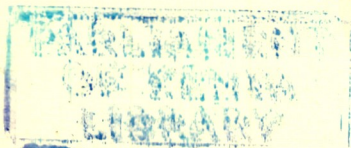




TEACHERS SERVICE COMMISSION



FINANCIAL STATEMENTS **for the year ended 30 June** **2013**

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

**THE FINANCIAL STATEMENTS OF
TEACHERS SERVICE COMMISSION**

**FOR THE YEAR ENDED
30 JUNE 2013**

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2013

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COMMISSION INFORMATION FOR THE YEAR ENDED 30 JUNE, 2013

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:	1.	Mrs. L. W. Njeru	- Ag. Commission Chairperson
	2.	Mrs M. K. Kilonzo	
	3.	Mrs. G.G. Gichoga	
	4.	Mr. E. R. Gichobi	
	5.	Mr. M. K. Llanziva	
	6.	Mrs R .M. Sereti	
	7.	Mr. D.A. Kuno	
	8.	Mr. C. Tirop	
	9.	Ms. S. Kontoma	
	10.	Dr. S. Gichura	- Ag. Commission Chairperson
	11.	Mr. G.K. Lengoiboni	- Commission Secretary/Chief Executive

Commissioners no 1 to 7 retired on 15.6.2013. Commissioner no 8 was appointed on 24.4.2013 while Commissioners no 9 and 10 were appointed on 6.8.2013.

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 JUNE 2013

The Commissioners submit their report and the audited financial statements for the year ended 30 June 2013.

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 6.

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 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

25th September 2013

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.

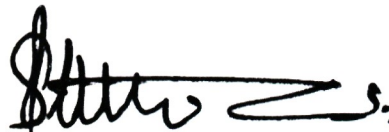
The Commissioners are of the opinion that these financial statements give a true and fair view of the Commission's state of affairs and further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements as well as adequate systems 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: 25.09.13



MS SAADIA KONTOMA
COMMISSIONER
T.S.C

DATE: 25.09.13



DR. SALOME GICHURA OGW
AG. CHAIRPERSON
T.S.C

DATE: 25.09.13

REPUBLIC OF KENYA



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E-Mail: oag@oagkenya.go.ke
Website: 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 2013**

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Teachers Service Commission set out on pages 6 to 21, which comprise the statement of financial position as at 30 June 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya, and Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

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 the 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 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 statement, 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 circumstance, 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 Commissioners, 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

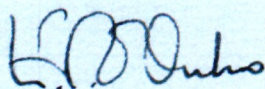
Trade and Other Receivables

Included in the trade and other receivables figure of Kshs.394,480,474 is Kshs.324,953,754 or 82% of total debtors in respect of long outstanding debts. No provision for bad and doubtful debts has been made for these seemingly doubtful debts in the financial statements.

In the circumstances, full recoverability of trade and other receivables balance of Kshs.394,480,474 as at 30 June 2013 is doubtful.

Qualified Opinion

In my opinion, except for the effects of the matter 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 2013 and of its financial performance and its cash flows for the year 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

25 March 2014

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

INCOME	NOTES	2012/2013	2011/2012
		KSHS.	KSHS.
TOTAL INCOME	(1)	140,184,822,460	112,657,855,681
EXPENDITURE			
PERSONAL EMOLUMENTS			
T.S.C. Secretariat	(2)	3,285,022,822	1,829,784,655
Primary, Secondary & Special Institutions	(3)	135,757,612,157	110,013,255,188
		139,042,634,979	111,843,039,843
Operation Expenses	(4)	100,609,399	75,702,737
Maintenance Expenses	(5)	188,712,775	112,158,319
Other Expenses	(6)	326,476,296	357,421,291
Depreciation	(7)	53,864,065	64,345,874
		669,662,535	609,628,222
Total Expenditure		139,712,297,514	112,452,668,065
Deficit / Surplus		472,524,946	205,187,616

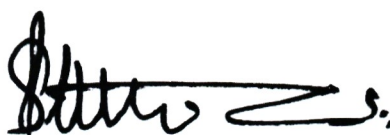
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

ASSETS		2012 / 2013	2011/2012
	NOTES	KSHS.	KSHS.
NON-CURRENT ASSETS			
Property, Plant and Equipments	7	1,559,474,409	1,396,950,994
Mortgage Fund		150,000,000	
Total Non-Current Assets		1,709,474,409	1,396,950,994
CURRENT ASSETS			
Inventory	8	11,654,249	9,914,325
Trade and other Receivables	9	394,480,474	2,785,288,945
Cash on Hand and Bank Balances	10	865,271,796	705,851,707
Short Term Deposits Pioneer Building Society	11	6,618,980	6,618,980
Interest Receivable - P.B.S.	12	1,194,270	1,194,270
Total Current Assets		1,279,219,770	3,508,868,229
CURRENT LIABILITIES			
Trade and other Payables	14	799,881,419	3,190,881,918
Provision for bad debts	15	13,700,208	13,700,208
Provision for Contingency Liability	17	382,838,879	382,838,879
Total Current Liabilities		1,196,420,507	3,587,421,005
Net Current Assets		82,799,263	(78,552,777)
TOTAL ASSETS		1,792,273,672	1,318,398,217
EQUITY AND LIABILITIES			
Revaluation Surplus Fund	13	42,000,000	42,000,000
Accumulated Fund	16	1,750,273,672	1,276,398,217
Total Equity		1,792,273,672	1,318,398,217

The financial Statements were approved by the Commissioners on 25th September, 2013 and signed on its behalf by :-



GABRIEL K. LENGOIBONI EBS, CBS
SECRETARY/CHIEF EXECUTIVE
T.S.C.
Date: 25/9/2013



Ms SAADIA KONTOMA
COMMISSIONER
T.S.C.
25/9/2013



DR SALOME GICHURA OGW
AG. CHAIRPERSON
T.S.C.
25/9/2013

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE, 2013

	YEAR ENDED 30.6.13		YEAR ENDED 30.6.12	
	TOTAL		TOTAL	
	KSHS.	KSHS.	KSHS.	KSHS.
OPERATING ACTIVITIES				
Excess Income/ Over Expenditure/Income		472,524,946		205,187,616
Less Gain on Sale of Motor Vehicles		-		(2,364,132)
Adjustments for items not involving cash movement				
Add: Depreciation - Motor Vehicles	3,889,348		4,924,808	
- Furniture & Equipment	21,047,407		23,220,026	
- Computer Equipments	28,927,310	53,864,065	36,201,041	64,345,875
Less : Donation - Computer Equipments		(700,000)		
		525,689,011		267,169,359
Adjustment for changes in working Capital/ Operational balances				
Decrease /Increase in accrued expenses				
Provision for Contingent Liability				
Decrease / Increase in stationery	(1,739,924)		3,407,681	
Decrease / Increase in Debtors	2,390,808,472		(886,001,452)	
Decrease / Increase in Creditors	(2,391,000,499)	(1,931,951)	1,308,153,972	425,560,200
Net cash inflow - operating activities		523,757,060		692,729,560
INVESTING ACTIVITIES				
Sale of Motor Vehicles		-	3,056,000	
Work In Progress			(6,290,815)	
Loss of Stores-computers		9,281,160		
Purchase - Permanent Equipment				
Adjustments on Equipments (Note 7) - Computers	(20,802,566)		(28,450,443)	
- Furniture	(7,359,075)		(2,265,684)	
- Motor Vehicles	(196,807,000)	(224,968,641)	(3,263,600)	
Net cash inflow - investing activities		(215,687,481)		(37,214,542)
FINANCING ACTIVITIES				
Statutory Barred Stale Cheques	1,350,510			2,139,754
Mortgage Fund	(150,000,000)			
Net cash inflow - financing activities		(148,649,490)		
Decrease In Cash		159,420,089		657,654,771
Change in cash				
Closing cash balance NOTE 10		865,271,796		705,851,708
Less: Opening cash balance		705,851,708		48,196,937
Decrease in Cash		159,420,089		657,654,771

STATEMENT OF CHANGES IN ACCUMULATED FUND FOR THE YEAR ENDED 30-06-2013

	Accumulated Fund	2011 / 2012 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 Deficit	205,187,616		205,187,616
Total Equity	<u>1,276,398,217</u>	<u>42,000,000</u>	<u>1,318,398,217</u>

	Accumulated Fund	2012 / 2013 Revaluation Reserve	Total
Balance B/F 1/7/2012	1,276,398,217	42,000,000	1,318,398,217
Adjustment for Statutory barred Stale cheques - 6 years old.	1,350,510		1,350,510
Total Equity before adjustment	1,277,748,727	42,000,000	1,319,748,727
Operating Surplus	472,524,946		
Total Equity	<u>1,750,273,672</u>	<u>42,000,000</u>	<u>1,792,273,672</u>

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 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 @ 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**

	2012 / 2013	TEACHERS	2011/2012
	SECRETARIAT	KSHS.	TOTAL
	KSHS.	KSHS.	KSHS.
Grants from Treasury	2,500,000,000	137,510,000,000	140,010,000,000
Courier & Postal Services	114,939		114,939
Commissions from Third Parties	884,507	112,135,013	113,019,520
Miscellaneous Revenue			122,910,651
Teacher Registration Receipts		12,460,101	2,684,024
Profit / loss on disposal of motor .V			7,870,530
Donations	2,469,830		2,364,132
Medical Allowance Recoveries	2,117,338		24,179,040
Rental Income	4,716,768		7,967,596
Sale of Tender Documents	1,928,500		3,240,024
Disposal of Assorted Items	78,965		
Service Charge	37,916,500		78,965
Total	2,550,227,346	137,634,595,114	140,184,822,460
			112,657,855,681

The Commission operates through grants received from the National Treasury to meet expenditure on Salaries and allowances and also expenses on Operation and Maintenance.

NB. The Commission received excess grants amounting to ksh 58,010,298.00 in 2012/2013 financial year.

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

DESCRIPTION	ACTUAL EXPENDITURE 2012/2013 KSHS.	ACTUAL EXPENDITURE 2011/2012 KSHS.
<u>NOTE 2 - TSC SECRETARIAT</u>		
Personal Emoluments	1,226,517,691	924,774,118
Gratuity & Pension Contribution	1,242,158,685	81,820,146
House Allowance	363,162,234	333,868,432
Other Personal Allowances	344,985,410	465,345,583
Medical Allowance	108,198,802	23,976,376
SUB TOTAL	3,285,022,822	1,829,784,655
<u>NOTE 3 - PRIMARY, SECONDARY AND SPECIAL INSTITUTIONS</u>		
Personal Emoluments	97,155,289,694	76,269,243,888
Gratuity & Pension Contribution	1,865,901	3,621,016
House Allowance	20,411,041,121	19,044,133,517
Other Personal Allowances	12,919,336,134	9,797,567,527
Medical Allowance	5,270,079,307	4,898,689,240
SUB TOTAL	135,757,612,157	110,013,255,188
GRAND TOTALS	139,042,634,979	111,843,039,843

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 - OPERATION EXPENSES

	<u>2012/2013</u>	<u>2011/2012</u>
Computer Expenses	9,408,626	7,697,163
Courier and Postal Services	17,747,368	10,363,102
Telephone, Telex, Facsimile & Mobile phones	22,436,714	17,906,965
Publishing & Printing Services	6,983,835	7,821,982
Stationery Expenses	22,748,456	23,726,370
Advertising Expenses	11,790,246	6,566,254
Internet Costs	2,867,703	-
Rental Produced Assets	3,345,600	-
Miscellaneous Expenses	1,144,444	-
Uniforms and Clothing	2,136,408	1,620,901
Sub-Total	<u>100,609,399</u>	<u>75,702,737</u>

NOTE 5 - MAINTENANCE EXPENSES

Audit Fees (Controller & Auditor General)	1,450,000	1,250,000
Education & Library Supplies	1,179,617	556,401
Legal dues ,Compensation and Ex-gratia Payments	828,267	492,035
Repair and Maintenance Expenses - Other Assets	12,357,698	11,682,978
Purchase of Consumable Stores	4,935,120	1,489,779
Bank Charges	66,066	945
Office Entertainment	363,109	292,996
Staff Development	46,627,012	28,898,644
Burial Expenses	568,230	325,900
Electricity Water Conservancy	22,492,608	19,773,635
Vehicle Insurance	-	40,073
HIV/AIDS Awareness Campaign	4,000	5,476,394
Contracted Professional Services	37,597,914	22,944,539
Routine Maintenance Expenses - Motor Vehicles	4,458,979	4,931,115
Membership of Professional Bodies	390,350	-
Maintenance of plant	6,250,604	-
Maintenance of Building	4,332,492	-
Refurbishment of Building	12,330,126	-
Boards, Commissions, Conferences & Seminars	32,480,583	14,002,885
Sub Total	<u>188,712,775</u>	<u>112,158,319</u>

NOTE 6 - OTHER EXPENSES

Refined Fuels & Lubricants for Transport	21,718,930	5,987,175
Travelling, Accommodation & Foreign Travel	95,744,179	55,109,816
Teachers and Staff Medical Expenses	209,013,187	296,324,300
	<u>326,476,296</u>	<u>357,421,291</u>
Depreciation for Motor Vehicles, Furniture, Fittings & Permanent Equipment	53,864,065	64,345,874
GRAND TOTAL	<u>669,662,535</u>	<u>609,628,222</u>

NOTES TO THE FINANCIAL STATEMENTS**NOTE 7:****PROPERTY, PLANT AND EQUIPMENT 2011/2012**

ASSETS	T.S.C LAND		T.S.C. BUILDING		MOTOR VEHICLES		COMPUTER EQUIPMENTS		FURNITURE, FITTINGS AND EQUIPMENTS		TOTAL	
	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	
Add: Additions during the year			6,290,815		3,263,660		28,450,443		2,265,684		40,270,542	
Less: Disposals during the year					-13,795,085						-13,795,085	
Cost/Valuation 30.06.2012	42,000,000		1,082,791,853		71,897,047		327,209,617		382,732,266		1,906,630,783	
DEPRECIATION												
As at 1.7.2011					64,518,063		199,058,159		194,860,911		458,437,132	
Add: Charge for the year					4,924,808		36,201,041		23,220,026		64,345,874	
Less: Depreciation on disposed assets					-13,103,217						-13,103,217	
Accumulated depreciation					56,339,654		235,259,199		218,080,937		509,679,790	
Net book value as at 30.6.2012	42,000,000		1,082,791,853		15,557,393		91,950,418		164,651,329		1,396,950,994	

PROPERTY, PLANT AND EQUIPMENT 2012/2013

ASSETS	T.S.C LAND		T.S.C. BUILDING		MOTOR VEHICLES		COMPUTER EQUIPMENTS		FURNITURE, FITTINGS AND EQUIPMENTS		TOTAL	
	KSHS		KSHS		KSHS		KSHS		KSHS		KSHS	
Cost/Valuation 1.7.12	42,000,000		1,082,791,853		71,897,047		327,209,617		382,732,266		1,906,630,783	
Add: Additions during the year					196,807,000		21,502,566		7,359,075		225,668,641	
Less: Write of during the year					-17,678,400						-17,678,400	
Cost/Valuation 30.06.2013	42,000,000		1,082,791,853		268,704,047		331,033,783		390,091,340		2,114,621,024	
DEPRECIATION												
As at 1.7.2012					56,339,654		235,259,199		218,080,937		509,679,790	
Add: Charge for the year					3,889,348		28,927,310		21,047,407		53,864,065	
less: depreciation on written of asset					-8,397,240						-8,397,240	
Accumulated depreciation					60,229,002		255,789,270		239,128,343		555,146,615	
Net book value as at 30.6.2013	42,000,000		1,082,791,853		208,475,045		75,244,514		150,962,997		1,559,474,409	

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8: INVENTORY

	2012 / 2013	2011 / 2012
	KSHS.	KSHS.
Inventory	11,654,249	9,914,325

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. 962,088.08 that the Board of Survey recommended for disposal.

NOTE 9: TRADE & OTHER RECEIVABLES

	2012 / 2012		2011 / 2012	
	SECRETARIAT	TEACHERS	TOTAL	KSHS.
Losses of Cash	4,329,035		4,329,035	4,329,035
Salary Overpayments	-	54,544,164	54,544,164	54,541,414
Temporary Imprests	3,477,128	-	3,477,128	3,939,255
Salary Advances	1,586,733	4,056,412	5,643,146	5,035,543
Medical Advance	20,264,631	4,036,456	24,301,087	30,344,722
Net Salary Advance	1,572,098	35,953,341	37,525,439	37,565,279
Payments Ministry of Education	-	-	-	256,533
Grants Receivable	-	-	-	2,000,000,000
Service Charge	-	-	-	2,926,130
University Loans	-	9,413,805	9,413,805	9,599,189
Returned Salaries	50,647	-	50,647	101,142
Prepayments	60,194,914	-	60,194,914	
Loss of Stores	9,281,160	-	9,281,160	
Value Added Tax	678,377	-	678,377	667,127
Withholding Tax	-	-	-	11,250
Unpaid RD Cheques	452,022	2,693,570	3,145,592	3,194,311
Famine Relief Fund - Teachers	-	-	-	385,350
ISO Certification	-	-	-	261,000
Recoveries for Ministry of Education	-	-	-	94,635
Clearance Accounts	1,207,003	180,688,978	181,895,981	632,037,032
TOTAL	103,093,748	291,386,726	394,480,474	2,785,288,945

NOTES TO THE FINANCIAL STATEMENT

NOTE 10

CASH AND BANK BALANCES

			2012 / 2013	2011/2012
	SECRETARIAT	TEACHERS	TOTAL	
	KSHS	KSHS	KSHS.	KSHS.
Cash in Hand	-	167,516	167,516	512,735
Cash at Bank(Adjusted)	55,778,723	809,325,557	865,104,280	705,338,973
Cash & Bank Balance after Adjustment	55,778,723	809,493,073	865,271,796	705,851,707

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. 0100100090500 (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 11

SHORT TERM DEPOSITS - PIONEER BUILDING SOCIETY AS AT 30-06-2013

<u>FIXED DEPOSIT NO.</u>	<u>DATE</u>	<u>AMOUNT DEPOSITED (KSHS.)</u>	<u>DATE</u>
	29.7.85	2,518,479	29.7.86
1789	16.12.85	2,814,934	16.12.86
2049	9.12.85	6,000,000	10.6.86
2048		11,333,413	
TOTAL		4,348,058	
Less: Receipts vide cheque No.426616, 426617, 426618, 001435 dated 15.8.2003		366,374	
		6,618,980	

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
Gross Amount	7,813,250
Less: Provision for Bad Debts	7,813,250
Balance	Nil

NOTE 12 INTEREST RECEIVABLE - PIONEER BUILDING SOCIETY AS AT 30-06-2013

<u>FIXED DEPOSIT NO.</u>	<u>DATE</u>	<u>INTEREST (KSHS)</u>	<u>DATE OF MATURITY</u>
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
TOTAL		<u>1,194,270</u>	

NOTE 13 REVALUATION SURPLUS

	<u>AMOUNT (KSHS.)</u>
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
	<u>42,000,000</u>

NOTES TO THE FINANCIAL STATEMENTSNOTE 14 - TRADE & OTHER PAYABLES AS AT 30.6.13

			2012 / 2013	2011/2012
	SECRETARIAT	TEACHERS	TOTAL (KSHS)	KSHS.
Clearance Accounts	24,390,784	366,318,174	390,708,958	2,442,873,541
Returned Salaries	-	15,796,407	15,796,407	13,852,887
KNUT Union Dues	-	12,125,210	12,125,210	5,371,689
Service charge	-	-	-	56,907
Miscellaneous Cash Excess	-	-	-	19,507
Stale cheques	20,653,555	38,196,652	58,850,207	130,518,835
Returned EFT payments	2,081,273	5,167,662	7,248,935	7,532,986
University Loans (HELB)	62,847	-	62,847	62,847
Teachers I/D Cards	-	-	-	19,687
Recoveries for other Institutions	-	744,856	744,856	689,263
Mwalimu Sacco Dividend	307,215	11,949,362	12,256,577	11,774,845
Teacher Management (STEPS)	25,308	-	25,308	1,463,043
Payment due to MOE	-	-	-	125,561
Gender Policy Implimentation	11,260	-	11,260	143,222
Sundry Creditors	709,618	12,055,220	12,764,838	30,092,876
Advance net salary	-	48,908,851	48,908,851	51,001,791
Salary Advance	-	616,222	616,222	487,094
Salary Overpayment	18,276,392	221,401,595	239,677,987	494,599,022
Family Relief Fund	-	-	-	30
Temporary Imprest	-	-	-	330
Recoveries from MOE	-	-	-	195,953
Teacher Proficiency Course	82,956	-	82,956	-
TOTAL	66,601,208	733,280,212	799,881,419	3,190,881,918

NOTES TO THE FINANCIAL STATEMENTS**NOTE 15: PROVISION FOR BAD DEBTS AS AT 30.06.2013**

Overpayment	Province/ Institution	2012/2013	2011/2012
Account		(Kshs)	KSHS
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
		7,498,030	7,498,030
Less: Write-Offs		1,611,072	1,611,072
		5,886,957	5,886,957
Add:			
01-700-573 , 01-700-574	Investments with Pioneer Building Society under Liquidation	7,813,250	7,813,250
TOTAL		13,700,208	13,700,208

NOTES TO THE FINANCIAL STATEMENTSNOTE 16: ACCUMULATED FUND AS AT 30-06-2013

	<u>2012/2013</u>	<u>2011/2012</u>
	<u>KSH</u>	<u>KSH.</u>
Adjusted balance brought forward	1,277,748,727	1,071,210,601
Add: Operating Surplus/(Deficit)	472,524,946	205,187,616
Accumulated Fund carried forward	1,750,273,672	1,276,398,217

NOTE 17 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 persuing 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.



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