

THE KENYA NATIONAL EXAMINATIONS COUNCIL

PAPERS LAID No 165	
Speaker N. A.	Clerk Assis
Dispeaker	C. H Editor
Clerk N A.	Reporters
D/Clerk	Library <input checked="" type="checkbox"/>
P. C. A.	Press



**REPORT OF THE AUDITOR-GENERAL (CORPORATIONS)
ON THE ACCOUNTS OF THE KENYA NATIONAL EXAMINATIONS COUNCIL
FOR THE YEAR ENDED 30TH JUNE 1991**

THE KENYA NATIONAL EXAMINATIONS COUNCIL

**REPORT OF THE AUDITOR-GENERAL (CORPORATIONS)
ON THE ACCOUNTS OF THE KENYA NATIONAL EXAMINATIONS COUNCIL
FOR THE YEAR ENDED 30TH JUNE 1991**

Kenya National Examinations Council
P O Box 73598
NAIROBI, Kenya.

TABLE OF CONTENTS

<u>ITEM NO.</u>	<u>CONTENTS</u>	<u>PAGE</u>
1.	Report of the Auditor-General (Corporations)	1
2.	Balance Sheet as at 30th June, 1991	2
3.	Income and Expenditure Account for the Year ended 30th June, 1991	3
4.	Notes on the Accounts	4
5.	Comments on the Accounts for the Year ended 30th June, 1991	12

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF
THE KENYA NATIONAL EXAMINATIONS COUNCIL FOR THE YEAR ENDED
30 JUNE 1991

I have examined the accounts of the Kenya National Examinations Council for the year ended 30 June 1991 in accordance with Section 29 (2) of the Exchequer and Audit Act, (Cap 412). I have obtained all the information and explanations that I have required for the purpose of the audit. Proper books of account have been kept by the Council and the accounts, which have been prepared under the historical cost convention, are in agreement therewith and comply with the provisions of the Kenya National Examinations Council Act, (Cap 225 A).

Subject to the reservations set out herebelow, in my opinion, the accounts, when read together with the notes thereon, give a true and fair view of the Council's financial affairs as at 30 June 1991 and of its surplus for the year ended on that date.

1. FIXED ASSETS

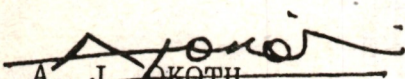
The Council's fixed assets balance of Kshs.13,855,190.00 as at 30 June 1991 does not incorporate the value of assets passed on to the Council by the former East African Examinations Council at its inception after the break-up of the now defunct East African Community. Accordingly, the Council's fixed assets of Kshs.13,855,190.00 as at 30 June 1991 are understated to the extent of the value of the excluded assets.

2. UN-IDENTIFIED BANK PAYMENTS

Some cheques drawn by the Council in 1984/85 amounting to Kshs.27,961,638.00 were encashed by payees whom the Council has not, to-date, been able to identify. The Council has not been able to explain the nature of the payments. Under the circumstances, I have been unable to confirm the authenticity of the payments. Further, no provision has been made against any possible loss of this amount although its recoverability is, in my opinion, doubtful.

3. DISHONoured CHEQUES

The debtors' balance of Kshs.20,583,331.00 as at 30 June 1991 includes Kshs.1,150,493.00 being value of dishonoured cheques drawn between the year 1982 and June 1990. Although these cheques have been stale and can only be collected through replacements, timely action had not been taken to recover the amounts of dishonoured cheques immediately they were dishonoured. Further, no provision has been made in the accounts against any possible loss in the event of the amounts becoming irrecoverable.


A. J. OKOTH
AUDITOR-GENERAL (CORPORATIONS)

THE KENYA NATIONAL EXAMINATIONS COUNCIL
BALANCE SHEET AS AT 30TH JUNE 1991

	<u>1991</u>	<u>1990</u>
<u>ASSETS EMPLOYED</u>		
Fixed Assets	13,846,686	13,742,050
Short-term Investments	130,577,368	111,553,868
Buildings (Work in Progress)	61,979,845	52,236,769
Loan to SEPU	300,000	300,000
	<u>206,703,899</u>	<u>177,832,687</u>
<u>CURRENT ASSETS</u>		
Stock	2,517,282	-
Suspense Account 1986-87	-	193,330
Sundry Debtors	21,161,400	19,781,529
Bank Reconciliation Suspense Account (1982 - 85)	27,961,638	27,961,638
Bank/Cash	39,492,953	1,543,603
	<u>91,133,273</u>	<u>49,480,100</u>
<u>CURRENT LIABILITIES</u>		
Provision for Doubtful Debts	2,327,705	412,632
Sundry Creditors	29,819,203	7,789,407
	<u>32,146,908</u>	<u>8,202,039</u>
NET CURRENT ASSETS	58,986,365	41,278,061
TOTAL ASSETS	<u>265,690,264</u>	<u>219,110,748</u>
FINANCED BY		
Capital Reserve	75,591,946	64,693,871
Excess of Income over Expenditure	190,098,318	154,416,877
	<u>265,690,264</u>	<u>219,110,748</u>

NOTES

2
3

4

5
6

7

S. S. D. M. M. M.

CHAIRMAN

[Signature]

SECRETARY

DATE: 30/3/92

DATE: 10-3-92

THE KENYA NATIONAL EXAMINATIONS COUNCIL

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30TH JUNE 1991

<u>INCOME</u>	<u>NOTES</u>	<u>1991</u> Kshs.	<u>1990</u> Kshs.
Examination Fees	8	255,624,173	172,218,186
Other Income	9	8,161,248	11,560,906
Grants		86,772,878	43,714,688
		<u>350,558,299</u>	<u>227,493,780</u>
<u>LESS EXPENDITURE</u>			
Provision for Doubtful Debts			412,632
Personnel Expenses	10	1,915,073	
Office Administration Expenses	11	21,879,976	20,847,003
Examination Expenses	12	15,561,655	15,210,502
Housing of Staff & Office Accommodation	13	266,411,404	228,352,448
Depreciation		9,348,994	8,155,304
		2,083,709	1,601,326
		<u>317,200,811</u>	<u>274,579,215</u>
Less: Closing Stock		(2,517,282)	-
		<u>314,683,529</u>	<u>274,579,215</u>
Excess of Income over Expenditure c/f		<u>35,874,770</u>	<u>(47,085,435)</u>

THE KENYA NATIONAL EXAMINATIONS COUNCIL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 1991NOTE 1ACCOUNTING POLICIES(a) Basis of Accounting

These Accounts have been prepared under the historical Cost Convention modified to include the revaluation of motor Vehicles.

(b) Depreciation

Depreciation is calculated to write off the cost, valuation of Leasehold Buildings, Motor vehicles, Office Equipment and Office Furniture on a straight line basis over their estimated useful lives, at the following rates:-

Leasehold Buildings	2½%
Motor Vehicles	25%
Office Equipment	10%
Office Furniture	12½%

(c) Stocks

Stocks are valued at the lower of cost and net realisable value.

(d) Foreign Currency

Transactions in foreign currency are translated into Kenya shillings at the rate of exchange ruling on the date of the transaction.

(e) Retirement Benefits

The Council and its employees other than those on secondment contribute to a pension scheme. The Council's contributions are charged against income in the period they fall due.

(f) Revenue Recognition

(i) Examination fees is treated as income in the year it is received.

(ii) Interest receivable is recognised on a time proportion basis taking into account the principal amount and the rate applicable.

(h) Stocks

Stocks are stated at the lower of cost and net realisable value.

(i) Grants

Grants is recognised in the year it is received from the Ministry of Education.

NOTE 3SHORT-TERM INVESTMENTS

	1990 Shs.	1991 Shs.
Trade Bank Limited	15,000,000	20,000,000
Jimba Credit Corporation	50,577,368	50,577,368
Kenya Finance Corporation	20,976,500	20,000,000
City Finance Limited	5,000,000	20,000,000
Savings & Loan (K) Limited	10,000,000	10,000,000
Housing Finance Co. of Kenya	10,000,000	10,000,000
	-----	-----
	111,553,868	130,577,368
	=====	=====

NOTE 4DEBTORS

Exams Co-operative		1,050
Variety Retail Traders	690	-
Ministry of Education	1,467,292	1,467,292
Temporary Imprest	2,701,093	3,198,086
Interest receivable	13,892,430	14,784,570
Returned Cheques R.D	1,204,674	1,150,494
Interest on SEPU Loan accrued from 1.1.81 - 30.6.90	255,000	255,000
Staff Motor Loan	49,207	39,322
Kenya Polytechnic	153,460	153,460
Returned Salary	-	115
Salary Advance	57,684	54,268
Pre-paid Insurance	-	57,744
	-----	-----
	19,781,529	21,161,400
	=====	=====

NOTE 5PROVISION FOR DOUBTFUL DEBTS

Imprest		412,632
Ministry of Education		1,467,291
Interest on SEPU Loan		255,000
Kenya Polytechnic		153,460
Staff Motor Loan		39,322
	-----	-----
		2,327,705
	=====	=====

NOTE 6CREDITORS

Sundry		240,470
Examination Expenses	-	21,208,963
Staff Contribution to FSSU	1,267	23,426
Audit Fees	50,000	75,000

	1990 Shs.	1991 Shs.
Income Tax attachment	-	1,580
E.A.E.C.	4,000,000	4,000,000
Stale Cheques	3,615,809	4,066,999
Rent Deductions	-	44,759
Retirement Benefits	68,909	125,198
PAYE	35,074	29,714
Insurance	693	-
Mortgages	-	7,729
Miscellaneous deductions	17,655	(4,634)
	-----	-----
	7,789,407	29,819,204
	=====	=====

NOTE 7INCOME AND EXPENDITURE ACCOUNT

Balance b/d 1st July 1989	201,704,759	154,416,878
Prior year adjustment	(202,449)	
Suspense as at 30/6/87	-	(193,330)
Surplus/Deficit 1989/90	(47,085,435)	35,874,770
	-----	-----
Balance carried forward	154,416,878	190,098,318
	=====	=====

NOTE 8EXAMINATION FEES

KCPE	27,551,116	36,683,616
KCSE	123,740,565	184,345,130
KACE	406,913	948,890
PTE	8,445,100	19,119,540
Technical	6,923,316	6,654,250
Business	5,336,214	8,159,844
Less refunds	(185,038)	(287,097)
	-----	-----
	172,218,186	255,624,173
	=====	=====

NOTE 9OTHER INCOME

Miscellaneous Exams	1,476,858	1,565,586
Rent Deductions	234,100	264,411
Interest on Fixed Deposits	9,725,878	5,360,329
Sale of Publications	94,070	261,781
Miscellaneous Income	-	709,141
Interest on SEPU Loan	30,000	-
	-----	-----
	11,560,906	8,161,248
	=====	=====

	1990 Shs.	1991 Shs.
NOTE 10		
PERSONNEL EXPENSES		
Personal Emoluments	11,485,832	12,748,346
Extra-clerical Assistance	7,436,511	7,420,856
Medical Expenses	1,444,750	1,189,051
Contributions to F.S.S.U.	479,910	521,723
	-----	-----
	20,847,003	21,879,976
	=====	=====

NOTE 11**OFFICE ADMINISTRATION EXPENSES**

Passages & Leave Expenses	194,900	227,945
Transport Operation Expenses	1,657,242	1,458,338
Travelling and Accommodation	1,151,234	694,608
Posts & Telegrams	401,171	728,559
Telephone Expenses	886,146	884,175
Official Entertainment	16,682	20,174
Electricity and Water	140,980	296,958
Purchase of Uniforms & Clothings	54,345	62,411
Purchase of Stationery	3,309,555	3,422,220
Printing of Accountable Documents	249,607	897,659
With-holding Tax	542,820	-
Bank Charges and Ledger Fees	1,300,270	1,562,314
Audit Fees	25,000	25,000
Maintenance of Plant and Equipment	3,371,401	2,831,723
Miscellaneous charges & Sundry Expenses	1,255,394	1,897,931
Staff Training	507,898	382,872
Advertising & Publicity	145,857	168,768
	-----	-----
	15,210,502	15,561,655
	=====	=====

NOTE 12**EXAMINATION EXPENSES**

KCPE	64,881,952	71,904,778
KCSE	72,100,137	138,102,891
KACE	35,445,300	-
PTE	7,631,042	4,394,850
Technical	32,199,051	42,953,993
Business	9,977,063	5,549,569
Miscellaneous Exams	2,926,062	309,726
Computer Charges	3,191,841	3,195,597
	-----	-----
	228,352,448	266,411,404
	=====	=====

1990
Shs.1991
Shs.**NOTE 13****STAFF HOUSING AND OFFICE
ACCOMMODATION**

Rents & Rates Senior Staff Housing	2,264,407	3,180,162
Repair to Council Houses	93,227	198,295
Rents & Rates to Office Accommodation	5,797,669	5,970,537
	-----	-----
	8,155,304	9,348,994
	=====	=====

THE KENYA NATIONAL EXAMINATIONS COUNCIL
FIXED ASSETS SCHEDULE AS AT 30TH JUNE 1991

	LEASEHOLD BUILDINGS KSHS.	MOTOR VEHICLES KSHS.	OFFICE EQUIPMENT KSHS.	OFFICE FURNITURE KSHS.	HOUSE FURNITURE KSHS.	TOTAL KSHS.
Balance b/f 1.7.90	2,557,575	2,874,921.00	13,163,154	1,682,566	590,338.00	20,868,554
Additions/Revaluations	-	1,155,000.00	730,870	18,378	-	1,904,248
	-	(2,358,921.00)	-	-	-	(2,358,921)
	2,557,575	1,671,000.00	13,894,024	1,700,944.00	590,338.00	20,413,881
Accumulated Depreciation 1.7.90	566,073	2,369,671.00	2,120,215	1,196,110	590,338.00	6,842,407
	63,939	(2,358,921.00)	1,389,402	212,618	-	(2,358,921)
Charge for the year	630,012	428,500.00	3,509,617	1,408,728	590,338.00	6,567,195
Book Value 1.7.90	1,991,502	505,250.00	11,042,940	486,456	-	14,026,148
Book Value 30.6.91	1,927,563	1,242,500.00	10,384,407	292,216	-	13,846,686

THE KENYA NATIONAL EXAMINATIONS COUNCIL

STANDARD BANK

R.D. CHEQUES (MONEY ORDERS SCHEDULE FOR THE YEAR 1990/91)

<u>Drawer</u>	<u>Money Order No./Cheque No.</u>	<u>Date</u>	<u>Amount</u>
PK & T	7401598	7.11.89	110.00
"	7352764	6.11.89	70.00
"	7785434	13.2.90	260.00
"	7595075	17.2.90	350.00
"	7995862	3.3.90	500.00
"	7706491	23.3.90	350.00
"	8036126	7.7.90	360.00
"	7648777	28.11.90	60.00
"	8688141	13.3.90	60.00
"	6030733	23.11.90	840.00
"	8298296	26.7.90	64.20
"	8658355	18.7.90	50.00
"	8393675	30.10.90	60.00
"	7879963	4.8.90	60.00
"	8769365	16.10.90	60.00
"	8771832	11.1.91	60.00
"	7179669	25.11.90	60.00
			<u>3,374.20</u>
Add:	Balance from 1989/90		1,204,674.55
Less:	Receipts/Replacements		<u>75,805.00</u>
			<u><u>1,132,243.75</u></u>

KENYA COMMERCIAL BANK

Balance B/F	Nil
Add: R. D for the Year 1990/91	<u>18,250.00</u>
Total	18,250.00
Total R.D.'s	1,132,243.75
	<u>18,250.00</u>
Total R.D. for the year 1990/91	<u><u>1,150,493.75</u></u>

**COMMENTS ON THE ACCOUNTS FOR YEAR
ENDED 30TH JUNE 1991**

1. FIXED ASSETS

The issue regarding the value of Assets inherited from the defunct East African Examinations Council was handed over to the Ministry of Foreign Affairs and International Co-operation on 9th August 1991 vide our letter Ref.KNEC/AUT/1/VOL.IV/24. The Ministry in turn referred the matter to the Ministry of Planning and National Development. The matter is therefore receiving attention. We enclose herewith a copy of a letter Ref. No. EPD/A 50/010(030) dated 3rd September 1991 from the Ministry of Planning and National Development which is self explanatory.

2. UN-IDENTIFIED BANK PAYMENTS

The Council is still trying to analyse the details of the Payments in Bank not in Cash Book. A provision against any possible loss will be made in the current years accounts if our efforts come to naught.

3. DISHONOURED CHEQUES

The Council had set up a special team to investigate thoroughly and come up with a report on R.D. cheques for the years 1982/83, 1983/84, 1984/85 and 1985/86. The R.D. cheques figure provisionally stands as follows:

<u>Financial Year</u>	<u>Amount Kshs</u>
1982/83	7,025.00
1983/84	13,486.00
1984/85	132,050.00
1985/86	18,109.35
1986/87	24,355.00
1987/88	2,575.00
1988/89	6,820.00
1989/90	6,288.00
1990/91	3,374.20
	207,958.35
	=====
<u>Less replacements in 1990/91</u>	3,125.00
Net	Kshs. 199,828.35
	=====

Therefore the figure of Kshs.1,150,493.00 is to be revised as the exercise continues. A detailed reconciliation of the above figures will be sent to you.

1871
1872
1873
1874
1875
1876
1877
1878
1879
1880