



THE KENYA NATIONAL EXAMINATIONS COUNCIL

Annual Financial
Statements for the year
ended 30 June 2008

REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE

**REPORT
OF
THE CONTROLLER
AND AUDITOR-GENERAL**

ON

**THE FINANCIAL STATEMENTS OF
KENYA NATIONAL EXAMINATION
COUNCIL FOR THE YEAR ENDED 30
JUNE 2008**

THE KENYA NATIONAL EXAMINATIONS COUNCIL

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THE KENYA NATIONAL EXAMINATIONS COUNCIL

CORPORATE INFORMATION

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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Code 00200 City Square

NAIROBI

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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

P O Box 73598

Code 00200 City Square

NAIROBI

EXTERNAL AUDITOR

Kenya National Audit

KENCOM House

P O Box 49384 - 00100

NAIROBI

THE KENYA NATIONAL EXAMINATIONS COUNCIL

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.

THE KENYA NATIONAL EXAMINATIONS COUNCIL

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 Indull Shakaba

Representing Permanent Secretary, Ministry of Finance.

Prof. George I Godia

Education Secretary, Ministry of Education, Science & Technology

Eng. M O Kidenda

Director of Industrial Training

Mr. Enos Oyaya

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

Mr. Arthur A Rateng'

Director of Technical Training Ministry of Education, Science & Technology

Mrs. Lydia Nzomo

Director, Kenya Institute of Education

Mr Akumu Owuor

Principal, Mombasa 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. Plus Nduath

Secretary, KASNEB

Mr Isaac N Kabau

Principal, Thogoto Teachers College

Mrs S K Ndege

Principal, State House Girls

Prof. Olive Mugenda

Deputy Vice Chancellor, Kenyatta University (Co-opted)

Prof. E. Standa

Secretary, Commission for Higher Education (Co-opted)

Mr. Gabriel Lengolboni

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 2008

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 2008 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 it's behalf by:

Sign: R. Mmatine Munavu
Prof. Raphael M Munavu PHD. EBS.
CHAIRMAN

Date: 28th NOV. 2008

Sign: Paul M Wasanga
Paul M Wasanga M Ed. Sc.
COUNCIL SECRETARY/CHIEF EXECUTIVE

Date: 28th / 11 / 2008



KENYA NATIONAL AUDIT OFFICE

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE KENYA NATIONAL EXAMINATIONS COUNCIL FOR THE YEAR ENDED 30 JUNE, 2008

I have audited the financial statements of the Kenya National Examinations Council set out on pages 1 to 15 which comprise the balance sheet as at 30 June 2008 and the income statement, statement of changes in equity and cash flow statement 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 responsibilities for the financial statements

The Council is responsible for the preparation of 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 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 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 account have been kept and the accompanying financial statements give a true and fair view of the state of the financial position of the Council as at 30 June 2008 and of its surplus and cash flows for the year then ended in accordance with the International Financial Reporting Standards and comply with the Kenya National Examinations Act, (Cap 225A of the Laws of Kenya).



**P. N. KOMORA, CBS.
CONTROLLER AND AUDITOR GENERAL**

Nairobi

17 December 2008

THE KENYA NATIONAL EXAMINATIONS COUNCIL

BALANCE SHEET AS AT 30th JUNE 2008

	NOTES	2008 Kshs.	2007 Kshs.
ASSETS			
NON CURRENT ASSETS			
Property, furniture and equipment	2	337,934,572	276,903,110
Building (Work in Progress)	3	403,076,676	231,914,840
Intangible Assets	4	5,850,070	8,775,104
Investments	5	64,300,000	64,300,000
		<u>811,161,318</u>	<u>581,893,054</u>
CURRENT ASSETS			
Inventories	6	37,332,299	29,243,143
Receivables	7	5,741,729	9,496,382
Cash and Cash Equivalents	8	1,167,202,713	1,059,559,425
		<u>1,210,276,741</u>	<u>1,098,298,950</u>
TOTAL ASSETS		<u><u>2,021,438,059</u></u>	<u><u>1,680,192,004</u></u>
RESERVES, FUNDS & LIABILITIES			
Capital Reserve	10	776,500,478	588,211,890
Revaluation Reserve	11	82,506,890	73,941,890
Income & Expenditure Account	12	1,075,924,071	910,619,099
Donor Project Funds	13	34,101,454	45,767,961
		<u>1,969,032,893</u>	<u>1,619,540,840</u>
CURRENT LIABILITIES			
Trade and other payables	9	52,405,166	60,651,164
		<u>52,405,166</u>	<u>60,651,164</u>
TOTAL RESERVES, FUNDS & LIABILITIES		<u><u>2,021,438,059</u></u>	<u><u>1,680,192,004</u></u>

The financial statements were approved by the Council Board during the meeting held on 1st September 2008 and signed on its behalf by:

Prof. Raphael M. Munavu PHD, EBS Chairman

R. Munavu 28/11/2008

Paul M. Wasanga M Ed Sc. Council Secretary / Chief Executive

P. Wasanga 28/11/2008

THE KENYA NATIONAL EXAMINATIONS COUNCIL

INCOME STATEMENT FOR THE YEAR ENDED 30th JUNE 2008

	NOTES	2008 Kshs.	2007 Kshs.
INCOME			
Examination Fees	14	1,577,671,284	1,421,131,532
Other Income	15	112,438,118	85,241,624
Grants	16	350,000,000	350,000,000
		<u>2,040,109,402</u>	<u>1,856,373,156</u>
LESS EXPENDITURE			
Opening Inventory		29,243,143	35,692,452
Personnel Expenses	17	439,787,169	387,447,303
Office Administration Expenses	18	105,716,277	90,356,301
Examination Expenses	19	1,234,698,025	1,172,390,771
Housing of Staff & Office Accommodation	20	29,696,179	34,374,066
Project Expenses	21	37,467,206	7,861,895
Losses on disposal of motor vehicles	22	-	198,500
Increase in provision of Doubtful Debt	23	-	1,747,230
Depreciation and Amortization Expenses	24	53,527,988	62,280,610
		<u>1,930,135,987</u>	<u>1,792,349,128</u>
Less Closing Inventory		<u>(37,332,299)</u>	<u>(29,243,143)</u>
		<u>1,892,803,688</u>	<u>1,763,105,985</u>
Surplus for the Year		<u>147,305,714</u>	<u>93,267,171</u>

THE KENYA NATIONAL EXAMINATIONS COUNCIL

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30th JUNE 2008

	Capital reserve	Revaluation reserve	Income & Expenditure A/c	Total
	Kshs.		Kshs.	Kshs.
Balance as at 1st July 2006	399,444,412	73,941,890	811,902,113	1,285,288,415
Prior item : Software development			5,449,815	5,449,815
Restated Balance as at 1st July 2007	<u>399,444,412</u>	<u>73,941,890</u>	<u>817,351,928</u>	<u>1,290,738,230</u>
Capital grants on New Mitihani Hse	159,767,478			159,767,478
Land acquisition	30,000,000			30,000,000
Surplus for the Year			93,267,171	93,267,171
Balance as at 30th June 2007	<u>589,211,890</u>	<u>73,941,890</u>	<u>910,619,099</u>	<u>1,573,772,879</u>
Balance as at 1st July 2007	589,211,890	73,941,890	910,619,099	1,573,772,879
Prior item :			17,999,257	17,999,257
Restated Balance as at 1st July 2007	<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>776,500,478</u>	<u>82,506,890</u>	<u>1,075,924,071</u>	<u>1,934,931,439</u>

THE KENYA NATIONAL EXAMINATIONS COUNCIL

CASH FLOW STATEMENT FOR THE YEAR ENDED 30th JUNE 2008

	2008	2007
	Kshs.	Kshs.
Cash flows from operating activities		
Surplus for the Year	147,305,714	93,267,171
Adjustments for :		
Prior items	17,999,257	5,449,815
Depreciation and Amortization Expenses	53,527,988	62,280,610
Investment Income	(35,118,587)	(24,763,401)
(Gains)/Loss on disposal of motor vehicles	-	198,500
	183,714,372	136,432,695
Decrease in Inventories	(8,089,156)	6,449,309
Decrease / (Increase) in Net Receivables	(123,703)	4,125,078
Decrease / (Increase) in Trade and other payables	(8,245,998)	5,636,539
	167,255,515	152,643,621
Net cash flows from operating activities		
Servicing of finance		
Increase in accumulated reserve	187,288,588	159,767,478
Increase in donor project fund	(11,666,507)	45,767,961
	175,622,081	205,535,439
Net cash flows in servicing of finance		
Cash flows from investing activities		
Purchase of property, plant and equipment	(103,069,415)	(118,938,572)
Interest received	38,996,943	26,624,227
Purchase of software system	-	(11,700,139)
Sale proceeds of disposal of motor vehicles	-	304,000
Construction on New Mitihani Building	(171,161,836)	(69,360,302)
	(235,234,308)	(173,070,786)
Net cash flows from investing activities		
Net increase in Bank	107,643,288	185,108,274
Cash and Cash equivalents at beginning of year	1,059,559,425	874,451,151
Cash and Cash equivalents at end of year	1,167,202,713	1,059,559,425

THE KENYA NATIONAL EXAMINATIONS COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2008

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	2½ %
Motor Vehicles	25%
Computer Equipment	25%
Office Equipment	10%
Furniture	12½ %
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.

THE KENYA NATIONAL EXAMINATIONS COUNCIL

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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.

THE KENYA NATIONAL EXAMINATIONS COUNCIL

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 2

Property, Plant and Equipment Schedule as at 30th June 2008

	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 1-7-2007	30,000,000	153,395,083	34,376,353	173,189,046	122,174,026	23,643,538	6,903,256	543,681,302
Additions for the year		4,729,739	7,364,883	72,489,636	15,468,270	1,462,294	1,554,593	103,069,415
Revaluations			8,565,000					8,565,000
Amount written off for the year			(14,032,232)					(14,032,232)
Balance as at 30-6-2008	30,000,000	158,124,822	36,274,004	245,678,682	137,642,296	25,105,832	8,457,849	641,283,485
<i>Historical cost</i>		60,124,822	15,569,004	245,678,682	137,642,296	25,105,832	8,457,849	492,578,485
<i>Revaluation element</i>	30,000,000	98,000,000	20,705,000					148,705,000
ACCUMULATED DEPRECIATION:								
Balance as at 1-7-2007	0	33,931,066	26,249,813	72,510,738	111,373,075	18,346,764	4,366,736	266,778,192
Amount written off for the year			(14,032,232)					(14,032,232)
Depreciation charge for the year		3,953,121	9,068,501	24,086,138	9,772,422	2,876,986	845,785	50,602,953
Balance as at 30-6-2008	0	37,884,187	21,286,082	96,596,876	121,145,497	21,223,750	5,212,521	303,348,913
NET BOOK VALUE:								
As at 30-6-2008	30,000,000	120,240,635	14,987,922	149,081,806	16,496,799	3,882,082	3,245,328	337,934,572
As at 1-7-2007	30,000,000	119,464,017	8,126,540	100,678,308	10,800,951	5,296,774	2,536,520	276,903,110
<i>Rate of Depreciation</i>		2.5%	25%	10%	25.0%	12.5%	10%	

*Revaluations of motor vehicles were done by Automobile Association of Kenya

THE KENYA NATIONAL EXAMINATIONS COUNCIL

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.

	2008 Kshs.	2007 Kshs.
Balance as at 1 st July	231,914,840	162,554,538
Additions for the year	171,161,836	69,360,302
Balance as at 30 th June	<u>403,076,676</u>	<u>231,914,840</u>

NOTE 4

INTANGIBLE ASSETS

These are costs associated with acquisition of the ERP Accounting Software

	2008 Kshs.	2007 Kshs.
Balance as at 1 st July	8,775,104	5,449,815
Additions for the year	-	6,250,324
Amortization for the year	(2,925,035)	(2,925,035)
Balance as at 30 th June	<u>5,850,070</u>	<u>8,775,104</u>

NOTE 5

INVESTMENTS

These are investments held in Consolidated Bank of Kenya

Limited comprised of :

	2008 Kshs.	2007 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

	2008 Kshs.	2007 Kshs.
General Stationary stocks	22,069,977	12,495,334
Bookshop stocks	14,889,042	15,330,339
Consumables stocks.	373,280	1,417,470
	<u>37,332,299</u>	<u>29,243,143</u>

THE KENYA NATIONAL EXAMINATIONS COUNCIL

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 7

RECEIVABLES

	2008	2007
	Kshs.	Kshs.
Temporary Imprest	2,961,015	2,545,262
Returned Cheques R.D.	1,950,653	1,891,903
Staff Motor Loan	39,222	39,222
Kenya Polytechnic	153,460	153,460
Salary Advance	177,357	521,054
Pre-payment	873,741	835,307
Deposit to Hospitals & Institutions	1,106,000	1,106,000
Accrued Interest	2,006,774	5,885,130
Insurance	171,215	161,741
Refunds	7,428	2,909
Miscellaneous Debtors	117,922	117,922
Exam Co-operative	4,179	4,179
Benevolent Fund	3,800	
Staff Debtors	199,673	263,003
Mwalimu Co-operative	9,409	9,409
	<u>9,781,848</u>	<u>13,536,501</u>

LESS PROVISION FOR DOUBTFUL DEBTS

	2008	2007
	Kshs.	Kshs.
Salary Advance	61,622	61,622
Temporary Imprest	2,479,398	2,479,398
Kenya Polytechnic	153,460	153,460
Staff Motor Loan	39,322	39,322
Returned Cheques R.D.	1,188,394	1,188,394
Fina Stationers	103,273	103,273
Mufam Collectors	14,650	14,650
	<u>4,040,119</u>	<u>4,040,119</u>
NET RECEIVABLES	<u><u>5,741,729</u></u>	<u><u>9,496,382</u></u>

THE KENYA NATIONAL EXAMINATIONS COUNCIL

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 8

CASH AND CASH EQUIVALENTS

	2008 Kshs.	2007 Kshs.
Cash in Bank	1,133,293,734	342,399,552
Fixed Deposits	33,908,979	323,825,873
Treasury Bills	-	393,334,000
	1,167,202,713	1,059,559,425
	1,167,202,713	1,059,559,425

NOTE 9

TRADE AND OTHER PAYABLES

	2008 Kshs.	2007 Kshs.
Sundry Creditors	28,964,208	19,198,102
Examinations Expenses	7,644,059	12,398,015
Audit Fees	700,000	428,000
SFI Stale Cheques	5,909,813	5,611,457
Stale Cheques	2,737,988	20,262,691
EAC Essay Writing Competition	33,341	33,341
P.A.Y.E.	494,153	11,379
Returned Salary	1,541	113,557
N H I F	1,807	960
W C P S	2,134	2,979
SFI Bank Replacement Cheques	23,942	45,937
H E L B	1,013	1,012
Other Co-operatives	12,450	17,978
Elimu Co-operative	450	450
Benevolent Fund		36,200
Withholding VAT Tax	2,914,163	1,801,590
Miscellaneous	388,626	268,278
Retirement Benefits	2,575,478	419,238
	52,405,166	60,651,164
	52,405,166	60,651,164

THE KENYA NATIONAL EXAMINATIONS COUNCIL

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 10

CAPITAL RESERVE

	2008 Kshs.	2007 Kshs.
Balance as at 1 st July	589,211,890	399,444,412
Additions for the year	187,288,588	189,767,478
	776,500,478	589,211,890

NOTE 11

REVALUATION RESERVE

	2008 Kshs.	2007 Kshs.
Balance as at 1 st July	73,941,890	73,941,890
Revaluations for the year	8,565,000	
	82,506,890	73,941,890

NOTE 12

INCOME & EXPENDITURE

	2008 Kshs.	2007 Kshs.
Balance as at 1 st July	928,618,356	817,351,928
Surplus for the year	147,305,714	93,267,171
	1,075,924,071	910,619,099

NOTE 13

DONOR PROJECT FUNDS

	2008 Kshs.	2007 Kshs.
UNESCO	-	479,983
Rockefeller Foundation	5,460,485	4,834,348
KESSP	23,902,465	40,453,630
Sacmeq III Research Project	4,738,504	
	34,101,454	45,767,961

THE KENYA NATIONAL EXAMINATIONS COUNCIL

NOTE 14

EXAMINATION FEES

	2008 Kshs.	2007 Kshs.
K.C.P.E	211,241,620	218,859,048
K.C.S.E	958,968,547	864,774,456
Adult	1,032,660	1,094,720
P.T.E	43,500,780	34,986,959
Technical	181,708,406	140,041,264
Business	103,936,554	111,172,474
Miscellaneous Exams.	30,346,051	33,059,820
ECDE	49,228,855	15,439,780
IPTEC		3,500,000
Less Refunds	(2,292,189)	(1,796,989)
	1,577,671,284	1,421,131,532

NOTE 15

OTHER INCOME

	2008 Kshs.	2007 Kshs.
Search fees	20,129,111	17,245,317
Tenders and Waste Papers	1,021,859	1,259,316
Consultancy	937,983	929,543
Rent	6,240,200	5,463,200
Interest on Treasury Bills	2,222,000	11,124,245
Interest on Fixed Deposits	32,896,587	13,639,156
Sale of Publications	29,263,925	30,549,173
Miscellaneous Income	7,885,582	5,031,674
Internet	11,840,871	-
	112,438,118	85,241,624

NOTE 16

GRANTS

	2008 Kshs.	2007 Kshs.
Ministry of Education Recurrent Grants	350,000,000	350,000,000

THE KENYA NATIONAL EXAMINATIONS COUNCIL

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 17

PERSONNEL EXPENSES

	2008 Kshs.	2007 Kshs.
Personal Emoluments	333,639,452	295,270,234
Extra Clerical Assistance	7,700,029	7,778,444
Medical Expenses	30,280,660	26,598,109
Contributions to W.C.P.S.	68,167,028	57,800,516
	<u>439,787,169</u>	<u>387,447,303</u>

NOTE 18

OFFICE ADMINISTRATION EXPENSES

	2008 Kshs.	2007 Kshs.
Passages & Leave Expenses	4,026,725	4,158,675
Transport Operation Expenses	13,323,992	12,148,938
Travelling and Accommodation	5,124,050	7,630,617
Posts and Telegrams	2,823,884	2,410,929
Telephone Expenses	9,967,223	7,502,881
Official Entertainment	363,256	374,184
Electricity and Water	1,697,378	1,076,176
Purchase of Uniforms & Clothing	496,624	229,637
Purchase of Stationery	14,421,415	8,196,885
Printing of Accountable Documents	164,600	320,000
Bank Charges and Ledger Fees	5,434,217	5,421,840
Audit Fees	700,000	100,000
Maintenance of Plant & Equipment	3,060,738	5,101,393
Miscellaneous charges and Sundry Expenses	27,776,142	21,198,838
Staff Training	12,708,775	12,117,237
Advertising & Publicity	3,417,458	2,240,180
Library Expenses	209,800	127,891
	<u>105,716,277</u>	<u>90,356,301</u>

THE KENYA NATIONAL EXAMINATIONS COUNCIL

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 19

EXAMINATION EXPENSES

	2008 Kshs.	2007 Kshs.
K.C.P.E	345,928,560	350,965,479
K.C.S.E	686,129,218	638,311,269
Printing Unit	40,170,834	31,455,179
P.T.E.	17,490,564	20,106,844
Technical	65,540,866	60,575,807
Business	46,055,135	44,097,574
ECDE	5,191,389	2,389,964
Miscellaneous Exams	14,111,862	8,434,402
Computer Charges	13,664,897	15,825,066
Adult Education	414,700	229,187
	1,234,698,025	1,172,390,771
	1,234,698,025	1,172,390,771

NOTE 20

STAFF HOUSING AND OFFICE ACCOMMODATION

	2008 Kshs.	2007 Kshs.
Rent & Rates to Senior Staff Housing	58,465	5,416,734
Repair to Council Houses	807,199	1,964,160
Rent & Rates to Office Accommodation	28,830,515	26,993,172
	29,696,179	34,374,066
	29,696,179	34,374,066

NOTE 21

PROJECT EXPENSES

	2008 Kshs.	2007 Kshs.
Rockefeller Foundation	1,284,521	2,606,182
EA Essay Competition	1,044,724	-
Sacmeq III Research Project	19,352,496	-
KESSP	15,785,465	5,255,713
	37,467,206	7,861,895
	37,467,206	7,861,895

THE KENYA NATIONAL EXAMINATIONS COUNCIL

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 22

LOSS ON DISPOSAL OF ASSETS

	2008 Kshs.	2007 Kshs.
Sale Proceeds on motor vehicles	-	304,000
Net Book Value of Assets	-	(502,500)
	<u>0</u>	<u>(198,500)</u>

NOTE 23

INCREASE ON PROVISION OF DOUBTFUL DEBTS

	2008 Kshs.	2007 Kshs.
Increase in provision to temporary imprest	-	2,147,230
Decrease in provision for Lenana	-	(400,000)
	<u>0</u>	<u>1,747,230</u>

NOTE 24

DEPRECIATION AND AMORTIZATION EXPENSES

	2008 Kshs.	2007 Kshs.
Depreciation charge	50,602,953	59,355,575
Amortization charge	2,925,035	2,925,035
	<u>53,527,988</u>	<u>62,280,610</u>

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