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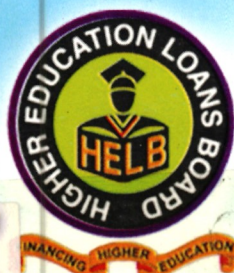
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Annual Report & Financial Statements 2001



FINANCING HIGHER EDUCATION



**Higher
Education
Loans
Board**

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Annual Report
&
Financial Statements
2001

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HIGHER EDUCATION LOANS BOARD

CONTENTS

Board of Directors	3
Senior Officers	5
Statement from the Chairman	6
Statement from the Board Secretary	7
Financial Highlights	9
Auditor General's Report	12
Balance Sheet	13
Income & Expenditure Statement	14
Cashflow Statements	15
Notes to the Accounts	16



VISION STATEMENT

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

MISSION STATEMENT

“To source funds and finance all needy Kenyan students pursuing higher education in recognized institutions within and outside Kenya through the use of competent, motivated and multi-skilled human resource, efficient operational processes and the state-of-the-art information technology, in liaison with strategic partners”

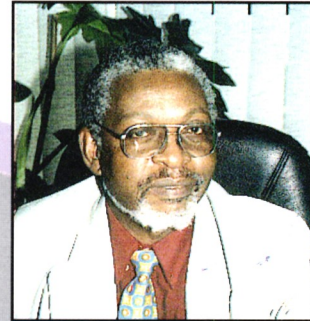
BOARD OF DIRECTORS



Mr. Benjamin Cheboi
Board Secretary / Chief Executive



Prof. J.H. Kimura
Board Chairman



Prof. Justin Irina
Sec. Commission for Higher Education



Prof. Ratemo Michieka
Chairman V.C's Committee for Public Universities



Dr. Freida Brown
Representative of V.C's or Principals of Private Universities



Mr. Tom D. Owuor
Executive Director, Federation of Kenya Employers



Mrs. Rose Waruinge



Mr. K. A. K. Arap Bett



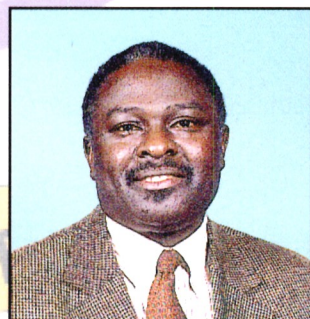
Albert Ruturi
Chairman, Kenya Bankers Association



Mr. J. S. Obonyo
Alternate Director to Permanent Secretary, Ministry of Education



Mr. James Wanyela
Alternate Director to Chairman, Kenya Bankers Association



Mr. Kubai Khasiani
Alternate Director to Permanent Secretary, Treasury

REGISTERED OFFICE

ANNIVERSARY TOWERS,
P.O. BOX 69489,
NAIROBI

TELEPHONE: 251877, 246590/1, 226080, 226205

FAX: 252330

EMAIL: helb@africaonline.co.ke

DIRECTORS

Prof. J.H. Kimura	Board Chairman
Mr. Benjamin Cheboi	Board Secretary/Chief Executive
Prof. Justin Irina	Secretary, Commission for Higher Education
Prof Ratemo Michieka	Chairman, Vice Chancellors Committee for Public Universities
Dr. Freida Brown	Representative of Vice Chancellors or Principals of Private Universities
Mr. Tom D. Owuor	Executive Director, Federation of Kenya Employers
Mrs Rose Waruinge	Lawyer
Mr. K. A. K. Arap Bett	Banker
Mr. Albert Ruturi	Chairman, Kenya Bankers Association
Mr. J.S. Obonyo	Alternate Director to Permanent Secretary, Ministry of Education
Mr. James Wanyela	Alternate Director to Chairman, Kenya Bankers Association
Mr. Kubai Khasiani	Alternate Director to Permanent Secretary, Treasury

AUDITORS

Controller and Auditor General.
Kencom House,
Nairobi,

BANKERS

Kenya Commercial Bank Limited,
University Way,
Nairobi.

Citibank Limited,
Upperhill Branch,
Nairobi.

SENIOR OFFICERS



Mr. Benjamin C. Cheboi
Board Secretary / Chief Executive
Officer



Mr. Philip H. Dido
Deputy Secretary



Mr. Kepha N. M. Oyaro
Manager, Finance



Mr. David K. Mbogori
Manager, Information Technology



Mrs. Kate Samo
Manager, Human Resource and
Administration

Acting Manager, Loans Disbursement & Recovery

Legal Officer

Public Relations Officer

Systems Analyst / Programmer

Data Analyst

Mr. R. B. Kipsang

Mrs. Bemadette N. Masinde

Mr. Otieno Agiro

Mr. Daniel N. Kagunda

Mr. Josephat K. Nzuki

STATEMENT FROM THE CHAIRMAN

I take great pleasure in presenting the annual financial statements of the Higher Education Loans Board, covering the period 1 July 2000 to 30 June 2001.

I am pleased to report that the Board has steadily grown since its inception in August 1995 despite difficult conditions dictated by insufficient funds to lend out to all deserving applicants and the unfavourable economic climate in the country.

The Board over the last three financial years has received Kshs.600 million annually from the Exchequer yet we consider that we require at least Kshs.1.7 billion in any one year to be able to satisfy requirements from needy students.

Despite these difficulties, the Board did successfully disburse loans during the year.

The Board recognizes the fact that one of its greatest challenge is it's ability to effectively recover the outstanding Kshs. 6.8 billion from past beneficiaries so that, coupled with increased funding from the Exchequer it should be able to extend loans to all needy applicants. This challenge is one that the Board is determined to rise to as it wins over the cooperation of all concerned namely the loanees, employers of past loanees and all Kenyans in general. Recovery efforts during the period under review yielded considerable results but a lot more needs to be done.

During 2000/2001, the Board received 30,101 applications compared to 30,705 in 1999/2000. Out of this figure, a total of 29,064 students or 97% compared to 29,835 students or 97% in 1999/2000 received loans ranging from Kshs. 20,000 to Kshs. 42,000. I wish to further urge those parents with financial ability to assist us by paying their children's fees.

During the next couple of years, the Board plans to fully computerize all its operations to ensure quick and reliable retrieval of information; to complete the hiring of essential staff; to enhance recovery and to seek additional sources of funding from within and without Kenya.

Going by progress made so far during the formative years, we are confident that the primary objectives of the Board, as spelt out in the HELB ACT namely, the provision of funding in the form of loans, bursaries and scholarships to eligible Kenyans pursuing higher education are being gradually realized.

We take pride in these strides and achievements. Our pride stems not only from the fact that we have been able to make these humble but remarkable steps against a background of considerable difficulties, but also because being the only organization of its kind in contemporary Africa, our achievements take a unique place. We are determined to consolidate these gains to the extent that the Board should be self-sustaining within the first decade of its life when we hope to recover Kshs. 70 million per month from our past loanees.

We are confident that coupled with assistance from the Government, donor agencies and the cooperation of all Kenyans, we are poised for greater gains. We therefore earnestly appeal to all Kenyans, especially loanees, the student community and parents to extend the hand of cooperation to the Board in this noble undertaking that seeks to guarantee a sustainable financing of Higher Education in Kenya.

In conclusion, I wish to express my appreciation to Members, Management and staff of the Board for their dedication and commitment to the development and smooth running of both our institution and the financing of Higher Education.

Let us rededicate ourselves to the heavy challenges ahead.

Thank you one and all.


PROFESSOR J. H. KIMURA
CHAIRMAN.

STATEMENT FROM THE BOARD SECRETARY

As the Board moves closer to the sixth year of its existence, I am pleased to have to share some of my salient reflections about its performance since its inception in August 1995.

The last year has seen the Board make significant advances in all its key areas of operation. The pivotal role of loan recovery, for instance, has been enhanced from Kshs. 5 million in 1980/81, when recoveries commenced, to Kshs. 516 million in 2000/2001. The loan recovery during 1999/2000 was Kshs. 398 million, which reflects an increase of 30%. As at the end of 2000/2001, a total of Kshs. 1.758 billion (including accrued interest) had been recovered. Out of this amount, Kshs. 1.543 billion was recovered by HELB in its six (6) years of existence and the balance of Kshs. 215 million being recovered by the Ministry of Education through the defunct University Students Loans Scheme. Viewed against the outstanding mature loans totaling Kshs. 6.8 billion, this amount is still small although comparatively the growth is significant. The Board intends to intensify its efforts in this area so that more money can be recovered.

As in previous years, the Board did witness some logistical problems in 2000/2001, most of which stemmed from false or inaccurate information given by students in their application forms. The Board spreads and continues to spread the gospel of upholding integrity and truthfulness on the part of applicants.

Other parallel internal activities were also effected during the period under review. The Board did redesign loan application forms to assist it in identifying needy students. These new look forms are already in use.

During the period under review, the Board successfully encouraged improved communication between the student leadership in public universities and the Board. Through such contacts, the students had chances to discuss the execution of loan programmes especially in as far as it affected them. We intend to enhance this kind of relationship during the next fiscal year and beyond.

Besides the above, the Board also did address the area of public information and campaigns to sensitize the public about its operations. Although this is an area that has to be radically enhanced in future, feedback indicates that a sizeable fraction of Kenyans now appreciate what we are doing; what we can do and the limitations that impede our operations.

LOAN RECOVERY

During 2000/2001, the total loan recovery was Kshs. 515,653,545 compared to Kshs. 397,982,979 recovered in 1999/2000.

DEFAULTERS

In its endeavor to strengthen loan recovery, the Board's Legal Department is pre-occupied with initiating action on loan defaulters by sending demand notices to these defaulters. The response so far has been encouraging.

During the period under review, it was noted that the majority of those repaying their loans are public servants employed in government ministries and state corporations. Loanees in self-employment and private firms have the highest defaulter rate because it is proving difficult to trace them. The Board has tried to solve this problem through vigorous media campaigns and increased action from the legal department and the loans recovery unit. As a result of this more Loanees were netted and billed accordingly.

The Board intends to contact all employers in order to establish whether they have any Loanees in their employment. This will be done through the legal demand notices and subsequent follow-ups by HELB loan inspectors. Where Loanees and employers fail to respond to the Board's reminders and follow-ups by its inspectors, the Legal Department shall cause the prosecution of defaulters in a court of law in accordance with the HELB Act.

DISBURSEMENT OF LOANS

In 2000/2001, the Board approved loans to students amounting to Kshs. 940,832,800 compared to Kshs.947,292,300 awarded in 1999/2000.

The Board has computerized the disbursement section for easy disbursement of loans. In the long run, HELB plans to network with the universities and the banks to facilitate the flow of information and therefore ease the disbursement of loans.

It is anticipated that in five years time, the number of students applying for loans to pursue higher education will be 60 per cent of the total student population in public universities. If this happens and HELB maximizes loan recovery and the Revolving Fund becomes self-sustaining, it will be possible to meet most of the financial requirements of needy students pursuing higher education in Kenya as per the Board's mandate.

During the year under review, the Board was allocated Kshs. 600 million by the Government. This allocation was not adequate to meet the demands of all needy students from public and private universities. A realistic amount should be Kshs. 1.7 billion. The Board's resources were overstretched, since part of the loans recovered were used to meet the shortfall. This development has greatly affected the Board's efforts of building up a viable Revolving Fund.

An assessment of the period under review indicates that increased loan recovery of money from past Loanees is viable. Increased public awareness and debate coupled with a strengthened loans inspectorate and full computerization of the Board should undoubtedly lead to recovery of loans from at least 75% of past loan recipients who have so far not repaid their loans.

I take this opportunity to thank the universities, the student community and Kenyans in general for the cooperation they extended to the Board during these formative years of its existence. We look forward to further cooperation in future.



BENJAMIN C. CHEBOI
BOARD SECRETARY / CHIEF EXECUTIVE

FINANCIAL HIGHLIGHTS

Exchequer Reciepts

During the year under review, funds recieved from Exchequer were as follows:

Purpose	2000/2001 Kshs.	1999/2000 Kshs.
Operations	73,200,000	80,000,000
Loans to Students	609,000,000	600,000,000
Bursaries	80,000,000	65,152,000
TOTAL	762,200,000	745,152,000

Loan Recovery

MONTH	2000/2001 KSHS.	1999/2000 KSHS.
July	42,140,395	26,140,109
August	41,378,846	28,104,346
September	44,577,405	32,925,469
October	40,970,923	35,002,096
November	44,050,799	36,302,122
December	14,850,378	11,801,881
January	68,453,401	54,522,007
February	42,480,923	35,687,547
March	45,976,429	34,501,734
April	41,108,655	32,590,736
May	46,174,047	35,470,165
June	43,491,344	34,934,767
TOTAL	515,653,545	397,982,979

Amount of Loans to Students Approved

UNIVERSITY	2000/2001 KSHS.	1999/2000 KSHS.
Nairobi	263,415,750	264,853,250
Kenyatta	149,324,750	151,823,000
Egerton	163,042,250	165,282,250
Moi	137,098,000	150,970,500
Jomo Kenyatta	59,587,000	57,529,250
Maseno	69,859,250	62,896,500
Private Universities	17,531,000	12,012,500
TOTAL	859,858,000	863,478,000

Bursaries Approved

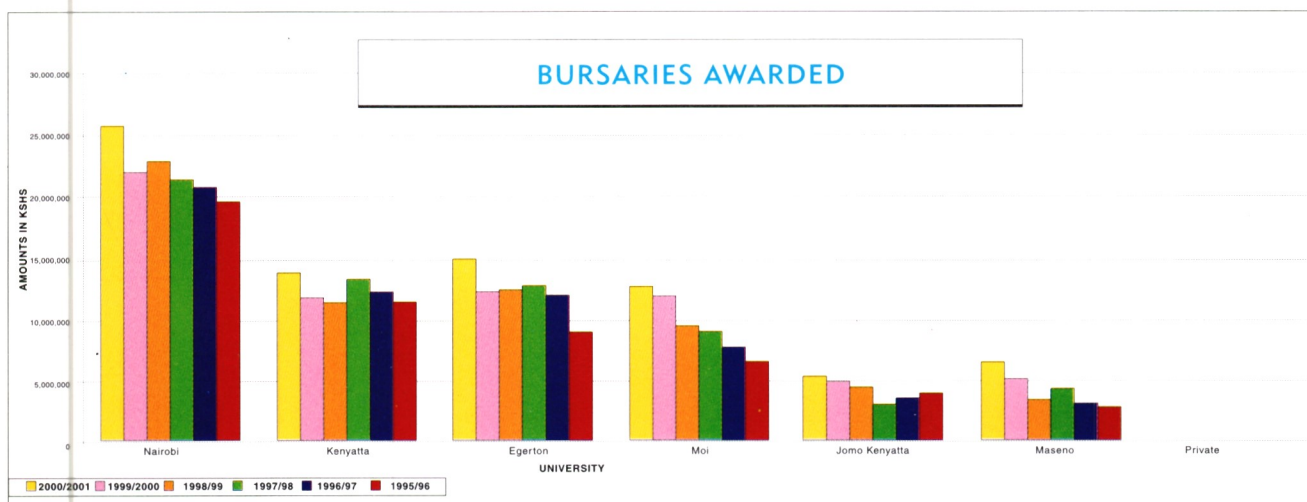
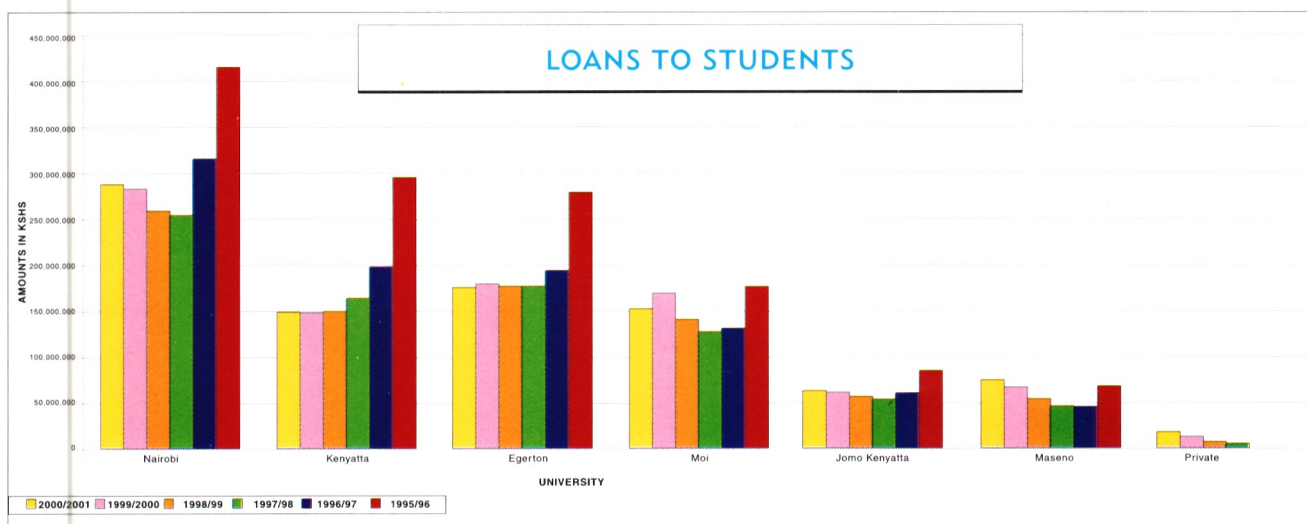
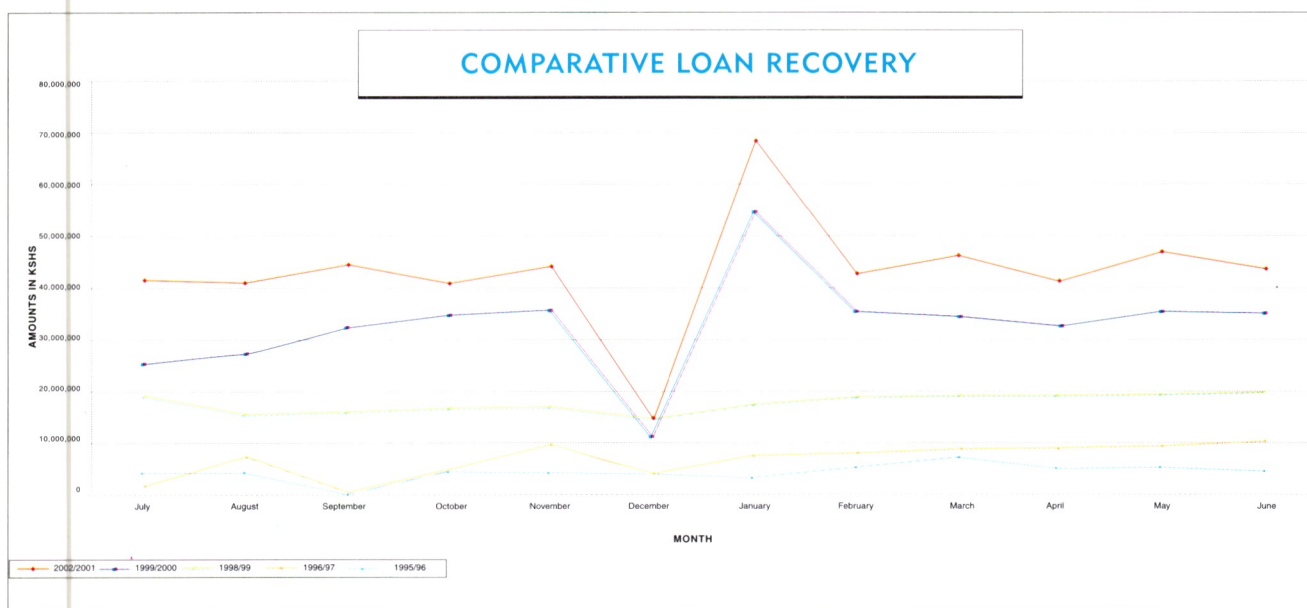
UNIVERSITY	2000/2001 KSHS.	1999/2000 KSHS.
Nairobi	26,116,000	22,418,000
Kenyatta	14,157,000	12,138,000
Egerton	15,091,000	12,570,000
Moi	12,767,000	12,049,000
Jomo Kenyatta	5,411,000	4,901,000
Maseno	6,393,000	4,883,000
Private Universities	0.00	0
TOTAL	79,935,000	68,959,000

Teaching Practice and field Attachment Allowances Approved

UNIVERSITY	2000/2001 KSHS.	1999/2000 KSHS.
Nairobi	26,524,800	21,825,300
Kenyatta	12,633,750	13,880,400
Egerton	13,921,050	16,416,000
Moi	17,160,600	19,308,450
Jomo Kenyatta	6,115,200	5,947,200
Maseno	4,619,400	4,547,700
Private Universities	0	0
TOTAL	80,974,800	81,925,050

The expenditure on Teaching Practice and Field Attachment Allowances were not Provided for in Printed Estimates of the year. The money spent was drawn from the Loans to Students allocation.

SIX YEARS FINANCIAL HIGHLIGHTS



THE REPORT OF THE AUDITOR - GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE HIGHER EDUCATION LOANS BOARD FOR THE YEAR ENDED 30 JUNE 2001

I have examined the Accounts of the Higher Education Loans Board for the year ended 30 June 2001 in accordance with Section 29(2) of the Exchequer and Audit Act, (Cap 412). I have obtained all the information and explanations considered necessary for the purpose of the audit. Proper books of account have been maintained and the Accounts, which have been prepared under the Historical Cost Convention, are in agreement therewith and comply with the Higher Education Loans Board Act, 1995.

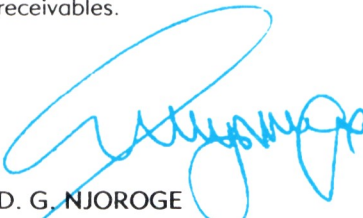
Except for the reservations set out here below in my opinion the Accounts, when read together with the Notes thereon, present a true and fair view of the Board's financial state of affairs as at 30 June 2001 and of its surplus and cash flows for the year then ended.

1. SUSPENSE ACCOUNT

The Balance Sheet as at 30 June 2001 reflects a Suspense Account of Kshs. 8,232,994.50, which, as was the case of the year 2000, amount of Kshs. 7,653,732.50 apparently is a balancing figure representing excess credits over debits in the Board's adjusted Trial Balance and Accounts as at the same date. Although as in the previous year, the Board states that efforts are being made to identify the causes of the Suspense Account, the genesis of the suspense account has not been identified. In the circumstances, therefore, it has not been possible to determine the effect of this difference on the Accounts of the Board for the year ended 30 June 2001.

2. DEBTORS

The Accounts Receivables of Kshs. 6,743,609,819, as at 30 June 2001 and as stated in Note 6 to the Accounts, include Kshs. 16,257,964 owed to the Loans Board under Universities Investment Project (U.I.P), by the World Bank through IDA Credit No.2309 (KE). The amount which was incurred directly by the Board in 1998 on account of overseas study tours, training courses and workshops for some of its senior staff and Government officials through loose arrangement with the World Bank (IDA) and the Ministry of Education has not been reimbursed by the Bank as at 30 June 2001. The contractual agreement between the Loans Board and the World Bank, under the IDA 2309 Credit (KE), which would highlight such funding, was not made available for audit. In the absence of such an agreement, it has not been possible to confirm the recoverability of the amount of Kshs. 16,257,964 incurred by the Board on training and included under receivables.



D. G. NJOROGE
CONTROLLER AND AUDITOR GENERAL

NAIROBI

11 APRIL 2003

BALANCE SHEETS

	NOTES	AS AT 30TH JUNE 2001 KSHS.	AS AT 30TH JUNE 2000 KSHS.
ASSETS EMPLOYED			
FIXED ASSETS (NET)	2	66,150,812.00	69,856,009.55
UN - MATURE LOANS TO STUDENTS	3	4,186,670,688.05	4,090,121,490.90
STAFF LOANS	4	49,397,751.10	33,769,557.90
CURRENT ASSETS			
INVENTORIES	5	1,080,992.00	1,247,473.55
ACCOUNTS RECEIVABLE	6	6,743,609,819.00	6,285,203,512.85
SHORT TERM INVESTMENTS	7	803,610,166.00	549,557,119.00
CASH AND BANK BALANCES	8	33,786,882.60	35,309,660.45
SUSPENSE	10	8,232,994.80	7,653,732.30
		<u>7,590,320,854.40</u>	<u>6,878,971,498.15</u>
CURRENT LIABILITIES			
ACCOUNTS PAYABLE	9	15,465,141.30	15,523,005.30
		<u>15,465,141.30</u>	<u>15,523,005.30</u>
NET CURRENT ASSETS			
		<u>7,574,855,713.10</u>	<u>6,863,448,492.85</u>
		<u>11,877,074,964.26</u>	<u>11,057,195,551.20</u>
FINANCED BY			
CAPITAL FUND	11	60,422,102.80	69,856,009.55
ACCUMULATED FUND	14 & 15	11,816,652,861.45	10,987,339,541.65
		<u>11,877,074,964.26</u>	<u>11,057,195,551.20</u>



W. K. B. Arep Chelashaw
Chairman



B. C. Cheboi
Board Secretary / Chief Executive

INCOME AND EXPENDITURE STATEMENT AS AT 30TH JUNE 2001

PARTICULARS	AS AT 30TH JUNE 2001	AS AT 30TH JUNE 2000
	KSHS	KSHS
INCOME		
Grants from G.O.K.	153,200,000.00	186,263,120.00
Interest on Loans to Students	220,725,669.10	137,253,183.50
Income from Staff Loans	2,430,889.75	1,339,982.00
Income from Investment	57,085,774.50	75,133,472.55
Miscellaneous Income	2,744,658.50	3,955,861.05
TOTAL INCOME	436,186,991.85	403,945,619.10
EXPENDITURE		
Personal Emoluments	42,658,552.35	41,188,574.95
Gratuity and Pension	3,848,049.50	3,734,462.30
Other Personal Emoluments	4,617,675.00	3,472,047.10
Passage and Leave Expenses	427,340.00	437,345.00
Medical Expenses	5,605,809.45	6,623,690.00
Transport Operating Expenses	3,169,656.40	2,879,840.25
Traveling & Accommodation	1,690,263.00	2,703,116.10
External Traveling Expenses	1,405,647.05	1,419,267.25
Postal and Telegrams	275,482.00	276,645.00
Telephone Expenses	3,061,877.85	2,653,978.30
Official Entertainment	303,682.40	1,152,939.10
Board, Committees & Conferences	1,066,147.20	210,823.00
Electricity Expenses	250,391.20	382,719.80
Water and Conservancy	161,753.20	52,830.00
Publishing and Printing	3,264,050.00	930,193.00
Purchase of Uniform & Clothing	182,009.00	292,329.00
Library Expenses	28,290.00	64,353.00
Purchase of Stationery	2,103,884.70	682,323.05
Advertising and Publicity	2,408,992.20	1,973,873.35
Hiring Rent and Rates	295,216.40	158,789.10
Rent and Rates (Residential)	0.00	97,717.00
Rent and Rates (Non - Residential)	7,979,145.00	8,698,356.55
Hire of Security Services	1,063,675.90	1,451,149.15
Contracted Professional Services	883,494.30	360,724.00
Computer Expenses	171,434.00	272,181.00
Hire of Transport, Plant & Equipment	64,704.00	13,765.00
Insurance Expenses	1,715,298.75	1,376,420.00
Other Office Expenses & Charges	942,255.20	977,917.30
Fees, Commission & Honoraria	16,355.00	968,007.25
Training Expenses	4,566,811.85	2,566,353.95
Maintenance of Equipment & Furniture	1,618,526.65	727,536.40
Minor Alterations & Maintenance	464,186.00	816,765.00
Purchase of Office Equipment & Furniture	438,297.00	81,115.00
Bank Charges & Commission	8,459,636.80	9,945,081.10
Bursaries to Students	80,008,000.00	71,227,000.00
Depreciation	11,724,671.25	14,313,062.55
Audit Fees	250,000.00	250,000.00
Staff Welfare Expenses	155,827.00	222,230.00
Loan Recovery Refunds	0.00	1,737,800.30
Write - Offs (Motor Vehicle)	0.00	3,200,000.00
TOTAL EXPENDITURE	197,347,087.60	190,593,320.20
NET OPERATING PROFIT	238,839,904.25	213,352,298.91
Provision for Bad and Doubtful Debts	(22,555,149.25)	(345,802,258.80)
SURPLUS / (DEFICIT) FOR THE YEAR	216,284,755.00	(132,449,959.90)

CASH FLOW STATEMENT AS AT 30TH JUNE 2001

	NOTE	30.06.2001 KSHS.	30.06.2000 KSHS.
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus / (Deficit) for the year		216,284,755.00	(132,449,959.90)
Adjustments for: Depreciation	2	11,724,671.25	14,313,062.55
Change in Provisions	13	22,555,149.25	342,287,405.80
Motor Vehicle Written Off		-	3,200,000.00
Prior Period	14	4,028,564.80	6,183,604,421.60
Change in Suspense		579,262.50	18,920,187.50
Operating surplus before working capital changes		<u>255,172,402.80</u>	<u>6,429,875,117.55</u>
(Increase) in Loans Advanced		(112,177,390.35)	(326,902,800.85)
(Increase) in Accounts Receivable		(480,961,455.40)	(6,607,947,884.55)
Decrease in Inventories		166,481.55	447,812.55
(Decrease)/Increase in Accounts Payable		(57,864.00)	3,840,396.95
NET CASH ABSORBED BY OPERATING ACTIVITIES		<u>(337,857,825.40)</u>	<u>(500,687,358.35)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets	2	(5,728,709.20)	(54,240,028.50)
Increase / (Decrease) in Short Term Investments		(267,227,411.81)	(7,136,843.35)
NET CASH FLOWS FROM INVESTING ACTIVITIES		<u>(272,956,121.01)</u>	<u>(61,376,871.85)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Capitation received from G.O.K.		609,000,000.00	540,848,000.00
NET CASH FLOWS FROM FINANCING ACTIVITIES		<u>609,000,000.00</u>	<u>540,848,000.00</u>
Net Increase/(Decrease) in Cash		(1,813,946.41)	(21,216,230.20)
Cash at the Beginning of the period		35,600,829.00	56,817,059.20
CASH AT THE END OF THE PERIOD		<u>33,786,882.60</u>	<u>35,600,829.00</u>

NOTES TO THE ACCOUNTS

1. 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 grants includes only amounts received in relation to the financial year.

c) Depreciation

Depreciation is provided 10 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 is: -

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

d) Investments

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

e) Bad Debts

Specific bad debts are provided for at 100%. A general provision for bad and doubtful debts is maintained at 5% of the debtors.

f) 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.

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.

2. FIXED ASSETT SCHEDULE

	LAND & BUILDINGS	MOTOR VEHICLES	OFFICE EQUIPMENT	OFFICE FURNITURE	FIXTURES & FITTINGS	COMPUTERS	TOTAL
Cost/Valuation	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs
At 01.07.2000	43,687,200.00	19,711,590.00	6,711,355.70	6,324,397.30	15,434,644.95	17,480,844.00	109,350,031.95
Additions	901,542.00	0.00	738,995.00	374,344.95	1,484,876.00	2,228,951.25	5,728,709.20
At 30.06.2001	44,588,742.00	19,711,590.00	7,450,350.70	6,698,742.35	16,919,320.95	19,709,795.25	115,078,741.15
Depreciation At 01.07.2000	-	13,935,144.30	3,611,247.80	2,440,240.40	5,338,148.40	12,878,477.00	37,203,257.90
Charge for the Year	-	2711,695.75	931,293.85	837,342.75	2,114,940.10	5,129,398.75	11,724,671.25
At 30.06.2001	-	16,646,840.05	3,542,541.65	3,277,583.15	7,453,088.50	18,007,875.75	48,927,929.15
Net Book Amount At 30.06.2001	44,588,742.00	3,064,749.95	3,907,809.05	3,421,159.05	9,466,432.40	1,701,919.50	66,150,813.00
At 30.06.2000	43,687,200.00	4,817,298.25	4,100,107.85	3,884,156.90	10,096,496.55	3,270,750.00	69,856,009.55

Fixed assets with an original cost of Kshs. 13,184,867.00 (1999/2000 - Kshs. 7,049,190.00) which are still in use are fully depreciated. The theoretical depreciation charge on cost at the normal rates as per note 1 (c) would be Kshs. 3,656,077.75 (1999/2000 - Kshs. 2,029,907.05)

3. LOANS TO STUDENTS

These are loans issued to students by HELB since its inception. Prior to this, loans were handled by the Ministry of Education under the now defunct "Higher Education Loans Fund" (HELF) and the University Students Loans Scheme.

The break down of the figure is as follows; -

	As at 30.06.2001	As at 30.06.2000
	Kshs	Kshs
Balance brought forward	4,090,121,490.90	3,773,638,777.05
Add: Loans awarded during the year	854,208,018.70	987,438,659.60
Un-mature Loans (Issued prior To 1995/96)		757,659,821.55
	<u>4,944,329,508.60</u>	<u>5,518,737,258.20</u>
Less: Mature Loans transferred to Accounts Receivables	757,659,821.55	1,423,799,791.10
Mature HELF Loans transferred to Accounts Receivables	-	4,815,976.20
	<u>4,186,630,688.05</u>	<u>4,090,121,490.90</u>

4. STAFF LOANS

These are loans advanced to HELB staff under the staff car and house mortgage loan scheme.

	As at 30.06.2001	As at 30.06.2000
	Kshs	Kshs
Balance brought forward	33,769,557.90	23,349,470.90
Add: Loans issued during the year	18,793,642.80	12,171,950.00
	<u>50,079,200.70</u>	<u>35,521,420.90</u>
Less: Loan Repayment during the year	3,165,449.60	1,751,863.00
Balance as at 30.06.2001	<u>49,397,751.10</u>	<u>33,769,557.90</u>

5. INVENTORIES

The inventories figure of Kshs. 1,080,992.00 is the value of spare parts bought through IDA Credit No. 2309 KE. Stocks of stationery and office supplies held at the year-end were expensed.

6. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	As at 30.06.2001	As at 30.06.2000
	Kshs	Kshs
Arrears on Principal & Interest (USLS Loans of 1974 to 2001)	7,072,093,215.75	6,599,822,482.00
Hospital Deposit	675,000.00	675,000.00
Staff Imprest	456,717.50	663,680.50
Staff Salary Advances	1,429,273.40	517,838.20
Insurance Pre - paid	946,314.85	500,791.60
Rent Deposit	122,000.00	122,000.00
Accrued Interest on Investment	9,947,776.15	156,225.35
Arrears on Interest on Loans - HELF	4,807,892.30	4,747,262.85
HELF Loan Arrears	4,245,562.15	4,461,320.65
Arrears on Interest on Investment - HELF	-	165,427.90
Dishonoured Cheques	517,101.55	1,891,564.25
Pre - payment for Maintenance of Computers	-	721,232.85
UIP Project (IDA Credit No. 2309 KE)	16,257,964.00	16,257,964.00
Ministry of Education	1,319,238.50	1,319,238.50
Benevolent Fund	34,550.00	34,550.00
KCB University Way Branch	328,193.90	328,193.90
	<u>7,113,180,800.05</u>	<u>6,632,219,344.65</u>
Less: Provision for Bad & Doubtful Debts	369,570,981.05	347,015,831.80
	<u><u>6,743,609,819.00</u></u>	<u><u>6,285,203,512.85</u></u>

7. SHORT - TERM INVESTMENT

Short-term Investments include amounts in Fixed Deposit accounts maturing on various dates.

8. CASH AND BANK BALANCES

	As at 30.06.2001	As at 30.06.2000
	Kshs	Kshs
KCB University Way Branch	32,159,710.00	20,626,350.05
Citibank Upperhill Branch	965,593.10	14,682,888.40
Cash in hand	66,555.00	422.00
HELF (Paymaster General)	595,024.50	-
	<u>33,786,882.60</u>	<u>35,309,660.45</u>

The treatment of Cash and Bank Balances for the year-ended 30.06.2001 is as per the adjusted cashbook balances after reconciliation. The treatment in the prior year was to state the balances as provided in the bank confirmation certificates. Any unrepresented cheques were accrued as creditors and taken to Accounts Payable.

9. ACCOUNTS PAYABLE AND ACCRUALS

	As at 30.06.2001	As at 30.06.2000
	Kshs	Kshs
Salary Expenses	45,373.25	272,076.40
Staff Allowances	13,200.00	-
Gratuity and Pension	73,659.60	540,970.00
Staff-Welfare	23,670.00	-
Medical Expenses	984,830.95	541,104.50
Transport Expenses	149,300.90	202,562.00
Travelling & Accommodation	8,460.00	-
Official Entertainment	-	39,520.00
Telephone Expenses	248,851.55	257,236.35
Water Expenses	3,335.00	4,400.00
Electricity Expenses	12,000.00	5,737.30
Advertising Expenses	81,300.00	-
Hiring Rent and Rates	12,980.00	7,858.80
Hire of Security Services	-	269,272.50
Contracted Prof. Services	197,292.40	17,250.00
Computer Expenses	113,720.00	-
Insurance Expenses	382,309.00	-
Fees, Commission & Hon.	-	15,635.00
Publishing and Printing	10,300.00	3,200.00
Uniform Expenses	168,560.00	-
Stationery Expenses	25,352.50	59,699.00
Other Office Expenses	42,850.00	20,210.00
Training Expenses	1,553,233.85	-
Maintenance of Office Equipment	-	174,170.80
Purchase of Office Equipment & Furn.	213,347.50	50,489.00
Office Maintenance	-	14,410.00
HELF	60,317.75	60,317.75
Audit Fees	500,000.00	425,000.00
Unrepresented Cheques	-	4,243,885.90
Bursary Payable	10,232,000.00	8,298,000.00
	<u>15,465,141.30</u>	<u>15,523,005.30</u>

The amount of unpresented cheques, as reflected in the bank reconciliation, has been excluded from the figure of Accounts Payable for the year-ended 30.06.2001. This is in order to conform to the new treatment of Cash and Bank Balances as per Note 8 above.

10. SUSPENSE

The Suspense figure of Kshs. 8,232,994.80 is a balancing figure resulting from the amount by which credits in the trial balance exceed the debits.

11. CAPITAL FUND

	As at 30.06.2001	As at 30.06.2000
	Kshs.	Kshs.
Balance brought forward	69,856,009.55	32,329,043.60
Add: Purchase of Fixed Assels	-	54,240,028.50
Less: Motor Vehicle Written-off	-	(3,200,000.00)
	<u>69,856,009.55</u>	<u>83,369,071.10</u>
Less: Depreciation for the year	9,433,906.75	14,313,062.55
Add: On Motor Vehicle W/O	-	(800,000.00)
Balance carried forward	<u><u>60,422,102.80</u></u>	<u><u>69,856,009.55</u></u>

12. BANK CHARGES AND COMMISSION

The Board paid a total of Kshs. 8,459,636.80 as bank charges and commission for transactions made from its bank accounts.

13. PROVISIONS FOR BAD AND DOUBTFUL DEBTS

	As at 30.06.2001	As at 30.06.2000
	Kshs.	Kshs.
Balance brought forward	347,015,831.80	1,213,573.00
Add: Provisions for the year	24,156,858.25	345,802,258.80
Less: Loans written - off	(1,601,709.00)	Nil
	<u><u>369,570,981.05</u></u>	<u><u>347,015,831.80</u></u>

14. PRIOR PERIOD ADJUSTMENTS

Accumulated Fund brought forward as at 01.07.2000	10,987,339,541.65
Add: Over-provision of depreciation for Previous year	2,290,764.50
Loan Refunds wrongly expensed	1,737,800.30
<i>Adjusted Accumulated Fund brought forward</i>	<u>10,991,368,106.45</u>

15. ACCUMULATED FUND

	As at 30.06.2001 Kshs	As at 30.06.2000 Kshs
Balance b/forward	10,991,368,106.45*	10,578,941,501.55
Add: Capitation	609,000,000.00	540,848,000.00
Surplus / (Deficit) for the Year	216,284,755.00	(132,449,959.90)
	<u>11,816,652,861.45</u>	<u>10,987,339,541.65</u>

*Please see Note no. 14



