

71
for
P.C.A.

PARLIAMEN
OF KENYA
LIBRARY

PARLIAMEN
OF KENYA
LIBRARY

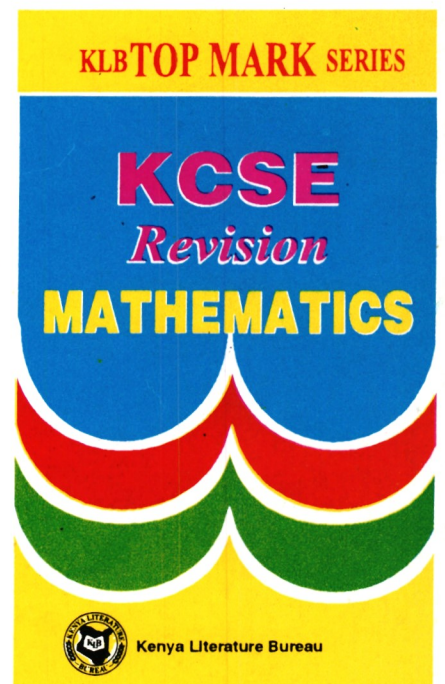
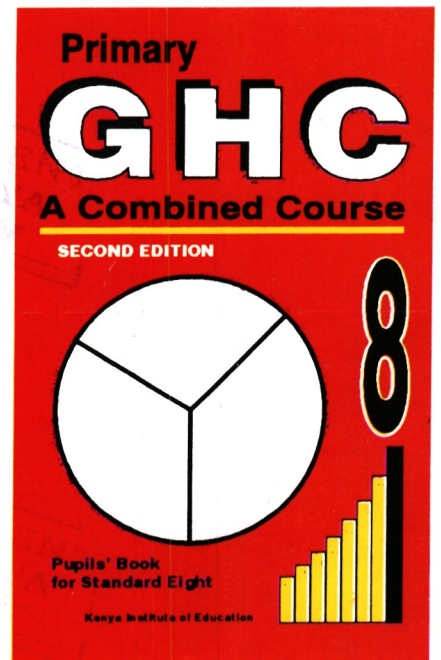
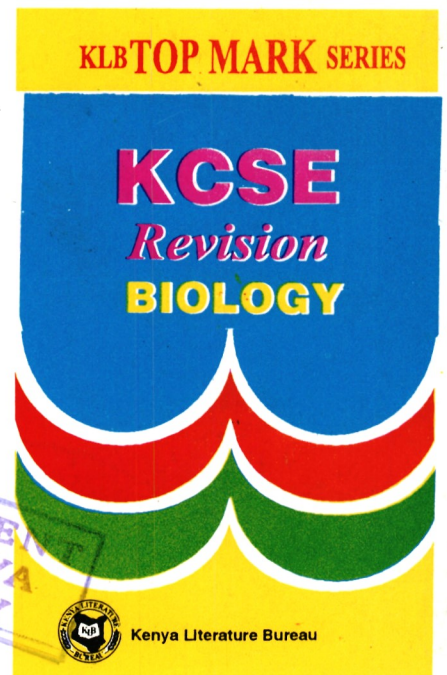
ANNUAL REPORT & ACCOUNTS

June 30th,

1997



Kenya Literature Bureau



Annual Report

and

Accounts

for the Year Ended 30th June, 1997



KENYA LITERATURE BUREAU
Belle-Vue Area/Off Mombasa Road,
P. O. Box 30022, Nairobi.
Telephone: 506142/3/8, 506156, 506158.

Annual Report

and

Accounts

for the Year Ended 30th June, 1997

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BOARD OF MANAGEMENT

BOARD MEMBERS 1996/97

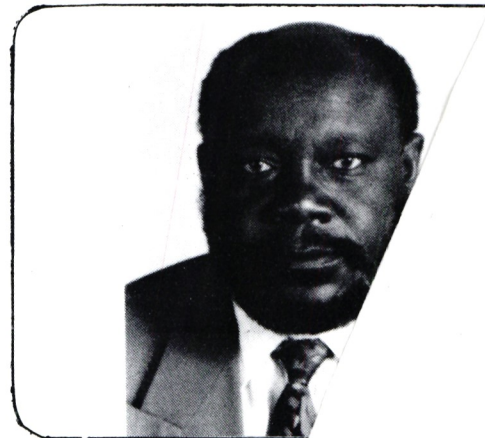
1. Prof. K. Ole Karei
Chairman
2. Mrs. E. Masiga, S.S.
Permanent Secretary, Ministry of Education.
3. Mr. S.C. Lang'at
Managing Director
4. Mr. S.S. Lesrima, C.B.S.
Alternate Mrs. P.N. Makau
5. Mr. Francis Awuor
Alternate Mrs. J.N. Kebathi
6. Mr. David K. Andere
Alternate Mrs. E.K. Muthigani
7. Dr. J. Mbindyo
Representative, University of Nairobi.
8. Mrs. Grace Ogot
Member
9. Mr. E.N. Njoka
Member
10. Mr. H.A. Chabala
Member
11. Mr. B.C. Mwangi
Member
12. Mr. Muraya Mwangi
Member



Prof. K. Ole Karei
Chairman



Mrs. E. Masiga



**Mr. S.
Mana**



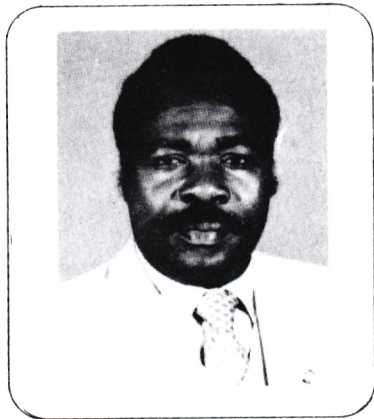
Mrs. E. Muthigani



Mrs. P. N. Makau



Mrs. J. N. Kebathi



Mr. E. N. Njoka



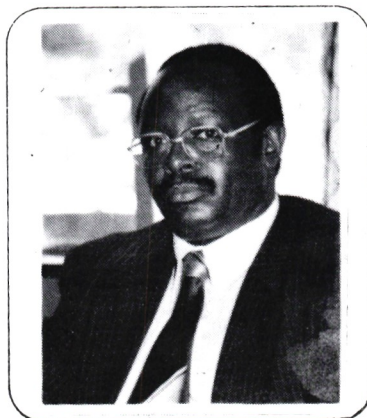
Mrs. Grace Ogot



Mr. H. A. Chabala



Dr. J. Mbindyo



Mr. B. C. Mwangi



Mr. Muraya Mwangi

Management Team 1996/1997



S. C. Lang'at
Managing Director



Isabella W. Gitau
Deputy Managing Director



P. N. Ngatia
Chief Accountant



M. K. Muraya
Marketing Manager



J. G. Githenji
Publishing Manager



E. A. Obara
Personnel and Administration Manager



J. O. Madanji
Production Manager

Chairman's Report

For the Year Ended 30th June, 1997

It gives me great pleasure to report yet another successful trading year for Kenya Literature Bureau. Kenya Literature Bureau continued to register a modest growth in turnover, which reached a record of Kshs. 366.08 million, an increase of 18.24% over the previous year's Kshs. 309.63 million. The net profit rose by 28.85% to Kshs 99.29 million from the previous year's Kshs. 72.06 million, a no mean achievement considering the harsh economic conditions prevailing throughout the year.



Professor Ole Karei
Chairman

During the year under review Kenya Literature Bureau continued to produce new titles and reprint those in the backlist to meet the high demand in the market. The press handled a total of three hundred and ninety nine (399) jobs. One hundred and forty-eight (148) of these were Kenya Literature Bureau titles, while the rest were printing sales service. Kenya Literature Bureau's printing services to the general public have remained popular and generate considerable income every year. During the year under review, printing sales realised Kshs. 1,724,595.

Kenya Literature Bureau continually endeavours to supply the Kenyan market with relevant books at competitive prices so that the larger part of the Kenya population can afford them. Seventy one (71) new manuscripts were received during the year, 16% of which were solicited and developed by commissioned writers. During the same period Kenya Literature Bureau intensified its efforts to scout for authors of new books to fill in identified gaps in the curriculum. Thirteen (13) new titles were released into the market. Some of the old editions were also revised to reflect the latest changes in the 8-4-4 syllabus. During the period under review, five (5) new editions were released into the market.

During the same period, Kenya Literature Bureau continued to improve and strengthen its marketing policy by establishing permanent territories for the field officers. This has effectively improved our coverage of the regions and enhanced the publicity of our books. The new titles, the revised editions and titles in the back list have performed very well in the local market, while general books, especially those in History and Literature have proved quite popular in the foreign market. With the introduction of our new series in English and Mathematics, and the marketing strategy already in place, the future definitely looks bright.

During the same period, Kenya Literature Bureau purchased one (1) Wohlenberg City Binder at a cost of Kshs. 26,591,560.35 to ease congestion of work at the Bindery Section. One Peugeot 504 saloon at a cost of Kshs. 1,596,687.00 was also acquired to further improve transport facilities. Office equipment and machines including pallet trucks, chairs, water heater, UPS units, printers, typewriters, computers, loan mower, etc. were also purchased at a total cost of Kshs. 2,239,376.25.

The total staff establishment during the year under review was 233 employees. Six (6) new staff were recruited, while two (2) employees left the Bureau for one reason or other.

Kenya Literature Bureau lays great emphasis on staff training and development. During the year under review, twenty eight (28) members of staff from all departments went through various training programmes organised and financed by the Bureau.

I am grateful to the members of the Board of Management for their continued whole hearted support and wise counsel. I would also like to thank the Managing Director, the Senior Management team and all the employees for their hard work and dedication to duty. It is particularly pleasing to note that in spite of the harsh economic conditions prevailing during this period, Kenya Literature Bureau continued to operate effectively and profitably. With the commendable team spirit displayed by the whole staff, I am optimistic that Kenya Literature Bureau's star will continue to rise in the future.



Prof. K. Ole Karei
Chairman

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS
OF THE KENYA LITERATURE BUREAU FOR THE YEAR ENDED 30 JUNE 1997

I have examined the accounts of the Kenya Literature Bureau for the year ended 30 June 1997 in accordance with Section 29(2) of the Exchequer and Audit Act, (Cap 412). I have obtained all the information and explanations that I required for the purpose of the audit. Proper books of account were kept and the accounts which have been prepared under the historical cost convention are in agreement therewith and comply with the Kenya Literature Bureau Act (Cap 209).

Subject to the reservations set out herebelow, in my opinion, the accounts when read together with the notes thereon, present a true and fair view of the state of affairs of the Bureau as at 30 June 1997 and of its profit and cash flow for the year then ended.

1. DEBTORS AND PREPAYMENTS KSHS.73,054,386

As reported in the previous year, an amount of Kshs.20,531,264 which is included in the Balance Sheet debtors and prepayments figure of Kshs.73,054,386 is owed by the Project Implementation Unit of the Ministry of Education for more than two years. I am informed that the debt arose as a result of some services by the Bureau to the project's donor funded work for which the project management could not get the funds from the donor. I have further been informed that the management has taken up the matter with the Ministry of Education with a view to having this debt settled, but I have not seen the results of this action.

2. STAFF PENSION FUND

As reported in the previous year, the Bureau, for a number of years, has been running a staff pension scheme which was being managed by Kenya National Assurance Company now in liquidation. As at 30 June 1996 the pension fund stood at Kshs.26,992,193.

On liquidation of the Kenya National Assurance Company, the Bureau transferred the management of the pension scheme to another Insurance Company. However, I have not seen any evidence to indicate when the balance held in, the former Company will either be paid back to the Bureau or transferred to the latter Company now managing the Bureau's pension scheme. I am, therefore, not in a position to confirm that pensioners' funds are secure and that they will be available as and when the employees retire.



W.K. KEMEI
AUDITOR-GENERAL (CORPORATIONS)

29 April 1998.

Profit and Loss Account

For the Year Ended 30th June, 1997

NOTES


		1997	1996
		Kshs.	Kshs.
Turnover	1 (b)	<u>366,082,300.00</u>	<u>309,628,652.00</u>
Profit for the year	2	99,289,512.00	77,061,317.00
Retained profit B/F	3	208,713,566.00	131,603,077.00
Transfer to Reserves		<u>(200,000,000.00)</u>	0.00
Retained profit C/D		<u>108,003,078.00</u>	<u>208,664,394.00</u>

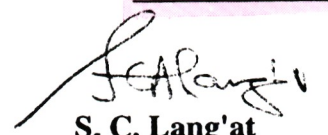
Balance Sheet

As at 30th June, 1997

NOTES

	1996/97	1995/96
	Kshs.	Kshs.
CAPITAL EMPLOYED		
Capital Reserves	500,000,000.00	300,000,000.00
Retained Earnings	<u>108,003,078.00</u>	<u>208,664,394.00</u>
	<u>608,003,078.00</u>	<u>508,664,394.00</u>
REPRESENTED BY		
Fixed Assets	4	
Land & Buildings	74,223,367.00	75,824,952.00
Plant & Equipments	79,852,231.00	56,593,860.00
Motor Vehicles	7,052,785.00	8,087,166.00
Furniture	808,038.00	1,046,784.00
	<u>161,936,421.00</u>	<u>141,552,762.00</u>
CURRENT ASSETS		
Stock	5	
Royalty Advance	65,182.00	133,744.00
Debtors & Prepaid Expenses	6	
Fixed Short-term Deposits	292,554,000.00	192,048,809.00
Bank and Cash Balance	8,527,918.00	31,780,159.00
	<u>487,174,611.00</u>	<u>398,848,723.00</u>
CURRENT LIABILITIES		
Trade Creditors	33,497,202.00	28,722,270.00
Other Creditors	7,610,752.00	3,014,821.00
	<u>41,107,954.00</u>	<u>31,737,091.00</u>
NET CURRENT ASSETS	<u>446,066,657.00</u>	<u>367,111,632.00</u>
	<u>608,003,078.00</u>	<u>508,664,394.00</u>


Prof. K. Ole Karei
 Chairman


S. C. Lang'at
 Managing Director

Cash Flow Statement for the Year Ended 30th June, 1997

	1997 Kshs.	1996 Kshs.
Net profit for the year	99,289,512.00	77,061,317.00
Adjustment for		
Depreciation	10,044,967.00	7,617,786.00
Interest from Deposits	(38,427,387.00)	(28,802,463.00)
Overstatement of previous years profit	49,172.00	(67,000.00)
Provision for doubtful debts	0.00	813,072.00
Profit on disposal of assets	(251,500.00)	(1,373,834.00)
Profit before working capital changes	70,704,764.00	55,248,878.00
Increase in stocks	(5,430,434.00)	800,794.00
Increase/decrease in debtors & prepayments	(5,711,067.00)	(20,779,735.00)
Increase/decrease in advance royalties	68,562.00	(19,661.00)
Decrease/increase in trade creditors	9,370,862.00	(2,619,995.00)
Cash generated from operations	69,002,687.00	32,630,281.00
Disposal of motor vehicles	251,500.00	1,392,067.00
Interest from deposits	45,325,730.00	32,002,734.00
Tax on interest	(6,898,343.00)	(3,200,271.00)
Purchase of fixed assets	(30,428,624.00)	(33,366,689.00)
Net increase in cash & bank balances	77,252,950.00	29,458,122.00
Cash & bank balances at the		
- beginning of period	223,828,968.00	194,370,846.00
- at end of period	301,081,918.00	223,828,968.00

Notes to the Accounts

For the Year Ended 30th June, 1997

1. SIGNIFICANT ACCOUNTING POLICIES

(a) *Accounting Convention*

The accounts are prepared under the historical cost convention.

(b) *Turnover*

Turnover comprises the gross amount invoiced for sales of books and printing services.

(c) *Fixed Assets and Depreciation*

Fixed assets are stated at the 1980 professional valuation with subsequent additions at cost, less depreciation, calculated on the straight line basis at an annual rate estimated to write off the assets over their expected useful lives.

The annual rates are:

- Printing machines - 5% p.a.
- Office furniture, fittings and equipment - 12.5% p.a.
- Motor vehicles - 20% p.a.
- Buildings - 2.5% p.a.

(d) *Stocks*

Stocks including work-in-progress are stated at the lower of cost and net realisable value. Purchased stock is valued at actual cost on the first-in-first-out basis whereas manufactured stock cost represent purchase price plus appropriate manufacturing overheads.

(e) *Retirement Benefits*

The Bureau and its employees contribute to a pension scheme. The Bureau's contributions are charged against profit in the period they fall due.

2. PROFIT FOR THE YEAR

	1997	1996
	Kshs.	Kshs.
The profit is stated after charging		
Depreciation	10,044,967.00	7,617,786.00
Board expenses	424,388.00	227,189.00
And after crediting:		
Interest receivable	38,427,387.00	28,802,463.00

Notes to the Accounts (Continued)

For the Year Ended 30th June, 1997

3. PRIOR YEAR ADJUSTMENTS

	Kshs.
Profit as previously stated	208,664,394.00
<u>add</u>	
Understated revenues	49,172.00
Profit as restated	<u>208,713,566.00</u>

4. FIXED ASSETS

	Buildings Kshs.	Plant and Equipment Kshs.	Motor Vehicles Kshs.	Furniture and Fittings Kshs.	Total Kshs.
Balance as at 30/06/96	80,079,190.00	75,859,761.00	15,290,048.00	3,298,134.00	174,527,133.00
Additions	0.00	28,687,212.00	1,597,687.00	143,726.00	30,428,625.00
Disposals	0.00	0.00	(260,990.00)	0.00	(260,990.00)
	<u>80,079,190.00</u>	<u>104,546,973.00</u>	<u>16,626,745.00</u>	<u>3,441,860.00</u>	<u>204,694,768.00</u>
Depreciation					
Balance as at 30/06/96	(4,254,238.00)	(19,265,900.00)	(7,202,882.00)	(2,251,350.00)	(32,974,370.00)
Charge for 1996/97	(1,601,584.00)	(5,428,842.00)	(2,632,068.00)	(382,472.00)	(10,044,967.00)
Disposal	0.00	0.00	260,990.00	0.00	260,990.00
	<u>(5,855,823.00)</u>	<u>(24,694,742.00)</u>	<u>(9,573,960.00)</u>	<u>(2,633,822.00)</u>	<u>(42,758,347.00)</u>
Net book value					
As at 30/6/97	<u>74,223,367.00</u>	<u>79,852,231.00</u>	<u>7,052,785.00</u>	<u>808,038.00</u>	<u>161,936,421.00</u>
Net book value as at 30/6/96	<u>75,824,952.00</u>	<u>56,593,861.00</u>	<u>8,087,166.00</u>	<u>1,046,784.00</u>	<u>141,552,763.00</u>

Notes to the Accounts(Continued)

For the Year Ended 30th June, 1997

5. STOCKS

	1997	1996
	Kshs.	Kshs.
Printed books	89,778,400.00	86,085,544.00
Raw materials	11,578,075.00	5,675,338.00
Library books	485,665.00	429,498.00
Work in progress	11,130,985.00	16,181,412.00
	<u>112,973,125.00</u>	<u>107,542,692.00</u>

6. DEBTORS AND PREPAID EXPENSES

	1997	1996
	Kshs.	Kshs.
Books	43,249,752.00	46,716,639.00
Commercial printing	4,964,927.00	4,722,393.00
Sundry debtors	24,549,967.00	15,707,252.00
Prepaid expenses	1,102,812.00	1,010,107.00
	<u>73,867,458.00</u>	<u>68,156,391.00</u>
Less provision for bad debts	<u>813,072.00</u>	<u>813,072.00</u>
	<u>73,054,386.00</u>	<u>67,343,319.00</u>

7. BAD DEBTS

Debts amounting to Kshs. 813,072.00 has been considered doubtful and provided for.

8. CORPORATE STATUS

The Bureau is incorporated in Kenya under an act of parliament (CAP. 209 No. 4 of 1980).

9. CURRENCY

These accounts are presented in Kshs.

Trading, Profit and Loss Account

For the Year Ended 30th June, 1997

	1997 Kshs.	1996 Kshs.
SALES	366,082,299.00	309,628,652.00
COST OF SALES	168,019,382.00	128,525,077.00
GROSS TRADING PROFIT	<u>198,062,917.00</u>	<u>180,914,575.00</u>
ADMINISTRATION AND SELLING EXPENSES		
Salaries	18,616,293.00	15,168,825.00
Gratuity and pension	2,056,775.00	1,870,376.00
House allowance	9,290,518.00	9,045,781.00
Other personal allowances	32,944.00	17,715.00
Passages and leave expenses	235,398.00	209,087.00
Transport operating expenses	5,848,828.00	4,607,001.00
Travelling and accomodation	760,563.00	416,427.00
Postal and telegram expenses	90,240.00	110,717.00
Telephone	1,110,111.00	1,080,927.00
Management Board Expenses	424,388.00	227,189.00
Electricity and water	750,944.00	548,574.00
Publishing and printing	581,883.00	291,647.00
Purchase of uniform and clothing	72,771.00	153,699.00
Purchase of stationery	1,711,538.00	1,488,214.00
Advertising and publicity	1,823,811.00	2,354,365.00
Rents and rates	760.00	760.00
Computer charges	118,188.00	58,740.00
Hire of casuals	166,179.00	236,100.00
Miscellaneous and other charges	24,980.00	20,632.00
Staff training	485,932.00	305,746.00
Staff welfare	1,278,814.00	1,065,753.00
Standard Levy	154,327.00	128,265.00

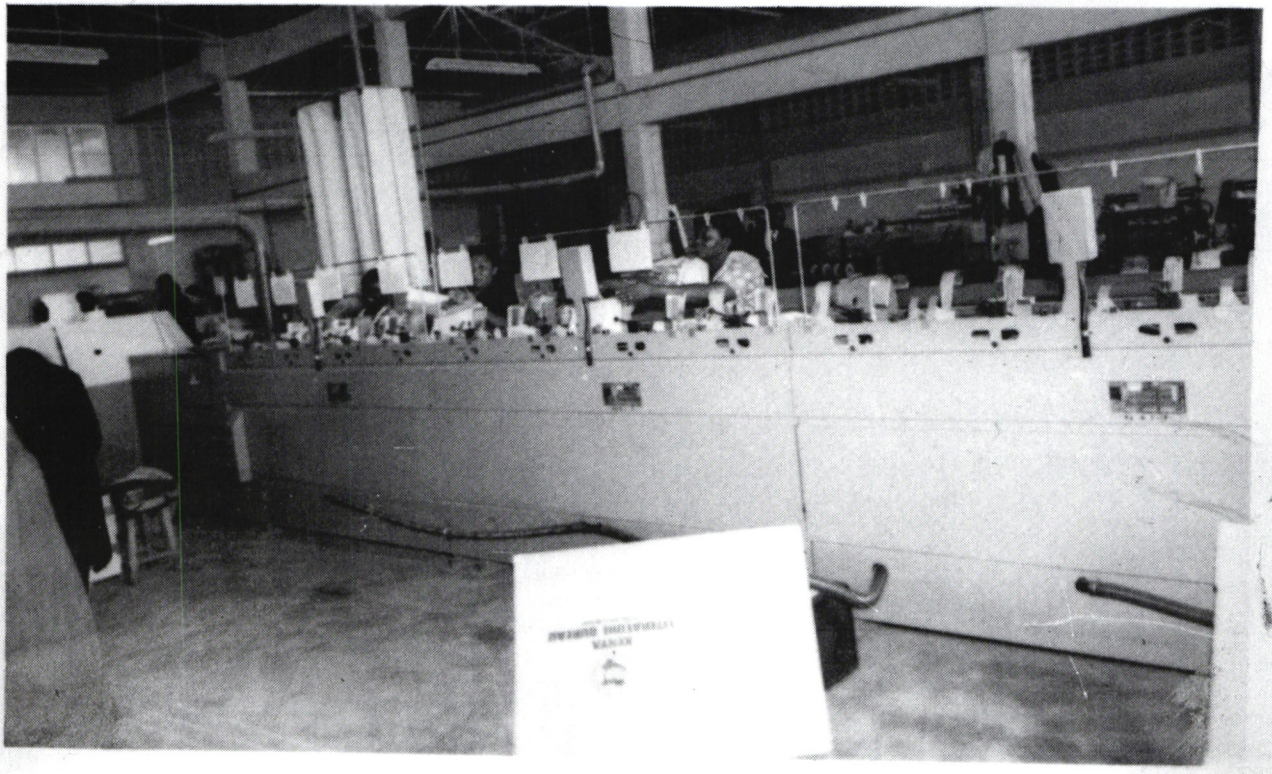
Trading, Profit and Loss Account (Continued)

For the Year Ended 30th June, 1997

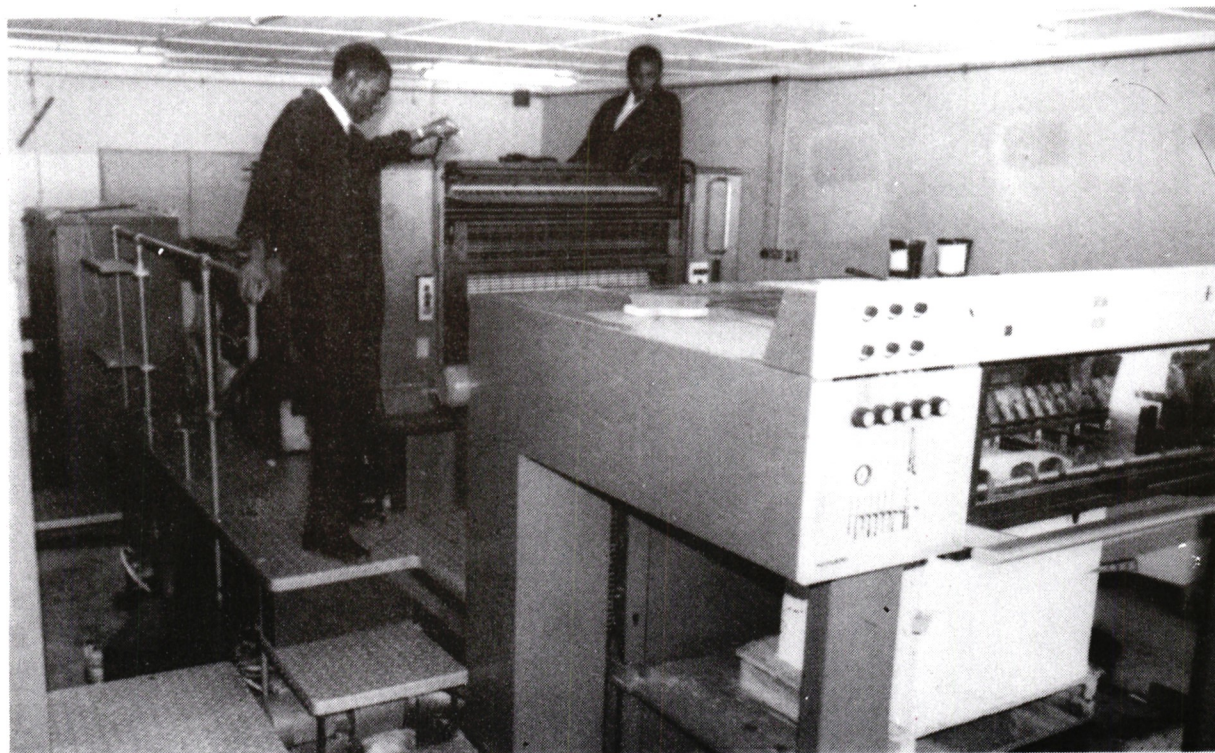
Medical expenses	1,799,342.00	1,746,669.00
Maintenance of plant and equipment	2,597,864.00	2,422,108.00
Maintenance of Buildings	1,211,716.00	1,680,453.00
Readership and Writing Workshop	933,009.00	582,926.00
Security	1,790,654.00	1,467,284.00
Overtime	282,330.00	152,286.00
Packing, Carriage and Handling	1,834,813.00	1,116,805.00
Royalty Payments	8,842,740.00	8,645,683.00
Library Books Written off	33,539.00	59,137.00
Donations	306,676.00	87,892.00
Bank Charges	28,853.00	40,433.00
Legal Charges	26,641.00	108,847.00
Audit Fee	80,000.00	60,000.00
Insurance	2,992,600.00	1,793,740.00
Discount Allowed	62,944,943.00	68,173,244.00
Depreciation for the Year	5,981,569.00	5,080,830.00
Total Admin. Costs	<u>137,323,474.00</u>	<u>132,624,877.00</u>
Profit from Operations	<u>60,739,443.00</u>	<u>47,478,698.00</u>
Provision for Bad Debts		(813,072.00)
Interest on Deposits	38,427,387.00	28,802,463.00
Miscellaneous Income	449,883.00	494,140.00
Canteen Profit/Loss	(578,701.00)	(274,746.00)
Profit on Disposal of Assets	<u>251,500.00</u>	<u>1,373,834.00</u>
Total	<u>38,550,069.00</u>	<u>29,582,619.00</u>
Net Profit for the Year	<u>99,289,512.00</u>	<u>77,061,317.00</u>



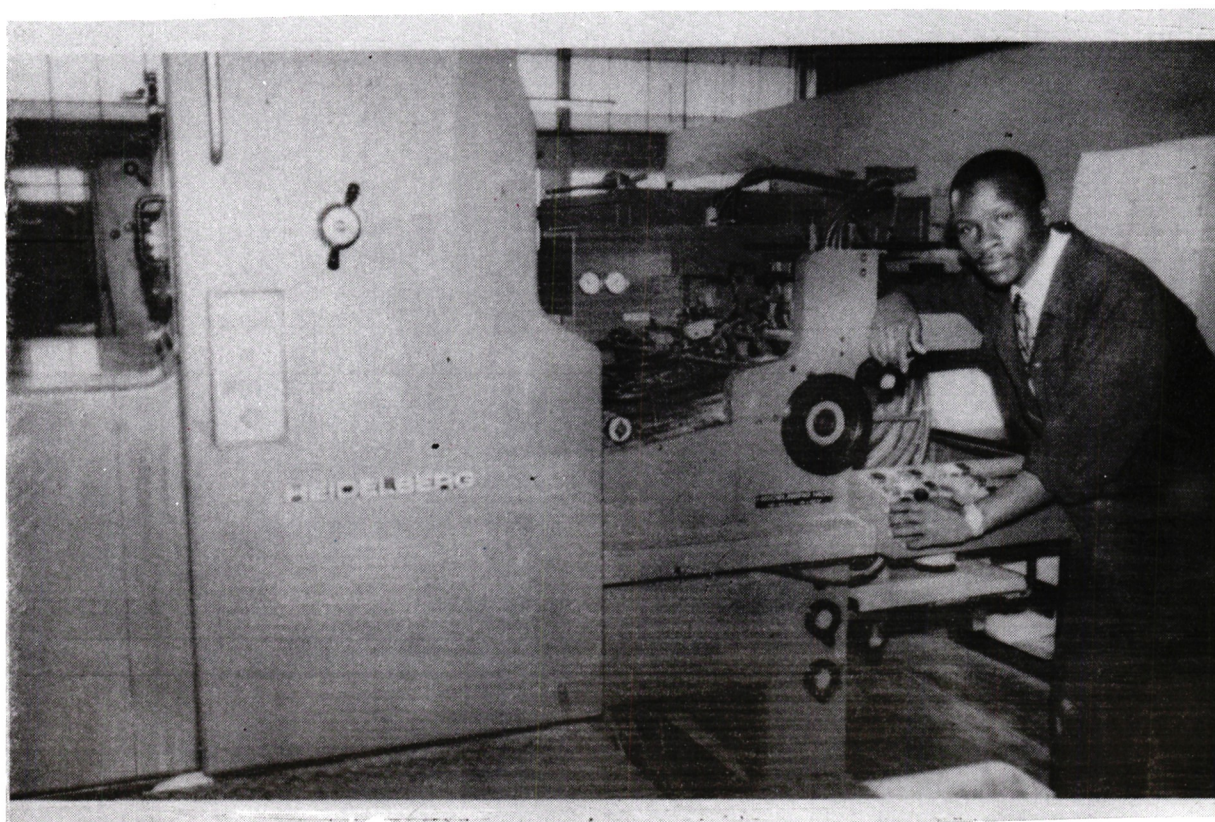
P. Mugambi, a Senior Operator setting the Wohlenberg City 3600 Binder.



The new Wohlenberg 16 -stations Gather er – a long train!



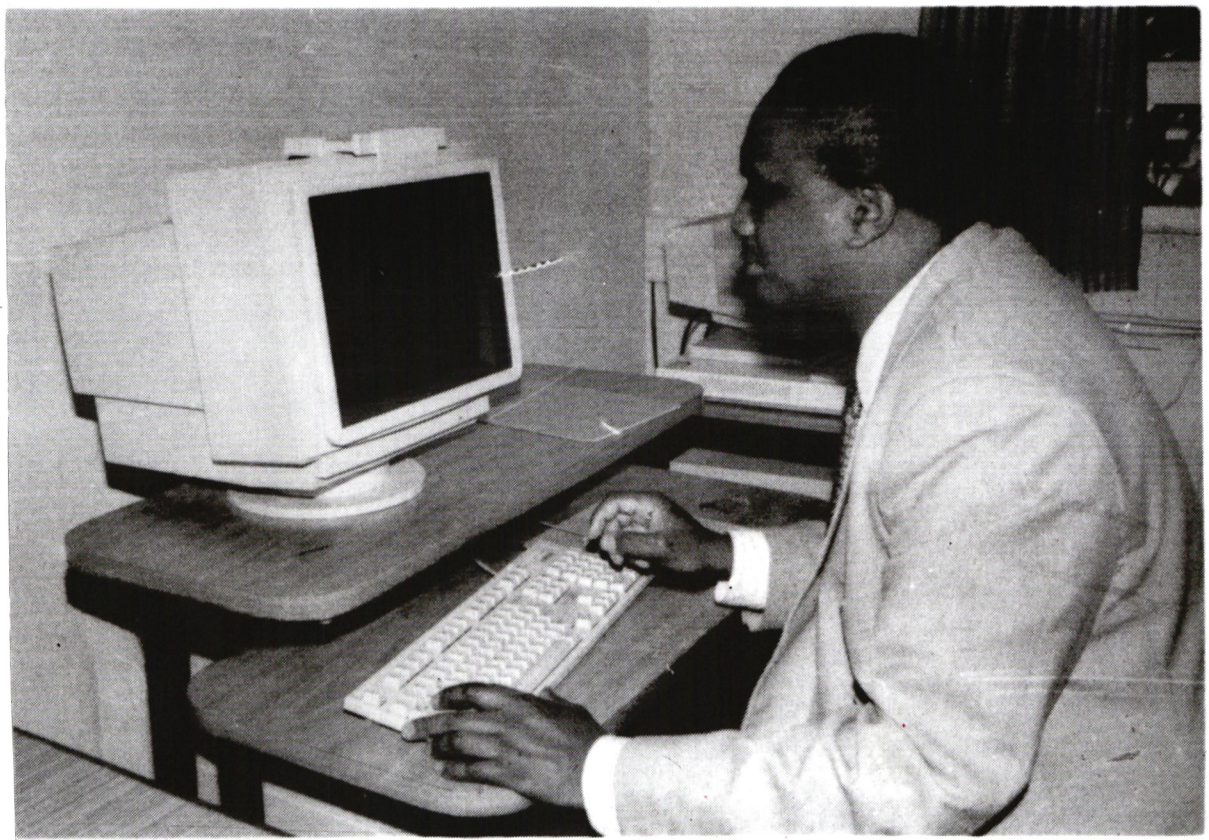
S. Sang and J. Mitei operating the Wohlenberg Speedmaster 102-PerfeCTOR – one of the many printing machines in the KLB Press.



K. Mackenzi operating the Wohlenberg-Moz – a two-colour printing machine.



A. N. Ikundo, a Senior Typesetter in the Composing Section.



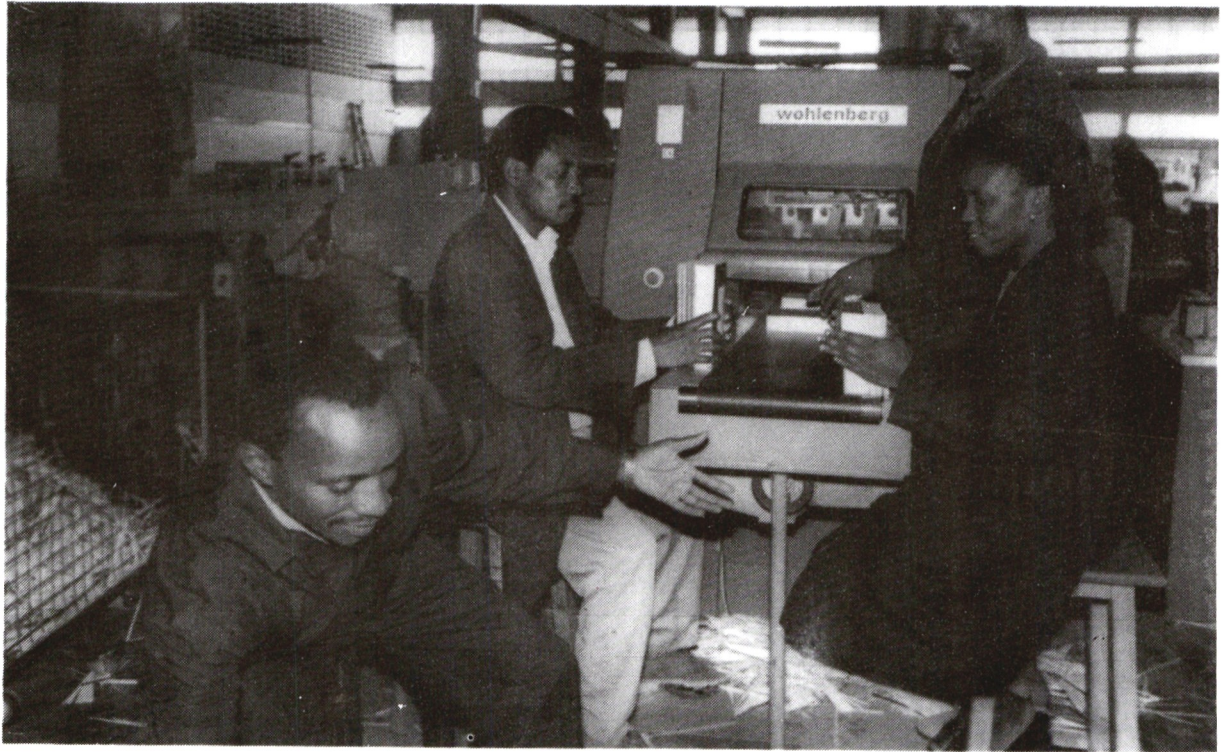
T. Kamau, an Accounts Assistant in the Computer room of the Accounts Department.



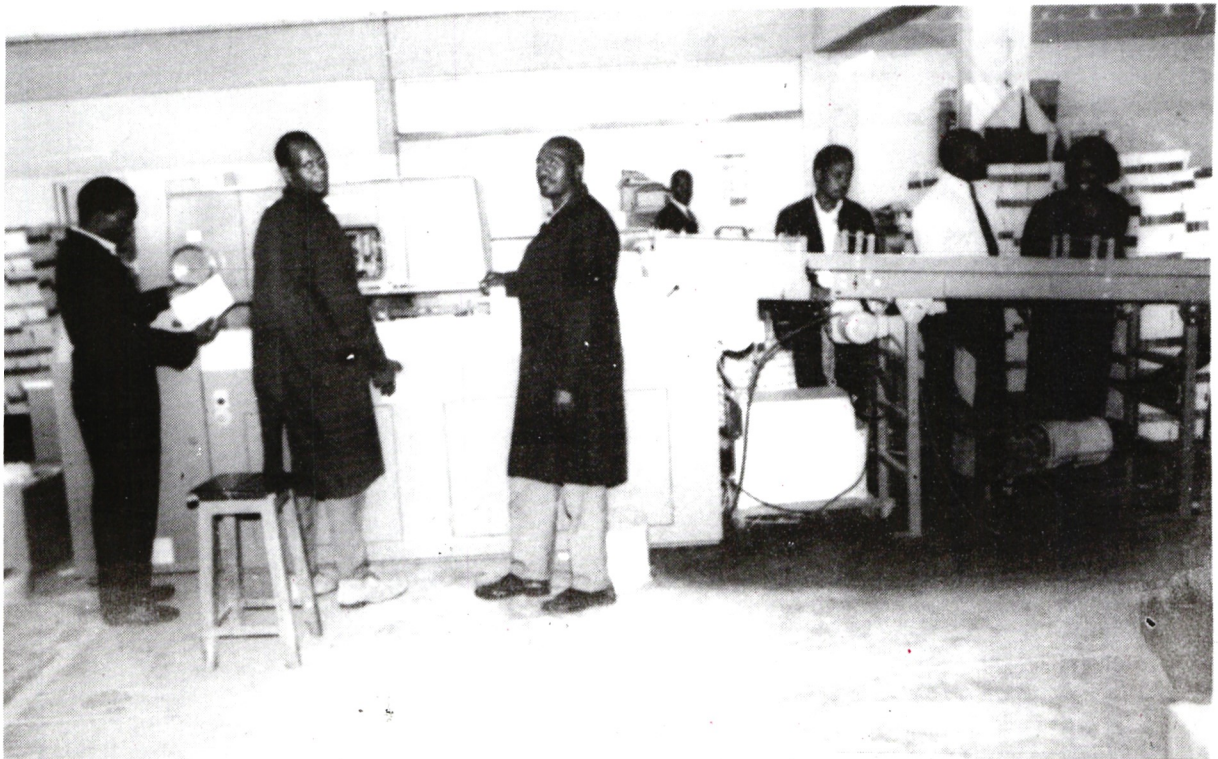
S. Kinyanjui and P. N. Chira, operating the Wohlenberg City 4000 Gatherer/Binder – an even longer train!



T. A. Mayabi (forefront) and others feeding the Wohlenberg Gatherer.



S. K. Rujo, R. Mutisya (left), S. Atieno and P.C. Too, receiving the finished copies at the Wohlenberg Three-Knife Trimmer – the end of the long train!



Sideview of the Wohlenberg Three-Knife Trimmer.