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**THE KENYA NATIONAL EXAMINATIONS COUNCIL**

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ANNUAL REPORT AND ACCOUNTS FOR THE PERIOD  
ENDED 30TH JUNE 1983



THE KENYA NATIONAL EXAMINATIONS COUNCIL

ANNUAL REPORT AND ACCOUNTS FOR THE PERIOD  
ENDED 30TH JUNE 1983

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



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REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE KENYA NATIONAL EXAMINATION COUNCIL FOR THE YEAR ENDED 30TH JUNE, 1983

I have examined the attached Balance Sheet and the Income and Expenditure Account of the Kenya National Examination Council in accordance with Section 13 (3) of the Kenya National Examinations Council Act (Cap 225 A) as amended by the Exchequer and Audit (Amendment) Act, 1985. In my opinion and except for the matters referred to herebelow, the Accounts of the Council for the year 1982/83 which have been prepared on the basis of the historical cost convention, when read together with the supporting notes thereon, show a fair view of the Council's financial affairs as at 30th June, 1983 and of its operational results for the year then ended.

1. ACCURACY OF THE ACCOUNTS

The Council's Account for the year under review were drawn from inadequately kept books of account. It was noted, for instance, that the Main Cash Book for the year 1982/83 was missing and could not, therefore, be produced for audit while revenue income derived from the sale of publications and computer usage by private firms which had been posted in the missing cash book was completely omitted from the ledger accounts. Revenue relating to rent recoveries from the officers occupying Council houses was also not posted to the ledger. The situation regarding these records was, therefore, such as would raise serious doubts as to whether the transactions of the Council had completely and accurately been recorded in the books of account and under such circumstances, I am unable to state that the records of the Council were properly kept or even to confirm the accuracy or otherwise of the figure of Ksh.6,139,455.25 shown in the Income and Expenditure Account for the year 1982/83 against 'Other Income' and also the Bank and Cash in Hand balances of Kshs.9,604,745.85 and Kshs.21,626.55 as at 30th June, 1983 respectively.

2. SUNDRY DEBTORS

Reference has been made in the last two audit reports of the fact that an amount of Kshs.300,000.00 advanced to the School Equipment Production Unit on 22nd September, 1980 to enable the Unit clear practical examination packages from the Customs Department was still outstanding as at 30th June, 1982. It was further indicated that although the advance was to be paid back to the Council by 30th November, 1980, it was not so repaid and instead it was converted into a loan with effect from 1st January, 1981 at an interest rate of 10% per annum. The relevant loan agreement was, however, not seen to confirm the terms and conditions for the repayment of the loan, and as at 30th June, 1983, the School Equipment Production Unit had still not repaid the amount to the Council. In addition, it was not understood why the amount of Kshs.300,000.00 is being treated in the Accounts as a Sundry debt and included in the Balance Sheet Sundry Debtors' figure of Kshs.3,264,524.80, that is, after it had been converted into a loan.

3. SUSPENSE ACCOUNT

As indicated in my report for the year 1981/82 the Council's Trial Balance for that year did not balance and reflected a debit balance of Kshs.1,917,294.05 which was subsequently

charged to a suspense account and transferred to the Balance Sheet as at 30th June, 1982. The Accounts of the Council for the year 1982/83 show a suspense account difference of Kshs.2,882,269.55 and the Council's Balance Sheet as at that date was, therefore, only balanced through that suspense account. The Council has so far not been able to either analyse or explain the difference and in the absence of such analysis or explanation, I am unable to confirm the effect, if any, that the trial balance difference may have on the accuracy of the Council's Accounts for the year 1982/83.

4. FORMER EAST AFRICAN EXAMINATIONS COUNCIL

The Accounts for the year 1982/83 like those for the earlier years do not incorporate the value of Office Furniture, Equipment and Motor Vehicles passed on to the Council at its incorporation after the breakup of the former E.A. Examinations Council. Accordingly, the Balance Sheet Fixed Assets figure of Kshs.3,537,429.00 as at 30th June, 1983 is understated to the extent of the value of the excluded assets. In addition, the Council does not maintain a Fixed Assets Register to record details of fixed assets owned by the Council. I am, under the circumstances, unable to confirm the correctness or otherwise of the Balance Sheet fixed assets figure of Kshs.3,537,429.00 as at 30th June, 1983.

  
A. J. OKOTH

AUDITOR-GENERAL (CORPORATIONS)

30th October, 1987

THE KENYA NATIONAL EXAMINATIONS COUNCIL  
BALANCE SHEET AS AT 30TH JUNE 1983

	<u>1983</u>	<u>1982</u>
	<u>KShs.</u>	<u>KShs.</u>
	<u>Notes</u>	
<u>ASSETS EMPLOYED</u>		
Fixed Assets	9	3,306,770.50
Short-term Investments	10	44,015,411.00
<u>CURRENT ASSETS</u>		
Sundry Debtors	11	3,268,666.85
Bank		50,590,048.35
Cash in hand		2,158,024.95
<u>CURRENT LIABILITIES</u>		
Bank Overdraft		4,005,618.00
Sundry Creditors	12	1,917,294.05
Suspense A/C	13	8,080,937.00
Financed by:		
Capital Reserve		42,509,911.35
Excess of Income over Expenditure		1,300,000.00
		41,209,911.35
		45,747,071.35
		44,447,071.35
		1,300,000.00

*Philip M. Mbiti*

CHAIRMAN

DATE 6/5/82

*[Signature]*

SECRETARY

DATE 6/5/82



THE KENYA NATIONAL EXAMINATIONS COUNCIL  
INCOME AND EXPENDITURE ACCOUNT FOR THE PERIOD ENDING 30TH JUNE 1983

<u>INCOME</u>	<u>1983</u>	<u>1982</u>
	<u>KSHS.</u>	<u>KSHS.</u>
Income from Examination fees	68,341,158.05	65,652,638.20
Other Income	6,139,455.25	1,969,166.00
Grants from MEST	<u>28,200,000.00</u>	<u>27,793,950.00</u>
	<u>102,680,613.30</u>	<u>95,416,754.20</u>
<u>Less: EXPENDITURE</u>		
Personnel	5,735,943.40	5,082,379.50
Office Administration & Services	7,852,511.35	6,249,378.70
Examination Expenses	79,223,554.70	54,152,159.70
Test Development & Research	2,375,635.20	18,006,495.00
Housing of Staff & Office Accommodation	4,026,547.65	3,648,932.85
Depreciation for the Year	<u>229,261.00</u>	<u>198,200.00</u>
	<u>99,443,453.30</u>	<u>87,337,545.75</u>
<u>Excess Income over Expenditure c/f</u> to balance sheet	<u>3,237,160.00</u>	<u>8,079,208.45</u>

THE KENYA NATIONAL EXAMINATIONS COUNCIL

TRIAL BALANCE AS AT 30TH JUNE, 1983

	<u>KSHS.</u>	<u>KSHS.</u>
Leasehold Buildings	2,557,574.50	
Motor Vehicles	400,000.00	
Office Equipment	153,721.00	
Office Furniture	449,256.50	
House Furniture	590,338.00	
Fixed Deposits	36,197,014.70	
Capital Reserve		1,300,000.00
Income & Expenditure		41,209,911.35
Provision for Depreciation		384,200.00
Debtors & Creditors	3,268,524.80	4,000,000.00
Bank	9,604,745.85	
Cash in hand	21,626.55	
Examination fees		68,341,158.05
Other Income		6,139,455.25
Grants from MOEST		28,200,000.00
Personal Expenses	5,735,943.40	
Office Administration	7,852,511.35	
Examination Expenses	79,223,554.70	
Test Development & Research	2,375,635.20	
Staff Housing & Office Accommodation	4,026,547.65	
	<hr/>	<hr/>
	152,456,994.20	2,882,269.55
	<hr/> <hr/>	<hr/> <hr/>
		152,456,994.20

Supporting SchedulesNote 1

<u>Examination Fees</u>	<u>KShs.</u>
i. L.G.C.E.	1,446,765.25
ii. K.C.E.	49,554,616.00
iii. K.A.C.E.	2,872,280.60
iv. K.J.S.E.	3,222,391.00
v. P.T.E.	1,405,571.70
vi. Business	1,624,793.50
vii. Technical	307,855.00
viii. C.P.E.	<u>7,906,885.00</u>
	<u>68,341,158.05</u>

Note 2

<u>Other Income</u>	<u>KShs.</u>
i. Miscellaneous	2,410,101.45
ii. Interest on Fixed Deposits	<u>3,729,353.80</u>
	<u>6,139,455.25</u>

Note 3

<u>Grants from Ministry</u>	<u>KShs.</u>
	28,200,000.00

Note 4

<u>Salaries &amp; Wages</u>	<u>KShs.</u>
i. Salaries & Wages	3,343,183.80
ii. Temporary staff and overtime	1,784,499.55
iii. Employers Contribution and Superannuation Scheme	252,623.00
iv. Medical Expenses	334,235.50
v. Retirement Benefits	<u>21,401.55</u>
	<u>5,735,943.40</u>

Note 5KSHS.OFFICE ADMINISTRATION & SERVICES

Security Expenses	70,990.00
Maintenance of Equipment	544,386.50
Postage & Railage	108,406.75
Telephone, Telegrams and Cables	525,568.90
Advertisements	62,968.00
Insurance	961,277.90
Electricity and Water	127,389.15
Uniforms	13,535.00
Cleaning Materials	81,922.00
Sundry office expenses	165,102.80
Rank Xerox Maintenance & Rental	408,411.90
Staff Travel & Subsistence - Local	83,336.10
Staff Travel & Subsistence - Overseas	329,981.30
Staff Training	2,400.00
Entertainment Expenses	17,793.95
Motor Vehicles Maintenance	427,853.10
Office Stationery	1,090,591.70
Computer Stationery & Maintenance & rental	2,692,447.85
Accounts Stationery	19,800.35
Bank Charges	123,348.10
	<u>7,852,511.35</u>

Note 6KShs.EXAMINATION EXPENSES

C.P.E.	3,536,697.00
K.J.S.E.	3,732,779.45
P.T.E.	3,327,037.75
K.C.E.	54,709,509.40
K.A.C.E.	3,056,543.35
Technical	1,303,159.10
Business	909,939.70
Processing of Exams	388,661.30
Supervisors & Invigilators	8,025,856.20
Miscellaneous Exams	233,371.45
	<u>79,223,554.70</u>

Note 7

TEST DEVELOPMENT AND RESEARCH

KShs.

Printing & Publication	12,619.00
Setting Expenses	789,730.65
Moderation Expenses	156,866.05
Committee Meetings & Seminars	<u>1,416,419.50</u>
	<u>2,375,635.20</u>

Note 8

HOUSING OF STAFF AND OFFICE ACCOMODATION

Rents and House Allowance	2,225,822.70
Office Accommodation & Renting	<u>1,800,724.95</u>
	<u>4,026,547.65</u>

THE KENYA NATIONAL EXAMINATIONS COUNCIL

FIXED ASSETS SCHEDULE

Note 9

AS AT 30TH JUNE, 1983

	Leasehold Buildings KShs.	Motor Vehicles KShs.	Office Equipment KShs.	Office Furniture KShs.	House Furniture KShs.	Total  KShs.
Balances b/forward as at 1st July, 1982	2,362,330.00	400,000.00	112,221.00	331,182.50	485,237.00	3,690,970.50
Additions	195,244.50	-	41,500.00	118,074.00	105,101.00	459,919.50
	2,557,574.50	400,000.00	153,721.00	449,256.50	590,338.00	4,150,890.00
Accumulated Depre- ciation, 1.7.82	54,558.00	33,333.00	17,616.00	106,490.00	172,203.00	384,200.00
Depreciation for the Year	63,939.35	20,000.00	15,372.10	56,157.05	73,792.50	229,261.00
Accumulated Deprecia- tion, 30.6.83	118,497.35	53,333.00	32,988.10	162,647.05	245,995.50	613,461.00
Net Book Value 1.7.82	2,307,772.00	366,667.00	94,605.00	289,766.50	313,034.00	3,371,844.50
Net Book Value 30.6.83	2,439,077.15	346,667.00	120,732.90	286,609.45	344,342.50	3,537,429.00
Rate of Depreciation	2½%	5%	10%	12½%	12½%	

NOTE 10

SHORT-TERM

Jimba Credit Corporation Ltd  
Diamond Trust Ltd

KSHS.

31,062,375.60  
5,134,639.10  
36,197,014.70

NOTE 11

SUNDRY DEBTORS

Ministry of Education, Science & Technology  
Kenya Polytechnic  
Imprests  
R.D. Cheques  
Salary Advance  
School Equipment Scheme  
Interest Receivable  
Staff Motor Loan Scheme - Schedule attached

1,462,996.10  
153,460.00  
85,508.55  
7,025.00  
81,265.35  
300,000.00  
805,788.30  
372,481.50  
3,268,524.80

NOTE 12

East African Examinations Council  
(This amount represent Kenya's Deposit  
to the defunct E.A.E.C.)

4,000,000.00

NOTE 13

SUSPENSE A/C

Suspense A/C 30.6.82 (Cr)  
Suspense A/C 30.6.83 (Dr)  
Suspense A/C cfwd

1,917,294.05  
622,538.15  
1,294,755.90

NOTE 14

INCOME & EXPENDITURE A/C

Excess of Income over Expenditure bfw  
from previous years  
Excess of Income over Expenditure realised  
during the year

41,209,911.35  
3,237,160.00  
44,447,071.35

**Comments on the Accounts**  
**For the Year Ended 30th June 1983**

1. **ACCURACY OF THE ACCOUNTS**

The 1982/83 cash book will be made available once it is traced. Whereas some items may have been omitted in the ledger, experience in preparing the accounts has shown that rather than a complete omission from the ledger, wrong postings were made. Where such cases were detected, appropriate adjustments were made.

As shown in the accounts, the figure of other income is made up of the following:-

Miscellaneous Income	Kshs. 2,410,101.45
Interest on fixed deposits	Kshs. <u>3,729,353.80</u>
	Kshs. <u>6,139,455.25</u>

The figures were obtained from available records and since the officers who actually carried out the audit are in agreement with the same, it is not clear why the figure cannot be taken as it is, that is accurate.

The bank reconciliation and the opening balance brought forward in the year 1983/84 provide the next best alternative in arriving at the closing balance cash at bank of the previous year.

2. **SUNDRY DEBTORS**

The figure of Kshs. 300,000 being an advance to SEPU is included amongst Sundry Debtors because it is an amount due to the Council. Even if termed as a loan, its classification as sundry debtors is still appropriate. The Council has in the meantime advised SEPU to settle this long outstanding amount.



3. SUSPENSE ACCOUNT

Please refer to Note 13. The Suspense Account affects the 1982/83 accounts to the tune of Kshs. 964,975.50 and not Kshs. 2,882,269.55 as the draft report would have us believe. We strongly believe that these suspense account figures are brought about by the failure to apply double entry book-keeping concept. The figures can thus only be analysed and eliminated with time. A special team has already started work on this aspect.

4. FORMER EAST AFRICAN EXAMINATIONS COUNCIL (EAEC)

The assets of the former EAEC referred to as being excluded have been incorporated in the 1983/84 and subsequent annual accounts. The figure for Fixed Assets is brought forward from the previous year and includes additions identified in the ledger. As regards the Fixed Assets Register, we wish to advise that one is already in the making.





