

**THE KENYA NATIONAL EXAMINATIONS COUNCIL**

REG. LAID No **63**

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AUDITED ACCOUNTS  
FOR THE YEAR ENDED 30TH JUNE, 1992

**THE KENYA NATIONAL EXAMINATIONS COUNCIL**

**AUDITED ACCOUNTS  
FOR THE YEAR ENDED 30TH JUNE, 1992**

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

## TABLE OF CONTENTS

ITEM NO	CONTENTS	PAGE
1	Report of the Auditor-General (Corporations)	1
2	Balance sheet as at 30th June, 1992	2
3	Income and Expenditure Account for the year ended 30th June, 1992	3
4	Notes on the Accounts	4
5.	Comments on the Accounts for the year ended 30th June, 1992	11

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF  
THE KENYA NATIONAL EXAMINATIONS COUNCIL FOR THE YEAR ENDED  
30 JUNE 1992

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I have examined the accounts of the Kenya National Examinations Council for the year ended 30 June 1992 in accordance with Section 29 (2) of the Exchequer and Audit Act, (Cap 412). I have obtained all the information and explanations that I have required for the purpose of the audit. Proper books of account have been kept by the Council and the accounts, which have been prepared under the historical cost convention are in agreement therewith and comply with the provisions of the Kenya National Examinations Council Act, (Cap 255 A).

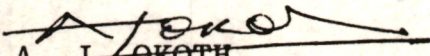
Subject to the reservations set out herebelow, in my opinion, the accounts, when read together with the notes thereon, give a true and fair view of the Council's financial affairs as at 30 June 1992 and of its surplus for the year ended on that date.

1. FIXED ASSETS

The Council's fixed assets balance of Kshs.14,120,317.00 as at 30 June 1992 does not incorporate the value of assets passed on to the Council by the former East African Examinations Council at its inception after the break-up of the now defunct East African Community. Accordingly, the Council's fixed assets of Kshs.14,120,317.00 as at 30 June 1992 are understated to the extent of the value of the excluded assets.

2. UN-IDENTIFIED BANK PAYMENTS

As reported in the previous year, some cheques drawn by the Council in 1984/85 amounting to Kshs.27,961,638.00 were encashed by payees whom the Council has not, to-date, been able to identify. The Council has not been able to explain the nature of the payments. Under the circumstances, I am still unable to confirm the authenticity of the payments. Further, no provision has been made against any possible loss of this amount although its recoverability is, in my opinion, doubtful.

  
A. J. OKOTH

AUDITOR-GENERAL (CORPORATIONS)

14th May, 1993

# THE KENYA NATIONAL EXAMINATIONS COUNCIL

BALANCE SHEET AS AT 30TH JUNE 1992

<u>ASSETS EMPLOYED</u>	<u>NOTES</u>	1991 Kshs.	1992 Kshs.
Fixed Assets	2	13,846,686	14,791,542
Long-term Investments	3	Nil	64,300,000
Buildings (Work in Progress)		61,979,845	61,979,845
Loan to SEPU		300,000	300,000
		=====	=====
		76,126,531	140,700,162
		=====	=====
<u>CURRENT ASSETS</u>			
Stock		2,517,282	7,578,133
Sundry Debtors		21,161,400	7,283,043
Bank Reconciliation Suspense	4		
Account (1982 - 85)		27,961,638	27,961,638
Short-term Deposits	5	130,577,368	Nil
Cash in Bank		39,492,953	160,886,014
Cash in Hand		Nil	58,252
		=====	=====
		221,710,641	203,536,126
		=====	=====
<u>CURRENT LIABILITIES</u>			
Provision for Doubtful Debts	6	2,327,705	2,327,705
Sundry Creditors	7	29,819,203	36,354,552
		=====	=====
		32,146,908	38,682,257
		=====	=====
		189,563,733	164,853,869
		=====	=====
		265,690,264	305,554,031
		=====	=====
<u>NET CURRENT ASSETS</u>			
<u>TOTAL ASSETS</u>			
FINANCED BY:			
Capital Reserve		75,591,946	75,591,946
Excess of Income over Expenditure	8	190,098,318	229,962,085
		=====	=====
		265,690,264	305,554,031
		=====	=====

*E. S. J. J. J.*

CHAIRMAN

*[Signature]*

SECRETARY

DATE: 2014/93

DATE: 21/4/93

## THE KENYA NATIONAL EXAMINATIONS COUNCIL

### INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30TH JUNE 1992

<u>INCOME</u>	<u>NOTES</u>	1991 Kshs.	1992 Kshs.
Examination Fees	9	255,624,173	269,767,084
Other Income	10	8,161,148	18,695,747
Grants		86,772,878	109,899,450
		<u>350,558,299</u>	<u>398,362,281</u>
 <u>LESS EXPENDITURE</u>			
Provision for Doubtful Debts		1,915,073	300,000
Personnel Expenses	11	21,879,076	27,004,474
Office Administration Expenses	12	15,561,655	21,265,770
Examination Expenses	13	266,411,404	305,833,531
Housing of Staff & Office Accommodation	14	9,348,994	9,460,476
Depreciation		2,083,709	2,443,197
		<u>317,200,811</u>	<u>366,307,448</u>
Less Closing Stock		(2,517,282)	(7,578,133)
		<u>314,683,529</u>	<u>358,729,315</u>
Excess of Income over Expenditure c/f		<u>35,874,770</u>	<u>39,632,966</u>

## THE KENYA NATIONAL EXAMINATIONS COUNCIL

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 1992

#### NOTE 1

#### ACCOUNTING POLICIES

- (a) Basis of Accounting  
These Accounts have been prepared under the historical Cost Convention modified to include the revaluation of motor Vehicles.
- (b) Depreciation  
Depreciation is calculated to write off the cost, valuation of Leasehold Buildings, Motor vehicles, Office Equipment and Office Furniture on a straight line basis over their estimated useful lives, at the following rates:-
- |                     |      |
|---------------------|------|
| Leasehold Buildings | 2½%  |
| Motor Vehicles      | 25%  |
| Office Equipment    | 10%  |
| Office Furniture    | 12½% |
- (c) Stocks  
Stocks are valued at the lower of cost and net realisable value.
- (d) Foreign Currency  
Transactions in foreign currency are translated into Kenya shillings at the rate of exchange ruling on the date of the transaction.
- (e) Retirement Benefits  
The Council and its employees other than those on secondment contribute to a pension scheme. The Council's contributions are charged against income in the period they fall due.
- (f) Revenue Recognition
- (i) Examination fees are treated as income in the year they are received.
  - (ii) Interest receivable is recognised on a time proportion basis taking into account the principal amount and the rate applicable.
- (h) Stocks  
Stocks are stated at the lower of cost and net realisable value.
- (i) Grants  
Grants are recognised in the year they are received from the Ministry of Education.

NOTE 2

**THE KENYA NATIONAL EXAMINATIONS COUNCIL**  
**FIXED ASSETS SCHEDULE AS AT 30TH JUNE 1992**

	LEASEHOLD BUILDINGS	MOTOR VEHICLES	OFFICE EQUIPMENT	OFFICE FURNITURE	HOUSE FURNITURE	TOTAL
Balance b/f 1.7.1991	2,557,575	1,671,000	13,894,024	1,700,944	590,338	20,413,881
Additions during the year	-	-	2,560,773	827,280	-	2,388,053
Total	2,557,575	1,671,000	16,454,797	2,528,224	590,338	23,801,934
Accumulated Depreciation as at 1.7.91	630,012	428,500	3,509,617	1,408,728	590,338	6,567,195
Depreciation for the year	63,939	417,750	1,645,480	316,028	-	2,443,197
Accumulated Depreciation as at 30.6.92	693,951	846,250	5,155,097	1,724,756	590,338	9,010,392
Book Value as at 1.7.91	1,927,563	1,242,500	10,384,407	292,216	-	13,846,686
Book Value as at 30.6.92	1,863,624	824,750	11,299,700	803,468	-	14,791,542
Rate of Depreciation per year	2.5%	25%	10%	12.5%	12.5%	

Balance b/f 1.7.1991

Additions during the year

Total

Accumulated Depreciation as at 1.7.91

Depreciation for the year

Accumulated Depreciation as at 30.6.92

Book Value as at 1.7.91

Book Value as at 30.6.92

Rate of Depreciation per year

NOTE 3LONG TERM INVESTMENTS

These are investments held in Consolidated Bank of Kenya Ltd comprised of:  
 2,520,000 4% non Cumulative Preference Shares of Shs.20 .00 50,400,000  
 695,000 ordinary shares of Shs. 20 each 13,900,000

64,300,000

	1991 Kshs.	1992 Kshs.
<u>NOTE 4</u>		
<u>DEBTORS</u>		
Exams Co-operative	1,050	1,050
Recovery on behalf of other institutions	-	3,690
Ministry of Education	1,467,292	1,467,292
Temporary Imprest	3,198,086	3,857,340
Interest receivable	14,784,570	59,798
Returned Cheques R.D	1,150,494	1,172,879
Interest on SEPU Loan accrued from 1.1.81 - 30.6.90	255,000	255,000
Staff Motor Loan	39,322	39,322
Kenya Polytechnic	153,460	153,460
Returned Salary	155	3,227
Salary Advance	54,268	58,184
Pre-paid Insurance	57,744	136,526
M P Shah Hospital Deposit	-	50,000
Miscellaneous	-	25,275
	-----	-----
	<b>21,161,400</b>	<b>7,283,043</b>
	=====	=====

NOTE 5SHORT-TERM DEPOSITS

Trade Bank Limited	20,000,000	Nil
Jimba Credit Corporation	50,577,368	Nil
Kenya Finance Corporation	20,000,000	Nil
City Finance Limited	20,000,000	Nil
Savings & Loan (K) Limited	10,000,000	Nil
Housing Finance Co. of Kenya	10,000,000	Nil
	-----	-----
	<b>130,577,368</b>	<b>Nil</b>
	=====	=====

NOTE 6PROVISION FOR DOUBTFUL DEBTS

	1991 Kshs.	1992 Kshs.
Imprest	412,632	412,632
Ministry of Education	1,467,291	1,467,291
Interest on SEPU Loan	255,000	255,000
Kenya Polytechnic	153,400	153,460
Staff Motor Loan	39,300	39,322
SEPU Loan	-	300,000
	-----	-----
	<b>2,327,705</b>	<b>2,627,705</b>
	=====	=====

NOTE 7CREDITORS

Sundry	240,470	599,369
Examination Expenses	21,208,962	24,317,408
Staff Contribution to FSSU	23,426	122,555
Audit Fees	75,000	Nil
Income Tax attachment	1,580	2,580
E.A.E.C.	4,000,000	4,000,000
Stale Cheques	4,066,999	6,990,982
Rent Deductions	44,759	44,759
Retirement Benefits	125,198	125,198
PAYE	29,714	28,453
Insurance	Nil	3,969
Mortgages	7,729	18,368
Miscellaneous deductions	(4,634)	90,922
N.H.I.F.	Nil	9,970
	-----	-----
	<b>29,819,204</b>	<b>36,354,533</b>
	=====	=====

NOTE 8INCOME AND EXPENDITURE ACCOUNT

Balance b/d 1st July 1989	154,416,878	190,098,318
Prior year adjustment	Nil	
Suspense as at 30/6/87	(193,330)	
Surplus/Deficit 1989/90	35,874,770	
Surplus 1991/92		39,632,966
	-----	-----
Balance carried forward	<b>190,098,318</b>	<b>229,731,284</b>
	=====	=====

NOTE 9

	1991 Kshs.	1992 Kshs.
<u>EXAMINATION FEES</u>		
KCPE	36,683,616	41,406,159
KCSE	184,345,130	187,841,899
KACE	948,890	Nil
PTE	19,119,540	20,431,655
Technical	6,654,250	8,459,502
Business	8,159,844	11,974,770
Less refunds	(287,097)	(346,901)
	-----	-----
	<b>255,624,173</b>	<b>269,767,084</b>
	=====	=====

NOTE 10OTHER INCOME

Miscellaneous Exams	1,565,586	1,962,915
Rent Deductions	264,411	333,361
Interest on Fixed Deposits	5,360,329	9,809,833
Sale of Publications	261,781	53,840
Miscellaneous Income	709,141	6,535,798
	-----	-----
	<b>8,161,248</b>	<b>18,695,747</b>
	=====	=====

NOTE 11PERSONNEL EXPENSES

Personal Emoluments	12,748,346	15,888,574
Extra-clerical Assistance	7,420,856	8,347,795
Medical Expenses	1,189,051	2,072,456
Contributions to F.S.S.U.	521,723	695,649
	-----	-----
	<b>21,879,976</b>	<b>27,004,474</b>
	=====	=====

**NOTE 12**

	1991 Kshs.	1992 Kshs.
<b><u>OFFICE ADMINISTRATION EXPENSES</u></b>		
Passages & Leave Expenses	227,945	299,842
Transport Operation Expenses	1,458,338	2,810,483
Travelling and Accommodation	694,608	1,320,674
Posts & Telegrams	728,559	925,763
Telephone Expenses	884,175	1,435,638
Official Entertainment	20,174	52,696
Electricity and Water	296,958	188,355
Purchase of Uniforms & Clothings	62,411	115,420
Purchase of Stationery	3,422,220	4,682,218
Printing of Accountable Documents	897,659	208,022
Bank Charges and Ledger Fees	1,562,314	2,333,267
Audit Fees	25,000	25,000
Maintenance of Plant and Equipment	2,831,723	1,733,558
Miscellaneous charges & Sundry Expenses	1,897,931	3,488,308
Staff Training	382,872	1,563,384
Advertising & Publicity	168,768	83,142
	-----	-----
	<b>15,561,655</b>	<b>21,265,770</b>
	=====	=====

**NOTE 13****EXAMINATION EXPENSES**

KCPE	71,904,778	80,452,358
KCSE	138,102,891	165,451,335
Printing Unit	Nil	7,830,688
PTE	4,394,850	9,274,263
Technical	42,953,993	27,694,402
Business	5,549,569	8,481,484
Miscellaneous Exams	309,726	2,856,935
Computer Charges	3,195,597	3,595,062
Adult Education	Nil	64,432
I.A.E.A. Conference	Nil	14,685
Kwik Save	Nil	117,887
	-----	-----
	<b>266,411,404</b>	<b>305,833,531</b>
	=====	=====

**NOTE 14**1991  
Kshs.1992  
Kshs.**STAFF HOUSING AND OFFICE  
ACCOMMODATION**

Rents & Rates Senior Staff Housing	3,180,162	3,581,449
Repair to Council Houses	98,295	345,722
Rents & Rates to Office Accommodation	5,970,537	5,533,305
	-----	-----
	<b>9,348,994</b>	<b>9,460,476</b>
	=====	=====

**COMMENTS OF THE ACCOUNTS FOR THE YEAR  
ENDED 30TH JUNE, 1992**

1. **Fixed Assets Kshs.14,120,317.00**

It is true that the Fixed Assets value of Kshs.14,120,317.00 does not include the value of Assets passed on to the Council by the former East African Examinations Council.

We have exhausted all available means to get records of the Assets. We have even involved the Ugandan authorities through our Ministry of Foreign Affairs and International Co-operation. Unless we get the records from the Ugandan authorities, we may not do much about this issue and consequently we are intending to send an official to Uganda Examinations Board to try to get these records.

2. **Unidentified Bank Payments**

These are old cases. The Council is still trying to analyse details of the payments. A provision against any possible loss will be made in the next years accounts if our effort comes to naught.

