



THE KENYA NATIONAL EXAMINATIONS
COUNCIL

Annual Financial
Statements for the year
ended 30 June 2009

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CORPORATE INFORMATION

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS
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NAIROBI

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Fax (+254-20) 226032

BANKERS

STANDARD CHARTERED BANK (Harambee Avenue)

KENYA COMMERCIAL BANK (Head Office)

CO-OPERATIVE BANK OF KENYA (Co-operative House)

COMMERCIAL BANK OF AFRICA (International Life House)

NATIONAL BANK OF KENYA (Harambee Avenue)

COUNCIL SECRETARY / CHIEF EXECUTIVE

Paul M. Wasanga MBS

P O Box 73598

Code 00200 City Square

NAIROBI

EXTERNAL AUDITOR

Kenya National Audit

KENCOM House

P O Box 49384 - 00100

NAIROBI

BACKGROUND INFORMATION

The Kenya National Examination Council (KNEC) was established in 1980 under the KNEC Act Cap 225A of the Laws of Kenya. It was established to take over the functions previously undertaken by the defunct East African Examinations Council and the Ministry of Education to conduct school, Post school and other examinations. The establishment of the Council followed the break up of the East African community and the need for an institution to take over control of such examinations to ensure their validity and reliability; and to ensure conformity to Kenya's goals and changes in government policy relating to the curriculum and examinations.

VISION STATEMENT

'To be a leading organization in testing and assessment for quality education.'

MISSION STATEMENT

'To objectively evaluate learning achievements so as to enhance and continuously safeguard nationally and internationally acceptable certification standards.'

MANDATE

The Kenya National Examination Council (KNEC) is mandated to:

1. Conduct such academic, technical and other examinations within Kenya as it may consider desirable in the public interest.
2. Award certificates or diplomas to successful candidates in such examinations.
3. Invite any body or bodies outside Kenya, as it may find fit to conduct academic, technical and other examinations within Kenya or to conduct these examinations jointly with the council and to award certificates or diplomas to successful candidates in these examinations.
4. Advise any body or bodies invited under paragraph (c) above, upon the adaptation of examinations necessary for the requirements of Kenya and to assist any such bodies to conduct such examinations.
5. Make rules regulating the conduct of examinations and for all purposes incidental thereto.

COUNCIL BOARD MEMBERS

Prof. Raphael Munavu

Chairman, KNEC

Prof. Karega Mutahi

Permanent Secretary, Ministry of Education, Science & Technology

Ms. Njoki Kahiga

Representing Permanent Secretary/ Ministry of State for Public Service

Mr. Chiboli Induli Shakaba

Representing Permanent Secretary, Ministry of Finance.

Prof. George I Godia

Education Secretary, Ministry of Education, Science & Technology

F M Gitaka

Ag Director of Industrial Training

Mr. Enos Oyaya

Director of Quality Assurance & Standards, Ministry of Education, Science & Technology

Mr. Owate Wambayi

Director of Technical Training Ministry of Education, Science & Technology

Mrs. Lydia Nzomo

Director, Kenya Institute of Education

Mr C Lagat

Principal, Eldoret Polytechnic

Prof. Paul Syagga

Professor of Land Economics- Representing University of Nairobi Senate.

Prof. Lucy Kibera

Associate Professor Department of Educational Foundations & Dean, Faculty of Education, University of Nairobi.

Mr. Pius M Nduatih

Secretary, KASNEB

Mr. Jesca L Simiyu

Principal, Kibabii Diploma Teachers College

Ms Anastasia Mutuku

Principal, Kamwenja Teachers Training College

Mrs Rosemary Saina

Principal, Kenya High School

Prof. Olive Mugenda

Deputy Vice Chancellor, Kenyatta University (Co-opted)

Prof. Everret Standa

Secretary, Commission for Higher Education (Co-opted)

Mr. Gabriel Lengoiboni

Secretary, TSC (Co-opted)

Mr. Paul M Wasanga

Council Secretary/Chief Executive, KNEC.

THE KENYA NATIONAL EXAMINATIONS COUNCIL



STATEMENT OF BOARD MEMBERS' RESPONSIBILITIES FOR THE YEAR ENDED 30 JUNE 2009

The Board is required to prepare financial statements, which give a true and fair view of the state of affairs of the Council as at the end of the financial year and of its surplus or deficit for that year. The Board is required to ensure that the Council maintains proper accounting records, which disclose, with reasonable accuracy, the financial position of the Council. The Board is also responsible for safeguarding the assets of the Council.

The Board accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, consistent with previous years, and in conformity with International Financial Reporting Standards. The Board is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Council as at 30 June 2009 and of its surplus for the year then ended. The Board further confirms the accuracy and completeness of the accounting records maintained by the Council, which have been relied upon in the preparation of the financial statements, as well as on the adequacy of the systems of internal financial controls.

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

This Statement is approved by the Board and is signed on its behalf by:

Sign: *R. Munavu*
Prof. Raphael M Munavu PHD, EBS.
CHAIRMAN

Date: 30/9/2009

Sign: *P. Wasanga*
Paul M Wasanga MBS.
COUNCIL SECRETARY/CHIEF EXECUTIVE

Date: 30/9/2009

KENYA NATIONAL AUDIT OFFICE



REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF KENYA NATIONAL EXAMINATIONS COUNCIL FOR THE YEAR ENDED 30 JUNE 2009

I have audited the financial statements of Kenya National Examinations Council set out at pages 1 to 15 which comprise the Balance Sheet as at 30 June 2009 and the Income Statement, the Statement of Changes in Equity and the Statement of Cash flows for the year then ended together with a summary of significant accounting policies and other explanatory notes 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.

The Council's Responsibility for the Financial Statements

The Council is responsible for the preparation of the financial statements which give a true and fair view of the Council's state of affairs and its operating results in accordance with the International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 international Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed with a view to obtaining reasonable assurance that the financial statements are free from material misstatement.

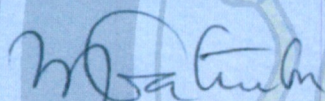
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for

KENYA NATIONAL AUDIT OFFICE

the purpose of expressing an opinion on the effectiveness of the Council's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial statements. I believe the audit provides a reasonable basis for my opinion.

Opinion

In my opinion, proper books of accounts have been kept and the accompanying financial statements give a true and fair view of the financial position of the Council as at 30 June, 2009 and of its surplus and cash flows for the year ended in accordance with the International Financial Reporting Standards and comply with the Kenya National Examination Act, (Cap 225A of the Laws of Kenya).



A. S. M. Gatumbu
CONTROLLER AND AUDITOR GENERAL

Nairobi

30 November 2009

MITIHANI

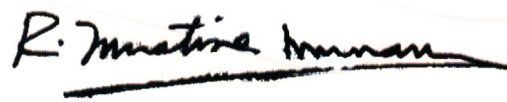
BALANCE SHEET AS AT 30th JUNE 2009

	NOTES	2009 Kshs.	2008 Kshs.
ASSETST			
NON CURRENT ASSETS			
Property, furniture and equipment	2	491,671,538	337,934,572
Building (Work in Progress)	3	468,779,225	403,076,676
Intangible Assets	4	16,215,140	5,850,069
Investments	5	64,300,000	64,300,000
		<u>1,040,965,903</u>	<u>811,161,317</u>
CURRENT ASSETS			
Inventories	6	28,646,949	37,332,299
Receivables	7	4,569,952	5,741,729
Cash and Cash Equivalents	8	1,762,733,668	1,167,202,713
		<u>1,795,950,569</u>	<u>1,210,276,741</u>
TOTAL ASSETS		<u>2,836,916,472</u>	<u>2,021,438,058</u>
RESERVES, FUNDS & LIABILITIES			
Capital Reserve	10	968,534,404	776,500,478
Revaluation Reserve	11	82,506,890	82,506,890
Income & Expenditure Account	12	1,678,039,443	1,075,924,070
Donor Project Funds	13	30,258,671	34,101,454
		<u>2,759,339,408</u>	<u>1,969,032,892</u>
CURRENT LIABILITIES			
Trade and other payables	9	77,577,064	52,405,166
		<u>77,577,064</u>	<u>52,405,166</u>
TOTAL RESERVES, FUNDS & LIABILITIES		<u>2,836,916,472</u>	<u>2,021,438,058</u>

The financial statements were approved by the Council Board during the meeting held on September 28 2009 and signed on its behalf by:

Prof. Raphael M. Munavu PhD, EBS

Chairman



Paul M. Wasanga MBS Council Secretary / Chief Executive



INCOME STATEMENT FOR THE YEAR ENDED 30th JUNE 2009

REVENUE	NOTES	2009 Kshs.	2008 Kshs.
Examination Fees	14	2,410,919,713	1,577,671,284
Other Operating Income	15	64,207,047	77,319,531
		<u>2,475,126,760</u>	<u>1,654,990,815</u>
 LESS EXPENDITURE			
Personnel Expenses	18	451,270,178	439,787,169
Office Administration Expenses	19	147,739,623	96,582,931
Examination Expenses	20	1,552,616,701	1,235,742,215
Housing of Staff & Office Accommodation	21	35,272,217	29,696,179
Project Expenses	22	38,902,278	37,467,206
Losses on disposal of motor vehicles	23	60,650	-
Increase in provision of Doubtful Debt	24	776,451	-
Depreciation and Amortization Expenses	25	99,759,336	53,527,988
Total Operating Expenses		<u>2,326,397,434</u>	<u>1,892,803,688</u>
Operating Surplus		148,729,326	(237,812,873)
 NON - OPERATING INCOME			
Interest Income	16	73,386,047	35,118,587
Operating Surplus before grants		222,115,373	(202,694,286)
Operating Grants	17	380,000,000	350,000,000
Net Surplus for the Year		<u>602,115,373</u>	<u>147,305,714</u>

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30th JUNE 2009

	Capital reserve Kshs.	Revaluation reserve	Income & Expenditure A/c Kshs.	Total Kshs.
Balance as at 1st July 2007	589,211,890	73,941,890	910,619,099	1,573,772,879
Prior item : Stale Cheques			17,999,257	17,999,257
Restated Balance as at 1st July 2008	<u>589,211,890</u>	<u>73,941,890</u>	<u>928,618,356</u>	<u>1,591,772,136</u>
Capital grants on New Mitihani Hse	187,288,588			187,288,588
Revaluation		8,565,000		8,565,000
Surplus for the Year			147,305,714	147,305,714
Balance as at 30th June 2008	<u><u>776,500,478</u></u>	<u><u>82,506,890</u></u>	<u><u>1,075,924,070</u></u>	<u><u>1,934,931,438</u></u>
Balance as at 1st July 2008	776,500,478	82,506,890	1,075,924,070	1,934,931,438
Capital grants on New Mitihani Hse	76,033,926			76,033,926
Capital grants on ICT Upgrade	116,000,000			116,000,000
Revaluation				0
Surplus for the Year			602,115,373	602,115,373
Balance as at 30th June 2009	<u><u>968,534,404</u></u>	<u><u>82,506,890</u></u>	<u><u>1,678,039,443</u></u>	<u><u>794,149,299</u></u>

CASH FLOW STATEMENT FOR THE YEAR ENDED 30th JUNE 2009

	2009 Kshs.	2008 Kshs.
Cash flows from operating activities		
Surplus for the Year	602,115,373	147,305,714
Adjustments for :		
Prior items	-	17,999,257
Depreciation and Amortization Expenses	99,759,336	53,527,988
Investment Income	(73,386,047)	(35,118,587)
Loss on disposal of non current assets	60,650	-
	<hr/>	<hr/>
Operating surplus before working capital changes	628,549,312	183,714,372
Decrease in Inventories	8,685,350	(8,089,156)
Decrease in Net Receivables	1,125,684	(123,703)
Increase in Trade and other payables	25,171,898	(8,245,998)
	<hr/>	<hr/>
Net cash flows from operating activities	663,532,244	167,255,515
Servicing of finance		
Increase in accumulated reserve	192,033,926	187,288,588
Decrease in donor project fund	(3,842,783)	(11,666,507)
	<hr/>	<hr/>
Net cash flows in servicing of finance	188,191,143	175,622,081
Cash flows from investing activities		
Purchase of property, plant and equipment	(247,942,482)	(103,069,415)
Interest received	73,432,140	38,996,943
Purchase of software system	(17,720,141)	-
Sale proceeds of disposal of non current assets	1,740,600	-
Construction on New Mitihani Building	(65,702,549)	(171,161,836)
	<hr/>	<hr/>
Net cash flows from investing activities	(256,192,432)	(235,234,308)
Net increase in Bank	595,530,955	107,643,288
Cash and Cash equivalents at beginning of year	1,167,202,713	1,059,559,425
Cash and Cash equivalents at end of year	<hr/> <hr/>	<hr/> <hr/>
	1,762,733,668	1,167,202,713

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2009

NOTE 1

ACCOUNTING POLICIES

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

a) Basis of Accounting

These Accounts have been prepared in accordance to the International Accounting Standards under the historical Cost Convention modified to include the revaluation of certain assets.

b) Depreciation

Freehold land is not depreciated as it is deemed to have an indefinite life. Depreciation is calculated to write off the cost, valuation of Leasehold Building, Motor vehicles, Computer & 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%
Computer Equipment	25%
Office Equipment	10%
Furniture	12 ¹ / ₂ %
Partitions & Fittings	10 %

c) Inventories

Inventories are valued at the lower of cost and net realisable value. Opening inventory is expensed in the income statement while closing inventory is carried forward to the next financial year.

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.

f) Revenue Recognition

- i) Examination fees are treated as income in the year received.

NOTES TO THE FINANCIAL STATEMENTS (Continuation)

g) Grants

Grants are recognized in the year they are received from the Ministry of Education, Science and Technology.

h) Treasury Bills

Treasury bills are stated at cost. Interest is credited to income over the period of issue.

i) Cash and Cash Equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand, net balances from banking institutions and investment in government securities.

j) Computer Software Development Costs

Generally, costs associated with developing computer software programmes are recognized as an expense incurred. However costs that are probable benefit exceeding the cost beyond one year are recognized as an intangible asset. Computer software development costs recognized as assets are stated at cost less amortization. Amortisation is calculated on a straight line basis over the estimated useful lives not exceeding a period of 4 years.

k) Changes in Accounting Estimates

Generally, the useful lives of the future economic benefits attached to computers equipments was 10 years. However due to rapid technological changes the computers now have a useful life of 4 years.

As a result of the changes the depreciation rate has increased and the effect has been charged to the income & expenditure account.

l) Interpretations & Amendments to Income Statements

The Council has adopted new format of reporting the income statement to conform to the published statements.

As a result of the change in reporting the annexed notes for income statement have been restated for comparative reasons.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 2

Property, Plant and Equipment Schedule as at 30th June 2009

	LAND Kshs.	LEASEHOLD BUILDING Kshs.	MOTOR VEHICLE Kshs.	OFFICE EQUIPMENT Kshs.	COMPUTER EQUIPMENT Kshs.	FURNITURE Kshs.	PARTITION & FITTINGS Kshs.	GROSS TOTAL Kshs.
COST OR VALUATION:								
Balance as at 1-7-2008	30,000,000	158,124,822	36,274,004	245,678,682	137,642,296	25,105,832	8,457,849	641,283,485
Additions for the year		2,275,751	23,913,699	69,466,983	129,368,524	7,534,656	15,382,869	247,942,482
Disposals			(3,025,000)					(3,025,000)
Amount written off for the year				(1,250,000)				(1,250,000)
Balance as at 30-6-2009	30,000,000	160,400,573	57,162,703	313,895,665	267,010,820	32,640,488	23,840,718	884,950,967
<i>Historical cost</i>		62,400,573	36,457,703	313,895,665	267,010,820	32,640,488	23,840,718	736,245,967
<i>Revaluation element</i>	30,000,000	98,000,000	20,705,000					148,705,000
ACCUMULATED DEPRECIATION:								
Balance as at 1-7-2008	0	37,884,187	21,286,082	96,596,876	121,145,497	21,223,750	5,212,521	303,348,913
Disposals			(1,223,750)					(1,223,750)
Amount written off for the year				(1,250,000)				(1,250,000)
Depreciation charge for the year		4,010,014	14,290,676	28,452,553	39,567,418	3,837,887	2,245,718	92,404,266
Balance as at 30-6-2009	0	41,894,201	34,353,008	123,799,429	160,712,915	25,061,637	7,458,239	393,279,429
NET BOOK VALUE:								
As at 30-6-2009	30,000,000	118,506,372	22,809,695	190,096,236	106,297,905	7,578,851	16,382,479	491,671,538
As at 1-7-2008	30,000,000	120,240,635	14,987,922	149,081,806	16,496,799	3,882,082	3,245,328	337,934,572
<i>Rate of Depreciation</i>		2.5%	25%	10%	25.0%	12.5%	10%	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 3

NEW MITIHANI HOUSE (WORK IN PROGRESS)

This represents construction work being undertaken at the plot L.R. No 188/4/451/11/79 next to the Kenya Bureau of Standards Headquarters, off Mombasa Road.

	2009 Kshs.	2008 Kshs.
Balance as at 1 st July	403,076,676	231,914,840
Additions for the year	65,702,549	171,161,836
Balance as at 30 th June	<u>468,779,225</u>	<u>403,076,676</u>

NOTE 4

INTANGIBLE ASSETS

These are costs associated with acquisition of the ICT Software Upgrade

	2009 Kshs.	2008 Kshs.
Balance as at 1 st July	5,850,069	8,775,104
Additions for the year	17,720,141	-
Amortization for the year	(7,355,070)	(2,925,035)
Balance as at 30 th June	<u>16,215,140</u>	<u>5,850,069</u>

NOTE 5

INVESTMENTS

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

	2009 Kshs.	2008 Kshs.
2,520,000 4% Non cumulative Preference Shares @ Kshs 20.00	50,400,000	50,400,000
695,000 Ordinary Shares @ Kshs. 20.00	13,900,000	13,900,000
	<u>64,300,000</u>	<u>64,300,000</u>

NOTE 6

INVENTORIES

	2009 Kshs.	2008 Kshs.
General Stationary stocks	7,854,567	22,069,977
Bookshop stocks	17,494,090	14,889,042
Consumables stocks	3,298,292	373,280
	<u>28,646,949</u>	<u>37,332,299</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 7

RECEIVABLES

	2009 Kshs.	2008 Kshs.
Temporary Imprest	588,582	2,961,015
Returned Cheques R.D.	-	1,950,653
Staff Motor Loan	-	39,222
Kenya Polytechnic	153,460	153,460
Salary Advance	373,735	177,357
Pre-payment	487,344	873,741
Deposit to Hospitals & Institutions	1,106,000	1,106,000
Accrued Interest	1,960,681	2,006,774
Insurance	-	171,215
Returned Salary	34,638	-
Refunds	7,428	7,428
Miscellaneous Debtors	117,922	117,922
Exam Co-operative	4,179	4,179
Other Co-operatives	96,355	-
Benevolent Fund	3,800	3,800
Staff Debtors	177,673	199,673
Mwalimu Co-operative	9,409	9,409
	5,121,206	9,781,848

LESS PROVISION FOR DOUBTFUL DEBTS

	2009 Kshs.	2008 Kshs.
Salary Advance	-	61,622
Temporary Imprest	279,871	2,479,398
Kenya Polytechnic	153,460	153,460
Staff Motor Loan	-	39,322
Returned Cheques R.D.	-	1,188,394
Fina Stationers	103,273	103,273
Mufam Collectors	14,650	14,650
	551,254	4,040,119
NET RECEIVABLES	4,569,952	5,741,729

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 8

CASH AND CASH EQUIVALENTS

	2009 Kshs.	2008 Kshs.
Cash in Bank	259,721,162	1,133,293,734
Fixed Deposits	1,503,012,506	33,908,979
	<u>1,762,733,668</u>	<u>1,167,202,713</u>

NOTE 9

TRADE AND OTHER PAYABLES

	2009 Kshs.	2008 Kshs.
Sundry Creditors	47,055,430	28,964,208
Examinations Expenses	11,121,141	7,644,059
Audit Fees	1,000,000	700,000
SFI Stale Cheques	5,811,581	5,909,813
Stale Cheques	3,464,525	2,737,988
EAC Essay Writing Competition	35,060	33,341
P.A.Y.E.	871,292	494,153
Returned Salary	-	1,541
NHIF	2,077	1,807
WCPS	2,134	2,134
SFI Bank Replacement Cheques	22,642	23,942
HELB	1,012	1,013
Other Co-operatives	-	12,450
Insurance	171,215	-
Elimu Co-operative	450	450
Withholding VAT Tax	2,614,568	2,914,163
Miscellaneous	61,708	388,626
Retirement Benefits	5,342,229	2,575,478
	<u>77,577,064</u>	<u>52,405,166</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 10

CAPITAL RESERVE

	2009 Kshs.	2008 Kshs.
Balance as at 1 st July	776,500,478	589,211,890
Additions for the year	192,033,926	187,288,588
	<u>968,534,404</u>	<u>776,500,478</u>

NOTE 11

REVALUATION RESERVE

	2009 Kshs.	2008 Kshs.
Balance as at 1 st July	82,506,890	73,941,890
Revaluations for the year	-	8,565,000
	<u>82,506,890</u>	<u>82,506,890</u>

NOTE 12

INCOME & EXPENDITURE

	2009 Kshs.	2008 Kshs.
Balance as at 1 st July	1,075,924,070	928,618,356
Surplus for the year	602,115,373	147,305,714
	<u>1,678,039,443</u>	<u>1,075,924,070</u>

NOTE 13

	2009 Kshs.	2008 Kshs.
Rockefeller Foundation	4,054,720	5,460,485
KESSP	22,093,933	23,902,465
Sacmeq III Research Project	4,110,018	4,738,504
	<u>30,258,671</u>	<u>34,101,454</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 14

EXAMINATION FEES

	2009 Kshs.	2008 Kshs.
K.C.P.E	414,521,834	211,241,620
K.C.S.E	1,359,576,853	958,968,547
Adult	2,341,680	1,032,660
P.T.E	69,002,279	43,500,780
Technical	196,910,788	181,708,406
Business	84,400,563	103,936,554
Miscellaneous Exams.	12,338,453	30,346,051
ECDE	274,127,944	49,228,855
Less Refunds	(2,300,681)	(2,292,189)
	<u>2,410,919,713</u>	<u>1,577,671,284</u>

NOTE 15

OTHER OPERATING INCOME

	2009 Kshs.	2008 Kshs.
Search fees	23,505,293	20,129,111
Tenders and Waste Papers	1,849,710	1,021,859
Consultancy	37,350	937,983
Rent	6,312,800	6,240,200
Sale of Publications	14,558,856	29,263,925
Miscellaneous Income	2,808,076	7,885,582
Internet	15,134,962	11,840,871
	<u>64,207,047</u>	<u>77,319,531</u>

NOTE 16

INTEREST INCOME

	2009 Kshs.	2008 Kshs.
Interest on Treasury Bills	-	2,222,000
Interest on Fixed Deposits	73,386,047	32,896,587
	<u>73,386,047</u>	<u>35,118,587</u>

NOTE 17

GRANTS

	2009 Kshs.	2008 Kshs.
Ministry of Education Recurrent Grants	380,000,000	350,000,000

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 18

PERSONNEL EXPENSES

	2009 Kshs.	2008 Kshs.
Personal Emoluments	351,220,994	333,639,452
Extra Clerical Assistance	5,411,714	7,700,029
Medical Expenses	27,109,022	30,280,660
Contributions to W.C.P.S.	67,528,448	68,167,028
	<u>451,270,178</u>	<u>439,787,169</u>

NOTE 19

OFFICE ADMINISTRATION EXPENSES

	2009 Kshs.	2008 Kshs.
Council Board & its committees Expenses	5,454,171	7,158,934
Passages & Leave Expenses	4,966,915	4,026,725
Transport Operation Expenses	15,990,237	13,323,992
Travelling and Accommodation	6,298,303	5,124,050
Posts and Telegrams	3,140,203	2,823,884
Telephone Expenses	8,791,135	9,967,223
Official Entertainment	376,601	363,256
Electricity and Water	2,420,101	1,697,378
Purchase of Uniforms & Clothing	767,068	496,624
Purchase of Stationery	28,326,697	4,846,772
Printing of Accountable Documents	288,101	164,600
Bank Charges and Ledger Fees	4,407,810	5,434,217
Audit Fees	1,000,000	700,000
Maintenance of Plant & Equipment	2,767,713	3,060,738
Miscellaneous Charges & Sundry Expenses	43,582,196	20,617,208
Staff Training	14,597,395	12,708,775
Advertising & Publicity	5,346,406	3,417,458
Library Expenses	82,644	209,800
Strategic Planning & Quality Assurance	1,740,975	-
Bookshop operating expenses	(2,605,048)	441,297
	<u>147,739,623</u>	<u>96,582,931</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 20

EXAMINATION EXPENSES

	2009 Kshs.	2008 Kshs.
K.C.P.E	387,748,535	345,928,560
K.C.S.E	900,132,792	686,129,218
Printing Unit	57,582,067	41,215,024
P.T.E.	23,573,067	17,490,564
Technical	68,200,779	65,540,866
Business	58,624,706	46,055,135
ECDE	22,418,063	5,191,389
Miscellaneous Exams	10,981,840	14,111,862
Computer Charges	23,169,752	13,664,897
Adult Education	185,100	414,700
	<u>1,552,616,701</u>	<u>1,235,742,215</u>

NOTE 21

STAFF HOUSING AND OFFICE ACCOMMODATION

	2009 Kshs.	2008 Kshs.
Rent & Rates to Senior Staff Housing	960,510	58,465
Repair to Council Houses	46,798	807,199
Rent & Rates to Office Accommodation	34,264,909	28,830,515
	<u>35,272,217</u>	<u>29,696,179</u>

NOTE 22

PROJECT EXPENSES

	2009 Kshs.	2008 Kshs.
Rockefeller Foundation	1,405,765	1,284,521
EA Essay Competition	1,292,490	1,044,724
Sacmeq III Research Project	628,486	19,352,496
KESSP	35,575,537	15,785,465
	<u>38,902,278</u>	<u>37,467,206</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 23

LOSS ON DISPOSAL OF ASSETS

	2009 Kshs.	2008 Kshs.
Sale Proceeds on motor vehicles & guillotine	1,740,600	-
Net Book Value of Assets	(1,801,250)	-
	<u>(60,650)</u>	<u>0</u>

NOTE 24

INCREASE ON PROVISION OF DOUBTFUL DEBTS

	2009 Kshs.	2008 Kshs.
Increase in provision to salary advance	14,192	-
Increase in provision to returned cheques	762,259	-
	<u>776,451</u>	<u>0</u>

NOTE 25

DEPRECIATION AND AMORTIZATION EXPENSES

	2009 Kshs.	2008 Kshs.
Depreciation charge	92,404,266	50,602,953
Amortization charge	7,355,070	2,925,035
	<u>99,759,336</u>	<u>53,527,988</u>



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