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*Enhancing Accountability*



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**THE AUDITOR-GENERAL**

**ON**

**KENYA ACCOUNTANTS AND SECRETARIES  
NATIONAL EXAMINATIONS BOARD  
FOUNDATION**

**FOR THE YEAR ENDED  
30 JUNE, 2023**



OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
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Empowering Your Professional Growth

# ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)





### **Vision**

Empowered and globally recognized business professionals and communities.

### **Mission**

Providing vulnerable communities access to business professional qualifications through equitable financial and social interventions for sustainable development

### **Core Values**

Knowledge Focus  
Accountability  
Sustainability  
Empathy  
Belonging

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## 1. Acronyms, Abbreviations and Glossary of Terms

### A: Acronyms and Abbreviations

CEO	Chief Executive Officer
DG	Director General
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
MD	Managing Director
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
WB	World Bank
VC	Vice Chancellor

## **B: Glossary of Terms**

**Fiduciary Management-** Members of Management directly entrusted with the responsibility of financial resources of the organisation

**Comparative Year-** Means the prior period.

**Board of Trustees** - an appointed or elected group of individuals that has overall responsibility for the management of an organization

**Financial year** - a period of twelve months, used by government, business, and other organizations in order to calculate their budgets, profits, and losses.

Vision 2030 - The Kenya *Vision 2030* aims to transform Kenya into a newly industrializing, middle-income country providing a high quality of life to all its citizens by 2030

**BETA Agenda-** anchored on five key pillars: Agriculture, MSME Economy, Housing and Settlement, Healthcare, as well as Digital and Creative Economy.

## 2. Key Entity Information and Management

Kenya Accountants and Secretaries Examination Board (kasneb), a state corporation under the National Treasury established the KASNEB Foundation Trust under the Trustees (Perpetual Succession) Act Cap 164 Laws of Kenya in 2015 and registered in 2019 with Ministry of Lands.

The Foundation aims at enhancing inclusivity and equity by providing financial assistance through a revolving financing scheme to needy students who wish to pursue kasneb qualifications.

### (a) Principal Activities

The principal mandate of KASNEB Foundation is to ...

#### a) **Educational Financial Support**

Administering a revolving financing scheme and programmes to provide financial assistance to eligible students pursuing professional qualifications, ensuring greater access to education.

#### b. **Stakeholder Engagement and Collaboration**

Engaging with training institutions, students and sponsors through outreach and sensitization initiatives, fostering transparent collaboration and mutual understanding.

#### c. **Program Implementation and Monitoring**

Executing various educational initiatives, such as scholarship disbursement, financial literacy workshops, and capacity-building programs, while closely monitoring their impact.

#### d. **Financial Planning and Transparency**

Developing comprehensive financial plans and budgets to optimize resource allocation and producing transparent financial statements that provide insight into fund utilization.

#### e. **Partnerships and Resource Mobilization**

Establishing strategic partnerships with educational institutions and mobilizing resources through fundraising and grants to sustainably support educational programs.



**(b) Key Management**

KASNEB Foundation day-to-day management is under the following key organs:

- i. Board of Trustees
- ii. Trust Secretary/ Accounting Officer
- iii. Key Management

**(c) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2022 and who had direct fiduciary responsibility were:

**Board of Trustees**

No.	Designation	Name
1	Dr. Percy Opio	Chairman
2	Mr. Peter Anderson	Vice Chairman
3	Dr. Nancy N. Muriuki	Ex Officio Trustee
4	FCS Diana Sawe Tanui	Member
5	FCPA Charles Ringera	Member representing HELB
6	Prof. Nicholas K. Letting'	Trust Secretary
7	CPA Sailot Keke	Trust Treasurer

**Key Management**

No.	Designation	Name
1.	Trust Secretary	Prof. Nicholas Letting'
2.	Manager, Kasneb Foundation	Dr. Millicent Kabaara

**(d) Fiduciary Oversight Arrangements**

- (e) The Board of Trustees established the Bursaries and Loans Committee with membership both from the Higher education Loans Board and kasneb which spearheads technical aspects of the management of the KASNEB Foundation Scheme and advise the Trustees as appropriate. The Committee reports to the Board of Trustees.


**Bursaries and Loans Committee**



No.	Designation	Name
1	FCS Diana Sawe Tanui	Chairman
2	Ms. Jemimah Swanya	HELB Representative
3	Mr. Solomon Wanyama	HELB Representative

4	Mr. Moses Wanyingi	HELB Representative
5	Mr. Geoffrey Gitau	Kasneb Representative
6	Ms. Hamida Mwilu	Kasneb Representative
7	CS CPA Joyce Afanda	Kasneb Representative
8	Dr. Millicent Kabara, Ph.D secretary	Secretary


- (f) **KASNEB Foundation Headquarters**  
P.O. Box 41362 – 00100, Nairobi, Kenya  
4<sup>th</sup> Floor of KASNEB Towers I,  
Off Hospital Road,  
Nairobi, KENYA
- (g) **KASNEB Foundation Contacts**  
Telephone: +254 111661529  
Facebook: kasneb Official  
Twitter: @KASNEB\_FDN  
Instagram: KASNEB Foundation  
Email: kasnebfoundation@kasneb.or.ke  
Website: www.kasneb.or.ke/kasneb-foundation
- (h) **KASNEB Foundation Bankers**  
Kenya Commercial Bank Ltd  
Account Name: KASNEB Foundation  
Account No: 1279381418  
Branch: Capital Hill.
- (i) **Independent Auditors**  
Auditor General  
Office of the Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084, GPO 00100  
Nairobi, Kenya
- (j) **Principal Legal Adviser**  
The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112, City Square 00200  
Nairobi, Kenya

### 3. The Board of Directors/Council

Ref	Directors	Details
1.	 <p data-bbox="309 1048 813 1196"><b>Dr. Percy Opio Ph.D.</b> <b>Chairman, KASNEB Foundation</b> Date of Appointment: 1 December 2020</p>	<p data-bbox="836 546 1417 882">Dr. Percy Opio has a Doctorate in Strategic Leadership (Strategic Foresights concentrate) degree from Regent University, Virginia Beach, VA, USA, Master of Arts in Leadership degree from PAC University, Bachelor of Education (Arts) degree from Moi University, and Management Information Systems Diploma from the Institute of Management Information Systems (UK).</p> <p data-bbox="836 891 1417 1122">He is a scholar-practitioner with expertise in Leadership Development, Strategy, Technology and Innovation with a keen interest in futures studies and strategic foresights. He serves as Chief Executive – Strategy and Innovation at The Leadership Group.</p> <p data-bbox="836 1131 1417 1294">He serves as an Adjunct Lecturer at PAC University and International Leadership University He is also involved in digitization and innovation initiatives in healthcare and education.</p> <p data-bbox="836 1303 1417 1675">Besides consulting, Dr. Percy Opio has over 25 years' experience in ICT out of which 10 years were in the banking industry at management and executive levels. He previously held the position of General Manager-ICT at Equity Bank Kenya where he played a key role in rolling out digitization and automation projects. He is a member of the Association of Professional Futurists and author of The Future of Banking in Kenya.</p>

<p>2.</p>	 <p><b>CFA Peter Anderson</b>  <b>Vice Chairman, Board of Trustees</b>  <b>and Chairman, BLC Committee</b></p> <p>Date of Appointment: 1 December 2020</p>	<p>Experienced professional with a demonstrated history of working in high performing teams. Skilled in Asset Management, Risk Management, Strategic and Financial Planning. He has held the prestigious position of Group Managing Director - Asset Management at UAP Old Mutual, a renowned financial institution. He also served as Chief Investment Officer, where his strategic decision-making and financial acumen were instrumental in optimizing investment strategies. Additionally, He also served at UAP as a Senior Investment Portfolio Manager, he adeptly managed diverse investment portfolios, further solidifying his reputation as a trusted leader in the industry.</p>
<p>3.</p>	 <p><b>Dr. Nancy N. Muriuki, Ph.D.</b>  <b>Chairperson, kasneb</b>  <b>Member of the Board of Trustees</b></p> <p>Date of appointment: 1 December 2020</p>	<p>She is also a nominee of the Board of kasneb in accordance with Section 15(1) (h) of the Accountants Act, No. 15 of 2008. She is a holder of PhD in Organizational Leadership, Masters of Business Administration (MBA) and Bachelor of Commerce (BCom.) degree. She is also a holder of the Certified Secretaries (CS) qualification and Diploma in Management. She is a member of the Institute of Human Resource Management (IHRM-K), the Kenya Institute of Management (KIM), the Institute of Certified Secretaries (ICS) and the Greenleaf Center for Servant Leadership.</p> <p>Dr. Muriuki has vast experience in organizational leadership and governance, human resource management, Board and Institutional strengthening spanning diverse sectors and across cultures. She is the Founder and currently the Managing Director, Africa Success Enhancement Lab (ASEL) where she advocates for servant leadership principles as a way of building leaders' immunity to corruption.</p>

<p>4.</p>	 <p><b>FCPA Charles Ringera</b>  <b>CEO, HELB</b>  <b>Member, Board of Trustees</b>                  Date of appointment: 1 December 2020</p>	<p>He is a seasoned banker with over 20 years' practical banking experience that cuts across all facets of central and commercial banking. He formerly worked as a regulator with the Central Bank of Kenya in various capacities, as a bank examiner, Kisumu Branch, Finance, Audit and National Debt. He moved to Co-operative Bank in 2004 initially as Senior Credit Risk Analyst before being deployed to Enterprise-wide Risk Management as a senior manager to lay foundation for Risk management for the bank as per the Central Bank's Risk Management Guidelines and Basel II Accord. In 2006, he moved to KCB Group where he headed the Group Operational Risk and Compliance supporting – Kenya, Tanzania, Southern Sudan, Uganda, Rwanda and Burundi. Charles holds Bachelors of Science in Applied Accounting and an MBA in strategic management. He is a professional accountant holding a CPA (K) and a Fellow of Association of Certified Chartered Accountants, FCCA. He also holds an Advanced Diploma in Risk Management in Banking/Finance by KPMG Sweden.</p>
<p>5.</p>	 <p><b>FCS, FCI Arb Diana Sawe Tanui</b>  <b>Member, Board of Trustees</b></p>	<p>FCS Diana Sawe has a Master of Laws in Public Finance and Financial Services with specialty in Financial Services Regulation. She is Advocate of the High Court of Kenya with both Litigation and Corporate experience.</p> <p>She has a solid experience in Regulatory and Statutory Compliance. Alternative Dispute Resolution professional with advanced qualification in Arbitration. Practical experience in Risk Management, Business Continuity Planning and Quality Management and Regulatory Impact Analysis, Policy and Legislative review. FCS Saw has hands-on experience in Board Secretarial Practice. Having been Chairperson, Institute of Certified</p>

		<p>Secretaries of Kenya, Vice Chairman, Institute of Certified Secretaries of Kenya, Council Member, Institute of Certified Secretaries of Kenya and Member, Legislative and Devolution Committee of the Institute of Certified Public Secretaries of Kenya</p>
6.	 <p><b>CPA Sailot Keke</b>  <b>Treasurer, KASNEB Foundation</b>                  Deputy Director, Finance at kasneb                  Date of Appointment: 1 December, 2020</p>	<p>CPA Sailot Keke serves as the Trust Treasurer of KASNEB Foundation. She has over 15 years' experience in Finance and Auditing both in Public and private sector service.</p> <p>She currently serves as the Deputy Director Finance having previously served as Manager Internal Audit for over 7 years in kasneb. Before joining kasneb, she served as the Information systems auditor with IEBC and previously as a Regional Auditor with NGCDF Board.</p> <p>She holds a Bachelor of Commerce Accounting Option and a Master of Business Administration degree in Finance. She is a holder of the CPA, CISA and CS qualifications. She is an active member of the Institute of Certified Public Accountants of Kenya (ICPAK), Information and Systems Audit and Control Association (ISACA) where she has actively participated as a member of the Audit Committee and served as a chair. She is also a member of the Institute of Internal Auditors (IIA) and Association of Women Accountants in Kenya (AWAK) where she is a member of the Training and Development Committee and served previously in the Audit Committee.</p>
7.		<p>Prof. Letting' is the Trust Secretary of KASNEB Foundation and the Secretary and CEO of kasneb. He is a triple alumnus of the University of Nairobi. He is an Adjunct Associate Professor at KCA University, Kenya. He is the immediate past Vice – Chancellor/Chief Executive Officer of the Management University of Africa (MUA). Prof. Letting' holds a Doctor of Philosophy (PhD) in Business Administration (Strategic</p>



**Prof. Nicholas K. Letting', Ph.D.,  
EBS, HSC**

Trust Secretary, KASNEB Foundation  
CEO, kasneb

Management), Master of Business Administration (MBA) and Bachelor of Commerce (B. Coms Hons) (Marketing option) degrees from the University of Nairobi. Professionally, Prof. Letting' is a holder of Final Certificates from kasneb in the following Professional Qualifications: Certified Public Accountant (CPA); Certified Public Secretary (CPS) and Certified Investments and Financial Analyst (CIFA). Prof. Letting' has over twenty-five (25) years' experience in industry and academia in private, public and not-for-profit organizations.

Prof. Letting is a Fellow and member of the Institute of Certified Secretaries (ICS), the Institute of Certified Public Accountants of Kenya (ICPAK), KIM and the Institute of Certified Investments and Financial Analysts (ICIFA). He is a member of in good standing of: The Institute of Directors (IoD) and the Institute of Human Resource Management (IHRM).


He is also a member of Council/Board in ICPAK, ICS and ICIFA and chairs various Committees. In July 2023 he was appointed an Adjunct Associate Professor at KCA University, a Premier Private University in Kenya. In May 2023 he was elected Chairman of the Association of Professional Societies of East Africa (APSEA) where he previously served as Honorary Treasurer for four (4) years. He represents APSEA on the Board of Public Sector Accounting Standards Board (PSASB). He is a Treasurer with the Kenya Red Cross Society (KRCS), Lower Eastern Region (LER).

In 2020 Prof. Letting' was awarded the Elder of the Order of the Burning Spear (EBS) and in 2012 he received the Head of State of Commendation (HSC). Prof. Letting' was Chairman of the Institute of Certified Public Secretaries of Kenya (ICPSK) in 2014 - 2016. He has been a member of Multi – Agency Taskforces (MAT) in The National Treasury for the review of the Accountants' Act and the

		Certified Secretaries' Act amendments and drafting of regulations.
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#### 4. Key Management Team

	Management	Details
1.	 <p data-bbox="323 936 799 1048">Prof. Nicholas K. Letting', Ph.D., EBS, HSC Trust Secretary</p>	<p data-bbox="823 454 1390 1070">Prof. Letting' is the Trust Secretary of KASNEB Foundation and the Secretary and CEO of kasneb. He is a triple alumnus of the University of Nairobi. He is an Adjunct Associate Professor at KCA University, Kenya. He is currently the Secretary/Chief Executive Officer (CEO) of Kenya Accountants and Secretaries National Examination Board (kasneb) and the immediate past Vice – Chancellor/Chief Executive Officer of the Management University of Africa (MUA). For over ten (10) years as CEO he has provided top notch administrative, financial, strategic leadership and mentorship services in reputable organizations. He is a Fellow of four (4) premier professional bodies.</p> <p data-bbox="823 1070 1390 1518">Academically, Prof. Letting' holds a Doctor of Philosophy (PhD) in Business Administration (Strategic Management), Master of Business Administration (MBA) and Bachelor of Commerce (B. Coms Hons) (Marketing option) degrees from the University of Nairobi. Professionally, Prof. Letting' is a holder of Final Certificates from kasneb in the following Professional Qualifications: Certified Public Accountant (CPA); Certified Public Secretary (CPS) and Certified Investments and Financial Analyst (CIFA).</p> <p data-bbox="823 1518 1390 1821">Prof. Letting is a Fellow and member of the Institute of Certified Secretaries (ICS), the Institute of Certified Public Accountants of Kenya (ICPAK), KIM and the Institute of Certified Investments and Financial Analysts (ICIFA). He is a member of in good standing of: The Institute of Directors (IoD) and the Institute of Human Resource Management (IHRM).</p> <p data-bbox="823 1821 1390 1883">He is also a member of Council/Board in ICPAK, ICS and ICIFA .</p>



Dr. Millicent Kabara  
 Manager, KASNEB Foundation

Dr. Kabara is the Manager, KASNEB Foundation in the year 2021. She is responsible for ensuring that the programmes implemented by KASNEB Foundation are aligned to the relevant National Development Agenda, Agenda 2063 of the African Union and the Sustainable Development Goals (SDGs). She is responsible for the day to day operations of the Foundation including but not limited to: ensuring that loans and bursaries are disbursed to needy kasneb students; resource mobilization; strategic planning, and establishing strategic partnerships.

She has vast knowledge and experience in the development of corporate strategic plans; policy formulation and analysis; results-based management including performance contracting; results-based Monitoring and Evaluation; data analytics; implementation of ISO 9001:2015 Quality Management System; conceptualization, development and monitoring of national and regional projects; mainstreaming innovation in corporate activities; establishment and monitoring of strategic partnerships and resource mobilisation. Her experience spans over 16 years in the public sector.

She holds a Masters Degree in Economics from the University of Nairobi and is a qualified Lead Auditor for ISO 9001:2015 Quality Management System. She is a member of Kenya Institute of Management (KIM) and National Quality Institute (NQI). She is a champion of environmental sustainability.

## 5. Chairman's Statement



It is my privilege to present the annual report and financial statements of the Kenya Accountants and Secretaries National Examinations Board Foundation (KASNEB Foundation) Trust for the financial year ended 30 June 2023. Our Foundation's journey to empower individuals and communities through education and sustainable development has been nothing short of inspiring.

### Our Mandate

The KASNEB Foundation was established under the Trustees (Perpetual Succession) Act Cap 164 Laws of Kenya, officially registered on 13 September 2019. Our mandate, as per the Trust Deed and Rules, is to hold money and assets in trust, utilizing them to provide funding schemes to deserving students pursuing kasneb qualifications. Additionally, we invest in the community as part of our commitment to give back to society.

### Key Milestones and Achievements

Since our inception in 2019, KASNEB Foundation has reached remarkable milestones. We have established our institutional setup, awarded loans and bursaries to 1,028 applicants, mobilized KES 107,425,042 for the financial year ended 30 June 2023, and initiated community outreach activities. These achievements have only solidified our commitment to our mission.

### Implementation Pillars

Our strategic plan operates on four key pillars: Fund Development, Pathways to Prosperity, Together in Prosperity, and Institutional Development and Sustainability. Each pillar has been designed to contribute significantly to the realization of our objectives.

### Plan Implementation

As we embark on implementing our strategic plan, we'll be establishing annual objectives, devising policies, allocating resources, and reviewing organizational structures. This proactive approach ensures that our goals remain on track, and our impact is maximized.

### Future Outlook

We are excited about the future that lies ahead for KASNEB Foundation. Through strategic planning, partnerships, and community engagement, we are confident in our ability to continue creating positive change and providing access to education and professional development.

We thank you for the unwavering support. May God Bless you.



**Dr. Percy Opio, Ph.D**  
**TRUST SECRETARY, KASNEB FOUNDATION.**

## 6. Report of the Trust Secretary



I am honoured to present this report on behalf of the KASNEB Foundation, reflecting our key activities during the reporting period. As the Trust Secretary, I have been entrusted with leading the day-to-day operations of the Foundation while also serving as a member of the Board of Trustees. This dual role allows me to provide insights into our strategic endeavours, operational progress, and financial stewardship.

One of the cornerstone activities during this reporting period was the development of our Inaugural Strategic Plan for 2023-2028. We engaged Borasoft Limited, a reputable consultancy firm, in September 2023 to assist in drafting this vital document. The process involved a Senior Management Workshop and a subsequent Board validation workshop. The diligent efforts of both our senior management and trustees have culminated in a comprehensive Draft Strategic Plan, currently awaiting final approval by the Board. This plan sets the roadmap for our future initiatives, including the review of our mandate, budget and shared functions with kasneb.

The financial aspect of our operations saw us receiving an allocation of Shs 96,250,000 for the 2022/2023 fiscal year. It's noteworthy that the government, following Bottom Up Economic Transformation Agenda (BeTA) austerity measures, reduced the allocation by Shs 3,750,000 from the initial allocation of Shs 100,000,000. Looking ahead, the exchequer has allocated Shs 100,000,000 for the fiscal year 2023/2024.

To fulfill our commitment to empowering students, KASNEB Foundation has so far supported 1028 students with our financing scheme to pursue kasneb qualifications with a total of Kshs. 28,065,282.36 in two award cycles. We have Kshs 40,272,218 at the Higher Education Loans Board waiting to be allocated to students for the third cycle of the loans and bursaries scheme. Additionally, we intensified our social media campaigns to ensure prospective beneficiaries are well-informed about the opportunities available.

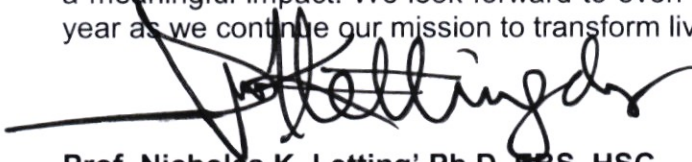
Resource mobilization remained a critical focus. We secured disbursements of ninety-six million, two hundred and fifty thousand shillings from the National Treasury during the 2022/2023 fiscal years. Beyond government funding, we actively pursued donations and contributions from various sources. Notably, we have received contributions through bank and Mpesa accounts, along with branded merchandise donations.

Our commitment to social responsibility was evident through the "Wezesha Vijana" program in collaboration with Asante Africa Foundation. This initiative provided dignity kits to young boys and girls, addressing essential needs. The program, conducted in Turkana and Samburu counties, was both impactful and cost-effective. We have so far reached over 3000 beneficiaries in our social impact programmes which includes; distribution of food, dignitary kits for girls, undergarments to boys and reproductive health sensitization.

We continued to enhance our communication and outreach efforts through various platforms, including YouTube, Instagram, LinkedIn, Twitter, and Facebook. This approach facilitated meaningful engagement with our stakeholders, as we shared videos, photographs and updates on our activities and programs.

In conclusion, the KASNEB Foundation remains steadfast in its commitment to education, empowerment, and community development. Our strategic planning, financial management,

resource mobilization, and community outreach efforts underscore our dedication to making a meaningful impact. We look forward to even greater achievements in the upcoming fiscal year as we continue our mission to transform lives through education.

A handwritten signature in black ink, appearing to read 'N. Letting', written over a horizontal line.

**Prof. Nicholas K. Letting' Ph.D, EBS, HSC**  
**TRUST SECRETARY, KASNEB FOUNDATION.**

## 7. Statement of Performance against Predetermined Objectives for FY 2022/2023

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government Entity's performance against predetermined objectives. (This guidance statement should be removed in the final set of financial statements).

KASNEB Foundation has 4 strategic pillars and objectives within the current Strategic Plan for the FY 2022/2023. These strategic pillars/ themes/ issues are as follows:

Pillar 1: Fund Development

Pillar 2: Pathways to Prosperity

Pillar 3: Together in prosperity

Pillar 4: Institutional Development and Sustainability

KASNEB Foundation develops its annual work plans based on the above four (4) pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The KASNEB Foundation achieved its performance targets set for the FY 2022/2023 period for its four (4) strategic pillars, as indicated in the table below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1:	Fund Development	that is committed towards engaging different stakeholders and partners in building a sustainable fund that will continue supporting beneficiaries.	<ul style="list-style-type: none"> <li>• Fund Raising</li> <li>• Resource Mobilization</li> <li>• Loan Recovery</li> </ul>	
Pillar 2:	Pathways to Prosperity	Increasing access to financial aid for students wishing to pursue kasneb course	<ul style="list-style-type: none"> <li>• Marketing and sensitization activities, events and campaigns</li> <li>• Social media advertising</li> <li>• Outreach events</li> </ul>	

Pillar 3:	Together in prosperity	Increasing the number of beneficiaries of social investment programs Mentorship and Coaching of beneficiaries, Beneficiary empowerment	Increase in social Investment programs Undertake more donations drives	
Pillar 4:	Institutional Development and sustainability	that focuses on building a sustainable institution which is able to support the implementation and achievement of the desired objectives.	Capacity development Improve Internal Control Development policies and procedures for organizational development	

## 8. Corporate Governance Statement

KASNEB Foundation recognizes the importance of corporate governance to the success of the organization. We view governance not simply as a set of rules but the framework supporting core values which define the acceptable practices in the management of public institutions. It is an expression of the way we want to conduct ourselves, which informs our actions and decisions, defines and supports our culture as an institution.

The operations of KASNEB Foundation are conducted in accordance with the best practices anchored in principles of accountability and transparency as espoused in the Constitution and in compliance with relevant laws and regulations as espoused in the Mwongozo code. The institution discharges its mandate based on strong corporate governance principles and consistently applies high ethical standards.

### Council Charter

The Foundation has a Charter that guides its operations and facilitates efficient decision making in discharging its duties and responsibilities. The Charter offers guidance on matters including but not limited to the following; The separation of the roles, functions, responsibilities and powers of the Board of Trustees and its individual members; Powers delegated to the committees; Matters reserved for final decision-making and approval by the Board of Trustees; Policies and practices of the BOT on matters of corporate governance, Trustee declarations and conflict of interest, conduct of Trustees and Board of Trustees meetings; and Nomination, appointment, induction, on-going training and performance evaluation of the BOT.

The governance framework, the corporate culture and human relationships that underpin all governance frameworks, are operating as expected. The roles and functions of the Chairman and the Trust Secretary are distinct and their respective responsibilities clearly defined within the Foundation.

### Council size, Composition and appointments

The Council comprises of Seven (7) Trustees. The Board comprises of representatives from kasneb, HELB, ICS and other members with diverse expertise in areas of Financial Management, Human Resource management and audit to complement its capacity.

In the period ended 30 June 2023, the terms of one Trustee came to an end and a new Trustee appointed.

### Council Committees

The Council has set up the Bursaries and Loans Committees, which meet at least quarterly under well-defined terms of reference:



## 9. Management Discussion and Analysis

The Kenya Accountants and Secretaries National Examinations Board Foundation (KASNEB Foundation) Trust was registered under the Trustees (Perpetual Succession) Act Cap 164 Laws of Kenya. The Foundation was established in Kenya with effect from 13 September 2019. As per the Trust Deed and Rules, the Foundation's mandate is to hold money and assets in trust and to utilize the same for purposes of providing a funding scheme by the Founder only or in partnership with reputable lending institutions, financial institutions or any such other authorized body to needy students to enable them pursue the qualifications of kasneb and to invest in the community as a way of giving back to the society.

*Since its inception,*

Guided by the Foundation's Vision of Empowered and globally recognized business professionals and communities, the Foundation has developed workplans, systems and operational manuals that will propel the KASNEB Foundation to greater heights. The journey is anchored on four key pillars namely fund development, pathways to prosperity, together in prosperity as well as institutional development and sustainability. Under each pillar, several goals and objectives have been identified. The Foundation workplan and intention to successfully develop and implement a 5 Year strategic plan that will contribute immensely to the achievement of Kenya's Vision 2030, The United Nations Sustainable Development Goals and the Bottom Up Economic Transformational Agenda (BETA) priorities by addressing issues related to accessible and equitable quality education and learning.

As the Foundation commences its operations, the role of our partners and stakeholders will be critical to its success. The Foundation will develop an engagement framework that will ensure mutual benefits accrue to all involved. The scope of work at the KASNEB Foundation has grown since operationalization of the office. It is proposed that the Foundation structure follows the functions as envisaged in the trust deed, the mission statement as well as the strategic priorities. The broad functions identified include: Fund Development; Loans and Bursaries; Social Investments; Partnerships and Collaborations and Operations. The Foundation will establish strategies to enhance appropriate staff training and development in respect to each financial year. This will be established through the staff performance appraisal. The KASNEB Foundation has one operational office. Additional office space is required to enhance service delivery to the stakeholders. Furthermore, as the number of members of staff increase, more office space will be required.

- (a) Access to equitable learning opportunities ensuring inclusivity irrespective of sex, disability, race, ethnicity, origin or religious status.
- (b) Empowerment to enhance economic opportunities for the youth as well as financial means and necessary resources to realize their potential.
- (c) Promoting online mode of learning and examinations that has increased the need for use of computers and internet connectivity. This would significantly reduce the amount of financial support required by applicants.
- (d) Enhance strategic partnerships to mobilise knowledge, expertise, technology and financial resources towards implementation of Foundation programmes.

## 1. Administration of loans and bursaries scheme

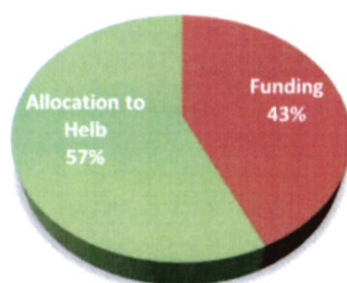
KASNEB Foundation entered partnership with HELB with an aim of providing affordable financing in the form of loans and bursaries to students pursuing KASNEB qualifications in all KASNEB approved institutions. The Scheme has two products:

- KASNEB Fees- Caters for KASNEB exam Fee and is payable to KASNEB.
- KASNEB Tuition-Caters for tuition fee and is payable to the respective institutions where the applicants are undertaking their KASNEB qualification courses

- (i) The guidelines for the selection of loan applicants were developed, approved and operationalized.

In the FY 2022/2023, a total of One hundred and six million, one hundred and forty five, one hundred and sixty eight shillings (KShs 106,145,168.00) was disbursed to the KASNEB Foundation from the National Treasury , kasneb and other donations. From this amount received by the Foundation, a total of sixty million, three hundred and thirty seven thousand, five and one shillings (KSh 60,337,501) a total of fifty seven percent (57% ) was disbursed to HELB for student loans and Bursaries and balance of forty five million, eight hundred and seven shillings, six hundred and sixty seven ( KShs. 45,807,667) to be allocated to students upon completion of the application process..

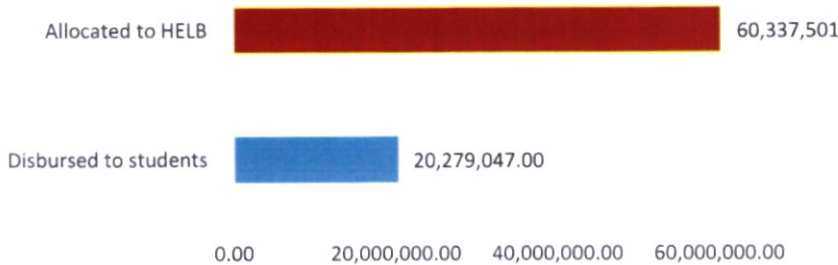
### Percentage of Total disbursement to HELB



■ Funding ■ Allocation to Helb

In the FY 2022/2023, Of the sixty million, three hundred and thirty seven thousand, five and one shillings (KSh 60,337,501) disbursed to HELB, a total of KShs 20,279,047.00 was paid into the two KASNEB Foundation products.

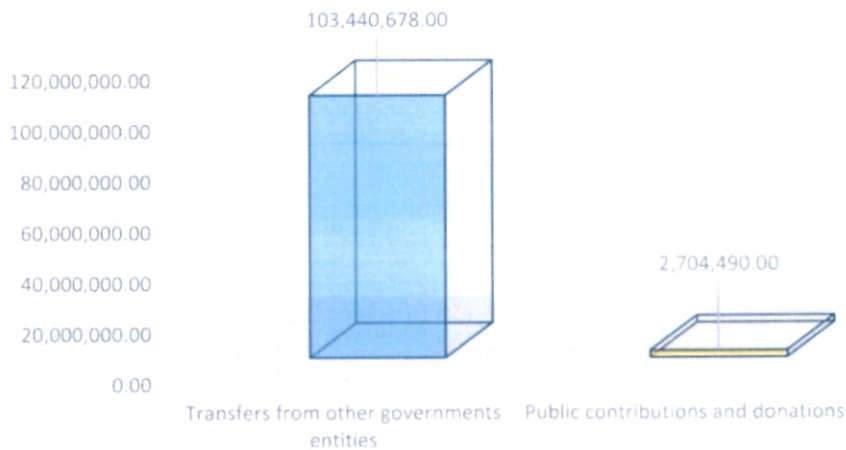
### FUNDS DISBURSEMENT



### 2. Resource Mobilization

The KASNEB Foundation resources grew by One hundred and three million, four hundred and forty, six hundred and sixty eight shillings (KShs 103.440,678.00) from A grant FROM THE National Treasury for the Foundation and an additional of two million, seven hundred and seven thousand, four hundred and ninety ( KShs. 2,704,490) from individual and organizational donors in the Financial Year 2020/2021 The Foundation is putting in place Resource Mobilization structures including policy documents, workplans and Board Papers to support in its initiatives and achieve the bottom-line goals aligning with the BETA economic model.

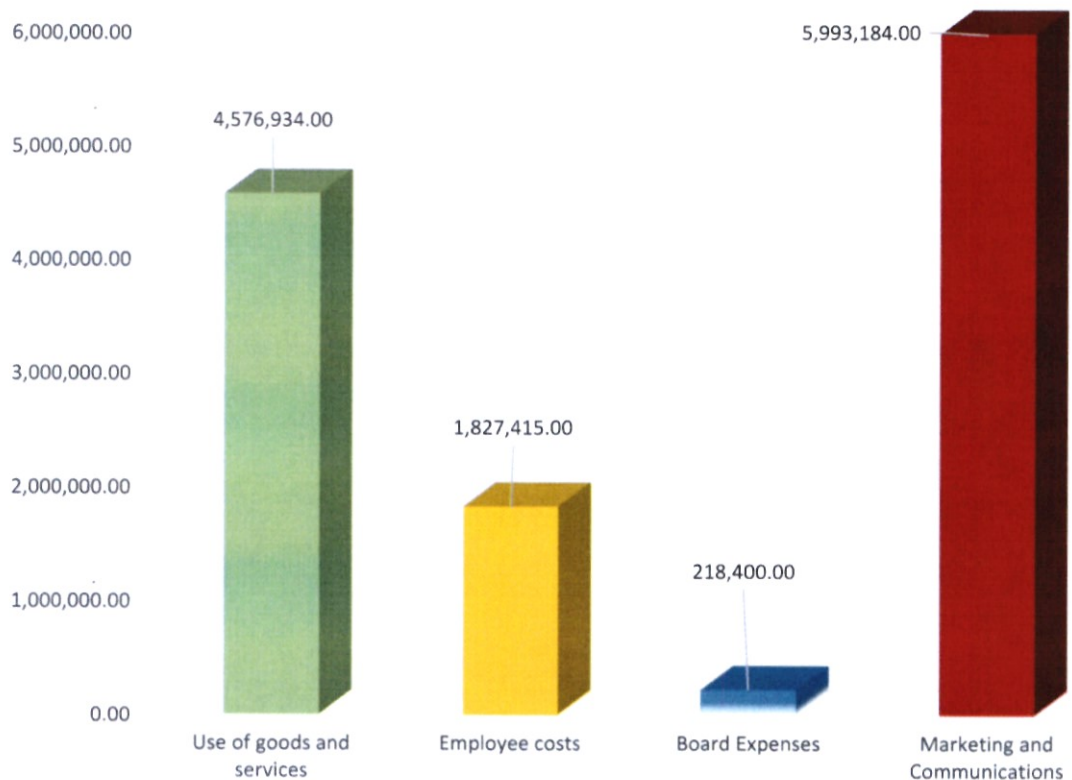
### Donations to KASNEB Foundation



3. Use of goods and services

Under the operations of the KASNEB Foundation, a total of Twelve million, six hundred and fifteen shillings, nine hundred and thirty three shillings (KShs. 12,615,933.00) was used in its goods and services. A total of Four million, five hundred and seventy six , nine hundred and thirty four shillings (4,576,934) was used for purchase of goods and services, Ksh. 1,827,415 for employee costs, two hundred and eighteen thousand, four hundred shilling ( Kshs. 218,499) for Board expenses and five million, nine hundred and ninety three thousand, one hundred and eighty four KSh. 5,993,184 for marketing and communications.

### EXPENDITURE



#### 4. Partnerships

Partnerships were initiated with the following institutions: Association of Professionals Societies of East Africa (APSEA), Institute of Certified Public Accountants (ICPAK), Institute of Certified Public Secretaries of Kenya (ICPSK). Our partner kasneb offered a grant for the KASNEB Foundations Bursaries & loans products in the Financial year. The Foundation is through its partnership's initiatives, collaborating with several other institutions to achieve its goals in supporting students who are financially in need marginalized groups and, community mobilization.

#### Challenges

The following challenges were experienced in the first year 2021/2022 in setting up the KASNEB Foundation systems :

- (a) Inadequate staffing at the Foundation to cover the large scope of activities.
- (b) Involvement of staff in competing assignments.
- (c) Inadequate office space.
- (d) Absence of an automated beneficiary's management system.
- (e) Absence of KASNEB Foundation policies and operation manuals.
- (f) Low visibility of the KASNEB Foundation.

## 10. Environmental and Sustainability Reporting

### i) **Sustainability strategy and profile**

We have aligned our programmes and activities to the overall national development agenda espoused in the socio-economic development blueprints, we have enhanced the synergy amongst members of staff and between departments for the overall success of the institution. We have enhanced teamwork, learning, innovation and creativity to facilitate effective inter and intradepartmental co-ordination, exposure to industry trends, as well as acceptance and effective management of positive change.

### **Environmental performance**

KASNEB Foundation does not have an environmental policy but rather borrows largely from the Government of Kenya policy on protecting the environment and increasing the forest cover by 10% in the medium term. To supplement Government efforts in this area, KASNEB Foundation encourages its employees plant trees, conserve water within office and personal use, switch off lights when not in use and put off electronics when not in use. KASNEB Foundation participates in tree planting exercises as part of its effort in environmental management. Also as part of the saving the environment initiatives, kasneb and KASNEB Foundation have started a "Go Paperless workspace" initiative to save on costs for purchasing paper.

### ii) **Employee welfare**

KASNEB Foundation has put in place performance management measurement systems through the use of a Performance Management Appraisal System such as staff evaluation that guides the evaluation and monitoring of employee performance. The process helps in identifying performance problems and solving them. The process involves setting performance targets and reviewing them over a period of time. The outcomes of performance management inform staff training and development, career progression, succession management, promotions, performance incentives and performance improvement strategies.

KASNEB Foundation recognizes that the safety of employees, stakeholders and property at work is critical. It has ensured a safe working environment.

### iii) **Market place practices-**

In pursuit of its mandate Kasneb Foundation always considers various policy documents including the Constitution of Kenya, Big Four Agenda, the Kenya Vision 2030, This is to assist the Foundation develop and align itself with current market place practises o, equity and equality.

*The Foundation has put in place measure to ensure that we meet:*

**a) *Responsible competition practice.***

*Through use of procurement guidelines stated in PPDA Act (2015) including developing a list of suppliers, Request for quotations, Advertising tenders in both the national dailies and the National Treasury website.*

**b) *Responsible Supply chain and supplier relations***

*KASNEB Foundation has developed responsible supplier relationships through service agreements and MOYUS including developing and implementing good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices on a timely manner.*

**c) *Responsible marketing and advertisement***

*The KASNEB Foundation undertakes its marketing and advertising activities to customers when needed. The advertisements are also done on national dailies, social media platforms and on the kasneb website adhering to international best practices and adherence to the Data Protection Act.*

**d) *Product stewardship***

*THE KASNEB Foundation ensures that it puts in place efforts to safeguard consumer rights and interests by meeting customer needs, undertaking customer feedback seriously and responding back to customer questions on an open and timely manner.*

**iv) *Corporate Social Responsibility / Community Engagements***

*KASNEB Foundation seeks to positively impact communities through various social investments to address the vulnerabilities that hamper students from pursuing professional training. This will enhance community prosperity.*

*Success stories for the KASNEB Foundation include: Tree planting efforts, provision of sanitary towels and dignity kits to girls and boys in Nandi and Turkana.*

Kasneb Foundation join the Samburu Women Nursery women to purchase trees for planting  
Kasneb Foundation staff mentoring and empowering students and donating dignity kits in Maralal





## 11. Report of the Board of Trustees

The Board of Trustees submit their report together with the unaudited financial statements for the year ended June 30, 2022 which show the state of affairs of KASNEB Foundation.

i) Principal activities

- To hold money and assets in trust and to utilize the same for purposes of issuing bursaries and loans to needy students to enable them to pursue the qualifications of kasneb.
- To administer a loan fund in partnership with reputable lending institutions, financial institutions or any such other authorized body, to provide loans to needy students who wish to obtain the qualifications of KASNEB.
- To invest in the community as a way of giving back to the society.

ii) Results

The results for KASNEB Foundation for the year ended June 30, 2023 are set out on pages 1 to 5.

iii) Directors

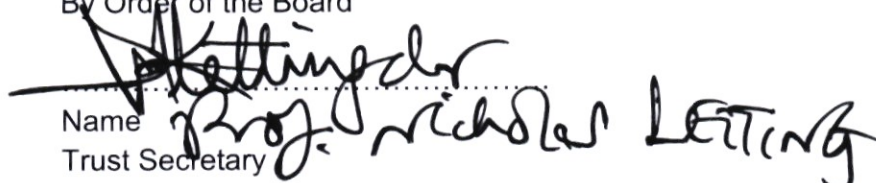
The members of the Board of Directors who served during the year are shown on page Vii-Xi above.

iv) Auditors

The Auditor-General is responsible for the statutory audit of the *KASNEB Foundation* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 .

By Order of the Board

Name  
Trust Secretary



## 12. Statement of Board of Trustees Responsibilities

Section 81 of the Public Finance Management Act, 2012 and (*section 14 of the State Corporations Act, - (Trustees (Perpetual Succession) Cap 164*)) require the Board of Trustees to prepare financial statements in respect of KASNEB Foundation, which give a true and fair view of the state of affairs of KASNEB Foundation at the end of the financial period and the operating results of the KASNEB Foundation for that period. The Directors are also required to ensure that KASNEB Foundation keeps proper accounting records which disclose with reasonable accuracy the financial position of KASNEB Foundation. The Board of Trustees are also responsible for safeguarding the assets of KASNEB Foundation.

The Board of Trustees are responsible for the preparation and presentation of KASNEB Foundation financial statements, which give a true and fair view of the state of affairs of KASNEB Foundation for and as at the end of the financial year (period) ended on June 30, 2023. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of KASNEB Foundation; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of KASNEB Foundation; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Board of Trustees accept responsibility for KASNEB Foundation financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act) – *entities should quote applicable legislation as indicated under which they are regulated*). The Directors are of the opinion that KASNEB Foundation's financial statements give a true and fair view of the state of KASNEB Foundation transactions during the financial year ended June 30, 2023, and of KASNEB Foundation financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for KASNEB Foundation, which have been relied upon in the preparation of the KASNEB Foundation financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Directors have assessed KASNEB Foundation ability to continue as a going concern .

### Approval of the financial statements

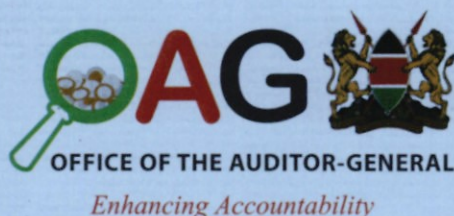
The KASNEB Foundation financial statements were approved by the Board on 23 October 2023 and signed on its behalf by:

.....  
 Name **Dr. Peter Ombia**  
 Chairperson of the Board

.....  
 Name **Prof. Nicholas Leiting**  
 Trust Secretary

# REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



HEADQUARTERS  
Anniversary Towers  
Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON KENYA ACCOUNTANTS AND SECRETARIES NATIONAL EXAMINATIONS BOARD FOUNDATION FOR THE YEAR ENDED 30 JUNE, 2023

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### PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk Management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

### REPORT ON THE FINANCIAL STATEMENTS

#### Opinion

I have audited the accompanying financial statements of Kenya Accountants and Secretaries National Examinations Board Foundation set out on pages 1 to 27, which comprise of the statement of financial position as at 30 June, 2023, and the statement of

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*Report of the Auditor-General on Kenya Accountants and Secretaries National Examinations Board Foundation for the year ended 30 June, 2023*

financial performance, statement of changes in equity, statement of cash flows, statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. 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.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Kenya Accountants and Secretaries National Examinations Board Foundation for the year ended 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Trustees (Perpetual Succession) Act CAP 164 Laws of Kenya.

### **Basis for Opinion**

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Accountants and Secretaries National Examinations Board Foundation Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final expenditure budget and actual on comparable basis of Kshs.110,000,000 and Kshs.40,681,216 respectively resulting in an under expenditure of Kshs.69,318,784 or 63% of the budget.

The under expenditure affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

## **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and the Board of Trustees**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Foundation's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Foundation or to cease its operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Board of Trustees is responsible for overseeing the Foundation's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition, to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Foundation's policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue to sustain services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Foundation to cease to continue to sustain services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Foundation to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.

  
 FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

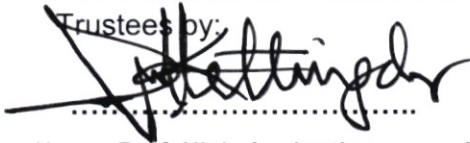
**04 April, 2024**

#### 14. Statement of Financial Performance for the year ended 30 June 2023

	Notes	2022/2023	2021/2022
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from other governments entities	6	106,145,168.00	10,500,000.00
Public contributions and donations	7	2,704,490.00	473,400.00
<b>Revenue from exchange transactions</b>			
Income from exchange transactions	8	132,000.00	-
<b>Total revenue</b>		<b>108,981,658.00</b>	<b>10,973,400.00</b>
<b>Expenses</b>			
Use of goods and services	9	4,576,934.00	840.00
Employee costs	10	1,827,415.00	-
Board Expenses	11	218,400.00	-
Marketing and Communications	13	5,993,184.00	-
<b>Total expenses</b>		<b>12,615,933.00</b>	<b>840.00</b>
Surplus/(deficit) for the period		96,365,725.00	10,972,560.00


The notes set out on pages 20 to 28 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of

Trustees by:



Name: Prof. Nicholas Letting  
Trust Secretary

Date: 22/02/2024



Name: Jacinta Moraa  
Head, KASNEB Foundation  
ICPAK M/No: 13693

Date: 22/02/2024



Name: Dr. Percy Opio  
Chairman of the Board

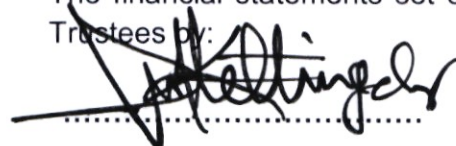
Date: 22/02/2024



**15 Statement of Financial Position as at 30 June 2023**

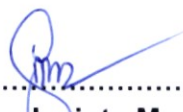
	Notes	2022/2023	2021/2022
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash equivalents	14	38,950,255.00	2,972,560.00
Receivables from Non-Exchange Transactions	15	68,337,501.00	8,000,000.00
Inventories	16	118,192.00	-
<b>Total Assets</b>		<b>107,405,948.00</b>	<b>10,972,560.00</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	17	67,663.00	-
<b>Total Liabilities</b>		<b>67,663.00</b>	<b>-</b>
<b>Net Assets</b>			
Accumulated Surplus		107,338,285.00	10,972,560.00
<b>Total Net Assets and Liabilities</b>		<b>107,405,948.00</b>	<b>10,972,560.00</b>

The financial statements set out on pages 1 to 6 were signed on behalf of the Board of Trustees by:



Name: Prof. Nicholas Letting  
Trust Secretary

Date 22/02/2024



Name: Jacinta Moraa  
Head, KASNEB Foundation  
ICPAK M/No: 13693

Date 22/02/2024



Name Dr. Remy Opi  
Chairman of the Board

Date

**16. Statement of Changes in Net Assets for the year ended 30 June 2023**

<b>Description</b>	<b>Retained earnings</b>	<b>Total</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>As at July 1, 2021</b>		
Surplus/ deficit for the year	10,972,560	10,972,560
<b>As at June 30, 2022</b>	<b>10,972,560</b>	<b>10,972,560</b>
<b>As at July 1, 2022</b>	<b>10,972,560</b>	<b>10,972,560</b>
Surplus/ (deficit) for the year	96,365,725	96,365,725
<b>As at June 30, 2023</b>	<b>107,338,285</b>	<b>107,338,285</b>

**17. Statement of Cash Flows for the year ended 30 June 2023**

	Notes	2022/2023	2021/2022
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other governments entities		106,145,168.00	10,500,000.00
Public contributions and donations		2,704,490.00	473,400.00
Income from exchange transactions		132,000.00	-
<b>Total receipts</b>		<b>108,981,658.00</b>	<b>10,973,400.00</b>
<b>Payments</b>			
Use of goods and services		4,576,934.00	840.00
Employee costs		1,759,753.00	-
Board Expenses		218,400.00	-
Marketing and Communications		5,993,184.00	-
Transfers to HELB for student loans and bursaries		60,337,500.00	8,000,000.00
<b>Total payments</b>		<b>72,885,771.00</b>	<b>8,000,840.00</b>
<b>Net cash flows from/(used in) operating activities</b>		<b>36,095,887.00</b>	<b>2,972,560.00</b>
<b>Cash flows from investing activities</b>			
Purchase of inventories		(118,192.00)	-
<b>Net cash flows from/(used in) investing activities</b>		<b>(118,192.00)</b>	<b>-</b>
Net cash flows from financing Activities			
<b>Net increase/(decrease) in cash &amp; Cash equivalents</b>		<b>35,977,695.00</b>	<b>2,972,560.00</b>
Cash and cash equivalents at 1 July	14	2,972,560.00	-
<b>Cash and cash equivalents at 30 June</b>	<b>14</b>	<b>38,950,255.00</b>	<b>2,972,560.00</b>

**18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2023**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual comparable basis</b>	<b>Performance Difference</b>	<b>% of utilization</b>
	<b>KES</b>	<b>KES</b>	<b>KES</b>	<b>KES</b>	<b>KES</b>
<b>Income</b>					
Grants and Donations Income	110,000,000.00	110,000,000.00	108,849,658.00	(1,150,342.00)	98.95
Income from exchange transactions	-	-	132,000.00	132,000.00	-
<b>Total Income</b>	<b>110,000,000.00</b>	<b>110,000,000.00</b>	<b>108,981,658.00</b>	<b>(1,018,342.00)</b>	
<b>Expense</b>					
Bank Charges	200,004.00	200,004.00	9,490.00	190,514.00	4.74
Pensions and Benefits	468,000.00	468,000.00	16,200.00	451,800.00	3.46
KASNEB loan and bursaries	78,000,000.00	78,000,000.00	28,065,283.00	29,549,849.00	35.98
Marketing and Communications	5,500,000.00	5,500,000.00	5,993,184.00	(493,184.00)	108.97
Printing and Stationery	332,940.00	332,940.00	17,936.00	315,004.00	5.39
Salaries and Wages	9,720,000.00	9,720,000.00	1,811,215.00	7,908,785.00	18.63
Transport Expenses	6,000,000.00	6,000,000.00	1,774,177.00	4,225,823.00	29.57
Strategic Planning Expenses	1,000,000.00	1,000,000.00	473,400.00	602,600.00	47.34
Awards and Grants	-	-	424,600.00	(424,600.00)	-
Board Expenses	3,000,000.00	3,000,000.00	218,400.00	2,781,600.00	7.28

Education, Training and Develop	4,655,004.00	4,655,004.00	1,743,700.00	2,911,304.00	37.46
Website development and maintenance	500,000.00	500,000.00	-	500,000.00	-
Office Provisions	24,052.00	24,052.00	22,832.00	1,220.00	94.93
Legal Fees	500,000.00	500,000.00	110,800.00	389,200.00	22.16
Audit Fees	100,000.00	100,000.00	-	100,000.00	-
<b>Total Expense</b>	<b>110,000,000.00</b>	<b>110,000,000.00</b>	<b>40,681,216.00</b>	<b>70,819,400.00</b>	
<b>Surplus /(Deficit) for the Period</b>	<b>-</b>	<b>-</b>	<b>68,300,442.00</b>	<b>68,300,442.00</b>	

Budget notes

1. *Income from exchange transactions: The foundation received revenue from sale of branded marketing items which was not prior budgeted for*
2. *Website development and maintenance: The activity was carried forward to the next financial year*
3. *Audit Fees: The foundation did not a engage a private audit company during the year.*

## 19. Notes to the Financial Statements

### 1. General Information

KASNEB Foundation is established by and derives its authority and accountability from (Perpetual Succession) Act Cap 164 Act. The KASNEB Foundation is wholly owned by the Government of Kenya and is domiciled in Kenya. The KASNEB Foundation principal activity is Loans and Bursaries.

### 2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the KASNEB Foundation accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the KASNEB Foundation. *The* financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

### 3. Adoption of New and Revised Standards

- i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
<b>IPSAS 41:</b> Financial Instruments	<b>Applicable: 1<sup>st</sup> January 2023:</b> The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: <ul style="list-style-type: none"> <li>Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> </ul>

<b>Standard</b>	<b>Effective date and impact:</b>
	<ul style="list-style-type: none"> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
<b>IPSAS 42: Social Benefits</b>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the Entity.</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</li> </ul>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p><b>Applicable: 1st January 2023:</b></p> <ul style="list-style-type: none"> <li>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</li> <li>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</li> </ul>
Other improvements to IPSAS	<b>Applicable 1<sup>st</sup> January 2023</b>

Standard	Effective date and impact:
	<ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008).</li> <li>• <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</li> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement.</b> Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</li> </ul>

### Notes to the Financial Statements (Continued)

ii. ***New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.***

Standard	Effective date and impact:
IPSAS 43	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

iii. ***Early adoption of standards***

The KASNEB Foundation did not early – adopt any new or amended standards in the financial year.



#### **4. Summary of Significant Accounting Policies**

##### **a) Revenue recognition**

##### **i) Revenue from non-exchange transactions**

###### **Fees, taxes and fines**

The KASNEB Foundation recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Entity and the fair value of the asset can be measured reliably.

###### **Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to KASNEB Foundation and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

##### **ii) Revenue from exchange transactions**

###### **Rendering of services**

KASNEB Foundation recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

###### **Sale of goods**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to KASNEB Foundation.

###### **Interest income**

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

###### **Dividends**

Dividends or similar distributions must be recognized when the shareholder's or the KASNEB Foundation right to receive payments is established.

### **Rental income**

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

### **b) Budget information**

The original budget for the Current FY 2022/2023 was approved by the Board of Trustees on *April 2022*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the KASNEB Foundation upon receiving the respective approvals in order to conclude the final budget.

KASNEB Foundation budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section xxx of these financial statements.

### **c) Taxes**

#### **Current income tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where KASNEB Foundation operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### **Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the

reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable KASNEB Foundation and the same taxation authority.

### **Sales tax**

Expenses and assets are recognized net of the amount of sales tax, except:

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- ii) When receivables and payables are stated with the amount of sales tax included  
The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

### **d) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. *Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 5 year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit.*

KASNEB Foundation Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in

the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

**e) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, KASNEB Foundation recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

**f) Leases**

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the KASNEB Foundation. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The KASNEB Foundation also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the KASNEB Foundation will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to KASNEB Foundation. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

**g) Intangible assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

## **h) Research and development costs**

KASNEB Foundation expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the

KASNEB Foundation can demonstrate:

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale.
- ii) Its intention to complete and its ability to use or sell the asset.
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset.
- v) The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

## **i) Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The KASNEB Foundation does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements.* A financial instrument is any contract that gives rise to a financial asset of one KASNEB Foundation and a financial liability or equity instrument of another entity. At initial recognition, KASNEB Foundation measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

## **a) Financial assets**

### **Classification of financial assets**

KASNEB Foundation classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the Foundations management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless KASNEB Foundation has

made irrevocable election at initial recognition for particular investments in equity instruments.

### **Subsequent measurement**

Based on the business model and the cash flow characteristics, KASNEB Foundation classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

### **Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

### **Fair value through net assets/ equity**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

### **Trade and other receivables**

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

### **Fair value through surplus or deficit**

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where KASNEB Foundation manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

### **Impairment**

KASNEB Foundation assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date.

## **b) Financial liabilities**

### **Classification**

KASNEB Foundation classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

### **j) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of KASNEB Foundation

### **k) Provisions**

Provisions are recognized when KASNEB Foundation has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where KASNEB Foundation expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

### **l) Social Benefits**

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. KASNEB Foundation recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the KASNEB Foundation will incur in fulfilling the present obligations represented by the liability.

### **m) Contingent liabilities**

KASNEB Foundation does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

**n) Contingent assets**

KASNEB Foundation does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of KASNEB Foundation in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**o) Nature and purpose of reserves**

KASNEB Foundation creates and maintains reserves in terms of specific requirements.

**p) Changes in accounting policies and estimates**

KASNEB Foundation recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

**q) Employee benefits****Retirement benefit plans**

KASNEB Foundation Intends to provide retirement benefits for its employees . Defined contribution plans are post-employment benefit plans under which an KASNEB Foundation pays fixed contributions into a separate Entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**r) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

**s) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases



when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

**t) Related parties**

KASNEB Foundation regards a related party as a person or an KASNEB Foundation with the ability to exert control individually or jointly, or to exercise significant influence over the KASNEB Foundation or vice versa. Members of key management are regarded as related parties and comprise *the Board of Trustees, the Trust Secretary and senior managers*.

**u) Service concession arrangements**

KASNEB Foundation analyses all aspects of service concession arrangements that it enters in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, KASNEB Foundation recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, KASNEB Foundation also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**v) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**w) Comparative figures**

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

**x) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2023.

**5. Significant Judgments and Sources of Estimation Uncertainty**

The preparation of KASNEB Foundation financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to

the carrying amount of the asset or liability affected in future periods. State all judgements, estimates and assumptions made:

### **Estimates and assumptions.**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. KASNEB Foundation based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the KASNEB Foundation. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

### **Useful lives and residual value**

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

KASNEB Foundation The condition of the asset based on the assessment of experts employed by the KASNEB Foundation.

- a) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- b) The nature of the processes in which the asset is deployed.
- c) Availability of funding to replace the asset.
- d) Changes in the market in relation to the asset

### **Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

## Notes to the Financial Statements

### 6. Transfers from Other Government entities

Description	2022/2023	2021/2022
	KShs	KShs
<b>Unconditional Grants</b>		
The National Treasury and Planning	96,250,000.00	-
Kasneb Grant	9,895,168.00	10,500,000.00
<b>Total Government Grants and Subsidies</b>	<b>106,145,168.00</b>	<b>10,500,000.00</b>

#### b) Transfers from Ministries, Departments and Agencies (MDAs)

Name of The Entity Sending The Grant	Amount recognized to Statement of Financial performance.	Amount deferred under deferred income.	Amount recognised in capital fund.	Total transfers (2022/2023)	2021/2022
	KShs	KShs	KShs	KShs	KShs
The National Treasury and Planning	96,250,000.00			96,250,000.00	-
Kasneb Grant	9,895,168.00			9,895,168.00	10,500,000.00
<b>Total</b>	<b>106,145,168.00</b>			<b>106,145,168.00</b>	<b>10,500,000.00</b>

## 7. Public Contributions and Donations

Description	2022/2023	2021/2022
	Kshs	Kshs
Donation towards loans and bursaries	2,704,490.00	473,400.00
<b>Total Transfers and Sponsorships</b>	<b>2,704,490.00</b>	<b>473,400.00</b>

## 8. Income from exchange transactions

Description	2022/2023	2021/2022
	Kshs	Kshs
<b>Sale of promotional materials</b>		
Printed Bags	24,000.00	-
Printed Hoodies	105,000.00	-
Printed Polo Shirts	3,000.00	-
<b>Total income from exchange transactions</b>	<b>132,000.00</b>	<b>-</b>

## 9. Use of Goods and Services

Description	2022/2023	2021/2022
	Kshs	Kshs
Bank Charges	9,490.00	840.00
Printing and Stationery	17,936.00	-
Transport Expenses	1,774,177.00	-
Strategic Planning Expenses	897,999.00	-
Education and Training	1,743,700.00	-
Office Provisions	22,832.00	-
Legal Fees	110,800.00	-
<b>Total Use of Goods and Services</b>	<b>4,576,934.00</b>	<b>840.00</b>

## 10. Employee Costs

Description	2022/2023	2021/2022
	Kshs	Kshs
Salaries and wages	1,811,215.00	-
Pensions and Benefits	16,200.00	-
<b>Total Employee costs</b>	<b>1,827,415.00</b>	<b>-</b>

**11. Board Expenses**

Description	2022/2023	2021/2022
	Kshs	Kshs
Sitting Allowances	218,400.00	-
<b>Total</b>	<b>218,400.00</b>	<b>-</b>

**12. Student bursaries.**

The trust did not issue bursaries to students during the period

**13. Marketing and Communications**

Description	2022/2023	2021/2022
	Kshs	Kshs
Marketing and Communications	5,993,184.00	-
<b>Total</b>	<b>5,993,184.00</b>	<b>-</b>

**14. Cash and Cash Equivalents**

Description	2022/2023	2021/2022
	Kshs	Kshs
Current Account	38,236,640.00	2,966,160.00
Others (MPESA)	713,615.00	6,400.00
<b>Total</b>	<b>38,950,255.00</b>	<b>2,972,560.00</b>

**Detailed Analysis of the Cash and Cash Equivalents**

Financial Institution	Account number	2022/2023	2021/2022
		Kshs	Kshs
<b>a) Current Account</b>			
Kenya Commercial Bank	1279381418	38,236,640.00	2,966,160.00
<b>Sub- Total</b>		<b>38,236,640.00</b>	<b>2,966,160.00</b>
<b>b) Others (MPESA)</b>			
Mobile Money Accounts		713,615.00	6,400.00
<b>Sub- Total</b>		<b>713,615.00</b>	<b>6,400.00</b>
<b>Grand Total</b>		<b>38,950,255.00</b>	<b>2,972,560.00</b>

## 15. Receivables from Non-Exchange Transactions

Description	2022/2023	2021/2022
	Kshs	Kshs
HELB for student loans and bursaries	68,337,501.00	8,000,000.00
Total receivables from non-exchange transactions	68,337,501.00	8,000,000.00

Ageing Analysis- Receivables from non-exchange transactions	2022/2023	2021/2022
Less than 1 year	60,337,501.00	8,000,000.00
Between 1-2 years	8,000,000.00	-
Over 3 years	-	-
Total	68,337,501.00	8,000,000.00

### Student loans disbursement

Description	2022/2023	2021/2022
	Kshs	Kshs
At the beginning of the year	213,765.00	
Additional provisions during the year	60,337,500.00	8,000,000.00
Disbursed to students during the year	(20,279,047.00)	(7,786,235.00)
At the end of the year	<b>40,272,218.00</b>	<b>213,765.00</b>

Note: During the year, HELB received a total of Ksh. 60,337,500 for the Bursaries and Loans program. HELB disbursed kshs 20,279,047 loans to needy and vulnerable students pursuing Kasneb qualifications. This represents an absorption rate of 34% against the available funds.

## 16. Inventories

Description	2022/2023	2021/2022
	Kshs	Kshs
<b>Sale of promotional materials</b>		
Printed Bags	36,192.00	-
Printed Hoodies	33,408.00	-
Printed Polo Shirts	48,592.00	-
<b>Total income from exchange transactions</b>	<b>118,192.00</b>	-

## 17. Trade and Other Payables

Description	2022/2023		2021/2022	
	Kshs		Kshs	
Employee payables	67,663			
<b>Total trade and other payables</b>	<b>67,663</b>			
<b>Ageing analysis: (Trade and other payables)</b>	<b>2022/2023</b>	<b>% of the Total</b>	<b>2021/2022</b>	<b>% of the Total</b>
Under one year	67,663.00	100%	-	-
1-2 years	-	-	-	-
2-3 years	-	-	-	-
Over 3 years	-	-	-	-
<b>Total (tie to above total)</b>	<b>67,663.00</b>	-	-	-

## 18. Cash Generated from Operations

Description	2022/2023		2021/2022	
	Kshs		Kshs	
<b>Surplus for the year before tax</b>	<b>96,365,725.00</b>		<b>10,972,560.00</b>	
<b>Adjusted for:</b>				
<b>Working capital adjustments</b>				
Increase in receivables	(60,337,501)		(8,000,000)	
Increase in payables	67,663			
<b>Net cash flow from operating activities</b>	<b>36,095,887.00</b>		<b>2,972,560.00</b>	

## 19. Financial Risk Management

The Entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Entity's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Entity does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history. The Entity's financial risk management objectives and policies are detailed below:

**i) Credit risk**

The Entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Entity's management based on prior experience and their assessment of the current economic environment.

**Financial Risk Management**

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

**ii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Entity's directors, who have built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

**iii) Market risk**

The *Entity* has put in place an internal audit function to assist it in assessing the risk faced by the Entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Entity's Finance Department is responsible for the development of detailed risk management policies and for the day-to-day implementation of those policies. There has been no change to the Entity's exposure to market risks or the way it manages and measures the risk.

**iv) Capital Risk Management**

The objective of the Entity's capital risk management is to safeguard the Entity's ability to continue as a going concern.

**20. Related Party Disclosures****Nature of related party relationships**

Entities and other parties related to the *Entity* include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions.



Related parties include management personnel, their associates and close family members.

### **Kasneb**

Kasneb is the principal shareholder of the *Entity*, holding 100% of the *Entity's* equity interest. Kasneb has provided full guarantees to all long-term lenders of the *Entity*, both domestic and external.

### **Other related parties include:**

- i) National Treasury.
- ii) Key management.
- iii) Board of directors.

Description	2022/2023	2021/2022
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Grants /transfers from the government</b>		
Grants from national government	96,250,000.00	
Grants from Kasneb	9,895,168.00	5,500,000.00
<b>Total</b>	<b>106,145,168.00</b>	<b>5,500,000.00</b>
<b>b) Key management compensation</b>		
Directors' emoluments	218,400.00	-
<b>Total</b>	<b>218,400.00</b>	<b>-</b>

### **21. Events after the Reporting Period**

There were no material adjusting and non- adjusting events after the reporting period.

### **22. Ultimate and Holding Entity**

The *Entity* is a Semi- Autonomous Government Agency under Kasneb under the National Treasury. Its ultimate parent is the Government of Kenya.

### **23. Currency**

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

**Appendix II: Transfers from Other Government Entities**

Name of the MDA/Donor	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized Capital Fund	Deferred Income	Receivables	Others - must be specific	Total Transfers during the Year
Kasneb	02/08/2022	Recurrent	2,500,000.00	2,500,000.00	-	-	-	-	2,500,000.00
National Treasury	25/10/2022	Recurrent	25,000,000.00	25,000,000.00	-	-	-	-	25,000,000.00
Kasneb	03/11/2022	Recurrent	2,500,000.00	2,500,000.00	-	-	-	-	2,500,000.00
National Treasury	18/01/2023	Recurrent	25,000,000.00	25,000,000.00	-	-	-	-	25,000,000.00
National Treasury	25/05/2023	Recurrent	21,250,000.00	21,250,000.00	-	-	-	-	21,250,000.00
National Treasury	12/06/2023	Recurrent	25,000,000.00	25,000,000.00	-	-	-	-	25,000,000.00
<b>Total</b>			<b>101,250,000</b>	<b>101,250,000.00</b>	-	-	-	-	<b>101,250,000.00</b>

## **20. Appendices**

### **Appendix 1: Implementation Status of Auditor-General's Recommendations**

There were no prior audit recommendations.