

KENYA NATIONAL EXAMINATIONS COUNCIL

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AUDITED ACCOUNTS FOR THE YEAR ENDED 30TH. JUNE, 1998

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

KENYA NATIONAL EXAMINATIONS COUNCIL

AUDITED ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1998

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REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE
ACCOUNTS OF THE KENYA NATIONAL EXAMINATIONS COUNCIL FOR
THE YEAR ENDED 30 JUNE 1998

I have examined the accounts of the Kenya National Examinations Council for the year ended 30 June 1998 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 the historical cost convention are in agreement therewith and comply with the provisions of the Kenya National Examinations Council Act (Cap 255A).

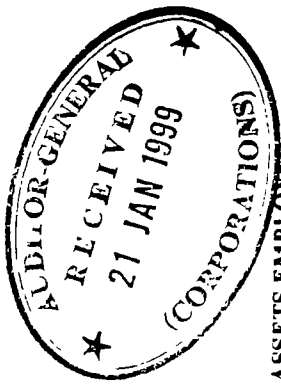
1. WORK IN PROGRESS

As mentioned in my previous years' reports the Balance Sheet figure of buildings (Work-In-Progress) of Kshs.61,979,845 has remained the same since 30 June 1991. The amount relates to Mitihani House Project which stalled in December 1989 when the Ministry of Education and the Treasury stopped disbursement of funds for the project. Although available information indicates that the Council is working towards the project reactivated, the question of funding has not so far been resolved. It is, however, clear that whatever decision is taken on the matter, the overall cost of the project will be much higher than originally planned as a result of escalation of costs due to delayed completion.



W.K. KEMEI
AUDITOR-GENERAL (CORPORATIONS)

24 June 1999.



THE KENYA NATIONAL EXAMINATIONS COUNCIL

BALANCE SHEET AS AT 30TH JUNE, 1998

	NOTES	1998 Kshs.	1997 Kshs.
ASSETS EMPLOYED			
Fixed Assets			
Investments	2	102,026,937	85,913,238
Building (Work in Progress)	3	64,300,000	61,300,000
		61,979,845	61,979,845
		<u>238,306,772</u>	<u>212,193,083</u>
CURRENT ASSETS			
Stock		13,218,739	23,249,510
Sundry Debtors	4	13,366,687	11,163,953
Cash in Bank		48,108,741	38,795,107
		<u>74,694,152</u>	<u>73,208,570</u>
CURRENT LIABILITIES			
Provision for Doubtful Debts		2,130,576	2,072,705
Sundry Creditors	6	22,581,938	30,861,756
		<u>24,712,514</u>	<u>32,934,461</u>
		49,981,638	40,274,100
NET CURRENT ASSETS			
		<u>278,288,410</u>	<u>252,467,192</u>
TOTAL ASSETS FINANCED BY:			
Capital Reserve		93,044,159	88,206,065
Excess of Income over Expenditure	7	185,244,251	164,261,127
		<u>278,288,410</u>	<u>252,467,192</u>

CHAIRMAN
DATE: 18/01/1999

SECRETARY
DATE: 21/1/98

THE KENYA NATIONAL EXAMINATIONS COUNCIL

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 1998

<u>INCOME</u>	<u>NOTES</u>	1998 Kshs.	1997 Kshs.
Examination Fees	8	673,285,975	568,180,424
Other Income	9	18,280,991	7,437,784
Grants		278,754,105	224,072,040
		<u>970,321,071</u>	<u>799,690,248</u>
LESS EXPENDITURE			
Provision of Doubtful Debt		57,871	80,351,248
Personnel Expenses	10	89,509,147	57,330,661
Office Administration Expenses	11	68,020,580	643,978,549
Examination Expenses	12	768,879,678	22,375,112
Housing of Staff & Office Accommodation	13	28,870,819	11,370,425
Depreciation		11,334,610	815,405,995
		<u>966,672,705</u>	<u>(23,249,510)</u>
Less Closing Stock		(13,218,729)	792,156,485
		<u>953,453,976</u>	<u>792,156,485</u>
		<u>16,867,095</u>	<u>7,533,763</u>
Excess of Income over expenditure o/f			

THE KENYA NATIONAL EXAMINATIONS COUNCIL

TRIAL BALANCE AS AT 30TH JUNE, 1998

	1998 Kshs.	1997 Kshs	1997 Kshs
Provision for Doubtful Debts	61,979,845	61,979,845	2,072,705
Building (Work in Progress)	65,778,254	49,892,442	
Leasehold Buildings	19,537,055	18,233,330	
Motor Vehicles	64,102,704	54,409,187	
Office Equipment	5,163,205	5,007,248	
Office Furniture	54,150	54,150	
House Furniture	1,777,160	1,777,160	
Fittings, Partitions			
Accumulated Depreciation	43,050,991		32,089,854
Capital Reserve	93,044,159		88,206,065
Income and Expenditure	168,377,156		156,727,364
Grants from Ministry of Education	278,754,105		224,072,040
Examination Fees	673,285,975		568,180,424
Other Income	18,280,991		7,137,784
Investment	64,300,000	64,300,000	
Debtors and Creditors	13,366,682	11,163,953	30,861,750
Examination Expenses	768,879,678	643,978,549	
Housing of Staff & Office Accommodation	28,870,819	22,375,112	
Personnel Expenses	89,509,147	80,351,248	
Office Administration Expenses	68,020,580	57,330,661	
Bank	48,108,741	38,795,107	
	1,299,448,020	1,109,647,992	1,109,647,992

NOTE.....

THE KENYA NATIONAL EXAMINATIONS COUNCIL

Fixed Assets Schedule as at 30th June, 1998

COST OR VALUATION:	LEASEHOLD BUILDING	MOTOR VEHICLE	OFFICE EQUIPMENT	OFFICE FURNITURE	HOUSE FURNITURE	PARTITIONS & FITTINGS	TOTAL
	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.
Balance as at 1.7.97	49,892,442	18,233,330	54,409,187	5,007,248	54,150	1,777,160	129,373,517
Additions for the year	14,859,900	1,303,725	9,693,517	155,957	-	-	26,013,099
Revaluation	1,025,912						1,025,912
Balance as at 30.6.98	65,778,254	19,537,055	64,102,704	5,163,205	54,150	1,777,160	156,412,528
ACCUMULATED DEPRECIATION							
Balance as at 1.7.97	5,455,911	12,963,779	21,466,933	3,024,556	27,076	522,024	43,460,279
Written back on Revaluation	(409,288)						(409,288)
Depreciation charge for the Year	1,644,456	2,894,576	6,176,013	435,080	6,769	177,716	11,334,610
Balance as at 30.6.98	6,691,079	15,858,355	27,642,946	3,459,636	33,845	699,740	54,385,601
NET BOOK VALUE:							
As at 30.6.98	59,087,175	3,678,700	36,459,758	1,703,569	20,305	1,077,420	102,026,927
As at 1.7.97	44,435,531	5,269,551	32,942,254	1,982,692	27,074	1,255,136	85,913,238
Rate of Depreciation	2.5%	25%	10%	12.5%	12.5%	10%	

**STATEMENT OF SOURCES AND
APPLICATION OF FUNDS FOR YEAR ENDING 30TH JUNE, 1998.**

	1998 Kshs.	1997 Kshs.
Sources of funds		
Surplus for the year	16,867,095	7,533,763
Adjustment for items not involving movement of funds:		
Depreciation	11,334,610	11,370,425
Prior Year Adjustment	4,116,029	25,000
Provision of Doubt Debt	57,871	-
Revaluation	(1,435,700)	-
Others Sources		
Increase in Capital Reserve	4,838,094	-
Applications		
Purchase of Fixed Assets	(26,013,099)	(12,025,144)
	<u>9,765,400</u>	<u>6,904,044</u>
Movement in Working Capital		
Increase/Decrease in Stock	(10,030,781)	11,581,204
Increase/Decrease in debtors	2,202,729	(2,144,462)
Decrease in Creditors	<u>8,279,818</u>	<u>30,977,500</u>
	451,766	40,414,242
Movement in Net Liquid Funds		
Increase/Decrease in Cash in Bank	<u>9,313,634</u>	<u>(33,510,198)</u>
	9,765,400	6,904,044

THE KENYA NATIONAL EXAMINATIONS COUNCIL**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED**
30TH JUNE, 1998**NOTE 1****ACCOUNTING 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 Building, 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.

(h) New Mitihani House

Buildings (Work in Progress)

This represents construction work being undertaken at the New Mitihani House L.R. No. 188/4/451/11/79 next to the Kenya Bureau of Standards Headquarters, off Mombasa Road.

NOTE 3
INVESTMENTS

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

	Kshs.
2,520,000 4% Non accumulative Preference Shares of Kshs. 20.00	50,400,000
695,000 ordinary shares of Kshs. 20.00 each	13,900,000

	<u>64,300,000</u>

NOTE 4

DEBTORS

	1998 Kshs.	1997 Kshs.
NHIF	-	5,605
Retirement Benefits	(409,475)	533,314
Deposit to Savings & Loans	1,476,200	-
Exams Co-operative	2,100	28,635
Recovery on behalf of other Institutions	33,914	(1,641)
Ministry of Education	1,467,292	1,467,292
Temporary Imprest	6,145,668	5,218,073
Mortgage - Staff	-	15,081
Returned Cheques R.D.	1,354,772	1,278,912
Staff Motor Loan	126,377	210,322
Kenya Polytechnic	153,460	153,460
Returned Salary	47,646	36,158
Salary Advance	127,480	132,742
Pre-payment	2,235,248	1,896,762
Deposits to Hospitals & Institutions	606,000	157,000
Mwalimu Co-operative	-	32,238
	-----	-----
	<u>13,366,682</u>	<u>11,163,953</u>

NOTE 5**PROVISION FOR DOUBTFUL DEBTS**

	1998 Kshs.	1997 Kshs.
Salary Advance	57,871	-
Imprest	412,632	412,632
Ministry of Education	1,467,291	1,467,291
Kenya Polytechnic	153,460	153,460
Staff Motor Loan	39,322	39,322
	<hr/>	<hr/>
	2,130, 576	2,072,705
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NOTE 6**CREDITORS**

	1998 Kshs.	1997 Kshs.
Local Services	-	9,690
Refunds	2,891	3,391
Other Cooperatives	-	27,480
Sundry Creditors	3,971,239	9,816,315
Examination Expenses	1,210,908	2,375,100
Staff Contribution to WCPS	-	128,810
Audit Fees	160,000	160,000
Income Tax attachment	-	1,580
E.A.E.C.	-	4,000,000
Stale Cheques	17,199,693	14,053,889
Rent Deductions	-	231,514
PAYE	20,459	26,776
Insurance	-	6,063
Miscellaneous	16,748	(1,200)
T.S.C.	-	22,347
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	22,581,938	30,861,756
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NOTE 7INCOME AND EXPENDITUREACCOUNT

	1998 Kshs.	1997 Kshs.
Balance b/d 1st July 1997	164,261,127	156,702,364
Prior Year Adjustment	4,116,029	25,000
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	168,377,156	156,727,364
Surplus/Deficit for the Year	16,867,095	7,533,763
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Balance carried forward	185,244,251	164,261,127
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NOTE 8EXAMINATION FEES

	1998 Kshs.	1997 Kshs.
KCPE	135,026,597	97,750,732
KCSE	409,041,753	358,725,479
Adult	173,708	222,168
PTE	26,730,093	22,357,890
Technical	46,405,074	36,650,921
Business	50,623,011	53,036,556
Misc. Exams.	5,462,199	-
Less refunds	(176,460)	(563,322)
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	673,285,975	568,180,424
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NOTE 9

<u>OTHER INCOME</u>	1998 Kshs.	1997 Kshs.
Search fees	78,583	146,901
Tenders and Waste Papers	2,087,546	112,330
Rent	600,000	551,850
Interest on Fixed Deposits	4,909,022	3,594,696
Sale of Publications	6,156,466	2,429,981
Miscellaneous Income	4,449,374	602,026
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	18,280,991	7,437,784
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NOTE 10PERSONNEL EXPENSES

	1998 Kshs.	1997 Kshs.
Personal Emoluments	52,372,661	46,987,486
Extra Clerical Assistance	16,942,126	14,241,524
Medical Expenses	10,353,230	9,956,983
Contributions to W.C.P.S.	9,841,130	9,165,255
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	89,509,147	80,351,248
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NOTE 11

<u>OFFICE ADMINISTRATION</u> <u>EXPENSES</u>	1998 Kshs.	1997 Kshs.
Passages & Leave Expenses	251,317	340,258
Transport Operation Expenses	7,161,660	5,730,095
Travelling and Accommodation	5,448,983	4,456,454
Posts and Telegrams	1,523,928	983,335
Telephone Expenses	3,287,085	3,701,548
Official Entertainment	114,143	557,022
Electricity and Water	913,938	590,066
Purchase of Uniforms & Clothing	81,350	153,310
Purchase of Stationery	19,426,844	18,929,581
Printing of Accountable Documents	1,324,574	1,575,500
Bank Charges and Ledger Fees	8,936,127	6,417,491
Audit Fees	180,000	150,000
Maintenance of Plant & Equipment	1,171,751	1,233,810
Miscellaneous charges and Sundry Expenses	13,963,234	8,641,258
Staff Training	4,029,059	3,360,322
Advertising & Publicity	123,088	486,516
Library Expenses	83,499	24,095
	-----	-----
	<u>68,020,580</u>	<u>57,330,661</u>

NOTE 12**EXAMINATION EXPENSES**

	1998 Kshs.	1997 Kshs.
KCPE	274,845,218	235,857,650
KCSE	304,985,686	247,655,477
Printing Unit	65,547,380	60,469,386
PTE	19,745,953	17,608,845
Technical	54,416,894	43,772,931
Business	35,096,452	30,370,689
Miscellaneous Exams	1,929,905	(3,018,708)
Computer Charges	12,023,869	9,878,862
Adult Education	288,321	1,383,417
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	768,879,678	643,978,549
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NOTE 13**STAFF HOUSING AND OFFICE
ACCOMMODATION**

	1998 Kshs.	1997 Kshs.
Rents & Rates		
Senior Staff Housing	6,637,240	5,728,689
Repair to Council Houses	461,528	164,797
Rents & Rates to Office Accommodation	21,772,051	16,481,626
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	28,870,819	22,375,112
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