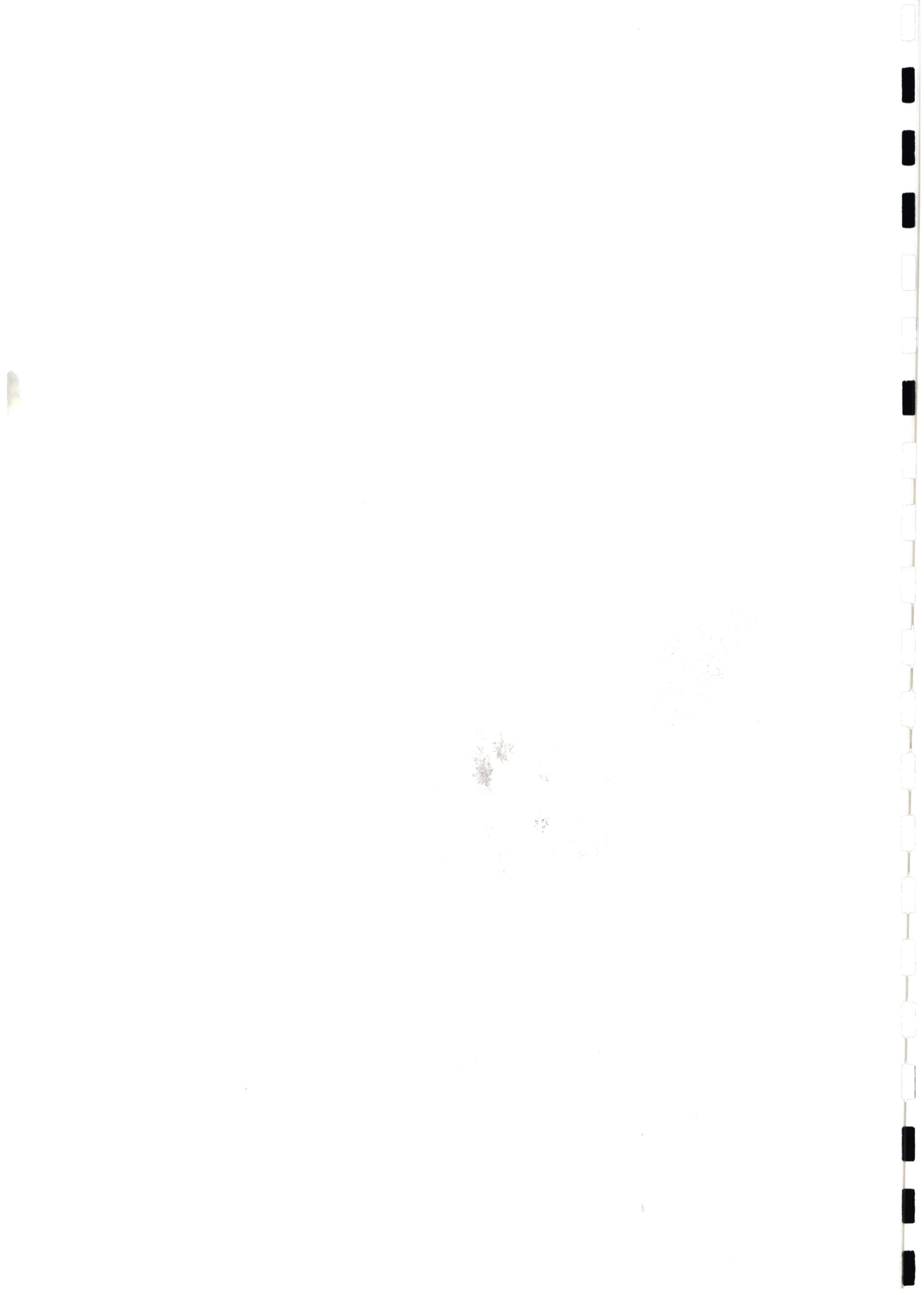


Notes forming part of the financial statements.

for the year ended 30th June, 2000

1. Analysis of Revenue

	1999/2000	1998/99	Variance
	Kshs	Kshs	%
(i) Postal Revenue:			
Sale of stamps	638,639,531	753,007,815	(15)
Postage paid in bulk	504,737,779	311,377,560	62
Foreign administrations	235,956,108	201,550,841	17
Money order commission	275,780,789	215,104,360	28
Postal order commission	2,113,326	1,134,941	86
Box/Bag rentals	351,453,696	287,896,661	22
EMS speedpost	62,681,906	73,458,047	(15)
Miscellaneous	23,758,390	6,785,821	250
Total	2,095,121,525	1,850,316,046	13
Premium services:			
Bureau Services	5,219,749	7,330,556	(29)
Posta shops	9,506,112	2,199,680	332
Photo Copy	1,419,063	2,320,174	(39)
Total	16,144,923	11,850,410	36
Total	2,111,266,448	1,862,166,456	13
Telegrams:			
Inland Telegrams	25,872,398	26,222,410	(1)
Foreign Telegrams Outward	612,171	921,118	(34)
Miscellaneous	259,442	311,722	(17)
Total	26,744,012	27,455,250	(3)
Total Postal Revenue	2,138,010,460	1,889,621,706	13
(ii) Agency Services:			
KPOSB	38,815,849	33,037,738	17
Customs and excise	1,155,260	996,608	16
Telkom	210,867,669	0	-
Total Agency Revenue	250,838,768	34,034,346	637
Total operating Revenue	2,388,849,228	1,923,656,052	24
(iii) Non-Operating Revenue			
Total Revenue	2,417,418,666	1,973,928,276	22



Notes forming part of the financial statements.

For the year ended 30th June, 2000

2. Administration

	1999/2000 Kshs.	1998/99 Kshs.	Variance %
Salaries and Allowances	214,072,376	237,402,371	(9.8)
House Allowance	53,854,092	71,333,060	(24.5)
Medical	116,342,730	134,446,267	(13.5)
Insurance	25,764,878	44,153,882	(41.6)
Incidental	27,502,304	34,189,105	(19.6)
Security	34,783,014	5,030,721	591.4
General Stores	8,430,185	19,534,190	(56.8)
Vehicle running costs	28,434,013	11,417,047	149.0
Others	11,886,016	22,374,297	(47.0)
	<u>521,049,608</u>	<u>579,880,940</u>	<u>(10.1)</u>

Out of Kshs. 521 million Directors emoluments amounted to Kshs. 3,430,963

3. Operational expenses

	1999/2000 Kshs	1998/99 Kshs	Variance %
Salaries & Allowances	673,520,865	683,329,399	(1)
House allowance	217,879,774	196,068,715	10
Incidental	7,408,028	6,413,950	13
General Stores	27,054,883	45,300,081	(67)
Motor Vehicle	60,441,199	48,523,373	20
Others	8,464,829	30,838,464	(264)
	<u>994,769,578</u>	<u>1,010,473,982</u>	<u>(2)</u>

4. Other provisions

The Board members have decided to make a specific provision for debts which are over three years old and irrecoverable.



Notes forming part of the financial statements.

For the year ended 30th June,2000

5. Miscellaneous

	1999/2000 Kshs	1998/99 Kshs	Variance %
Electricity/Water/Fuel Bills	19,833,062	50,208,257	(60.5)
P & T Sporting Activities	2,348,406	10,546,081	(77.7)
Marketing Services	34,078,085	51,137,135	(33.4)
Others	9,560,981	19,169,956	(50.1)
	<u>65,820,534</u>	<u>131,061,429</u>	(49.8)

6. Non Operating revenue

	1999/2000 Kshs
Bank Interest	3,178,432
Staff loans interest	20,805,599
Tender/GPA/Western Union	2,325,567
Disposal of Vehicles	-
Loss recoveries	599,580
Sale of stores	362,541
Others	1,297,719
Total	<u>28,569,438</u>

*GPA – Group Personal Accident



Notes forming part of the financial statements.

For the year ended 30th June, 2000

7. Fixed Assets schedule

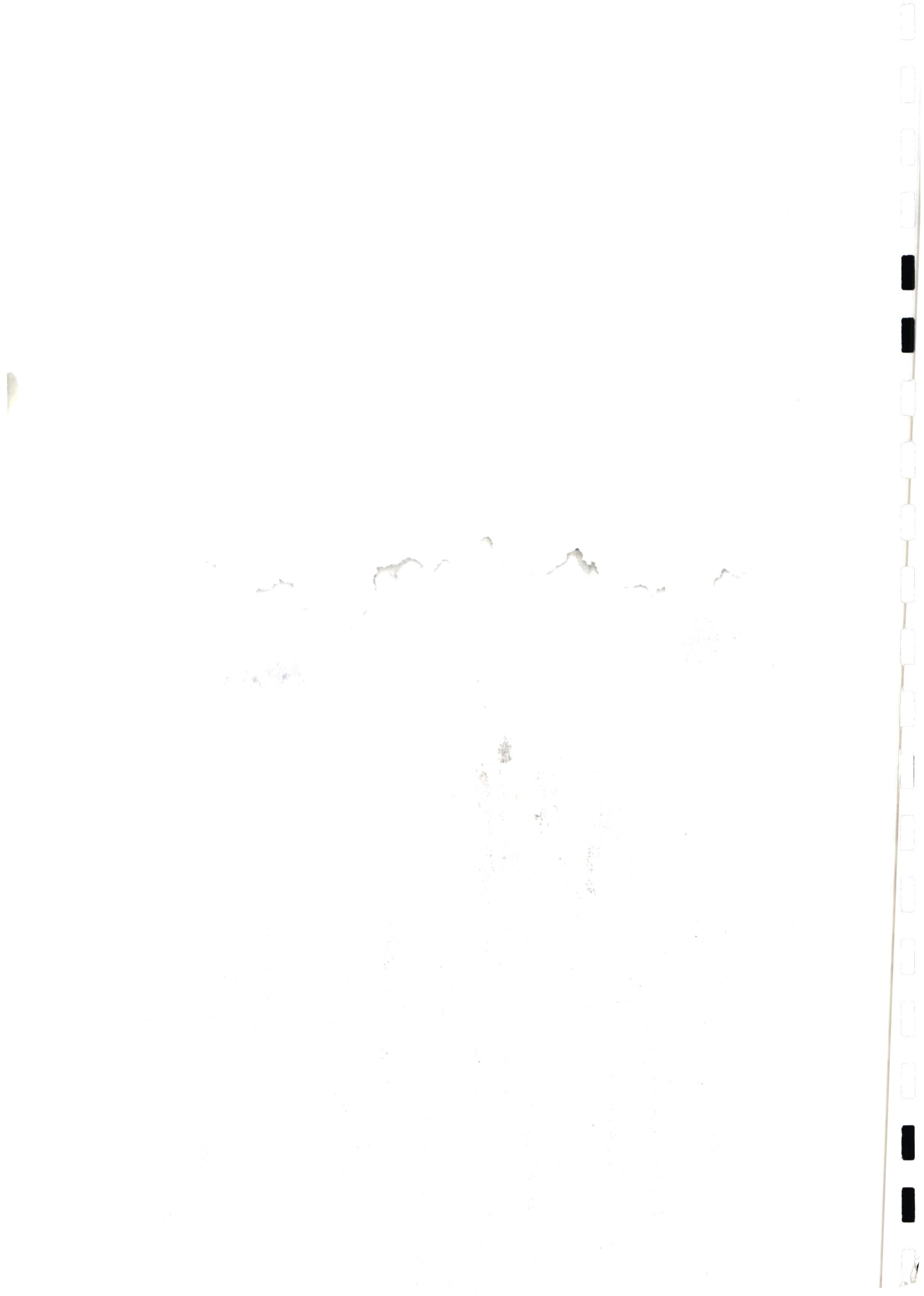
Particulars	Land and Buildings	Motor Vehicles	Furniture and Office Equip.	Grand Total
Cost/Valuation				
At 1/7/1999	3,033,531,510	142,527,100	157,629,690	3,333,688,300
Adjustments	196,851,510	6,609,100	12,936,807	216,397,417
Vested	2,836,680,000	135,918,000	144,692,883	3,117,290,883
Additions	46,423,624	-	22,927,313	69,350,937
Disposals				
As at 30/6/2000	2,883,103,624	135,918,000	167,620,196	3,186,641,820
Depreciation				
Cumm depreciation b/f 1/7/1999	-		39,731,375	39,731,375
Charge for the year	45,347,556	38,915,116	14,469,694	98,732,366
Disposals /Adjustments				
30/6/2000	45,347,556	38,915,116	54,201,069	138,463,741
Net Book Value				
Assets in operation	2,837,756,068	97,002,884	113,419,127	3,048,178,079
WIP as at 1/7/1999	346,813,480			346,813,480
Adjustments	258,113,480			258,113,480
Adjusted WIP (1/7/1999)	88,700,000	-	-	88,700,000
Additions	53,220,617			53,220,617
WIP AS AT 30/6/2000	141,920,617	-	-	141,920,617
Balance as at 30/6/2000	2,979,676,685	97,002,884	113,419,127	3,190,098,696

Note:

Adjustments in work in progress of Kshs. 258 million comprise of WIP on Telposta Towers which has been vested to pension scheme.

8. Investment

- Trade investments amounting to Kshs. 12,015,000 apportioned to Postal business subsector represents trade investments in form of ordinary and preference shares in consolidated Bank of Kenya, which have not been vested.
- Pension investment with a value of Kshs. 159,807,240 were Postals' share of KP&TC pension investments in various banks which have since been transferred to the Telposta pension scheme.



Notes forming part of the financial statements.
for the year ended 30th June, 2000

9. Schedule of Current Assets	1999/2000	1998/99
	Kshs	Kshs
(i) Stocks:		
Furniture and Office Equipments	13,603,065	7,854,603
Consumable Stores	59,590,339	68,891,394
Total	<u>73,193,404</u>	<u>76,745,997</u>
(ii) Debtors:		
Services:		
Foreign Administration	489,164,353	468,339,994
E M S	23,768,598	20,673,309
	<u>512,932,951</u>	<u>511,013,303</u>
Less: Provision for Doubtful debts	<u>(426,643,643)</u>	<u>(148,243,117)</u>
Sale of stamps	180,784	13,141,925
Money Orders-Intre state	7,923,410	14,866,817
Total	<u>94,393,502</u>	<u>368,778,928</u>
(iii) Agency:		
Post bank	51,544,399	35,240,962
TKL	210,867,660	-
Pension fund	-	-
Total	<u>262,412,059</u>	<u>35,240,962</u>
Total service Debtors	<u>358,805,581</u>	<u>404,019,890</u>
Non-operational Revenue		
Interest 8(a)	1,027,145	2,103,321
		<u>2,103,321</u>
Prepayments and Receivables		
item1-Administration	-	-
item2-Operational	78,078	261,433
Item 3-Conveyance of mails	0	-
Item5-Rentals	807,781	556,640
item-6 Maintenance and miscellaneous	600	-
Item 7 Training	0	19,500
Suppliers		18,083,617
Local		18,083,617
Overseas		-
Total Prepayments & Receivables	<u>1,913,604</u>	<u>18,921,190</u>
(iv) Below The Line Account		
Staff Advances	598,478,141	735,223,231
Statutory	-	6,229,270
Pensions	-	811,406
Others Deposits	1,201,486	2,131,257
Tax withholding	-	5,147,049
Institutions	308,187	5,880,009
Cooperatives	1,941,731	14,859,686
KPOSB	0	1,560,129
TKL	34,983,839	-
Others	733,696	35,819,442
Total BTL	<u>637,647,079</u>	<u>807,461,479</u>
Total Other Debtors	<u>639,560,683</u>	<u>828,485,990</u>
Short term deposits	-	143,389,550
(v) Cash and Bank Balances		
On hand	67,920,217	130,494,572
Bank	392,766,939	68,895,627
Cash in Transit	53,874,470	19,853,534
Transfer Acc	0	0
Total	<u>514,361,625</u>	<u>219,243,733</u>
Total Current Assets	<u>1,583,921,274</u>	<u>1,671,885,160</u>



Notes forming part of the financial statements.
for the year ended 30th June, 2000

10. Deposits

These comprised short term deposits which have not been vested to PCK.

11. Current Liabilities

	1999/2000 Kshs	1998/99 Kshs
(i) Service Creditors		
Foreign Administration	122,306,057	109,899,325
	<u>122,306,057</u>	<u>109,899,325</u>
Below the Line		
Money Orders	101,315,555	84,244,844
Postal Orders	17,056,715	18,086,776
Key Letter Box and Telegraph Deposits	28,181,710	23,142,224
Total	<u>146,553,980</u>	<u>125,473,844</u>
Reimbursement item 16(b)		
IGPC	-	2,781
EMS	225,228	3,753,902
Total	<u>225,228</u>	<u>3,756,683</u>
Operating Expenditure		
Item3-Conveyance of Mail	75,374,349	67,452,179
Total Service(Creditors)	<u>344,459,615</u>	<u>306,582,031</u>
(ii) Other Creditors		
Below the Line		
Statutory(see note below)	63,469,363	56,733,941
Staff advances	562,344	2,447,990
Pensions	2,821,407	913,880
Value Added Tax	10,151,884	823,702
Other Deposits	-	29,616,580
Institutions	2,832,386	5,001,431
Cooperatives	371,210	19,666,977
KPOSB	224,463,989	53,597,494
Others	12,786,726	28,358,473
Telkom Kenya Limited	5,147,280	-
Total	<u>322,406,388</u>	<u>197,160,468</u>
Expenditure Accruals		
Item1 Administration	10,667,084	11,375,344
Item 2 Operational	23,269,680	4,175,445
Item5 Rentals	4,796,138	158,742
Item7 Training	13,250,621	9,771,335
Item 9 Telephone	111,564,771	-
Item8		
Miscellaneous	4,095,953	1,038,466
Pension and Provident Fund Liability	84,022,136	771,099
Total	<u>251,666,383</u>	<u>27,290,431</u>
Deffered Projects	96,819,340	96,819,340
Contract work	98,307,547	124,374,714
Others		
Total	<u>195,126,887</u>	<u>221,194,054</u>
Suppliers		
Local	23,418,478	43,620,067
Overseas		43,620,067
Total others	<u>769,199,658</u>	<u>489,265,020</u>
(iii). Bank Overdraft	<u>-</u>	<u>205,428,588</u>
Total Current Creditors	<u>1,113,659,273</u>	<u>1,001,275,639</u>



Notes forming part of the financial statements.

continued

12. Reserves

The brought forward reserves as at 1st July, 1999, have been adjusted, to agree with the assets vested to the corporation.

	GENERAL RESERVE	ASSETS REVALUATION	TOTAL
	KSHS	KSHS	KSHS
BALANCE AT 1ST JULY, 1999	966,346,110	3,277,861,350	4,244,207,460
RETAINED SURPLUS FOR THE PERIOD	(42,221,047)		(42,221,047)
INCREASE/DECREASE IN REVALUATION			-
NET PRIOR YEAR ADJUSTMENTS	(209,386,797)	(1,311,784,817)	(1,521,171,614)
BALANCE AS AT 30TH JUNE 2000	714,738,266	1,966,076,533	2,680,814,799

13. Pension and Provident liability.

An actuarial valuation of the Corporations' Pension and Provident Fund with Telposta Pension scheme as at 31st December, 1999 was carried out by Hymans Robertson Consulting Actuaries Limited. The report by the actuaries revealed a past service deficit of Kshs. 948 million for Pension and Kshs. 168 million for Provident Fund as at 31st December, 1999 totalling to Kshs 1,116 million. The fund was made contributory with effect from 1st July, 1999, more details as shown below:-

Hymans' Actuaries valuation	-	1,116,000,000
Less payments in the year	-	<u>(66,129,358)</u>
		1,049,870,642
Less current portion	-	<u>(70,324,744)</u>
		979,545,890



Notes forming part of the financial statements.

continued

14. Cash and cash equivalents

	As at 30/6/2000 Kshs. '000	As at 30/6/1999 Kshs. '000
Cash on Hand	67,920,217	130,436,695
Cash at Bank	392,766,939	68,895,627
Cash in Transit	53,674,470	19,911,408
Short term deposits	-	143,389,550
Bank overdraft	-	(205,428,590)
	<u>514,361,626</u>	<u>157,204,690</u>

15. Contingent liabilities

Kenya Post Office Savings Bank is claiming Kshs.172,292,487.26 being KP&TC liability owing as at 30th June, 1999. The provision in the accounts is Kshs 98,520,259.69. No provision has been made in these accounts for the difference of Kshs.73,772,227.57 as discussion are currently in progress to resolve the dispute.

