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THE KENYA NATIONAL EXAMINATIONS COUNCIL

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AUDITED ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 2000

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

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Nairobi, Kenya.

Printed by The Kenya Press
Nairobi, Kenya.

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF
KENYA NATIONAL EXAMINATIONS COUNCIL FOR THE YEAR ENDED 30 JUNE
2000

KENYA NATIONAL ASSEMBLY
Accession: 10013354
Call No: 657.451 KNEC



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**REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON
THE ACCOUNTS OF KENYA NATIONAL EXAMINATIONS
COUNCIL FOR THE YEAR ENDED 30 JUNE 2000**

I have examined the Accounts of Kenya National Examinations Council for the year ended 30 June 2000 in accordance with Section 29(2) of the Exchequer and Audit Act, (Cap 412). I have obtained all the information and explanations required for the purpose of the audit. Proper books of account have been kept and the Accounts are in agreement therewith and comply with the provisions of the Kenya National Examinations Council Act (Cap 225A).

In my opinion, and except for the matter referred to herebelow, the Accounts, when read together with the Notes thereon, fairly present the Council's financial state of affairs as at 30 June 2000 and of its surplus and cash flows for the year then ended.

WORK-IN-PROGRESS-MITIHANI HOUSE PROJECT

In my previous years' reports reference has repeatedly been made regarding the Balance Sheet Building (Work-In-Progress) figure of Kshs.61,979,845 which has remained static since 30 June 1991. As earlier indicated the amount relates to Mitihani House Project which stalled in December, 1989 when the Ministry of Education and the Treasury stopped disbursement of funds for the Project. A review of the matter during the year 1999/2000 showed that no progress has been made with regard to the stalled Project. Accordingly and in view of the foregoing it would appear that the Council's earlier intention to have the Project revived now seems to have been shelved.

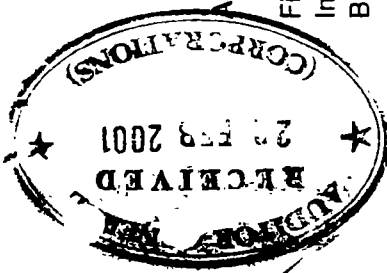
S. M. Maluki
S. M. MALUKI

AUDITOR-GENERAL (CORPORATIONS)

28 May 2001

KENYA NATIONAL EXAMINATIONS COUNCIL

BALANCE SHEET AS AT 30th JUNE, 2000



	2000 Kshs.	1999 Kshs.
ASSETS EMPLOYED		
Fixed Assets	274,957,084	289,499,051
Investments	64,300,000	64,300,000
Building (Work in Progress)	61,979,845	61,979,845
	<u>401,236,929</u>	<u>415,778,896</u>
CURRENT ASSETS		
Stock	32,892,979	21,192,974
Debtors	20,229,637	16,925,041
Cash and Cash Equivalents	324,615,535	189,087,035
	<u>377,738,151</u>	<u>227,205,050</u>
CURRENT LIABILITIES		
Provision for Doubtful Debts	4,124,169	4,154,169
Creditors	156,046,062	174,511,330
	<u>160,170,231</u>	<u>178,665,499</u>
NET CURRENT ASSETS	217,567,920	48,539,551
TOTAL ASSETS	<u>618,804,849</u>	<u>464,318,447</u>
FINANCED BY:		
Capital Reserve	262,204,092	262,204,092
Excess of Income over Expenditure	356,600,757	202,114,355
	<u>618,804,849</u>	<u>464,318,447</u>

Chairman R. Mutine Mwanja

Date 20.2.2001

Secretary [Signature]

Date 20/02/2001

KENYA NATIONAL EXAMINATIONS COUNCIL

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30th JUNE 2000

	NOTES	2000 Kshs.	1999 Kshs.
INCOME			
Examination Fees	8	818,504,035	783,142,302
Other Income	9	22,322,319	11,188,683
Grants		<u>300,752,747</u>	<u>303,840,455</u>
		<u>1,141,579,101</u>	<u>1,098,171,440</u>
LESS EXPENDITURE			
Opening Stock		21,192,974	
Increase in Provision of Doubtful Debts			2,023,593
Loss on Disposal of Assets			10,118,568
Personnel Expenses	10	171,712,301	99,898,641
Office Administration Expenses	11	79,036,928	92,451,877
Examination Expenses	12	694,877,494	841,346,922
Housing of Staff & Office Accommodation	13	25,733,833	33,773,266
Depreciation		<u>27,432,148</u>	<u>26,948,442</u>
		<u>1,019,985,678</u>	<u>1,106,561,309</u>
Less Closing Stock		<u>(32,892,979)</u>	<u>(21,192,974)</u>
		<u>987,092,699</u>	<u>1,085,368,335</u>
Excess of Income over Expenditure c/f		<u>154,486,402</u>	<u>12,803,105</u>

KENYA NATIONAL EXAMINATIONS COUNCIL

TRIAL BALANCE AS AT 30th JUNE, 2000

	2000		1999	
	Kshs.	Kshs.	Kshs.	Kshs.
Provision of Doubtful Debts				
Building (Work in Progress)		4,124,169		2,130,576
Leasehold Buildings	61,979,845		61,979,845	
Motor Vehicles	148,166,496		148,166,496	
Office Equipment	25,219,914		24,574,264	
Office Furniture	153,291,187		156,421,904	
House Furniture	12,600,386		11,167,378	
Fittings, Partitions	628,480		628,480	
Accumulated Depreciation	4,626,264		2,710,850	
Capital Reserve		42,143,495		27,221,879
Income and Expenditure		262,204,092		262,204,092
Grants from Ministry of Education		202,114,355		189,311,250
Examination Fees		300,752,747		303,840,455
Other Income		818,504,035		783,142,302
Investment	64,300,000		64,300,000	
Opening Stock	21,192,974			
Debtors	20,229,637		16,925,041	
Creditors		156,046,062		174,511,330
Loss on Disposal of Assets			10,118,568	
Examination Expenses	694,877,494		841,346,922	
Housing of Staff & Office Accommodation	25,733,833		33,773,266	
Personnel Expenses	171,712,301		99,898,641	
Office Administration Expenses	79,036,928		92,451,877	
Cash and Cash Equivalents	324,615,535		189,087,035	
	<u>1,808,211,274</u>	<u>1,808,211,274</u>	<u>1,753,550,567</u>	<u>1,753,550,567</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30th JUNE 2000

NOTE 1

ACCOUNTING POLICIES

a) Basis of Accounting

These Accounts have been prepared under the historical Cost Convention modified to include the revaluation of certain assets.

b) Depreciation

Depreciation is calculated to write off the cost, valuation of Leasehold Building, Motor vehicles Office Equipment and Office Furniture on a straight line basis over their estimated useful lives, at the following rates: -

Leasehold Buildings	2 1/2 %
Motor Vehicles	25%
Office Equipment	10%
Office Furniture	12 1/2 %

c) Stocks

Stocks are valued at the lower of cost and net realisable value

d) Foreign Currency

Transactions in foreign currency are translated into Kenya Shillings at the rate exchanged ruling on the date of the transaction

e) Retirement Benefits

The Council and its employees other than those on secondment contribute to a pension scheme The Council's contributions are charged against income in the period they fall due

KENYA NATIONAL EXAMINATIONS COUNCIL

- f) Revenue Recognition**
- i) Examination fees is treated as income in the year it is received
 - ii) Interest receivable is recognized on time proportion basis taking into account the principal amount and the rate applicable
- g) Grants**
- Grants are recognised in the year they are received from the Ministry of Education
- h) New Mitihani House**
- Buildings (Works in Progress)
- This represents construction work being undertaken at the New Mitihani House L R No 188/4/451/11/79 next to the Kenya Bureau of Standards Headquarters, off Mombasa Road
- i) Capital Reserve**
- Increase in Capital Reserve is a result of surplus on revaluation of Council's Assets and also a donation of office equipment and furniture from the British Government through the Department for International Development (DFID). The donation followed the August 1998 Bomb Blast which damaged most of Council's assets

KENYA NATIONAL EXAMINATIONS COUNCIL

NOTE 2

Fixed Assets Schedule as at 30th June, 2000

	LEASEHOLD BUILDING Kshs.	MOTOR VEHICLE Kshs.	OFFICE EQUIPMENT Kshs.	OFFICE FURNITURE Kshs.	HOUSE FURNITURE Kshs.	PARTITIONS & FITTINGS Kshs.	GROSS TOTAL Kshs.
COST OR VALUATION:							
Balance as at 1-7-1999	148,166,496	24,574,264	156,421,904	11,167,378	628,480	2,710,850	343,669,372
Additions for the year		2,962,650	7,689,859	1,433,008		1,915,414	14,000,931
Disposals		(2,317,000)	(10,820,576)				(2,317,000)
Amount written off for the year							(10,820,576)
Balance as at 30-6-2000	148,166,496	25,219,914	153,291,187	12,600,386	628,480	4,626,264	344,532,727
Historical cost	50,166,496	19,254,914	153,291,187	12,600,386	628,480	4,626,264	240,567,727
Revaluation element	98,000,000	5,965,000					103,965,000
ACCUMULATED DEPRECIATION:							
Balance as at 1-7-1999	4,070,863	9,443,609	36,635,896	3,245,918	112,405	661,630	54,170,321
Amount written off for the year			(10,820,576)				(10,820,576)
Disposals		(1,206,250)	15,329,119	1,552,702	78,560	462,626	(1,206,250)
Depreciation charge for the year	3,704,162	6,304,979	41,144,439	4,798,620	190,965	1,124,256	27,432,148
Balance as at 30-6-2000	7,775,025	14,542,338	112,146,748	7,801,766	437,515	3,502,008	69,575,643
NET BOOK VALUE:							
As at 30-6-2000	140,391,471	10,677,576	119,786,008	7,921,460	516,075	2,049,220	274,957,084
As at 1-7-1999	144,095,633	15,130,655	119,786,008	7,921,460	516,075	2,049,220	289,499,051
Rate of Depreciation	2.5%	25%	10%	12.5%	12.5%	10%	

KENYA NATIONAL EXAMINATIONS COUNCIL

NOTE 3

INVESTMENTS

These are investments held in Consolidated Bank of Kenya Limited comprised of

2,520,000 4% Non accumulative Preference Shares of Kshs 20 00 each	Kshs
695,000 Ordinary Shares of Kshs 20.00 each	50,400,000
	<u>13,900,000</u>
	<u><u>64,300,000</u></u>

NOTE 4

DEBTORS

Retirement Benefits	1999
N. H I F	Kshs
Exams Co-operative	(1,342)
Mwalimu Co-operative	
Local Services	1,500
SFI Bank Replacement Cheques	200
Ministry of Education	
Temporary Imprest	1,467,292
Returned Cheques R.D	11,269,452
Staff Motor Loan	1,319,042
Kenya Polytechnic	53,832
Returned Salary	153,460
Salary Advance	4,158
Pre-payment	101,499
Deposit to Hospitals & Institutions	3,214,904
Accrued Interest	606,000
Miscellaneous Debtors	218,038
Staff Debtors	159,422
	157,255
	<u><u>16,925,041</u></u>
	<u><u>20,229,637</u></u>

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NOTE 5

PROVISION FOR DOUBTFUL DEBTS

Salary Advance	2000	1999
Temporary Imprest	Kshs	Kshs.
Ministry of Education	61,622	61,622
Kenya Polytechnic	1,126,945	1,126,945
Staff Motor Loan	1,467,291	1,467,291
Returned Cheques R D	153,460	153,460
Pre-payment	39,322	39,322
Miscellaneous Debtors (Mufam Collectors)	1,150,494	1,150,494
	68,885	68,885
	56,150	86,150
	<u>4,124,169</u>	<u>4,154,169</u>

NOTE 6

CREDITORS

Refunds	2000	1999
Sundry Creditors	Kshs	Kshs
Examinations Expenses	2,891	2,891
Audit Fees	125,475,101	125,888,028
Stale Cheques	7,542,414	4,498,820
P A Y E	440,000	340,000
Insurance	21,278,396	16,744,645
Other Co-operatives	43,592	30,857
Miscellaneous	2,729	3,918
Mortgage to Savings & Loans	10,099	7,554
Retirement Benefits	105,323	125,082
	1,145,517	26,869,535
	<u>156,046,062</u>	<u>174,511,330</u>

KENYA NATIONAL EXAMINATIONS COUNCIL

NOTE 7

INCOME AND EXPENDITURE ACCOUNT

Balance as at the beginning of the year
Prior Year Adjustment

	2000	1999
	Kshs.	Kshs.
	202,114,355	185,244,251
	<u>202,114,355</u>	<u>4,066,999</u>
	154,486,402	12,803,105
	<u>356,600,757</u>	<u>202,114,355</u>

Surplus / (Deficit) for the Year

Balance as at the end of the year

NOTE 8

EXAMINATION FEES

K.C.P.E	2000	1999
K.C.S.E	Kshs.	Kshs.
Adult	145,413,403	134,601,020
P.T.E	538,339,022	535,077,742
Technical	131,225	94,270
Business	12,605,847	12,112,256
Miscellaneous Exams.	52,694,562	46,293,550
Less Refunds	58,663,810	45,642,770
	11,286,451	9,969,351
	(630,285)	(648,657)
	<u>818,504,035</u>	<u>783,142,302</u>

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NOTE 9

OTHER INCOME

	2000	1999
	Kshs	Kshs.
Search fees	409,075	97,075
Tenders and Waste Papers	555,332	527,270
Consultancy	50,520	
Royalties	66,885	
Rent		325,000
Gain on Foreign Transaction	6,607,770	
Gain on Disposal of Assets	441,378	
Interest on Treasury Bills	8,126,221	4,701,485
Sale of Publications	5,659,764	4,120,680
Miscellaneous Income	375,374	1,417,173
Decrease in Provision of Doubtful Debts	30,000	
	<u>22,322,319</u>	<u>11,188,683</u>

NOTE 10

PERSONNEL EXPENSES

	2000	1999
	Kshs	Kshs.
Personal Emoluments	117,399,976	59,229,284
Extra Clerical Assistance	21,751,478	17,211,999
Medical Expenses	15,097,693	13,353,359
Contributions to W.C.P.S.	17,463,154	10,103,999
	<u>171,712,301</u>	<u>99,898,641</u>

KENYA NATIONAL EXAMINATIONS COUNCIL

NOTE 11

OFFICE ADMINISTRATION EXPENSES

	2000	1999
	Kshs	Kshs
Passages & Leave Expenses	2,721,787	792,419
Transport Operation Expenses	9,351,365	9,819,563
Travelling and Accommodation	3,110,971	5,405,657
Posts and Telegrams	1,474,344	2,342,437
Telephone Expenses	3,345,037	3,708,472
Official Entertainment	782,879	36,170
Electricity and Water	839,507	2,168,575
Purchase of Uniforms & Clothing	93,125	475,986
Purchase of Stationery	19,179,071	33,801,305
Printing of Accountable, Documents	221,116	1,015,199
Bank Charges and Ledger Fees	15,603,259	6,189,973
Audit Fees	280,000	180,000
Maintenance of Plant & Equipment	1,801,996	1,410,766
Miscellaneous charges and Sundry Expenses	13,936,980	19,446,584
Staff Training	5,563,911	5,528,204
Advertising & Publicity	672,988	107,665
Library Expenses	58,592	22,902
	<u>79,036,928</u>	<u>92,451,877</u>

NOTE 12

EXAMINATION EXPENSES

	2000	1999
	Kshs	Kshs.
K.C.P.E	248,233,231	303,282,743
K.C.S.E	333,017,752	385,631,932
Printing Unit	22,322,492	51,798,526
P.T.E.	13,355,319	15,325,422
Technical	39,125,803	45,635,514
Business	23,609,948	22,642,835
Miscellaneous Exams	3,252,327	2,091,829
Computer Charges	11,898,826	14,896,382
Adult Education	61,796	41,739
	<u>694,877,494</u>	<u>841,346,922</u>

NOTE 13

STAFF HOUSING AND OFFICE ACCOMMODATION

	2000	1999
	Kshs	Kshs.
Rent & Rates to Senior Staff Housing	9,112,487	7,146,274
Repair to Council Houses	818,630	238,655
Rent & Rates to Office Accommodation	15,802,716	26,388,337
	<u>25,733,833</u>	<u>33,773,266</u>

NOTE 14

CASH AND CASH EQUIVALENTS

	2000	1999
	Kshs	Kshs.
Cash in Bank	172,237,752	97,884,845
Cash in Hand	50,304	
Deposit to Savings & Loans	1,476,200	1,476,200
Saving Account in Savings & Loans	980,254	1,496,200
Treasury Bills	149,871,025	88,229,790
	<u>324,615,535</u>	<u>189,087,035</u>

CASH FLOW STATEMENT FOR THE YEAR ENDED 30th JUNE 2000

	2000 Kshs.	1999 Kshs.
Cash flows from operating activities		
Surplus/(Deficit) for the year	154,486,402	12,803,105
Adjustments for :		
Depreciation	27,432,148	26,948,442
(Gain) / Loss on Disposal of Assets	(441,378)	10,118,568
Increase / (Decrease) Provision of Doubtful Debts	(30,000)	2,023,593
Prior year adjustments		4,066,999
	<u>181,447,172</u>	<u>55,960,707</u>
Operating profit before working capital changes	(11,700,005)	(7,974,245)
(Increase) in Stock	(3,304,596)	(3,558,359)
(Increase) in Debtors	(18,465,268)	151,929,392
Increase /(Decrease) in Creditors		
Net cashflows from operating activities	<u>147,977,303</u>	<u>196,357,495</u>
Servicing of finance		
Increase in capital reserve		112,358,357
Cash flows from investing activities		
Purchase of fixed assets	(14,000,931)	(167,737,558)
Sale proceeds on disposal of fixed assets	1,552,128	
Net cashflows from investing activities	<u>(12,448,803)</u>	<u>(167,737,558)</u>
Net increase in Bank	135,528,500	140,978,294
Cash and Cash equivalents at beginning of year	<u>189,087,035</u>	<u>48,108,741</u>
Cash and Cash equivalents at end of year	<u>324,615,535</u>	<u>189,087,035</u>

Printed by The Kenya Press
Nairobi, Kenya.

Printed by The Kenya Press
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Printed by The Kenya National Examinations Council. P.O. Box 73598,
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