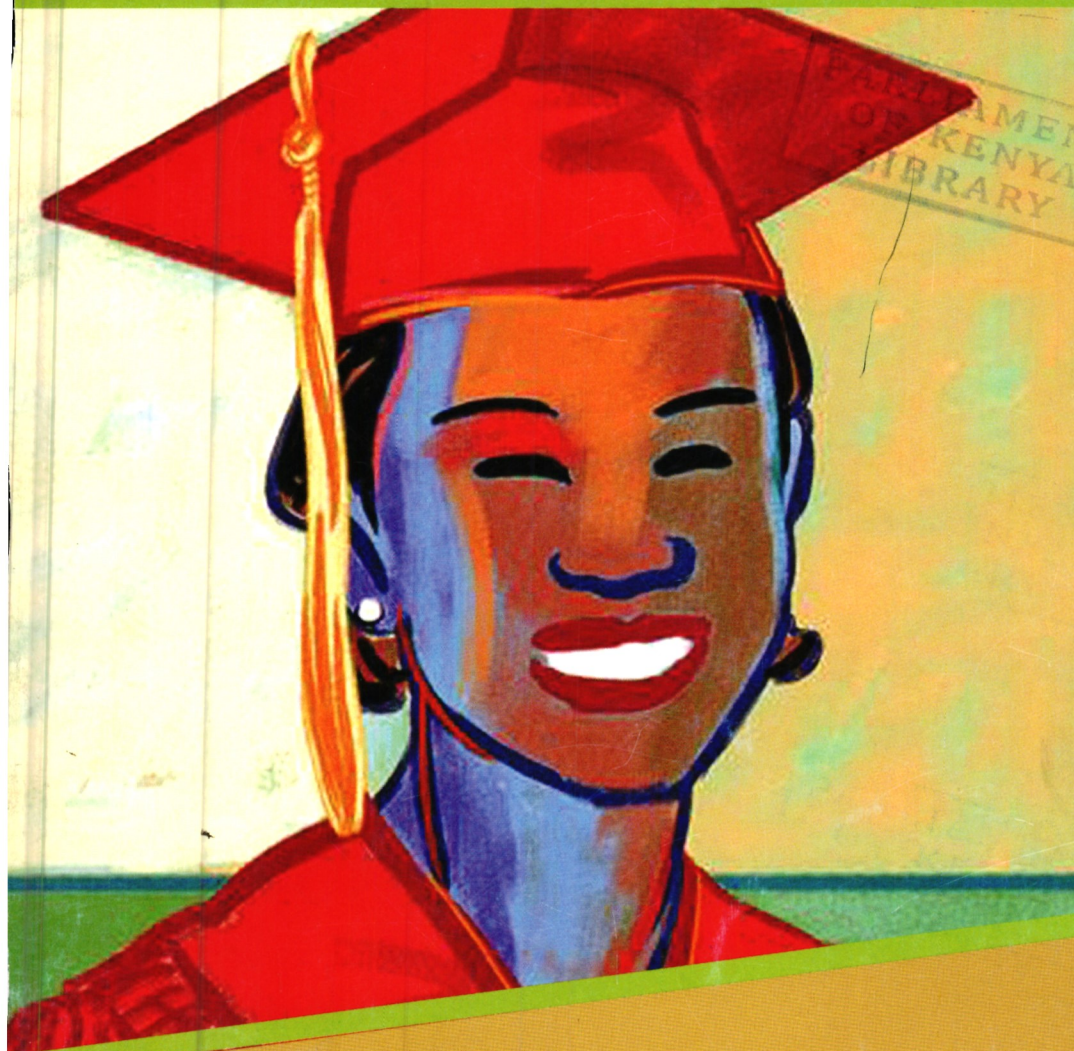


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HIGHER EDUCATION LOANS BOARD

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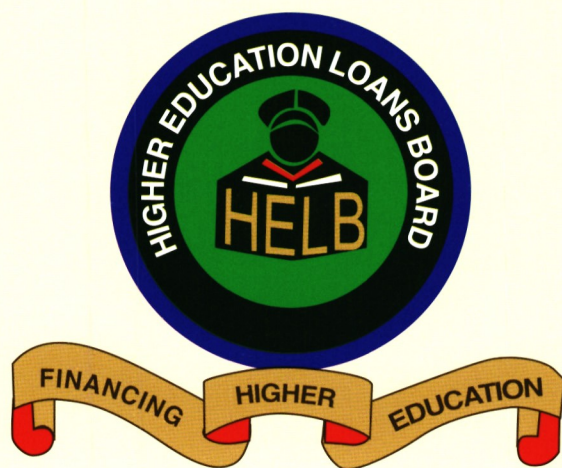
# Annual Financial Statements

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2004 / 2005

573  
HELB





Higher Education Loans Board

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***Annual Financial Statements***  
**2004 / 2005**

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KENYA NATIONAL ASSEMBLY  
Accession: 10012941

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## ***Vision Statement***

“To be a dependable institution financing Kenyans pursuing higher education”

## ***Mission Statement***

“To source funds and finance Kenyan students pursuing higher education in recognized institutions”

## ***Our Core Values***

“We strive to be a Transparent, Fair, Courteous and Competent Team”

***Transparency:*** We are committed to serving our clients with transparency and integrity.

***Fairness:*** We strive to exercise fairness in our service delivery

***Courtesy:*** We endeavor to be courteous at all times

***Competence:*** Our services are provided with utmost competence

***Teamwork:*** Appreciation, Communication and Teamwork are central in all activities





## **Board Details**

### **Registered Office and Principal Place of Business**

Anniversary Towers,  
18th Floor,  
University Way,  
P.O.Box 69489,  
Nairobi 00400

Telephone: 251877, 246590/1, 226080, 226205

Fax: 252330

Email: [helb@helb.Co.Ke](mailto:helb@helb.Co.Ke)

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

### **Bankers**

Kenya Commercial Bank Limited,  
University Way,  
Nairobi.

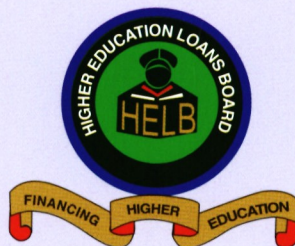
Citibank Limited,  
Upperhill,  
Nairobi.

Co-operative Bank  
University Way Branch  
Nairobi

National Bank of Kenya,  
Harambee Avenue Branch,  
Nairobi

### **Auditors**

Controller and Auditor General,  
Kenya National Audit Office,  
Anniversary Towers,  
Nairobi.





## Board Members

Professor J. H. Kimura	<b>Chairman</b>
Mr. Benjamin C. Cheboi	<b>Board Secretary/Chief Executive Officer</b>
Permanent Secretary	<b>Ministry of Education</b>
Permanent Secretary	<b>Treasury</b>
Professor Crispus Kiamba	<b>Secretary, Commission for Higher Education</b>
Professor Nick Wanjohi	<b>Chairman, Vice-Chancellors Committee for Public Universities</b>
Professor Freida Brown	<b>Representative of Vice - Chancellors or Principals of Private Universities</b>
Mr. Gerishon Konditi	<b>Executive Director, Federation of Kenya Employers</b>
Mrs. Rose W. Waruinge	<b>Member</b>
Mr. K. A. K Bett	<b>Member</b>
Mr. John Wanyela	<b>Representative of Chairman, Kenya Bankers Association</b>
Mr. Kenneth Waithiru	<b>Alternate to Permanent Secretary, Treasury</b>
Ms. Alice Gichu	<b>Alternate to Permanent Secretary, Ministry of Education</b>



## Senior Officers

Board Secretary/Chief Executive Officer

Deputy Secretary

Manager, Human Resource and Administration

Ag. Manager, Loans Disbursement & Recovery

Ag. Manager, Finance

Manager, Information Technology

Legal Officer

Public Relations Officer

Systems Analyst / Programmer

Data Analyst

Senior Loans Recovery Officer

**Mr. Benjamin C. Cheboi**

**Mr. Phillip H. Dido**

**Mrs. Kate Samo**

**Mr. Richard Belio Kipsang**

**Ms. Mary Wachira**

**Mr. David K. Mbogori**

**Mrs. Bernadette N. Masinde**

**Mr. Otieno Agiro**

**Mr. Daniel N. Kagunda**

**Mr. Josephat K. Nzuki**

**Mrs. Esther N. Michieka**



# **Chief Executive Officer's Report for the Year ended 30th June, 2005**

It gives me great pleasure in presenting the Annual Financial Statements of the Higher Education Loans Board for the year ended 30th June 2005.

During the year under review the Board earned a surplus of KShs.303,983,362 compared to a surplus of KShs.310,075,445 for the year ended 30th June 2004. The cumulative surplus for the Board as at 30th June 2005 was KShs.2,759,358,499.

The Board intensified its income generating activities through internally generated funds. Income from user charges was introduced for the first time and earned the Board KShs.51,401,000 compared to nil the previous year.

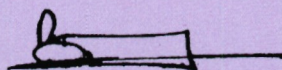
The Board continued with its mission of financing higher education. A total of KShs. 1,912,252,992 was granted as loans during the year. The Board was also able to recover KShs.774,272,891 in the year under review compared to KShs.672,621,432 recovered in 2003/2004.

However, the Board is facing various challenges such as:

- Increasing demand for higher education loans thus requiring the Board to identify viable alternative sources of funding;
- Increasing unemployment level hence retarding loan repayment and recovery efforts;
- The need to finance regular as well as self supporting students and also students in middle level colleges;

The Board is developing strategies to address these challenges

On behalf of the Higher Education Loans Board, I wish to take this opportunity to thank the Government and other stakeholders for their support.



**B. C. CHEBOI**  
BOARD SECRETARY / CHIEF EXECUTIVE OFFICER



# **Core Business of Higher Education Loans Board**

The Core business of Higher Education Loans Board is provided for in the HELB Act, 1995.

The Act provides in Section 6 the functions of the Board which include: -

- Formulate sound policies for regulating the management of the Fund;
- Solicit for funds and other assistance to promote the functions of the Board;
- Set the criteria and conditions governing the granting of loans including the rate of interest and recovery of loans;
- Receive any gift, donation, grants or endowments made to the Board, and to make legitimate disbursements there from;
- Establish and maintain links with other persons, bodies or organizations within or outside Kenya, as the Board may consider appropriate for the furtherance of its purposes;
- Enter into contract with financial institutions for the purpose of loan disbursement and recovery;
- Grant loans out of the Fund either with or without security, as the Board may deem fit, to any eligible person to enable him, or assist any student, to meet the cost of higher education;
- Determine the maximum number of eligible persons or students to be granted loans in any one particular year;
- Invest any surplus funds not currently required for the purpose of the Board in any investment authorized by law for investment of trust funds with power from time to time to vary or realize those investment;
- 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;
- 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;
- Take insurance cover for risk loans such as death, incapacity or inability to pay, as the Board deems fit;
- Establish and award bursaries and scholarships which it may consider necessary for promotion of the objectives and functions of the Board;
- Perform any other functions relating to the granting of students' loans in accordance with the provisions of the Act.



# **Corporate Governance Statement**

The Board of Directors of HELB recognizes the need to conduct its functions with integrity and in accordance with highest standard of governance practices. The Board of Directors determines HELB's policy and strategy, monitors the attainment of objectives and ensures that the Board meets its obligations to stakeholders. The Board of Directors are also responsible for overseeing the secretariat's internal control systems that are designed to safeguard the assets and to ensure reliability of the financial information used within the organization.

## **Board Members**

Board of Directors consists of ten non-executive board members and the Board Secretary/Chief Executive Officer.

The Board of Directors meets at least four times a year. The directors have access to timely information so that they can maintain full and effective control over strategic, financial, operational and compliance issues.

The Board of Directors has delegated authority for conduct of day-today business to the Board Secretary. The Board of Directors retains responsibility for establishing and maintaining the secretariat's overall internal control of financial, operational and compliance issues and monitoring the performance of the Management.

The Board of Directors and its committees are supplied with full and timely information, which enables them to discharge their responsibilities.

## **Board Committees**

The Board has four standing committees that meet regularly under terms set by the Board.

- (a) Finance, Staff and General Purposes Committee (F, S & GPC)
- (b) Loans Disbursement & Recovery Committee (LD & RC)
- (c) Tender Committee (TC)
- (d) Audit Committee (AC)



# Statement Of Directors Responsibilities

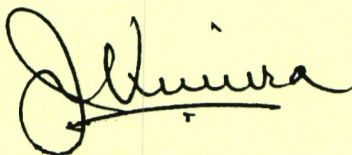
The Higher Education Loans Board Act, Cap 213A of the laws of Kenya requires the Directors to prepare financial statements for each Financial Year which give a true fair view of the state of affairs of the Board as at the end of the financial year and of the operating results of the Board for that year.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

The Directors accept 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.

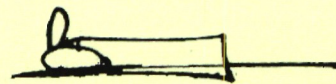
The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Board and of its operating results. The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of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

Nothing has come to the attention of the directors to indicate that the Board 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 of Directors and is signed on its behalf by:



**Professor Joseph H. Kimura**  
Chairman



**Benjamin C. Cheboi**  
Board Secretary/CEO



# **Report of the Controller and Auditor – General on the Accounts of the Higher Education Loans Board for the Year ended 30 June 2005**

I have audited the Financial Statements of the Higher Education Loans Board 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 belief were necessary for the purpose of the audit. The Financial Statements are in agreement with the books of accounts.

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

As set out in the statement of directors' responsibilities, the directors are 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. My responsibility is 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 Standards 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 a test basis, of evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of the accounting principles used and significant estimates made by the directors, as well as an evaluation of the overall presentation of the financial statements. I believe my audit provides a reasonable basis of opinion.

## **Comments**

### **1.0 Loans To Students**

As disclosed in Note 4 to the financial statements net Matured Loans to Students amounted to KShs.11,400,334,576, an increase of KShs.2,769,095,830 (32%) from KShs8,631,238,746 reported in the previous year while an insignificant amount of KShs.720,540,220 (6.3%) was recovered during the year under review against loans totaling KShs.1,912,252,992 granted during the year. As previously reported, the Board contends that it has put in place aggressive measures to ensure that all outstanding mature loans are recovered but such measures do not appear to have borne results. Any additional provision that would have been necessary in relation to this uncertainty have not been incorporated in these financial statements.

### **2.0 Staff Loans**

A former HELB Executive Secretary owes the Board a total of KShs.1,015,127 in respect of the following payments:-



	KShs.	From	To
Security and Medicine	330,345.05	15.12.2000	13.03.2001
Electricity Bills	89,883.30	July 1999	June 2000
27.5% Pension Contribution	594,898.40	01.08.1995	30.09.2000
	1,015,126.75		

Although the former Chief Executive has disputed the inclusion of cost of amenities such as water, electricity and security in the debts due to the Board, management has not taken action to determine the correct position to ensure recovery of the outstanding debt.

### **3.0 Accounts Receivables**

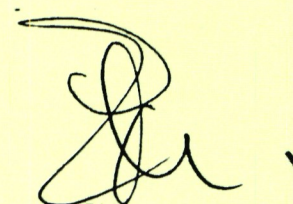
Included in the Accounts Receivables and Prepayments figure of KShs.11,194,352 is KShs.749,741.30 reflected in Note 7 to the financial statements as interest due from Kenya Commercial Bank – University Way. This amount represents interest income which the Board had been underpaid on its Fixed Deposit investments with the Bank that has been outstanding in H.E.L.B's financial statements for the last five (5) financial years. The Board as to date has not made any effort to recover the amount.

### **4.0 Leave Pay Provision**

The Board has not provided for leave pay liability in the accounts contrary to International Accounting Standards No.37. In the circumstances, the surplus for the year is over stated by the undetermined liability.

### **Opinion**

Except for any adjustments that might be necessary in relation to the above reservations, in my opinion, proper books of accounts have been kept and the financial statements give a true and fair view of the state of the financial affairs of the Board as at 30 June 2005 and its surplus and cash flow for the year ended and comply with Higher Education Loans Board Act, (Cap 213A).



**E. N. MWAI**  
Controller and Auditor General

Nairobi

23 June 2006

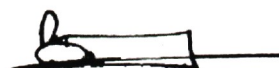


# Balance Sheet as at 30th June 2005

	NOTES	AS AT 30TH JUNE 2005 KSHS.	AS AT 30TH JUNE 2004 KSHS.
<i>ASSETS</i>			
<b>NON CURRENT ASSETS</b>			
PROPERTY, PLANT & EQUIPMENT (NET)	2	72,706,007	66,020,945
LOANS TO STUDENTS NOT YET MATURED	3	3,734,113,342	4,983,826,034
MATURED LOANS TO STUDENTS	4	11,400,334,576	8,631,238,746
STAFF LOANS	5	63,195,674	74,534,787
		<b>15,270,349,599</b>	<b>13,755,620,512</b>
<b>CURRENT ASSETS</b>			
INVENTORIES	6	769,348	769,348
ACCOUNTS RECEIVABLE & PREPAYMENTS	7	11,194,352	16,180,302
SHORT TERM INVESTMENTS	8	907,989,893	799,214,184
CASH AND BANK BALANCES	9	124,179,798	452,965,313
		<b>1,044,133,391</b>	<b>1,269,100,721</b>
		<b>16,314,482,990</b>	<b>15,024,721,233</b>
<i>TOTAL ASSETS</i>			
<i>FUNDS AND LIABILITIES</i>			
<b>NON - CURRENT LIABILITIES</b>			
G.O.K. GRANTS (LOANS TO STUDENTS)	12	13,229,855,086	12,411,952,224
CAPITAL FUND	13	185,611	369,924
ACCUMULATED FUND	14	2,759,358,499	2,465,911,194
		<b>15,989,399,196</b>	<b>14,878,233,342</b>
<b>CURRENT LIABILITIES</b>			
TUITION & BURSARIES PAYABLE TO STUDENTS	10	304,514,800	139,265,648
ACCOUNTS PAYABLE & ACCRUALS	11	20,568,994	7,222,243
		<b>325,083,794</b>	<b>146,487,891</b>
		<b>16,314,482,990</b>	<b>15,024,721,233</b>
<i>TOTAL FUNDS AND LIABILITIES</i>			



Professor J.H. Kimura  
Board Chairman



B.C. Cheboi  
Board Secretary / CEO



# Income and Expenditure Statement as at 30th June 2005

PARTICULARS	NOTES	AS AT 30TH JUNE 2005			AS AT 30TH JUNE 2004		
		OPERATIONS	STUDENTS'	TOTAL	OPERATIONS	STUDENTS'	TOTAL
		KSHS	LOANS KSHS	KSHS	KSHS	LOANS KSHS	KSHS
<b>INCOME</b>							
<b>Grants from G.O.K.</b>							
Operations		75,994,335	-	75,994,335	75,858,090		75,858,090
Bursaries		-	82,387,048	82,387,048		82,387,048	82,387,048
<b>Interest Income</b>							
Accrued on Loans to Students			471,417,950	471,417,950		380,514,393	380,514,393
Staff Loans		3,287,741		3,287,741	4,089,931		4,089,931
Investments		54,647,649		54,647,649	21,000,443		21,000,443
Income from User Charges		51,401,000		51,401,000			
Miscellaneous Income		4,898,476	-	4,898,476	2,349,495		2,349,495
<b>TOTAL INCOME</b>		<b>190,229,200</b>	<b>553,804,998</b>	<b>744,034,198</b>	<b>103,297,959</b>	<b>462,901,441</b>	<b>566,199,400</b>
<b>LESS: EXPENSES</b>							
Bursaries to Students			89,762,000	89,762,000		82,387,048	82,387,048
Postgraduate Scholarships			9,850,000	9,850,000			
Staff Costs		103,124,232		103,124,232	73,337,149		73,337,149
Other Operating Expenses		65,809,720		65,809,720	49,174,472		49,174,472
Bank Charges & Commission	15	2,417,691	9,453,645	11,871,336	382,377	7,374,231	7,756,608
Bad Debts Written Off		-		-	-	3,282,835	3,282,835
Bad and Doubtful Debts Expenses	16		145,796,317	145,796,317	16,094	28,135,269	28,151,363
Audit Fees		500,000		500,000	350,000		350,000
Depreciation provision for the year	2	13,337,232		13,337,232	11,684,480		11,684,480
<b>TOTAL EXPENSES</b>		<b>185,188,875</b>	<b>254,861,962</b>	<b>440,050,837</b>	<b>134,944,572</b>	<b>121,179,383</b>	<b>256,123,955</b>
<b>SURPLUS FOR THE YEAR</b>		<b>5,040,326</b>	<b>298,943,036</b>	<b>303,983,362</b>	<b>(31,646,613)</b>	<b>341,722,058</b>	<b>310,075,445</b>



# Cash Flow Statement as at 30th June 2005

	Note	AS AT 30TH JUNE 2005 KSHS.	AS AT 30TH JUNE 2004 KSHS.
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Surplus for the Year</b>		<b>303,971,469</b>	<b>310,075,445</b>
<i>Adjustments for:</i>			
Depreciation	2	13,337,232	11,684,480
Gain on Sale of Property, Plant and Equipment		(2,120,605)	
Change in Provisions	16	145,808,209	28,151,361
<b>Operating Surplus before Working Capital Changes</b>		<b>460,996,305</b>	<b>349,911,286</b>
Decrease / (Increase) in Loans Advanced	3 & 5	1,261,051,804	(389,612,356)
(Increase) in Accounts Receivable (Students Loans)	4	(2,930,955,754)	(529,043,621)
Decrease/(Increase) in Other Accounts Receivable	7	4,985,953	(299,844)
(Increase)/Decrease in Inventories	6	0	(283,088)
Increase / (Decrease) in Accounts Payable	10 & 11	173,830,871	125,806,854
Decrease in Capital Fund	13	(184,313)	(184,313)
<b>NET CASH ABSORBED BY OPERATING ACTIVITIES</b>		<b>(1,030,275,133)</b>	<b>(443,705,082)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant & Equipment	2	(7,637,532)	(11,679,052)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(7,637,532)</b>	<b>(11,679,052)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Capitation received from G.O.K.	12	817,902,862	817,902,862
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>817,902,862</b>	<b>817,902,862</b>
Net Increase / (Decrease) in Cash		(220,009,803)	362,518,728
Cash and Cash Equivalents at the Beginning of the Period		1,252,179,493	889,660,765
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>1,032,169,690</b>	<b>1,252,179,493</b>



## **Statement of Changes in Equity**

	ACCUMULATED FUND	CAPITAL FUND	TOTAL
	KSHS.	KSHS.	KSHS.
<b>AT 1ST JULY 2004</b>	2,465,911,194	369,924	2,466,281,118
PRIOR YEAR ADJUSTMENT	(10,536,057)	-	(10,536,057)
AMORTIZATION		(184,313)	(184,313)
SURPLUS	303,983,362	-	303,983,362
<b>AT 30TH JUNE 2005</b>	<b>2,759,358,499</b>	<b>185,611</b>	<b>2,759,544,110</b>

(a) During the year 2004/2005 the net increase in Equity was KShs.293,262,992. This was as a result of a realized surplus of KShs.303,983,469, amortization of capital fund of Kshs.184,313 and prior period adjustment of Kshs.10,536,057 being overstatement of staff loans balances, cash book balances among others. The accounts for 2003/2004 had reflected these overstatements.

(b) Capital Fund – The Fund is made up of Property, Plant and Equipment donated through IDA Project No.2309 KE



# Notes to the Financial Statements

## I. 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) Fixed Assets and Depreciation

Fixed assets are 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: -

<b>Buildings</b>	- 2.50%
<b>Motor Vehicles</b>	- 25.00%
<b>Office Equipment</b>	- 12.50%
<b>Furniture</b>	- 12.50%
<b>Fixtures &amp; Fittings</b>	- 12.50%
<b>Computers</b>	- 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 KSHS	BUILDING KSHS.	M/VEHICLES KSHS.	EQUIPMENT KSHS.	FURNITURE KSHS.	FIX. & FITT. KSHS.	COMPUTERS KSHS.	TOTAL KSHS.
<b>COST/VALUATION</b>								
At 01.07.2004	44,588,742	1,926,686	27,972,974	10,004,616	7,730,918	21,444,562	38,389,434	152,057,932
ADDITIONS	0	0	6,986,761	937,400	626,632	1,674,851	10,076,695	20,302,339
LESS: DISPOSALS/W.OFF		-	(12,664,807)	-	-	-	-	(12,664,807)
At 30.06.2005	44,588,742	1,926,686	22,294,928	10,942,016	8,357,550	23,119,413	48,466,129	159,695,464
<b>DEPRECIATION</b>								
At 01.07.2004	0	76,592	26,617,589	6,615,891	5,767,152	14,943,641	32,296,166	86,317,031
CHARGE FOR THE YEAR		48,167	2,654,264	1,031,095	864,762	2,197,057	6,541,887	13,337,233
LESS: ON DISPOSALS		-	(12,664,807)	-	-	-	-	(12,664,807)
At 30.06.2005	0	124,759	16,607,046	7,646,986	6,631,914	17,140,698	38,838,053	86,989,456
<b>NET BOOK AMOUNT</b>								
At 30.06.2005	44,588,742	1,801,927	5,687,882	3,295,029	1,725,636	5,978,714	9,628,076	72,706,007
At 30.06.2004	44,588,742	1,851,029	1,634,495	3,388,725	1,963,766	6,500,921	6,093,267	66,020,945

**Property, Plant and Equipment** with an original cost of **KShs.62,856,847 (2003/2004 – KShs.53,728,137)** 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.16,907,001 (2003/2004 – KShs.11,962,419)**.

### 3 LOANS TO STUDENTS NOT YET MATURED

	As at 30.06.2005 Kshs	As at 30.06.2004 Kshs
Balance brought forward	4,983,826,034	4,590,947,407
Add : Loans awarded during the year less returns	1,912,252,992	1,217,906,826
	6,896,079,026	5,808,854,233
Less : Transferred to Matured Loans	(3,161,965,684)	(825,028,199)
	<b>3,734,113,342</b>	<b>4,983,826,034</b>



#### 4 MATURED LOANS TO STUDENTS

	<i>As at 30.06.2005</i>	<i>As at 30.06.2004</i>
	<i>Kshs.</i>	<i>Kshs</i>
Balance brought forward	9,085,568,831	8,555,930,506
<i>Add:</i> Transferred from Un-Matured Loans	3,161,965,684	825,028,199
	<hr/> 12,247,534,515	<hr/> 9,380,958,705
<i>Add:</i> Accrued Interest	473,466,684	380,514,393
	<hr/> 12,721,001,198	<hr/> 9,761,473,098
<i>Less:</i> Loan Recovery during the year ( <i>Less loan refunds</i> )	(720,540,220)	(672,621,432)
	<hr/> 12,000,460,978	<hr/> 9,088,851,666
<i>Less:</i> Loan Written Off	-	(3,282,835)
	<hr/> 12,000,460,978	<hr/> 9,085,568,831
<i>Less:</i> Provision for Bad & Doubtful Debts	(600,126,402)	(454,330,085)
	<hr/> <b>11,400,334,576</b>	<hr/> <b>8,631,238,746</b>

#### 5 STAFF LOANS

	<i>As at 30.06.2005</i>	<i>As at 30.06.2004</i>
	<i>Kshs</i>	<i>Kshs</i>
Balance brought forward	74,534,786	77,801,057
<i>Add:</i> Loans issued during the year	1,782,342	6,375,659
	<hr/> 76,317,128	<hr/> 84,176,716
<i>Less:</i> Loan Repayment during the year	(13,121,454)	(9,641,930)
<i>Balance as at 30.06.2005</i>	<hr/> <b>63,195,674</b>	<hr/> <b>74,534,786</b>

#### 6 INVENTORIES

The inventories figure of *KShs.769,348 (2003/2004 - KShs.769,348)* is the value of spareparts donated through *IDACredit No.2309 KE*. Stocks of stationery and office supplies held at the year end were expensed at the time they were bought. The valuation provided by the World Bank when the items were donated was used as the basis of valuation of the spareparts. The breakdown of the spareparts are as follows:

	<i>As at 30.06.2005</i>	<i>As at 30.06.2004</i>
	<i>Kshs</i>	<i>Kshs</i>
Photo Copier Spares	420,933	420,933
Motor Vehicle Spareparts	348,415	348,415
<b>TOTAL</b>	<hr/> <b>769,348</b>	<hr/> <b>769,348</b>



## 7 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	<i>As at 30.06.2005</i>	<i>As at 30.06.2004</i>
	<i>Kshs</i>	<i>Kshs</i>
<i>PREPAYMENTS &amp; DEPOSITS</i>		
Hospital Deposit	875,000	875,000
Insurance Pre – paid	-	726,410
Utilities Deposit	41,777	51,850
Rent Deposit	288,800	288,800
Pre-payment of Warehouse Rent	151,820	-
<i>Sub – Total</i>	<b>1,357,397</b>	<b>1,942,060</b>
 <i>OTHER ACCOUNTS RECEIVABLE</i>		
Staff Imprest	140,623	256,953
Staff Salary Advances	1,853,958	1,770,692
Medical Overexpenditure	996,751	921,100
Accrued Interest on Investment	5,116,982	3,225,267
Arrears on Interest on Loans – HELF	-	5,354,307
Dishonoured Cheques	-	981,283
Training Expenses Re-Imbursable through IDA Credit No. 2309 KE	-	16,257,964
Min. of Education (Loan Recoveries)	1,319,238	1,319,238
HELF (Paymaster General)	595,024	595,024
Interest Due from KCB University Way	749,741	749,741
	<b>12,129,715</b>	<b>33,373,629</b>
<i>Less: Prov. for Bad &amp; Doubtful Debt</i>	<i>(935,363)</i>	<i>(17,193,327)</i>
	<b>11,194,352</b>	<b>16,180,302</b>

## 8 SHORT TERM INVESTMENTS

	<i>As at 30.06.2005</i>	<i>As at 30.06.2004</i>
	<i>Kshs</i>	<i>Kshs.</i>
Fixed Deposits in various Banks	834,004,893	673,964,184
Treasury Bills	48,985,000	100,250,000
Treasury Bonds	25,000,000	25,000,000
	<b>907,989,893</b>	<b>799,214,184</b>



## 9 CASH AND BANK BALANCES

	<i>As at 30.06.2005</i>	<i>As at 30.06.2004</i>
	<i>Kshs</i>	<i>Kshs.</i>
KCB University Way Branch	61,217,508	343,619,839
Citibank Upperhill Branch	62,261,196	109,293,156
Co-operative Bank University Way Branch	646,462	-
Cash in Hand	54,631	52,318
	<b>124,179,798</b>	<b>452,965,313</b>

## 10 TUITION AND BURSARIES PAYABLE TO STUDENTS

	<i>As at 30.06.2005</i>	<i>As at 30.06.2004</i>
	<i>Kshs</i>	<i>Kshs.</i>
<i>TUITION &amp; BURSARY PAYABLE</i>		
Loans Payable	285,278,800	121,592,000
Postgraduate Scholarships	5,900,000	-
Bursary Payable to Students	13,336,000	17,673,648
<i>Sub - Total</i>	<b>304,514,800</b>	<b>139,265,648</b>

## 11 ACCOUNTS PAYABLE AND ACCRUALS

	<i>As at 30.06.2005</i>	<i>As at 30.06.2004</i>
	<i>Kshs</i>	<i>Kshs.</i>
Staff Expenses	5,152,424	2,870,965
Other Operating Expenses	3,455,762	2,776,880
Board Members' Expenses	-	134,550
Other Creditors relating to HELF (Defunct)	60,318	60,318
Commissioner VAT	112,447	108,026
Purchase of Fixed Assets	9,668,044	621,505
Land Rent & Rates	1,120,000	-
Audit Fees	1,000,000	650,000
<i>Sub - Total</i>	<b>20,568,994</b>	<b>7,222,243</b>



## 12 GOVERNMENT GRANTS (LOAN TO STUDENTS)

	<i>As at 30.06.2005</i>	<i>As at 30.06.2004</i>
	<i>Kshs</i>	<i>Kshs</i>
Balance b/forward	12,411,952,224	11,594,049,362
<i>Add: Capitation Received for the year for Students Loans</i>	817,902,862	817,902,862
	<b>13,229,855,086</b>	<b>12,411,952,224</b>

## 13 CAPITAL FUND

	<i>As at 30.06.2005</i>	<i>As at 30.06.2004</i>
	<i>Kshs</i>	<i>Kshs</i>
Balance b/forward	369,924	554,237
Less: Amortisation	(184,313)	(184,313)
<i>Balance carried forward</i>	<b>185,611</b>	<b>369,924</b>

Capital Fund is made up of Property, Plant and Equipment donated through IDA Project No.2309 KE

## 14 ACCUMULATED FUND

	<i>As at 30.06.2005</i>	<i>As at 30.06.2004</i>
	<i>Kshs</i>	<i>Kshs</i>
Balance b/forward	2,465,911,194	2,155,835,747
<i>Add: Surplus for the year</i>	303,983,362	310,075,447
<i>Less: Prior Period Adjustments</i>	(10,536,057)	-
	<b>2,759,358,499</b>	<b>2,465,911,194</b>





**15 FINANCIAL EXPENSES**

	<i>As at 30.06.2005</i>	<i>As at 30.06.2004</i>
	<i>Kshs</i>	<i>Kshs</i>
Bank Charges and Interest	<b>11,871,336</b>	<b>7,756,607</b>

**16 PROVISIONS FOR BAD AND DOUBTFUL DEBTS**

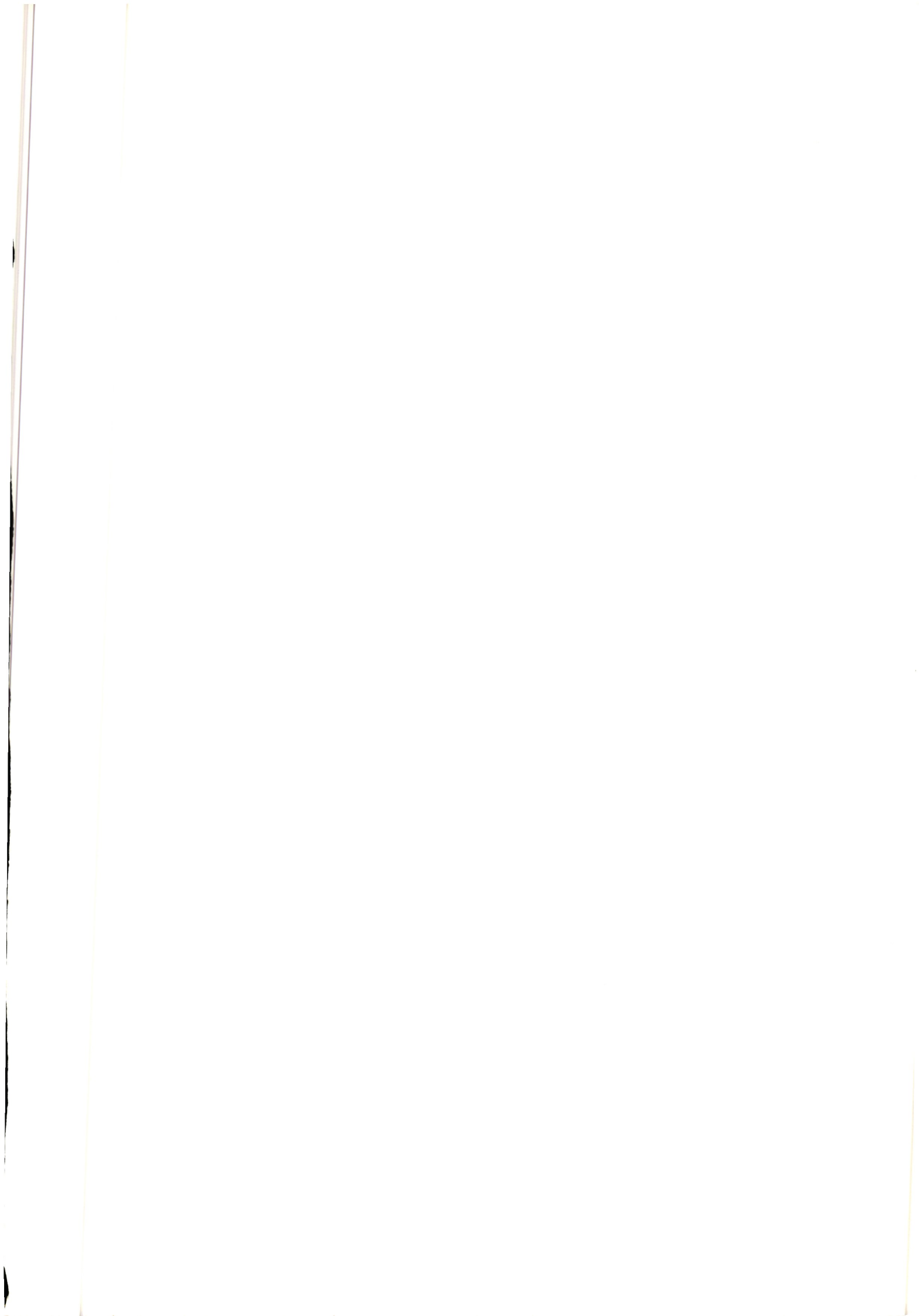
	<i>As at 30.06.2005</i>	<i>As at 30.06.2004</i>
	<i>Kshs</i>	<i>Kshs</i>
Balance b/forward	471,523,411	443,372,050
<i>Add:</i> Provisions for the year	145,796,317	28,151,361
<i>Less:</i> Bad Debts Written - Off	(16,257,964)	-
	<b>601,061,764</b>	<b>471,523,411</b>

**17 LEGAL STATUS**

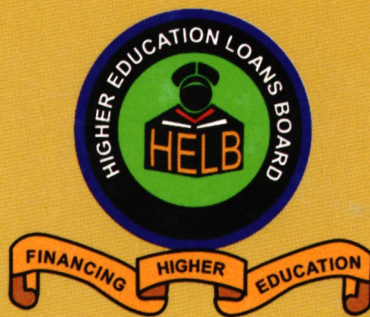
The Board is a State Corporation established under the Higher Education Loans Board Act Cap 213A of 1995











## HIGHER EDUCATION LOANS BOARD

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