

Table of Contents

Message from the Chairman	3
Message from the Director	4
Corporate Information & Address	7
Board Member's Report for the Year Ended 30th June 2007	10
Statement of KNLS Board Members' Responsibilities	11
Report of the Controller and Auditor General	12
Income and Expenditure Account for the Period Ended 30th June 2007	15
Balance Sheet as at 30th June 2007	16
Statement of Changes in Equity	17
Cash Flow Statement for the Year Ended 30th June 2007	18
Notes to the Financial Statements	19 - 29
KNLS branches	30



Kenya National Library Service

P.O. Box 30573 Nairobi, Kenya
Tel: 2725550/1, 2718013, 2725859
Email: knls@nbnet.co.ke
Website: www.knls.or.ke

Message from the Chairman



It gives me great pleasure to present to you the Annual Report and Audit Accounts for the financial year 2006/2007. Our achievements for this year once again are as a result of the tremendous support we have received from the Government of Kenya (GOK) and our various stakeholders.

As we continue to grow, the need for expansion of library services has continued to be seen in both the response of communities to our Community Library Development (CLD) policy, and the number of such facilities that have come up. This policy is an initiative of the KNLS Board, which was developed in 1990.

The initiative was aimed at accelerating library development in the country, which involves community participation in the establishment of libraries. This has seen the KNLS network grow countrywide. The year under review also saw us making great strides in development. We managed to award tenders for the construction of two ultra modern libraries in Buruburu and Nakuru. Each of them is expected to host at least 4000 readers at any given time. This will greatly ease congestion in our existing libraries.

A handwritten signature in black ink, appearing to be 'K. Pakia', written over a horizontal line.

Mr Kenneth Paul Pakia
Chairman KNLS Board

Under library expansion, the year witnessed the opening of four new libraries under the government's Rapid Results Initiative. These are: Mandera, Rumuruti, Kimilili, and Moyale. These branches are expected to help us capture a further 500,000 readers annually.

During the year under review, my Board took a tour of the expansive North Eastern Province and witnessed the challenges that our readers face in these arid and largely inaccessible parts of the country. This tour enabled us gather useful information that has helped us take appropriate measures in ensuring effective and efficient service delivery to this specific region. It was a perfect opportunity for the Board to see first hand the difficulties that face this region. As you know, North Eastern Province has the highest number of community libraries so far. The tour enabled us to see the challenges that have so endeared this largely pastoralist community to reading.

As we soldier on in our quest to fulfil our mandate of providing an unequivocal information service to the Kenyan populace, it is my sincere appeal to the Government of Kenya to continue supporting my Board in its quest to make Kenya an informed nation.

Director's Report



1. Reading Promotional Activities

In an effort to live up to its expectations of promoting a reading culture in Kenya, KNLS is emphasizing the availability of reading materials to all Kenyans regardless of gender race or creed. Towards this end, in the year under review, the Board undertook several activities as stated here below.



Some of the new mobile vans that were purchased to replace the old ones.

(a) Revamping the Mobile Library Service

The year under review saw us renew our commitment to providing service to our clients in dispersed areas. We managed to purchase 4 new mobile vans for our Kisumu, Nairobi, Mombasa and Embu branches. These replaced the old ones, which had become difficult to maintain.

This is a tremendous achievement for us since it is the first time that the Board is buying mobile vans. The lot that is being replaced was mainly bought through donor funding many years ago and had largely become unserviceable due to a lot of difficulty in getting spares.

(b) Library development

In the year under review, the following Community based libraries benefited from external assistance. Mbalambala benefited from Dujis Constituency Development Fund to the tune of 850,000, which was used to expand the reading room. Wajir also benefited from the Arid Lands Regional Program, which expanded the reading area at an estimated cost of Ksh 350,000.00. Computer for Schools Kenya has also joined our list of partnerships. They have given us a total of 40 computers for Naivasha and Munyu libraries. This is in line with their mandate of supplying computers to schools and community centres.

(c) National Book Week

This annual event was held in all our branches countrywide. The Board contributed a total of Ksh 1,435,000 while the National Book Development Council of Kenya (NBDCK) contributed a total of Ksh 420,000. The celebrations were preceded by a book March from

Director's Report



KNLS Director, Mrs Kibandi receives a CCTV from African Braille Centre Director, Mr Maina.

The KNLS Headquarters to the Kenyatta International Conference Centre. The walk was flagged off By Honourable Alicen Chelaite, Assistant Minister for Gender, Culture, Sports and Social Services.

(d) Reading Tents

A total of 24 reading tents were held during the year under review. These Reading tents enable us to further the promotion of the reading culture in Kenya especially among children. These were held in conjunction with The National Book Development Council (K). As usual, our focus remains inculcating reading for leisure among children.

(e) Seminar for Customer Care

The Goethe Institute has been working with KNLS on training and capacity building for the last 6 years. At the centre of this network has been, customer care training. In October, a workshop on management of customer satisfaction was held for 25

heads of department. Training was started at the managerial level because it was felt that managers need the first hand training to enable them step down the training to the lowest levels.

(f) Partnerships

In an effort to explore new partnerships, we held discussions with Children's International, an International book distribution agency that donates books to Institutions all over Africa. We have also embarked on the Book project in conjunction with BAI.

The aim of this project is to buy books from across the border amongst three countries namely Kenya, Uganda, Tanzania, and Zambia. During the year under review, we continued to embrace new partnerships and initiated links with Computer Aid International to assist us furnish our branches with computers. We look forward to the fruits of this venture.

Director's Report

(g) Publicity

We stepped up our fundraising and to this end, we partnered with BAI and BBC to produce a documentary dubbed "Information services for the marginalized groups." This documentary was aired in Britain under the BBC lifeline appeals in order to raise funds for the African Book project. The response has been tremendous and has seen some corporate donors from BAI making an effort to work with us.

2. Training

a) KNLS Board Induction / Corporate governance Seminars

An induction was held to induct the members of the 15th KNLS Board at the Cooperative College 11th – 12th June 2007. The newly appointed members were inducted on their duties during their tenure of service. Further, in compliance with government regulations, the Board underwent Corporate Governance training at Utalii Hotel the same month.

b) Staff Training

In our quest to source and maintain a high caliber of staff, the KNLS Board sponsored a total of 30 members of staff for the Special Library Assistants' Course at The Kenya Polytechnic.

Course Attended	Institution/Country	No. of staff	Month/Year/Remarks
Improving Organization Efficiency	Cooperative College	29	March 2007
Improving Organization Efficiency	MISC- Kasarani	33	April 2007
Improving Organization Efficiency	MISC- Kasarani	68	May 2007
Effective Management of Office Services	GTI Mombasa	1	May 2007
Diploma in Library and Information Science	Kenya Polytechnic	10	Jan 2006 - Dec 2007
ICT for Administrative Assistants	New Stanley	1	May 2006
Corporate Governance Workshop	Utalii Hotel	5	June 2007
MSc (Information Studies)	Moi University	2	On going
Special Library Assistants' Course (SLAC)	Kenya Polytechnic	30	Jan – Dec 2007
IFLA General Conference	Korea	1	20 th - 24 th Aug 2006
International Booksellers Conference	Cape town	3	16 th – 19 th June
Directors' of BAI Networking Workshop	London	1	14 th –21 st Nov 2006
Masters in Library Science	Peking Univ., China	1	Sept 04 - On going
Effective Customer Service for Librarians	KCCT	28	27 th – 28 th Oct 2005
Improving organizational efficiency	Moi International	50	26 th – 30 th June 2006

Corporate Information & Address

Board Members (up to 29th April 2007)

Mr. Haniel Igwo	-	Chairman/Representative Coast Province
Prof. K. Kiteme	-	Representative Eastern Province
Mrs. Lucy Muhinga	-	Representative Central Province
Mr. Joshua Simiyu	-	Representative Western Province
Mr. Eliakiam Ngutu	-	Representative Nyanza Province
Mr. Fred Machoka	-	Representative Nairobi Province
Mr. S. Chemjor	-	Representative Rift Valley Province
Mr. Abdirahman Haji Yare	-	Representative North Eastern Province
Mr. A. Nzano	-	Alternate Director, Ministry of Gender
Mr. Said Omar	-	Nominated Member
Mrs. Rosemary Okello	-	Nominated Member
Mr. Wabera Abdulahi	-	Alternate Director Ministry of Local Government
Mr. P. M. Nyingi	-	Alternate Director, Inspectorate of State Corporation
Mr. Noor Aden	-	Alternate Director, Ministry of Education
Ms. Jacinta Were	-	Alternate Director, Kenya Library Association
Ms. Monica Aoko	-	Alternate Director, Ministry of Finance
Ms Lorna Maruti	-	Alternate Director, Nairobi City Council
Mr. E. W. Baraza	-	Alternate Director, Min. of Planning & National Development
Mr. Jack M. Ongany	-	Alternate Director, University of Nairobi
Mr. M. C. Gitari	-	Secretary to the Board

Board Members (w.e.f May 2007)

Kenneth Paul Pakia	-	Chairman
James C. Odaga	-	Representative Nyanza
Arthur Kemoli	-	Representative Western
Hussein Sheikh Dahir	-	Representative North Eastern
Mercerline Mwamuye	-	Representative Coast
Lucy Muhinga	-	Representative Central
Joseph Muia	-	Representative Eastern
Sylas Chemjor	-	Representative Rift Valley
Betty Martha Miyandanzi	-	Representative Nairobi
Rose Mogoti Sereti	-	Nominated
Mr. Edward N. Mukundi	-	Nominated
P. M. Nyingi	-	Alternate Director, Inspectorate of State Corporation
Noor Aden Noor	-	Alternate Director, Ministry of Education
Eunice Muthamia	-	Alternate Director, Ministry of Finance
David Cheruiyot	-	Alternate Director, Planning & Dev.
Esther Ndirangu	-	Alternate Director, Parent Ministry (GSC&SS)
Salome Munavi	-	Alternative University of Nairobi
Jacinta Were	-	Alternate Director, Kenya Library Association
Mary Ngechi Ngethe	-	Alternate Director, City Council of Nairobi

Corporate Information & Address



KNLS senior management staff members

Management

Name	Designation	Department
Mrs I. M. Kibandi	Director	(Technical Services)
Mrs M. W. Ngovi	Deputy Director	(Finance & Administration)
Mr R. M. Atuti	Deputy Director	Human Resource Dept.
Mr. F. Muchomba	Chief HRO	Finance Dept.
Ms. V. Kariuki	Principal Accountant	Planning Dept.
Mr. R. Mwisati	Librarian I	Supplies Dept. (upto Feb. 07)
Ms. L. Sala	Librarian II	Supplies Dept.(from March 07)
Mrs. J. Kariuki	Principal Procurement Officer	Collection Development & Book Distribution Division.
Mr.D Muswii	Chief Librarian	National Library Division .
Mr.S Muhoro	Chief Librarian	IT Dept.
Mr C. Kitendo	Information officer I	Public Relation Dept.
Mrs N. Ngugi	Senior Public Relation	General Office Dept.
Mr G Ruto	Senior Admn Officer	Internal Audit Dept. (upto March 2007)
Mr A. Njuguna	Senior Accountant	Internal Audit Dept. (w.e.f. April 2007)
Mr. D. Mboya	Principal Internal Auditor	

Corporate Information & Address

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@kbnet.co.ke, www.knls.or.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

Board Member's Report for the Year Ended 30th June 2007

The Board members have pleasure in submitting their financial statements for the year ended 30th June 2007.

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

- To promote, establish, equip, manage and maintain the National and Public libraries services in Kenya;
- To maintain the National Bibliographic Control through publication of the Kenya National Bibliography and Kenya Periodicals Directory and provision of national reference services;
- To promote information literacy and reading among Kenyans;
- To enhance stakeholders participation for equitable development of libraries throughout the country;
- To advise 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 information materials to all communities in Kenya.

The Strategic Objectives of the KNLS

1. To promote and establish libraries throughout the country;
2. To enhance community participation in the establishment of community libraries;
3. To manage and maintain existing libraries and facilities;
4. To maintain the National Bibliographic control through publication of the Kenya National Bibliography and preserve copies of all materials published on Kenya as national heritage and for posterity;
5. To integrate ICTs in library operations and service delivery;
6. To develop literacy and sustain reading promotion campaigns;
7. To provide specialized library services to the disadvantaged;
8. To engage in income generating activities by using library facilities and not necessarily compromising the library core functions;
9. To develop and motivate staff for optimum productivity;
10. To review KNLS Act to respond to current challenges
11. To monitor and evaluate programmes and activities



Mrs Irene M. Kibandi
Director KNLS/Secretary to the Board
14th September 2007

Statement of KNLS Board Members' Responsibilities



KNLS Board Members

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 Kenneth P. Pakia
Chairman KNLS Board
September 14, 2007

Mrs Irene M. Kibandi
Director KNLS



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 2007

I have audited the financial statements of Kenya National Library Service Board for the year ended 30 June 2007 set out on pages 15 to 29 which comprise the balance sheet as at 30 June 2007, the income statement, statement of changes in equity and cash flow statement for the year then ended, and 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.

Board's Responsibility for the Financial Statements

The Board is responsible for the preparation of financial statements which give a true and fair view of the Board'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 the 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 Board's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board members, as well as evaluating the overall presentation of the financial statements. I believe the audit provides a reasonable basis for my opinion.

1. Property and Equipment

As previously reported, Property and Equipment balance of Kshs.238, 157,355 as at 30 June 2007 includes Kshs.4,762,000 being the value of six (6) developed plots without title deeds. It, however, excludes one (1) piece of land valued at Kshs.1,250,000 with a title deed and twenty (20) pieces of land valued at Kshs.22,260,000 without title deeds. It further excludes two (2) unvalued pieces of land with title deeds and seven (7) unvalued pieces of land without title deeds. Until all the assets are valued, registered and included in the financial statements, it is not possible to confirm that the property and equipment balance of Kshs.238,157,355 as at 30 June 2007 is fairly stated in these financial statements.

2. Stock of Books

As pointed out in the previous year's audit report, the balance sheet stock of books figure of Kshs.296,803,092 relates to stocks of purchased and donated books. The Board's policy is to value each donated book that does not have a cover price at Kshs.500 for junior books and Kshs.800 for adult books. The valuation is, however, done arbitrarily without ascertaining the actual cost per book from the donors or ascertaining costs of similar books in the local market. This is contrary to the requirements of International Accounting Standard NO.2 on Inventories which requires stocks to be valued and stated at the lower of cost and net realizable value. In the circumstances, it was not possible to confirm the accuracy and the validity of the books stock figure of Kshs.296,803,092 reflected in the financial statements as at 30 June 2007.

Opinion

Except for the foregoing reservations, 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 affairs of the Board as at 30 June 2007 and of its surplus and cash flows for the year then ended in accordance with the International Financial Reporting Standards and the Kenya National Library Services Board Act (Cap. 225 of the Laws of Kenya).



P. N. Komora, C.B.S.
Controller and Auditor General
Nairobi, 25 March 2008

KENYA NATIONAL LIBRARY SERVICE BOARD

INCOME AND EXPENDITURE ACCOUNT FOR THE
PERIOD ENDED 30TH JUNE 2007

Income	Notes	2006/07 Kshs	2005/06 Kshs
Government grants	(2)	603,411,563	528,854,890
Other Grants	(3)	51,727,448	25,369,253
Other incomes	(4)	8,206,386	3,626,777
		<u>663,345,397</u>	<u>557,850,920</u>
Expenditure			
Staff expenses	(5)	352,294,794	366,422,880
Boards expenses	(6)	24,454,253	23,733,708
Operating expenses	(7)	102,965,519	81,085,251
Total Expenditure		<u>479,714,566</u>	<u>471,241,839</u>
Surplus for the year		<u>183,630,831</u>	<u>86,609,081</u>

KENYA NATIONAL LIBRARY SERVICE BOARD
BALANCE SHEET AS AT 30TH JUNE 2007

	Notes	2006/07 Kshs	2005/06 Kshs
Non Current Assets			
Property and equipment (NBV)	(8)	238,157,355	223,294,149
Capital work in progress	(9)	127,738,005	13,728,611
Stock of books	(10)	296,803,092	235,177,055
		<u>662,698,452</u>	<u>472,199,815</u>
Current Assets			
Debtors	(11)	3,790,011	23,385,726
Stores	(12)	8,631,670	4,690,885
Cash and Cash equivalents	(13)	125,701,075	170,843,775
		<u>138,122,756</u>	<u>198,920,386</u>
Total Assets		800,821,208	671,120,201
Equity & Liabilities			
Fund			
Accumulated Fund	(14)	520,423,951	483,199,851
Deferred income	(15)	67,332,878	47,826,132
Surplus		183,630,831	86,609,081
Total Fund		<u>771,387,660</u>	<u>617,635,064</u>
Current Liabilities			
Provisions	(16)	15,938,397	33,866,232
Creditors/Accruals	(16)	13,495,151	19,618,905
Total current liabilities		<u>29,433,548</u>	<u>53,485,137</u>
Total Equity & Liabilities		800,821,208	671,120,201

KNLS EXECUTIVE DIRECTOR: **I. M. KIBANDI**
Name



Sign

4.3.08
Date

KNLS BOARD CHAIRMAN: **K. P. PAKIA**
Name



Sign

4.3.08
Date

KENYA NATIONAL LIBRARY SERVICE BOARD
STATEMENT OF CHANGES IN EQUITY

	Accumulated fund Kshs	Carnegie account Kshs	Deferred income Kshs	Surplus Kshs	Total Kshs
As at 1st July 2005	501,979,302	69,854,541			571,833,843
Surplus for the year				86,609,081	86,609,081
Additions for the year			47,826,132		47,826,132
Prior year adjustments	(18,779,451)				(18,779,451)
Refund to Donor		(69,854,541)			(69,854,541)
Balance as at 30th June 2006	483,199,851		47,826,132	86,609,081	617,635,063
As at 1st July 2006	569,808,932		47,826,132		617,635,064
Surplus for the year				183,630,831	183,630,831
Additions for the year			19,506,746		19,506,746
Prior year adjustments	(49,384,981)				(49,384,981)
Balance as at 30th June 2007	520,423,951		67,332,878	183,630,831	771,387,660

Prior year adjustments refer to unspent recurrent grants as at 30th June 2006 which were used to finance 2006/2007 projects. The amount had been credited in the income & expenditure statement.

KENYA NATIONAL LIBRARY SERVICE BOARD

CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE 2007

	Notes	2006/2007 Kshs	2005/2006 Kshs
OPERATING ACTIVITIES			
Cash generated from operations	(17)	191,699,376	63,926,297
Investment Income		101,695	101,036
Net cash from operating activities		191,801,071	64,027,333
INVESTING ACTIVITIES			
Purchase of Books & Periodicals		(39,324,155)	(8,076,466)
Purchase of Equipment		(10,705,241)	(6,697,917)
Purchase of motor vehicles & motorcycles		(23,520,000)	
Capital Work in progress		(114,009,394)	(9,830,771)
Capital expenditure Rehabilitations		(49,384,981)	(5,343,255)
Net cash from investing activities		(236,943,771)	(29,948,409)
Cashflow from financing activities			
Net increase (decrease) in cash and Cash equivalents		(45,142,700)	34,134,186
Cash and Cash equivalents at beginning of period		170,843,775	136,764,852
Cash and cash equivalents at end of period		125,701,075	170,843,775

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, 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. Property, plant and equipment are stated at cost or valuation less accumulated depreciation.

NOTES TO THE FINANCIAL STATEMENTS

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) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents comprise cash and bank balances and treasury bills with a maturity period of within three months of maturity when acquired.

h) Comparatives

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

i) Taxation

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

J) 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 provisions for doubtful debts is the lower cost of books plus 60% or the actual overdue.

NOTES TO THE FINANCIAL STATEMENTS

2.0 Government Grants		
	2006/07	2005/2006
	Kshs	Kshs
Government Grants - Recurrent	472,083,328	515,036,996.00
Government Grants - Development	131,328,235	13,817,894.00
	603,411,563	528,854,890.00
3.0 Other Grants		
	2006/07	2005/2006
	Kshs	Kshs
Cash Donations	2,040,592	560,000.00
Land Donations		340,000.00
Book Donations	45,888,090	24,469,253
Furniture, fittings & equipment	3,798,766	
	51,727,448	25,369,253
4.0 Other incomes		
	2006/07	2005/2006
	Kshs	Kshs
Hire of Halls	1,008,645	1,242,070
KNB & KPD Sales	21,932	26,469
Interests Receivable	101,695	101,036
Miscellaneous Income	587,618	846,443
Photocopier	92,722	52,147
Internet and E-mail	165,493	52,493
Parking Charges	382,004	520,992
Bill Boards	954,500	496,283
Fines and Overdue	378,757	288,844
Discount receivable	4,513,021	
	8,206,386	3,626,777
5.0 Staff Expenses		
	2006/07	2005/2006
	Kshs	Kshs
Basic Salaries - Permanent Employees	161,997,912	159,161,917
Casual labour	275,926	91,281
House Allowance	107,736,545	126,358,349
Acting Allowance	40,840	3,002,071
Hardship Allowance	8,368,528	7,792,425
Medical Allowance	12,101,164	12,610,394
Special Duty Allowance	430,876	478,065
Other Allowances - Bicycle, car & entertainment	311,400	145,950
Refund of Medical Expenses – inpatient	200,123	179,509
Employer Contributions to Pension Scheme	30,824,284	28,255,408

NOTES TO THE FINANCIAL STATEMENTS

	2006/07 Kshs	2005/2006 Kshs
Travel Costs – Domestic	535,562	712,293
Accommodation – Domestic	4,265,650	2,740,509
Daily Subsistence – Domestic	2,684,897	2,598,747
Sundry Items – Domestic	84,000	84,495
Passage and Transfer Expenses – Domestic	9,903,220	15,050,546
Travel Costs – Foreign	384,621	157,919
Accommodation – Foreign	181,300	
Daily Subsistence – Foreign	618,685	263,502
Sundry items – Foreign	-	9,976
Travel, Accommodation, Tuition Fees & Training Allow	6,819,630	5,909,926
Remuneration of Instructors	720,000	16,500
Production & Printing of Materials	40,236	15,154
Hire of Training Facilities	3,136,967	34,800
Field Training Attachments	50,000	140,000
Purchase of Uniforms & Clothing – Staff	582,428	613,144
Total Staff costs	352,294,794	366,422,880
6.0 Boards Expenses		
	2006/07 Kshs	2005/2006 Kshs
Boards Committee, Conference & Services	24,454,253	23,733,708
7.0 Operating expenses		
	2006/07 Kshs	2005/2006 Kshs
Electricity	1,833,331	1,675,719
Water and Sewerage Charges	551,961	494,455
Telephone & Mobile Phone Services	2,912,695	2,523,166
Internet Connections	772,398	487,384
Courier & Postal Services	1,317,591	928,883
Leased Communication Lines	-	56,100
Publishing & Printing Services	1,985,668	537,307
Subscription to Newspapers, Magazines & Periodicals	6,647,005	2,880,030
Advertising, Awareness & Publicity Campaigns	5,525,464	3,730,966
Rent & Rates - Non-Residential	196,810	27,920

NOTES TO THE FINANCIAL STATEMENTS

	2006/07 Kshs	2005/2006 Kshs
Catering Services	1,776,581	1,174,874
Purchase of Coffin & other Misc. Costs	178,850	126,807
Insurance Costs	7,052,582	6,883,549
Trade shows & other Exhibitions	825,485	505,497
General Office Supplies	3,465,778	3,669,985
Supplies & Accessories for		
Computer & Printers	977,036	46,564
Sanitary & Cleaning Materials	719,846	558,834
Refined Fuels & Lubricants for Transport	3,192,914	3,539,374
Veterinarian services	24,800	
Bank Service Commission & Charges	828,049	229,380
Subscriptions to Prof. Bodies	399,386	386,864
Bad debts		21,464,575
Transport Costs & Charges for Clearing		
Donated Books	225,754	403,854
Legal Dues, Arbitration &		
Compensation Payments	889,661	327,400
Contracted Professional Services	1,305,000	717,335
Maintenance Expenses - Motor Vehicles	1,868,856	2,010,766
Maintenance of Plant,		
Machinery & Equipment	388,807	550,122
Maintenance of Buildings -		
Non-Residential	2,267,531	5,393,271
Maint. Of Computers, Software,		
Networks & Comm. Equip.	417,667	442,576
Contracted Guards & Cleaning Services	4,431,772	1,508,168
Medals & awards	196,000	202,000
Library Processing Tools, Magnetic Strips,		
Bindery & Cataloging	742,353	1,177,785
Management fee- Audit fees	500,000	400,000
With holding tax	15,254	15,155
Support to community based libraries	808,556	
Withdrawn books	19,187,482	762,758
Software	5,343,012	
Forex loss	32,785	29,999
Depreciation	23,160,799	15,215,829
Total Operating Expenses	102,965,519	81,085,251

NOTES TO THE FINANCIAL STATEMENTS

8.0 Property & Equipment

	Land Kshs	Buildings Kshs	Furniture & Fittings Kshs	Equipments Kshs	Computers Kshs	Motor vehicles Kshs	Total Kshs
Cost / valuations as at 30/6/2006	123,278,600	97,279,209	29,444,338	18,670,163	19,223,893	17,585,539	305,481,742
Additions during the year-Donations			244,980	46,586	3,507,200		3,798,766
Purchases			6,087,509	2,669,582	1,948,150	23,520,000	34,225,241
Cost / valuation	123,278,600	97,279,209	35,776,827	21,386,331	24,679,243	41,105,539	343,505,749
Accumulated depreciation b/fwd		22,786,449	22,370,366	10,466,880	13,229,210	13,334,690	82,187,595
Depreciation for the year 2006/2007		1,945,584	2,478,332	3,618,733	7,112,724	8,005,425	23,160,798
Accumulated depreciation c/fwd		24,732,033	24,848,698	14,085,613	20,341,934	21,340,115	105,348,393
Net Book Value 30/6/2007	123,278,600	72,547,176	10,928,129	7,300,718	4,337,309	19,765,424	238,157,356
Net Book Value 30/6/2006	<u>123,278,600</u>	<u>74,492,760</u>	<u>7,073,973</u>	<u>8,203,284</u>	<u>5,994,683</u>	<u>4,250,849</u>	<u>223,294,149</u>

Furniture & fittings worth Kshs 17, 323,333 were fully depreciated as at 30th June 2007.

Equipments worth Kshs 13,805,116 were fully depreciated as at 30th June 07.

Computers worth 17,120,002.50 were fully depreciated as at 30th June 2007.

The financial statement omits 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.

NOTES TO THE FINANCIAL STATEMENTS

9.0 Capital work In Progress

These are valued on going works as at 30th June 2007. Garissa library works were on going but the works had not been valued as at 30th June 2007.

Movement of CWIP

	Opening	Total additions	Closing
Lusumu	2,411,172	521,940	2,933,112
Karatina	2,016,853	9,440	2,026,293
Wundanyi	623,575	246,326	869,901
Mombasa	2,157,270	628,582	2,785,852
Kisii	965,690	789,255	1,754,945
Muranga	600,000	4,676,343	5,276,343
Embu	2,091,670	428,259	2,519,929
Kisumu	1,443,260	1,655,782	3,099,042
Nyeri	1,419,120	610,776	2,029,896
Kakamega		3,160,826	3,160,826
Kericho		2,007,064	2,007,064
Nairobi-roofing		239,594	239,594
Thika		4,251,724	4,251,724
Meru		1,513,818	1,513,818
Nairobi- Buruburu		63,248,951	63,248,951
Nakuru		30,020,716	30,020,716
	13,728,610	114,009,395	127,738,005

10.0 Stock of books

Movement of Book Stocks for the year 2006/07

	No.(PCs)	Value(Kshs)
Opening Balance	841,151	235,177,051
Add		
GOK purchases & donations	161,934	82,864,645
Less		
Withdrawn books	92,752	21,238,604
TOTAL	910,333	296,803,092

NOTES TO THE FINANCIAL STATEMENTS

The withdrawn books represents the net effect of value of books weeded from the System, lost books (including stolen books), and resurfaced 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 books & non book 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

		2006/07 Kshs	2005/06 Kshs
Deposits -Refundable		377,916	377,916
Imprest & Advances		225,882	959,969
Debtors	24,650,788		<u>22,047,841</u>
Less provisions	<u>21,464,575</u>	<u>3,186,213</u>	
Total		<u>3,790,011</u>	<u>23,385,726</u>

Contingent Asset

Deposits include Kshs 112,000 held by petrol stations whose management has changed hands severally rendering their recoverability doubtful. The issues have been submitted to the company's lawyer for perusal and their status is not yet known.

Miscellaneous debtors include Kshs 2,313,474 paid to the former Ag KNLS Director (Mrs. Deborah Nyabundi), which had not been recovered as at 15th June 2007 when she retired. Kshs 21,464,575 being fines & over dues outstanding as at 30th June 2007 has been provided for since their collection is doubtful. Included also is Kshs 7,000 owed by the Mr Kimiri a former KNLS employee who was dismissed by the Board on account of desertion on 12th November 2004.

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.

NOTES TO THE FINANCIAL STATEMENTS

	2006/07 Kshs	2005/06 Kshs
General office	1,175,517.70	1,224,315.60
Uniform materials	272,790.60	282,700
Library processing tools	6,533,590.10	2,559,296
Advertising & publicity	96,046.00	77,465
Maintenance of plant & equipments	131,394.20	34,835
Maintenance of Building & stations	114,904.40	34,154.45
Computer accessories	307,423.70	244,631
Publishing & printing		103,740
Sanitary & cleaning material		129,745
Total	8,631,670	4,690,882

13.0 Cash & Cash Equivalentents

	2006/07 Kshs	2005/06 Kshs
Cash in hand	14,381	6,902
Bank main account	79,769,063	114,759,866
Bank Development Account	32,170,903	42,395,256
Bank Savings & Reserve A/C	13,436,384	13,351,270
Bank Savings & Reserve -foreign A/C	310,344	330,481
Total	125,701,075	170,843,775

14.0 Accumulated Fund

	2006/07 Kshs	2005/06 Kshs
Accumulated fund at beginning	569,808,932	501,979,302
Prior year adjustments	(49,384,981)	(18,779,451)
Accumulated fund at end of the year.	<u>520,423,951</u>	<u>483,199,851</u>

Prior year adjustments refer to unspent recurrent grants as at 30th June 2006 which were used to finance 2006/2007 projects. The amount had been credited in the income & expenditure statement.

NOTES TO THE FINANCIAL STATEMENTS

15.0 Deferred income

Construction	Bal B/fwd	Allocation	Expenditure	Amount deferred
Nairobi- Buruburu	20,000,000	51,000,000	58,237,191	12,762,809
Nakuru	7,000,000	36,450,000	28,694,593	14,755,407
Karatina	792,453	432,433		1,224,886
Muranga		18,000,000	4,283,373	13,716,627
Lusumu	315,039	400,488	715,527	
Refurbishment				-
Kisii	1,479,250	4,580,769	1,754,945	4,305,074
Mombasa	758,882		883,663	(124,781)
Kericho	1,571,968	1,625,825	1,816,279	1,381,514
Wundanyi	1,668,549			1,668,549
Kakamega	3,141,494		2,610,979	530,516
Embu	747,337	4,982,503	385,433	5,344,407
Kisumu	1,809,181	2,298,935	2,952,507	1,155,609
Nairobi-roofing	239,540		145,702	93,838
Nyeri	2,302,385	2,277,657	558,123	4,021,919
Garissa		1,600,000		1,600,000
Thika		5,500,000	3,826,551	1,673,449
Meru		4,000,000	1,383,316	2,616,684
Mobile van	6,000,000	17,686,371	23,080,000	606,371
Total	47,826,079	150,834,981	131,328,182	67,332,878

16.0 Provisions/creditors/Accruals

	2006/07 Kshs	2005/06 Kshs
Provisions	15,938,397	33,866,232
Creditors	13,495,151	19,618,905
Total	29,433,548	53,485,137

The provisions include charges for audit fees, doubtful debts on fines and overdue and estimated monetary liability for employees annual leave entitlement accrued as at 30/6/07.

NOTES TO THE FINANCIAL STATEMENTS

17.0 Notes to Cash flow Statement

	2006/07 Kshs	2005/2006 Kshs
Cash flow from Operating activities		
Operating surplus for the period	183,630,831	86,609,080
Adjustments for;		
Depreciation	23,160,799	15,215,829
Interest income	(101,695)	(101,036)
Bad debts		21,464,575
Other grants-Grants in kind	(49,686,856)	(24,809,253)
Withdrawn books	19,187,482	762,759
Deferred income	19,506,746	12,925,362
Discount received	(4,513,021)	
Operating surplus before working capital changes	<u>191,184,286</u>	<u>112,067,316</u>
Increase (Decrease) in debtors	(19,595,715)	(21,612,863)
Increase(Decrease) in stores	(3,940,785)	(1,693,259)
Increase(decrease) in Carnegie grants		(69,854,541)
Increase(Decrease) in creditors	24,051,589	45,019,644
	<u>515,090</u>	<u>(48,141,019)</u>
Net cash generated from operations	191,699,376	63,926,297

18.0 Staff

The KNLS Board had a total of 900 employees as at 30th June 2007.

KNLS Branches

Kenya National Library Service
Headquarters
P.O. Box 30573-00100, NAIROBI
Tel. 2725550/1, 2725859
Fax: 2721749
Email: knls@nbnet.co.ke
www.knls.or.ke

NAIROBI

Nairobi Prov. Library
P O Box 30573, 00100
Nairobi
Tel. 2725550/1

COAST

1. Mombasa KNLS Library
P.O. Box 90283
Mombasa
Tel: 041/226380
2. Wundanyi KNLS Library
P.O. Box 1096
Wundanyi
Tel: 043/42359
3. Kilifi KNLS Library
P.O. Box 29
Kilifi
Tel: 041/522380
4. Malindi KNLS Library
P.O. Box 975
Malindi
Tel: 042/30372
5. Dzitsoni KNLS Library
P.O. Box 1028
Kilifi
6. Kwale KNLS Library
P.O. Box 265
Ukunda

NYANZA

1. Kisumu Prov. Library
P.O. Box 1727
Kisumu
Tel: 057/2022003

2. Kisii KNLS Library
P.O. Box 388
Kisii
Tel: 058/31094
3. Ukwala KNLS Library
P.O. Box 115
Ukwala
Tel: 057/34098
4. Nyilima KNLS Library
P.O. Box 1
Nyilima
Tel: 63 Asembo Bay
5. Rambula KNLS Library
P.O. Box 64
Ugunja.
Tel: 057/34222
6. Awendo KNLS Library
P.O. Box 199
Sare - Awendo

RIFT VALLEY

1. Nakuru Prov. Library
P.O. Box 253
Nakuru
Tel: 051/216023
2. Eldoret KNLS Library
P.O. Box 82
Eldoret
Tel: 053/33394
3. Kabarnet KNLS Library
P.O. Box 487
Kabarnet
Tel: 053/22300
4. Kericho KNLS Library
P.O. Box 634
Kericho
Tel: 052/30536
5. Silibwet KNLS Library
P.O. Box 10
Silibwet.
Tel: 052/21981

KNLS Branches

6. Lagam KNLS Library
P. O. Box 17
Iten.
Tel. 053-21785
7. Kapsabet KNLS Library
P.O. Box 75
Kapsabet Tel: 053/52344
8. Rumuruti KNLS Library
P.O Box 54
Rumuruti.
9. Laikipia KNLS Library
P.O Box 166
Nanyuki.
Tel: 062 -32018

EASTERN

1. Embu Prov. Library
P.O. Box 201
Embu.
Tel: 068/30847
2. Meru KNLS Library
P.O. Box 1692
Meru.
Tel: 064/30683
3. Kithasyu KNLS Library
P.O. Box 425
Kibwezi
4. Mutyambua KNLS Library
P.O. Box 51
Sultan Hamud
5. Kinyambu KNLS Library
P.O. Box 425
Kibwezi
6. Mikumbune Library
P.O. Box 206
Nkubu
7. Mwingi KNLS Library
P.O. Box 630
Mwingi
Tel: 044/822533

8. Moyale KNLS Library
P.O. Box 201
Moyale

NORTH EASTERN

1. Garissa Prov. Library
P.O. Box 245
Garissa.
Tel: 046/3319/2233
2. Wajir KNLS Library
P.O. Box 217
Wajir
Tel: 046/421424
4. Mbalambala KNLS Library
C/O Garissa Library
P O Box 245; Garissa
5. Habaswein KNLS Library
P O Box 20
Habaswein.
5. Mandera KNLS Library
P.O Box 126
Mandera
6. Bute KNLS Library
C/O Wajir Library

CENTRAL

1. Nyeri Prov. Library
P.O. Box 1312
Nyeri
Tel: 061/30972
2. Thika KNLS Library
P.O. Box 1558
Thika.
Tel: 068/22883
3. Naivasha KNLS Library
P.O. Box 319
Naivasha.
Tel: 050/21500

KNLS Branches

4. Mnyu KNLS Library
P.O. Box 47
Naromoru.
Tel: 062/32018
5. Karatina KNLS Library
P.O. Box 990.
Karatina
Tel: 061/72160
6. Olkalou KNLS Library
P.O. Box 527
Olkalou.
Tel: 065/72117
7. Chinga KNLS Library
P.O. Box 522
Othaya

WESTERN

1. Kakamega Prov. Library
P.O. Box 736
Kakamega:
Tel. : 056/30094
2. Kimilili Library
P.O. Box 676
Kimilili