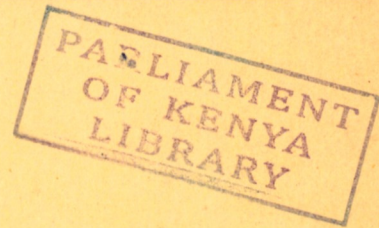


THE KENYA NATIONAL EXAMINATIONS COUNCIL

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AUDITED ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE, 1995

The Kenya National Examinations Council
P.O. Box 73598 Nairobi, Kenya

THE KENYA NATIONAL EXAMINATIONS COUNCIL

**AUDITED ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE, 1995**

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REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS
OF THE KENYA NATIONAL EXAMINATION COUNCIL FOR THE YEAR
ENDED 30 JUNE 1995

I have examined the accounts of the Kenya National Examinations Council for the year ended 30 June 1995 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 have been kept by the Council and the accounts which have been prepared under historical cost convention are in agreement therewith and comply with the provisions of the Kenya National Examinations Council Act, (Cap 255A).

Subject to the observation set out below, 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 1995 and of its deficit for the year ended on that date.

WORK IN PROGRESS

As mentioned in my reports for 1992/93 and 1993/94 the Balance Sheet figure of Buildings (Work in Progress) of Kshs.61,979,845.00 has remained the same since 30 June 1991. The amount relates to Mitihari House Project which stalled in December 1989 when the Ministry of Education and the Treasury stopped disbursement for the project.

Although the information available indicate that the Council is keen to have the project re-activated the question of funding does not appear to have been resolved. It is however clear that whatever decision is taken on the matter the overall project cost will be much higher than originally planned, as a result of escalation of costs due to delayed completion.



W.K. KEMEI
AUDITOR-GENERAL (CORPORATIONS)

27th May 1996

THE KENYA NATIONAL EXAMINATIONS COUNCIL

BALANCE SHEET AS AT 30TH JUNE 1995

ASSETS EMPLOYED	NOTES	1994 Kshs.	1995 Kshs.
Fixed Assets	2	42,592,292	52,334,963
Investments	3	64,300,000	64,300,000
Buildings (Work in Progress)		61,979,845	61,979,845
Loan to SEPU		300,000	-
		169,172,137	178,614,808
<u>CURRENT ASSETS</u>			
Stock		6,612,995	8,618,893
Sundry Debtors		19,236,697	29,132,560
Treasury Bills	4	127,939,600	-
Cash in Bank		14,503,317	115,730,754
Cash in Hand		39,293	-
		168,331,902	153,482,207
<u>CURRENT LIABILITIES</u>			
Provision for Doubtful Debts	5	2,627,705	2,072,705
Sundry Creditors	6	55,489,191	60,795,817
		58,116,896	62,868,522
		110,215,006	90,613,685
<u>TOTAL ASSETS</u>		279,387,143	269,228,493
<u>FINANCED BY:</u>			
Capital Reserve		77,256,696	87,192,911
Excess of Income over Expenditure	7	202,130,447	182,035,582
		279,387,143	269,228,493

E. S. Edrington

CHAIRMAN

SECRETARY

DATE: 20/2/96

DATE: 5/2/96

THE KENYA NATIONAL EXAMINATIONS COUNCIL

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30TH JUNE 1995

<u>INCOME</u>	<u>NOTES</u>	1994 Kshs.	1995 Kshs.
Examination Fees	8	504,288,106	514,970,315
Other Income	9	10,426,232	11,645,811
Grants		189,838,809	144,537,057
		-----	-----
		704,553,147	671,153,183
		=====	=====
LESS EXPENDITURE			
Personnel Expenses	10	43,334,596	61,808,692
Office Administration Expenses	11	29,679,684	41,187,784
Examination Expenses	12	527,593,337	574,478,294
Housing of Staff & Office Accommodation	13	19,697,987	15,010,311
Depreciation		5,053,757	7,381,860
		-----	-----
		625,359,361	699,866,941
		(6,612,995)	(8,618,893)
		-----	-----
Less Closing Stock		(618,746,366)	691,248,048
		-----	-----
Excess of Income over Expenditure c/f		85,806,781	(20,094,865)
		=====	=====

THE KENYA NATIONAL EXAMINATIONS COUNCIL

TRIAL BALANCE AS AT 30TH JUNE 1995

	1995 Kshs.	1995 Kshs.	1994 Kshs.	1994 Kshs.
Provision for Doubtful Debts		2,072,705		2,627,705
Building (Work in Progress)	61,979,845		61,979,845	
Leasehold Buildings	31,677,301		28,557,575	
Motor Vehicles	13,833,933		8,228,750	
Office Equipment	25,786,562		17,770,020	
Office Furniture	4,232,512		3,878,431	
House Furniture	54,150		54,150	
Fittings, Partitions	169,556		140,556	
Accumulated Depreciation		16,037,191		10,983,433
Capital Reserve		87,192,911		77,256,696
Income and Expenditure		202,130,447		116,323,666
Grants from Ministry of Education		144,537,057		189,838,809
Examination Fees		514,970,315		504,288,106
Other Income		11,645,811		10,426,232
Investments	64,300,000		64,300,000	
Debtors and Creditors	29,132,560	60,795,817	19,236,697	55,489,191
Loan to SEPU	-		300,000	
Examination Expenses	574,478,294		527,593,337	
Housing of Staff & Office Accommodation	15,010,311		19,697,987	
Personnel Expenses	61,808,697		43,334,596	
Administration and Office Expenses	41,187,779		29,679,684	
Bank	115,730,754		14,503,317	
Investments (Treasury Bills)			127,939,600	
	1,039,382,254	1,039,382,254	967,233,838	967,233,838

THE KENYA NATIONAL EXAMINATIONS COUNCIL

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 1995NOTE 1ACCOUNTING POLICIES,(a) Basis of Accounting

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

(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.

(g) Grants

Grants are recognised in the year they are received from the Ministry of Education.

NOTE 2
THE KENYA NATIONAL EXAMINATIONS COUNCIL
FIXED ASSETS SCHEDULE AS AT 30TH JUNE 1995

	LEASEHOLD BUILDING	MOTOR VEHICLES	OFFICE EQUIPMENT	OFFICE FURNITURE	HOUSE FURNITURE	PARTITIONS & FITTINGS	TOTAL
Balance b/f 1-7-94	28,557,575	8,228,750	17,770,020	3,878,431	54,150	140,556	58,629,482
Additions for the year 1994/95	3,119,726	5,605,183	8,016,542	354,081	-	29,000	17,124,532
TOTAL	31,677,301	13,833,933	25,786,562	4,232,512	54,150	169,556	75,754,014
Accumulated Depreciation as at 1-7-94	1,471,829	3,321,187	8,655,411	2,567,939	6,769	14,056	16,037,191
Charge for the 1994/95	791,932	3,458,483	2,578,656	529,064	6,769	16,956	7,381,860
Accumulated Dep. as at 30/6/95	2,263,761	6,779,670	11,234,067	3,097,003	13,538	31,012	23,419,051
Book Value as at 1-7-94	27,085,746	4,907,563	9,114,609	1,310,492	47,381	126,500	42,592,292
Book Value as at 30-6-95	29,413,540	7,054,263	14,552,495	1,135,509	40,612	138,544	52,334,963
Rate of Depreciation	2.5%	25%	10%	12.5%	12.5%	10%	

NOTE 3INVESTMENTS

These are investments held in Consolidated Bank of Kenya Ltd comprised of:

2,520,000 4% non Cumulative Preference Shares of Shs.20 .00	50,400,000
695,000 ordinary shares of Shs. 20 each	13,900,000
	<u>64,300,000</u>

NOTE 4DEBTORS

	1994 Kshs.	1995 Kshs.
HFCK	5,643,696	12,868,703
Deposits to HFCK	-	2,637,600
Exams Co-operative	902	29,764
Recovery on behalf of other institutions	4,660	4,660
Ministry of Education	1,467,292	1,467,292
Temporary Imprest	4,762,438	4,645,782
Interest receivable	4,165,089	59,798
Returned Cheques R.D	1,285,207	1,263,192
Interest on SEPU Loan accrued from 1.1.81 - 30.6.90	255,000	-
Staff Motor Loan	39,322	39,322
Kenya Polytechnic	153,460	153,460
Returned Salary	84,265	56,847
Salary Advance	72,739	155,214
Pre-payments	1,188,428	5,621,729
Deposits to Hospitals	91,000	122,000
Mwalimu Coop.	21,785	16,887
Local Services	570	(9,690)
Insurance	843	-
	<u>19,236,696</u>	<u>29,132,560</u>

NOTE 5PROVISION FOR DOUBTFUL DEBTS

	1994 Kshs.	1995 Kshs.
Imprest	412,632	412,632
Ministry of Education	1,467,291	1,467,291
Interest on SEPU Loan	255,000	-
Kenya Polytechnic	153,460	153,460
Staff Motor Loan	39,322	39,322
SEPU Loan	300,000	-
	-----	-----
	2,627,705	2,072,705
	=====	=====

NOTE 6CREDITORS

Refunds		95,967
HFCK Mortgage	14,064,054	16,831,479
Other Cooperatives	18,126	28,917
Sundry	4,998,536	7,919,247
Examination Expenses	24,270,237	19,891,048
Staff Contribution to WCPS	100,043	128,999
Audit Fees	160,000	160,000
Income Tax attachment	1,580	1,580
E.A.E.C.	4,000,000	4,000,000
Stale Cheques	7,809,689	12,136,233
Rent Deductions	34,850	29,550
Retirement Benefits	(58,314)	(533,314)
PAYE	26,171	15,181
Insurance	-	2,100
Mortgages	(15,081)	(15,081)
Miscellaneous deductions	72,644	90,322
N.H.I.F.	(4,825)	(4,825)
T.S.C.	11,481	18,414
	-----	-----
	55,489,191	60,795,817
	=====	=====

NOTE 7INCOME AND EXPENDITURE ACCOUNT

	1994 Kshs.	1995 Kshs.
Balance b/d 1st July 1994	116,323,666	202,130,447
Deficit 1994/95	85,806,781	(20,094,865)

Balance carried forward	202,130,447	182,035,582
	=====	

NOTE 8EXAMINATION FEES

KCPE	78,678,313	89,417,845
KCSE	341,458,317	337,346,918
ADULT	-	704,342
PTE	35,987,414	24,027,200
Technical	26,252,720	27,326,825
Business	22,306,879	36,829,817
Less refunds	(395,537)	(682,632)

	504,288,106	514,970,315
	=====	

NOTE 9OTHER INCOME

Search fees	-	207,660
Consultancy	13,649	13,335
Tenders and Waste Papers	90,300	1,179,425
Miscellaneous Exams	525,965	-
Rent Deductions	184,014	214,962
Interest on Fixed Deposits	4,105,291	5,251,715
Sale of Publications	1,344,495	1,238,670
Miscellaneous Income	4,162,518	3,540,044

	10,426,232	11,645,811
	=====	

NOTE 10PERSONNEL EXPENSES

	1994 Kshs.	1995 Kshs.
Personal Emoluments	25,307,062	38,539,363
Extra-clerical Assistance	8,740,578	12,826,968
Medical Expenses	3,641,336	4,949,914
Contributions to F.S.S.U./W.C.P.S	5,645,620	5,492,447
	-----	-----
	43,334,596	61,808,692
	=====	=====

NOTE 11OFFICE ADMINISTRATION EXPENSES

Passages & Leave Expenses	259,261	262,234
Transport Operation Expenses	4,413,873	5,199,605
Travelling and Accommodation	1,355,062	3,154,537
Posts & Telegrams	670,622	1,804,458
Telephone Expenses	3,455,008	3,673,579
Official Entertainment	304,558	315,609
Electricity and Water	505,442	821,648
Purchase of Uniforms & Clothings	493,510	59,450
Purchase of Stationery	7,845,349	7,387,915
Printing of Accountable Documents	544,594	2,207,132
Bank Charges and Ledger Fees	1,428,805	5,101,739
Audit Fees	150,000	150,000
Maintenance of Plant and Equipment	1,656,983	2,455,382
Miscellaneous charges & Sundry Expenses	4,410,319	6,398,885
Staff Training	2,127,896	2,054,959
Advertising & Publicity	48,876	133,062
Library Expenses	9,526	7,590
	-----	-----
	29,679,684	41,187,779
	=====	=====

NOTE 12EXAMINATION EXPENSES

	1994 Kshs.	1995 Kshs.
KCPE	186,204,099	236,614,291
KCSE	238,777,897	228,731,055
Printing Unit	25,837,014	23,806,949
PTE	20,249,439	18,057,361
Technical	29,075,600	32,087,915
Business.	19,099,135	24,276,918
Miscellaneous Exams	(620,674)	(1,279,807)
Computer Charges	8,557,356	11,654,363
Adult Education	385,364	529,249
I.A.E.A. Conference	28,107	-
Others	-	-
	-----	-----
	527,593,337	574,478,294
	=====	=====

NOTE 13STAFF HOUSING AND OFFICE
ACCOMMODATION

Rents & Rates Senior Staff Housing	3,558,273	3,046,610
Repair to Council Houses	662,932	449,106
Rents & Rates to Office Accommodation	15,476,182	11,514,595
	-----	-----
	19,697,987	15,010,311
	=====	=====

STATEMENT OF SOURCES AND APPLICATION OF FUNDS FOR THE YEAR
ENDED JUNE, 1995.

SOURCES OF FUNDS

Deficit for the year 1994/95 (20,094,865)

Adjustment for items not involving
the movement of funds.

Depreciation 7,381,860

SEPU LOAN WRITTEN OFF 300,000

Other Sources.

Increase in Capital Reserve. 9,936,215

Application

Purchase of Fixed Assets (17,124,531)

(19,601,321)

Movement in Working Capital

Increase in stock 2,005,898

Increase in debtors 9,895,863

Decrease in T.Bills (127,939,600)

Decrease in provision for D.debts 555,000

Increase in creditors (5,306,626)

(120,789,465)

Movement in net Liquid Funds

Increase in cash at bank 101,227,437

Increase in cash in hand (39,293)

101,188,144

(19,601,321)

COMMENTS ON THE QUALIFICATION BY THE AUDITOR-GENERAL (CORPORATIONS)
FOR THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1995

WORK IN PROGRESS

NEW MITIHANI HOUSE: The project has received the continued attention of the Ministry of Public Works and Housing, the Ministry of Education and the Council and it has been rationalised as a priority project. All these parties agreed that there is need to continue with the project but at a reduced scale. The parties agreed that the remaining work be carried in at least two phases. The first will involve the completion of the printing factory and offices upto 1st floor. This phase would cost an estimated Kshs. 524,445,960/- and would go to completion in December, 1999.

The Ministry of Education and the Council are currently pursuing bilateral borrowing arrangements with the NSSF or other Government institutions. If such an agreement is reached, and at the current interest rate of about 20% p.a. the Council will be able to pay the principle and interest in 15 years at a premium of Kshs. 90,903,966/- p.a.

In respect to the above we enclose herewith various correspondences relating to the project as evidence of our continued efforts to have the project completed.

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