

Annual Report and Financial Accounts | 2008

Library 138



FINANCING HIGHER EDUCATION

HIGHER EDUCATION LOANS BOARD

### *Our Mandate*

*Disburse loans, bursaries and scholarships to students pursuing higher education in recognized institution.*

### *Our Vision*

*To be the preferred financier of Kenyans pursuing higher education.*

### *Our Mission*

*To provide affordable loans, bursaries and scholarships to Kenyans pursuing higher education.*

### *Our Core Values*

- *Transparency*
- *Fairness*
- *Courtesy*
- *Competence*

### *Our Motto*

*Working with you to finance higher education now and in the future*



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## CORPORATE INFORMATION

### HIGHER EDUCATION LOANS BOARD

Anniversary Towers

University Way

P. O. Box 69489

00400 Nairobi – Kenya

Tel: +254 - 020 - 2251877 / +254 -020 - 2246590

Fax: +254 - 020 - 2252330

Email: [helb@helb.co.ke](mailto:helb@helb.co.ke)

Website: [www.helb.co.ke](http://www.helb.co.ke)

### AUDITORS

Controller and Auditor General

Kencom House

Nairobi.

### BANKERS

#### **Kenya Commercial Bank Limited**

University Way Branch

Nairobi.

#### **Citibank Limited**

Upper Hill Road

Nairobi.

#### **Co-operative Bank of Kenya**

University Way Branch

Nairobi.

#### **Barclays Bank**

Business Centre

Barclays Plaza

Nairobi.



## Our Strategic Objectives

1. 100% approval of all qualifying loan applications.
2. Maintain an annual growth of 15% on loan recovery and attain 70% loan performance ratio by the 2013-2014 financial year.
3. Improve capital base by mobilizing funding from external stakeholders to bridge the financing deficit between the loan demand and available resources.
4. Improve productivity of the human capital by anchoring functional work-plans on an effective Performance Management System.



*Strategic Plan validation workshop at the Great Rift Valley Lodge and Golf Resort on 24th April, 2009.*

## Functions

Section three (3) of the Higher Education Loans Board Act details the functions that the Board is legally bound to carry out. The Board has grouped these functions to facilitate effective administrative implementation as follows:

### Disbursement and Recovery

- To enter into contract with financial institutions for the purpose of loans disbursement and recovery,
- To receive and consider all loan applications from eligible persons or students wishing to be considered for the award of higher education loans and to approve, withhold or reject such request in accordance with the provision of the Act,
- Establish and award bursaries and scholarships which it may consider necessary.

### Establishment of a Revolving Fund

- Solicit funds and other assistance to promote the functions of the Board,
- To set criteria and conditions governing the granting of loans including the rate of interest and recovery of loans,
- To receive any gifts, donations, grants or endowment made to the Board and to make legitimate disbursements there from,
- To borrow such monies from such sources and in such amounts as may be approved by the Minister with the concurrence of the Treasury and to secure such loans in such manner as they deem fit,
- To formulate sound policies for regulating the management of the fund,
- To establish and maintain links with other persons, bodies or organizations within or outside Kenya as the Board may consider appropriate for the furtherance of the purposes for which the Board is established,
- Invest any surplus funds not currently required for the purpose of the Board in any Investment Authority by law for the investment of trust funds with power from time to time to vary or realize those investment.



*Repaying your loan gives another Kenyan a chance to pursue higher education.*

## HELB Service Charter

**H**ELB has developed a Service Charter that outlines our range of services and our commitment to world class service delivery. The HELB Service Charter is our commitment of high quality service offered to our customers and stakeholders. We have set benchmarks with regard to our services and have trained our staff to always exceed the minimum standards for better customer service.

### Our Clients/Customers

- Government of Kenya
- Universities
- Secondary Schools
- Financial Institutions
- Employers
- Public sector institutions
- Private sector organizations
- Students of institutions of higher learning
- Development partners
- Philanthropic organizations
- Mass media
- General Public

### Range of Services

- **Loans, Bursaries and Scholarship Processing:** From the set deadline of submission of loan applications indicated on the application forms, HELB will process all loan applications within sixty (60) days every year.
- **Disbursement:** Loans will be disbursed into students' accounts fourteen days before the beginning of a new semester as advised by each university.
- **Tuition:** Tuition for both private chartered and public

universities will be paid within twenty one (21) days after the beginning of the semester.

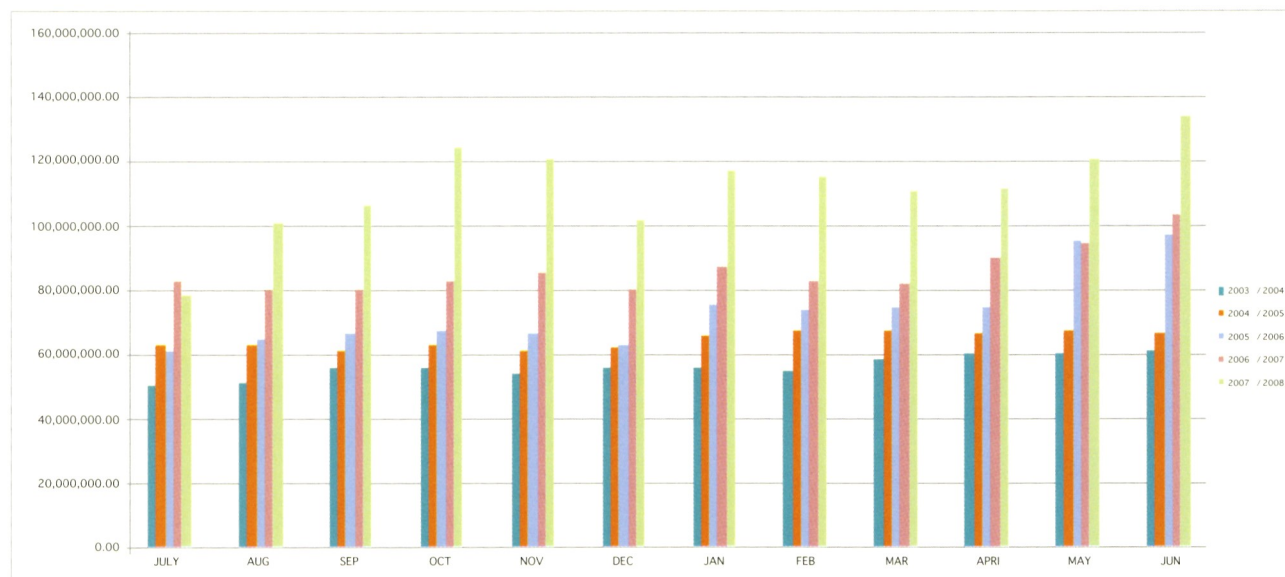
- **Reviews:** Unsuccessful applicants or students awarded inadequate loans may seek a review by downloading the loan review form from our website [www.helb.co.ke](http://www.helb.co.ke) filling and submitting it to HELB for consideration. Reviews will be processed within thirty (30) days from the day the form is received.
- **Loan status:** A loanee will receive a statement of his/her loan status once annually or within seven (7) days upon request.
- **Clearance Certificates:** A certificate will be issued to a loanee who has completed loan repayment.
- **Payments:** All payments shall be processed expeditiously.
- **Recruitment:** The process of recruitment shall be completed within three (3) months from advertisement to issuance of letter of appointment.
- **Annual Report:** We shall publish and issue an Annual Report in November of each year.



*Mr. Cheboi, HELB CEO (R), plants a tree during an Education Day in Koibatek District.*

## Five Year Performance Analysis

### Recovery of Loans for the Year 2008/2009

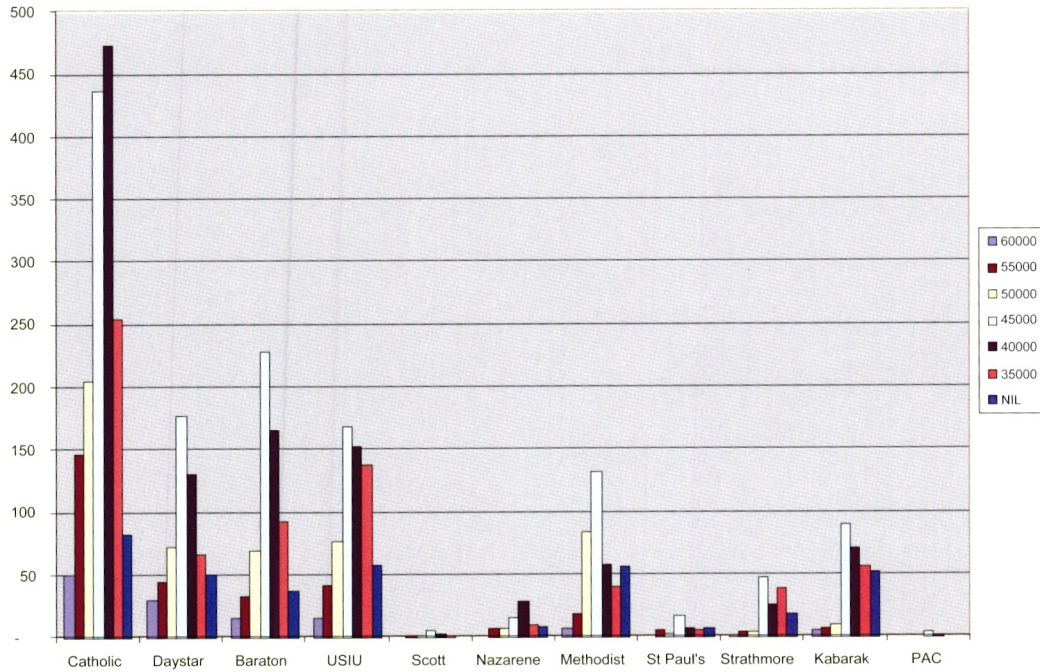


### LOAN RECOVERY COMPARISON FOR THE 2003-2008 FINANCIAL YEARS

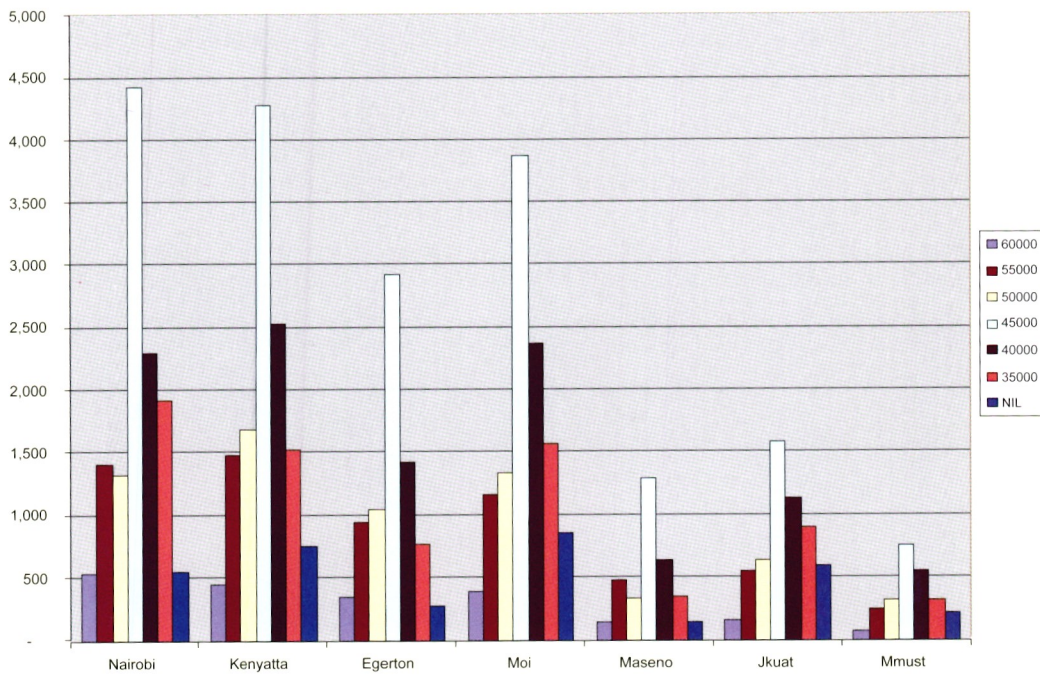
MONTH	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008
JULY	50,891,712.85	63,366,116.88	61,006,612.32	83,116,717.84	78,414,684.79
AUGUST	51,030,881.82	63,130,641.94	64,913,542.50	79,857,609.49	100,233,309.25
SEPTEMBER	55,404,958.86	61,461,858.08	67,014,169.95	80,230,035.97	105,939,862.93
OCTOBER	56,178,808.41	63,278,554.11	67,110,911.79	82,250,970.92	124,072,628.07
NOVEMBER	54,316,876.06	61,152,021.33	66,925,285.19	85,681,529.15	120,083,445.83
DECEMBER	55,681,317.56	61,667,969.82	62,943,017.52	80,288,682.41	105,148,615.70
JANUARY	55,720,305.25	66,005,085.43	75,522,129.27	87,112,944.13	116,917,610.01
FEBRUARY	54,498,350.70	67,192,978.59	73,471,903.45	83,086,350.90	114,613,649.07
MARCH	58,499,047.68	67,391,684.12	75,004,363.97	81,531,569.67	110,657,586.17
APRIL	60,128,842.22	67,000,815.99	74,904,048.39	89,794,725.83	111,676,885.84
MAY	60,453,481.73	67,770,934.27	95,383,530.02	94,636,780.01	120,634,968.03
JUNE	61,518,319.72	66,244,979.42	97,060,478.75	102,859,159.14	133,743,202.58
<b>TOTAL</b>	<b>674,322,902.86</b>	<b>775,663,639.98</b>	<b>881,259,993.12</b>	<b>1,030,447,075.46</b>	<b>1,343,816,565.00</b>

# Disbursement of Loans for the year 2008/2009

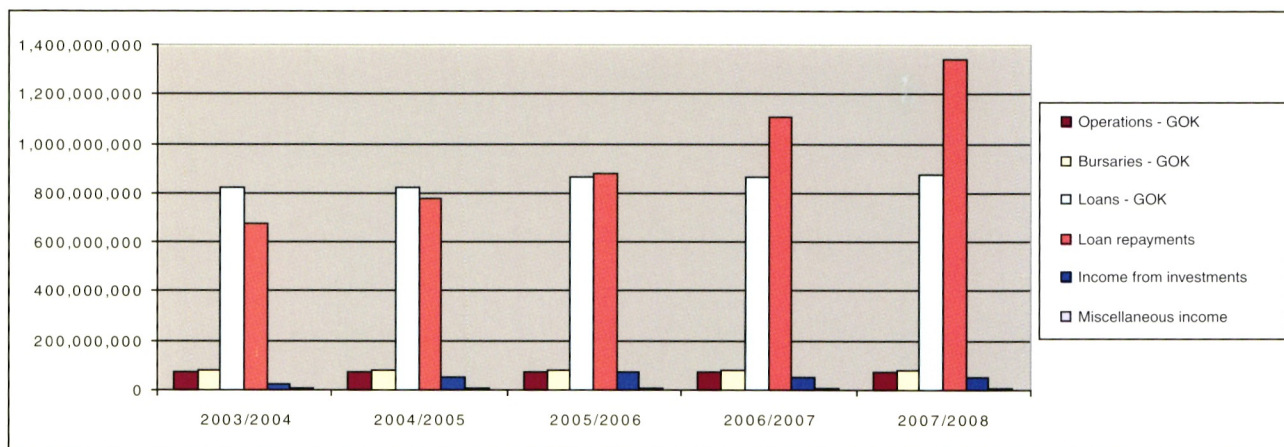
PRIVATE UNIVERSITIES 2008/2009



PUBLIC UNIVERSITIES



## Performance Analysis Graph



## Performance over the plan period

	ACTUAL 2003/2004	ACTUAL 2004/2005	ACTUAL 2005/2006	ACTUAL 2006/2007	ACTUAL 2007/2008
Loan repayments	674,201,914	774,272,891	881,259,993	1,030,556,488	1,340,515,918
Loans to students	1,429,466,000	1,536,455,000	1,661,601,600	1,918,936,820	2,035,164,370
Bursaries	83,196,000	89,762,000	82,367,000	82,846,000	82,385,000
Scholarships	0	9,850,000	10,350,000	10,000,000	10,450,000
<b>EXPENDITURE ITEMS</b>					
Total expenditure	1,658,242,116	1,837,674,627	1,978,720,152	2,241,284,368	2,392,511,505
Capital expenditure	11,679,052	20,302,339	17,835,772	9,843,656	23,498,212
Salaries, wages & staff benefits	73,337,149	103,124,232	132,340,510	129,413,157	152,965,937
Other operational expenses	60,563,915	78,181,056	74,225,270	90,703,735	88,045,938



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# Board of Directors

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## Board of Directors



**Professor J. H. Kimura**

Prof Kimura is the Chairman of the Higher Education Loans Board. He is an academician of high standing in the region. He holds a PhD in Accounting from University of California, Los Angeles, MBA from University of Alberta, Edmonton, Canada and a Bachelor of Commerce from University of East Africa. He is also a fellow of the Institute of Certified Public Accountants of Kenya (FCPA(K)).

He has been the Dean of the School of Business, United States International University Africa and between 1999 and 2003 he was the Director/CEO of the College of Insurance. Previously, he worked with the Institute of Policy Analysis and Research, Institute of Accountancy, Arusha, Tanzania and was the Dean of the Faculty of Commerce, University of Nairobi. Professor Kimura is also a Director of several other prominent companies among them BAT Kenya Limited, Development Bank of Kenya LTD and UAP Insurance. He is also the Chairman of NDEKA, a conservation initiative for the Ndakaini Dam which supplies over 70% of water to the City of Nairobi.

**Benjamin C. Cheboi**

HELB's Board Secretary who is also the Chief Executive Officer. Mr. Benjamin Cheboi holds a BSc from the University of Nairobi and Masters Degree in Education (Financing Higher Education) from the University of Manchester, UK. Mr. Cheboi has contributed immensely in the financing of higher education in Kenya and Africa in general. He is the President of the Association of African Higher Education Financing Agencies. He is a member of the Kenya Institute of Directors, Kenya Institute of Management and a Commissioner at the Commission for Higher Education. He has received the coveted decoration that include the Presidential, Elder of the Burning Spear, and was recognized by Kenya Communication Technology as the best executive support for Information Communication Technology (ICT) 2008. He is also a member of Board of Governors of a number of High Schools in the country.



**Prof. Crispus Makau Kiamba**

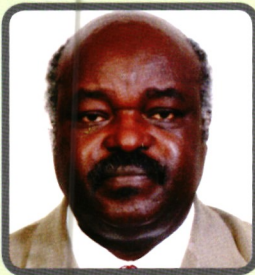
Prof Crispus Kiamba, the Permanent Secretary (PS) in the Ministry of Higher Education, Science and Technology was appointed in April 2008. Previously, he served as the Permanent Secretary at the Ministry of Science and Technology. He has, since 2005, been a Member of both the Kenya National Economic and Social Council and the Kenya National New Partnership for Africa's Development (NEPAD) Coordinating Committee. In 2009, he was appointed by the President as a Member of the Kenya Vision 2030 Delivery Board. Prior to his appointment as the PS, he served as the Secretary and Chief Executive Officer of the Commission for Higher Education in Kenya. He has also served as the Vice-Chancellor of the University of Nairobi. He has served in many positions at the University of Nairobi, including being the Deputy Vice-Chancellor, Administration and Finance.

He serves in all the Councils of Kenyan public universities, university colleges, National Polytechnics, Institutes of Science and Technology and Technical Training Institutes as the Permanent Secretary of the Ministry. He is a Board member of several public bodies dealing with higher education, including: the Higher Education Loans Board (HELB); and the Kenya National Examinations Council (KNEC).

Prof. Kiamba is a member of many international organizations that include Governing Board, International Science, Technology and Innovation Centre for South Cooperation (based in Malaysia and under the auspices of UNESCO), Steering Committee of the African Ministerial Committee of Science and Technology (AMCOST) and a Member of the Governing Board of the Inter-University Council for East Africa. He is the founding Member of the Board of Management of the newly established Commonwealth Scholarship Endowment Fund. He holds a Bachelor of Arts in Land Economy from the University of Nairobi; a Master of Science from the University of Reading; a Ph.D. from the University of Cambridge, and two Post-Doctoral Executive Certificates from Harvard University.



## Board of Directors



**Prof. Everett Standa**

Prof Everett Standa is the Chief Executive Officer of the Commission for Higher Education since 2006. He holds a PhD degree from State University New York, MA and BA (cum Laude) English State University of New York Buffalo. Previously, Prof Standa was the Vice Chancellor of Kenyatta University. He is a member of several Boards including the Higher Education Loans Board, Kenya National Examinations Council, Permanent Public Service Salaries Remuneration Review Board Co-operative College Governing Council National Economic and Social Council. He was given state honors, Moran of the Burning Spear (MBS) 2003.

**Professor Freida A. Brown**

Prof. Brown is the Vice Chancellor of United States International University-Africa since 1994. She has a doctoral degree in Developmental Psychology from Michigan State University. She has taught in several institutions including Howard University and Washington University in St. Louis, USA.

She has written and presented topics in cross-cultural psychology, psycho-social development of children and management in higher education. She serves as a Director in several boards in Kenya including the Higher Education Loans Board representing the Vice Chancellors or principal of private universities in Kenya, Federation of Kenya Employers, and is Secretary to the Kenya Educational Network (KENET) Board. She is a Commissioner of the Kenyan Commission for Higher Education, a Council member of the Forum for African Women Educationalists (FAWE) and founding Chair of the Kenya Association of Private Universities (KAPU).



**Jacqueline A Mugo**

Ms Mugo is the Chief Executive Officer, Federation of Kenya employers. She holds a Bachelor of Laws (University of Nairobi) and a higher diploma in HRM, Institute of Personnel Management. Her key expertise lies in employee relations and human resources management. She has worked in different capacities including being the resident magistrate, judicial department, Regional Human Resources Operations Manager, Unilever Kenya Limited, head of human resources, Kenya Airways limited. She serves as a board member of HELB Governing Body, ILO, Council Member, Pan-African Employers Confederation (PEC), Trustee, National Social Security Fund (NSSF) Board of Trustees, Labour Advisory Board, National Industrial Training Council and Productivity Centre of Kenya.

**John Wanyela**

Mr. Wanyela is a veteran banker with over 40 years experience in the banking sector. He is currently the Executive Director of the Kenya Bankers Association where the thrust of his responsibilities revolve, around industrial relations in the banking sector. He has served in the Board of HELB since 1999 and has contributed immensely towards the growth of the financing of higher education in Kenya. Mr. Wanyela joined Barclays Bank of Kenya in 1969 rose through the ranks to senior management and eventually served as manager of one of the then biggest branches of Barclays - the Kenyatta Avenue Branch. He took early retirement from the bank in 1998 having contributed significantly to transformational leadership among across section of Kenyans in their socio-economic lives. Mr. Wanyela has undertaken a wide spectrum of management and banking courses. Mr. Wanyela is a Director of the Kenya Anti Corruption Commission Advisory Board. He also sits on the Auctioneers Licensing Board.



## Board of Directors

### Rose W. Waruinge

Mrs. Waruinge is an achieved lawyer in private practice. She holds a Masters Degree in Public Policy from Harvard School of Government and a Bachelor's degree in Law from the University of Nairobi. She is trained in International Affairs, Strategic Management, Conflict Resolution, Administration of Assets, Human Resources and Organization Development matters Arbitrator in Alternative Dispute Resolution and Corporate Governance. She joined the Board of HELB in 2000 and has contributed immensely to shaping the strategic direction of the Board in the last ten years.



### Kipng'etich arap Korir Bett



Mr. Bett is an achieved financial expert with over 27 years experience. He holds an MBA from the University of Nairobi, Postgraduate Diploma in Computer Science and B. Com (Accounting Option) from the same University. He has attended several professional trainings both local and international that include Performance Contracts by Boston Institute for Development Economies, Microfinance Course by the World Bank Institute among other trainings. His key expertise lies in Accountancy, Auditing, Company Secretary, Corporate Management, Receivership and Financial Services. Mr. Bett has served in both the private and public sectors. Most notably he was the Managing Director, Consolidated Bank of Kenya Limited and an Executive Director, of the Industrial and Commercial Development Corporation. He also worked at the Central Bank of Kenya among other institutions. He has served at the Higher Education Loans Board as a Director since 2006 and played a key role in the development of the staff retirement benefit scheme. He is also a Director of Unilever Tea Kenya Ltd, Rift Valley Bottlers, and the Kenya Anti-Corruption Advisory Board.

### Mr. Kenneth Waithiru

*Alternate to PS, Treasury*

Mr. Kenneth Waithiru represents the Permanent Secretary in Ministry of Finance as an alternate member to the HELB Board. He holds an MBA, B Phil Economics from the University of Nairobi. He has many years experience in the Public Service both in Economic Planning and Management. He is currently working in the Budget Department of the Ministry of Finance.



# Senior Management Team

## Senior Management Team



**Dr Richard Belio Kipsang**  
*Head of Operations*

Richard is the Head of Operations, in charge of Lending and Recovery departments. He holds a PhD from the Catholic University of Eastern Africa, where his dissertation was entitled, "Assessment of Policy, Practice and Implication of Financing Higher Education through the Students' Loan Scheme in Kenya". He has a Masters degree in Economics, and a Bachelor of Education (Hons) both from University of Nairobi.

He worked as a Loans Officer in a Non-Governmental Organization before joining HELB. In HELB, he has risen through the ranks from being Senior Loans Disbursement Officer, Loans Disbursement and Recovery Manager, Lending Manager and Loans Recovery Manager. Dr Kipsang is a trained Certified Fraud Examiner and an Associate member of Association of Certified Fraud Examiners (MCFE-UK).

**Shem Andrew Gichimu**  
*Head of Finance*

Shem is the Head of Finance. He has over 18 years experience in the field of finance. He previously worked for the Credit Reference Bureau Africa Ltd as the Group Finance Manager. He holds a B.Com [Accounting] from University of Nairobi and is currently pursuing an MBA [Strategic Management] at the same University. He is a Certified Public Accountant of Kenya [CPA-K].



**Mrs. Anne R. Gitau**  
*Human Resource and Administration Manager*

Anne is the Human Resource and Administration Manager. She joined the Board from the IDB Capital Ltd [formerly the Industrial Development Bank] among working in other organizations. She holds an MBA – Human Resources from the University of Nairobi and a Bachelor of Education degree from Egerton University. Anne has spearheaded the development of various human resources regulations at HELB.

**Mrs. Mary Wachira-Muchee**  
*Finance Manager*

Mary is the Finance Manager. She has over 18 years of experience in the field of Finance. She joined HELB at inception in 1996 as an accountant in charge of Operations. Before joining HELB, she worked at the National Housing Corporation from 1990-1996 in various positions up to Senior Accountant (Cost & Management section). She holds a Bachelor of Commerce degree (Accounting option) from the University of Nairobi and is currently pursuing an MBA (Finance) from the same University. She is a Certified Public Accountant of Kenya (CPA-K), a Certified Investment and Security Analyst as well as a member of the Institute of Investment Professionals of East Africa (formerly Certified Financial Analyst of East Africa).



## Senior Management Team



**Geoffrey Monari**  
*Ag. Recovery Manager*

Geoffrey is the Ag. Recovery Manager. Prior to his appointment, he served the Board in various capacities - as an Assistant Loans Officer, Loans Officer and as Senior Loans Officer. He holds a B. Com degree and is currently pursuing his MBA (Strategic Management) at the University of Nairobi. A member of the Institute of Economic Affairs with over 12 years working experience in various capacities at HELB, Geoffrey manages the Board's loan recovery function. He has attended several courses on Credit/Debt Management both locally and Internationally, prosecution/Investigation at the CID Training School among other trainings key to the delivery of his current position. Besides, he is an ISO 9001-2008 Internal Auditor. He is a member of the Institute of Economic Affairs and was recently elected Chairman of HELB Sacco.

**Esther Nyabonyi Michieka**  
*Lending Manager*

Esther is the Lending Manager. She has over 20 years experience in the field of education. She joined the Board from the Kenya Institute of Education, where she served as Senior Curriculum Developer and monitoring and evaluating the same at national level. She conducted research and evaluation on curriculum in African regional level. At the Board, she has risen through the ranks from being Loans Inspector, Senior Loans Inspector, Senior Loans Recovery Inspector 11, and Recovery Manager. Mrs. Michieka has attended professional courses in various fields. She is a professional counselor. She holds an M.A degree from the University of Nairobi, a Bachelor of Education degree and a Postgraduate Diploma in Education from the same University.



**Dr. David Karani Mbogori**  
*Information Communication Technology Manager*

David is the outgoing Information Communication Technology Manager. He holds a PhD from the University of Nairobi where he researched on the relationship between "Course Delivery Systems and Learners needs in Distance Education in Kenya." He has an MSc. - Information Systems Design and Management of the Kingston University (UK) and a BSc. (Hons) in Mathematics from the University of Nairobi. Prior to joining HELB, David worked as a Hydrologist (Analysis) in the Ministry of Water Development. He has also worked as the Principal Analyst Programmer at Kenya Ports Authority. He has attended various courses related to Information Systems, Design, Processing and Management. He is a Fellow Member of the Computer Society of Kenya (FCSK).

**Mrs. Bernadette N. Masinde**  
*Legal Services Manager*

Bernadette is the Legal Services Manager. She holds an LLB (Hons) from the University of Nairobi, a Diploma in Law from the Kenya School of Law and is a Certified Public Secretary (K). She has spearheaded the development of legal documents in HELB.



## Senior Management Team

### **Victor Kipkemboi Lomaria** *Internal Audit Manager*

Victor is the Internal Audit Manager. He joined the Board from the Postal Corporation of Kenya where he was the Manager in charge of the Audit and Investigations function. Prior to being elevated to this responsibility at the Postal Corporation of Kenya, he served in both the Audit and Finance Departments rising to the positions of Manager / Revenue & Credit Control, Audit and Treasury respectively before assuming the responsibilities of the new Department.

Mr. Lomaria holds a B.Com degree from the University of Nairobi and is currently pursuing an MBA programme in the same university. He is a Certified Public Accountant (CPA-K). He has attended various professional courses in accountancy and auditing. He is a member of Certified Public Accountant (ICPAK) and Institute of Internal Auditors (IAA).



### **Mrs. Phyllis Kipruto** *Assistant Manager in charge of Procurement*

Phyllis is the Assistant Manager in charge of Procurement and Stores functions. She heads the Boards Procurement and Stores Section. She holds a BSc degree from Egerton University and a Diploma in Purchasing and Supplies Management from the Kenya Institute of Management. Phyllis has over 18 years experience in procurement. She previously worked for the Postal Corporation of Kenya as an Assistant Manager in charge of Procurement. In addition she is a live member of the Kenya Institute of Supplies Management.

### **Ezekiah Otieno Agiro** *Assistant Manager Corporate Communications*

Ezekiah is the Assistant Manager Corporate Communications. He heads the Boards' Communications Unit. He holds a B.A degree in Literature and History, Post Graduate Diploma, both from Makerere University, and MA degree in Communications Studies from the School of Journalism of the University of Nairobi. His work experience in corporate communication spans a period of over 26 years. Prior to joining the Board 14 years ago, he served as an Assistant Registrar (PR) at Kenyatta University and was the pioneer Public Relations Officer for the Kenya Marine and Fisheries Research Institute in Mombasa.





*“The Board has taken the recovery of loans to a higher level because we are aware that the sustainability of the revolving fund depends on the effectiveness with which we recover loaned out funds”*

## Chairman’s Statement

I am delighted to present the Annual Report and Financial Statements of your Board, Higher Education Loans Board, for the year ended 30th June 2008. For HELB, 2008 was yet another year of outstanding financial performance. This remarkable improved performance is testament to the great potential that the Board has and emphatically underscores continued growth in our lending and recovery portfolios.

### Lending

The Board disbursed Kshs. 2,035,164,370.00 during the year compared to Kshs. 1,918,936,820.00 in 2007/2008. Indeed this was significant growth. However, the number of students seeking financial support from HELB continued to rise as a result of the rapidly growing number of Kenyans seeking university education. Today there are 158,000 students in public and private universities in the country many of whom look to HELB for financial support.

### Recovery of Loans

The Board recovered a total of Kshs. 1,343,816,565.00 in the year under review compared to Kshs. 1,030,556,488.00 recovered in 2006/2007. This is an increase by 30.4%. Consequently, this enabled us to disburse funds to more students seeking financial aid. The Board has taken the recovery of loans to a higher level because we are aware that the sustainability of the Revolving Fund depends on the effectiveness with which we recover loaned out funds. Hence, we are targeting a recovery figure of Kshs 2 Billion in the coming year.

The Board has developed strategies to strengthen the recovery function in a number of ways. They include:

- Enhanced collaboration with the Kenya Revenue Authority [KRA] as provided by the amendments to

the KRA Act made by the 2005/2006 Finance Act which gave HELB the mandate to liaise with KRA with the view to accessing its data base to trace university graduates not repaying their loans. We also look to strengthening liaison with other institutions such as NHIF, TSC, NSSF and Government ministries to help in loan recovery.

- Intensified loan recovery campaigns through both the print and the electronic media.
- Initiating partnership with credit reference bureaus with the view of enhancing loan recovery.
- Strengthening awareness among employers regarding their obligations on loan recovery as spelt out in the HELB ACT, 1995.
- Enhancing ICT application in the administration of the loan recovery function.
- Facilitating customer friendly loan repayment mechanisms such as use of direct debit, the credit card facility, direct deposits and Pesa Point.

### Corporate Governance and Social Responsibility

HELB continues to demonstrate leadership in financing of higher education in this country by putting in place structures that enhance effective management and service delivery. We have put in place a strong link between the Board of Directors and Management through committees of the Board of Directors to ensure focus on delivery of responsibilities. These committees include the Loans Disbursement and Recovery Committee; the Finance, Staff and General Purpose Committee; and Audit and Governance Committee.

All committees are chaired by a Director of the Board and their memberships include the Chief Executive Officer. This structure ensures the Board pays attention to critical areas of its core functions and provides guidance in order to meet our clients' expectations as well as our objectives outlined in our strategic plan.

The Board of Directors and Management held its annual strategic retreat in April 2008 to review plans for the next five years and get to interact and bond for better team performance.

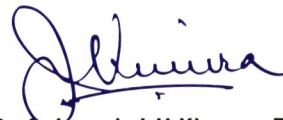
### Future Outlook and Appreciation

The Board is on a sound footing. The lending and recovery functions are on an enviable trajectory and the recoveries are beginning to turn in good results. Since the Board executed all its activities as spelt out in its annual line up I am confident that this state of service delivery is the right track to the successful implementation of the Board's mandate in order to make meaningful contribution to national objectives.

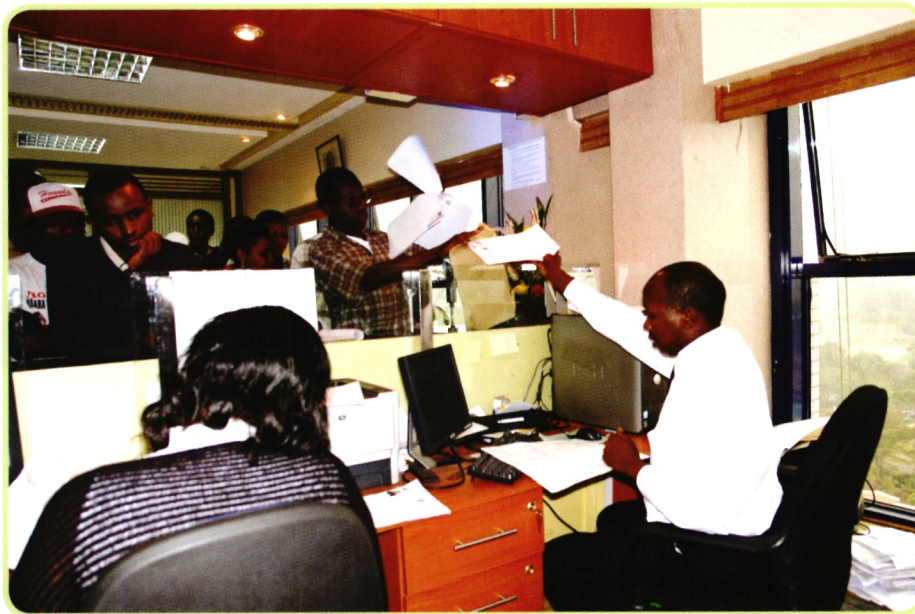
I thank our partners as well as the stakeholders for the support you have given us. HELB is gradually becoming the regional giant in the eyes of the public. Let me also appreciate our clients for their continued feedback that has helped us improve service delivery. In addition, I also wish to acknowledge the support of the general public and the media both electronic and print, for always standing behind us and promoting our brand in their own unique and special way.

Finally, I thank my fellow Board of Directors for giving me support in providing guidance and leadership to the Board. The Management and staff have worked tirelessly and I commend them generously on behalf of the Board.

Thank you and God bless you.



**Prof. Joseph J.H Kimura, PhD, FCPA (K)**  
Chairman



*HELB members of staff processing loans for students*





*“The Annual Report and Financial Statements as at 30 June 2008 are an indication of a successful year.”*

## Chief Executive Officer / Board Secretary Statement

It is a great honor to note the continued delivery of record financial results by the Higher Education Loans Board. Indeed the Annual Report and Financial Statement as at 30<sup>th</sup> June 2008 are an indication of a successful year. I am really elated to be part of the team that delivered such impressive results.

During the year under review, the Board earned a surplus of Kshs.481,992,259.00 compared to a surplus of Kshs.421,959,092.00 for the year ended 30th June 2007. This is an increase of 14.2% over the previous year. The cumulative surplus for the Board as at 30<sup>th</sup> June 2008 was Kshs.4,055,003,485.00. Income from user charges earned the Board Kshs.79,278,000 compared to Kshs.65,388,000 in 2006/2007. This is an increase of 21% over the previous year.

### IMPROVING OUR EFFICEINCY

**Disbursement of Loans:** One of our core businesses is to receive and consider all loan applications from eligible persons or students wishing to be considered for the award of higher education loans, and to approve, withhold or reject such requests in accordance with the provisions of the Act. Hence the Board's core business is financing Kenyans pursuing higher education through the provision of loans, bursaries and scholarships. The Board has so far disbursed loans amounting to Kshs.22.2 billion.

During 2006/2007 the Board gave out loans totaling Kshs.1.8 billion to 40,000 students in public & chartered private universities. During the financial year [2007/2008], the Board has so far advanced Kshs.20 billion.

**Recovery of Loan:** HELB recovered Kshs.1.6 billion during this financial year from past loanees. The rest of the funds are received from the Exchequer. It is therefore apparent that the recovery of loans plays a pivotal role in the function of the Board. Without recovered loans, we would not be able

to support the number of students it currently supports. To meet its target the Board put in place mechanisms to ensure better service delivery. These include:

**Information Communication Technology:** HELB emphasized on ICT application. Students can download application forms, and check their loan status from our website.

**Data Sharing Partnership:** In a bid to tackle the challenge of student loan defaulters we entered into a data sharing partnership with Metropol East Africa and Credit Bureau Limited. The two companies collates the information on the credit histories of the beneficiaries of HELB loans and pass the information on to banks. People who fail to repay loans on completing their degrees could be barred from accessing loans from banks and other credit facilities.

**Role Model:** The Higher Education Loans Board is the oldest organization of its kind in East and Central Africa since its inception in 1995 through an act of parliament (Cap 213A of the Laws of Kenya). As a result, HELB has been a role model to other African countries. In particular, HELB has worked closely with the Tanzanian Higher Education Students Loans Board (HESLB) since its establishment and has seen visitation of the Board staff to Tanzania to advise on technicalities and mainly share their experiences. Further, Rwanda's Students Financing Agency has also received immense support from HELB staff. They have been sharing their experiences to help in the consolidation of their systems and in maintaining a workable structure of lending and recovering loans. This is based on the successful lending and recovery programs by HELB.

**Association of the African Higher Education:** In the year in review, HELB spearheaded AAHEFA committee meetings to share information and experience to increase student access to higher education within the African region. The membership of AAHEFA comprises the Kenyan Higher



Mr. Cheboi, CEO, HELB follows proceedings at KICC, during the 1st Annual Conference, organised by Kenya Institute of Management.



Mr. Cheboi, takes to the floor with students from Ravine Boarding school during the Koibatek District prize giving day.

Education Loans Board [HELB], the Tanzanian Higher Education Students Loans Board (HESLB) and the Students Financing Agency for Rwanda [SFAR].

AAHEFA will enable member agencies to share human resources in tackling challenges facing the financing of higher education as well as help solicit funds for a sustainable financing of higher education in Africa.

**Human Resources Development:** In our endeavor to meet our customer expectations as well as our objectives, the Board reviewed its management structure and a number of changes were implemented. For instance we increased our human capacity by five to reposition and re-orient our selves for more effective service delivery.

The Board has continually developed the competencies and skill of employees through short and medium term professional courses and seminars. Our staff attended various courses on Leadership, Project management, Administration Assistant skills among other trainings.

### Challenges

Despite our success, the Board has continually faced challenges in its endeavor to increase loan recoveries from past beneficiaries. The challenges are:

- **The Rising Demand for Funding:** This is outstripping the available resources. There exists a wide funding gap, which the Board is striving to fill. This has been brought about by the increased student population in the institutions of higher learning, both public and private accredited universities. The need to finance regular as well as Module II students and students in other tertiary institutions have also impacted on demand.
- **Graduate Unemployment:** This hampers the recovery prospects and compromises the creation of a sustainable and dependable revolving fund.

- Impact of HIV/AIDS pandemic on loan recovery efforts and consequent increased demand for loans due to increase in the number of orphans in universities.
- Migration of ex-university student to other countries before repayment of HELB Loan.

### 2009 and Beyond

**Loans for undergraduate students [2008/2009]:** During 2008/2009 financial year, the Board proposes to give loans to undergraduate students as follows:

**Undergraduate students admitted by the Joint Admission Board [JAB]:** These are students admitted into Public Universities after meeting the JAB cut off points. They receive loans from the Board depending on their level of need. The loans attract interest of 4% per annum. Applicants start loan repayment after completion of studies

**Direct Entry privately sponsored students in public universities:** These are students admitted into chartered private universities having met the minimum entry requirement of C+ but fail to meet the JAB cutoff points. They are required to meet the full cost of their education. Loans to be awarded on the basis of need at 4% Interest rate. Applicants are expected to start loan repayment after completion of studies.

**Working undergraduate students:** These are students working while they undertake their studies and include primary school teachers on school based undergraduate programs. They will benefit from these loans at 12% interest rate. Successful applicants will be required to start repaying their loans immediately.

Since the year 2001, HELB has pursued the vision: To be a preferred financier of Kenyans pursuing higher education. This was in need to finance the needy students in Kenya who are pursuing higher education in the chartered universities be it private or the public universities. As part of that agenda we have recently extended our services

to constituent university, colleges and will soon advance loans to students studying in credible universities outside Kenya as well.

As a way forward to sustain financing Higher Education in the face of intense global meltdown, we will continue with our growth and recovery strategies. Our focus will be to target defaulters and remain vigilant to those who were given loans as from 1974 and have not repaid the loan. We shall therefore enhance our campaigns in both print and electronic media to ensure that we reach the target and hence persuade them to repay the loan to allow another Kenyan to benefit from the funds.

We will also maintain value addition to our clients by continually conducting Annual Stakeholders Conferences. We take cognizance of the favorable participation of our stake holder's contribution on how to improve our services and we will pursue prudent options with emphasis on secure approaches.

Finally, we cannot lose sight of our role as financiers of Kenya's highly skilled human resource, a contributor of the social and economic pillar - Kenya's Vision 2030. Indeed,

we are proud to be part of the realisation of Kenya's Vision 2030: We hope to realise this vision by expanding access and promoting equity in higher education through support for the less privileged.

### APPRECIATION

Once again the impressive performance for 2008 would not have been made possible without the continued commitment and dedication of management and staff of HELB. Thus, I thank them for their loyalty and hard work.

I want to thank the Board for their good counsel; timely guidance and decision making that enabled us to deliver these impressive results. I also thank our stakeholders for their support which was very instrumental in our success.

Thank you and God bless you.



**Mr. B. C. Cheboi**  
**Chief Executive Officer/ Board Secretary**



*HELB CEO, Mr. Cheboi chairs a meeting in which he hosted a group from the Students Loans Trust Fund of Ghana led by Mr. Richard Darko, Chief Executive Officer.*



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## STATEMENT OF BOARD MEMBERS' RESPONSIBILITIES

The Higher Education Loans Board (HELB) Act, Cap 213A of the laws of Kenya requires the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of HELB as at the end of the financial year and of the operating results of HELB for that year. It also requires the Board Members to ensure that HELB keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of HELB. They are also responsible for safeguarding the assets of HELB.

The Board accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgment and estimates, in conformity with International Financial Reporting Standards and in the manner required by the HELB Act.

The Board is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Higher Education Loans Board and of its operating results. The Board further accepts responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Board to indicate that HELB will not remain a going concern for at least the next 12 months from the date of this statement.

This statement is approved by the Board Members and is signed on its behalf by:



**PROFESSOR JOSEPH H. KIMURA**  
CHAIRMAN

**Date: 2nd December, 2008**



**BENJAMIN C. CHEBOI**  
BOARD SECRETARY/CEO

**Date: 2nd December, 2008**

# REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF HIGHER EDUCATION LOANS BOARD FOR THE YEAR ENDED 30 JUNE 2008.

I have audited the financial statements of Higher Education Loans Board set out on page 7 to 19 which comprise the balance sheet as at 30 June 2008 and the income statement, together with a summary of significant accounting policies and other explanatory notes in accordance with the provisions of Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

## The Boards' responsibility for the financial statements

The Board is responsible for the preparation of financial statements which give a true and fair view of the Board's state of affairs and its operating results in accordance with the International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## Responsibility of the Controller and Auditor General

My responsibility is to express an independent opinion on the financial statements based on the audit. The audit was conducted in accordance with the International Standards on Auditing. Those standards require compliance with the ethical requirements and that the audit be planned and performed with a view to obtaining reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgments, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those

risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's Internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board as well as evaluating the overall presentation of the financial statements. I believe the audit provides a reasonable basis for my opinion.

## 1. Loan to students

As disclosed in note 4 to the financial statements, matured loans to students plus loan interest and user charges amounted to Kshs. 16,488,287,962.00 out of which only Kshs. 1,343,816,565.00 was recovered during the year leaving a balance of Kshs. 15,144,471,398. Further a sum of Kshs. 24,390,117 has been added back and described as loan refund to give a balance of Kshs. 15,168,861,515.00. When the provision of bad and doubtful debts of Kshs. 758,278,230.00 is taken into account, the outstanding matured loans come to Kshs. 14,407,286,365. Although the board contends that measures have been put in place to recover the loans, including collaborating with National Hospital Insurance Fund (NHIF), National Social Security Fund (NSSF), Teachers' Service Commission (TSC) and Kenya Revenue Authority (KRA) by accessing their databases to trace university graduates who have not started repaying their loans, the loans recovered during the year of Kshs. 1,343,816,565.00 representing only 8% of the total matured loans portfolio of Kshs. 16,488,287,962 cast doubt on the effectiveness of the measures put in place. In the circumstances, it is not possible to ascertain the recoverability of the matured loans to students amounting to Kshs. 14,407,286,365.00.

## 2. Staff Loans

As previously reported a former HELB Executive Secretary still owes the Board a total of Kshs. 1,015,127.00 in respect of the following payments:-

	<b>KSHS</b>	<b>YEAR FROM</b>	<b>TO</b>
Security and medicines	330,345	15-12-2000	13-3-2001
Electricity bills	89,883	July 1999	June 2000
27.55% Pension contributions	594,899	1-8-1995	30-9-2000
	<b>1,015,127</b>		

Although it was explained during the audit of 2005/2006 accounts that the matter was forwarded to the Inspectorate of State Corporations for possible surcharge, the outcome of such action has not been seen.

### Opinion

Except for the reservations set out in the preceding paragraphs, in my opinion, proper books of accounts have been kept and the accompanying financial statements give a true and fair view of the financial position of the Board as at 30 June 2008 and of its surplus and cash flows for the year then ended in accordance with the International

Financial Reporting Standards and comply with the Higher Education Loans Board Act, (Cap 213A)

**P. N. KOMORA, CBS**  
**CONTROLLER AND AUDITOR GENERAL**

Nairobi  
15th December 2008

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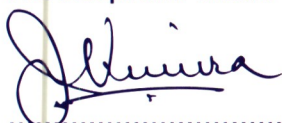
# **Audited Accounts for the year ended June 30th 2008**

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## BALANCE SHEET AS AT 30TH JUNE 2008

	NOTES	AS AT 30TH JUNE 2008 KSHS.	AS AT 30TH JUNE 2007 KSHS.
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
PROPERTY, PLANT & EQUIPMENT (NET)	2	80,230,590	71,058,366
UNMATURED STUDENT LOANS	3	4,891,035,973	4,468,220,952
MATURED STUDENT LOANS	4	14,407,286,365	13,505,875,555
STAFF LOANS	5	63,257,753	47,288,182
Total Non - Current Assets		19,441,810,680	18,092,443,055
<b>CURRENT ASSETS</b>			
INVENTORIES	6	3,387,485	1,890,533
ACCOUNTS RECEIVABLES & PREPAYMENTS	7	5,423,284	11,847,336
SHORT TERM INVESTMENTS	8	575,373,400	530,592,147
CASH AND BANK BALANCES	9a	79,080,808	47,029,109
Total Current Assets		663,264,977	591,359,124
<b>TOTAL ASSETS</b>		<b>20,105,075,657</b>	<b>18,683,802,180</b>
<b>FUNDS AND LIABILITIES</b>			
<b>NON - CURRENT LIABILITIES</b>			
G.O.K. GRANTS (LOANS TO STUDENTS)	12	15,833,563,972	14,965,661,110
ACCUMULATED FUND	13	4,055,003,485	3,573,011,227
Total Non - Current Liabilities		19,888,567,457	18,538,672,337
<b>CURRENT LIABILITIES</b>			
LOANS, BURSARIES & SCHOLARSHIPS PAYABLE	10	162,913,208	57,345,848
ACCOUNTS PAYABLE & ACCRUALS	11	53,594,991	19,686,119
BANK OVERDRAFT	9b	-	68,097,876
Total Current Liabilities		216,508,199	145,129,843
<b>TOTAL FUNDS AND LIABILITIES</b>		<b>20,105,075,657</b>	<b>18,683,802,180</b>

Prof Joseph J.H. Kimura



Board Chairman

Mr. B.C. Cheboi



Chief Executive Officer

## Income and expenditure statement for the year ended 30th June 2008

PARTICULARS	NOTES	AS AT 30TH JUNE 2008			AS AT 30TH JUNE 2007			CHANGE %
		OPERATIONS KSHS	STUDENTS' LOANS KSHS	TOTAL KSHS	OPERATIONS KSHS	STUDENTS' LOANS KSHS	TOTAL KSHS	
<b>INCOME</b>								
Grants from G.O.K.								
Operations		76,004,355	-	76,004,355	76,004,355	-	76,004,355	0.00%
Bursaries		-	82,387,048	82,387,048	-	82,387,048	82,387,048	0.00%
Interest Income								
Accrued on Loans to Students			579,949,493	579,949,493		518,978,272	518,978,272	11.75%
Staff Loans		1,767,000		1,767,000	2,750,642		2,750,642	-35.76%
Investments		54,823,822		54,823,822	54,277,986		54,277,986	1.01%
Income from User Charges		79,278,000		79,278,000	65,388,000		65,388,000	21.24%
Miscellaneous Income	14	7,319,494	-	7,319,494	3,744,850	-	3,744,850	95.45%
TOTAL INCOME		219,192,671	662,336,541	881,529,212	202,165,833	601,365,320	803,531,153	9.71%
<b>LESS: EXPENSES</b>								
Bursaries to Students			82,285,000	82,285,000		82,846,000	82,846,000	-0.68%
Postgraduate Scholarships			10,450,000	10,450,000		9,900,000	9,900,000	5.56%
Staff Costs	15	152,965,937		152,965,937	129,413,157		129,413,157	18.20%
Other Operating Expenses	16	78,711,277		78,711,277	81,502,589		81,502,589	-3.42%
Bank Charges & Commission	17	4,848,831	3,735,830	8,584,661	1,742,071	6,879,075	8,621,146	-0.42%
Provision for Bad & Doubtful Debts	18	724,505	50,739,584	51,464,090	556,764	53,416,068	53,972,833	-4.65%
Audit Fees		750,000		750,000	580,000		580,000	29.31%
Depreciation provision for the year	2	14,325,989		14,325,989	14,736,336		14,736,336	-2.78%
TOTAL EXPENSES		252,326,539	147,210,414	399,536,953	228,530,917	153,041,143	381,572,061	4.71%
SURPLUS FOR THE YEAR		-33,133,868	515,126,127	481,992,259	-26,365,085	448,324,177	421,959,092	14.23%

## Cash Flow Statement for the year ended 30th June 2008

	Note	AS AT 30TH JUNE 2008 KSHS.	AS AT 30TH JUNE 2007 KSHS.
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Surplus for the Year		481,992,259	421,959,092
Adjustments for:			
Depreciation	2	14,325,989	14,736,336
Change in Provisions	16	51,464,090	53,907,399
Operating Surplus before Working Capital Changes		547,782,337	490,602,827
Decrease / (Increase) in Loans Advanced	3 & 5	-539,373,391	-439,766,357
(Increase) in Accounts Receivable	4	-951,719,997	-1,055,811,172
Decrease/(Increase) in Other Accounts Receivable	7	2,039,824	1,410,436
(Increase)/Decrease in Inventories	6	-1,743,731	20,589
Increase / (Decrease) in Accounts Payable	10 & 11	243,541,139	-86,452,652
<b>NET CASH ABSORBED BY OPERATING ACTIVITIES</b>		<b>-699,473,819</b>	<b>-1,089,996,329</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant & Equipment	2	-23,498,212	-9,455,840
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>-23,498,212</b>	<b>-9,455,840</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Capitation received from G.O.K.	12	867,902,861	867,902,861
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>867,902,861</b>	<b>867,902,861</b>
Net Increase / (Decrease) in Cash		144,930,830	-231,549,308
Cash and Cash Equivalents at the Beginning of the Period		509,523,379	741,072,687
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>654,454,209</b>	<b>509,523,379</b>

## Statement of changes in accumulated Fund

	KSHS.	CAPITAL FUND KSHS.	TOTAL KSHS.
AT 1ST JULY 2007	3,573,011,227	-	3,573,011,227
PRIOR YEAR ADJUSTMENT	-	-	-
AMORTIZATION	-	-	-
SURPLUS	481,992,259	-	481,992,259
AT 30TH JUNE 2008	4,055,003,485	0	4,055,003,485

During the year **2007/2008** the net increase in accumulated fund was **KShs. 481,992,259**. This was as a result of a realized surplus of **KShs. 481,992,259** for the year ended **30th June 2008**.

## Notes to the Financial Statements

### 1. HELB ACCOUNTING POLICIES

#### a) Basis of Accounting

The accounts have been prepared under the Historical Cost Convention except for the inclusion of certain assets, which are at valuation.

#### b) Income Recognition

- (i) Income and expenditure are recognised on the accrual basis.
- (ii) Income from government grants includes only amounts received in relation to the financial year.
- (iii) Interest income on all loans advanced is recognised on the accrual basis.

#### c) Government Grants

- (i) Grants related to operations and bursaries to students are passed through the income statement.
- (ii) Grants received for advancing loans to students are dealt with in the balance sheet and are credited directly to Accumulated Fund.

#### d) Property, Plant & Equipment and Depreciation

Property, Plant and Equipment is stated at cost or valuation less accumulated depreciation. Depreciation is provided to write-off the cost of the fixed assets in use on a straight-line basis over the expected useful lives of the assets concerned. The annual rates for this purpose are: -

Buildings	-	2.50%
Motor Vehicles	-	25.00%
Office Equipment	-	12.50%
Furniture	-	12.50%
Fixtures & Fittings	-	12.50%
Computers	-	33.33%

#### e) Investments

Investments are stated at cost plus provision for accrued interest in the case of short-term deposits with various banks.

#### f) Provision for Bad and Doubtful Loans and Advances

- (i) **Specific bad debts** are provided for at **100%**.
- (ii) A **general provision** for bad and doubtful debts is maintained at 5% of the debtors. The provision for bad and doubtful debts is increased by charges to income and decreased by write offs (net of recoveries).
- (iii) Loans advanced are written off/down when the Board is of the opinion that their recoverability will not materialise.

#### g) Retirement Benefit Obligations

The Board operates a **defined retirement benefit scheme** for all its employees. The scheme is administered by trustees and is funded from contributions from both the Board and employees at the rate of **20%** and **5%** of the basic salary respectively.

The Board's contributions to the defined contribution retirement scheme are charged to the income and expenditure statement in the year to which they relate.

The Board also contributes to a statutory defined contribution pension scheme, the **National Social Security Fund**.



## h) Comparatives

Where necessary, comparative figures have been restated to conform to changes in presentation in the current year. In particular, comparative figures have been amended to comply with **IAS No. 8 "Fundamental Errors and Changes in Accounting Policy"** and **IAS No. 20 "Accounting for Government Grants"**.

## 2. PROPERTY, PLANT AND EQUIPMENT

DETAILS	LAND	BUILDING	M/VEHICLES	EQUIPMENT	FURNITURE	FIX. & FITT.	COMPUTERS	TOTAL
	KSHS	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.
<u>COST/VALUATION</u>								
AT 01.07.2007	44,588,742	1,926,686	22,642,868	13,325,950	9,696,089	27,734,725	62,824,072	182,739,132
ADDITIONS	-	1,392,000	7,520,529	2,465,478	195,040	8,223,486	3,701,680	23,498,212
LESS: DISPOSALS/W.OFF	-	-	-8,318,546	-	-	-	-	-8,318,546
AT 30.06.2008	44,588,742	3,318,686	21,844,851	15,791,428	9,891,129	35,958,211	66,525,752	197,918,799
<u>DEPRECIATION</u>								
AT 01.07.2007	0	221,093	16,600,801	9,626,770	7,360,934	21,534,116	56,337,053	111,680,767
CHARGE FOR THE YEAR	0	82,967	4,311,646	1,210,296	319,462	2,521,374	5,880,244	14,325,989
LESS: ON DISPOSALS	-	-	-8,318,546	-	-	-	-	-8,318,546
AT 30.06.2008	0	304,060	12,593,901	10,837,066	7,680,396	24,055,490	62,217,297	117,688,210
<u>NET BOOK AMOUNT</u>								
AT 30.06.2008	44,588,742	3,014,626	9,250,950	4,954,361	2,210,733	11,902,721	4,308,455	80,230,590
AT 30.06.2007	44,588,742	1,705,593	6,042,067	3,699,179	2,335,155	6,200,609	6,487,019	71,058,366

**Property, Plant and Equipment** with an original cost of **KShs. 99,463,895 (2006/2007 – KShs. 93,338,351)** which are still in use are fully depreciated. The theoretical depreciation charge on cost at the normal rates as per **note 1(d)** would be **KShs. 21,458,798 (2006/2007 – KShs. 19,155,239)**.

## 3. LOANS TO STUDENTS NOT YET MATURED

	30th June 2008	30th June 2007
	Kshs	Kshs
Balance brought forward	4,468,220,952	4,028,489,595
Add : Loans awarded during the year less returns	2,035,164,370	1,918,936,820
	<u>6,503,385,322</u>	<u>5,947,426,415</u>
Less : Transferred to Maturated Loans	-1,612,349,349	-1,479,205,463
	<u>4,891,035,973</u>	<u>4,468,220,952</u>

#### 4. MATURED LOANS TO STUDENTS

	30th June 2008 Kshs.	30th June 2007 Kshs.
Balance brought forward	14,216,711,121	13,148,384,633
Add: Transferred from Un-Matured Loans	1,612,349,349	1,479,205,463
	15,829,060,470	14,627,590,096
Add: Accrued Interest	579,949,493	518,978,272
User Charges	79,278,000	65,388,000
	16,488,287,962	15,211,956,368
Less: Loan Recovery during the year	-1,343,816,565	-1,030,556,488
	15,144,471,398	14,181,399,880
Add back: Loan Refunds	24,390,117	35,311,241
	15,168,861,515	14,216,711,121
Less: Loans Waived	-3,296,920	0
	15,165,564,594	14,216,711,121
Less: Provision for Bad & Doubtful Debts	-758,278,230	-710,835,566
	14,407,286,365	13,505,875,555

#### 5. STAFF LOANS

	30th June 2008 Kshs	30th June 2007 Kshs
Balance brought forward	47,288,182	55,289,256
Add: Loans issued during the year	18,074,308	2,915,000
	65,362,490	58,204,256
Less: Loan Repayment during the year	-2,104,736	-10,916,074
	63,257,753	47,288,182

#### 6. INVENTORIES

The inventories figure of KShs.3,387,485 includes spareparts donated through IDA Credit No.2309 KE . These spares shall be disposed of through the disposal committee in the next financial year.

	30th June 2008 Kshs	30th June 2007 Kshs
Consumable Stores	2,618,137	1,121,185
Photo Copier Spares	420,933	420,933
Motor Vehicle Spareparts	348,415	348,415
	3,387,485	1,890,533

## 7. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	30th June 2008 Kshs	30th June 2007 Kshs
<b>PREPAYMENTS &amp; DEPOSITS</b>		
Hospital Deposit	875,000	875,000
Utilities Deposit	55,412	52,812
Rent Deposit	288,800	288,800
Other Pre-payments	185,748	1,736,049
Sub – Total	<u>1,404,960</u>	<u>2,952,661</u>
<b>OTHER ACCOUNTS RECEIVABLE</b>		
Staff Imprest	-	1,171,035
Staff Salary Advances	1,015,127	1,277,932
Medical Overexpenditure	-	458,097
Boarded Stores	-	3,330
Internal Control Issues	-	29,108
Accrued Interest on Investment	3,555,462	4,492,652
Interest underpaid from Investment	278,531	791,473
HELB Pension	-	85,998
HELB Sacco	-	4,994
Staff Debtors	636,095	147,369
Other Accounts Payable	-	500
Payroll Deductions	-	285,595
Unclaimed receipts	-	1,638,719
	<u>6,890,175</u>	<u>13,339,463</u>
Less: Prov. for Bad & Doubtful Debt	<u>-1,466,892</u>	<u>-1,492,127</u>
	<u><u>5,423,284</u></u>	<u><u>11,847,336</u></u>

## 8. SHORT TERM INVESTMENTS

	30th June 2008 Kshs	30th June 2007 Kshs
Kenya Commercial Bank	42,331,233	-
Citibank	80,000,000	98,257,986
Cooperative Bank	235,369,484	133,932,176
National Bank of Kenya	93,940,154	135,289,122
Housing Finance	3,470,471	15,410,863
Treasury Bills	120,262,058	147,702,000
	<u>575,373,400</u>	<u>530,592,147</u>

## 9(a). CASH AND BANK BALANCES

	30th June 2008	30th June 2007
	Kshs	Kshs
KCB University Way Branch	21,599,362	5,609,456
Citibank Upperhill Branch	49,999,934	38,065,008
Co-operative Bank University Way Branch	5,568,608	3,194,645
Housing Finance	-	10,000
Barclays Bank	1,762,904	-
Cash in Hand	150,000	150,000
	<u>79,080,808</u>	<u>47,029,109</u>

## 9(b). BANK OVERDRAFT

	30th June 2008	30th June 2007
	Kshs	Kshs
KCB University Way Branch	-	67,706,368
Citibank Upperhill Branch	-	391,508
	<u>-</u>	<u>68,097,876</u>

The bank overdraft balance of Kshs.68,097,876 as at 30th June 2007 is transient cash book balances.

## 10. LOANS, BURSARIES & SCHOLARSHIPS PAYABLE

	30th June 2008	30th June 2007
	Kshs	Kshs
Loans Payable	137,735,160	33,624,800
Postgraduate Scholarships	13,900,000	12,500,000
Bursaries Payable to Students	11,278,048	11,221,048
	<u>162,913,208</u>	<u>57,345,848</u>

The increase in Loans, Bursaries and scholarships payable in 2007/2008 is due to an overlap of the academic year of some universities into the next financial year 2008/2009.

## 11. ACCOUNTS PAYABLE AND ACCRUALS

	30th June 2008	30th June 2007
	Kshs	Kshs
Staff & House Loan Expenses	26,372,114	6,153,621
Leave Pay Liability	4,939,156	4,703,958
Other Operating Expenses	11,096,165	1,446,317
Other Trade Creditors	5,456,375	3,277,459
Purchase of Fixed Assets	3,581,180	1,844,765
Land Rent & Rates	1,400,000	1,260,000
Audit Fees	750,000	1,000,000
	<u>53,594,991</u>	<u>19,686,119</u>

**12. GOVERNMENT GRANTS (LOANS TO STUDENTS)**

	30th June 2008	30th June 2007
	Kshs	Kshs
Balance b/forward	14,965,661,110	14,097,758,249
Add: Capitation Received for the year for Students Loans	867,902,862	867,902,861
	<u>15,833,563,972</u>	<u>14,965,661,110</u>

**13. ACCUMULATED FUND**

	30th June 2008	30th June 2007
	Kshs	Kshs
Balance b/forward	3,573,011,227	3,151,052,135
Add: Surplus for the year	481,992,259	421,959,092
	<u>4,055,003,485</u>	<u>3,573,011,227</u>

**14. MISCELLANEOUS INCOME**

	30th June 2008	30th June 2007
	Kshs	Kshs
Sale of Tender Forms	1,451,000	1,176,300
Sale of Postgraduate Loans & Scholarship Forms	2,729,000	1,791,000
Sale of Boarded Stores	2,520,127	777,550
Other Income (Gender Sensitization grant, Insurance, Adverts, etc.)	619,367	
	<u>7,319,494</u>	<u>3,744,850</u>

## 15. STAFF COSTS

	30th June 2008	30th June 2007
	Kshs	Kshs
Basic Salary	64,571,196	54,695,381
House Allowance	38,308,772	32,419,148
Overtime Allowance	384,866	467,005
Entertainment Allowance	1,866,500	741,782
Fuel and Commuter Allowance	10,279,117	6,475,407
Security Allowance	889,240	214,595
Responsibility Allowance	2,541,580	1,254,369
Acting Allowance	287,235	235,306
Meals Allowance	52,165	35,805
Special Duty Allowance	220,820	459,501
Domestic Allowance	548,640	343,408
Gratuity and Pension	13,140,467	12,496,885
Annual Leave Expenses	767,563	653,754
Staff Honoraria	4,548,634	5,087,387
Staff Welfare Expenses	1,376,391	1,172,095
Medical Expenses	11,205,497	8,730,182
Aids Awareness	106,975	388,000
Staff Utility Expenses	751,991	750,826
Casual Wages	1,118,289	2,792,321
	<u>152,965,937</u>	<u>129,413,157</u>

## 16. OTHER OPERATING EXPENSES

	30th June 2008	30th June 2007
	Kshs	Kshs
Telephone Expenses	4,696,992	5,104,844
E-Mail / Internet Expenses	2,323,395	2,076,956
Postal and Telegrams	2,863,784	647,908
Travelling Expenses (Internal & External)	2,708,949	3,712,081
Fuel Consumption	1,644,597	2,337,566
Office, Warehouse & Parking Charges	15,884,014	17,819,906
Insurance Expenses	1,773,855	2,039,292
Staff Training	4,906,810	7,164,653
Seminars and Conferences	4,314,573	3,834,635
Repair and Maintenance (Property, Plant and Equipment)	1,250,698	3,397,889
Computer Hardware & Software Maintenance	2,643,577	649,566
Hire of Office Machinery and Equipment	472,019	17,400
Office Cleaning and Maintenance	458,170	488,208
Office Security Expenses	2,829,556	3,383,109
Office Tea	1,328,358	1,078,539
Office Flowers	593,250	427,195
Official Entertainment	631,972	468,908
Subsistence Expenses	2,174,414	2,521,518
Contracted Professional Services	1,454,902	3,731,099
Staff Uniforms	216,980	78,940
Subscriptions to Professional Bodies	180,950	152,981
Newspapers, Journals, Periodicals & Library Books	493,740	360,093
Advertising and Publicity	13,230,981	11,137,434
Donations	504,950	-
Publishing and Printing	408,900	190,297
Office Stationery	2,200,434	1,593,840
Computer Accessories and Stationery	1,181,587	1,499,213
Board Members Expenses	5,338,872	5,588,521
	<u>78,711,277</u>	<u>81,502,589</u>

## 17. FINANCIAL EXPENSES

	30th June 2008	30th June 2007
	Kshs	Kshs
Bank Charges and Interest	8,584,661	8,621,146

## 18. PROVISIONS FOR BAD AND DOUBTFUL DEBTS

	30th June 2008	30th June 2007
	Kshs	Kshs
Balance b/forward	712,327,693	658,354,860
Add: Provisions for the year	51,464,090	53,972,833
	<u>763,791,782</u>	<u>712,327,693</u>
Less: Bad Debts Written - Off	-749,741	-
	<u>763,042,041</u>	<u>712,327,693</u>

## 19. LEGAL STATUS

The Board is a State Corporation established under the Higher Education Loans Board Act Cap R13A of 1995.



**They gave you the power to read,  
We're giving you the power to pay.**

**EASY WAYS TO REPAY YOUR HELB LOAN**

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or email [customerservice@co-opbank.co.ke](mailto:customerservice@co-opbank.co.ke)



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# ANNEX

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## Loan Repayment Methods

### 1. CHEQUES OR CASH DEPOSIT (by employer or self)

All payments are payable to “Higher Education Loans Board”, by crossed cheque, local or international money order, and Bankers draft or direct transfer/CASH DEPOSIT to Helb collection A/C in any of the following banks:

BANK	ACCOUNT NUMBER	BRANCH
<i>Barclays bank</i>	<i>077 - 501 8216</i>	<i>Barclays Plaza</i>
<i>Citibank</i>	<i>300 040 012</i>	<i>Nairobi</i>
<i>Co-operative Bank</i>	<i>011 - 296 122 2800</i>	<i>University way</i>
<i>Equity Bank</i>	<i>050293573408</i>	<i>Community</i>
<i>Kenya Commercial Bank</i>	<i>1103 266 314</i>	<i>University way</i>
<i>Standard chartered Bank</i>	<i>010 801 826 4700</i>	<i>Koinange street</i>

- Cash is not accepted at HELB offices; however cheques could be dropped at HELB offices and a receipt obtained;
- Original bank deposit slip (for cash deposit) must be presented to HELB offices for receipting and account update;
- All payments presented to HELB (i.e. cash deposit slips or cheques) must be attached to a remittance form in the format below:

### 2. PESAPPOINT ATM'S

- HELB loan can now be repaid through 200 Pesapoint ATM's countrywide.
- To repay your HELB loan through Pesapoint ATM, ensure that you include your NATIONAL ID NUMBER as your account number reference.

### 3. DIRECT TRANSFER / EFT / STANDING ORDER

- Payments can also be made by direct transfer, EFT or standing order to HELB bank accounts shown above.
- On the day of transfer, the remittance form shown above must be e-mailed to HELB for account update.
- Please email to [remittance@helb.co.ke](mailto:remittance@helb.co.ke)

### 4. DIRECT DEBIT AUTHORITY (DDA)

- One may also give authority to HELB to make monthly debits directly from his/her bank account. This is done by signing the DIRECT DEBIT AUTHORITY FORM (DDA) and forwarding the same to HELB.
- You can copy this link to the web browser to download the form from HELB website: [http://www.helb.co.ke/Direct\\_Debits\\_Authority\\_Form.pdf](http://www.helb.co.ke/Direct_Debits_Authority_Form.pdf)

### 5. INTERNATIONAL TRANSFER

- Persons abroad may make direct money transfer to:
  - HELB collection A/C No. 300 040 012 Citibank, Nairobi  
Swift code is CITIKENA
  - HELB collection A/C No. 077-501 82 16 Barclays Bank, Plaza branch Nairobi  
Swift code is BARCKENX

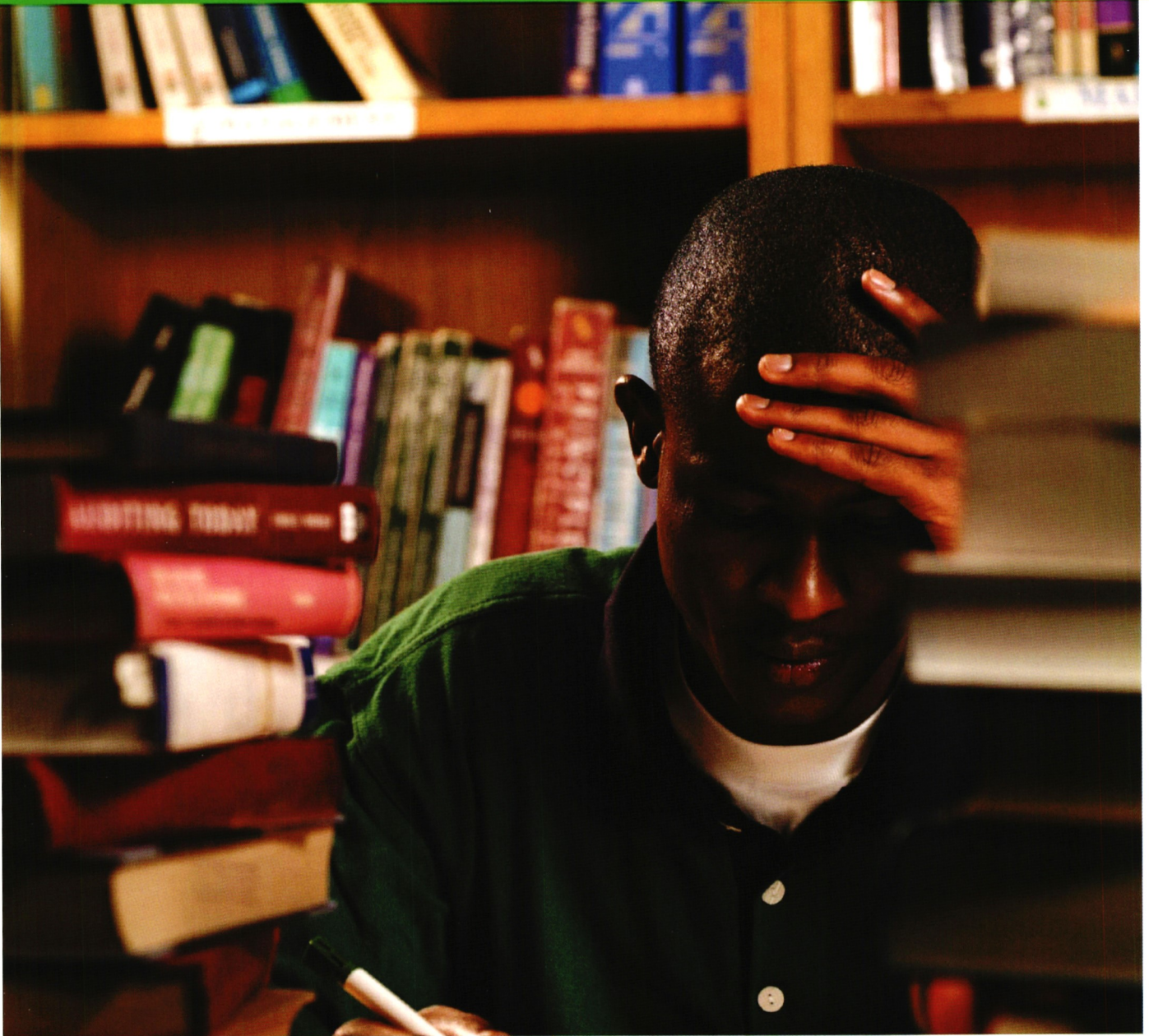
- Kindly notify HELB by e-mail or phone when transferring money.
- A receipt will then be issued.

## **6. CREDIT CARD AND DEBIT CARD**

- Payments can also be made by
- VISA branded credit cards or debit (ATM) cards swiped at HELB offices or;
- Submitting a duly filled CREDIT CARD AUTHORIZATION FORM (CCA)
- You can copy this link to the web browser to download the form from HELB website: [http://www.helb.co.ke/Credit\\_card\\_authority\\_form.pdf](http://www.helb.co.ke/Credit_card_authority_form.pdf)

### **N/B**

- Please quote your ID number in all your enquiries (it's the principal identifier).
- No payment shall be accepted without remittance schedule shown above.
- Please note that payments have to be made by 15th of the following month (for employers only).
- Late payments will be penalized (for employers only).
- You can check your loan balance by using the following link on your web browser:
- [http://www.helb.co.ke/helb\\_loanee\\_id.jsp](http://www.helb.co.ke/helb_loanee_id.jsp)



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Anniversary Towers, 18<sup>th</sup> floor  
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P.O. Box 69489 00400  
Nairobi Kenya.

Tel: +254 - 020 - 2251877 / 2246590

Fax: +254 - 020 - 2252330

Cell phone: 0733 205292/0722 205292

Website: [www.helb.co.ke](http://www.helb.co.ke)