

PARLIAMENT
OF KENYA
LIBRARY



TEACHERS SERVICE COMMISSION

Audited Financial Statements
for the year ended
30th June 2009

Effective service for quality teaching



The Vision:

Effective service for quality teaching

The Mission:

“To establish and maintain, in partnership with all stakeholders, a sufficient professional teaching service for educational institutions responsive to environmental changes.”

REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE

**REPORT
OF
THE CONTROLLER
AND AUDITOR-GENERAL**

ON

**FINANCIAL STATEMENTS OF
TEACHERS SERVICE COMMISSION
FOR THE YEAR ENDED
30 JUNE 2009**

Audited Financial Statements for the year ended
30th June 2009

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THE COMMISSION INFORMATION

FOR THE YEAR ENDED 30TH JUNE, 2009

The Teachers Service Commission is a body Corporate established in 1967 through an Act of Parliament (Cap 21 2 Laws of Kenya).

The Commission has a corporate vision of "To be an Institution of excellence in the provision of efficient and effective service for quality teaching" and a mission "To Establish and Maintain a Sufficient Professional Teaching Service for Educational Institutions."

- COMMISSIONERS:**
1. Mr. I.M. Hussein, EBS, HSC Commission Chairman
 2. Mr. S. Ole Nkanae, MBS Deputy Commission Chairman
 3. Mrs. A.M. Kithimba
 4. Mrs. M. M. Michira
 5. Mr. E. R. Gichobi
 6. Mr. A. C. Soi
 7. Mr. M. Oyoo
 8. Mrs. Z.M. Haji
 9. Miss P.J. Kiteto
 10. Mr. I.C. Aluku
 11. Mr. J.W. Manje
 12. Mrs. R.A. Onyuka
 13. Mrs. M.N. Mwanasaid
 14. Mr. M. K. Llanziva
 15. Mrs. R. M. Sereti
 16. Mrs. L. W. Njeru
 17. Mr. D. A. Kuno
 18. Mr. R. K. Cheror
 19. Mr. P. K. Muthathai
 20. Mr. J. M. Wakhobe
 21. Mrs. F. N. Kiarie
 22. Mr. J. L. Meya
 23. Mrs. M. Mwiroti
 24. Mr. D. O. Mokamba
 25. G.K. Lengoiboni – Commission Secretary/Chief Executive

Registered Office Teachers Service Commission.

Principal place of Business: TSC House,
Kilimanjaro Road, Upperhill,
Private Bag - 00100 Nairobi
NAIROBI, KENYA
Email: info@tsc.go.ke www.tsc.go.ke

Auditors: Controller and Auditor General
Anniversary Towers
P.O. Box 30084 – 00100
NAIROBI

Bankers: National Bank of Kenya Ltd.,
National Bank of Kenya Building
Harambee Avenue
P.O. Box 41862
NAIROBI

REPORT OF THE COMMISSIONERS FOR THE YEAR ENDED 30TH JUNE 2009

The Commissioners submit their report and the audited financial statements for the year ended 30th June 2009.

1. PRINCIPAL ACTIVITY

The Commission's Principal activity is to register, recruit, remunerate, Promote, discipline teachers and to maintain the teaching standards.

2. RESULTS

The results for the year are set out on Page 5

3. DIVIDENDS

The Teachers Service Commission is a non-profit making organization established to undertake functions listed in (1) above and does not declare dividends.

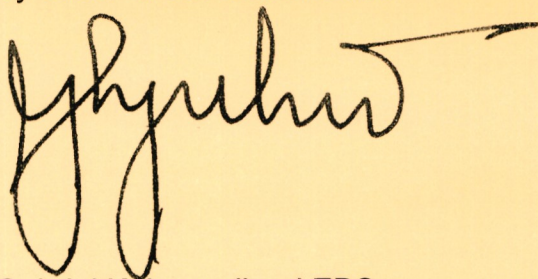
4. COMMISSIONERS

The Commissioners who held office during the year and to the date of this report are shown on Page 1.

5. AUDITORS

The Controller and Auditor-General is responsible for the statutory audit of the Commission.

By Order of the Commission



Gabriel K. Lengoiboni EBS
Commission Secretary/Chief Executive
NAIROBI

23rd September 2009

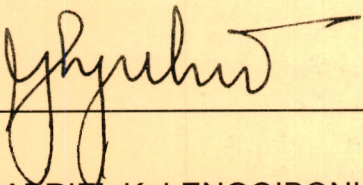
STATEMENT OF THE COMMISSIONERS RESPONSIBILITIES

The State Corporations Act Cap 446 of the laws of Kenya requires the Commission to keep proper books of Accounts that disclose with reasonable accuracy, its financial position. The Act also requires the Commission to prepare financial statements for each financial year that give a true and fair view of the state of affairs and to submit such financial statements to Kenya National Audit Office for the purpose of Audit. The Commission is also responsible for safeguarding its assets.

The Commissioners accepts responsibility for the annual financial statements, which have been prepared in accordance with appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the requirements of Government Financial Regulations and Procedures.

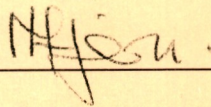
The Commissioners are of the opinion that these financial statements give a true and fair view of the Commission's state of affairs and further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements as well as adequate systems of internal financial controls.

So far nothing has come to the attention of the Commissioners to indicate that the Teachers Service Commission will not remain a going concern for at least the next twelve months from the date of this statement.



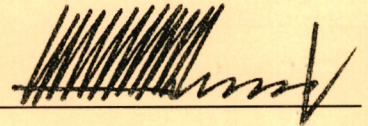
GABRIEL K. LENGOIBONI EBS
EBS SECRETARY/
CHIEF EXECUTIVE
T.S.C.

DATE: 23.09.09



LUCY W. NJERU (MRS
COMMISSIONER
T.S.C.

DATE: 23.09.09



I.M. HUSSEIN, HSC,
CHAIRMAN
T.S.C.

DATE: 23.09.09

REPUBLIC OF KENYA

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P. O. Box 30084-00100
 NAIROBI

Date.....

KENYA NATIONAL AUDIT OFFICE

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF TEACHERS SERVICE COMMISSION FOR THE YEAR ENDED 30 JUNE 2009

I have audited the financial statements of Teachers Service Commission set out at pages 5 to 21 which comprise the Balance Sheet as at 30 June 2009, the Income and Expenditure Statement, Statement of Changes in Equity and the Cash Flow Statement for the year then ended, together with a summary of significant accounting policies and other explanatory notes in accordance with the provisions of 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.

Commission's Responsibility for the Financial Statements

The Commission is responsible for the preparation of financial statements which give a true and fair view of the Commission's state of affairs and its operating results in accordance with the International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Responsibility of the Controller and Auditor General

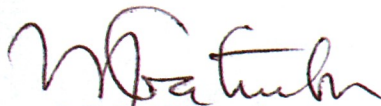
My responsibility is to express an independent opinion on the financial statements based on the audit. The audit was conducted in accordance with the International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed with a view to obtaining reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 controls

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 Commission's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Commission as well as evaluating the overall presentation of the financial statements. I believe the audit provides a reasonable basis for my opinion.

Opinion

In my opinion, proper books of account have been kept and the accompanying financial statements give a true and fair view of the state of financial affairs of the Commission as at 30 June 2009 and of its deficit and cash flows for the year then ended in accordance with the International Financial Reporting Standards and comply with the Teachers Service Commission Act, Cap 212 of the Laws of Kenya.



A.S.M. Gatumbu
CONTROLLER AND AUDITOR GENERAL

Nairobi

4 January 2010

INCOME AND EXPENDITURE STATEMENT FOR YEAR ENDED 30TH JUNE 2008

INCOME	NOTES	2008/2009 KSHS	2007/2008 KSHS
TOTAL INCOME	(1)	80,289,670,389.95	77,603,301,720.40
EXPENDITURE			
PERSONAL EMOLUMENTS			
T.S.C. Secretariat	(2)	1,691,467,537.45	1,254,123,057.70
Primary, Secondary & Special Institutions	(3)	76,589,200,121.65	73,555,276,266.40
Technical Institutions	(4)	<u>1,787,812,085.60</u> 80,068,479,744.70	<u>1,743,417,098.95</u> 76,552,816,423.05
Operation Expenses	(5)	69,640,605.25	56,823,469.65
Maintenance Expenses	(6)	251,015,169.15	214,867,674.70
Other Expenses	(7)	207,327,175.05	153,558,196.65
Depreciation	(8)	<u>53,090,154.50</u>	<u>53,287,412.00</u>
Total Expenditure		80,649,552,848.65	77,031,353,176.05
Deficit / Surplus		<u>(359,882,458.70)</u>	<u>571,948,544.00</u>
TOTALS		<u>80,289,670,389.95</u>	<u>77,603,301,720.05</u>

BALANCE SHEET

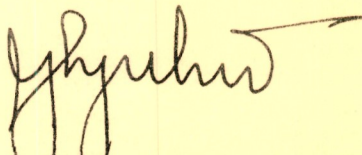
AS AT 30-06-2009

ASSETS

	NOTES	2008/2009 KSHS.	2007/ 2008 KSHS.
<u>NON-CURRENT ASSETS</u>			
Property, Plant and Equipments	(8)	1,198,630,966	883,233,845
<u>CURRENT ASSETS</u>			
Inventory	(9)	9,488,660	6,408,417
Trade and other Receivables	(10)	4,416,529,080	1,752,961,516
Cash on Hand and Bank Balances	(11)	183,351,480	3,018,290,221
Short Term Deposits Pioneer Building Society	(12)	6,618,980	6,618,980
Interest Receivable - P.B.S.	(13)	1,194,270	1,194,270
Total Current Assets		4,617,182,470	4,785,473,404
<u>CURRENT LIABILITIES</u>			
Trade and other Payables	(15)	3,983,239,784	3,508,237,525
Provision of accrued expenses	(19)	30,307,666	
Provision for bad debts	(16)	13,700,208	13,700,208
Provision for Contingency Liability	(18)	238,879	1,019,379
Total Current Liabilities		4,027,486,537	3,522,957,112
Net Current Assets		589,695,933	1,262,516,292
TOTAL ASSETS		1,788,326,899	2,145,750,137
<u>EQUITY AND LIABILITIES</u>			
Revaluation Surplus Fund	(14)	42,000,000	42,000,000
Accumulated Fund	(17)	1,746,326,898	2,103,750,137
Total Equity		1,788,326,898	2,145,750,137

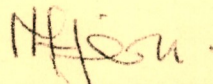
The financial Statements were approved by the Commissioners on 28th September, 2009

and signed on its behalf by :-



GABRIEL K. LENGOBONI - EBS.
SECRETARY/CHIEF EXECUTIVE
T.S.C.

Date: 28/9/2009



LUCY W. NJERU (MRS)
COMMISSIONER
T.S.C.

28/9/2009



I. M. HUSSEIN, EBS, HSC
CHAIRMAN
T.S.C.

28/9/2009

STATEMENT OF CHANGES IN EQUITY

AS AT 30-06-2009

	2008 / 2009		TOTAL	2007/2008
	SECRETARIAT KSHS	TEACHERS KSHS		KSHS.
Balance B/F	1,701,401,717.80	402,348,420.20	2,103,750,138.00	1,510,363,946.85
Adjustment for Statutory barred Stale cheques - 6 years old.	2,459,218.20		2,459,218.20	2,001,440.65
Adjustment for service charge credit balances outstanding during the year transferred to accumulated fund				19,155,606.25
Adjustment for two(2) stale cheques credited to statutory barred cheques in 2006 / 2007 while already paid under stale cheques JE No.86/06/07, JE No.12/07/08 and JE No121 and 122 of 07/08 and cheque No 006124 dd 25.5.2001 and cheque No 018855 dd 6.9.2001 for kshs 46,960.20 and kshs 5,333.30 respectfully refers				(52,613.50)
Adjustment of famine Relief fund outstanding during the year vide JE No.136/07/08 and JE No135/07/08				333,213.75
Adjusted balance	1,703,860,936.00	402,348,420.20	2,106,209,356.20	1,531,801,594.00
Add: Excess Deficit /Surplus	(207,755,009.10)	(152,127,449.60)	(359,882,458.70)	571,948,544.00
Balance Carried Forward	1,496,105,926.90	250,220,970.60	1,746,326,897.50	2,103,750,138.00

CASH FLOW STATEMENT

FOR YEAR ENDED 30TH JUNE, 2009

	YEAR ENDED 30.6.09		YEAR ENDED 30-6-08	
	TOTAL		TOTAL	
	KSHS.	KSHS.	KSHS.	KSHS.
OPERATING ACTIVITIES				
Excess Income/ Over Expenditure/Income		(359,882,459)		571,948,544
Less Gain on Sale of Motor Vehicles				
Less Gain on Sale Other Assets	(618,404)			
Adjustments for items not involving cash movement				
Add: Depreciation - Motor Vehicles	7,711,677		4,888,553	
-Furniture & Equipment	13,730,427		12,913,216	
-Computer Equipments	31,648,051	52,471,751	35,485,643	53,287,412
		(307,410,708)		625,235,956
Adjustment for changes in working Capital/Operational balances				
Increase in accrued expenses	30,307,666			
Provision for Contingent Liability	(780,500)			
Decrease / Increase in stationery	(3,080,243)		3,689,510	
Decrease / Increase in Debtors	(2,663,567,565)		(222,988,956)	
Decrease / Increase in Creditors	475,002,259		1,849,683,644	
Adjustment of Fixed Assets		(2,162,118,382)		1,630,384,197
Net cash inflow - operating activities				
INVESTING ACTIVITIES				
Work In Progress	(332,310,050)		(233,852,982)	
Purchase - Permanent Equipment	(36,306,896)		(65,272,757)	
Adjustments On Equipments (Note 8)				
Disposal of Motor Vehicles	748,075.20	(367,868,871)		
				(299,125,739)
FINANCING ACTIVITIES				
Statutory Barred Stale Cheques	2,459,218	2,459,218	2,001,441	
Capitalised Service charge			19,155,606	
Adjustment for stale cheques Account of cheques already cleared by the bank but were erroneously treated as stale cheques in 2006 / 2007			(52,614)	
Adjustment for Famine Relief Fund			333,214	21,437,647
Decrease In Cash		(2,834,938,743)		1,977,932,062
Change in cash				
Closing cash balance NOTE 11		183,351,479		3,018,290,222
Less: Opening cash balance		3,018,290,221		1,040,358,159
Decrease in Cash		(2,834,938,742)		1,977,932,063

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation of Accounts

The Commission's accounts are prepared on the historical cost basis of Accounting.

b. Accruals and Prepayments

Grants, which were expected during the Financial Year but were not received until the subsequent financial year and were considered significant, have been recognized as Grants Receivable. Outstanding costs on N.S.S.F. Employer's Contribution also considered significant have been considered likewise. Pre-payments for residential house are not significant.

c. Property, Plant, Equipment And Depreciation

Property, Plant and Equipment are stated at cost less accumulated depreciation. Depreciation is calculated on a reducing balance basis at annual rates estimated to write off the assets over their expected useful lives.

The annual depreciation rates in use are:

(i) Office Equipment and Furniture

At the rate of 12.5% per annum or part thereof on the written down value or from the date of purchase. The value of Office Equipment and Furniture has been adjusted from 1.7.07 and separated into Computer Equipment and other Office Equipment and Furniture.

NOTES TO THE FINANCIAL STATEMENTS 9

(ii) Motor Vehicles

At the rate of 25% per annum or part thereof on the written down value or from the date of purchase.

(iii) Computer Equipment

At the rate of 30% per annum or part thereof on the written down value or from the Date of Purchase.

d. Bad and Doubtful Debts

Specific provisions are made against Bad and Doubtful debts when in the opinion of the Commission, recovery is doubtful and cannot be foreseen. In addition, write-offs are only effected with authority of the Treasury through the Ministry of Education for specifically identified cases.

e. Stocks of Stationery

The amount of the stock of stationery in Financial Statements has been stated as the total of costs of the separate items of stationery stock at the end of the financial period.

f. Employee Benefits

The Commission operates a defined contribution plan known as TSC Staff Superannuation Pension Fund. The Fund was established on 1st January 1993 and operates in accordance with the provisions of the Retirement Benefits Authority Act. The Fund is managed by a Board of Trustees and is funded by the contributions of employees @ 5% per employee and employers' @ 25% per month. An Actuary occasionally values the fund and the Commission pays the actuarial liability into the fund.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 1. Total Grants and Miscellaneous Revenue

			2008/2009	2007/2008
	SECRETARIAT	TEACHERS	TOTAL	TOTAL
	KSHS.	KSHS.	KSHS.	KSHS.
Grants from Ministry of Education	2,050,026,003.30	76,442,745,817.00	78,492,771,820.30	75,738,584,695.50
Grants from MOHEST		1,745,737,730.15	1,745,737,730.15	1,833,636,995.00
Commissions from Third Parties	136,639.65	31,872,419.50	32,009,059.15	
Miscellaneous Revenue	1,904,540.00		1,904,540.00	14,809,497.30
Teacher Registration Receipts		4,528,791.00	4,528,791.00	16,270,533.60
Profit / Loss on Disposal of Motor Vehicles	618,403.80		618,403.80	
Medical Allowance Recoveries	12,100,045.55		12,100,045.55	
Total	2,064,785,632.30	78,224,884,757.65	80,289,670,389.95	77,603,301,721.40

The Commission operates through grants received from the Treasury through the Ministries of Education and Science and Technology to meet expenditure on Salaries and Allowances and also expenses on Operation and Maintenance.

The Accounting for the grants is governed by the requirements of TSC Act, Government Financial Regulations and Procedures, the Public Audit Act, the Exchequer and Audit Act (Cap 412) and International Financial Reporting Standards I.A.S. 20.

Miscellaneous Revenue was mainly collected from sale of tender documents and surcharges on lost library books etc.

Teacher Registration Receipts is made up of amounts received from teachers on application for registration.

Commissions from Third Parties is commission charged on third parties deductions on the payroll

Medical Allowance Recoveries is the monthly medical allowance recovered from secretariat staff during the month has benefited from medical scheme.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 - OPERATION EXPENSES

	2008/2009	2007/2008
	KSHS.	KSHS.
Computer Expenses	3,787,431.90	360,100.00
Courier and Postal Services	9,998,230.00	9,798,050.00
Telephone, Telex, Facsimile & Mobile phones	19,262,459.65	14,279,811.00
Publishing & Printing Services	11,376,034.00	5,891,267.50
Stationery Expenses	12,185,984.25	18,228,880.85
Advertising Expenses	10,415,398.35	7,532,978.40
Uniforms and Clothing	2,615,067.10	732,381.90
Miscellaneous Other Charges		
Sub-Total	69,640,605.25	56,823,469.65

NOTE 6 - MAINTENANCE EXPENSES

Rent and Rates	124,062,210.30	100,152,830.80
Audit Fees (Controller & Auditor General)	1,250,000.00	1,250,000.00
Education & Library Supplies	1,929,265.00	204,344.00
Legal dues , Compensation and Ex-gratia Payments	2,198,911.00	9,665,158.00
Repair and Maintenance Expenses - Other Assets	19,258,167.65	14,707,899.00
Purchase of Consumable Stores	2,069,642.00	1,069,541.00
Office Entertainment	142,586.00	262,740.00
Staff Development	52,267,778.30	54,123,135.55
Burial Expenses	300,000.00	440,000.00
Electricity Water Conservancy	7,596,558.80	4,316,452.40
Vehicle Insurance	1,423,349.00	873,473.00
Leave Expenses		7,380.00
HIV/AIDS Awareness Campaign	13,354,762.35	2,094,306.30
Contracted Professional Services	2,816,913.10	9,306,036.00
Routine Maintenance Expenses - Motor Vehicles	3,430,250.50	3,746,350.70
Boards, Commissions, Conferences & Seminars	18,914,775.15	12,648,027.95
Sub Total	251,015,169.15	214,867,674.70

NOTE 7 - OTHER EXPENSES

Refined Fuels & Lubricants for Transport	4,176,691.45	4,123,532.40
Travelling, Accommodation & Foreign Travel	57,882,836.80	48,582,897.10
Teachers and Staff Medical Expenses	145,267,646.80	100,851,767.15
	207,327,175.05	153,558,196.65
Depreciation for Motor Vehicles, Furniture, Fittings & Permanent Equipment	53,090,154.50	53,287,412.35
GRAND TOTAL	581,073,103.95	478,536,753.35

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8:

SCHEDULE OF MOVEMENT OF PROPERTY, PLANT AND EQUIPMENT

ASSETS	T.S.C LAND KSHS	W.I.P. BUILDING KSHS	MOTOR VEHICLES KSHS	COMPUTER EQUIPMENTS KSHS	FURNITURE, FITTINGS AND EQUIPMENTS KSHS	TOTAL KSHS
Cost/Valuation 1.7.2008	42,000,000.00	605,047,446.40	69,888,277.00	203,955,277.25	249,003,053.50	1,169,894,054.15
Less Disposal / written off			(129,671.20)			(129,671.20)
Add: Additions during the year		332,310,049.65	14,513,968.00	17,979,132.00	3,813,796.00	368,616,945.65
Cost/Valuation 30.06.2009	42,000,000.00	937,357,496.05	84,272,573.80	221,934,409.25	252,816,849.50	1,538,381,328.60
DEPRECIATION						
As at 1.7.2008	-	-	44,207,247.65	101,594,573.90	140,858,387.75	286,660,209.30
Add: Charge for the year	-	-	7,711,676.50	31,648,050.70	13,730,427.30	53,090,154.50
			51,918,924.15	133,242,624.60	154,588,815.05	339,750,363.80
Net book value as at 30.6.2009	42,000,000.00	937,357,496.05	32,353,649.65	88,691,784.65	98,228,034.45	1,198,630,964.80
Net Book Values 30.6.2008	42,000,000.00	605,047,446.40	25,681,029.35	102,360,703.40	108,144,665.80	883,233,844.95

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9: INVENTORY

Inventory

	<u>2008 / 2009</u>	<u>2007 / 2008</u>
	KSHS.	KSHS.
	9,488,660.00	6,408,416.65

The Stock of Stationery is valued at the lower of cost and net realisable value. The inventory does not include obsolete stock valued at Kshs. 216,623.00 that the Board of Survey recommended for disposal.

NOTE 10: TRADE & OTHER RECEIVABLES

	2008 / 2009		2007/2008	
	SECRETARIAT	TEACHERS	TOTAL KSHS.	KSHS.
Losses of Cash	4,329,034.80		4,329,034.80	4,329,034.80
Salary Overpayments		52,898,380.60	52,898,380.60	98,225,087.45
Temporary Imprests	1,266,393.40	5,000.00	1,271,393.40	620,022.45
Salary Advances	984,860.75	3,586,971.65	4,571,832.40	4,955,169.70
Medical Advance	4,380,645.85		4,380,645.85	2,501,251.65
Net Salary Advance	1,143,391.55	31,319,508.40	32,462,899.95	24,541,756.15
Payments Ministry of Education	256,533.45		256,533.45	256,533.45
Grants Receivable	270,610,017.75	917,312,417.00	1,187,922,434.75	1,179,890,117.10
Service Charge	45,799.00	2,879,093.30	2,924,892.30	2,919,632.30
University Loans	66,933.65	9,341,893.15	9,408,826.80	
Returned Salaries	1,392.55	145,012.00	146,404.55	
Value Added Tax			-	233,855.00
Unpaid RD Cheques	594,372.60	1,459,952.90	2,054,325.50	811,321.95
Famine Relief Fund - Teachers		381,849.60	381,849.60	381,449.60
Recoveries for Ministry of Education		94,635.00	94,635.00	94,635.00
Clearance Accounts	28,320,571.25	3,085,104,420.25	3,113,424,991.50	433,201,649.15
TOTAL	311,999,946.60	4,104,529,133.85	4,416,529,080.45	1,752,961,515.75

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10: TRADE & OTHER RECEIVABLES

	2008 / 2009		TOTAL KSHS.	2007/2008
	SECRETARIAT	TEACHERS		
Losses of Cash	4,329,034.80		4,329,034.80	4,329,034.80
Salary Overpayments		52,898,380.60	52,898,380.60	98,225,087.45
Temporary Imprests	1,266,393.40	5,000.00	1,271,393.40	620,022.45
Salary Advances	984,860.75	3,586,971.65	4,571,832.40	4,955,169.70
Medical Advance	4,380,645.85		4,380,645.85	2,501,251.65
Net Salary Advance	1,143,391.55	31,319,508.40	32,462,899.95	24,541,756.15
Payments Ministry of Education	256,533.45		256,533.45	256,533.45
Grants Receivable	270,610,017.75	917,312,417.00	1,187,922,434.75	1,179,890,117.10
Service Charge	45,799.00	2,879,093.30	2,924,892.30	2,919,632.30
University Loans	66,933.65	9,341,893.15	9,408,826.80	
Returned Salaries	1,392.55	145,012.00	146,404.55	
Value Added Tax			-	233,855.00
Unpaid RD Cheques	594,372.60	1,459,952.90	2,054,325.50	811,321.95
Famine Relief Fund - Teachers		381,849.60	381,849.60	381,449.60
Recoveries for Ministry of Education		94,635.00	94,635.00	94,635.00
Clearance Accounts	28,320,571.25	3,085,104,420.25	3,113,424,991.50	433,201,649.15
TOTAL	311,999,946.60	4,104,529,133.85	4,416,529,080.45	1,752,961,515.75

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11**CASH AND BANK BALANCES**

	2008 / 2009		2007/2008
	SECRETARIAT KSHS	TEACHERS KSHS	TOTAL KSHS.
Cash in Hand	68,061.60	43,440.00	111,501.60
Cash at Bank	159,958,529.05	23,281,448.60	183,239,977.65
Total	160,026,590.65	23,324,888.60	183,351,479.25
			216,364.60
			3,018,073,856.90
			3,018,290,221.50

The Commission operates two separate bank account at the National Bank of Kenya Harambee Avenue A/c No. 0100105707400 (TSC Secretariat) and A/C No. 010010090500 (TSC Teachers) For purposes of Cash Flow Statement, cash and cash equivalents comprise of cash in hand and at bank. In the Balance Sheet, cash and bank balance is made up of the same components. This year's balance comprises of the above amount.

NOTE 12**SHORT TERM DEPOSITS - PIONEER BUILDING SOCIETY AS AT 30-06-2008**

<u>FIXED DEPOSIT NO.</u>	<u>DATE</u>	<u>AMOUNT DEPOSITED (KSHS.)</u>	<u>DATE</u>
1789	29.7.85	2,518,479.00	29.7.86
2049	16.12.85	2,814,933.60	16.12.86
2048	9.12.85	6,000,000.00	10.6.86
TOTAL		11,333,412.60	
Less: Receipts vide cheque No.426616, 426617, 426618, 001435 dated 15.8.2003		4,348,058.35 366,374.00	
		6,618,980.25	

Short Term Deposit balance of Kshs.6,618,980.25 represents Investment at cost with the collapsed Pioneer Building Society.

Interest was received in form of dividend from the Official Receiver and Provisional Liquidator. Department of Registrar- General. The Official Receiver did not declare dividend during the year.

Fixed Deposit	Kshs. 6,618,980.25
Interest Receivable	1,194,270.15
Gross Amount	7,813,250.40
Less: Provision for Bad Debts	7,813,250.40
Balance	Nil

NOTES TO THE FINANCIAL STATEMENTS

NOTE 13 **INTEREST RECEIVABLE - PIONEER BUILDING SOCIETY AS AT 30-06-2009**

<u>FIXED DEPOSIT NO.</u>	<u>DATE</u>	<u>INTEREST (KSHS)</u>	<u>DATE OF MATURITY</u>
1789	29.7.85	365,179.45	29.7.86
2049	16.12.85	394,090.70	16.12.86
2048	9.12.85	435,000.00	10.6.86
TOTAL		<u>1,194,270.15</u>	

NOTE 14 **REVALUATION SURPLUS****AMOUNT (KSHS.)**

T.S.C. Land at Upper Hill L.R. No.2009/11422
valued by the Commissioner of Lands vide letter
Reference VAL.852/V/85 dated 23-10-2001

42,000,000.00

42,000,000.00

NOTES TO THE FINANCIAL STATEMENTS

NOTE 15 - TRADE & OTHER PAYABLES AS AT 30.6.09

	2008 / 2009			2007/2008
	SECRETARIAT	TEACHERS	TOTAL (KSHS)	KSHS.
Clearance Accounts	44,853,569.15	3,641,561,508.40	3,686,415,077.55	3,241,392,871.30
Returned Salaries		21,197,626.05	21,197,626.05	35,190,851.10
Service charge		3,242.50	3,242.50	
Miscellaneous Cash Excess		16,768.30	16,768.30	
Stale cheques	15,587,804.10	8,738,322.10	24,326,126.20	27,823,468.35
University Loans (HELB)			-	18,365,219.25
Teachers I/D Cards		19,687.00	19,687.00	19,687.00
Recoveries for other Institutions	5,022.00	367,727.40	372,749.40	382,253.00
Mwalimu Sacco Dividend	307,214.90	11,898,035.45	12,205,250.35	12,211,759.05
Teacher management (STEPS)	22,642,172.75		22,642,172.75	170,449.65
Installation of Computer software	3,394,000.00		3,394,000.00	5,430,400.00
Payment due to MOE		125,561.35	125,561.35	135,513.35
Gender Policy Implimentation	168,184.40		168,184.40	78,762.00
Consultancy Services	164,144.40		164,144.40	
Withholding tax	1,815,253.15		1,815,253.15	
10% Retention money TSC Building	2,384,105.95		2,384,105.95	
Value Added Tax	4,013,619.60		4,013,619.60	
Advance net salary		32,759,654.65	32,759,654.65	19,510,122.45
Salary Advance		245,681.30	245,681.30	68,565.80
Salary Overpayment	10,207,651.65	160,566,915.00	170,774,566.65	147,246,719.80
Family Relief Fund	30.00		30.00	
Temporary Imprest		330.00	330.00	14,930.00
Recoveries from MOE	63,960.25	131,992.35	195,952.60	195,952.60
TOTAL	105,606,732.30	3,877,633,051.85	3,983,239,784.15	3,508,237,524.70

NOTES TO THE FINANCIAL STATEMENTS

NOTE 16: PROVISION FOR BAD DEBTS AS AT 30.06.2009

<u>Overpayment Account</u>	<u>Province/ Institution</u>	<u>Amount (Kshs)</u>
02-700-540	Central	591,734.75
02-700-541	Eastern	533,403.00
02-700-542	Coast & N/Eastern	741,650.35
02-700-543	Rift Valley	2,896,338.85
02-700-544	Western	573,065.30
02-700-545	Nyanza	547,884.05
02-700-548	Nairobi & Mombasa	120,805.00
03-700-747	Post Pry Institutions	1,442,142.20
03-700-549	Technical Institutions	51,006.20
		<hr/>
		7,498,029.70
Less: Write-Offs		<hr/>
		1,611,072.35
		<hr/>
		5,886,957.35
Add:		
	Investments with Pioneer Building Society under Liquidation	
01-700-573 , 01-700-574		<hr/>
TOTAL		7,813,250.40
		<hr/> <hr/>
		13,700,207.75

NOTES TO THE FINANCIAL STATEMENTS

NOTE 17: ACCUMULATED FUND AS AT 30-06-2009

	<u>2008/2009</u> <u>KSH.</u>	<u>2007/2008</u> <u>KSH.</u>
Adjusted balance brought forward	2,106,209,356.20	1,531,801,594.00
Add: Excess Expenditure Over income	(359,882,458.70)	
Excess Income over expenditure		571,948,544.00
Accumulated Fund carried forward	<u>1,746,326,897.50</u>	<u>2,103,750,138.00</u>

NOTE 18 PROVISION FOR CONTINGENCY LIABILITY

The Commission's vehicle KAR 246 L valued at Kshs.1,950,000 was attached by auctioneers as a result of a court order filed by a teacher who had sued the Commission over an unfair dismissal. The Court awarded the teacher Kshs.839,052 as compensation in the absence of the Commission. The Commission appealed after depositing a decretal amount of Kshs.154,080.00 with the court. In the course of the Commission pursuing the case in court, the amount of storage charges incurred by 26th March 2006 increased to Kshs. 180,327.40. The Commission recognises that a liability exists to the tune of Kshs.1,019,379.40 hence the provision for the contingency Liability in compliance of paragraph 14 of I.A.S. No. 37 and International Financial Reporting Standards. On 16th October, 2007, the Chief Magistrate Nakuru issued an order for the vehicle to be released to Teachers Service Commission. It was later confirmed that the vehicle was sold and transferred to Ashford Travel Ltd. on 30th June 2007. We managed to repossess the vehicle forcefully on 15th November 2007 and the matter is being followed up with the Court and Registrar of Motor Vehicles. The Commission vehicle KAR 245L was repossessed by Daystar Auctioneers over the same case. On 11th December 2008 the Teachers Service Commission reached an agreement to settle the matter as follows:

- (i) Pay the plaintiff sh. 700,000 in full and final satisfaction of decree dated 10/2/04
- (ii) Pay Daystar Auctioneers shs. 70,000.00
- (iii) Pay storage charges of shs. 10,500.00

The provision for Contingency Liability have a balance of shs. 238,879.40.

Core Values

The Teachers Service Commission is a highly professional service delivery organization driven by the following guiding philosophy:

- *Striving for quality Service delivery*
- *Embracing best work practices*
- *Promotion, protection and respecting human rights including the right to acquire knowledge.*
- *Non-discrimination against employees*
- *Providing equal opportunities to all employees*
- *Upholding professionalism and integrity at all times*
- *Prompt response to customer needs*
- *Cherishing good citizenship*
- *Compliance to government policy*

Core Functions:

The core functions of the commission are to:

- *Register all qualified teachers*
- *Recruit and employ registered teachers*
- *Assign teachers employed by the commission for service in any public educational institution*
- *Remunerate teachers*
- *Promote teachers in accordance with the relevant schemes of service*
- *Ensure maintenance of discipline in the teaching force*
- *Maintain quality standards appropriate to persons entering the teaching service.*

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