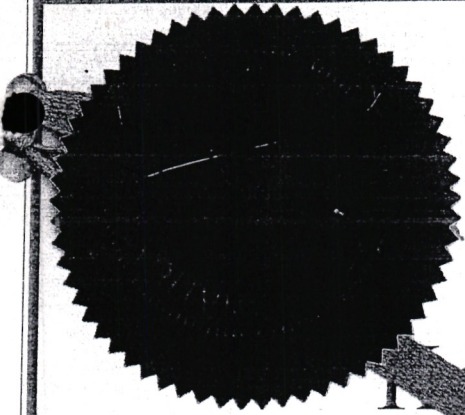


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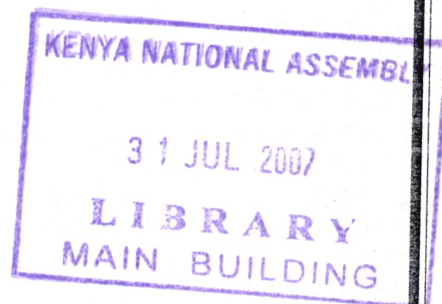


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**REPORT**  
**OF**  
**THE CONTROLLER**  
**AND AUDITOR-GENERAL**  
**ON**  
**THE ABSTRACTS OF**  
**ACCOUNTS OF THE TOWN**  
**COUNCIL OF MWINGI FOR THE**  
**YEAR ENDED 30 JUNE 2005**





## KENYA NATIONAL AUDIT OFFICE

### REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE ABSTRACTS OF ACCOUNTS OF THE TOWN COUNCIL OF MWINGI FOR THE YEAR ENDED 30 JUNE 2005

The attached Abstracts of Accounts of the Town Council of Mwingi for the year ended 30 June 2005 have been audited under my direction in accordance with Section 23 of the Public Audit Act, 2003.

#### **1.0 Respective Responsibilities of the Council and the Controller and Auditor General**

The Council is responsible for preparation of Abstracts of Accounts which give a true and fair view of the Council's state of affairs and its operating results. My responsibility is to express an independent opinion on the financial statements based on the audit.

#### **2.0 Basis of Opinion**

The audit was conducted in accordance with the International Standards on Auditing. Those Standards require that the audit be planned and performed with a view to obtaining reasonable assurance that the financial statements are free from material misstatement. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of the accounting principles used and significant estimates made by the Council as well as evaluating the overall financial statements' presentation. I believe the audit provides reasonable basis for the opinion.

#### **3.0 Qualification Points**

##### **3.1 Opening Balances, Format and Accuracy of the Accounts**

- (i) The Town Council of Mwingi was established in 1994 having been carved out from Kitui County Council. However, the process of division of assets and liabilities between the Council and the County Council has not been completed to date. It has therefore not been possible to confirm the

accuracy of the opening balances and consequently of the Accounts, as a whole, for the year ended 30 June 2005.

- (ii) The Council's 2004/2005 Abstracts of Accounts were prepared using the Simplified Accounting Systems (SAS) format which has not yet been approved by the Minister of Local Government as required under Section 229 (2) of the Local Government Act, Cap.265. The Council was therefore still in breach of the law. In addition, a sum of Kshs.2,974,851.00 was described in the Accounts as Miscellaneous Expenditure but could not be traced in the monthly abstracts of expenditure. In the circumstances, it has not been possible to confirm the accuracy of the financial statements, as a whole, for the year ended 30 June 2005.

### **3.2 Fixed Assets**

The Fixed Assets decreased from Kshs.33,229,073.00 as at 30 June 2004 to Kshs.32,008,691.00 as at 30 June 2005. However, the Council did not maintain an appropriate Fixed Assets Register (FAR) and no ownership or valuation documents were made available for audit review. Although the Council calculated depreciation chargeable of Kshs.1,220,382.00 on its assets, the amount was not charged to the Income and Expenditure Statement. In the circumstances, it has not been possible to confirm the ownership, valuation, existence, location and security of the Council's Fixed Assets or whether they are fairly stated in the Accounts as at 30 June 2005.

### **3.3 Renewals Fund**

Section 219 (1) of the Local Government Act provides that a Local Authority may and if directed by the Minister shall, set aside adequate renewals fund to provide for the entire or partial replacement of the depreciable assets. During the year under review, however, no such renewals funds were created or maintained for replacement of its Fixed Assets. The Council was therefore in breach of the law.

### **3.4 Sundry Debtors, Imprest and Advances**

The Sundry Debtors' balances decreased from the audited and certified balance of Kshs.8,048,916.00 as at 30 June 2004 to Kshs.6,378,265.00 as at 30 June 2005. However, the comparative Sundry Debtors balances in the amended Accounts reflected as Kshs.4,421,220.00 differed from the audited and certified balance of Kshs.8,048,916.00 by an unexplained Kshs.3,627,696.00. Further, the

Council did not provide supporting documents such as Debtors ledgers, schedules, listings or analyses for audit verification. In addition, no provision was made in the Accounts for bad and doubtful debts. Furthermore, the outstanding Imprests and Advances balances issued to staff and past councillors increased from Kshs.99,986.00 as at 30 June 2004 to Kshs.880,994.00 as at 30 June 2005. In the circumstances, it has not been possible to confirm the accuracy of the balances, to determine their recoverability and whether the balances are fairly stated in the Accounts as at 30 June 2005.

### **3.5 Cash and Bank Balances**

The Balance Sheet Cash and Bank balances stood at Kshs.5,952,364.00 as at 30 June 2005. However, the balance in the Abstracts of Accounts did not agree with the schedules produced for audit review which had a figure of Kshs.6,230,101.00. Further, the Accounts reflected an unsupported Bank Overdraft balance of Kshs.88,457.00 as at 30 June 2005. In addition, no bank reconciliation statements and board of survey reports were produced for verification. In the circumstances, it has not been possible to confirm the accuracy of the Cash, Bank and Overdraft balances as at 30 June 2005.

### **3.6 Creditors**

The Creditors balance stood at Kshs.2,926,861.00 as at 30 June 2005. However, the Council did not provide for audit verification the necessary records and documentations such as creditors' ledger, listings, and analyses in support of the balances. Included in the Creditors balance is Kshs.1,937,460.80 described as LATF Under/Over Receipting in Note 8 to the Accounts that has not been explained. In the circumstances, it has not been possible to ascertain the accuracy of the Council's Creditors balance as at 30 June 2005.

### **3.7 Local Authorities Transfer Fund (LATF)**

During the year 2004/2005, the Ministry of Local Government disbursed Kshs.8,717,073.00 to the Council under LATF. However, an amount of Kshs.9,579,203.00 was reflected in the Accounts as the amount received resulting in an unexplained difference of Kshs.862,130.00. Further, the LATF Balance Sheet shows LATF Accumulated Fund balance of Kshs.9,579,203.00 which differs from the Consolidated Balance Sheet's figure of Kshs.12,108,875.00 as at 30 June 2005. The resultant difference of Kshs.2,529,672.00 has not been explained. In addition, an amount of Kshs.7,505,407.00 was spent during the year while there was no approved LATF

budget. In view of the unreconciled balances and unapproved LATF budget estimates, it has not been possible to confirm the accuracy of the LATF Accounts, as a whole, and the propriety of the expenditure incurred.

#### **4.0 Opinion**

In view of the reservations set out in paragraphs 3.1 to 3.7 above, I am unable to express an opinion in accordance with Section 24 (2) of the Public Audit Act, that:-

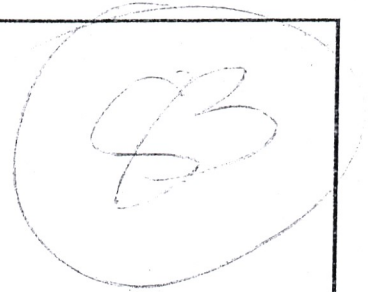
- a) All the information and explanations required for the purpose of the audit were received;
- b) The Accounts have been properly maintained and are in order;
- c) The Consolidated Balance Sheet presents a true and fair view of the financial position of the Council as at 30 June 2005;
- d) The Consolidated Income and Expenditure Statement gives a true and fair view of the income and expenditure of the Council for the year ended 30 June 2005;
- e) Due provision has been made for the repayment of all monies borrowed by the Council;
- f) Adequate amounts have been set aside for depreciation and renewal of the assets of the Council; and
- g) The Accounts comply with the Local Government Act, Cap.265.

  
**P. N. KOMORA**  
**CONTROLLER AND AUDITOR GENERAL**

Nairobi

12 February 2007

**TOWN**



**COUNCIL OF**

**MWINGI**

**ABSTRACT OF ACCOUNTS**

**FOR THE YEAR ENDED 30TH**

**JUNE 2005**

# TOWN COUNCIL OF MWINGI

FINAL ACCOUNTS FOR THE FINANCIAL YEAR 2004/2005

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**TOWN COUNCIL OF MWINGI**  
REPORT OF THE TOWN TREASURER ON THE ACCOUNTS OF  
THE COUNCIL FOR THE YEAR ENDING 30TH JUNE 2005

The Chairman and  
Councillors,

May I have the honour and privilege to present the council's abstract  
of accounts for the financial year 2004/2005.

These accounts have been prepared in accordance with Section 229(1) of the local  
Government Act Cap 265 which in conformity with regulations 230 (b) of the Act and  
upon a resolution of the Council as to the fee payable therefore, are open for inspection  
and purchase by any member of the public resident within the jurisdiction of Town Council  
of Mwingi.

These accounts have been drawn subject to Audit by the Kenya Audit Office.

**SOURCES OF REVENUE**

The sub division of the former giant County Council Of Kitui left Mwingi Town Council  
with limited sources of revenue.  
Our Council basically has the following as our sources of revenue;

- Fees and Charges
- General Rates
- Single Business Permits
- Produce Cess
- Parking Fees
- Plot Rents
- Slaughter House Fees and
- Central Government receipt of Local Authority Transfer Fund (LATF)

It is also important to note that our major expenditures are on the following.

- Personnell
- Operations
- Maintenance and
- Provision of the Community Services.

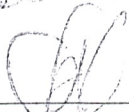
During the year we received Kshs 8,996,047 from Local Revenues against an expected  
expenditure of Kshs 11,214,386. which indicated a deficit of Kshs2,218,339.  
This indicated a rise in our Creditors position with the same ammount or use of LATF funds.

**ACKNOWLEDGEMENT**

I wish to record my appreciation to the honourable Councillors and the staff of my  
department and the Council as a whole for their continued support and efforts in assisting  
during the various stages of the preparation of these accounts.

Ag Town Treasurer

Signature  Date 16<sup>th</sup> Oct. 2006

Town Clerk  
Signature  Date 16/10/06

Town Hall  
MWINGI

# TOWN COUNCIL OF MWINGI

## CONSOLIDATED BALANCE SHEET

AS AT 30TH JUNE 2005

	NOTES	2004/05 Kshs.	2003/04 Kshs
<b>FIXED ASSETS</b>			
General Fund Capital Outlay	2	32,008,691	33,229,073
<b>CURRENT ASSETS</b>			
Sundry Debtors	3	6,378,265	4,421,220
Imprest and Advances		880,994	99,986
Bank and Cash balances	6	5,952,364	4,078,256
Un analysed Debtors		-	2,167,759
<b>TOTAL</b>		<b>13,211,623</b>	<b>10,767,221</b>
<b>LESS</b>			
<b>CURRENT LIABILITIES</b>			
Bank Overdraft	7	88,457	148,544
Creditors	8	2,926,861	1,500,847
Un analysed Creditors		-	2,167,759
		<b>3,015,318</b>	<b>3,817,150</b>
<b>Net Assets</b>		<b>10,196,305</b>	<b>6,950,071</b>
<b>Total Assets</b>		<b>42,204,997</b>	<b>40,179,144</b>
<b>FINANCED BY;</b>			
Donor Funds	4	24,993,019	24,993,019
General Reserve	5	1,870,866	2,116,765
Service Charge Fund		3,232,237	3,232,237
Local Authority Transfer fund		12,108,875	9,837,123
<b>Total</b>		<b>42,204,997</b>	<b>40,179,144.00</b>

# TOWN COUNCIL OF MWINGI

## GENERAL FUND BALANCE SHEET

AS AT 30TH JUNE 2005

	NOTES	2004/05 Kshs.	2003/04 Kshs
<b>FIXED ASSETS</b>			
General Fund Capital Outlay	2	30,390,136	30,390,136
<b>CURRENT ASSETS</b>			
Sundry Debtors	3	6,378,265	3,489,454
Bank and Cash balances	6	1,055,204	279,581
<b>TOTAL</b>		<b>7,433,469</b>	<b>3,769,035</b>
<b>LESS</b>			
<b>CURRENT LIABILITIES</b>			
Bank Overdraft	7	-	148,544
Creditors	8	2,926,861	1,500,847
Un analysed Creditors		-	2,167,759
		<b>2,926,861</b>	<b>3,817,150</b>
<b>Net Assets</b>		<b>4,506,608</b>	<b>(48,115)</b>
<b>Total Assets</b>		<b>34,896,744</b>	<b>30,342,021</b>
<b>FINANCED BY;</b>			
Donor Funds	4	24,993,019.00	24,993,019
General Reserve	5	9,903,725.15	5,349,002
<b>Total</b>		<b>34,896,744</b>	<b>30,342,021</b>

# TOWN COUNCIL OF MWINGI

## LACAL AUTHORITY TRANSFER FUND BALANCE SHEET

AS AT 30TH JUNE 2005

	NOTES	2004/05 Kshs.	2003/04 Kshs
<b>FIXED ASSETS</b>			
Fund Capital Outlay	2	2,838,937	2,838,937
<b>CURRENT ASSETS</b>			
Sundry Debtors	3	1,603,476	3,199,511
Bank and Cash balances	6	5,136,790	3,798,675
<b>TOTAL</b>		<b>6,740,266</b>	<b>6,998,186</b>
<b>LESS</b>			
<b>CURRENT LIABILITIES</b>			
Creditors		-	-
<b>Net Assets</b>		<b>6,740,266</b>	<b>6,998,186</b>
<b>Total Assets</b>		<b>9,579,203</b>	<b>9,837,123</b>
<b>FINANCED BY;</b>			
Local Authority Transfer Fund		9,579,203	9,837,123
<b>Total</b>		<b>9,579,203</b>	<b>9,837,123</b>

# TOWN COUNCIL OF MWINGI

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE 2005

	2004/05 Kshs	2003/04 Kshs
<b>Cash flow From Operating Activities</b>		
General Fund (Deficit/Surplus	(245,899)	(348,067)
Local Authority transfer fund Surplus	3,360,835	947,032
Adjustment for Depreciation	1,220,382	852,132
	<hr/>	<hr/>
<b>Operating Surplus Before Working Capital Change</b>	4,335,318	1,451,097
Increase /Decrease in Debtors	690,167	(3,895,481)
Increase /Decrease in Creditors	1,017,789	2,858,444
<b>Net Cash flow from Operating Activities</b>	1,707,956	414,060
<b>Cash flow from Investing Activities</b>		
Purchase of Fixed Assets	-	273,440
Net ( Decrease ) / Increase in Cash and Cash Equivalents	1,707,956	140,620
Cash and Cash Equivalents at the beginning of the year	3,761,324	3,620,704
<b>Cash and Cash Equivalents at the End of the year</b>	<hr/> <b>6,064,909</b>	<hr/> <b>3,761,324</b>

# TOWN COUNCIL OF MWINGI

FINAL ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2005  
 SUMMARY INCOME AND EXPENDITURE STATE MENT FOR THE PERIOD ENDED  
 30th JUNE 2005

<u>REVENUE</u>	Approved Budget 2004/05 Kshs	Actuals 2004/05 Kshs	Actuals 2003/04 Kshs
Clerks Department	-	-	30,200
Treasure's Department	314,911	103,655	172,245
Market Department	6,319,606	7,916,467	8,177,037
Slaughter House Department	557,947	1,003,955	866,430
Survey Department	27,864	2,000	46,500
<b>TOTAL REVENUE</b>	<b>7,220,328</b>	<b>9,026,077</b>	<b>9,292,412</b>
<u>EXPENDITURE</u>			
Clerks Department	3,650,304	3,836,780	3,723,157
Treasure's Department	2,544,515	1,724,546	2,605,524
Survey Department	206,789	211,001	203,952
Markets Department	1,289,066	1,255,539	1,315,975
Slaughter House Department	721,227	608,075	732,865
Civic (Councillors ) Department	1,472,000	1,636,036	1,059,006
<b>TOTAL</b>	<b>9,883,901</b>	<b>9,271,976</b>	<b>9,640,479</b>
<b>Net Surplus/Loss for the</b>	<b>(2,663,573)</b>	<b>(245,899)</b>	<b>(348,067)</b>

# TOWN COUNCIL OF MWINGI

## LOCAL AUTHORITIES TRANSFER FUND REVENUE ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2005

	Actuals 2004/05 Kshs	Actuals 2003/04 Kshs
<b>TREASURY RECEIPT</b>	<b>9,579,203</b>	<b>9,038,603</b>
 <b>EXPENDITURE</b>		
Grading of Roads	771,105	648,693
Petrol Oils And Tyres	55,213	95,220
Installation of Street Lights	259,326	222,590
Travelling & Subsistence	210,687	376,029
LASDAP Seminars	186,681	
School Enhancement / Construction	1,632,390	367,269
Miscellaneous /Administration Services	328,790	68,805
Bank charges	18,500	23,600
Water enhancement	919,299	530,626
Insurance & Licences	142,781	195,940
Maintenance of Vehicles	298,475	458,131
Electricity Water & Conservancy	47,870	43,773
Water sanitation		502,618
Rehabilitation of Roads	36,555	82,500
Street light repairs		544,326
Miscellaneous		
School Enhancement / Rehabilitation		1,496,429
Premises Rehabilitation	1,200	133,276
VAT Remmittences	361,812	
Chairman's allowances		15,000
Councillor's allowances		874,872
Provision of Bins		182,971
Bursaries	215,966	
Salaries & Wages arrears	57,644	
Telephone & postage	4,437	56,909
Printing & Stationery	40,840	144,942
Solid waste Collection	137,785	
Leave allowance	61,243	
Abstracts of accounts	123,000	
Equipment, tools & Materials	25,420	
Maintenance of Slaughter house	15,670	
Maintenance of Markets	41,630	
Rehabilitation of Dispensaries	164,429	
Induction Course		235,500
Seminars and Tours		19,784
Maintenance of Office Furniture	3,000	88,760
ALGAK		123,576
Revenue Contribution to capital outlay	49,500	559,432
Town Planning	7,120	
<b>TOTAL EXPENDITURE</b>	<b>6,218,368</b>	<b>8,091,571</b>
<b>SURPLUS / (DEFICIT)FOR THE YEAR</b>	<b>3,360,835</b>	<b>947,032</b>

# TOWN COUNCIL OF MWINGI

DETAILED GENERAL FUND REVENUE ACCOUNT  
FOR THE YEAR ENDED 30TH JUNE 2005  
CLERK'S DEPARTMENT

## REVENUE

	Approved Budget 2004/05 Kshs	Actuals 2004/05 Kshs	Actuals 2003/04 Kshs
Sale of Tender Documents	-	86,750	30,200
	-	-	<b>30,200</b>

## EXPENDITURE

### PERSONNEL COSTS

Salaries & Wages	1,445,800	1,226,960	1,143,735
Hardship allowance	241,716	236,404	245,910
NSSF	36,000	33,404	35,012
Provident Fund	51,300	13,626	58,472
House allowance	600,000	680,000	602,000
Special duty allowance	-	5,950	27,883
Superannuation fund	294,049	136,137	86,160
Leave allowance	40,939	26,231	49,547
Staff Medical			2,875

### OPERATING COSTS

Travelling & Subsistence	200,000	228,292	231,507
Training & Exams	200,000	162,879	28,800
Printing & Stationery	-	131,976	240,731
Postage & Telephone	200,000	225,729	173,718
Books & Periodicals	10,000	9,150	13,500
Clothes & Uniforms	18,500	2,000	11,384
Maintenance of Buildings	10,000	6,510	26,987
Electricity Water & Conservancy	10,000	11,168	37,331
Maintenance of Vehicles	100,000	473,026	220,478
Petrol Oil & Tyres	120,000	188,089	185,021
Equipment Tools & Materials	35,000	20,182	34,467
Algak / Alge	-	5,731	
Entertainment	30,000	11,306	62,800
Maintenance of Furniture	7,000	2,030	2,355
Maintenance of Office Equipment	-	-	48,340
Revenue Contribution to Capital Outlay	-	17,150	154,144

<b>TOTAL EXPENDITURE</b>	<b>3,650,304</b>	<b>3,836,780</b>	<b>3,723,157</b>
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<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>	<b>(3,650,304)</b>	<b>(3,836,780)</b>	<b>(3,692,957)</b>
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# TOWN COUNCIL OF MWINGI

DETAILED GENERAL FUND REVENUE ACCOUNT  
FOR THE YEAR ENDED 30TH JUNE 2005  
TREASURER'S DEPARTMENT

REVENUE	Approved Budget 2004/05 Kshs	Actuals 2004/05 Kshs	Actuals 2003/04 Kshs
Office rent	245,755	36,000	84,500
Burial fees	-	7,150	9,000.00
Transport charges	-	2,200	
Storage	2,172	2,655	2,845.00
Sand cess	55,648	37,300	49,950.00
Impounding fees	11,336	11,800	21,060.00
Exhauster services	-	4,000	
Miscellaneous	-		1,740.00
Hall charges	-	2,550	3,150.00
	<b>314,911</b>	<b>103,655</b>	<b>172,245</b>
<b>EXPENDITURE</b>			
<b>PERSONNEL COSTS</b>			
Salaries & Wages	1,136,160	736,380	947,451
Hardship allowance	151,644	122,844	131,400
NSSF	19,200	15,000	14,400
Provident Fund	59,277	15,583	61,164
House allowance	585,000	357,000	405,000
Special duty allowance	-	11,527	26,598
Superannuation fund	201,750	118,144	103,772
Leave allowance	31,484	10,343	50,600
Staff Medical			
<b>OPERATING COSTS</b>			
Travelling & Subsistence	85,000	212,122	376,325
Printing & Stationery	75,000	36,471	50,598
Postage & Telephone	-		15,250
Licence & Insurance	-		5,700
Accountancy fees	15,000		174,000
Legal fees	60,000	27,500	39,240
Miscellaneous	-		6,540
Office Equipment	30,000		2,380
Petrol Oil & Tyres	65,000	12,978	12,885
Bank charges	30,000	48,655	43,665
Revenue Contribution to Capital Outlay	-		138,556
<b>TOTAL EXPENDITURE</b>	<b>2,544,515</b>	<b>1,724,546</b>	<b>2,466,968</b>
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>	<b>(2,229,604)</b>	<b>(1,620,891)</b>	<b>(2,294,723)</b>

# TOWN COUNCIL OF MWINGI

## DETAILED GENERAL FUND REVENUE ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2005 MARKET'S DEPARTMENT

### REVENUE

	Approved Budget 2004/05 Kshs	Actuals 2004/05 Kshs	Actuals 2003/04 Kshs
Barter Market fee	718,065	841,510	716,265.00
Bus park fees	862,626	1,426,650	1,203,430.00
Bus park kiosk rent	-	1,050	98,400.00
Market stalls rent	95,285	5,200	115,710.00
Market stalls rent arreas	96,726		134,960.00
Penalty on Licence Renewal	83,622	209,810	199,915.00
Plot application fee	-	471,825	268,490.00
Plot rent	604,882	231,625	1,310,230.00
Produce Cess	370,640	53,820	110,425.00
Sign Boards	-	11,380	5,500.00
Stock Export fees	8,412	131,474	500
Stock Market fees	1,144,529	1,132,770	1,239,030
Tractor Services	58,916	13,000	35,122
Trading licences (SBP)	2,235,625	3,355,273	2,709,810
Transfer fees	40,278	28,700	29,250
Trade Promotions	-	2,380	
	<b>6,319,606</b>	<b>7,916,467</b>	<b>8,177,037</b>

### EXPENDITURE

#### PERSONNEL COSTS

Salaries & Wages	514,140	445,836	444,580
Hardship allowance	145,164	109,416	114,292
NSSF	20,920	16,680	17,640
House allowance	282,000	222,000	237,000
Special duty allowance	-	300	3,845
Superannuation fund	119,421		5,847
Leave allowance	15,421	12,805	26,066

#### OPERATING COSTS

Printing , stationary & advert	-	10,965	
Travelling & Subsistence	75,000	399,644	344,800
Clothes & Uniforms	25,000		3,200
Electricity Water & Concervancy	2,000	3,873	15,293
Miscellaneous		-	
Equipment Tools & Materials	20,000	5,070	27,235
Maintenance of Markets	70,000	28,950	76,777
<b>TOTAL EXPENDITURE</b>	<b>1,289,066</b>	<b>1,255,539</b>	<b>1,316,575</b>

### SURPLUS / (DEFICIT)FOR THE YEAR

	<b>5,030,540</b>	<b>6,660,928</b>	<b>6,860,462</b>
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# TOWN COUNCIL OF MWINGI

DETAILED GENERAL FUND REVENUE ACCOUNT  
FOR THE YEAR ENDED 30TH JUNE 2005  
SLAUTERHOUSE DEPARTMENT

## REVENUE

	Approved Budget 2004/05 Kshs	Actuals 2004/05 Kshs	Actuals 2003/04 Kshs
Slaughter fees	553,052	1,002,955	863,730
Sale of Manure	4,895	1,000	2,700.00
	<b>557,947</b>	<b>1,003,955</b>	<b>866,430</b>

## EXPENDITURE

### PERSONNEL COSTS

Salaries & Wages	275,760	225,120	218,520
Hardship allowance	82,728	67,536	65,556
NSSF	11,604	9,448	9,144
House allowance	150,000	120,000	120,000
Special duty allowance	-	600	7,200
Superannuation fund	63,864	27,588	27,060
Leave allowance	8,271	10,360	10,910
Staff Medical			

### OPERATING COSTS

Clothes & Uniforms	19,000	8,650	10,400
Maintanance of Buildings	16,000	2,280	32,825
Electricity Water & Concervancy	39,000	114,777	143,864
Maintanance of Compound	20,000	4,595	11,090
Miscellaneous	-		10,090
Equipment Tools & Materials	35,000	17,121	66,206
<b>TOTAL EXPENDITURE</b>	<b>721,227</b>	<b>608,075</b>	<b>732,865</b>
<b>SURPLUS / (DEFICIT)FOR THE YEAR</b>	<b>(163,280)</b>	<b>395,880</b>	<b>133,565</b>

# TOWN COUNCIL OF MWINGI

## DETAILED GENERAL FUND REVENUE ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2005 SURVEY DEPARTMENT

### REVENUE

	Approved Budget 2004/05 Kshs	Actuals 2004/05 Kshs	Actuals 2003/04 Kshs
Sale of Approved Building Plans	4,226		46,500
Pegging fees	23,638	2,000	
	<b>27,864</b>	<b>2,000</b>	<b>46,500</b>

### EXPENDITURE

#### PERSONNEL COSTS

Salaries & Wages	106,980	106,980	103,560
Hardship allowance	19,200	19,200	19,200
NSSF	2,400	2,400	2,400
Provident Fund	-	25,314	
House allowance	54,000	54,000	54,000
Leave allowance	3,209	3,107	

#### OPERATING COSTS

Travelling & Subsistence	11,000		22,710
Equipment Tools & Materials	10,000		2,082
<b>TOTAL EXPENDITURE</b>	<b>206,789</b>	<b>211,001</b>	<b>203,952</b>
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>	<b>(178,925)</b>	<b>(209,001)</b>	<b>(157,452)</b>

# TOWN COUNCIL OF MWINGI

DETAILED GENERAL FUND REVENUE ACCOUNT  
FOR THE YEAR ENDED 30TH JUNE 2005  
CIVIC (CONCILLORS DEPARTMENT)

## EXPENDITURE

Approved Budget 2004/05 Kshs	Actuals 2004/05 Kshs	Actuals 2003/04 Kshs
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Chairman's Allowance	186,000	186,000	93,000
Vice Chairmans allowance	150,000	150,000	
Committee chaimen allowance	426,000	426,000	
Councillors	504,000	504,000	752,942

## OPERATING COSTS

Travelling & Subsistence (Chairman)	150,000	189,962	193,285
Travelling & Subsistence (councillors )	-	99,869	
Petrol Oil & Tyres	26,000	800	
Equipment Tools & Materials	-		
Entertainment & Refreshment	30,000	79,405	19,779
<b>TOTAL EXPENDITURE</b>	<b>1,472,000</b>	<b>1,636,036</b>	<b>1,059,006</b>

# TOWN COUNCIL OF MWINGI

## FINAL ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2005

### 1) NOTES TO THE ACCOUNTS

#### 1.2) ACCOUNTING CONCEPTS

#### 1.3) INTRODUCTION

The following generally accepted Accounting Standards ( Concepts) have been observed in preparation of the Accounts.

- Going Concern
- Accruals/Matching
- Consistency
- Prudence
- Materiality and Substance over form

Adoption of these concepts ensures that accounts "present fairly" the financial position of a local authority at a stated point of time.

However, given the unique nature of Kenyan Local Government, certain refinements have been introduced.

#### a) Going Concern Concept

In most cases the accounting system will treat value in the assumption that the authority will continue trading. Its unlikely that a Local Authority may be wound up in the same way as a company. In event of a Local Government re-organization, the going concern concept should be applied although the authority itself may cease to exist.

#### b) Accrual/Matching Concept

The Matching or Accrual Concept can be defined as follows:

"Revenue and costs are accrued -that is recognized as they are earned or incurred (and not as money is received or paid) and recorded in the financial statement at the period to which they relate: provided that where the Accrual Concept is inconsistent with the Prudence Concept the later prevails.

Here the Prudence Concept is of significance in Kenya. The SAS basis of accounting is converted" receipts and converted payment" which means that accounting throughout the year is on a cash basis but, for final accounts purposes, accruals for material debtors and creditors are introduced to convert the accounts to an income and expenditure basis, thus keeping in line the Accrual Concept of accounting.

#### (c) Consistency Concept

Its assumed that the accounting policies are consistence from one period to another.

The Consistency Concept requires that there should be consistency of accounting treatment of like items within each accounting period and from one accounting period to the next. As SAS has been used for the first time, prior figures have been restated to present a valid comparison.

#### (d) Prudence Concept

Uncertainties inevitability surround many transactions. This should be recognized by exercising prudence in preparing financial statements. Prudence does not however justify the creation of secret or hidden reserves.

The Prudence Concept requires that revenues are not anticipated until realization can be assessed

with reasonable certainty. In US Government accounting technology, which has been adopted by SAS, revenues should be recognised when they become "measurable and available for use". This has implications for Kenyan Local Government as regards land taxes and other revenue which are billed: such revenues are measurable immediately but may not be paid or "available for use" for a lengthy period of time, if at all.

#### e) Substance over form and Materiality Concept

Transaction and other events should be accounted for and presented in accordance with their substance and financial reality and not merely with their legal form.

The concept derives from the fact that accounts may still not "present fairly" the financial position of the authority. For example, SAS requires disclosures of certain items, in particular, delaying debtors and delayed creditors separately from operational debtors and creditors, as there is usually a link between the former types of debtors and creditors.

Financial statement should disclose all items which are material enough to affect evaluation or decisions.

### 2.0 Accounting Policies

The accounts have been prepared under the historical cost convention.

#### 2.1 Accruals of Income and Expenditure

##### Revenues

Plot rents and rates outstanding at the end of the year are accrued as debtors. This is in accordance with the prudence principle.

##### Payments

Unremitted statutory and other deductions from employees salaries are accrued payments under current liabilities.

##### Supplies for goods and services

Invoices for goods and services received during the year and prior years but not yet paid are accrued as creditors under current liabilities.

##### Fixed assets.

Only assets which are readily identifiable as belonging to the Town Council are included in the Balance Sheet as at 30th June 2005. However a professional valuation of all County Council assets should be done to reflect the current market value of all fixed assets.

##### Accounting for fixed assets.

Fixed assets are included in the accounts on the basis of historical cost convention as modified by the revaluation of certain fixed assets i.e land and buildings.

##### Basis of Valuation

The basis of valuation of fixed assets is cost less aggregated depreciation or current open market value.

##### Depreciation.

Provision for depreciation charge on fixed assets has been calculated on the straight line method using the following rates.

Land	Nil
Buildings	2.5%
Motor Vehicles	25%
Furniture, Fixtures & Fittings	12.5%
Office Equipment	25%

This is in accordance with the Prudence concept. Nodpreciation has been charged on land & buildings

#### Valuation of Land and Buildings.

Land and buildings were valued at current open market value as at 30th june 2005.  
However, no valuation was done by a professional valuer. The Council should ensure this is done.

#### Disposal of fixed assets.

Nofixed assets were disposed of during the year.

#### Reserve Fund

The general reserve fund arose out of accounting principle when the book values of fixed assets were up on re-valuation to the extent that the revised value exceeded original cost and by transfer of surpluses and deficits from the income and expenditure account.

#### Currency

The kenya shilling has been used in preparing these statements as the accounting unit.

COST OR REVALUATION	LAND AND BUILDINGS Kshs	MOTOR VEHICLES Kshs	OFFICE EQUIPMENT KSHS	FURNITURE & FITTINGS Kshs	TOTAL Kshs
AS AT 1/7/2004	34,399,931	3,826,460	273,440	-538,367	39,038,198
ADDITIONS					
AS AT 30/6/2005	34,399,931	3,826,460	273,440	538,367	39,038,198
DEPRECIATION					
AS AT 1/7/2004	3,035,444	2,405,971	68,360	299,350	5,809,125
CHARGE FOR THE YEAR	784,112	355,122	51,270	29,877	1,220,382
AS AT 30/6/2005	3,819,556	2,761,093	119,630	329,227	7,029,507
AS AT 30TH JUNE 2005	31,364,487	1,420,489	205,080	239,017	32,008,691
AS AT 30TH JUNE 2004	31,364,487	1,420,489	205,080	239,017	33,229,073

# TOWN COUNCIL OF MWINGI

## Notes to the accounts

### NOTE 3

Debtors	2004/2005 Kshs	2003/2004 Kshs
Plot Rents	5,490,677.00	2,722,456.00
Kitui County Council		380,000.00
Prepayments and Deposits		190,794.00
Imprest and advances		99,986.00
Mwingi County Council	360,456.00	68,400.00
Licences (SBP)	33,102.00	
House Rents	34,000.00	
Bus park kiosk rent	282,600.00	
Market stall rent	177,430.00	
	<b>6,378,265.00</b>	<b>3,461,636.00</b>

### 4 Donor Funds

Donor Funds were Used to acquire the following assets;

	2004/2005 Kshs	2003/2004 Kshs
Slaughter house and Market stalls	5,397,633.00	5,397,633.00
Land compensation to the previous land owners	5,257,018.00	5,257,018.00
Construction of Road work	14,338,368.00	14,338,368.00
	<b>24,993,019.00</b>	<b>24,993,019.00</b>

### NOTE 5 FUNDS ACCOUNTS

	GENERAL FUND KSHS	SERVICE CHARGE KSHS	LOCAL AUTHORITY KSHS	TOTAL KSHS
Balance as at 1st July 2004	2,116,765.00	3,232,237.00	10,675,455.90	16,024,457.90
Surplus (Deficit) for the year	(245,899.45)	-	3,360,835.40	3,114,935.95
	1,870,865.55	3,232,237.00	14,036,291.30	19,139,393.85

### NOTE 6 BANK AND CASH BALANCES

	2004/2005 Kshs	2003/2004 Kshs
Cash at hand (petty Cash)	112,545.00	5,370.00
Kcb Mwingi Current account no 226970345	815,574.05	
Kcb Mwingi t account no 226970110	127,084.90	
Local Authority Transfer fund	5,136,790.00	3,793,305.00

### NOTE 7 BANK OVERDRAFT

KCB Mwingi Current account no 226970345	(5,689.00)
KCB Mwingi Current account no 226970110	(142,855.00)
Total	<b>(148,544.00)</b>

### NOTE 8 CREDITORS

	2004/2005 Kshs	2003/2004 Kshs
Trade Creditors	241,900.00	57,020.00
Accountancy fees	185,000.00	219,242.00
Statutory and staff costs	180,000.00	148,065.00
LATF Account		211,712.00
Under / Over Receipting	1,937,460.80	864,808.00
Legal fees	132,500.00	
SACCO	250,000.00	
TOTAL	<b>2,926,860.80</b>	<b>1,500,847.00</b>

