

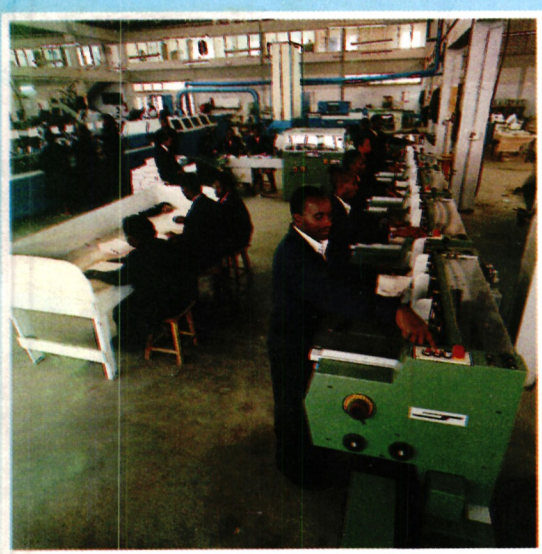
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KENYA LITERATURE BUREAU



Annual Report and Accounts

*June 30th,
2000*

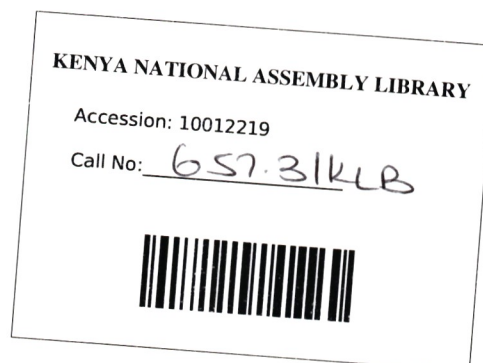
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Annual Report

and

Accounts

for the Year Ended 30th June, 2000



Annual Report

and

Accounts

for the Year Ended 30th June, 2000



KENYA LITERATURE BUREAU

Belle-Vue Area/Off Mombasa Road,

P. O. Box 30022, Nairobi.

00100 GPO

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BOARD OF MANAGEMENT

BOARD MEMBERS

1999/2000

1. Prof. K. Ole Karei
Chairman
2. Prof. J. C. Kiptoon, E.B.S., Ph.D.
*Permanent Secretary, Ministry of
Education, Science and Technology*
3. Mr. S.C. Lang'at
Managing Director
4. Mr. M.L. Oduor-Otieno
Alternate Mrs. P.N. Makau
5. Amb. Joshua K. Terer
Alternate Mrs. J.N. Kebathi
6. Prof. George King'oria
Alternate Dr. J.S.K. Mbaya
7. Dr. J. Mbindyo
Representative, University of Nairobi
8. Mrs. Grace Ogot
Member
9. Mr. E.N. Njoka
Member
10. Mr. B.C. Muturi Mwangi
Member
11. Mr. Muraya Mwangi
Member



Prof. Ole Karei
Chairman



Prof. J.C. Kiptoon, E.B.S., Ph. D.



Mr. S.C. Lang'at
Managing Director



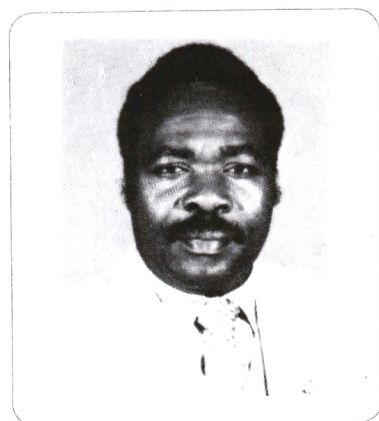
Mrs. E. K. Muthigani



Mrs. P. N. Makau



Mrs. J. N. Kebathi



Mr. E. N. Njoka



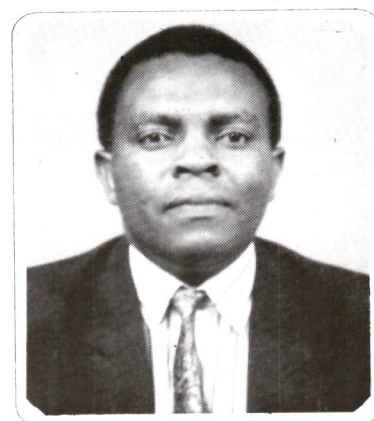
Mrs. Grace Ogot



Dr. J. Mbindyo

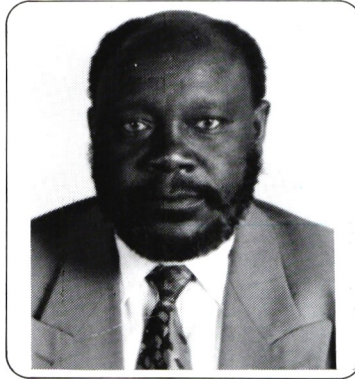


Mr. B. C. Muturi Mwangi



Mr. Muraya Mwangi

Management Team 1999/2000



Mr. S.C. Lang'at
Managing Director



P.N. Ngatia
Chief Accountant



Mr. 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 2000

During the year ended 30th June 2000, Kenya Literature Bureau registered a slight decrease in turnover which dropped by 7.7% from Kshs. 315.1 million in 1999 to Kshs. 290.8 million. The cost of sales was Kshs. 109.1 million as compared to 106.6 million in 1999. However, operating costs decreased from 177.3 million in 1999 to Kshs. 174.1 million. Due to the decreased turnover, the net profit decreased from 58.2 million in 1999 to Kshs. 31.9 million in the year 2000.

During the period under review, Kenya Literature Bureau continued to produce new titles and reprint those in the blacklist to satisfy the demand in the market. The production department handled a total of two hundred and twenty nine (229) jobs. One hundred and thirty nine (139) of these were Kenya Literature Bureau titles, while the rest were printing sales services.



Professor Ole Karei
Chairman

Since its inception, Kenya Literature Bureau has strived to stick to its objectives; and has continued to produce quality books at favourable prices for the reading public, especially primary and secondary schools. A total of 54 new manuscripts were received during the year. Out of these, 12% were developed by commissioned writers. The editorial department continued to identify new areas of publishing and to commission new writers. New children's books were developed to provide more reading materials and promote the reading culture among the youth. The revision of the old 8-4-4 editions continued in order to make them more relevant to the syllabi. During the year under review 11 new titles were issued into the market. The development of the Let's Learn English (LLE) and Let's Learn Mathematics (LLM) series continued, and a few titles were released for upper primary.

The Bureau's dominance of the secondary school market continued to strengthen. The newly published books and the revised editions of old titles performed very well. The primary school market was very competitive, with every publisher trying to push new and revised titles in the market. The Bureau managed to maintain a commendable share of this market and with the new Primary English and Primary Mathematics series, the Bureau's share of the market is bound to increase. The revised editions of key primary school titles, such as Science and GHC were also received very well and are bound to enhance sales in these areas. Our educational representatives continued traversing the country, promoting both the existing and forthcoming titles.

During the same period, Kenya Literature Bureau purchased computers and related equipment worth Kshs. 3,533,220.00. This has improved our wordprocessing and typesetting sections in

the Editorial department. Kenya Literature Bureau also acquired three (3) new machines for the production department. These are the Gangstitcher and two folding machines. The machines have greatly improved the speed and quality of work in the bindery area.

During the year under review, the Bureau had a total staff strength of 215 employees. Four (4) new employees were recruited during this period. On labour turnover, three (3) employees left the Bureau by way of resignation (2) and death (1). Kenya Literature Bureau continues to lay great emphasis on staff training and development. During the year under review, five (5) of staff went through various training programmes financed by the Bureau.

I would like to express my heartfelt gratitude to the Board of Management for their wise counsel, guidance, and whole-hearted support throughout the entire year. I would also like to thank the Managing Director, the Senior Management team and the entire staff for their hard work and dedication to duty. With this team work, I am confident that Kenya Literature Bureau will continue to operate profitably even in a depressed economy.



Prof. K. Ole Karei, EBS. PhD.
Chairman

**REPORT OF THE AUDITOR GENERAL (CORPORATIONS) ON THE
ACCOUNTS OF KENYA LITERATURE BUREAU FOR THE YEAR ENDED
30 JUNE 2000**

I have examined the Accounts of Kenya Literature Bureau for the year ended 30 June 2000 in accordance with the provisions of 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, which have been prepared under the historical cost convention, are in agreement therewith and comply with the Kenya Literature Bureau Act, (Cap 209).

In my opinion and subject to the reservations set out herebelow, the Accounts, when read together with the notes thereon, present fairly the financial state of affairs of the Bureau as at 30 June 2000 and of its profit and cash flows for the year then ended.

1. DEBTORS AND PREPAYMENTS

The Balance Sheet Debtors and Prepayments balance of Kshs.64,013,923 as at 30 June 2000 includes cash advances totalling Kshs.5,837,481 issued to some forty four (44) employees of the Bureau who have since retired from its service. Although the advances were made on the grounds that the retirees' pension funds were held by the Kenya National Assurance Company (in liquidation) and that the advances would be recovered from the liquidators of the former Assurance Company, no information is, however, available to confirm that the liquidators of the Kenya National Assurance Company have undertaken to repay the Bureau the amounts advanced to the ex-staff. In the meantime and in the absence of any written confirmation for settlement of the advances by the liquidators, it has not been possible to establish the recoverability of these advances or even to ascertain the adequacy of the provision made in these Accounts to cover bad and doubtful debts.

2. SHORT TERM DEPOSITS

During the year 1999/2000, the Bureau placed deposits totalling Kshs.270,404,304 with two commercial banks at interest rates ranging between 7% p.a. and 16% p.a. against which interest income amounting to Kshs.21,925,956 was earned. During the same period interest rates offered by the Central Bank through Treasury Bills ranged between 11% and 20% p.a. Had the Bureau deposited these funds in Treasury Bills, the Bureau would, no doubt, have earned higher interest income.


S. M. MALUKI
AUDITOR GENERAL (CORPORATIONS)

31 December 2001

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30th June, 2000

	NOTES	2000 KSHS	1999 KSHS
Turnover	(1)	290,863,474.00	315,146,979.00
Profit for the year	(2)	31,973,527.00	58,232,675.00
Retained profit B/F		191,253,880.00	133,021,205.00
Retained profit C/F		223,227,407.00	191,253,880.00

Balance Sheet AS AT 30th JUNE, 2000

NOTES

	NOTES	2000	1999
		Kshs	Kshs
FIXED ASSETS			
Land & Buildings	(3)	67,167,115.00	68,673,295.00
Plant & Equipments		137,091,599.00	143,607,700.00
Motor Vehicles		7,457,488.00	11,444,074.00
Furniture		<u>594,776.00</u>	<u>819,722.00</u>
		<u>212,310,978.00</u>	<u>224,544,791.00</u>
CURRENT ASSETS			
Stock	(4)	193,804,318.00	180,891,409.00
Royalty Advance		42,708.00	84,678.00
Debtors & Prepaid Expenses	(5)	64,013,923.00	44,190,165.00
Fixed Short-term Deposits		270,404,304.00	264,460,486.00
Bank Balance		<u>15,183,366.00</u>	<u>18,114,287.00</u>
		<u>543,448,619.00</u>	<u>507,741,025.00</u>
CURRENT LIABILITIES			
Trade Creditors		24,006,166.00	31,944,092.00
Other Creditors		<u>8,526,024.00</u>	<u>9,087,844.00</u>
		<u>32,532,190.00</u>	<u>41,031,936.00</u>
NET CURRENT ASSETS			
		<u>510,916,429.00</u>	<u>466,709,089.00</u>
		<u>723,227,407.00</u>	<u>691,253,880.00</u>
FINANCED BY:			
Capital Reserves		500,000,000.00	500,000,000.00
Retained Earnings		<u>223,227,407.00</u>	<u>191,253,880.00</u>
		<u>723,227,407.00</u>	<u>691,253,880.00</u>


Prof. K. Ole Karei
 Chairman


S.C Lang'at
 Managing Director

Cash Flow Statement for the Year Ended 30th June, 2000

	2000 Kshs	1999 Kshs
Net profit for the year	31,973,527.00	58,232,675.00
Adjustment for		
Depreciation	15,616,103.00	16,335,655.00
Interest from deposits	(24,135,635.00)	(25,734,081.00)
Prior year adjustment	0.00	(6,226,176.00)
Profit / loss on disposal of assets	<u>(293,070.00)</u>	<u>(1,692,182.00)</u>
Profit before working capital changes	23,160,925.00	40,915,891.00
Increase in stocks	(12,912,909.00)	(54,623,186.00)
Increase / decrease in debtors and prepayments	(19,823,758.00)	64,272,781.00
Increase / decrease in advance royalties	41,970.00	(23,567.00)
Increase / decrease in trade creditors	<u>(8,499,746.00)</u>	<u>(1,495,483.00)</u>
Cash generated from operations	(18,033,518.00)	49,046,436.00
Disposal of fixed assets	444,000.00	2,432,725.00
Interest from deposits	28,395,119.00	30,275,388.00
Tax on interest	(4,259,484.00)	(4,541,307.00)
Purchase of fixed assets	<u>(3,533,220.00)</u>	<u>(4,164,952.00)</u>
Net increase / decrease in cash & bank balances	3,012,897.00	73,048,290.00
Cash & bank balances		
-Beginning of period	282,574,773.00	209,526,483.00
-at end of period	<u><u>285,587,670.00</u></u>	<u><u>282,574,773.00</u></u>

Notes to the Accounts For the Year Ended June, 2000

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

	2000	1999
	Kshs	Kshs
The profit is stated after charging :		
Depreciation	15,616,103.00	15,765,268.00
Board expenses	725,905.00	686,847.00
And after crediting :		
Interest receivable	24,135,635.00	25,734,081.00

Notes to the Accounts(Continued)
For the Year Ended June, 2000

3. FIXED ASSETS

	Land and Buildings Kshs	Plant and Equipment Kshs	Motor Vehicles Kshs	Furniture and Fittings Kshs	Total Kshs
Balance as at 30/06/1999	77,247,200.00	184,643,791.00	25,865,964.00	4,456,645.00	292,213,600.00
Additions / Transfers	0.00	3,521,145.00	0.00	12,075.00	3,533,220.00
Disposals / Transfers	0.00	840,100.00	955,089.00	0.00	1,795,189.00
	<u>77,247,200.00</u>	<u>187,324,836.00</u>	<u>24,910,875.00</u>	<u>4,468,720.00</u>	<u>293,951,631.00</u>
Depreciation					
Balance as at 30/06/1999	8,573,905.00	41,036,091.00	14,421,890.00	3,636,923.00	67,668,809.00
Charge for 1999 / 2000	1,506,180.00	9,886,316.00	3,986,586.00	237,021.00	15,616,103.00
Disposals / Transfers	0.00	689,170.00	955,089.00	0.00	1,644,259.00
	<u>10,080,085.00</u>	<u>50,233,237.00</u>	<u>17,453,387.00</u>	<u>3,873,944.00</u>	<u>81,640,653.00</u>
Net book value					
As at 30/6/2000	<u>67,167,115.00</u>	<u>137,091,599.00</u>	<u>7,457,488.00</u>	<u>594,776.00</u>	<u>212,310,978.00</u>
Net book value as at 30/6/2000	<u>68,673,295.00</u>	<u>143,607,700.00</u>	<u>11,444,074.00</u>	<u>819,722.00</u>	<u>224,544,791.00</u>

Notes to the Accounts(Continued)

For the Year Ended June, 2000

4. STOCKS

	2000 Kshs	1999 Kshs
Printed books	164,468,792.00	150,156,983.00
Raw materials	13,851,346.00	9,278,528.00
Library books	492,731.00	480,324.00
Work in progress	<u>14,991,449.00</u>	<u>20,975,574.00</u>
	<u><u>193,804,318.00</u></u>	<u><u>180,891,409.00</u></u>

5. DEBTORS AND PREPAID EXPENSES

	2000 Kshs	1999 Kshs
Trade debtors - Books	28,565,674.00	30,742,599.00
Trade debtors - Printing	5,845,932.00	5,642,956.00
Sundry debtors	93,254.00	171,500.00
Prepaid expenses	<u>1,410,897.00</u>	<u>1,209,723.00</u>
	35,915,757.00	37,766,778.00
Less provision for bad debts	<u>-</u>	<u>813,072.00</u>
	<u><u>35,915,757.00</u></u>	<u><u>36,953,706.00</u></u>

6. CORPORATE STATUS

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

7. CURRENCY

These accounts are presented in Kshs.

Trading, Profit and Loss Account For the Year Ended June, 2000

	2000	1999
	Kshs	Kshs
SALES	290,863,474.00	315,146,979.00
COST OF SALES	<u>109,094,165.00</u>	<u>106,694,226.00</u>
GROSS TRADING PROFIT	<u><u>181,769,309.00</u></u>	<u><u>208,452,753.00</u></u>
 ADMINISTRATION AND SELLING EXPENSES		
SALARIES	24,802,125.00	25,356,715.00
GRATUITY & PENSION	5,922,757.00	5,363,143.00
HOUSE ALLOWANCE	16,961,082.00	17,641,883.00
OTHER PERSONAL ALLOWANCES	26,905.00	31,029.00
PASSAGES & LEAVE EXPENCES	657,044.00	650,321.00
TRANSPORT OPERATING EXP	5,938,636.00	5,357,877.00
TRAVELLING & ACCOM	1,706,246.00	1,952,936.00
POSTAL & TELEGRAM EXPENSE	234,586.00	257,938.00
TELEPHONE	1,367,419.00	1,128,228.00
MANAGEMENT BOARD EXPENSES	725,905.00	686,847.00
ELECTRICITY & WATER	1,133,443.00	1,051,769.00
PUBLICITY & PRINTING	705,700.00	271,186.00
PURCHASE OF UNIFORM & CLOTHING	198,187.00	24,585.00
PURCHASE STATIONERY	2,669,561.00	1,527,720.00
ADVERTISING & PUBLICITY	1,732,714.00	1,594,241.00
RENTS & RATES	870.00	10,786.00
COMPUTER CHARGES	84,980.00	7,540.00
HIRE OF CASUALS	89,400.00	190,400.00
MISCELLANEOUS & OTHER CHGS.	63,430.00	47,017.00
STAFF TRAINING	261,726.00	199,860.00
STAFF WELFARE	1,345,537.00	1,797,143.00

Trading, Profit and Loss Account (Continued)

For the Year Ended June, 2000

STANDARD LEVY	109,340.00	149,705.00
MEDICAL EXPENSES	5,619,670.00	5,877,084.00
MAINT PLANT & EQUIPMENT	3,121,124.00	2,957,766.00
MAINTENANCE OF BUILDINGS	1,175,458.00	2,350,943.00
READERSHIP & WRITING WORKSHOP	321,130.00	307,709.00
SECURITY	3,013,797.00	2,703,409.00
OVERTIME	118,785.00	286,472.00
PACKING, CARRIAGE & HANDLING	1,352,922.00	1,593,341.00
ROYALTY PAYMENTS	6,822,891.00	6,199,497.00
LIBRARY BOOKS WRITTEN OFF	140,889.00	47,314.00
STOCKS WRITTEN OFF (BOOKS)	1,856,895.00	0.00
DONATIONS	0.00	50,000.00
BANK CHARGES	123,182.00	128,209.00
LEGAL CHARGES	322,455.00	253,710.00
AUDIT FEE	250,000.00	250,000.00
INSURANCES	2,879,525.00	2,489,405.00
DISCOUNT ALLOWED	71,972,337.00	78,168,647.00
DEPRECIATION FOR THE YEAR	8,297,023.00	8,338,146.00
TOTAL ADMIN. COSTS	174,125,676.00	177,300,521.00
PROFIT FROM OPERATIONS	7,643,633.00	31,152,232.00
BAD DEBTS WRITTEN OFF	0.00	(401,062.00)
INTEREST ON DEPOSITS	24,135,635.00	25,734,081.00
MISCELLANEOUS INCOME	265,378.00	297,038.00
CANTEEN PROFIT/LOSS	(364,189.00)	(241,796.00)
PROFIT/LOSS ON DISPOSAL OF ASSETS	293,070.00	1,692,182.00
TOTAL	24,329,894.00	27,080,443.00
NET PROFIT FOR THE YEAR	31,973,527.00	58,232,675.00



KENYA LITERATURE BUREAU

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