

Library

PAPERS LAID No 134

Speaker N. A.	Clerk ASST
Deputy Speaker	C. H. Adve
Clerk N. A.	Reporters
Deputy Clerk	Library
P. G. A.	Press

PARLIAMENT OF KENYA LIBRARY



**TEACHERS SERVICE COMMISSION**



**Financial Statements**  
for the year ended 30 June  
**2005**

*effective service for quality teaching*



***“Effective Service for Quality Teaching”***



***“To Establish and Maintain, in Partnership with  
all Stakeholders, a Sufficient Professional  
Teaching Service for Educational Institutions –  
Responsive to Environmental Changes”.***



**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE  
FINANCIAL STATEMENTS OF THE TEACHERS SERVICE COMMISSION  
FOR THE YEAR ENDED 30 JUNE 2005**



KENYA NATIONAL ASSEMBLY LIBRARY

Accession: 10012268

Call No: 657.375C



ANNUAL REPORTS AND FINANCIAL STATEMENT FOR THE YEAR ENDED  
30TH JUNE 2005

<b>CONTENTS</b>	<b>PAGE</b>
1. CORPORATE INFORMATION	1
2. REPORT OF THE COMMISSIONERS	2
3. STATEMENT OF COMMISSIONERS RESPONSIBILITIES	3
4. REPORT OF THE AUDITORS	4
5. INCOME AND EXPENDITURE STATEMENT	5
6. BALANCE SHEET	6
7. STATEMENT OF CHANGES IN ACCUMULATED FUND	7
8. CASH FLOW STATEMENT	8
9. ACCOUNTING POLICIES	9
10. NOTES TO FINANCIAL STATEMENTS	10 – 19

## Teachers Service Commission

### CORPORATE INFORMATION FOR THE YEAR ENDED 30TH JUNE, 2005

The Teachers Service Commission is a body Corporate established in 1967 through an Act of Parliament (Cap 212 Laws of Kenya).

The Commission has a Corporate vision of “Effective Service for Quality Teaching” and a mission “To Establish and Maintain Sufficient Professional Teaching Service for Educational Institutions – Responsive to Environmental Changes”.

#### COMMISSIONERS:

1. Mr. I.M. Hussein, EBS, HSC - Commission Chairman
2. Mr. S. Ole Nkanae, MBS - Deputy Commission Chairman
3. Mr. R. Kilavuka
4. Mr. B.G. Mogaka
5. Mrs. C.W. Gichuru, HSC
6. Mrs. S. Adan
7. Mrs. A.K. Kithimba
8. Mr. J.S. Cheloti, SS
9. Mr. Kanore M.G.
10. Mr. Kotut D.K.
11. Mr. J.M. Mukoma
12. Mr. J.I. Kinyua, HSC
13. Mr. Ngeiwo J.
14. Mr. Chacha Ogwe
15. Mr. J. Kale
16. Mr. L.K. Sitienei
17. Mrs. Betty Maneno
18. Mr. J.J. Ngatiari
19. Mrs. Hellen Kemei
20. Mr. Walter Amadi (late)
21. Mr. M. Oyoo
22. Mrs. Z.M. Haji
23. Miss P.J. Kiteto
24. Mr. I.C. Aluku
25. G.K. Lengoiboni – Commission Secretary/Chief Executive

**Registered Office** Teachers Service Commission.

**Principal place of Business:** The Bazaar,  
Moi Avenue/Biashara Street,  
Private Bag,  
NAIROBI, KENYA

**Auditors:** Controller and Auditor General  
Anniversary Towers  
P.O. Box 30084 – 00100  
NAIROBI

**Bankers:** National Bank of Kenya Ltd.,  
National Bank of Kenya Building  
Harambee Avenue  
P.O. Box 41862  
NAIROBI

**REPORT OF THE COMMISSIONERS FOR THE YEAR ENDED 30TH JUNE, 2005**

The Commissioners submit their report and the audited financial statements for the year ended 30th June, 2005.

**1. PRINCIPAL ACTIVITY**

The Commission's Principal activity is to register, recruit, remunerate, Promote and discipline teachers and to maintain the teaching standards.

**2. RESULTS**

The results for the year are set out on Page 5

**3. DIVIDENDS**

The Commissioners do not recommend payment of dividends as the Commission is a Service Organization.

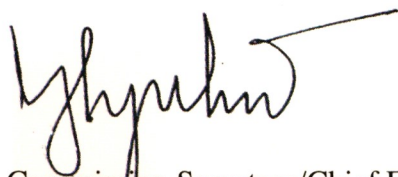
**4. COMMISSIONERS**

The Commissioners who held office during the year and to the date of this report are shown on Page 1.

**5. AUDITORS**

The Controller and Auditor-General is responsible for the Statutory audit of the Commission.

By Order of the Commission



Commission Secretary/Chief Executive  
NAIROBI

30TH SEPTEMBER 2005

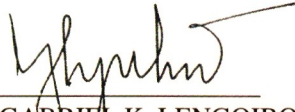
**STATEMENT OF THE COMMISSIONERS RESPONSIBILITIES**

The State Corporations Act Cap 446 of the laws of Kenya requires the Commission to keep proper books of Accounts that disclose with reasonable accuracy, its financial position. The Act also requires the Commission to prepare financial statements for each financial year that give a true and fair view of the state of affairs and to submit such financial statements to Kenya National Audit Office for the purpose of Audit. The Commission is also responsible for safeguarding its assets.


The Commissioners accepts responsibility for the annual financial statements, which have been prepared in accordance with appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the requirements of Government Financial Regulations and Procedures.

The Commissioners are of the opinion that these financial statements give a true and fair view of the Commission's state of affairs and further accepts responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements as well as adequate systems of internal financial controls.

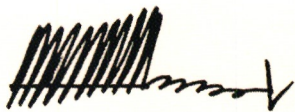
So far nothing has come to the attention of the Commissioners to indicate that the Teachers Service Commission will not remain a going concern for at least the next twelve months from the date of this statement.

  
GABRIEL K. LENGOIBONI  
SECRETARY/  
CHIEF EXECUTIVE  
T.S.C.

DATE: 30.09.05

  
JOSEPH W. MANJE  
COMMISSIONER  
T.S.C.

DATE: 30.09.05

  
I.M. HUSSEIN, HSC, EBS  
CHAIRMAN  
T.S.C.

DATE: 30.09.05

REPUBLIC OF KENYA

Telephone: +254-20-342330

Fax: +254-20-311482

E-mail: cag@kenyaweb.com



P.O. Box 30084-00100

NAIROBI

## KENYA NATIONAL AUDIT OFFICE

### REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE TEACHERS SERVICE COMMISSION FOR THE YEAR ENDED 30 JUNE 2005

I have audited the financial statements of Teachers Service Commission for the year ended 30 June 2005 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 believe were necessary for the purpose of the audit. The financial statements are in agreement with the books of account.

#### **Respective Responsibilities of the Commissioners and the Controller and Auditor General**

As set out in the statement of Commissioners responsibilities, the Commissioners are responsible for the preparation of financial statements which give a true and fair view of the Commission's state of affairs and its operating results. My responsibilities are to express an independent opinion on the financial statements based on my audit.

#### **Basis of Opinion**

The audit was conducted in accordance with the International Standard on auditing. Those standards require 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 includes an examination, on test basis, of evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of the accounting policies used and significant estimates made by the Commissioners, as well as an evaluation of the overall presentation of the financial statements. I believe my audit provides a reasonable basis for my opinion.

#### **Opinion**

In my opinion, proper books of account have been kept and the financial statements give a true and fair view of the state of the affairs of the Commission as at 30 June 2005 and of its deficit and cash flows for the year ended in accordance with International Financial Reporting Standards and comply with Teachers Service Commission Act, Cap 212 of laws of Kenya.

A handwritten signature in dark ink, appearing to be 'E.N. Mwai'.

**E.N. MWAI**  
**CONTROLLER AND AUDITOR GENERAL**

Nairobi

3 May 2006

**INCOME AND EXPENDITURE STATEMENT FOR YEAR  
ENDED 30TH JUNE 2005**

<b><u>INCOME</u></b>	<b><u>NOTES</u></b>	<b><u>2004/2005 KSH.</u></b>	<b><u>2003/2004 KSH.</u></b>
Total Income	(1)	56,585,081,259.00	51,689,371,762
 <b><u>EXPENDITURE</u></b>			
<b><u>PERSONAL EMOLUMENTS</u></b>			
T.S.C. Secretariat	(2)	1,089,298,196.00	735,570,383
Primary, Secondary & Special Institutions	(3)	54,149,479,332.00	49,216,110,996
Technical Institutions	(4)	1,371,241,354.00	1,231,781,701
		<b>56,610,018,882.00</b>	<b>51,183,463,080</b>
Operation Expenses	(5)	38,546,902.00	45,984,188
Maintenance Expenses	(6)	130,023,747.80	188,153,717
Other Expenses	(7)	97,617,907.00	76,994,680.00
Depreciation	(8)	28,099,895.15	27,129,464
		<b>56,904,307,333.95</b>	<b>51,521,725,129</b>
Deficit / Surplus		<u>-319,226,074.95</u>	<u>167,646,633</u>
		<b><u>56,585,081,259.00</u></b>	<b><u>51,689,371,762</u></b>

## Teachers Service Commission

### BALANCE SHEET AS AT 30-06-2005

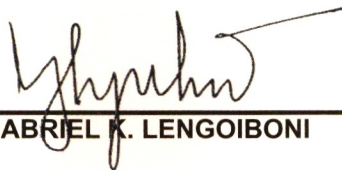
#### ASSETS

<u>NON-CURRENT ASSETS</u>	<u>NOTES</u>	<u>2004/2005</u> <u>(KSHS)</u>	<u>2003/2004</u> <u>(KSHS)</u>
Property, plant and Equipments	(8)	303,287,025	288,919,548
<b>Total Fixed Assets</b>		<b>303,287,025</b>	<b>288,919,548</b>
<b>CURRENT ASSETS</b>			
Stationery Stock	(9)	11,857,554	5,734,405
Debtors	(10)	1,398,429,935	1,057,350,459
Cash on Hand and Bank	(11)	1,005,277,722	1,732,685,520
Short Term Deposits Pioneer			
Building Society	(12)	6,618,980	6,618,980
Interest Receivable - P.B.S.	(13)	1,194,270	-
<b>Total Current Assets</b>		<b>2,423,378,461</b>	<b>2,802,389,364</b>
<b>TOTAL ASSETS</b>		<b>2,726,665,486</b>	<b>3,091,308,912</b>

#### GENERAL FUND AND LIABILITIES

Revaluation Surplus Fund	(14)	42,000,000	42,000,000
Accumulated Fund	(17)	599,519,475	912,970,555
		<b>641,519,475</b>	<b>954,970,555</b>
<b>CURRENT LIABILITIES</b>			
Creditors	(15)	2,069,834,731	2,121,027,077
Provision for bad debts	(16)	15,311,280	15,311,280
<b>Total Current Liabilities</b>		<b>2,085,146,011</b>	<b>2,136,338,357</b>
<b>GENERAL FUND AND LIABILITIES</b>		<b>2,726,665,486</b>	<b>3,091,308,912</b>

The financial Statements were approved by the Commissioners on 30th September, 2005 and signed on its behalf by :-



**GABRIEL K. LENGOBONI**

**SECRETARY/CHIEF EXECUTIVE  
T.S.C.**

Date:30/9/2005



**JOSEPH W. MANJE**

**COMMISSIONER  
T.S.C.**

Date: 30/9/2005



**I.M. HUSSEIN, EBS, HSC**

**CHAIRMAN  
T.S.C.**

Date:30/9/2005

**STATEMENT OF ACCUMULATED FUND AS AT 30-06-05**

	<u>2004/2005</u> <u>KSH</u>	<u>2003/2004</u> <u>KSH.</u>
Balance b/f	912,970,555.00	740,647,445.00
<b>Add</b> : Adjustment for statutory barred stale cheques 6 years old	4,580,725.45	4,310,103.00
Adjustment for prior year items (Fundamental error on accrued interest from Pioneer Building Society)	1,194,270.15	
Adjustment of provision for bad debts on receipt of dividend in respect of P B S	-	366,374.00
Adjusted balance	<u>918,745,550.60</u>	<u>745,323,922.00</u>
<b>Add</b> : Excess Deficit /Suplus	(319,226,075)	167,646,633.00
<b>Balance carried forward</b>	<u>599,519,475.60</u>	<u>912,970,555.00</u>

**CASH FLOW STATEMENT FOR YEAR ENDED 30TH JUNE, 2005**

	<u>YEAR ENDED 30-6-2005</u>		<u>YEAR ENDED 30-6-2004</u>	
<u>OPERATING ACTIVITIES</u>	<u>KSH.</u>	<u>KSH.</u>	<u>KSH.</u>	<u>KSH.</u>
Excess Expenditure Over Income		-319,226,075		167,646,633
Adjustments for items not involving cash movement				
<b>Add:</b> Depreciation - Motor Vehicles	5,094,526			
-Furniture & Equipment	23,005,369	<u>28,099,895</u>		
		<b>-291,126,180</b>		27,129,464
<b>Adjustment for changes in working Capital/Operational balances</b>				
Increase in stationery	-6,123,149			-198,558
Increase in Debtors	-340,458,737			-815,554,224
Decrease in Creditors	-51,192,346			<u>-303,637,328</u>
<b>Net cash inflow - operating activities</b>		<b>-397,774,232</b>		<b>-317,339,377</b>
<b>INVESTING ACTIVITIES</b>				
Work In Progress	-9,435,942			366,374
Purchase - Permanent Equipment	-19,560,149			-25,698,891
Adjustments On Equipments	1,061,416			<u>-10,604,831</u>
Purchase of Motor Vehicles	-14,532,697	<b>-42,467,372</b>		<b>-353,276,725</b>
<b>FINANCING ACTIVITIES</b>				
Statutory Barred Stale Cheques	4,580,725			4,310,103
Increase in RD cheques	<u>-620,739</u>	<b>3,959,986</b>		47,455
<b>Decrease In Cash</b>		<b>-727,407,798</b>		<b>-348,919,167</b>
<b>Change in cash</b>				
Closing cash balance	NOTE 11	1,005,277,722		1,732,685,520
Less: Open cash balance		<u>-1,732,685,520</u>		<u>-2,081,604,687</u>
<b>Decrease in Cash</b>	NOTE 11	<b>-727,407,798</b>		<b>-348,919,167</b>

## ACCOUNTING POLICIES

### 1. Basis of Accounting

The Commission's accounts are prepared on the historical cost basis of Accounting.

### 2. Accruals and Prepayments

Grants which have been received during the Financial Year but were not so received until the subsequent financial year and were considered significant have been recognized as Grants Receivable; while outstanding costs on N.S.S.F. Employer's Contribution also considered significant have been considered likewise. Pre-payments for leased houses Non-Residential and Residential are not significant.

### 3. PROPERTY, PLANT, EQUIPMENT AND DEPRECIATION

Property, Plant and Equipment are stated at cost less accumulated depreciation. Depreciation is calculated on a reducing balance basis at annual rates estimated to write off the assets over their expected useful lives.

The annual depreciation rates in use are :

#### (i) Office Equipment and Furniture

At the rate of 12.5% per annum or part thereof on the written down value.

#### (ii) Motor Vehicles

At the rate of 25% per annum or part thereof on the written down value.

### 4. Bad and Doubtful Debts

Specific provisions are made against Bad and Doubtful debts when in the opinion of the Commission, recovery is doubtful and cannot be foreseen. In addition, write-offs are only effected with authority of the Treasury through the Ministry of Education for specifically identified cases.

### 5. Stocks of Stationery

The amount of the stock of stationery in Financial Statements has been stated as the total of costs of the separate items of stationery stock at the end of the financial period.

### 6. Employee Benefits

The Commission operates a defined contribution plan known as Superannuation Pension Fund. The Fund was established on 1st January, 1993 and operates in accordance with the provisions of the Retirement Benefits Authority Act. The Fund is managed by AON Minet Insurance Brokers and it is funded by the contributions of employees @ 5% per employee and employers' @ 25% per month. The fund is occasionally valued by an Actuary and the Commission pays the actuarial liability into the fund.

**NOTE 1**

**TOTAL INCOME: GRANTS AND MISCELLENEOUS REVENUE**

	<u>2004/2005</u>	<u>2003/2004</u>
	<u>KSHS.</u>	<u>KSHS.</u>
Grants from Ministry of Education Science and Technology	56,584,300,033.95	51,688,103,082.25
Miscellaneous Revenue	781,225.10	1,268,680.00
	<u>56,585,081,259.05</u>	<u>51,689,371,762.25</u>

**NB**

Grants represents amounts receivable annually from the Exchequer through the Ministry of Education (parent Ministry) to finance the Commission's operations.

Miscellaneous revenue was mainly collected from sale of tender documents.

The grants so received are journalized back to the year with a view to matching the expenditure with Income and in compliance with IAS on Revenue Recognition. The composition of Kshs.1,132,978,389.65 is as follows:-

<u>Date of Receipt</u>	<u>Cheque No.</u>	<u>Date of cheque</u>	<u>From whom Received</u>	<u>Kshs.</u>
07/04/2005	121491	28-06-05	MOEST	123,941,254.00
07/04/2005	122391	30-06-05	MOEST	1,000,000,000.00
07/07/2005	008040	30-06-05	MOEST	9,037,135.65
<b>Total Grants Receivable</b>				<u><u>1,132,978,389.65</u></u>

	2004/2005	2003/2004
DESCRIPTION	ACTUAL EXPENDITURE	ACTUAL EXPENDITURE
<b>NOTE 2 - TSC SECRETARIAT</b>	<b>KSHS.</b>	<b>KSHS.</b>
Personal Emoluments	399,625,067.10	355,450,088.15
Gratuity & Pension Contribution	345,130,435.70	102,915,327.85
House Allowance	194,506,306.75	139,663,918.60
Other Personal Allowances	107,419,956.25	97,794,282.40
Medical Allowance	42,616,430.45	39,746,766.25
<b>SUB TOTAL</b>	<b>1,089,298,196.25</b>	<b>735,570,383.25</b>
<b>NOTE 3 - PRIMARY, SECONDARY AND SPECIAL INSTITUTIONS</b>		
Personal Emoluments	31,769,400,066.20	28,010,404,090.65
Gratuity & Pension Contribution	7,634,445.75	7,874,361.50
House Allowance	14,898,988,484.50	14,858,722,673.70
Other Personal Allowances	3,646,430,465.60	2,701,307,618.95
Medical Allowance	3,825,930,712.90	3,637,608,220.35
Transfer Allowance	1,095,156.25	194,031.30
<b>SUB TOTAL</b>	<b>54,149,479,331.20</b>	<b>49,216,110,996.45</b>
<b>NOTE 4 - TECHNICAL INSTITUTIONS</b>		
Personal Emoluments	738,290,100.70	637,929,038.95
Gratuity & Pension Contribution	208,340.00	244,160.00
House Allowance	504,770,270.40	490,353,387.50
Other Personal Allowance	37,466,868.30	20,740,515.75
Medical Allowance	90,335,470.10	82,514,598.95
Transfer Allowance	170,305.00	
<b>SUB TOTAL</b>	<b>1,371,241,354.50</b>	<b>1,231,781,701.15</b>
<b>GRAND TOTAL</b>	<b>56,610,018,881.95</b>	<b>51,183,463,080.85</b>

## Teachers Service Commission

### **NOTE 5 - OPERATION EXPENSES**

	<b><u>2004/2005</u></b>	<b><u>2003/2004</u></b>
	<b><u>KSHS</u></b>	<b><u>KSHS.</u></b>
Computer charges	216,533.00	967,560.50
Postage and Telegram Charges	6,712,170.90	8,346,696.10
Telephone Charges	10,351,820.15	9,661,067.95
Printing charges	5,381,384.80	6,900,955.40
Stationery Expenses	9,654,801.50	14,838,881.75
Advertising Expenses	5,613,172.05	3,864,722.40
Uniforms and Clothing	617,020.00	1,176,030.00
Miscellaneous Other Charges	-	228,273.80
<b>Sub-Total</b>	<b><u>38,546,902.40</u></b>	<b><u>45,984,187.90</u></b>

### **NOTE 6 - MAINTENANCE EXPENSES**

Rent and Rates	83,225,995.20	82,444,615.70
Audit Fees (Controller & Auditor General)	1,250,000.00	1,200,000.00
Library Expenses	2,000,233.10	1,161,732.00
Compensation and Ex-gratia Payments	348,241.70	-
Repair and Maintenance Expenses	10,680,449.40	6,167,877.35
Purchase of Consumable Stores	205,257.00	-
Official Entertainment	243,936.00	55,600.00
Bank Charges	238,581.60	231,999.05
Staff Development	21,790,441.60	86,205,372.55
Teachers and Staff Burial Expenses		95,557.50
Electricity Water Conservancy	3,279,379.70	2,567,623.35
Vehicle Insurance	2,056,303.00	2,017,905.00
Passages and Leave Expenses	982,272.45	739,535.60
HIV/AIDS Awareness Campaign	1,424,639.95	2,485,567.35
Fees Commissions & Honoraria		31,010.00
Expenses of Boards, Commissions & Conferences	2,298,017.10	2,749,322.10
<b>Sub Total</b>	<b><u>130,023,747.80</u></b>	<b><u>188,153,717.55</u></b>

### **NOTE 7 - OTHER EXPENSES**

Transport Operating Expenses	9,258,305.95	7,295,991.95
Travelling & Accommodation Expenses	26,637,478.70	45,360,377.80
Teachers and Staff Medical Expenses	61,722,121.90	24,338,310.45
	<b><u>97,617,906.55</u></b>	<b><u>76,994,680.20</u></b>
Depreciation for Motor Vehicles, Furniture, Fittings & Permanent Equipment	<b>28,099,895.15</b>	27,129,463.85
<b>GRAND TOTAL</b>	<b><u>294,288,451.90</u></b>	<b><u>289,591,770.00</u></b>

**NOTE 8:**

**STATEMENT OF FIXED ASSETS FOR THE YEAR ENDED 30.06.2005**

**ASSETS**

	<u>T.S.C LAND</u> KSHS	<u>W.I.P. BUILDING</u> KSHS	<u>MOTOR</u> <u>VEHICLES</u> KSHS	<u>FITTINGS AND</u> <u>EQUIPMENTS</u> KSHS	<u>TOTAL</u> KSHS
Cost/Valuation 1.7.2004	42,000,000.00	48,177,209.15	43,601,873.65	302,839,918.25	436,619,001.05
Less: Adjustments				-1,322,490.00	-1,322,490.00
Add: Additions during the year		9,435,942.45	14,532,697.00	19,560,148.70	43,528,788.15
	<b>42,000,000.00</b>	<b>57,613,151.60</b>	<b>58,134,570.65</b>	<b>321,077,576.95</b>	<b>478,825,299.20</b>
<b>DEPRECIATION</b>					
As at 1.7.2004			24,434,827.45	123,003,551.45	147,438,378.90
Add: Charge for the year			5,094,526.05	23,005,369.10	28,099,895.15
			<b>29,529,353.50</b>	<b>146,008,920.55</b>	<b>175,538,274.05</b>
Net Book Values 30.6.2005	<b>42,000,000.00</b>	<b>57,613,151.60</b>	<b>28,605,217.15</b>	<b>175,068,656.40</b>	<b>303,287,025.15</b>
Net Book Values 30.6.2004	<b>42,000,000.00</b>	<b>48,177,209.15</b>	<b>19,167,046.20</b>	<b>179,575,292.50</b>	<b>288,919,547.85</b>

Work In Progress Relates to Consultancy Work towards the Construction of the Proposed TSC Buildings since 1996.

**NOTE 8: FURNITURE FITTINGS & PERMANENT EQUIPMENT AS AT 30TH JUNE, 2005**

	<u>TOTAL COST</u> KSHS.	<u>ACCUMULATED</u> <u>DEPRECIATION</u> KSHS.	<u>BALANCE AFTER</u> <u>DEPRECIATION</u> KSHS.	<u>DEPRECIATION FOR</u> <u>YEAR @ 12.5%</u> KSHS.	<u>BALANCE AS AT</u> <u>30.6.2004</u> KSHS.
Cost/Valuation	302,839,918.25	123,264,625.75	179,575,292.50	22,446,911.55	157,128,380.95
<b>Add:</b>					
Additions during the year	19,560,148.70		19,560,148.70	433,514.25	19,126,634.45
Less Adjustment					
J.E. 7912/04/05	(1,322,490.00)	-261,074.30	(1,061,415.70)	124,943.30	(1,186,359.00)
	<b>321,077,576.95</b>	<b>123,003,551.45</b>	<b>198,074,025.50</b>	<b>23,005,369.10</b>	<b>175,068,656.40</b>

**LOSS OF LAPTOPS: KSHS. 1,322,490.00**

This relates to the following events: On 16-09-2003, the Commission lost four laptops through office breaking and stealing at Bazaar Plaza on the night of 15th/16th September 2003. On 20-12-2003 again another laptop was stolen at Mombasa Polytechnic while the Commission Officers were attending a workshop. Both cases were reported to Police and respective Police Abstract issued. The value of the laptops at cost was as follows:-

<u>Date Purchased</u>	<u>Serial No.</u>	<u>Model</u>	<u>Cost</u>	<u>Date Lost</u>
9.2.2002	5Y27KLMZW08L	Compaq	386,745.00	16.9.2003
26.6.2003	63546711G	Toshiba 5A-10 5-113	183,000.00	16.9.2003
9.2.2002	5Y27KLMZW09	Compaq	386,745.00	16.9.2003
26.8.2003	63546688G	Toshiba SA-10-5-113	183,000.00	16.9.2003
26.6.2003	63546676G	Toshiba SA-10-5-113	183,000.00	20.12.2003
			<u>1,322,490.00</u>	

The amount of Kshs. 1,322,490.00 being the cost of laptops was adjusted in the joint class of assets i.e. furniture, fittings and Equipment the resultant of which was to comply with I.A.S. 36 - Impairment of assets.

**NOTE 9: STATIONERY STOCK**

	<u>2004/2005</u> <u>KSHS.</u>	<u>2003/2004</u> <u>KSHS.</u>
Stationery Stock	11,857,554	5,734,405

The Stock of Stationery is valued at the lower of cost and net realisable value.

**NOTE 10: DEBTORS**

	<u>2004/2005</u> <u>KSH</u>	<u>2003/2004</u> <u>KSH</u>
D.P.M. Training	12,329,827.80	24,604,757.40
Outstanding Car Loans	202,328.30	202,328.30
Losses of Cash	5,393,634.30	4,515,595.45
Salary Overpayments	162,297,911.95	75,939,126.80
Temporary Imprests	715,851.50	1,797,998.45
Salary Advances	3,738,799.80	2,200,415.35
Net Salary Advance	36,421,725.90	29,639,914.85
Recoveries/Payments Ministry of Education	177,505.60	157,209.50
Grants Receivable	1,132,978,389.65	917,689,656.00
National Aids Control Council	30,050.00	30,050.00
Teachers Management (Steps)	33,600.00	33,600.00
Unpaid RD Cheques	1,160,526.00	539,787.00
Bomb Disaster Fund	20.00	20.00
Famine Relief Fund	65,568.60	-
Clearance Accounts	42,884,195.75	-
	<b>1,398,429,935.15</b>	<b>1,057,350,459.10</b>

For further details on Clearance Account refer to Note 16.

**NOTE 11**

**CASH AND BANK BALANCES**

	<u>2004/2005</u>	<u>2003/2004</u>
Cash in Hand	76,762.50	482,896.75
Bank Balance	1,005,200,959.00	1,732,202,623.25
<b>Total</b>	<b>1,005,277,721.50</b>	<b>1,732,685,520.00</b>

**Kshs.**  
**Kshs.**  
**Kshs.**

For purposes of Cash Flow Statement, cash and equivalents comprise of cash in hand and cash at bank. In the Balance Sheet, Cash and bank balance is made up of the same components. The year end cash and cash equivalent comprise of the above.

**NOTE 12 : SHORT TERM DEPOSITS - PIONEER BUILDING SOCIETY AS AT 30-06-2005**

<b>FIXED DEPOSIT NO:</b>	<b>DATE</b>	<b>AMOUNT DEPOSITED</b>	<b>DATE OF MATURITY</b>
		<b>KSHS</b>	
1789	29.7.85	2,518,479.00	29.7.86
2049	16.12.85	2,814,933.60	16.12.86
2048	9.12.85	6,000,000.00	10.6.86
		11,333,412.60	
Less Receipts vide cheque No.426616,426617,426618		4,348,058.35	
001435 dated 15/8/2003		366,374.00	
		<b>6,618,980.25</b>	<b>-</b>

Short Term Deposits balance of Kshs.6,618,980.25 represents investment at cost with the collapsed Pioneer Building Society.

Interest was received in form of dividend from the official Receiver and Provincial liquidator, Department of Registrar General. The latest interest received was Kshs.366,374.00

**NOTE 13: INTEREST RECEIVABLE - PIONEER BUILDING SOCIETY AS AT 30-6-2005**

<b>FIXED DEPOSIT NO.</b>	<b>DATE</b>	<b>INTEREST</b>	<b>DATE OF MATURITY</b>
1789	29.7.85	365,179.45	<b>29.7.86</b>
2049	16.12.85	394,090.70	<b>16.12.86</b>
2048	9.12.85	435,000.00	<b>10.6.86</b>
		1,194,270.15	

**NOTE 14 REVALUATION SURPLUS**

**AMOUNT (KSHS.)**

T.S.C. Land at Upper Hill L.R. No.209/11422 valued by the Commissioner of Lands vide letter Reference VAL.852/V/85 dated 23/10/2001.

42,000,000.00

**42,000,000.00**

**NOTE 15:**

**CREDITORS AS AT 30-06-2005**

	<b><u>2004/2005</u></b> <b><u>KSHS.</u></b>	<b><u>2003/2004</u></b> <b><u>KSHS.</u></b>
Clearance Accounts	1,983,111,914.85	2,029,673,313.55
Returned Salaries	8,637,487.00	7,135,385.60
Teachers Registration Fees	2,439,937.20	1,898,342.90
Stale Cheques	25,526,556.70	21,629,304.35
University Loans (HELB)	19,454,036.70	21,326,844.80
Unallocated Difference	104,618.20	-
Teachers I/D Cards	19,667.00	19,657.00
Recoveries for other Institutions	256,292.60	204,063.90
Mwalimu Sacco Dividend	10,835,064.45	19,701,124.45
Miscellaneous Cash Excess	156,916.90	148,729.50
Value Added Tax	1,928.55	-
Workshop for Clerical Officers	43,078.40	43,078.40
<b>Total</b>	<b><u>2,050,587,498.55</u></b>	<b><u>2,101,779,844.45</u></b>

**Clearance Account**

Clearance Accounts are composed of payroll deductions due to statutory bodies such as PAYE, NSSF, NHIF etc and third parties such as KNUT dues, Burial and Benevolent funds, Hire-Purchase Schemes, Sacco Societies, Insurance Companies etc and loans to teachers by Financial Institutions.

Acts of Parliament for various Statutory bodies and other third parties stipulate that deductions from employers should be remitted, by 10th of the month following the deductions. The Commission complies to Acts of Parliament by ensuring that deductions are remitted by 10th of the month following the month of deduction.

The Commission operates twenty-six payroll departments. Due to the exercise of amalgamating the 26 departmental payroll allocation summary deductions into primary, secondary, technical, special and Secretariat allocation summaries for earnings (payment) and deductions (remittances), deductions are paid after the end of the month and before 10th of the succeeding month.

**NOTE 16: PROVISION FOR BAD DEBTS AS AT 30.06.2005**

<b><u>Overpayment Account</u></b>	<b><u>Province/ Institution</u></b>	<b><u>Amount (Kshs)</u></b>
02-700-540	Central	591,734.75
02-700-541	Eastern	533,403.00
02-700-542	Coast & N/Eastern	741,650.35
02-700-543	Rift Valley	2,896,338.85
02-700-544	Western	573,065.30
02-700-545	Nyanza	547,884.05
02-700-548	Nairobi & Mombasa	120,805.00
03-700-547	Post Pry Institutions	1,442,142.20
03-700-549	Technical Institutions	51,006.20
	<b>SUB TOTAL</b>	<b>7,498,029.70</b>
<b>Add:</b>		
	Investments with Pioneer Building Society under Liquidation	
01-700-573		7,813,250.40
	<b>TOTAL</b>	<b>15,311,280.10</b>

For the basis of accounting, refer to Page 9 item 4

**NOTE 17:**


**ACCUMULATED FUND AS AT 30-06-2005**

	<b><u>2004/2005</u></b>	<b><u>2003/2004</u></b>
	<b><u>Ksh.</u></b>	<b><u>Ksh.</u></b>
Adjusted balance brought forward	918,745,550.60	745,323,922.00
Add: Excess Expenditure Over income		
Excess Income over expenditure	-319,226,075.00	167,646,633.00
Accumulated Fund carried forward	<b>599,519,475.60</b>	<b>912,970,555.00</b>



## Core Values


The Teachers Service Commission is a highly professional service delivery organization driven by the following guiding philosophy:

- 
- \*\* Striving for quality service delivery
  - \*\* Embracing best work practices
  - \*\* Promotion, protection and respecting human rights including the right to acquire knowledge.
  - \*\* Non-discrimination against employees.
  - \*\* Providing equal opportunities to all employees.
  - \*\* Upholding professionalism and integrity at all times.
  - \*\* Prompt response to customer needs.
  - \*\* Cherishing good citizenship.
  - \*\* Compliance to government policy



## Core Functions:

The core functions of the Commission are to:

- 
- \*\* Register all qualified teachers.
  - \*\* Recruit and employ registered teachers.
  - \*\* Assign teachers employed by the Commission for service in any public educational institution.
  - \*\* Remunerate teachers.
  - \*\* Promote teachers in accordance with the relevant schemes of service.
  - \*\* Ensure maintenance of discipline in the teaching force.
  - \*\* Maintain quality standards appropriate to persons entering the teaching service

Teachers Service Commission, The Bazaar, Moi Avenue/ Biashara Street

Private Bag, 00100, Nairobi.

Tel: 020-312068, 312393, 312397, 312078.

E-mail: [info@tsc.go.ke](mailto:info@tsc.go.ke) | [www.tsc.go.ke](http://www.tsc.go.ke)