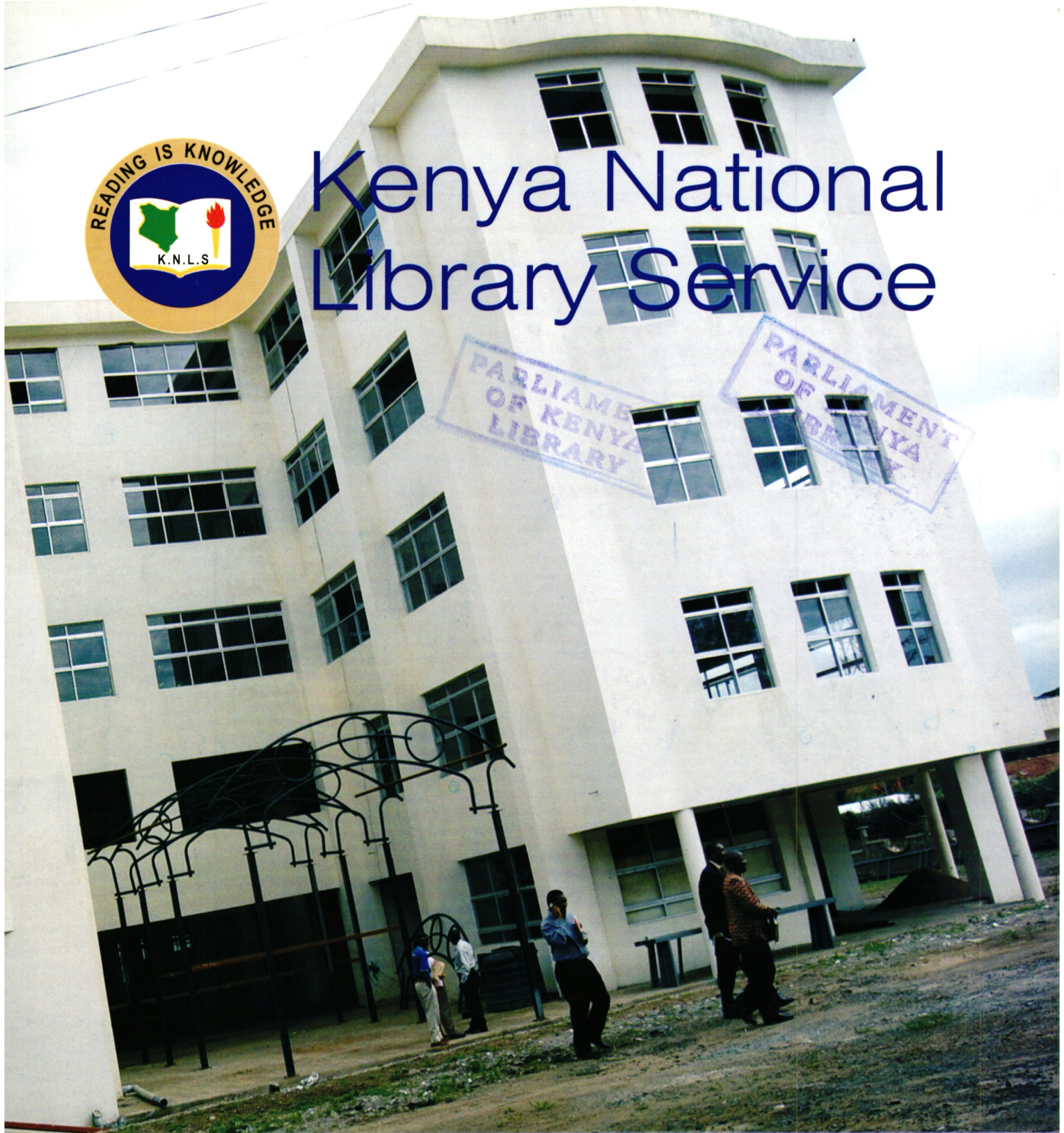




Kenya National Library Service



Annual Report and Accounts

2008/2009

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Message From The Chairman

It is with great pleasure that I present to you the Annual and Audited Accounts for KNLS for the financial year 2008/2009.

The year under review was certainly one that was full of notable achievements. KNLS emerged position 23 out of 139 state corporations in the 6th cycle of performance contract results. It was ranked 6th out of 39 in the category of service parastatals with a composite score of 2.2772. This was a great improvement from position 84 out of 130 with a composite score of 3.2461 in the year 2006/07 when the performance contract results were last announced.

In our effort to improve on service delivery, we achieved the ISO 9001:2008 certification in June 2009. A benchmark of good practice, the ISO standard lays emphasis on the continual improvement systems that will in turn provide a sustainable competitive edge in the dynamic information sector. We take pride in the new status that we believe will take us to greater heights in service provision.

It is my sincere hope that the goals and priorities designed by KNLS to empower Kenyans to actively participate in national development will attract favour and resourceful attention from present and prospective well wishers, stakeholders and other development partners.

Let me take this opportunity to thank the Kenya government through the Ministry of State for National Heritage and Culture and all the partners with whom we pride in sharing in the commitment to serve and uplift the lives of Kenyans.



On my own behalf and that of the Board, I wish to congratulate the Management and staff of KNLS for the work well done.

As we move forward into a new year, let us continue to work together, in partnership, to develop and sustain a vibrant reading culture in Kenya. Thank you all.

A handwritten signature in black ink, appearing to read 'Silas K. Kobia'. The signature is stylized and written in a cursive-like font.

Silas K. Kobia
Chairman

Word From The CEO

The past year has seen KNLS undertake major steps in repositioning itself in a dynamic information sector by acquiring ISO 9001:2008 certification in June 2009. This is in a quest to benchmark with the best institutions worldwide by adopting an internationally recognized quality management system.

In response to the ever growing need for library and information services and in line with our strategic goals, we grew our reach through the establishment of six community based libraries as follows;

- Timau library
- Meisori library
- Tarbaj library
- Lelechonik library
- Murang'a library
- Gilgil library

Our programs

We have continued to strive to position ourselves as a strategic development partner by broadening our scope of activities to adequately respond to the needs of our clientele. To this end, we have remained committed to strengthening our core programmes especially reading promotion activities which are geared towards promoting a sustained reading culture that is important in the realization of vision 2030.

In the year under review, we actively participated in the following events:

- National book week
- ASK regional shows
- Public service week
- Children / community reading tents
- Heritage week
- World book and copyright day

Partnerships

We have remained steadfast in developing partnerships both locally and internationally. The year under review saw us build new partnerships and strengthen existing ones. Note-



worthy is the continued support from donors and well wishers, which has been extremely important. To this end, we do recognize the invaluable support from BAI, Goethe institute, National Book Development Council of Kenya (NBDCK) and the local publishers.

Board's tour

The KNLS board undertook a familiarization tour of KNLS libraries and projects in Rift valley, Nyanza and Western provinces. They emphasized the need to: market the library by providing good service to the library users and also consider training opportunities for self advancement and work improvement.

Team building workshop

Being the first of its kind, this was a unique workshop for the Heads of departments and branch librarians. It served as both a bonding and learning session for the participants and the value of team work was emphasized.

Investing in our own (staff development)

We attach a lot of value in our human resource and appreciate the fact that success can only be achieved by ensuring that the staff are well grounded to support our growth agenda. The following training programmes took place.

COURSE ATTENDED	INSTITUTION/COUNTRY	NO. OF STAFF	MONTH/YEAR
Role of Libraries in Information Democracy: Ensuring free access for all seminar	CPA Centre	25	23 – 25 July, 2008
Resources for Libraries Seminar	University of Nairobi	2	31 July, 2008
Improving Organization Efficiency	MISC – Kasarani	18	28-29 August, 2008
Digitization Budget Expenditure	UON	1	22-26 September, 2008
Control in Public Service	Sheraton Hotel Uganda	1	13-17 October, 2008
TOT Workshop on best Practices for Providing Services to Print-handicapped Readers	KCCT	24	22-24 October, 2008
Managing Environmental and Social Impacts of Local Companies	Fairview Hotel	1	23 – 24 October, 2008
KNATCOM – UNESCO Stakeholders	Sun "N" Sand Beach Resort Hotel Mombasa	1	1-15 November, 2008
Libraries as Information Democracy Improving Networking, Advocacy and lobbying strategies seminar	Johannesburg	1	26 – 27 November, 2008
Training of HIV/AIDs Enterprise based Facilitators	FKE	1	15-17 December, 2008
New Taxpayers Seminar	KRA	1	16 December, 2008
Outreach, Partnership and Marketing	Embassy of the USA	6	23 – December, 2008
Diploma in Supplies Management	Kenya Polytechnic	1	January- 30th June, 2009
CIPs Foundation Diploma (level 4) Course	KIM	1	January- June 2009
Diploma in Computer	Mombasa Polytechnic	1	12 February 30 June, 2008
Master in Library Science	Wuhan University	1	1.9.08 to date
PHD in Library Science	Wuhan University	1	1.9.08 to date
Integrated Tax Management Information Systems Training (ITMS)	Times Tower	1	30th January, 2009
Transformal Leadership Seminar	Garia Gardens	1	24th – 27th ?March 2009
Advanced Records Management	GTI Matuga	1	22nd – 27th February, 2009
First African Conference on Curriculum	Dares-salaam	1	24th – 27th March, 2009
Literacy and Book Sector Development in Africa	Resort Continental Mombasa	1	1st – 4th April, 2009
Connected Government Workshop	Utalii Hotel, Nairobi	2	19th – 20th May, 2009
Service Specification, Qualification of Bidders, Tender Evaluation	KIA	1	20th – 30th May, 2009
Performance Management Seminar Team building	Kenya Wildlife Service Training Institute	32	10th – 14th March, 2009
Sensitization Seminar on the Implementation of the Public Service Guidance and Counseling Policy	KICC	1	18th- March, 2009
Institutional Repositories	UON	1	18th – 20th March, 2009

Corporate social investment

In our continued effort to make a lasting impact in the communities where we are present, we contributed food and other items to Springs of Hope Children's Centre in Machakos. Book donations were also made to various schools and institutions countrywide.

KNLS staff establishment as at June 30th 2009

DESIGNATION	SCALE	NO
Director	1	1
Deputy director	2	2
Chief librarian	4	2
Principal HR officer	5	1
Principal librarian	5	9
Senior librarian	6	9
Senior accountant	6	1
Executive secretary	6	1
Senior administrative officer	6	1
Senior public relations officer	6	1
Senior ICT	6	1
Librarian I / Librarian II	7&8	69
Senior personal secretary	7	1
ICT officer I	7	1
Building surveyor I	7	1
Accountant I /Accountant II	7&8	5
Human resource officer I	7	3
Personal secretary	8	4
Archives & records officer II	8	3
ICT officer II	8	1
Supply chain officer II	8	1
Senior library assistant	9	26
Accountant III	9	4
Administrative off III	9	1
Senior copy typist	9	3
Graduate assistant	9	3
Human resource officer III	9	2
Public relations officer I	9	1
Procurement officer III	9	1
Short hand typist	9	1
Library ass I/ Library ass II	10 & 11	270
Copy typist I	10	9
Senior clerical officer	10	2
Senior driver	10	1
Accounts clerk	10	1
Archives & records officer 1	10	2
Artisan	10	3
Senior telephone operator	10	1
Store man I	10	1
ICT assistant I	10	2
Driver I	11	3
Higher clerical officer	11	14
Artisan II	11	2
Telephone operator	11	2
Computer operator	11	1

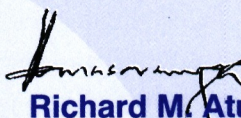
Copy typist II	11	9
Store man II	11	2
Security officer	11	2
Library clerk	12	103
Assistant security officer I	12	11
Driver II	12	9
Telephone operator II	12	1
Clerical officer	12	1
Copy typist III	12	1
Library attendant	13	27
Head messenger	13	16
Assistant security officer II	13	2
Senior support staff	14	12
Braille transcriber	14	1
Support staff I	15	69
Watchman I	15	59
Support staff II	16	23
Watchman II	16	15
TOTAL		837

Conclusion

I am confident that KNLS has the commitment to continue to play a meaningful role in national development and especially the realization of Vision 2030. We will leverage on experiences and learning from our partners and stakeholders at all levels.

We would not be in such a strong position without the dedicated efforts of the Board of directors and staff, the trust and commitment of our partners, the recognition of our value and skills by our clientele, and the continued support of our donors.

We look forward to having a more vibrant and customer focused approach to serving the public as we endeavor to be the best.


Richard M. Atuti
Director

Corporate Information & Address

KNLS Board Members as at 30th June 2009

Mr. Kenneth Paul Pakia	-	Chairman
Mr. James C. Odaga	-	Representative Nyanza
Mr. Arthur Kemoli	-	Representative Western
Mr. Hussein Sheikh Dahir	-	Representative North Eastern
Mrs. Marcellina Mwamuye	-	Representative Coast
Mrs. Lucy Muhinga	-	Representative Central
Mr. Joseph M. Nzuba	-	Representative Eastern
Mr. Syllas Chemnjor	-	Representative Rift Valley
Ms. Betty Martha Miyandazi	-	Representative Nairobi
Mrs. Rose M. Sereti	-	Nominated
Mr. Edward N. Mukundi	-	Nominated
Mr. Noor Aden Noor	-	Alternate Director, Ministry of Education
Ms. Eunice Muthamia	-	Alternate Director, Ministry of Finance
Mr. David Cheruiyot	-	Alternate Director, Planning & Dev.
Mrs. Anne Gakuria	-	Alternate Director, Parent Ministry (Min of National Heritage & Culture)
Ms. Salome Munavu	-	Alternate Director, University of Nairobi
Mrs. Jacinta Were	-	Alternate Director, Kenya Library Association
Ms. Mary Ngechi Ngethe	-	Alternate Director, City Council of Nairobi

Management

Name	Designation	Department
Mrs Irene M. Kibandi	Director	
Mrs M. W. Ngovi	Deputy Director (TS)	
Mr Richard M. Atuti	Deputy Director (A&F)	
Mrs. Miriam W. Kin'gori	Principal Human Resource Officer	Human Resource Dept
Ms. Virginah Kariuki	Principal Accountant	Finance Dept.
Mr. Cyrus Ndogo	Librarian I	Planning Dept.
Mr. Daniel Mbovu	Ag. Principal Procurement Officer	Supplies Dept.
Mr. David Muswii	Chief Principal Librarian	Nairobi Area Library
Ms. Carolyn Kayoro	Senior Principal Librarian	Collection Development & Book Distribution
Mrs. Philomena Mwirigi	Librarian I	National Library Division
Mr. Alex Ombogi	Information Officer I	IT Dept.
Mrs Nancy Ngugi	Senior Public Relations Officer	Public Relations Dept.
Mr. Geoffrey Ruto	Senior Admn. Officer	General Office Dept.
Ms Margaret Wanjiku	Ag. Principal Internal Auditor	Internal Audit Dept.

Registered Office

Kenya National Library Service (KNLS)
Community Area , Opposite NHIF Building
P O Box 30573 – 00100 NAIROBI
Tel 2725550/1 Fax 2721749
Email: knls@knls.ac.ke
www.knls.ac.ke

Auditors

Controller & Auditor General
Kenya National Audit Office
P O Box 30084 – 00100 NAIROBI

Bankers

Kenya Commercial Bank
NSSF Building
P O Box 69695, NAIROBI

Board Member's Report for the Year Ended 30th June 2009

The Board members have pleasure in submitting their financial statements for the year ended 30th June 2009.

KNLS mandate

Kenya National Library service (KNLS) Board is a statutory body of the Government of Kenya established by an Act of Parliament, Cap 225 of the Laws of Kenya in April 1965. The Board's mandate is to develop, promote, establish and equip libraries in Kenya. The State Corporations Act Cap 446 of the laws of Kenya also guides the Board in its operations.

KNLS Core Functions

These include: -

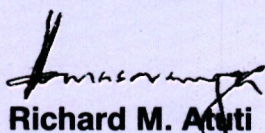
- Preserve and conserve the national imprint for reference and research and maintain the National Bibliographic Control through issuance of the ISBN, publication of the Kenya National Bibliography and Kenya Periodicals Directory.
- promote, establish, equip, manage and maintain the National and Public libraries services in Kenya;
- promote information literacy and reading among Kenyans;
- enhance stakeholders participation for equitable development of libraries throughout the country;
- Advice the Government, local authorities and other public bodies on all matters relating to library, documentation and related services.

Vision

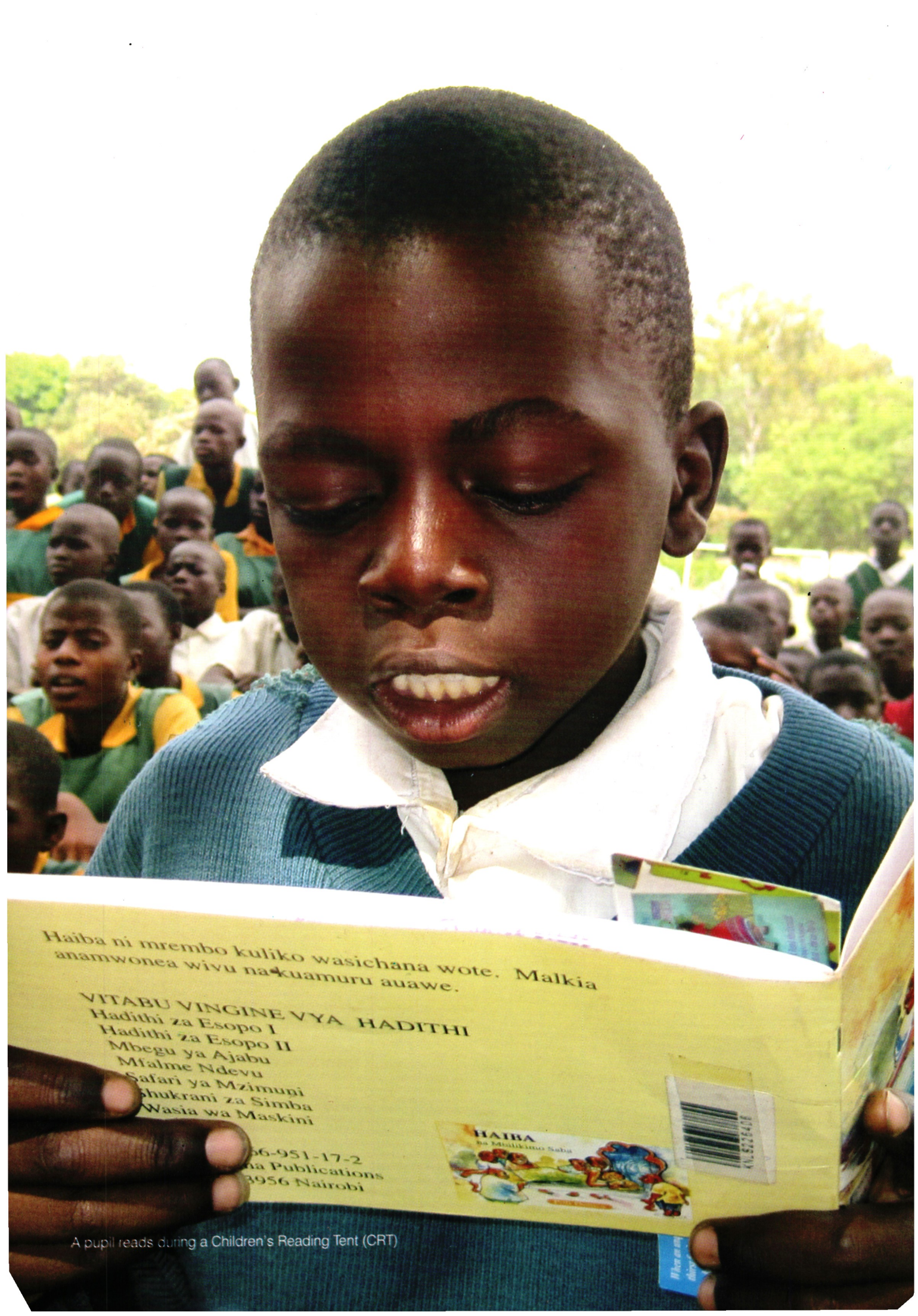
To be the leading National and Public library in Africa.

Mission

To establish library facilities and provide appropriate reading and communities in Kenya.



Richard M. Atuti
Director KNLS/Secretary to the Board
21st December 2009



Haiba ni mrembo kuliko wasichana wote. Malkia
anamwonea wivu na kuamuru auawe.

VITABU VINGINE VYA HADITHI

Hadithi za Esopo I

Hadithi za Esopo II

Mbegu ya Ajabu

Mfalme Ndevu

Safari ya Mzimuni

Shukrani za Simba

Wasia wa Maskini

020-951-17-2

na Publications

3956 Nairobi



A pupil reads during a Children's Reading Tent (CRT)

Statement of KNLS Board Members' Responsibilities

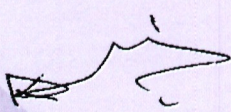


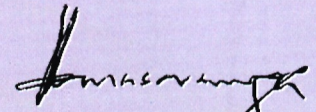
Front row (left to right): Seth Mutua, Lucy Muhinga, Said Athman, Pauline Kamau, Silas K. Kobia (Board Chairman), Salome M. Munavu, David Cheruiyot. Back row (left to right): Richard Atuti (Director), George Ndegwa, Muthoga Ngera, Noor Aden, Ibrahim Ali, Christine M. Lemein, Prof. Henry Mwanzi, Sylas K. Chemjor, Betty Buyu, Dr Jumaa Makopa and Daniel Mayiani

The Kenya National Library Service Board (KNLS) Act CAP 225 requires the Kenya National Library Service Board to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the KNLS as at the end of the financial year. It also requires the Board to ensure that KNLS keep proper accounting records, which disclose with reasonable accuracy at any time the financial position of KNLS. They are also responsible for safeguarding the assets of KNLS.

The Board accepts 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 promulgated by International Accounting Standards Board and in the manner required by the KNLS Act. The Board is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of KNLS. The Board further accepts 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.

Finally nothing has come to the attention of the Board to indicate that KNLS will not remain a going concern for at least the next twelve months from the date of this statement.


Mr. Silas K. Kobia
Chairman KNLS Board
Date


Mr. Richard M. Atuti
Date.....
Director KNLS



Outdoor reading at KNLS

REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE

Report of the Controller and Auditor General on the Financial Statements of Kenya National Library Service Board for the Year Ended 30 June 2009

I have audited the accompanying financial statements of Kenya National Library Service Board set out at pages 16 to 29 which comprise the balance sheet as at 30 June 2009, the Income Statement, the Statement of Changes in Equity and the Cash Flow Statements for the year then ended, and a summary of significant accounting policies and other explanatory information, 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.

Management's Responsibility for the Financial Statements

The management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatements either due to fraud or error.

Responsibility of the Controller and Auditor General

My responsibility is to express an independent opinion on the financial statements based on the audit. The audit was conducted in accordance with the International Standards on Auditing. Those standards require compliance with ethical requirements and that be planned and performed with a view to obtaining reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessment, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board as internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

I believe the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

1. Property, Plant and Equipment

As previously reported, the Property, Plant and Equipment balance of Kshs.214,052,108 as at 30 June 2009 includes an amount of Kshs.3,782,000 representing the value of five (5) plots without title deeds. It further excludes seventeen (17) pieces of land valued at Kshs.42,042,350 and nineteen (19) others without title documents and valued. In the circumstances, it has not been possible to confirm that the property, Plant and Equipment balance of Kshs.214,052,108 as at 30 June 2009 is fairly stated in the financial statements.

2. Stock of Books

2.1 Purchased and Donated Books

As reported in 2007/2008, the stock of books valued at Kshs.383,879,560 as at 30 June 2009 related to purchased and donated books. The Board's policy, as similarly observed in the previous year, is to value each donated book without a cover price at Kshs.500 for junior books and Kshs.800 for others. The valuation is however, done arbitrarily without ascertaining the actual cost per book from the donors or in the market. This is contrary to the requirements of International Accounting Standards No.2 on inventories which requires that stocks be valued and stated at the lower cost and net realizable value. Further and as similarly noted in the 2007/2008, the opening balance of stock of books of Kshs.334,476,936 includes the unexplained variance of Kshs.6,136,468 resulting from a difference between the stock of books as analyzed in Note 10 to the financial statements and the stock of books listed at Kshs.328,340,468 in the supporting schedule. In the circumstances, it has not been possible to confirm the validity and accuracy of the stock of books figure of Kshs.383,879,560 as at 30 June 2009.

2.2 Withdrawn Books

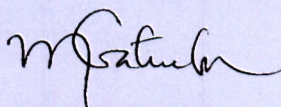
As disclosed in Note 10 to the financial statements, the stock of books' balance of Kshs.383,879,560 was arrived at after netting-off books valued at Kshs.15,970,560 which includes those withdrawn from the system, those lost and those donated. The management has not however, indicated the action being taken to recover the realizable value of the books worth Kshs.15,970,560.

3. Debtors

The debtors of Kshs.6,355,923 as analyzed under note 11 includes staff debts totalling to Kshs.3,865,600 owed by five staff members who have since left the Board. Although the management had in the previous year engaged lawyers to recover some of the outstanding debt, no positive results have so far been achieved and the debts are still outstanding. It has therefore not been possible to confirm that the debtor's balance of Kshs. 6, 355,923 as at June 2009 is fairly stated.

Opinion

Except for the foregoing reservations, in my opinion, financial statements present fairly, in all material respects, the financial position of the Board as at 30 June 2009 and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards and comply with the Kenya National Library Service Board Act, cap 255 of the laws of Kenya.



A.S. M Gatumbu
CONTROLLER AND AUDITOR GENERAL

NAIROBI

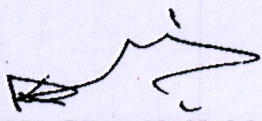
1 March 2010

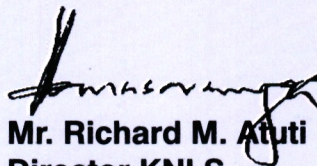
Statement of Income and Expenditure for the Year Ended 30th June 2009

	<u>Notes</u>	<u>2008/2009</u>	<u>2007/08</u>
		<u>Kshs</u>	<u>Kshs</u>
Income			
Government grants	(2.0)	565,021,002	594,475,292
Other Grants	(3.0)	51,166,441	24,535,969
Other incomes	(4.0)	27,565,722	12,180,256
		<u>643,753,165</u>	<u>631,191,517</u>
Expenditure			
Boards expenses	(6.0)	9,103,241	11,187,980
Staff expenses	(5.0)	426,277,027	334,420,453
Operating expenses	(7.0)	86,402,496	97,474,969
Total Expenditure		<u>521,782,764</u>	<u>443,083,402</u>
Surplus for the year		<u>121,970,402</u>	<u>188,108,115</u>

Balance Sheet as at 30th June 2009

	Notes	2008/2009 Kshs	2007/08 Kshs
Non Current Assets			
Property, Plant and Equipment (NBV)	(8.0)	214,052,108	223,780,843
Capital work in progress	(9.0)	456,314,127	354,400,042
Stock of books	(10.0)	383,879,560	334,476,936
		<u>1,054,245,795</u>	<u>912,657,820</u>
Current Assets			
Debtors	(11.0)	6,355,923	5,306,518
Stores	(12.0)	3,759,004	3,658,580
Cash and Cash equivalents	(13)	27,020,856	31,100,945
		<u>37,135,783</u>	<u>40,066,043</u>
Total Assets		<u>1,091,381,578</u>	<u>952,723,863</u>
Equity & Liabilities			
Accumulated Fund		912,593,880	720,400,765
Revaluation account		0	4,085,000
Surplus		121,970,402	188,108,115
Total Fund		<u>1,034,564,282</u>	<u>912,593,880</u>
Current Liabilities			
Provisions/Creditors/Accruals	(14.0)	56,817,296	40,129,983
Total Equity & Liabilities		<u>1,091,381,578</u>	<u>952,723,863</u>


Mr. Silas K. Kobia
Chairman KNLS Board
18th February 2010


Mr. Richard M. Atuti
Director KNLS
18th February 2010

Statement of Changes in Equity

	Accumulated Fund	Deferred income	Revaluation	Surplus	Total
	Ksh.	Ksh.	Ksh.	Ksh.	Ksh.
As at 1st July 2007	704,054,782	67,332,878	-	-	771,387,660
Surplus for the year	-	-	-	188,108,115	188,108,115
Prior year Adjustment	15,438,397	-	-	-	15,438,397
Additions for the year	-	(66,425,292)	-	-	(66,425,292)
Revaluation			4,085,000		4,085,000
Bal. as at 30th June 2008	719,493,179	907,586	4,085,000	188,108,115	912,593,880
Bal. as at 1st July 2008	912,593,880	-	-	-	912,593,880
Surplus for the year	-	-	-	121,970,402	121,970,402
Bal. as at 30th June 2009	912,593,880	-	-	121,970,402	1,034,564,282

Cash Flow Statement for the Year Ended 30th June 2009

	<u>Notes</u>	<u>2008/2009</u> Kshs	<u>2007/2008</u> Kshs
OPERATING ACTIVITIES			
Cash generated from operations	(15.0)	118,438,943	172,509,793
Investment Income		<u>2,712</u>	<u>104,748</u>
Net cash from operating activities		<u>118,441,655</u>	<u>172,614,540</u>
INVESTING ACTIVITIES			
Purchase of Books & Periodicals		(14,140,747)	(31,801,328)
Purchase of Equipment		(2,138,812)	(836,010)
Purchase of Furniture		(2,225,813)	(1,628,472)
Purchase of Computers		(1,877,988)	(2,894,228)
Purchase of motor cycle		(224,300)	
Sale of motor vehicles		-	752,000
Capital expenditure Rehabilitations		(101,914,084)	(230,806,633)
Net cash from investing activities		<u>(122,521,744)</u>	<u>(267,214,671)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Net increase (decrease) in cash and Cash equivalents		<u>(4,080,090)</u>	<u>(94,600,131)</u>
Cash and Cash equivalents at beginning of period		<u>31,100,944</u>	<u>125,701,075</u>
Cash and cash equivalents at end of period		<u>27,020,856</u>	<u>31,100,944</u>

Notes to the Financial Statements

1.0 Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

a) Basis of preparation

The financial statements are prepared in accordance with and comply with International Financial Reporting Standards. The Boards' financial statements have been prepared under the historical cost convention as modified by Revaluation of freehold Land and buildings, fixtures and fittings, plant & equipments which are incorporated in these accounts.

(b) Revenue Recognition

Revenue is realized when existing library services are utilized and when recovery against a lost book is made. Others such as penalties on late return of books, rent, disposal of idle assets, sale of Kenya National Bibliographical and parking fee are recognized when due.

Grants

Unrestricted grants are accounted for in the period when payment is received from donors or the Government of Kenya. Grants received for specific purposes are treated as deferred income and only credited to the income and expenditure statement when the activities for which they were provided for have been undertaken.

Grants received for specific assets purchases projects are treated as deferred income for assets acquisition and only credited to the income and expenditure statement when the activities for which they were provided for have been undertaken.

Donations in Kind

Donations in kind are recognized on a receipt basis and recorded at their estimated market values.

Interest Income

Interest income is recognized on an accrual basis.

c) Foreign Currency

Transactions during the year are converted into Kenya Shillings at exchange rates ruling at the transaction date. Monetary assets and liabilities are expressed in foreign exchange rates ruling at the balance sheet date. The resulting differences from conversion and translation are dealt with in the income statement in the year in which they arise.

d) Property and Equipment

Freehold land and buildings are included in the financial statements at their historical cost or amount of any subsequent valuation. Property, plant and equipment are stated at cost or valuation less accumulated depreciation.

e) Depreciation

Freehold land is not depreciated.

Depreciation is calculated on straight line basis to write off the cost or revalued amount of property and equipment estimated useful as follows:-

- Freehold land	- Nil
- Buildings	- 2%
- Motor vehicles	- 25%
- Fixtures, furniture & fittings	- 12.5%
- Equipments	- 20%
- Computers	- 33%

- Capital work in progress is not depreciated until such a time as the assets is brought into use.

f) Employee Benefits

The KNLS employees are eligible for retirement benefits under a defined contribution scheme.

The employer contributes 20% and employee 10% of the monthly basic salary towards an employee pension. KNLS Board's contributions are charged to the income statement in the year to which they relate.

g) Comparatives

Where necessary comparative figures have been adjusted to take into account the effect of prior year adjustments.

h) Taxation

KNLS is exempted from taxation and therefore no provision for tax liability has been made in the financial statements.

i) Provisions

Specific provisions are made against lost books when in the opinion of the Board recovery is considered doubtful. In addition, general provision are maintained based on management evaluation of obsolescence and deterioration of the books. The provision for doubtful debts is the lower cost of books plus 60% or the actual overdue.

2.0 Government Grants

	<u>2008/2009</u>	<u>2007/08</u>
	Kshs	Kshs
Government Grants - Recurrent	479,021,002	395,000,000
Government Grants - Development	86,000,000	199,475,292
	<u>565,021,002</u>	<u>594,475,292</u>

3.0 Other Grants

	<u>2008/2009</u>	<u>2007/08</u>
	Kshs	Kshs
Cash Donations	3,213,064	2,566,844
Land Donations	0	5,140,000
Book Donations	47,455,399	15,437,538
Equipment	136,920	1,046,586
Furniture and fittings	231,058	0
Computers	75,000	300,000
Motor vehicles	55,000	45,000
	<u>51,166,441</u>	<u>24,535,969</u>

4.0 Other incomes

	<u>2008/2009</u>	<u>2007/08</u>
	Kshs	Kshs
Hire of Halls	1,038,528	669,876
KNB & KPD Sales	47,550	55,306
Interests Receivable	2,712	104,748
Miscellaneous Income	1,085,743	858,857
Photocopier	101,978	73,289
Internet and E-mail	314,583	252,233
Parking Charges	629,822	473,576
Bill Boards	656,351	706,978
Fines and Overdue	453,101	399,478
Discount receivable	3,777,038	5,778,829
Gain on sale of motor vehicles	0	752,000
Rental income	10,179,237	571,730
Disposal income	648,389	501,532
Consultancy	98,570	66,000
Sale of tender documents	558,500	655,500
Membership fees	7,973,619	260,325
	<u>27,565,721</u>	<u>12,180,256</u>

5.0 Staff Expenses

	<u>2008/2009</u>	<u>2007/08</u>
	Kshs	Kshs
Basic Salaries - Permanent Employees	215,267,386	160,141,431
Casual labour	189,507	109,551
House Allowance	122,334,041	101,887,202
Acting Allowance	70,572	7,026
Hardship Allowance	11,903,290	8,521,829
Medical Allowance	14,089,601	11,625,912
Special Duty Allowance	327,244	330,709
Other Allowances - Bicycle, car & entertainment	426,680	400,800
Refund of Medical Expenses – inpatient	161,959	113,750
Employer Contributions to Pension Scheme	42,733,404	32,460,057
Travel Costs – Domestic	700,539	498,352
Accommodation – Domestic	1,167,265	633,930
Daily Subsistence – Domestic	1,870,781	1,282,990

Sundry Items – Domestic	655,603	427,413
Passage and Transfer Expenses – Domestic	2,481,305	6,415,614
Leave allowance	4,484,800	
Travel Costs – Foreign	597,967	269,883
Accommodation – Foreign	52,412	40,840
Daily Subsistence – Foreign	352,848	601,157
Training Expenses	5,817,451	7,402,575
Purchase of Uniforms & Clothing – Staff	592,372	1,249,434
Total Staff costs	<u>426,277,027</u>	<u>334,420,453</u>

6.0 Boards Expenses

	<u>2008/2009</u>	<u>2007/08</u>
	Kshs	Kshs
Boards Committee, Conference & Services	<u>9,103,241</u>	<u>11,187,980</u>

7.0 Operating expenses

	<u>2008/2009</u>	<u>2007/08</u>
	Kshs	Kshs
Electricity	3,298,575	1,973,325
Water and Sewerage Charges	1,515,960	705,687
Telephone & Mobile Phone Services	1,903,143	3,240,891
Internet Connections	1,193,349	788,692
Courier & Postal Services	925,703	1,061,539
Publishing & Printing Services	462,705	701,866
Subscription to Newspapers,- Magazines & Periodicals	5,598,615	6,621,781
Advertising, Awareness & Publicity Campaigns	4,361,253	2,816,843
Rent & Rates - Non-Residential	14,408	48,672
Catering Services	1,279,188	708,350
Purchase of Coffin & other Misc. Costs	125,000	277,103
Insurance Costs	6,423,513	5,626,511
Trade shows & other Exhibitions	615,351	382,565
General Office Supplies	3,369,057	2,226,925
Supplies & Accessories for	1,053,254	893,811
Sanitary & Cleaning Materials	766,495	459,170
Refined Fuels & Lubricants for Transport	2,088,270	1,759,404
Loose assets written off	0	17,981,190

Veterinarian services	137,240	78,943
Bank Service Commission & Charges	745,331	966,449
Membership Fees, Dues, Subscriptions to Prof. Bodies	210,450	343,768
Transport Costs & Charges for Clearing Donated Books	613,087	242,615
Legal Dues, Arbitration & Compensation Payments	120,000	54,500
Contracted Professional Services	2,733,772	781,641
Maintenance Expenses - Motor Vehicles	1,327,761	1,285,937
Maintenance of Plant, Machinery & Equipment	990,081	750,378
Maintenance of Buildings - Non-Residential	2,017,027	3,547,692
Maintenance of Computers, Software, Networks & Comm. Equip.	1,160,324	2,141,120
Repair and maintenance furniture	210,995	
Contracted Guards & Cleaning Services	5,237,204	4,651,897
Medals & awards	0	114,000
Library Processing Tools, Magnetic Strips, Bindery & Cataloging Tools	892,421	7,029,071
Audit fees	636,000	464,000
Withholding tax	0	15,634
Withdrawn books	15,970,560	9,565,023
Purchase of Software	1,712,782	4,788,484
Forex loss	0	8,872
Depreciation	16,693,624	12,370,621
Total Operating Expenses	<u>86,402,497</u>	<u>97,474,969</u>

8.0 Property & Equipment

	Land Kshs	Buildings Kshs	Furniture & Fittings Kshs	Equipments Kshs	Computers Kshs	Motor vehicle Kshs	Total Kshs
Cost / valuations as at 1/7/08	128,418,600	94,543,919	6,693,771	4,602,942	8,654,378	34,851,700	277,765,310
Additions during the year-Donations			231,058	136,920	75,000	55,000	497,978
Acquisitions			2,225,813	2,138,812	1,877,988	224,300	6,466,913
Cost / valuation 30/2009	<u>128,418,600</u>	<u>94,543,919</u>	<u>9,150,642</u>	<u>6,878,674</u>	<u>10,607,366</u>	<u>35,131,000</u>	<u>284,730,201</u>
Accumulated depreciation b/fwd	-	26,371,531	1,469,884	1,464,657	4,684,197	19,994,200	53,984,469
Depreciation for the year	-	1,890,878	1,143,830	1,375,735	3,500,431	8,782,750	16,693,624
Accumulated depreciation c/fwd	-	28,262,409	2,613,714	2,840,392	8,184,628	28,776,950	70,678,093
Net Book Value 30/6/2008	<u>128,418,600</u>	<u>66,281,510</u>	<u>6,536,927</u>	<u>4,038,282</u>	<u>2,422,738</u>	<u>6,354,050</u>	<u>214,052,108</u>
Net Book Value 30/6/2009	<u>128,418,600</u>	<u>68,172,388</u>	<u>5,223,887</u>	<u>3,138,285</u>	<u>3,970,181</u>	<u>14,857,500</u>	<u>223,780,843</u>

The financial statements omit land and building in respect to community based library projects, which were established by the Board in partnership with the communities and donated to the KNLS Board. Their value is omitted from the accounts since the Board does not have ownership documents (title deeds). The board is in the process of obtaining ownership documents and valuing them for inclusion in the Boards Assets' Register.

9.0 Capital work In Progress

These are valued ongoing works as at 30th June 2009.

Movement of CWIP

	<u>Opening balance</u> (Kshs)	<u>Additions</u> (Kshs)	<u>Closing balance</u> (Kshs)
Nairobi- Buruburu	170,680,888	34,031,527	204,712,415
Nakuru	100,528,891	52,826,527	153,355,418
Karatina	5,948,590	5,322,417	11,271,007
Muranga	27,556,955	1,986,765	29,543,720
Kisii	6,082,853	593,869	6,676,722
Mombasa	2,785,852	0	2,785,852
kericho	2,728,095	159,975	2,888,070
Wundanyi	2,261,960	1,090,004	3,351,964
Kakamega	3,541,707	0	3,541,707
Nairobi	786,491	0	786,491
Nairobi -hqs	0	2,370,204	2,370,204
Embu	6,231,681	0	6,231,681
Kisumu	4,670,987	789,958	5,460,945
Nyeri	7,140,059	0	7,140,059
Garissa	1,839,556	132,839	1,972,395
Thika	4,825,757	0	4,825,757
Mwingi	1,662,485	360,536	2,023,021
Meru	2,194,125	2,249,464	4,443,589
Lusumu	2,933,112	0	2,933,112
	<u>354,400,042</u>	<u>101,914,085</u>	<u>456,314,129</u>

10.0 Stock of books

Movement of Book Stocks for the year 2008/09

	<u>No.(PCs)</u>	<u>Value(kshs)</u>
Opening Balance	993,389	334,476,936
Add		
Gok purchases & donations	118,208	65,373,184
Less		
Withdrawn books	42,094	15,970,560
TOTAL	<u>1,069,503</u>	<u>383,879,560</u>

The withdrawn books represents the net effect of value of books weeded from the System and lost books (including stolen books). It also includes books donated to needy institutions. KNLS is an agent of Book Aid International (BAI). The Board receives books from BAI on behalf of other institutions and distributes them.

The stock of books consists of reading materials for users of all levels. Books purchased are valued at cost price where as books donated to KNLS are valued at cover price. Where no value is indicated, the books are valued at Kshs 800/- per copy for adult books and kshs 500 for children.

11.0 Debtors

	<u>2008/2009</u>	<u>2007/08</u>
	Kshs	Kshs
Deposits –Refundable	437,916	377,916
Imprest & Advances	20,400	298,440
Debtors	<u>5,897,607</u>	<u>4,630,162</u>
Total	<u>6,355,923</u>	<u>5,306,518</u>

12.0 Stores

The items mainly comprise consumables whose turnover is very high. First in first out valuation method is used and inventories are stated in the financial statements at cost, which is lower than net realized value.

	<u>2008/2009</u>	<u>2007/08</u>
	Kshs	Kshs
General office	1,354,576	2,584,622
Uniform materials	94,480	481,944
Publishing and printing	67,535	
Library processing tools	1,652,572	7,603
Advertising & publicity	2,340	166,020
Maintenance of Building & stations	0	2,436
Computer accessories	557,600	295,137
Sanitary & cleaning material	<u>29,900</u>	<u>120,818</u>
Total	<u>3,759,003</u>	<u>3,658,580</u>

13.0 Cash & Cash Equivalents

	<u>2008/2009</u>	<u>2007/08</u>
	Kshs	Kshs
Cash in hand	13,016	41,527
Bank main account	15,100,404	13,064,673
Bank Development Account	10,923,224	17,143,095
Bank Savings & Reserve A/C	523,847	522,041
Bank Savings & Reserve -foreign A/C	460,365	329,609
Total	<u>27,020,856</u>	<u>31,100,945</u>

14.0 Provisions /Creditors/Accruals

	<u>2008/09</u>	<u>2007/08</u>
	Kshs	Kshs
Provision for Audit fees	700,000	464,000
Provision for Directors gratuity	2,313,530	1,339,200
Creditors/accruals	53,803,766	38,326,783
Total provisions, creditors/accruals	<u>56,817,296</u>	<u>40,129,983</u>

The provisions include charges for audit fees and Director's gratuity (31% of basic pay) accrued as at 30/6/09.

15.0 Notes to Cash flow Statement

	<u>2008/09</u>	<u>2007/08</u>
	Kshs	Kshs
Cash flow from operating activities		
Operating surplus for the period	121,970,402	188,108,115
Adjustments for;		
Depreciation	16,693,624	12,370,621
Interest income	(2,712)	(104,748)
Forex exchange loss	-	8,872
Gain on sale of motor vehicle	-	(752,000)
Loose assets	-	(17,981,190)
Other grants-Grants in kind	(47,953,377)	(21,969,125)
Provisions	(1,210,330)	1,803,200
Withdrawn books	15,970,560	9,565,023
Discount received	(3,777,037)	(5,778,829)
Operating surplus before working capital changes	<u>(104,111,790)</u>	<u>165,269,941</u>
Increase (Decrease) in debtors	(1,049,405)	1,516,507
Increase (Decrease) in stores	(100,425)	(4,973,090)
Increase (Decrease) in creditors	15,476,983	10,696,435
Net change in working capital	<u>14,327,153</u>	<u>7,239,852</u>
Net cash generated from operations	<u>118,438,943</u>	<u>172,509,793</u>

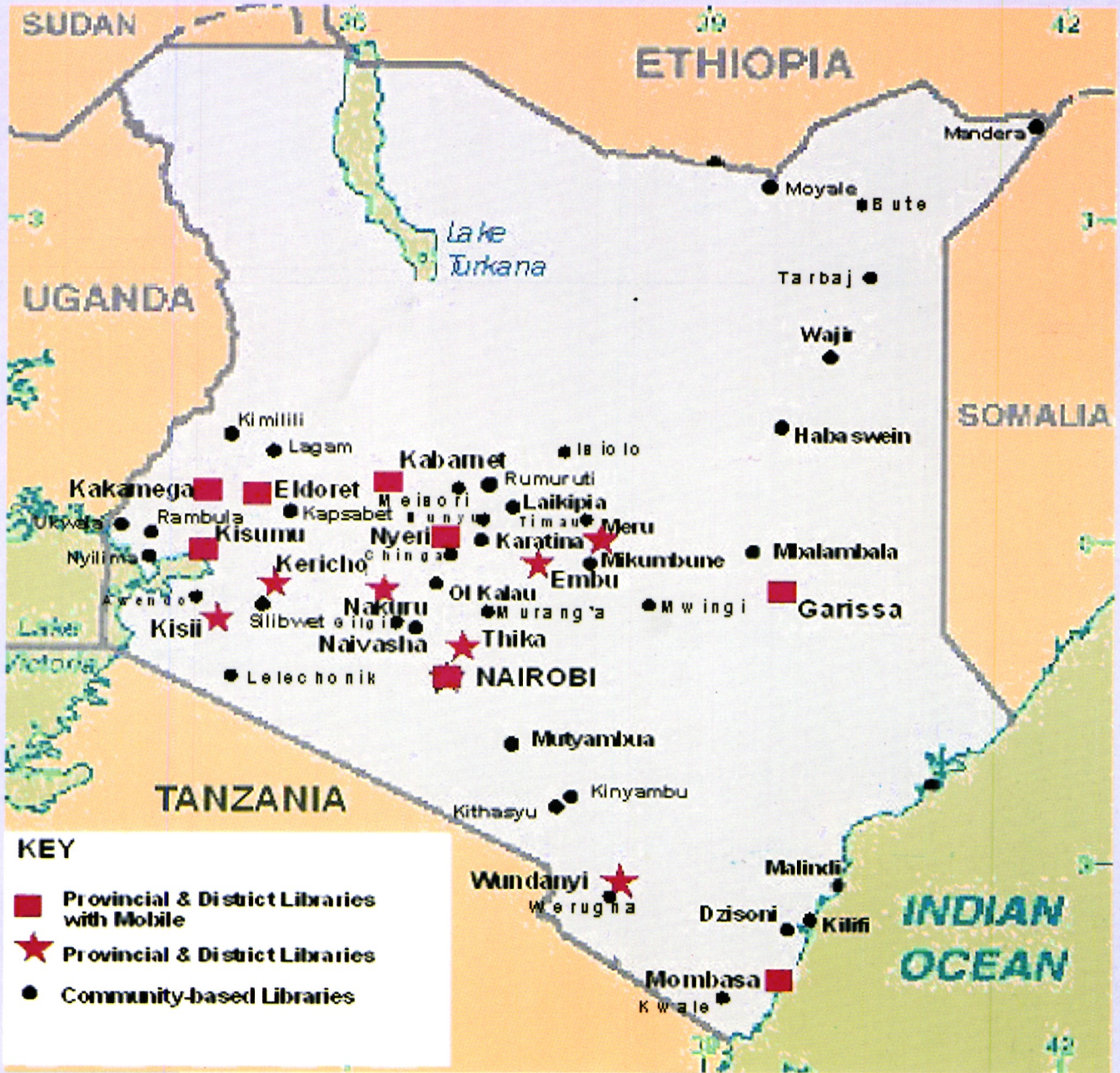
16.0 Contingent liability

A 16% VAT on consultancy fees for both Buruburu and Nakuru projects is being disputed and proposed for an arbitration settlement.



The Children's corner

KNLS Network



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