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ANNUAL REPORT AND ACCOUNTS

June 30th, 1996

Kenya Literature Bureau Kenya Literature Bureau Kenya Literature Bureau Kenya Literature Bureau Kenya Literature Bureau

Annual Report

and

Accounts

for the Year Ended 30th June, 1996

Annual Report

and

Accounts

for the Year Ended 30th June, 1996



KENYA LITERATURE BUREAU

Belle-Vue Area/Off Mombasa Road,
P. O. Box 30022, Nairobi.

Telephone: 506142/3/8, 506156, 506158.

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BOARD OF MANAGEMENT

BOARD MEMBERS 1995/96

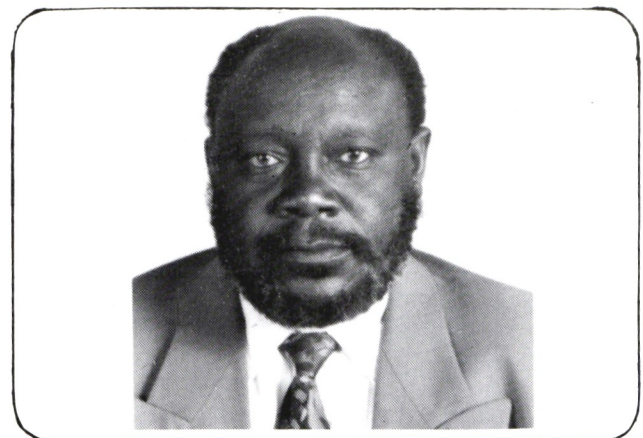
1. Prof. K. Ole Karei
Chairman
2. Mr. S. S. Lesrima, CBS
*Permanent Secretary, Ministry of
Education.*
3. Mr. S. C. Lang'at
Managing Director
4. Mr. B. K. Kipkulei
Alternate Mr. A. U. Wandera
5. Mr. H. B. Halake
Alternate Mrs. J. N. Kebathi
6. Mr. David K. Andere
Alternate Mrs. E. K. Muthigani
7. Dr. J. Mbindyo
*Representative, University of
Nairobi.*
8. Mrs. Grace Ogot
Member
9. Mr. E. N. Njoka
Member
10. Mr. H. A. Chabala
Member
11. Mr. B. C. Mwangi
Member
12. Mr. Muraya Mwangi
Member



Prof. K. Ole Karei
Chairman



Mr. S. S. Lesrima



Mr. S. C. Lang'at
Managing Director



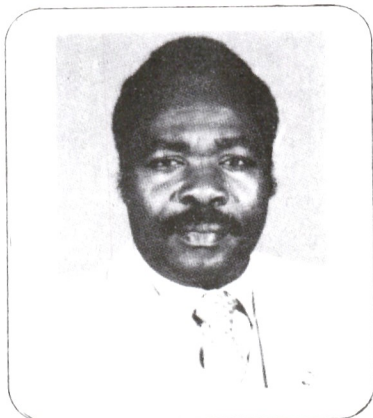
Mrs. E. Muthigani



Mr. A. U. Wandera



Mrs. J. N. Kebathi



Mr. E. N. Njoka



Mrs. Grace Ogot



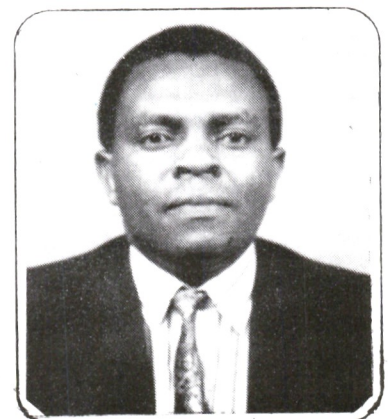
Mr. H. A. Chabala



Dr. J. Mbindyo

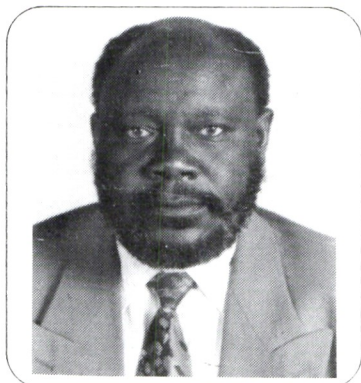


Mr. B. C. Mwangi



Mr. Muraya Mwangi

Management Team 1995/96



S. C. Lang'at
Managing Director



Isabella W. Gitau
Deputy Managing Director



P. N. Ngatia
Senior Accountant



M. K. Muraya
Marketing Manager



J. G. Githenji
Publishing Manager



E. A. Obara
Chief Administrative Officer



J. O. Madanji
Production Manager

Chairman's Report

For the Year Ended 30th June, 1996

Kenya's economy was relatively stable in 1996. The major cause of this stability was the government's monetary policies that were designed to keep inflation and prices down. This relative stability augured well for business; and I am happy to announce yet another successful trading year for Kenya Literature Bureau. KLB registered a modest growth in turnover which reached Kshs. 309.6 million, an increase of 10% over the previous year's Kshs. 228.3 million.



Professor Ole Karei
Chairman

However towards the second part of the year, drought set in and adversely affected Agriculture. As Agriculture is a major part of our economy, this adverse effect was felt in other sectors including publishing. Due to the increased prices in production materials and other administrative expenses, the net profit dropped by 22% to Kshs. 77 million, from the previous year's Kshs. 98.8 million.

During the year under review KLB continued to produce new titles and reprint those in the backlist to meet the high demand in the market. The press handled a total of 379 jobs. One hundred and fifty (150) of these were KLB titles, while the rest were printing sales service. KLB's printing services to the general public have remained popular and generate considerable income every year. During the year under review, printing sales realised Kshs. 2,871,237.

KLB continually endeavours to supply the Kenyan market with relevant books at competitive prices so that the larger part of the Kenyan population can afford them. Seventy one (71) new manuscripts were received during the year, 14% of which were solicited and developed by commissioned writers. During the same period KLB intensified its efforts to scout for authors of new books to fill in identified gaps in the curriculum. Some of the old editions were also revised to reflect the latest changes in the 8-4-4 syllabus. During the period under review, 12 new editions were released into the market.

With an aggressive marketing policy and an improved distribution network KLB continued to improve her share of the book market. This was enhanced by the new titles and the revised editions of the existing ones, especially those for secondary school level. The Educational books and the Topmark revision series performed very well in the local market, while general books, especially in History, Literature, African Languages and Culture were popular in the export market.

During the same period KLB purchased one (1) Heidelberg Moz printing machine at a cost of Kshs. 22,872,998 to ease congestion of work at the printing section. This section often has work pending due to inadequate printing machines. To improve on transport facilities, KLB purchased three (3) motor vehicles (peugeot 504 saloons) at a cost of Kshs. 4,404,426. Other

assets that were acquired during the year included: a photocopier, switchboard and computer equipment; all costing a total of Kshs. 1,447,240. The book value of the Bureau's fixed assets went up by Kshs. 25,730,670, an increase of 22%.

The staff workforce during the year under review stood at 228 employees. Twelve (12) new employees were recruited, while eight (8) employees left the Bureau for one reason or other.

KLB lays great emphasis on staff training and development. During the period under review, thirty-six (36) members of staff from all departments went through various training programmes organised and financed by the Bureau.

I would like to gratefully acknowledge the Board of Management for the wise counsel, guidance and whole hearted support that they gave me throughout the year. I would also like to join them in thanking the Managing Director, the Senior Management team and the entire staff for their continued good work and dedication to duty. With the exemplary team spirit exhibited by the whole staff, I am confident that KLB will not only continue to operate profitably, but will also continue to move forwards to successfully tackle the future challenges of the publishing and printing industry.



Prof. Ole Karei

Chairman

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS
OF THE KENYA LITERATURE BUREAU FOR THE YEAR ENDED 30TH JUNE, 1996.

I have examined the accounts of the Kenya Literature Bureau for the year ended 30th June, 1996 in accordance with Section 29 (2) of the Exchequer and Audit Act, (Cap 412). I have obtained all the information and explanations that I required for the purpose of the audit. Proper books of account were kept and the accounts which have been prepared under the historical cost convention are in agreement therewith and comply with the Kenya Literature Bureau Act, (Cap 209).

Subject to the reservations set out herebelow, the accounts when read together with the notes thereon, present a true and fair view of the state of affairs of the Bureau as at 30th June, 1996 and of its profit and cash flow statements for the year then ended.

1. DEBTORS AND PREPAYMENTS

Included in the debtors and prepayments figure of Kshs.67,215,181 shown in the Balance Sheet is an amount of Kshs. 22,812,522 owed by the Project Implementation Unit of the Ministry of Education for more than one year. I am informed that the debt arose as a result of some services by the Bureau to the Project's Donor Funded work for which the Project Management could not get the funds from the donor. I am further informed that Management has now taken up this matter with the Ministry of Education and that the Ministry has since paid Kshs.2,281,258 leaving a balance of Kshs.20,531,264.

2. STAFF PENSION SCHEME

The Bureau for a number of years has been running a Staff Pension Scheme which was being managed by Kenya National Assurance Company now in liquidation. As at 30th June, 1996, the Pension Fund stood at Kshs.26,992,194. On liquidation of Kenya National Assurance Company, the Bureau transferred the Pension Scheme to another Insurance Company.

I have, however, not seen evidence from the Liquidators confirming the pension funds balance of Kshs.26,992,194. I have also not seen correspondence indicating when this balance will either be paid to the Bureau, or transferred to the Insurance Company which is now managing the Bureau's Pension Scheme. I am therefore, not in a position to confirm that the Pensioners Funds are secured.



W. K. KEMEI
AUDITOR-GENERAL (CORPORATIONS)

26th June, 1997.

Profit and Loss Account

For the Year Ended 30th June, 1996

NOTES

		1996	1995
		Kshs	Kshs
Turnover	1 (b)	<u>309,628,652.00</u>	<u>288,384,944.00</u>
Profit for the year	2	77,061,317.00	98,876,944.00
Transfer to Capital Reserves		0.00	(212,257,083.00)
Retained Profit B/F	3	<u>131,603,077.00</u>	<u>245,050,216.00</u>
Retained profit C/F		<u>208,664,394.00</u>	<u>131,670,077.00</u>

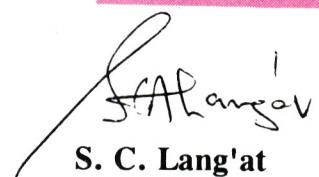
Balance Sheet

As at 30th June, 1996

NOTES

		1995/96	1994/95
		Kshs	Kshs
CAPITAL EMPLOYED			
Capital Reserves		300,000,000.00	300,000,000.00
Retained Earnings		208,664,394.00	131,670,077.00
		<u>508,664,394.00</u>	<u>431,670,077.00</u>
REPRESENTED BY:			
FIXED ASSETS			
	4		
Land and Buildings		75,824,952.00	77,426,536.00
Plant and Equipment		56,593,860.00	31,158,470.00
Motor Vehicles		8,087,166.00	6,045,623.00
Furniture		1,046,784.00	1,191,463.00
		<u>141,552,762.00</u>	<u>115,822,092.00</u>
CURRENT ASSETS			
Stock	5	107,542,692.00	108,343,486.00
Royalty Advance		133,744.00	114,083.00
Debtors and Prepaid Expenses	6	67,343,319.00	47,376,656.00
Fixed Short-Term Deposits		192,048,809.00	151,548,618.00
Bank and Cash Balance		31,780,159.00	42,822,228.00
		<u>398,848,723.00</u>	<u>350,205,071.00</u>
CURRENT LIABILITIES			
Trade Creditors		28,722,270.00	28,034,744.00
Other Creditors		3,014,821.00	6,322,342.00
		<u>31,737,091.00</u>	<u>34,357,086.00</u>
NET CURRENT ASSETS			
		<u>367,111,632.00</u>	<u>315,847,985.00</u>
		<u>508,664,394.00</u>	<u>431,670,077.00</u>


Prof. K. Ole Karei
 Chairman


S. C. Lang'at
 Managing Director

Cash Flow Statement for the Year Ended 30th June, 1996

	1996 Kshs.	1995 Kshs.
Net profit for the year	77,061,317.00	98,876,944.00
<i>Adjustment for:</i>		
Depreciation	7,617,786.00	6,033,436.00
Interest from Deposits	(28,802,463.00)	(22,828,814.00)
Overstatement of previous years profit	67,000.00	(1,131,339.00)
Copyrights written off	0.00	126,360.00
Provision for doubtful debts	813,072.00	0.00
Profit on disposal of assets	(1,373,834.00)	0.00
Profit before working capital changes	55,248,878.00	81,076,587.00
Increase in stocks	800,794.00	(31,667,443.00)
Increase/decrease in debtors & prepayments	(20,779,735.00)	9,978,890.00
Increase/decrease in advance royalties	(19,661.00)	622,753.00
Decrease/increase in trade creditors	(2,619,995.00)	11,436,176.00
Cash generated from operations	32,630,281.00	71,446,963.00
Disposal of motor vehicles	1,392,067.00	0.00
Interest from deposits	32,002,734.00	25,365,348.00
Tax on interest	(3,200,271.00)	(2,536,534.00)
Purchase of fixed assets	(33,366,689.00)	(14,586,132.00)
Net increase in cash & bank balances	29,458,122.00	79,689,645.00
Cash & bank balances at the - beginning of period	194,370,846.00	114,681,201.00
Cash and Bank Balances - at end of period	223,828,968.00	194,370,846.00

Notes to the Accounts

For the Year Ended 30th June, 1996

1. SIGNIFICANT ACCOUNTING POLICIES

(a) *Accounting Convention*

The accounts are prepared under the historical cost accounting convention.

(b) *Turnover*

Turnover comprises the gross amount invoiced for sales of books and printing services.

(c) *Fixed Assets and Depreciation*

Fixed assets are stated at the 1980 professional valuation with subsequent additions at cost, less depreciation, calculated on the straight line basis at an annual rate estimated to write off the assets over their expected useful lives.

The annual rates used are:

- Printing machines - 5% p.a.
- Office furniture, fittings and equipment - 12.5% p.a.
- Motor vehicles - 20% p.a.
- Buildings - 2.5% p.a.

(d) *Stocks*

Stocks including work-in-progress are stated at the lower of cost and net realisable value. Purchased stock is valued at actual cost on the first-in-first-out basis whereas manufactured stock cost represents purchase price plus appropriate manufacturing overheads.

(e) *Retirement Benefits*

The Bureau and its employees contribute to a pension scheme. The Bureau's contributions are charged against profit in the period they fall due.

2. PROFIT FOR THE YEAR

	1996	1995
	Kshs	Kshs
The profit is stated after charging		
Depreciation	7,617,786.00	6,033,436.00
Board expenses	227,189.00	295,786.00
	28,802,463.00	22,828,814.00
And after crediting:		
Interest receivable	28,802,463.00	22,828,814.00

Notes to the Accounts (Continued)

For the Year Ended 30th June, 1996

3. PRIOR YEAR ADJUSTMENTS

	Kshs
Profit as previously stated	131,670,077.00
Less	
Understated expenses	67,000.00
Profit as restated	131,603,077.00

4. FIXED ASSETS

	Buildings	Plant and Equipment	Motor Vehicles	Furniture and Fittings	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
Balance as at 30/06/95	80,079,190.00	47,135,097.00	12,216,010.00	3,060,535.00	142,490,832.00
Additions	0.00	28,724,664.00	4,404,426.00	237,599.00	33,366,689.00
Disposals	0.00	0.00	1,330,388.00	0.00	1,330,388.00
	80,079,190.00	75,859,761.00	15,290,048.00	3,298,134.00	174,527,133.00
Depreciation					
Balance as at 30/06/95	(2,652,654.00)	(15,976,627.00)	(6,170,387.00)	(1,869,071.00)	(26,668,740.00)
Charge for 1995/96	(1,601,584.00)	(3,289,273.00)	(2,344,650.00)	(382,279.00)	(7,617,786.00)
Disposal	0.00	0.00	1,312,155.00	0.00	1,312,155.00
	(4,254,238.00)	(19,265,900.00)	(7,202,882.00)	(2,251,350.00)	(32,974,371.00)
Net Book Value					
as at 30/6/96	<u>75,824,952.00</u>	<u>56,593,861.00</u>	<u>8,087,166.00</u>	<u>1,046,784.00</u>	<u>141,552,762.00</u>
as at 30/6/95	<u>77,426,536.00</u>	<u>31,158,470.00</u>	<u>6,045,623.00</u>	<u>1,191,463.00</u>	<u>115,822,092.00</u>

Notes to the Accounts (Continued)

For the Year Ended 30th June, 1996

5. STOCK

	1996	1995
	Kshs	Kshs
Printed books	85,256,444.00	79,770,063.00
Raw material	5,675,338.00	11,889,688.00
Library books	429,498.00	416,115.00
Work in progress	16,181,412.00	16,267,620.00
	<u>107,542,692.00</u>	<u>108,343,486.00</u>

6. DEBTORS AND PREPAID EXPENSES

	1996	1995
	Kshs	Kshs
Books	46,716,639.00	39,477,857.65
Commercial printing	4,722,393.00	6,534,984.00
Sundry debtors	15,707,252.00	577,381.00
Prepaid expenses	1,010,107.00	783,633.00
	68,156,391.00	47,373,855.65
Less provision for bad debts	813,072.00	0.00
	<u>67,343,319.00</u>	<u>47,373,855.65</u>

7. BAD DEBTS

Bad debts of Kshs. 813,072.00 has been considered doubtful and provided for.

8. CORPORATE STATUS

The Bureau is incorporated in Kenya under an act of Parliament (CAP. 209 No. 4 of 1980).

9. CURRENCY

These accounts are presented in Kshs.

Trading, Profit and Loss Account

For the Year Ended 30th June, 1996

	1996	1995
	Kshs	Kshs
SALES	309,628,652.00	288,384,593.00
COST OF SALES	129,525,077.00	92,208,051.00
GROSS TRADING PROFIT	180,103,575.00	196,176,542.00
ADMINISTRATION AND SELLING EXPENSES		
Salaries	15,168,825.00	12,424,511.00
Gratuity and pension	1,870,376.00	1,821,629.00
House allowance	9,045,781.00	5,322,790.00
Other personal allowances	17,715.00	16,294.00
Passages and leave expenses	209,087.00	184,116.00
Transport operating expenses	4,607,001.00	5,119,171.00
Travelling and accommodation	416,427.00	486,059.00
Postal and telegram expenses	110,717.00	164,345.00
Telephone	1,080,927.00	973,821.00
Electricity and water	548,574.00	691,254.00
Publishing and printing expenses	291,647.00	411,276.00
Purchase of uniform and clothing	153,699.00	19,780.00
Purchase of stationery	1,488,214.00	1,002,729.00
Rents and rates	760.00	760.00
Advertising and publicity	2,354,365.00	1,660,598.00
Computer charges	58,740.00	41,700.00
Hire of casuals	236,100.00	211,544.00
Miscellaneous and other charges	20,632.00	3,653.00
Staff training	305,746.00	434,228.00
Staff welfare	1,065,753.00	628,137.00
Management board expenses	227,189.00	295,786.00
Medical expenses	1,746,669.00	909,823.00
Maintenance of plant and equipment	2,422,108.00	1,327,617.00
Maintenance of building and station	1,680,453.00	1,483,079.00
Readership and writing workshop	582,926.00	352,339.00
Security	1,467,284.00	1,192,521.00
Overtime	152,286.00	123,039.00
Packing, carriage and handling	1,116,805.00	2,003,687.00
Royalty payments	8,645,683.00	4,468,136.00

Trading, Profit and Loss Account (Continued)

For the Year Ended 30th June, 1996

	1996	1995
	Kshs	Kshs
Library books written off	59,137.00	0.00
Donations	87,892.00	85,360.00
Audit fee	60,000.00	60,000
Bank charges	40,433.00	80,124.00
Legal charges	108,847.00	3,860.00
Insurances	1,793,740.00	1,437,592.00
Depreciation for the year	5,080,830.00	3,994,309.00
Discount allowed	68,173,244.00	67,871,520.00
Standards levy	128,265.00	127,913.00
Copyrights written off	0.00	126,360.00
Stocks written off	0.00	1,730,993.00
Bad debts	0.00	886,515.00
Total Admin & Sell. Costs	132,624,877.00	120,178,968.00
Profit from operation	47,478,698.00	75,997,574.00
OTHER INCOME		
Prov. for bad debts	(813,072.00)	0.00
Interest on fixed deposits	28,802,463.00	22,828,814.00
Miscellaneous income	494,140.00	480,735.00
Canteen profit/loss	(274,746.00)	(430,179.00)
Profit on disposal of assets	1,373,834.00	0.00
Total	29,582,619.00	22,879,370.00
NET PROFIT FOR THE YEAR	77,061,317.00	98,876,944.00



The Chairman of the Board of Management, Prof. Ole Karei arrives for the end-of-year luncheon.



On a serious note – The M.D. stresses a point to the Chairman of the Board.



The Chairman of the Board of Management, Prof. Ole Karei addresses members of staff.



Mrs J. N. Kebathi and the Director of Education, Mr Elias Njoka, enjoying some soft drink as the chairman and the M.D. chat on.



Members of staff enjoy a hearty meal during the end-of-year luncheon.



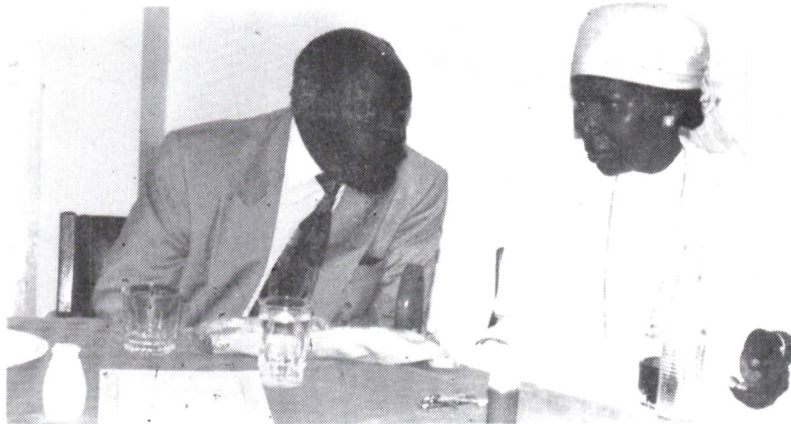
Food and drink – members of staff enjoy their meals as they await the M.D.'s speech.



“Vunjamifupa kamameno ingali ipo” – This seems to be what Mr Okwogo is doing as the luncheon goes on.



Members of the Board of Management serves themselves to an array of dishes.



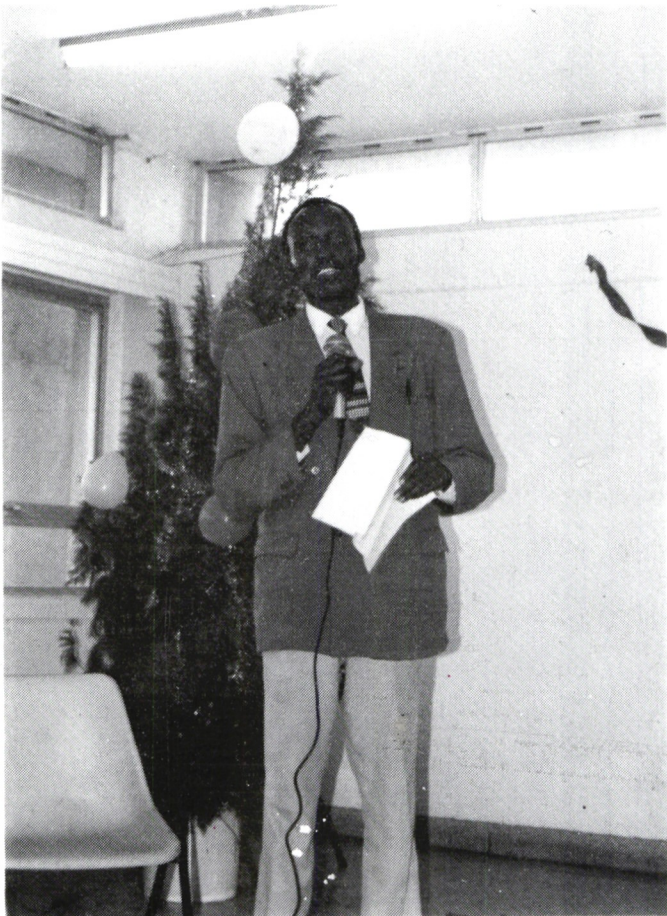
The M.D. listens keenly to Mrs Grace Ogot during the luncheon.



Enjoying their meals – The Marketing Manager (right) and some members of the Board of Management.



The M. D., Mr S. C. Lang'at, addresses members of staff during the luncheon.



The Master of Ceremony, Mr Isaac Korir, ensuring a smooth running of events.



The Chief Editor, Mrs Khasiani, giving a vote of thanks at the end of the ceremony.

Bureau Kenya Literature Bureau Kenya Literature Bureau Kenya Literature Bureau Kenya Literature Bureau



**KENYA LITERATURE BUREAU
PUBLISHERS AND PRINTERS,
P.O. Box 30022, Nairobi
Tel: 506142/3/56/58**

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