



**TEACHERS SERVICE COMMISSION**

**FINANCIAL STATEMENTS**  
**for the year ended 30<sup>th</sup> June**

**2012**

## **VISION**

“To be an institution of excellence in the provision of efficient and effective service for quality teaching.”

## **MISSION**

“To establish and maintain a sufficient professional teaching service for educational institutions.”

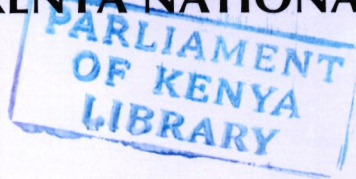
## **OUR VALUES**

- ✓ Professionalism
- ✓ Customer focus
- ✓ Integrity
- ✓ Innovativeness
- ✓ Team spirit

REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE



**REPORT OF  
THE  
AUDITOR-GENERAL**

**ON**

**FINANCIAL STATEMENTS OF  
TEACHERS SERVICE COMMISSION  
FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2012**

**ANNUAL REPORTS AND FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

<b><u>CONTENTS</u></b>	<b><u>PAGE</u></b>
COMMISSION INFORMATION .....	1
REPORT OF THE COMMISSIONERS .....	2
STATEMENT OF COMMISSIONERS RESPONSIBILITIES .....	3
REPORT OF THE AUDITORS .....	4 - 6
STATEMENT OF COMPREHENSIVE INCOME .....	7
STATEMENT OF FINANCIAL POSITION .....	8
STATEMENT OF CASH FLOW .....	9
STATEMENT OF CHANGES IN ACCUMULATED FUND.....	10
ACCOUNTING POLICIES .....	11 - 12
NOTES TO FINANCIAL STATEMENTS .....	13 - 22

**COMMISSION INFORMATION FOR THE YEAR ENDED 30<sup>th</sup> JUNE, 2012**

Teachers Service Commission is a Constitutional Office established under Article 237 of the Constitution of Kenya 2010 and operationalized by TSC Act No. 20 of 2012 with the mandate to perform teacher management functions.

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:**

Mrs. L. W. Njeru - Ag. Commission Chairperson  
Mrs. M. K. Kilonzo  
Mrs. G. G. Gichoga  
Mr. E. R. Gichobi  
Mr. M. K. Llanziva  
Mrs. R. M. Sereti  
Mr. D. A. Kuno  
Mr. G.K. Lengoiboni - Commission Secretary/Chief Executive

**REGISTERED OFFICE:** Teachers Service Commission.

**PRINCIPAL PLACE OF BUSINESS:** TSC HOUSE  
Kilimanjaro Road,  
Upper Hill  
Private Bag  
**NAIROBI, KENYA**

**AUDITORS:** 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 30<sup>th</sup> JUNE 2012**

The Commissioners submit their report and the audited financial statements for the year ended 30 June 2012.

**1. FUNCTIONS**

The functions of the Commission are:

- (a) To register trained teachers;
- (b) To recruit and employ registered teachers;
- (c) To assign teachers employed by the Commission for service in any public school or Institution.
- (d) To promote and transfer teachers.
- (e) To exercise disciplinary control over teachers; and
- (f) To terminate the employment of teachers.

The Commission shall –

- (a) Review the standards of education and training of persons entering the teaching service;
- (b) Review the demand for and the supply of teachers; and
- (c) Advise the national government on matters relating to the teaching profession.

**2. RESULTS**

The results for the year are set out on Page 7.

**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 Auditor-General is responsible for the statutory audit of the Commission.

By Order of the Commission



**Gabriel K. Lengoiboni EBS, CBS**  
**Commission Secretary/Chief Executive**  
**NAIROBI**

19<sup>th</sup> September 2012

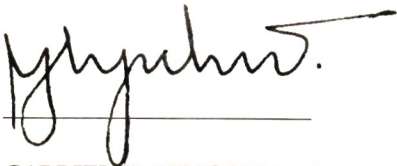
**STATEMENT OF THE COMMISSIONERS RESPONSIBILITIES**

The Teachers Service Commission Act 2012 Section 40 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.



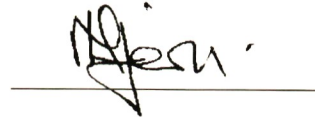
**GABRIEL K. LENGOIBONI EBS, CBS  
SECRETARY/ CHIEF EXECUTIVE  
T.S.C**

**DATE: 19.09.12**



**MONICA K. KILONZO (MRS)  
COMMISSIONER  
T.S.C**

**DATE: 19.09.12**



**LUCY W. NJERU (MRS)  
AG. CHAIRPERSON  
T.S.C**

**DATE: 19.09.12**

REPUBLIC OF KENYA

Telephone: +254-20-342330  
Fax: +254-20-311482  
E-Mail: [cag@kenao.go.ke](mailto:cag@kenao.go.ke)  
Website: [www.kenao.go.ke](http://www.kenao.go.ke)

P.O. Box 30084-00100  
NAIROBI



## KENYA NATIONAL AUDIT OFFICE

### REPORT OF THE AUDITOR-GENERAL ON TEACHERS SERVICE COMMISSION FOR THE YEAR ENDED 30 JUNE 2012

#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Teachers Service Commission set out on pages 7 to 22, which comprise the statement of financial position as at 30 June, 2012, 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**

Management 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 determines 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 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 Commission'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 audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

#### **Basis of Qualified Opinion**

##### **1. Financial Position**

The Commission's financial statements reflect current liabilities balance of Kshs.3,587,421,005 as at 30 June, 2012 which exceeded the current assets balance of Kshs.3,508,868,229 as at the same date resulting in negative working capital of Kshs.78,552,776. The Commission's financial position is precarious and may experience difficulties in settling maturing obligations as and when they fall due. It is however expected that the Commission will continue to receive financial support from the Government and creditors.

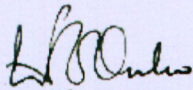
##### **2. Trade and Other Receivables**

Included in the trade and other receivables figure of Kshs.2,785,288,945 is Kshs.216,973,370 in respect of long outstanding debts dating as far back as the financial year 2004/2005. No adequate provision has been made for these seemingly doubtful debts in the financial statements.

In the Circumstances, full recoverability of the trade and other receivables balance of Kshs.2,785,288,945 as at 30 June 2012 is doubtful.

**Qualified Opinion**

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects the financial position of the Commission as at 30 June 2012, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Teachers Service Commission Act, Cap. 212 of the Laws of Kenya.



Edward R. O. Ouko, CBS  
AUDITOR-GENERAL

Nairobi

21 March 2013

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2012**

INCOME	NOTES	2011/2012	2010/2011
		KSHS.	KSHS.
<b>TOTAL INCOME</b>	(1)	<b>112,657,855,681</b>	<b>101,426,003,528</b>
<b>EXPENDITURE</b>			
<b>PERSONAL EMOLUMENTS</b>			
T.S.C. Secretariat	(2)	1,829,784,655	1,787,156,243
Primary, Secondary & Special Institutions	(3)	110,013,255,188	96,862,718,210
Technical Institutions	(4)		2,433,282,814
		<b>111,843,039,843</b>	<b>101,083,157,268</b>
Operation Expenses	(5)	75,702,737	68,966,451
Maintenance Expenses	(6)	112,158,319	519,073,471
Other Expenses	(7)	357,421,291	227,476,903
Depreciation	(8)	64,345,874	72,016,986
<b>Total Expenditure</b>		<b>112,452,668,065</b>	<b>101,970,691,078</b>
<b>( Deficit )/ Surplus</b>		<b>205,187,616</b>	<b>(544,687,550)</b>

**STATEMENT OF FINANCIAL POSITION AS AT 30<sup>th</sup> JUNE 2012**

ASSETS		2011 / 2012	2010/2011
	NOTES	KSHS.	KSHS.
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipments	(8)	1,396,950,994	1,421,718,194
<b>CURRENT ASSETS</b>			
Inventory	(9)	9,914,325	13,322,006
Trade and other Receivables	(10)	2,785,288,945	1,899,287,494
Cash on Hand and Bank Balances	(11)	705,851,707	48,196,937
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
<b>Total Current Assets</b>		<b>3,508,868,229</b>	<b>1,968,619,687</b>
<b>CURRENT LIABILITIES</b>			
Trade and other Payables	(15)	3,190,881,918	1,882,727,947
Provision for bad debts	(16)	13,700,208	13,700,208
Provision for Contingency Liability	(18)	382,838,879	382,838,879
<b>Total Current Liabilities</b>		<b>3,587,421,005</b>	<b>2,279,267,034</b>
<b>Net Current Assets</b>		<b>(78,552,777)</b>	<b>(310,647,347)</b>
<b>TOTAL ASSETS</b>		<b>1,318,398,217</b>	<b>1,111,070,847</b>
<b>EQUITY AND LIABILITIES</b>			
Revaluation Surplus Fund	(14)	42,000,000	42,000,000
Accumulated Fund	(17)	1,276,398,217	1,069,070,847
<b>Total Equity</b>		<b>1,318,398,217</b>	<b>1,111,070,847</b>

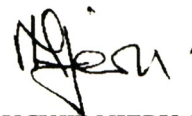
The financial Statements were approved by the Commissioners on 19 September, 2012 and signed on its behalf by :-



**GABRIEL K. LENGOIBONI EBS, CBS**  
**SECRETARY/CHIEF EXECUTIVE**  
**T.S.C.**  
**Date: 19/9/2012**



**MONICA K. KILONZO (MRS)**  
**COMMISSIONER**  
**T.S.C.**  
**19/9/2012**



**LUCY W. NJERU (MRS)**  
**AG. CHAIRPERSON**  
**T.S.C.**  
**19/9/2012**

**STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2012**

	YEAR ENDED 30.6.12		YEAR ENDED 30.6.11	
	TOTAL		TOTAL	
<b>OPERATING ACTIVITIES</b>	<b>KSHS.</b>	<b>KSHS.</b>	<b>KSHS.</b>	<b>KSHS.</b>
Excess Income/ Over Expenditure/Income		205,187,616		(544,687,550)
Less Gain on Sale of Motor Vehicles		(2,364,132)		
Less Gain on Sale Other Assets				
Adjustments for items not involving cash movement				
<b>Add:</b> Depreciation - Motor Vehicles	4,924,808		7,508,601	
-Furniture & Equipment	23,220,026		25,651,078	
-Computer Equipments	36,201,041	64,345,875	38,857,307	72,016,986
		<u>267,169,359</u>		<u>472,670,564</u>
<b>Adjustment for changes in working Capital/ Operational balances</b>				
Decrease /Increase in accrued expenses				
Provision for Contingent Liability			382,600,000	
Decrease / Increase in stationery	3,407,681		(5,313,205)	
Decrease / Increase in Debtors	(886,001,452)		(633,952,765)	
Decrease / Increase in Creditors	1,308,153,972	425,560,200	478,990,098	222,324,128
		<u>425,560,200</u>	<u>478,990,098</u>	
<b>Net cash inflow - operating activities</b>				
<b>INVESTING ACTIVITIES</b>				
Sale of Motor Vehicles	3,056,000			
Work In Progress	(6,290,815)		(11,289,993)	
Purchase - Permanent Equipment				
Adjustments on Equipments (Note 8)				
- Computers	(28,450,443)		(72,966,728)	
- Furniture	(2,265,684)		(12,842,303)	(97,099,025)
- Motor Vehicles	(3,263,600)	(37,214,542)		
		<u>(37,214,542)</u>		
<b>FINANCING ACTIVITIES</b>				
Statutory Barred Stale Cheques		2,139,754		2,922,037
<b>Increase/ (Decrease) in Cash</b>		<u><u>657,654,771</u></u>		<u><u>(344,523,424)</u></u>
<b>Change in cash</b>				
Closing cash balance NOTE 11		705,851,708		48,196,937
Less: Opening cash balance		48,196,937		392,720,361
<b>Increase/ (Decrease) in Cash</b>		<u><u>657,654,771</u></u>		<u><u>(344,523,424)</u></u>

**STATEMENT OF CHANGES IN ACCUMULATED FUND FOR THE YEAR ENDED  
30<sup>th</sup> JUNE 2012**

	2010 / 2011		
	Accumulated Fund	Revaluation Reserve	Total
Balance B/F 1/7/2010	1,610,836,360	42,000,000	1,652,836,360
Adjustment for Statutory barred Stale cheques - 6 years old.	2,922,037		2,922,037
Total equity before adjustment	<b>1,613,758,397</b>	<b>42,000,000</b>	<b>1,655,758,397</b>
Operating Deficit	-544,687,550		-544,687,550
<b>Total Equity</b>	<b>1,069,070,847</b>	<b>42,000,000</b>	<b>1,111,070,847</b>

	2011 / 2012		
	Accumulated Fund	Revaluation Reserve	Total
Balance B/F 1/7/2011	1,069,070,847	42,000,000	1,111,070,847
Adjustment for Statutory barred Stale cheques - 6 years old.	2,139,754		2,139,754
Total Equity before adjustment	1,071,210,601	42,000,000	1,113,210,601
Operating Surplus	205,187,616		205,187,616
<b>Total Equity</b>	<b>1,276,398,217</b>	<b>42,000,000</b>	<b>1,318,398,217</b>

**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.

**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.

**(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.

**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 1<sup>st</sup> 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 @ 10% per employee and employers' @ 20% 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: GRANTS AND OTHER INCOME**

	2011 / 2012		2010/2011	
	SECRETARIAT KSHS.	TEACHERS KSHS.	TOTAL KSHS.	TOTAL KSHS.
Grants from Treasury	5,188,414,023	107,298,225,662	112,486,639,686	99,359,620,474
Grants from MOHEST		-		1,908,772,384
Commissions from Third Parties	2,049,705	120,860,946	122,910,651	71,844,301
Miscellaneous Revenue	2,684,024		2,684,024	2,150,510
Teacher Registration Receipts		7,870,530	7,870,530	5,173,650
Profit / loss on disposal of motor vehicles	2,364,132		2,364,132	
PFMR Donations	24,179,040		24,179,040	61,162,440
Medical Allowance Recoveries	7,967,596		7,967,596	14,855,928
Rental Income	3,240,024		3,240,024	2,423,841
<b>Total</b>	<b>5,230,898,543</b>	<b>107,426,957,138</b>	<b>112,657,855,681</b>	<b>101,426,003,528</b>

The Commission operates through grants received from the Treasury 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 that one has benefited from medical scheme.

**NOTES TO THE FINANCIAL STATEMENTS**

ITEM	DESCRIPTION	ACTUAL EXPENDITURE 2011/2012	ACTUAL EXPENDITURE 2010/2011
		KSHS.	KSHS.
<b>NOTE 2: TSC SECRETARIAT</b>			
000	Personal Emoluments	924,774,118	892,528,628
040	Gratuity & Pension Contribution	81,820,146	277,128,454
050	House Allowance	333,868,432	265,014,609
060	Other Personal Allowances	465,345,583	287,743,074
065	Medical Allowance	23,976,376	64,741,479
	<b>SUB TOTAL</b>	<b>1,829,784,655</b>	<b>1,787,156,243</b>
<b>NOTE 3: PRIMARY, SECONDARY AND SPECIAL INSTITUTIONS</b>			
301	Personal Emoluments	76,269,243,888	66,654,994,083
302	Gratuity & Pension Contribution	3,621,016	1,149,692
303	House Allowance	19,044,133,517	16,668,371,233
304	Other Personal Allowances	9,797,567,527	9,203,140,584
305	Medical Allowance	4,898,689,240	4,335,061,842
306	Transfer Allowance		777
	<b>SUB TOTAL</b>	<b>110,013,255,188</b>	<b>96,862,718,210</b>
<b>NOTE 4: TECHNICAL INSTITUTIONS</b>			
301	Personal Emoluments		1,598,516,462
302	Gratuity & Pension Contribution		
303	House Allowance		578,624,529
304	Other Personal Allowance		134,716,608
305	Medical Allowance		121,425,215
306	Transfer Allowance		
	<b>SUB TOTAL</b>	<b>0</b>	<b>2,433,282,814</b>
	<b>GRAND TOTAL</b>	<b>111,843,039,843</b>	<b>101,083,157,268</b>

**NOTES TO THE FINANCIAL STATEMENTS**

<b><u>NOTE 5: OPERATION EXPENSES</u></b>	<b>2011/2012</b>	<b>2010/2011</b>
Computer Expenses	7,697,163	8,997,510
Courier and Postal Services	10,363,102	8,594,748
Telephone, Telex, Facsimile & Mobile phones	17,906,965	21,089,340
Publishing & Printing Services	7,821,982	11,019,858
Stationery Expenses	23,726,370	14,700,595
Advertising Expenses	6,566,254	4,380,446
Uniforms and Clothing	1,620,901	183,954
<b>Sub-Total</b>	<b>75,702,737</b>	<b>68,966,451</b>
<b><u>NOTE 6: MAINTENANCE EXPENSES</u></b>		
Audit Fees (Controller & Auditor General)	1,250,000	1,250,000
Education & Library Supplies	556,401	261,720
Legal dues ,Compensation and Ex-gratia Payments	492,035	258,876
Repair and Maintenance Expenses - Other Assets	11,682,978	16,936,278
Purchase of Consumable Stores	1,489,779	2,794,730
Bank Charges	945	1,890
Office Entertainment	292,996	93,336
Staff Development	28,898,644	27,360,986
Burial Expenses	325,900	292,750
Electricity Water Conservancy	19,773,635	15,236,443
Vehicle Insurance	40,073	1,528,431
Court Fines & Similar payments	-	382,600,000
HIV/AIDS Awareness Campaign	5,476,394	7,892,145
Contracted Professional Services	22,944,539	42,358,995
Routine Maintenance Expenses - Motor Vehicles	4,931,115	4,804,043
Boards, Commissions, Conferences & Seminars	14,002,885	15,402,847
<b>Sub Total</b>	<b>112,158,319</b>	<b>519,073,471</b>
<b><u>NOTE 7: OTHER EXPENSES</u></b>		
Refined Fuels & Lubricants for Transport	5,987,175	5,557,342
Travelling, Accommodation & Foreign Travel	55,109,816	57,475,179
Teachers and Staff Medical Expenses	296,324,300	164,444,382
	<b>357,421,291</b>	<b>227,476,903</b>
Depreciation for Motor Vehicles, Furniture, Fittings & Permanent Equipment	64,345,874	72,016,986
<b>GRAND TOTAL</b>	<b>609,628,222</b>	<b>887,533,811</b>

**NOTES TO THE FINANCIAL STATEMENTS****NOTE 8: SCHEDULE OF MOVEMENT OF PROPERTY, PLANT AND EQUIPMENT**

2010 / 2011

ASSETS	2010 / 2011					TOTAL
	T.S.C LAND	T.S.C. BUILDING	MOTOR VEHICLES	COMPUTER EQUIPMENTS	FURNITURE, FITTINGS AND EQUIPMENTS	
	KSHS	KSHS	KSHS	KSHS	KSHS	KSHS
Cost/Valuation 1.7.10	42,000,000	1,065,211,045	82,428,532	225,792,446.45	367,624,278	1,783,056,302
<b>Add: Additions during the year</b>		11,289,993		72,966,728.00	12,842,303	97,099,025
Cost/Valuation 30.06.2011	<b>42,000,000</b>	<b>1,076,501,039</b>	<b>82,428,532.00</b>	<b>298,759,174.45</b>	<b>380,466,581.30</b>	<b>1,880,155,327</b>
<b>DEPRECIATION</b>						
As at 1.7.2010			57,009,462	160,200,852	169,209,833	386,420,146
<b>Add: Charge for the year</b>			7,508,601	38,857,307	25,651,078	72,016,986
Accumulated depreciation			<b>64,518,062.75</b>	<b>199,058,158.65</b>	<b>194,860,911</b>	458,437,132
Net book value as at 30.6.2011	<b>42,000,000</b>	<b>1,076,501,039</b>	<b>17,910,469.25</b>	<b>99,701,015.80</b>	<b>185,605,671</b>	<b>1,421,718,194</b>

2011 / 2012

ASSETS	2011 / 2012					TOTAL
	T.S.C LAND	T.S.C. BUILDING	MOTOR VEHICLES	COMPUTER EQUIPMENTS	FURNITURE, FITTINGS AND EQUIPMENTS	
	KSHS	KSHS	KSHS	KSHS	KSHS	KSHS
Cost/Valuation 1.7.11	42,000,000	1,076,501,039	82,428,532	298,759,174	380,466,581	1,880,155,327
<b>Add: Additions during the year</b>		6,290,815	3,263,600	28,450,443	2,265,684	40,270,542
Less: Disposals during the year			-13,795,085			
Cost/Valuation 30.06.2012	<b>42,000,000</b>	<b>1,082,791,853</b>	<b>71,897,047</b>	<b>327,209,617</b>	<b>382,732,266</b>	<b>1,906,630,783</b>
<b>DEPRECIATION</b>						
As at 1.7.2011			64,518,063	199,058,159	194,860,911	458,437,132
<b>Add: Charge for the year</b>			4,924,808	36,201,041	23,220,026	64,345,874
<b>Less: Depreciation on disposed assets</b>			-13,103,217			-13,103,217
Accumulated depreciation			<b>56,339,654</b>	<b>235,259,199</b>	<b>218,080,937</b>	509,679,790
Net book value as at 30.6.2012	<b>42,000,000</b>	<b>1,082,791,853</b>	<b>15,557,393</b>	<b>91,950,418</b>	<b>164,651,329</b>	<b>1,396,950,994</b>

**NOTES TO THE FINANCIAL STATEMENTS****NOTE 9: INVENTORY**

	2011 / 2012	2010 / 2011
	<b>KSHS.</b>	<b>KSHS.</b>
Inventory	9,914,325	13,322,006

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. 342,423.40 that the Board of Survey recommended for disposal.

**NOTE 10: TRADE & OTHER RECEIVABLES**

	2011 / 2012		2010 / 2011	
	SECRETARIAT	TEACHERS	TOTAL	KSHS.
Losses of Cash	4,329,035	-	4,329,035	4,329,035
Salary Overpayments	-	54,541,414	54,541,414	54,341,786
Temporary Imprests	3,939,255	-	3,939,255	4,027,126
Salary Advances	979,131	4,056,412	5,035,543	4,629,925
Medical Advance	30,344,722	-	30,344,722	28,728,617
Net Salary Advance	1,611,938	35,953,341	37,565,279	34,401,462
Payments Ministry of Education	256,533	-	256,533	256,533
Grants Receivable	-	2,000,000,000	2,000,000,000	548,414,729
Service Charge	45,799	2,880,331	2,926,130	2,931,360
University Loans	-	9,599,189	9,599,189	9,808,241
Returned Salaries	25,103	76,039	101,142	186,491
Value Added Tax	667,127	-	667,127	665,334
Withholding Tax	11,250	-	11,250	11,250
Unpaid RD Cheques	452,022	2,742,289	3,194,311	3,194,311
Famine Relief Fund - Teachers	-	385,350	385,350	382,260
ISO Certification	261,000	-	261,000	261,000
Recoveries for Ministry of Education	-	94,635	94,635	94,635
Cashbook Adjustments (DRS)	-	-	-	17,432,001
Clearance Accounts	26,139,172	605,897,860	632,037,032	1,185,191,399
<b>TOTAL</b>	<b>69,062,085</b>	<b>2,716,226,860</b>	<b>2,785,288,945</b>	<b>1,899,287,495</b>

## NOTES TO THE FINANCIAL STATEMENT

## NOTE 11: CASH AND BANK BALANCES

	2011 / 2012	2010/2011
	SECRETARIAT KSHS	TEACHERS KSHS
Cash in Hand	313,923	198,812
Cash at Bank(Adjusted)	551,446,438	153,892,534
<b>Cash &amp; Bank Balance after Adjustment</b>	<b>551,760,361</b>	<b>154,091,347</b>
		<b>705,851,707</b>
		<b>48,196,938</b>
		<b>156,522</b>
		<b>48,040,416</b>

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 30-06-2012

FIXED DEPOSIT NO.	DATE	AMOUNT DEPOSITED (KSHS.)	DATE
1789	29.7.85	2,518,479	29.7.86
2049	16.12.85	2,814,934	16.12.86
2048	9.12.85	6,000,000	10.6.86
<b>TOTAL</b>		<b>11,333,413</b>	
		<b>4,348,058</b>	
		<b>366,374</b>	
		<b>6,618,980</b>	

Less: Receipts vide cheque No.426616,  
426617, 426618, 001435 dated 15.8.2003

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.

	Kshs.
Fixed Deposit	6,618,980
Interest Receivable	1,194,270
<b>Gross Amount</b>	<b>7,813,250</b>
Less: Provision for Bad Debts	7,813,250
<b>Balance</b>	<b>Nil</b>

## NOTES TO THE FINANCIAL STATEMENTS

NOTE 13: INTEREST RECEIVABLE - PIONEER BUILDING SOCIETY AS AT 30<sup>th</sup> JUNE 2012

FIXED DEPOSIT NO.	DATE	INTEREST (KSHS)	DATE OF MATURITY
1789	29.7.85	365,179	29.7.86
2049	16.12.85	394,091	16.12.86
2048	9.12.85	435,000	10.6.86
<b>TOTAL</b>		<b>1,194,270</b>	

## NOTE 14: REVALUATION SURPLUS

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

## AMOUNT (KSHS.)

42,000,000  
42,000,000

## NOTES TO THE FINANCIAL STATEMENTS

NOTE 15 - TRADE & OTHER PAYABLES AS AT 30<sup>th</sup> JUNE 2012

	2011 / 2012			2010/2011
	SECRETARIAT	TEACHERS	TOTAL (KSHS)	KSHS.
Clearance Accounts	48,334,922	2,394,538,620	2,442,873,541	1,391,605,676
Returned Salaries	-	13,852,887	13,852,887	20,170,058
KNUT Union Dues	-	5,371,689	5,371,689	-
Service charge	-	56,907	56,907	61,153
Miscellaneous Cash Excess	-	19,507	19,507	18,702
Stale cheques	21,065,268	109,453,567	130,518,835	43,822,816
TSC Furniture Project		-	-	42,423,258
Returned EFT payments	2,113,683	5,451,714	7,532,986	5,237,734
University Loans (HELB)	62,847		62,847	62,847
Teachers I/D Cards	-	19,687	19,687	19,687
Recoveries for other Institutions	-	689,263	689,263	390,111
Mwalimu Sacco Dividend	307,215	11,467,630	11,774,845	11,724,645
Teacher Management (STEPS)	1,463,043	-	1,463,043	1,463,043
Payment due to MOE	-	125,561	125,561	125,561
Gender Policy Implimentation	143,222	-	143,222	131,962
Consultancy Services		-	-	5,005,354
Sundry Creditors	662,890	29,429,986	30,092,876	-
Advance net salary	-	51,001,791	51,001,791	44,697,898
Salary Advance	-	487,094	487,094	274,901
Salary Overpayment	16,522,727	478,076,295	494,599,022	315,296,227
Family Relief Fund	30	-	30	30
Temporary Imprest	-	330	330	330
Recoveries from MOE	63,960	131,992	195,953	195,953
<b>TOTAL</b>	<b>90,739,807</b>	<b>3,100,174,521</b>	<b>3,190,881,918</b>	<b>1,882,727,947</b>



## NOTES TO THE FINANCIAL STATEMENTS

NOTE 16: PROVISION FOR BAD DEBTS AS AT 30<sup>th</sup> JUNE 2012

		2011/2012	2010/2011
Overpayment	Province/ Institution	KSHS	KSHS
<b>Account</b>			
02-700-540	Central	591,735	591,735
02-700-541	Eastern	533,403	533,403
02-700-542	Coast & N/Eastern	741,650	741,650
02-700-543	Rift Valley	2,896,339	2,896,339
02-700-544	Western	573,065	573,065
02-700-545	Nyanza	547,884	547,884
02-700-548	Nairobi & Mombasa	120,805	120,805
03-700-747	Post Pry Institutions	1,442,142	1,442,142
03-700-549	Technical Institutions	51,006	51,006
		<b>7,498,030</b>	<b>7,498,030</b>
<b>Less: Write-Offs</b>		<b>1,611,072</b>	<b>1,611,072</b>
		<b>5,886,957</b>	<b>5,886,957</b>
<b>Add:</b>			
01-700-573, 01-700-574	Investments with Pioneer Building Society under Liquidation	<b>7,813,250</b>	<b>7,813,250</b>
<b>TOTAL</b>		<b>13,700,208</b>	<b>13,700,208</b>

## NOTES TO THE FINANCIAL STATEMENTS

NOTE 17: ACCUMULATED FUND AS AT 30<sup>th</sup> JUNE 2012

	<u>2011/2012</u> <u>KSH.</u>	<u>2010/2011</u> <u>KSH.</u>
Adjusted balance brought forward	1,071,210,601	1,613,758,397
<b>Add:</b> Operating Surplus/( Deficit)	205,187,616	(544,687,550)
<b>Accumulated Fund carried forward</b>	<u><u>1,276,398,217</u></u>	<u><u>1,069,070,847</u></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.

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.**

In 2006 the Commission was sued by a teacher Simon P. Kamau and other teachers in connection to their pension dues for the period 1997 - 2003. The High Court of Kenya at Nakuru, civil Suit No. 65 of 2006, awarded Ms. Kimata

Co. Advocates a legal fee of Kshs. 382.6 million as the advocate of the 20 teachers. The case has not been concluded as the Commission has appealed in the Court of Appeal of Kenya at Nakuru, Civil Appeal No. 300 of 2009.

The Commission recognises that a liability exists to the tune of **Kshs. 382.6 million.**

The Commission has provided for, a total of Kshs. 382,838,879.40 as contingency liability in compliance with IAS 37.



TEACHERS SERVICE COMMISSION

**Teachers Service Commission**  
Upperhill Kilimanjaro Road  
Private Bag 00100 Nairobi - Kenya  
Tel: 020 289 200  
Email: [info@tsc.go.ke](mailto:info@tsc.go.ke)  
[www.tsc.go.ke](http://www.tsc.go.ke)