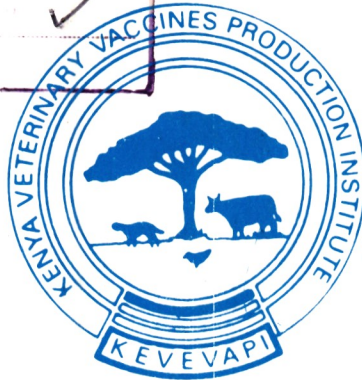


Library

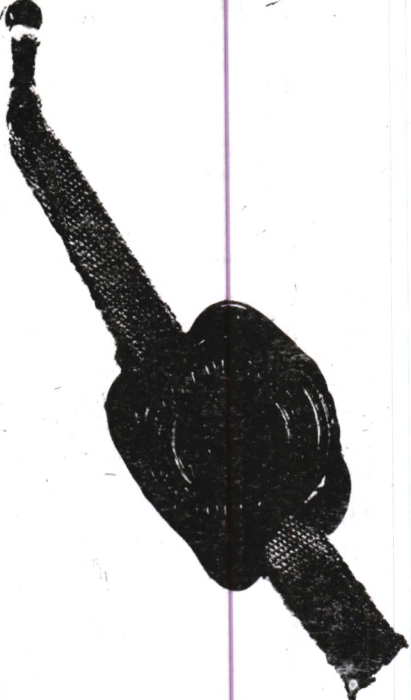
PAPERS LAID No <u>36</u>	
Speaker	Clerk sssts
Deputy Speaker	Editor
Clerk V.A.	Deputy
Director	✓
P.C.A.	Press



**REPORT OF THE AUDITOR - GENERAL (CORPORATIONS)  
ON THE KENYA VETERINARY VACCINES PRODUCTION INSTITUTE  
ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2000.**

---

5745  
VD



**REPORT OF THE AUDITOR GENERAL (CORPORATIONS) ON THE ACCOUNTS  
OF KENYA VETERINARY VACCINES PRODUCTION INSTITUTE FOR THE  
YEAR ENDED 30 JUNE 2000**

---

**REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON  
THE ACCOUNTS OF KENYA VETERINARY VACCINES  
PRODUCTION INSTITUTE FOR THE YEAR ENDED 30 JUNE 2000**

I have examined the Accounts of Kenya Veterinary Vaccines Production Institute for the year ended 30 June 2000 in accordance with provisions of 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 and the Accounts, which have been prepared under the historical cost convention, are in agreement therewith and comply with the Kenya Veterinary Vaccines Production Institute's Order of 1990.

In my opinion, and except for the matters referred to herebelow, the Accounts, when read together with the Notes thereon, present fairly the financial state of affairs of the Institute as at 30 June 2000 and of its loss and cash flows for the year then ended.

**1. FINANCIAL POSITION**

During the year 1999/2000, the Institute incurred a loss of Kshs.40,027,000 which reduced its accumulated surplus from Kshs.5,699,600 as at 30 June 1999 to a loss of Kshs.34,391,400 as at 30 June 2000. The Accounts also reflect creditors of Kshs.75,637,400 which also include unremitted statutory deductions amounting to Kshs.10,328,735 as at 30 June 2000. Records of the Institute further reflect bank overdraft of Kshs.27,366,700 as at 30 June 2000 against approved overdraft limit of Kshs.20 million while the Balance Sheet also reflects negative working capital of Kshs.17,204,900 as at 30 June 2000. Evidently, therefore, the Institute is facing serious financial problems and is technically insolvent.

**2. FIXED ASSETS**

In April, 1995, Government, through the Ministry of Agriculture, Livestock Development and Marketing, allocated the Institute with land at Kibiko Holding Ground-LR.2418 measuring over 500 acres. The Institute does not, however, hold a title deed for the property. In addition, the Institute does not also own the land at Kabete where its production plant, valued at some Kshs.50 million, is located and as a result the ownership of the subject land cannot be confirmed.

### 3. DEBTORS

The Balance Sheet Debtors figure of Kshs.11,549,800 as at 30 June 2000 includes an amount of Kshs.470,415 being car loans outstanding against three (3) former employees of the Institute. The above car loans include Kshs.203,115 held by a former Managing Director of the Institute, whose contract was terminated by Government in September, 1999 and who has advised the Institute that he would clear his outstanding loan account on receipt of his final dues from the Institute. It is, however understood that the parent Ministry has not yet advised the Institute of the terms under which the services of the former MD were terminated so as to enable the Institute dispose off the matter through recovery of the debt from the ex-employee's outstanding dues.

### 4. STATUTORY MEETINGS

Although Section 8(1) (a) of the State Corporations Act, Cap 446, requires the Board of every State Corporation to meet not less than four times in every financial year, the Institute held no Board meeting during the year 1999/2000, contrary to the requirements of the law. Further, the term of appointment for the Board expired on 11 September 1999 and no new Board has been constituted to date. In the absence of a Board, it is not possible to confirm how the functions vested in the Board under Section 15(1) of the State Corporations Act were being executed during the period after the expiry of the former Board.

*S. M. Maluki*  
**S. M. MALUKI**  
**AUDITOR-GENERAL (CORPORATIONS)**

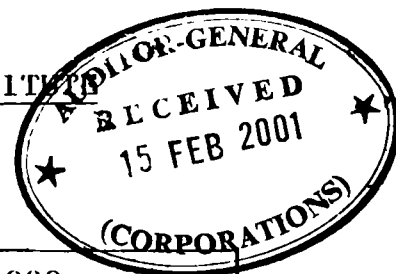
9 May 2001

KENYA NATIONAL ASSEMBLY  
Accession: 10013408

Call No: 657-45 AUD



## KENYA VETERINARY VACCINES PRODUCTION INSTITUTE

BALANCE SHEET AS AT 30.6.2000

		2000	1999
	Note	Kshs.	Kshs.
<b>FIXED ASSETS</b>	2	341,933,100	353,351,400
<b><u>CURRENT ASSETS</u></b>			
Stocks	3	74,054,800	76,705,600
Debtors	4	11,549,800	15,114,700
Cash in hand		194,600	100
		<b>85,799,200</b>	<b>91,820,400</b>
<b><u>CURRENT LIABILITIES</u></b>			
Creditors	5	75,637,400	53,186,900
Bank Overdraft	6	27,366,700	27,165,700
		<b>103,004,100</b>	<b>80,352,600</b>
<b>NET CURRENT ASSETS/(LIAB.)</b>		<b>(17,204,900)</b>	<b>11,467,800</b>
		<b>324,728,200</b>	<b>364,819,200</b>
<b><u>CAPITAL FUND</u></b>			
Capital Account	7	359,119,600	359,119,600
Accumulated Surplus/(Loss)	8	(34,391,400)	5,699,600
		<b>324,728,200</b>	<b>364,819,200</b>

The Notes on Pages 4 to 8 form an integral part of these accounts.

*D. P. Oduor Okello*

.....  
 PROF. D.P. ODUOR OKELLO  
 CHAIRMAN

*J. H. Kinjili*

.....  
 DR. J.H. KINJILI  
 MANAGING DIRECTOR

KENYA VETERINARY VACCINES PRODUCTION INSTITUTE

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 2000

	2000	1999
	Kshs.	Kshs.
<b>SALES OF VACCINES</b>	<b>47,227,400</b>	<b>54,621,200</b>
<b><u>Cost of Production</u></b>		
Materials	9,075,900	12,379,500
Direct Labour	12,481,300	13,351,900
Operating Expenses	45,885,500	36,786,300
	67,442,700	62,517,700
	(20,215,300)	(7,896,500)
<b><u>Cost of Administration</u></b>		
Salaries & Staff benefits	5,826,000	6,506,000
Travelling & Motor vehicle Expenses	932,400	1,552,200
Marketing, Promotions & Show Expenses	-	839,100
Communications & Telephone Expenses	1,455,100	1,428,700
General Expenses	2,387,700	1,820,100
Professional Charges	1,024,400	829,800
Maintenances & Repairs	231,700	177,400
Depreciation	1,829,700	1,773,600
Interest Expenses	6,248,900	6,437,600
(Profit)/Loss on Exchange	(44,500)	-
Sundry Income	(79,700)	(158,400)
	<b>19,811,700</b>	<b>21,206,100</b>
<b>PROFIT/(LOSS) FOR THE YEAR</b>	<b>(40,027,000)</b>	<b>(29,102,600)</b>

**KENYA VETERINARY VACCINES PRODUCTION INSTITUTE**

**CASHFLOW STATEMENT FOR THE YEAR ENDED 30.6.2000**

<b><u>CASHFLOWS FROM OPERATING ACTIVITIES</u></b>	<b><u>Kshs.</u></b>	<b><u>Kshs.</u></b>
Loss for the year	(40,027,000)	
Add back: depreciation	11,897,100	
Less: Prior year Adjustment	(64,000)	
Operating Loss before working Capital changes	(28,193,900)	
Decrease in Debtors	3,564,900	
Decrease in Stocks	2,651,000	
Increase in Creditors	22,091,500	
Net Cash inflow from operating activities		113,500
<b><u>CASHFLOWS FROM INVESTING ACTIVITIES</u></b>		
Purchase of fixed Assets and net cash used in investing activities		(120,000)
Net decrease in cash & cash Equivalents		(6,500)
Cash & Cash Equivalents as at 30.6.99		(27,165,600)
Cash & Cash Equivalents as at 30.6.2000		(27,172,100)

KENYA VETERINARY VACCINES PRODUCTION INSTITUTE

NOTES TO THE ACCOUNTS - 30TH JUNE, 2000 THESE  
NOTES FORM AN INTEGRAL PART OF THE ACCOUNTS

1. ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

The accounts of the Institute have been prepared under the historical cost convention.

1.2 INCOME RECOGNITION

The Sale of vaccines which represents the main source of income to the Board is recognised at the time of sale.

1.3 DEPRECIATION

Depreciation on fixed assets is provided on straight line basis and is calculated on cost or valuation at the following rates which are consistent with prior years:-

Land	NIL
Buildings	3.0%
Laboratory Equipment	10.0%
Plant and Machinery	12.5%
Furniture and Fittings	12.5%
Motor Vehicles	25.0%

1.4 VALUATION OF CLOSING STOCK

The stocks of bulk and filled vaccines and work in progress were valued at the lower of cost and net realisable value. The amount included in the accounts is net of contingencies at the following rates which are consistent with prior years:-

Unexpected expiry in the course of the year	- 35%
Contamination and test failure	- 25%

The above rates are based on technical advice from similar laboratories in other parts of the world.

1. 1.5 GOING ON CONCERN

The accounts have been prepared on a going concern basis.

2. FIXED ASSETS

2.1 The Institute has been allocated 500 acres of Land at Kibiko Ranch. The Land has been surveyed and we are awaiting the Title Deed for valuation and subsequent inclusion in fixed Assets.

2.2 See Fixed Assets Schedule.

3. STOCKS

The stocks balance of Kshs. 74,054 800 comprises of the following:-

	<u>2000</u>	<u>1999</u>
Bulk and filled vaccines	64,148,100	64,019,100
Chemicals, Glassware & Filtration	6,837,900	8,164,500
Engineering & Lab. Equipment	1,086,000	2,221,600
Livestock	1,284,300	1,475,500
Others	698,500	824,900
Kshs.	<u>74,054,800</u>	<u>76,705,600</u>

4. DEBTORS

The Debtors figure of Kshs. 11,549,800 is made up of the following:-

4.	<u>2000</u>	<u>1999</u>
Ministry of Livestock Dev.	510,900.00	8,657,280.00
ADC Kitale	713,600.00	713,600.00
ADC Malindi	886,605.00	886,605.00
ADC Headquarters	257,700.00	257,500.00
Howse & McGeorge	72,150.00	72,150.00
Prepayments & Deposits	208,000.00	208,000.00
Kobil Kenya	-	91,102.00
Sigma Chemicals	4,200.00	4,200.00
Schenker Int.	-	33,944.00
Total Kenya	-	58,202.00
Geometre Surveys	24,000.00	24,000.00
D.V.O. Uganda	8,760,349.00	1,875,737.00
D.V.O. Rwanda	-	348,650.00
Monks Medicare	11,200.00	11,200.00
Councillor Ololoito	-	23,800.00
Stanley & Son	-	34,000.00
Kimeo Stores	323,000.00	323,000.00
Others	735,790.00	1,491,700.00
	<hr/> 12,507,500.00	<hr/> 15,114,700.00
Less: Prov. for Doubtful debts	(957,700.00)	-
	<hr/> <hr/> 11,549,800.00	<hr/> <hr/> 15,114,700.00

5. CREDITORS

The Creditors figure of Kshs. 75,637,400 is made up of the following:-

Trade Creditors	48,903,100.00	37,309,000.00
Other Creditors	26,734,300.00	15,877,900.00
	<hr/> 75,637,400.00	<hr/> 53,186,900.00
	<hr/> <hr/>	<hr/> <hr/>

6. BANK OVERDRAFT

The Institute has a standby overdraft facility to the maximum of Kshs. 20 million with THE KENYA COMMERCIAL BANK LTD., MOI AVENUE BRANCH.

7. CAPITAL ACCOUNT

This represents the cost of all fixed assets held by the Institute. The amount of Kshs. 359,119,600 has been arrived at as follows:-

	<u>2000</u>	<u>1999</u>
Cost of Assets 1.7.99	359,119,600	322,556,700
Additions during the year	-	36,562,900
	<u>359,119,600</u>	<u>359,119,600</u>

8. ACCUMULATED SURPLUS/(LOSS)

This represents total profits made or losses incurred by the Institute. The amount of Kshs. 34,391,400 has been arrived at as follows:-

	<u>2000</u>	<u>1999</u>
Surplus/(Loss) at start of the year	5,699,600	34,802,200
Prior year Adjustment	<u>(64,000)</u>	<u>-</u>
Surplus/(Loss) as restated	5,635,600	34,802,200
Profit/(Loss) for the year	<u>(40,027,000)</u>	<u>(29,102,600)</u>
	<u>(34,391,400)</u>	<u>5,699,600</u>

KENYA VETERINARY VACCINES PRODUCTION INSTITUTE

FIXED ASSETS SCHEDULE  
AMOUNTS IN KSHS.

	LAND BUILDINGS & SITE WORKS	PLANT & MACHINERY	OFFICE EQUIP. FURNITURE & FITTINGS	LABORATORY EQUIPMENT	MOTOR VEHICLES	TOTALS
<u>COST</u>						
AT 1.7.99 ADDITIONS	311,175,500	56,005,266 359,020	7,122,547 120,000	7,968,031	10,751,107	393,022,451
DISPOSALS	-	-	-	-	-	479,020
	311,175,500	56,364,286	7,242,547	7,968,031	10,751,107	393,501,471
<u>DEPRECIATION</u>						
AT 1.7.99	16,390,908	9,075,138	3,394,413	5,468,514	5,342,082	39,671,055
Charge for the Period	2,945,265	5,840,525	754,058	204,549	2,152,920	11,897,317
DISPOSALS	-	-	-	-	-	-
	19,336,173	14,915,663	4,148,471	5,673,063	7,495,002	51,568,372
NET BOOK VALUE						
T 30.6.00	291,839,327	41,448,623	3,094,076	2,294,968	3,256,105	341,933,099