

REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE



Paper laid
By the Hon. Aden Duale,
Leader of Majority on
Thurs 28/8/14
[Signature]

REPORT
OF
THE AUDITOR-GENERAL
ON
THE FINANCIAL STATEMENTS OF
NATIONAL QUALITY CONTROL
LABORATORY
FOR THE YEAR ENDED
30 JUNE 2013



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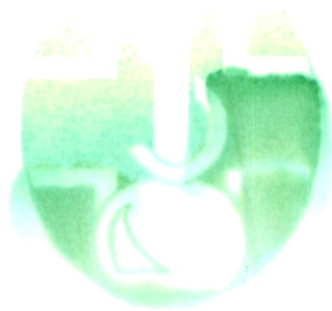


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**NATIONAL QUALITY CONTROL LABORATORY
KENYATTA NATIONAL HOSPITAL COMPLEX
SCHOOL OF PHARMACY – UON 2ND FLOOR
P. O. BOX 29726 – 00202 NAIROBI.**



**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE
YEAR ENDED 30TH JUNE 2013**



ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE
YEAR ENDED 30TH JUNE 2012

**NATIONAL QUALITY CONTROL LABORATORY
FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE 2013**

1. ESTABLISHMENT OF THE LABORATORY

The National Quality Control Laboratory is established under section 35D of the Pharmacy and Poisons Act Cap 244 of the laws of Kenya.

This Act was enacted by parliament on 28th October 1992 and came into operation on 6th November 1992.

Pursuant to section 35e (1), the Laboratory shall be a body corporate with perpetual succession and a common seal and shall have power to sue and be sued in its corporate name and to acquire, hold and dispose of movable and immovable property for its own purposes.

Pursuant to section 35f (1), there shall be a Board of Management for the Laboratory, which shall consist of nine members to be appointed by the Pharmacy and Poisons Board.

2. FUNCTIONS OF THE LABORATORY

- (a) The examination and testing of the drugs and any material or substance from or with which and the manner in which drugs may be manufactured, processed or treated and ensuring the quality control of drugs and medicinal substances;
- (b) Performing chemical, biological, biochemical, physiological and pharmacological analysis and other pharmaceutical evaluation; and
- (c) Testing, at the request of the Board and on behalf of the Government, of locally manufactured and imported drugs or medicinal substances with a view to determining whether such drugs or medicinal substances comply with this Act or rules made there under.

3. FUNCTIONS OF THE BOARD OF MANAGEMENT

- (a) To administer the property and funds of the Laboratory in such manner and for such Purposes as shall, in the opinion of the Board of Management, promote its best interest.
- (b) To receive, on behalf of the Laboratory, grants-in-aids, gifts, donations, fees, subscriptions or other moneys and make disbursements there from.

- (c) To make regulations governing the appointment, conduct and discipline of employees of the Laboratory.
- (d) In consultation with the minister, to draw up a scheme of service of the employees of the Laboratory.
- (e) To administer the approved terms and conditions of service, including appointments, dismissals, remuneration and retiring benefits of the employees of the Laboratory.
- (f) To appoint such employees upon terms and conditions to be laid down by the Board of Management, after consultation with the minister, as it considers necessary for the proper and efficient administration of the Laboratory.

4. REGISTERED OFFICE

Kenyatta National Hospital Complex,
School of Pharmacy,
University of Nairobi,
2nd Floor
P.O. Box 29726 – 00202,
Nairobi.

5. AUDITOR

The Auditor General
Kenya National Audit Office
P.O. Box 49384 – 00100
NAIROBI.

6. BANKER

National Bank of Kenya Limited
Hill Plaza Branch
P.O. Box 45219 – 00100
Nairobi.

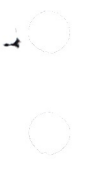
NATIONAL QUALITY CONTROL LABORATORY

BOARD MEMBERS

Dr. Rashid A. Aman	-	Chairman
Prof. Simon E.O. Mitema	-	Member
Dr. Moses Rugut	-	Member
Mr. Kagiri Kamatu	-	Member
Mr. Godwin M. Kitale	-	Member
Dr. John Munyu	-	Member
Dr. Juliet A. Konje	-	Member
Dr. Jennifer Orwa	-	Member
Dr. Edith Kamunyu Wakori	-	Member
Dr. H. K. Chepkwony	-	Secretary

NB:

- (i) Board of management was appointed vide Kenya Gazette notice Vol. CXIII - No. 21 of 4th March, 2011 to serve for a period of 3 years until 1st March 2014.
- (ii) Dr. H. K. Chepkwony was appointed as the Director vide posting order from the Principal Secretary dated 14th August, 2013.



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**STATEMENT OF BOARD OF MANAGEMENT RESPONSIBILITIES
FOR THE YEAR ENDED 30TH JUNE 2013**

Pharmacy and Poisons Act Cap 244 requires the Board of Management of the Laboratory to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Laboratory as at the end of the financial year and of the operating results and cash flow for that period. It also requires the Board of Management to ensure the Laboratory keeps proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Laboratory. The Board is also responsible for safeguarding the assets of the Laboratory.

The Board of Management accepts responsibility for the annual Financial Statements set out on pages 6 to 13, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the requirements of the Act. The Board of Management is of the opinion that the Financial Statements give a true and fair view of the state of the financial affairs of the Laboratory and of its operating results. The Board further accepts responsibility for the maintenance of accounting records, which may be relied upon in the preparation of the Financial Statements, as well as adequate systems of internal financial control.



.....
Director

Dr. H. K. Chepkwony

Date..... 20-Jan-2014.....



.....
Principal Secretary

Prof. Fred H. K. Segor

Date..... 20/01/2014.....

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REPUBLIC OF KENYA

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NAIROBI

KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON NATIONAL QUALITY CONTROL LABORATORY FOR THE YEAR ENDED 30 JUNE 2013

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of National Quality Control Laboratory, set out on pages 6 to 13 which comprise the statement of financial position as at 30 June 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and 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.

Management's Responsibility for the Financial Statements

The management of National Quality Control Laboratory is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determine 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 13 of the Public Audit Act, 2003.

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 15(2) of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229(7) of the constitution of Kenya. The audit was conducted in accordance with International Standards on Auditing. 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In 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 Laboratory'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 evidence obtained is sufficient and appropriate to provide a basis for my adverse audit opinion.

Basis for Adverse Opinion

1. Property, Plant and Equipment

- (i) The property, plant and equipment balance of Kshs.44,015,170 as at 30 June 2013 excludes an undetermined value of land allotted to the Laboratory in 1992, measuring 4 hectares situated at Upper Hill area, Nairobi. According to available information the subject land was encroached upon by the Kenya Media Trust and later sold to Kenya Re-Insurance Company Ltd, apparently without the knowledge of the Laboratory.
- (ii) Further, and as reported in 2009/10, the property, plant and equipment balance of Kshs.44,015,170 includes an amount of Kshs.4,359,449 being net book value in respect of expenditure incurred on improvements on a building owned by the University of Nairobi. As observed in the previous years' reports, no reason has been provided for capitalizing expenditure without a lease agreement on a property which belongs to another organization. The management has not explained whether the amount of expenditure will be reimbursed to the Laboratory by the University.
- (iii) The property plant and equipment balance of Kshs. 44,015,170 as at 30 June 2013 also includes equipment valued at Kshs.2,005,000 which was rejected and returned back to the supplier. However, this balance was not reversed from the net book balance included in the property, plant and equipment as at 30 June 2013.

In the circumstances, it has not been possible to confirm that the property, plant and equipment balance of Kshs.44,015,170 is fairly stated as at 30 June 2013.

2. Trade and Other Receivables

The trade and other receivables balance of Kshs.16,089,999 as at 30 June 2013 include, analysis fees totalling Kshs.6,013,120 owed by KEMSA and which have been outstanding for over 8 years. Similarly, outstanding analysis fees due from Pharmacy and Poisons Board (PPB) of Kshs.3,029,400, has remained uncollected for over two years but is not reflected in the Pharmacy and Poisons Board financial statements for the year out 2012/2013. In addition, the trade and other receivables balance of Kshs.16,089,999 as at 30 June 2013 include other outstanding analysis fees totalling Kshs.3,200,320 which have not been collected for over one year. No

provision for bad and doubtful debts has been made in the accounts in respect of the outstanding analysis fees.

Consequently, it has not been possible to confirm the validity and recoverability of the analysis fees totalling Kshs.12,242,840 and that the trade and other receivable balance of Kshs.16,089,999 is fairly stated as at 30 June 2013.

3. Cash and Cash Equivalent

The cash and cash equivalent balance of Kshs.18,772,786 as at 30 June 2013 was not supported by a bank reconciliation statement. In addition, the cash in hand balance of Kshs.1,885 included in the balance of Kshs.18,772,786 as at 30 June 2013 was also not supported by a cash survey certificate. In the circumstances it has not been possible to confirm the validity and accuracy of the cash and cash equivalent balance of Kshs.18,772,786 as at 30 June 2013.

4. Inaccuracy of the Financial Statements

The statement of cash flows for the year ended 30 June 2013 reflects net decrease in cash and cash equivalent of Kshs.20,628,762 which is at variance with the computed net decrease in cash and cash equivalent of negative Kshs.27,931,967 by Kshs.7,303,205. Further, the decrease in cash and cash equivalent derived from the difference of cash at the beginning and at the end of Kshs.4,098,169 does not tally with the decrease in cash and cash equivalent of negative Kshs.20,628,762. The statement is therefore not balanced.

5. Inventory

The inventory balance of Kshs.20,713,317 as at 30 June 2013 includes stocks estimated at Kshs.16,539,031 which is not supported by any documentation.

Consequently, it has not been possible to confirm the validity and accuracy of the inventory balance of Kshs.20,713,317 as at 30 June 2013.

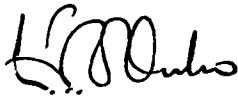
Adverse Opinion

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion paragraph, the financial statements do not present fairly, the financial position of the National Quality Control Laboratory as at 30 June 2013, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and do not comply with the Pharmacy and Poisons Act, Cap.244 of the Laws of Kenya.

Emphasis of Matter

Development Grant

Budgetary estimates for the Ministry of Health for the year ended 30 June 2013 reflect a National Quality Control Laboratory development grant of Kshs.33,950,819. A review of the financial statements of the Laboratory for the same period indicates that, this amount was not received at the laboratory. In the circumstances, it has not been possible to confirm whether the Laboratory was able to implement its budget plans in the absence of the development grant.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

16 May 2014

NATIONAL QUALITY CONTROL LABORATORY

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH JUNE 2013

		<u>2012 /2013</u>	<u>2011 /2012</u>
		Kshs	Kshs
INCOME	Notes		
Government Grants -Reccurent	7	5,200,240	10,963,066
Donations	8	4,903,416	897,385
Analysis Fees	9	21,869,630	29,743,310
Extra Ordinary Income	10	764,414	226,845
		32,737,700	41,830,606
 EXPENDITURE			
Operating Expenses	13	7,485,022	11,548,394
Personnel Expenses	14	14,022,941	9,690,218
Administrative Expenses	15	17,366,791	10,607,048
Board Expenses	16	949,421	949,000
Finance Cost	17	116,730	62,714
Provision for Audit Fees		100,000	100,000
Depreciation		11,034,232	7,991,542
Total Expenditure		51,075,137	40,948,916
 Surplus/(Deficit) for the year		(18,337,437)	881,690

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2013/2014



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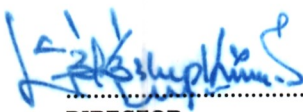
NATIONAL QUALITY CONTROL LABORATORY

STATEMENT OF FINANCIAL POSITION


AS AT 30TH JUNE 2013

		<u>2012 / 2013</u>	<u>2011 / 2012</u>
ASSETS	Notes	Kshs	Kshs
Non-current assets			
Property, Plant & Equip.	2	44,015,170	29,210,104
		44,015,170	29,210,104
CURRENT ASSETS			
Inventory	12	20,713,317	1,218,032
Trade and other receivables	3	16,089,999	22,275,922
Cash and Cash equivalents	4	18,772,786	22,870,455
		55,576,102	46,364,409
Total assets		<u>99,591,272</u>	<u>75,574,513</u>
 EQUITY AND LIABILITIES			
Accumulated fund		32,123,258	32,123,258
Capital Grants	6	56,384,214	6,710,618
Surplus(Deficit)		5,719,300	24,056,737
Donation	8	1,167,514	6,070,930
Total Equity		95,394,286	68,961,543
Non-current Liabilities			
Current liabilities			
Trade and other payables	11	4,196,986	6,612,970
Total Current liabilities		4,196,986	6,612,970
Total equity and Liabilities		<u>99,591,272</u>	<u>75,574,513</u>

The Financial Statements were approved by the Board of Management and signed on its behalf by:



DIRECTOR
 Dr. H. K. Chepkwony
 Date..... 20th Jan. / 2014.



PRINCIPAL SECRETARY
 Prof. Fred H. K. Segor
 Date..... 20/01/2014



2011/10/15

10/15/2011

NATIONAL QUALITY CONTROL LABORATORY

FINANCIAL YEAR 2012/2013

STATEMENT OF CHANGES IN EQUITY

	Accumulated Funds	Capital Grants	Surplus	Donation	Total
As at 01/07/2011	32,123,258	32,549,916	23,175,047	6,968,315	94,816,536
Capital Grants for the year		-25,839,298	0		-25,839,298
Surplus for the Year		0	881,690		881,690
Deffered Grant Income				(897,385)	(897,385)
As at 30/06/2012	32,123,258	6,710,618	24,056,737	6,070,930	68,961,543
As at 01/07/2012	32,123,258	6,710,618	24,056,737	6,070,930	68,961,543
Re-statement Capital Grants for 2011/2012 **	-	51,678,596	-	-	51,678,596
As at 01/07/2012 Re-stated	32,123,258	58,389,214	24,056,737	6,070,930	120,640,139
Capital Grants for the year		-2,005,000	-	-	-2,005,000
Deficit for the Year		-	-18,337,437		-18,337,437
Charge for the Year		-	-	(4,903,416)	(4,903,416)
As at 30/06/2013	32,123,258	56,384,214	5,719,300	1,167,514	95,394,286

NB: The equipment from Flombert holding Ltd valued at Ksh.2,005,000 was found to be faulty and was returned back to the supplier hence the removal from Financial statement balance

** The restatement of Kshs 51,678,596 is in respect of the understated closing balance of Kshs. 6,710,618 related to Capital grants for 2011/12 of Kshs. 25,893,298 which were reduced erroneously



NATIONAL QUALITY CONTROL LABORATORY

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2013**

	<u>2012 /2013</u>	<u>2011 /2012</u>
	Kshs	Kshs
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus/(Deficit) as at the end of the year	(18,337,437)	881,690
Adjustment for depreciation	11,034,232	7,991,542
	<u>(7,303,205)</u>	<u>8,873,232</u>
(Increase)/ Decrease in inventories	(19,495,285)	395,092
Increase/ (Decrease) in creditors & accruals	(2,415,984)	3,858,814
(Increase)/Decrease in deferred Donation	(4,903,416)	(897,385)
(Increase)/Decrease in debtors & prepayments	6,185,923	17,036,175
Net cashflow from operating activities	<u>(20,628,762)</u>	<u>29,265,928</u>
CASHFLOW FROM INVESTING ACTIVITIES		
(Increase)/Decrease in Capital Grants	(2,005,000)	
Purchase of fixed assets		(25,839,298)
	<u>(2,005,000)</u>	<u>(25,839,298)</u>
Net Increase/(Decrease) in cash & cash equivalent	<u>(2,005,000)</u>	<u>3,426,630</u>
Cash & cash equivalent at beginning of the year	22,870,455	19,443,825
Cash & cash equivalent at the end of the year	18,772,286	22,870,455
Net Increase/(Decrease) in cash & cash equivalent	<u>4,098,169</u>	<u>3,426,630</u>

NATIONAL QUALITY CONTROL LABORATORY

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2013

1 Accounting Policies

a) Basis of Preparation:

The accounts are prepared on the basis of historical cost convention and are in compliance with International Financial Reporting Standards.

b) Income:

Income represents receipts from government and analysis fees charged on examination and testing of the drugs and any material or substance.

c) Donations

Donations in form of non-current Assets are apportioned to the income statement over the expected useful life of the asset at the rates equivalent to the depreciation rate of the asset. The apportioned amount is taken to the Income Statement

d) Depreciation:

Depreciation of fixed assets is calculated on a Straight line method except Electronic Equipment which uses Reducing balance method as follows:-

Building	2.5%
Office/Lab Equipments	12.5%
Furniture and fittings	12.5%
Electronic equipments	30.0%
Motor vehicle	25.0%

Only Equipment purchased, commissioned and held in the Laboratory for over six Months qualifies for a depreciation charge. Any equipment that is held for less than six Months do not qualify for the year's depreciation.

e) Deferred Assets- Renovation to Works.

It is the cost of Capital expenditure incurred on the renovations & improvements of the building owned by the School of Pharmacy -University of Nairobi when NQCL was established to enable it be compatible with operation of the Laboratory.

f) Cash and Cash equivalent

Comprises cash in hand, bank balances and short term deposits held in banks and financial Institution and is expressed in Kenya shillings (Kshs).

g) Revenue recognition

Revenue is recognized to the extent that it is possible that the economic benefit will accrue to the Laboratory and be reliably measured.

NATIONAL QUALITY CONTROL LABORATORY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30TH JUNE 2013

2 Property, Plant and Equipment

	Renovation to Building	Office/Lab Equipments	Furniture & Fittings	Electronic Equipments	Motor Vehicle	Total
COST						
As at 01.07.2011	7,249,682	54,314,731	3,175,054	12,744,512	600,000	78,083,979
Additions	-	25,839,298	-	-	-	25,839,298
As at 30.06.2012	7,249,682	80,154,029	3,175,054	12,744,512	600,000	103,923,277
As at 01.07.2012	7,249,682	80,154,029	3,175,054	12,744,512	600,000	103,923,277
Additions	-	-	-	-	-	-
As at 30.06.2013	7,249,682	80,154,029	3,175,054	12,744,512	600,000	103,923,277
DEPRECIATION						
As at 01.07.2011	2,527,749	25,066,380	2,023,948	10,664,256	600,000	40,882,333
Charge for the year	181,242	6,789,341	396,882	624,077	-	7,991,542
As at 30.06.2012	2,708,991	31,855,721	2,420,830	11,288,333	600,000	48,873,875
As at 01.07.2012	2,708,991	31,855,721	2,420,830	11,288,333	600,000	48,873,875
Charge for the year	181,242	10,019,254	396,882	436,854	-	11,034,232
As at 30.06.2013	2,890,233	41,874,975	2,817,712	11,725,187	600,000	59,908,107
NET BOOK VALUE						
As at 30.06.2013	4,359,449	38,279,054	357,342	1,019,325	-	44,015,170
As at 30.06.2012	4,540,691	22,459,010	754,224	1,456,179	-	29,210,104
As at 30.06.2011	4,721,933	29,248,351	1,151,106	2,080,256	-	37,201,646

NATIONAL QUALITY CONTROL LABORATORY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD YEAR ENDED 30TH JUNE 2013

	<u>2012/2013</u>	<u>2011/2012</u>
	KSHS	KSHS
3 TRADE AND OTHER RECEIVABLES		
Staff Advances	374,750	260,100
Analysis fees	9,702,129	10,476,330
Grants receivables (KEMSA)	6,013,120	11,539,492
	<u>16,089,999</u>	<u>22,275,922</u>

4 CASH AND CASH EQUIVALENT		
National Bank of Kenya Limited (Reconciled)	18,770,901	22,870,455
Cash in Hand	1,885	-
	<u>18,772,786</u>	<u>22,870,455</u>

5 GTZ- GRANTS

There was no deferred income on GTZ Grants Donations as they were all capitalized in 2008/2009 through prior year adjustment.

6 GOVERNMENT GRANTS -DEVELOPMENT

	<u>2012/2013</u>	<u>2011/2012</u>
Purchase of Laboratory Materials	-	-
Purchase of Equipment	-	25,839,298
Total	<u>-</u>	<u>25,839,298</u>

These amounts were forwarded to KEMSA through an AIE to purchase equipments and Laboratory materials for NQCL.

7 GOVERNMENT GRANTS - RECURRENT

	<u>2012/2013</u>	<u>2011/2012</u>
Purchase of Lab materials Thr' MOMS	3,612,240	8,625,464
Furniture & Fittings	-	-
Water & Electricity	-	2,226,602
Stationery Purchased Thr' MOMS	1,549,000	-
Telephone Expenses	39,000	111,000
Total	<u>5,200,240</u>	<u>10,963,066</u>

8 DONATIONS

	<u>2011/12 Bal. B/D.</u>	<u>Total cost</u>	<u>Charge- I.E. A/C</u>	<u>Balance C/D.</u>
Support from dep't partners (UNFPA)				
Lab. Equipment B/D	5,909,081	5,909,081	738,635	5,170,446
Additions(Lab Equipment -HPLC)	33,008,867	33,008,867	4,126,108	28,882,759
Furniture and Fittings	56,468	56,468	7,059	49,409
Electronic Equipments	105,381	105,381	31,614	73,767
Total	<u>39,079,797</u>	<u>39,079,797</u>	<u>4,903,416</u>	<u>34,176,381</u>

All the above equipment were donated by United Nations Fund for Population Activities (UNFPA) as follows:

(i) Office / Laboratory Equipment amounting to Kshs. 6,505,686.00 and Electronic equipment amounting to Kshs. 537,660.00 in the year 2008 / 2009

(ii). Office / Laboratory Equipment amounting to Kshs. 3,913,709.00 and Furniture and fittings amounting to Kshs. 98,338.00 in the year 2007 / 2008.

iii)The amount of Ksh. 33,,008,867 was a Donation of HPLC Lab Equipment from Chemonics during the year 2012/2013

The apportionment of Lab Equipment during the year = Ksl Ksh.4,903,416

Total to Income & Expenditure a/c Ksh.4,903,416

NB: Lab Equipment accessories referred to the consumables which are treated under Repairs & Maintenance.

9 ANALYSIS FEES

	<u>2012/2013</u>	<u>2011/2012</u>
Analysis Fees	21,869,630	29,743,310

These are the revenues charged and collected by N.Q.C.L. on tests carried out for the various Laboratorys' clients.

10 EXTRA-ORDINARY INCOME

These are revenues which relates to the incomes received from training and the sale of Laboratory organism to other clients.

	<u>2012/2013</u>	<u>2011/2012</u>
Finlays Horticultures(K)Ltd	10,000	0
State of Eritrea Regulatory Services	550480	0
National Quality control Laboratory	203934	0
Kenya Vetenary Vaccines (KEVEVAPI)	-	25,000
Oss-Chemie (K) Ltd	-	20,000
Oss-Chemie (K) Ltd	-	5,000
Tanzania Food & Drug Authority -training	-	166,845
Elys Chemical Ind.Ltd	-	10,000
Total	<u>764,414</u>	<u>226,845</u>

11 TRADE AND OTHER PAYABLES

	<u>2012/2013</u>	<u>2011/2012</u>
Provision for Audit Fees	100,000	100,000
Prepayment for the Analysis fees	2,369,295	3,139,746
Electricity & Chemicals & Reagents,Repairs	1,727,691	3,373,224
	<u>4,196,986</u>	<u>6,612,970</u>

NATIONAL QUALITY CONTROL LABORATORY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30TH JUNE 2013

12 INVENTORY

	2012-2013	2011-2012
Stock	20,713,317	1,218,032

13 OPERATING EXPENSES

	2012-2013	2011-2012
Chemicals & Reagents (From NQCL)	3,811,582	2,922,930
Chemicals & Reagents (Thr' MOMS)	3,612,240	-
Glassware Glassware	61,200	8,625,464
TOTAL	7,485,022	11,548,394

14 PERSONNEL EXPENSES

	2012-2013	2011-2012
Basic Salary	6,805,800	5,941,700
House Allowance	2,734,200	1,899,000
Travelling/Milleage Allowance	343,500	348,000
Risk Allowance	572,500	580,000
Medical Allowance	343,500	348,000
Overtime Allowance	265,111	526,318
Gratuity	2,881,130	-
NSSF Expense - Employers Contribution	77,200	47,200
Total	14,022,941	9,690,218

15 ADMINISTRATIVE EXPENSES

These are expenses incurred in the normal operation i.e Water & Electricity, Telephone , printing, internet etc

	2012-2013	2011-2012
Printing & Stationery (From NQCL)	1,794,357	1,858,173
Printing & Stationery (From MOMS)	1,549,000	-
Travelling & Accomodation	240,655	466,847
Motor Vehicle Running exps	274,111	572,891
General & Cleaning exps	1,252,787	1,422,947
Water & Electricity	-	1,522,571
Telephone & ,Postage & Internet	750,808	848,449
Training Expenses	421,950	712,820
Professional & Consultancy fees	100,159	40,750
Repairs & Maintenance	10,648,014	3,005,100
Miscellenous Expenses	334,950	156,500
Total	17,366,137	10,607,048

16 BOARD EXPENSES

They are allowances paid to the Board of Management for the financial year 2008-2009 as follows:-

	2012-2013	2011-2012
Sitting Allowance	746,000	690,000
Travelling/Milleage Allowance	-	-
Accommodation Allowance	-	-
Lunch/Snacks Allowance	200,421	259,000
Total	946,421	949,000

17 FINANCE COST

	2012-2013	2011-2012
Bank Charges	116,730	62,714
Foreign Exchange Loss	-	-
Total	116,730	62,714

