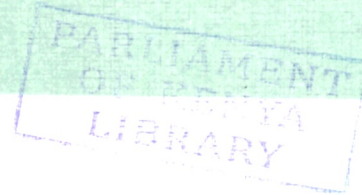




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Report of the Auditor-General (Corporations) on the Accounts of
Kenyatta National Hospital
for the Year Ended 30 June, 1997

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KNH

REPORT

of the Auditor-General (Corporations)
on the Accounts of Kenyatta National Hospital
for the Year Ended 30th June 1997

KENYA NATIONAL ASSEMBLY

Accession: 10013796

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**Report of the
Auditor - General (Corporations)**

on the Accounts of Kenyatta National Hospital for the Year ended 30th June 1997

I have examined the accounts of Kenyatta National Hospital for the year ended 30th June 1997 in accordance with Section 29 (2) of the Exchequer and Audit Act (Cap 412). I have obtained all the information and explanations required for the purpose of the audit. Proper books of account have been kept by the Hospital Board and the accounts are in agreement therewith.

Subject to the reservation referred to herebelow, in my opinion, the accounts when read together with the notes thereon, give a true and fair view of Kenyatta National Hospital financial state of affairs as at 30th June 1997 and of its surplus and source and application of funds for the year then ended.

FIXED ASSETS

Included in the Fixed Assets figure of Kshs. 1,670,310,933 are assets valued at Kshs. 139,049,827.50 in respect of land and buildings inherited from the Ministry of Health. As mentioned in the previous years' reports, Kenyatta National Hospital has not yet acquired documents of title for these assets and I am therefore still unable to ascertain the ownership of such property.



W. K. KEMEI

Auditor-General (Corporations)

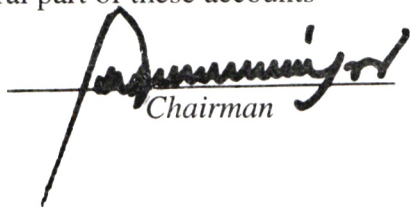
6th February, 1998

Balance Sheet

As at 30th June, 1997

	NOTE	1996/1997 KSHS	1995/1996 KSHS
FIXED ASSETS:	2	1,670,310,933.00	1,760,363,033.00
CURRENT ASSETS:			
Stocks and Civil Works	3	538,493,785.00	361,268,905.00
Prepayments		4,765,356.00	50,561,562.00
Short-Term Deposit	4	1,050,543,508.00	845,227,275.00
Debtors		258,869,637.00	173,937,967.00
Cash and Bank Balances	5	313,076,260.00	196,027,314.00
		2,165,748,546.00	1,627,022,823.00
CURRENT LIABILITIES:			
Creditors and Accruals	6	254,974,342.00	351,671,879.00
General Deposits		54,516,268.00	29,795,467.00
Suspense Account	7	46,650.00	64,880.00
		309,537,260.00	381,532,226.00
NET CURRENT ASSETS:		1,856,211,286.00	1,245,490,597.00
		3,526,522,219.00	3,005,853,630.00
FINANCED BY:			
Capital Reserve	8	2,668,424,428.00	2,540,552,350.00
Accumulated Funds	9	858,097,791.00	465,301,280.00
		3,526,522,219.00	3,005,853,630.00

The attached notes form an
integral part of these accounts


Chairman


Director

Statement of Income and Expenditure

For the Year ended 30th June, 1997

INCOME	NOTE	1997 Kshs	1996 Kshs
Grants G.O.K.		1,207,939,960.00	1,248,231,408.00
A I A/Cost Sharing		185,906,289.00	126,992,545.00
Grants (Others)	A	22,395,330.00	17,307,786.00
Investment Income		218,988,664.00	78,559,891.00
Surplus from Private Wing		688,923.00	8,646,580.00
		1,635,919,166.00	1,479,738,210.00
EXPENDITURE:			
Personal Emoluments		397,309,695.00	346,698,943.00
Gratuity and Pensions		49,905,672.00	41,527,931.00
House Allowances		93,423,214.00	92,892,708.00
Other Allowances	B	13,087,792.00	8,629,627.00
Medical Allowance		59,480,220.00	60,040,156.00
Passage and Leave		10,432,994.00	11,484,456.00
Transport Operation Expenses	C	12,010,885.00	4,754,445.00
Telephones Postage & Telegrams		15,682,459.00	21,347,024.00
Board Expenses		425,217.00	279,252.00
Electricity, Water & Conservancy	D	57,929,158.00	30,269,237.00
Materials for Production		270,534.00	121,600.00
Drugs	E	88,452,489.00	62,331,065.00
Dressings, Sutures & Appliances	F	76,591,221.00	69,597,932.00
Diagnostic, Lab., Chemicals & Reagents		14,855,043.00	7,061,248.00
Materials for Specialised Units		10,704,980.00	13,138,947.00
X-Ray & Therapy Materials	G	2,231,116.00	1,691,346.00
Patients Food		30,609,693.00	22,722,040.00
Doctors & Nurses Food		9,156,855.00	7,586,712.00
Printing & Stationery	H	9,737,729.00	7,362,647.00
Advertising & Publicity	I	2,656,044.00	1,684,941.00
Rent & Rates		42,589,537.00	24,479,350.00
Risk Allowance		9,060,623.00	8,047,057.00

KENYATTA NATIONAL HOSPITAL

Library Expenses		44,420.00	–
Legal Expenses		424,899.00	55,947.00
Bank Charges		1,870,928.00	4,473,693.00
Staff Funeral Expenses		159,900.00	138,000.00
Hire of Transport		28,785.00	68,115.00
Miscellaneous Payments	J	1,290,879.00	811,725.00
Staff Development		37,239,748.00	19,839,790.00
Maintenance of Buildings		18,759,785.00	6,996,053.00
Medical Expenses		6,746,189.00	3,322,617.00
Maintenance of Plant Machinery & Equipment	K	25,827,208.00	42,344,728.00
Fuel and Gases	L	37,018,919.00	34,275,777.00
Audit Fee		350,000.00	300,000.00
Public Health Expenses		796,809.00	1,169,559.00
Travelling and Accommodation		756,318.00	986,332.00
Senior Staff Canteen		4,137,162.00	4,249,395.00
Purchase of Cleansing Materials		13,541,352.00	5,725,223.00
Uniform & Clothing	M	7,361,148.00	7,375,573.00
Depreciation		127,100,953.00	132,141,511.00
Stock		49,352,802.00	–
Excess Income/Expenditure		395,213,396.00	371,715,508.00
		<hr/>	<hr/>
		1,635,919,166.00	1,479,738,210.00
		<hr/> <hr/>	<hr/> <hr/>

Statement of Source and Application of Funds

for the Year ended 30th June, 1997

	1997 Kshs	1996 Kshs
SOURCES OF FUNDS		
Surplus/(Deficit) for the Year	395,213,396.00	371,715,508.00
<i>Adjustment for items not involving movements of funds:</i>		
Prior Year Adjustment	(2,995,568.00)	(49,379,998.00)
Depreciation	127,100,953.00	132,141,511.00
Profit on Sale of Assets	(489,643.00)	-
Total Generated from Operations	518,829,138.00	454,477,021.00
FUNDS FROM OTHER SOURCES:		
Capital Grant	-	4,937,824.00
Sales of fixed Assets	645,850.00	-
Excess Grant (MOH)	-	83,419,140.00
USAID Grant	-	55,411,100.00
	645,850.00	143,768,064.00
	519,474,988.00	598,245,085.00
APPLICATION OF FUNDS:		
Purchase of Fixed Assets	37,232,786.00	2,865,690.00
	37,232,786.00	2,865,690.00
	482,242,202.00	595,379,395.00
INCREASE/(DECREASE) IN WORKING CAPITAL:		
Stock	49,352,802.00	13,404,925.00
Debtors	84,931,670.00	67,369,943.00
Creditors	95,849,352.00	(155,436,664.00)
General Deposits	(24,460,801.00)	(14,392,941.00)
Prepayments	(45,796,206.00)	30,014,813.00
	159,876,817.00	(59,039,924.00)
MOVEMENT IN LIQUID ASSETS		
Bank and Cash	117,049,152.00	18,230,915.00
Short term Deposits	205,316,233.00	636,188,404.00
	322,365,385.00	654,419,319.00
	482,242,202.00	595,379,395.00

Notes to the Accounts

for the Year ended 30th June, 1997

1. ACCOUNTING POLICIES

(a) *Basis of accounting*

The accounts are prepared under historical cost convention.

(b) *Depreciation*

Depreciation has been charged in the Accounts using Reducing Balance Method at rates calculated to write off the Assets over their useful lives. The following rates have been approved:

Land and Building	2.5%
Furniture/Fitting	12.5%
Plant, Machinery and Equipment	12.5%
Motor Vehicles and Tractors	25-37.5%
Computers and Duplicating Machines	30%

2. FIXED ASSETS

See the schedule of Fixed Assets, on page 9 and 10.

3. STOCKS

Stocks comprise of Drugs, Laboratory materials, Dental materials, Stationery, Electrical Mechanical/Motor Spares, Fuel/Gas, Food stuff, Oils and Lubricants. Stocks have been valued at the lower of cost and net realisable value. The stocks also include Civil Works.

	Kshs
Stocks	
Kenyatta National Hospital	200,501,382.00
Civil Works	337,992,403.00
	538,493,785.00
	538,493,785.00

4. SHORT-TERM INVESTMENTS

These represent funds invested with National Bank of Kenya, Kenya National Capital Corporation and Central Bank of Kenya. Refer to schedule on page 11.

CIVIL WORKS – KSHS. 337,992,403

The amount of Kshs. 337,992,403 represents the expenditure incurred upto 30th June, 1997 on the rehabilitation project. Delay in the completion of the rehabilitation project has been caused mainly by slow pace at which the contractor is working while other contributing factors include delays in payments due to the long process and delays in procuring imported materials used in the rehabilitation.

The original completion date was scheduled to have been 30th September, 1996 but due to reasons quoted above the contractor has applied for an extension of the completion of the project and the completion date has been agreed upon to be by 31st March, 1998.

The percentage of completion of the project by 30th June, 1997 is 80%.

5. CASH AND BANK ACCOUNTS

CASH BOOK	Account Number	Cash Kshs	Bank Kshs	Total Kshs
Development	041-800-044	-	36,197,664.80	36,197,664.80
Heart Fund	041-800-052	-	1,736,945.30	1,736,945.30
Revenue	041-800-184	-	26,532,568.50	26,532,568.50
Payroll Adm.	041-800-257	-	16,414,901.10	16,414,901.10
Recurrent	041-800-036	-	453,006.55	453,006.55
General Recurrent	041-800-249	-	215,169,520.55	215,169,520.55
Deposits	041-800-028	-	9,832,870.95	9,832,870.95
USAID	041-800-176	-	95,080.35	95,080.35
JICA	041-800-125	-	437,428.95	437,428.95
Private Wing	041-800-060	603,286.85	4,929,422.00	5,532,709.05
Private Wing Petty Cash		80,000.00	-	80,000.00
KNH Petty Cash		200,000.00	-	200,000.00
KCB	229-979-210	-	393,564.35	393,564.35
		883,286.85	312,192,973.40	313,076,260.25

6. CREDITORS

The creditors comprises of the following:

	Kshs
Creditors	138,569,666.00
Deferred Income	83,038,217.00
Accrued Expenses	24,069,730.00
Unpaid Pensions	9,296,729.00
	254,974,342.00

7. SUSPENSE

	Kshs
Balance B/F 1995/96	64,880.00
Less Reduction 1996/97	18,230.00
	46,650.00

8. CAPITAL RESERVE

	Kshs
Balance B/F 1995/96	2,540,552,350.00
Capitalisation of Rehabilitation Works	127,872,078.00
	<hr/>
	2,668,424,428.00
	<hr/> <hr/>

9. ACCUMULATED FUNDS

	1997	1996
	Kshs	Kshs
Balance b/f	465,301,280.00	142,333,700.00
Prior year adjustment	(2,416,885.00)	(48,747,928.00)
	<hr/>	<hr/>
Surplus for the year	462,884,395.00	93,585,772.00
	395,213,396.00	371,715,508.00
	<hr/>	<hr/>
	858,097,791.00	465,301,280.00
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Investments Schedule as at 30/06/97

Fixed Assets Schedule

for the Financial Year 1996/97

DESCRIPTION	COST VALUE KSHS.	ADDITIONS/ ADJUSTMENT FOR THE YEAR KSHS.	REVALUATIONS KSHS.	DISPOSALS KSHS.	TOTAL KSHS.	DEPRECIATION			TOTAL KSHS.	NET BOOK VALUE KSHS.
						BALANCE B/FWD KSHS.	DEPR. FOR THE YEAR KSHS.	DISPOSAL KSHS.		
Land & Buildings	1,111,046,827.50	0.00	0.00	0.00	1,111,046,827.50	122,265,767.61	22,682,026.50	0.00	144,947,794.11	966,099,033.39
Plant Machinery & Medical Equip.	1,089,833,301.39	348,815.00	0.00	0.00	1,090,182,116.39	404,542,449.71	85,704,958.34	0.00	490,247,408.05	599,934,708.35
Motor Vehicles	18,740,156.55	31,795,172.00	0.00	1,300,000.00	49,235,328.55	11,440,739.95	10,586,193.95	1,143,377.17	20,883,556.73	28,351,771.87
Furniture, Fittings & Office Equip.	87,433,433.97	4,296,216.10	0.00	0.00	91,729,650.07	39,987,473.99	7,023,199.59	0.00	47,010,673.55	44,718,976.52
	2,307,053,719.41	36,440,203.10	0.00	1,300,000.00	2,342,193,922.51	578,236,431.26	125,996,378.38	1,143,377.17	703,089,432.44	1,639,104,490.13
I.D.H. (MBAGATHI DIST. HOSPITAL)	35,190,320.00	0.00	0.00	0.00	35,190,320.00	5,885,626.77	919,252.37	0.00	6,804,879.14	28,385,440.86
Private Wing	2,337,650.50	792,582.45	-	-	3,130,232.95	123,909.20	185,321.75	-	309,230.95	2,821,002.00
	2,344,581,689.91	37,232,785.55	0.00	1,300,000.00	2,380,514,475.46	584,245,967.23	127,100,952.50	1,143,377.17	710,203,542.53	1,670,310,932.99

6

Disposal of Motor Vehicle during 1996/97

DESCRIPTION	COST VALUE KSHS.	ACC. DEP. KSHS.	NET BOOK VALUE KSHS.	SALE PRICE KSHS.	PROFIT/(LOSS) KSHS.	TO WHOM SOLD KSHS.
BEDFORD TRUCK GK 886 T	70,000.00	63,324.28	6,675.72	255,350.30	248,674.58	Mwenja W. Wanjau P. O. Box 70193 NAIROBI
FIAT IVECO KYF 580	500,000.00	452,316.48	47,683.52	108,000.00	60,316.48	Tagen Company Ltd. P. O. Box 29779 NAIROBI
FIAT IVECO KYF 571	500,000.00	452,316.48	47,683.52	75,000.00	27,316.48	Kinyajui Motors P. O. Box 21003 NAIROBI
NISSAN E 23 GK. 573 J	140,000.00	106,777.35	33,222.65	117,500.00	84,277.35	Siriri Agencies P. O. Box 54609 NAIROBI
VOLVO SALOON KYF 190	90,000.00	68,642.58	21,357.42	90,000.00	68,642.58	Charles Ogencha P. O. Box 52109 NAIROBI
	1,300,000.00	1,143,377.17	156,622.83	645,850.30	489,227.47	

Investments Schedule as at 30/06/97

NAME OF INSTITUTION	SOURCE A/C NO.	AMOUNT KSHS	MATURITY DATE/CALL	RATE OF INTEREST %
NBK	H/Fund	41,042.60	CALL	10%
NBK	249	105,967,123.30	2ND AUGUST 1997	22
NBK	249	105,726,027.40	4TH JULY 1997	22
NBK	184	25,000,000.00	CALL	21
KENAC	249	86,000,000.00	CALL	22.5
NBK	249	114,743,725.45	CALL	21
NBK	184	18,135,460.00	CALL	21
NBK	176	80,189,161.25	CALL	21
KENAC	249	13,651,527.00	CALL	22
NBK	249	139,645,163.30	28TH AUG. 1997	22
NBK	60	27,929,032.70	28TH AUG. 1997	22
NBK	184	27,929,032.70	28TH AUG. 1997	22
NBK	028	5,585,806.65	28TH AUG. 1997	22
NBK	249	255,000,000.00	16TH SEPT. 1997	21
NBK	184	40,000,000.00	16TH SEPT. 1997	21
NBK	028	5,000,000.00	16TH SEPT. 1997	21
	TOTAL	1,050,543,102.35		

Notes to Income Statement Account

A.		Kshs	
	USAID	5,243,735.00	
	World Bank	17,151,595.00	
		22,395,330.00	
		22,395,330.00	
B.	<i>Other Allowances</i>	Kshs	
	Honorarium	724,636.00	
	Miscellaneous Allowances	9,805,777.00	
	Special Duty Allowances	2,169,379.00	
	Other Personal Allowances	388,000.00	
		13,087,792.00	
		13,087,792.00	
C.	<i>Transport Operating Expenses</i>	Kshs	
	Running Exp. of Motor Vehicles	8,307,557.00	
	Overhaul and repairs	3,703,328.00	
		12,010,885.00	
		12,010,885.00	
D.	<i>Electricity, Water and Conservancy</i>	Kshs	
	Electricity	34,327,456.00	
	Water	23,601,702.00	
		57,929,158.00	
		57,929,158.00	
E.	<i>Drugs</i>	Kshs	
	Scheduled Drugs	88,419,958.00	
	Non-scheduled Drugs	32,531.00	
		88,452,489.00	
		88,452,489.00	
F.	<i>Dressings, Sutures & Appliances</i>	Kshs	
	Dressings, Sutures & Appliances	72,340,293.00	
	Dental Materials	3,981,751.00	
	Orthopaedic Materials	269,177.00	
		76,591,221.00	
		76,591,221.00	

G.	<i>X-Ray & Therapy Materials</i>	Kshs
	X-Ray Supplies	1,930,860.00
	Therapy Materials	300,256.00
		<hr/>
		2,231,116.00
		<hr/> <hr/>
H.	<i>Printing and Stationery</i>	Kshs
	Printing and Stationery	7,711,562.00
	Medical Stationery	2,026,167.00
		<hr/>
		9,737,729.00
		<hr/> <hr/>
I.	<i>Advertising & Publicity</i>	Kshs
	Advertising & Publicity	2,531,044.00
	KNH Magazine	125,000.00
		<hr/>
		2,656,044.00
		<hr/> <hr/>
J.	<i>Miscellaneous Payments</i>	Kshs
	Repatriation of Patients	76,827.00
	Miscellaneous Payments	806,228.00
	Sessional Fee	20,500.00
	Cutlery and Crockery	387,324.00
		<hr/>
		1,290,879.00
		<hr/> <hr/>
K.	<i>Maintenance of Plant Machinery and Equipment</i>	Kshs
	Maintenance of Office & Medical Equipment	4,151,594.00
	Maintenance of Plant and Machinery	21,675,614.00
		<hr/>
		25,827,208.00
		<hr/> <hr/>
L.	<i>Fuel and Gases</i>	Kshs
	Fuel	20,384,420.00
	Cooking Gases	146,230.00
	Medical Gases	16,488,269.00
		<hr/>
		37,018,919.00
		<hr/> <hr/>
M.	<i>Uniform and Clothing</i>	Kshs
	Patients Uniform	7,114,348.00
	Staff Uniform	246,800.00
		<hr/>
		7,361,148.00
		<hr/> <hr/>

