



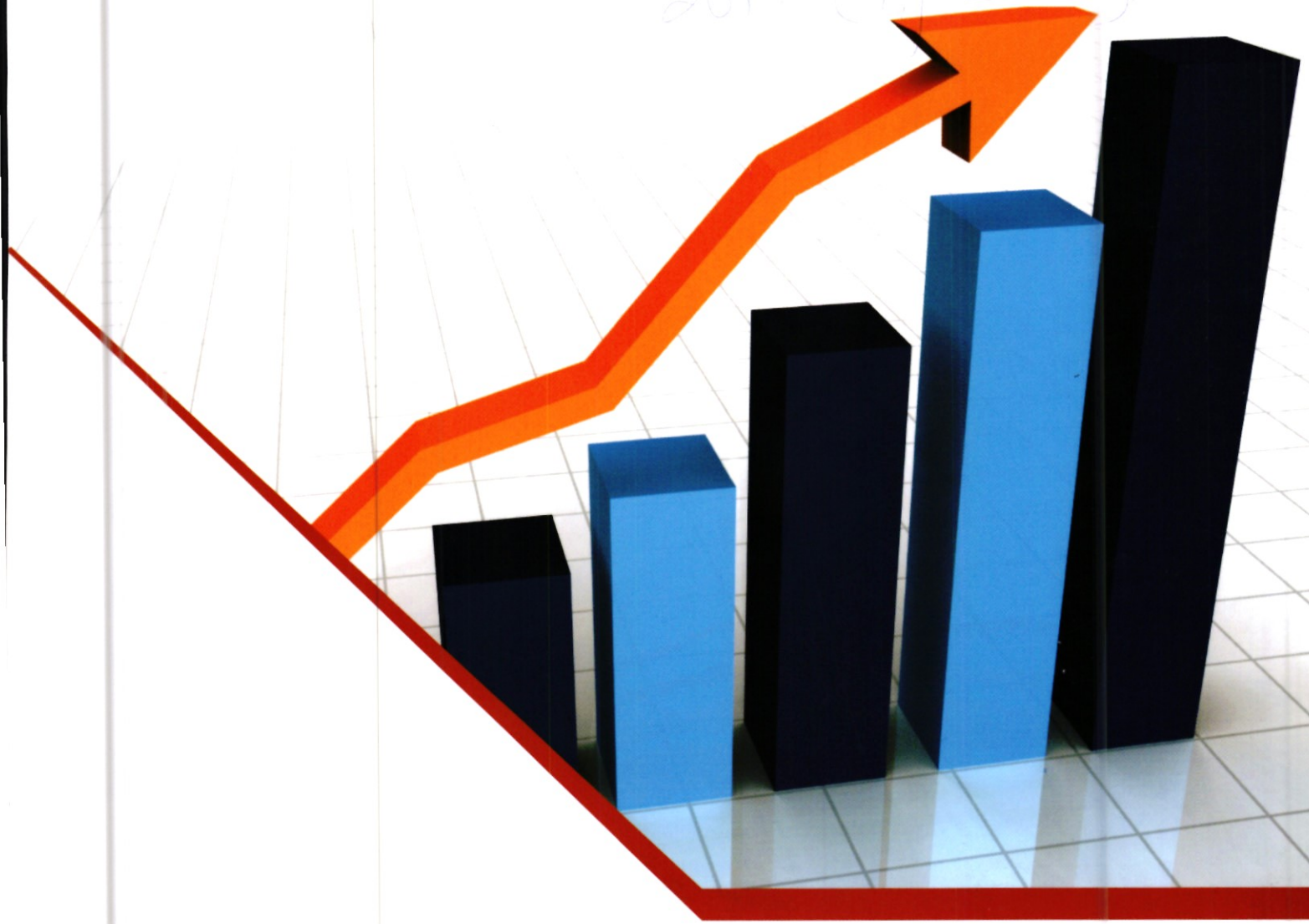
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ANNUAL REPORT

Kenya National Bureau of statistics

on Wednesday 13th September
2017 (Afternoon)



2014/2015

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KENYA NATIONAL BUREAU OF STATISTICS

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2015

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

Kenya National Bureau of Statistics is **ISO 9001:2008 Certified**



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ACRONYMS

| | | |
|---------|---|--|
| A-I-A | - | Appropriations in Aid |
| COMESA | - | Common Market for Eastern and Southern Africa |
| DfID | - | Department for International Development |
| DG | - | Director General |
| EAC | - | East African Community |
| FAO | - | Food and Agriculture Organization |
| FDR | - | Fixed Deposit Receipts |
| FMR | - | Financial Monitoring Reports |
| GOK | - | Government of Kenya |
| ICT | - | Information Communication Technology |
| IDA | - | International Development Agency |
| IFRS | - | International Financial Reporting Standards |
| ILO | - | International Labour Organisation |
| KCB | - | Kenya Commercial Bank |
| KDHS | - | Kenya Demographic Health Survey |
| KENINFO | - | Kenya Information |
| KIHBS | - | Kenya Integrated Household Budget Survey |
| KMIS | - | Kenya Malaria Indicator Survey |
| KNBS | - | Kenya National Bureau of Statistics |
| MICS | - | Multiple Indicator Cluster Survey |
| NSS | - | National Statistical System |
| NSSF | - | National Social Security Fund |
| SCB | - | Statistical Capacity Building |
| UNDP | - | United Nations Development Programme |
| UNFPA | - | United Nations Population Fund |
| UNICEF | - | United Nations Children's Fund |
| USAID | - | United States Agency for International Development |
| WTO | - | World Trade Organisation |

1. Key Information and Management

Background information

Overview

KNBS is a Semi-Autonomous Government Agency established by an Act of Parliament – the Statistics Act, 2006.

Vision

A centre of excellence in production and management of quality statistics

Mission

To develop, provide and promote quality statistical information for evidence based decision making.

Core Values

Professionalism:

Strictly abide by professional considerations on the methods, standards and procedures for statistical production.

Confidentiality:

Guarantee confidentiality of data providers as stipulated in the Statistics Act

Collaboration:

Collaborate with stakeholders so as to enhance the quality of statistical information.

Teamwork:

To embrace teamwork as the hallmark of success. Pursue timely attainment of targeted results at all levels through high level of coordination, networking and collaboration within staff.

Customer focus:

Commitment to meet the needs of our customers and always focus on customer satisfaction.

Accountability and Transparency:

Conduct business and lend services to stakeholders in a transparent and accountable manner.

Efficiency and effectiveness:

Promote high productivity, competence and usefulness of resources at the national and county level.

Innovation and Creativity:

Committed to innovation, invention, creativity and resourcefulness in service delivery.

Strategic Focus, Objectives and Strategies

To achieve its desired overall objective, KNBS has identified six key strategic areas to focus on, over the next five years, in its current strategic plan. These identified strategic areas are geared towards propelling the Bureau in its quest to be a centre of excellence in production and management of quality statistics.

Arising from the situational analysis, as well as the core functions, the Bureau will focus on the following areas:

- i. Address statistics data gaps
- ii. Data quality
- iii. Communication, dissemination and access to statistical information
- iv. Mainstream statistics in Ministries, Departments and Agencies (MDAs) and, County Governments
- v. Strengthen human and physical capital
- vi. Undertake Institutional reforms and good governance

(a) Principal Activities

The Bureau is the principal agency of the Government for collecting, analyzing and disseminating statistical data in Kenya and is the custodian of official statistical information. Specifically the Bureau is mandated with:

- (a) planning, authorizing, co-ordinating and supervising all official statistical programmes undertaken within the National Statistical System;
- (b) establishing standards and promoting the use of best practices and methods in the production and dissemination of statistical information across the National Statistical System;
- (c) collecting, compiling, analyzing, abstracting and disseminating statistical information on the matters specified in the First Schedule;
- (d) conducting the Population and Housing Census every ten years, and such other censuses and surveys as the Board may determine; and
- (e) maintaining a comprehensive and reliable national socio-economic database.

(b) Key Management

The Bureau's day-to-day management is under the following key organs:

- Director General
- Director – Finance and Administration;
- Director – Production Statistics;
- Director – Macro Economics Statistics;
- Director – Population and Social Statistics;
- Director – Strategy and Development; and
- Director – Information and Communication Technology

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2015 and who had direct fiduciary responsibility were:

- | | |
|--|-----------------------|
| 1. Director General | Zachary Mwangi |
| 2. Director – Finance and Administration | Margaret N. Nyakang'o |
| 3. Director – Production Statistics | James Gatungu |
| 4. Ag Director – Macro Economics Statistics | Collins Omondi |
| 5. Director – Population & Social Statistics | MacDonald Obudho |
| 6. Director – Strategy and Development | Saitoti Torome |
| 7. Director – ICT | Cleophas Kiio |

(d) **Fiduciary Oversight Arrangements**

The key fiduciary oversight arrangements cover:

- Finance and Administration committee activities
- Audit and Risk Management Committee activities
- Technical Committee activities
-

(e) **Registered Office**

Herufi House,
Lt. Tumbo Avenue,
P.O Box 30266 – 00100,
NAIROBI

(f) **Contacts**

Telephone:(254) 3317586 / 8
E-mail: directorgeneral@knbs.or.ke
Website: www.knbs.or.ke

(g) **Bankers**

Kenya Commercial Bank Limited,
Moi Avenue Branch,
P.O. Box 30081 – 00100,
NAIROBI.

Co-operative Bank of Kenya,
Kimathi Street Branch,
P.O. Box 7512 – 00100,
NAIROBI.

(h) **Independent Auditors**

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O.Box 30084
GPO 00100
Nairobi, Kenya

(i) **Principal Legal Adviser**

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

I. The Board of Directors



Prof. T.C.I. Ryan - Chairman



**Eng. Ezra Odhiambo
Member**



**Mr. Francis Anyona Alt. to the
PS - Finance Member**



Dr. Mary K. Lonyangapuo



**Dr. Josephine Kibaru-Mbae
Member**



**Ms. Sabina W. Maghanga
Member**



**Mr Billington Mwangi
Gituto Member**



**Mr. Zachary Mwangi, Director General and Secretary to
the Board of Directors**

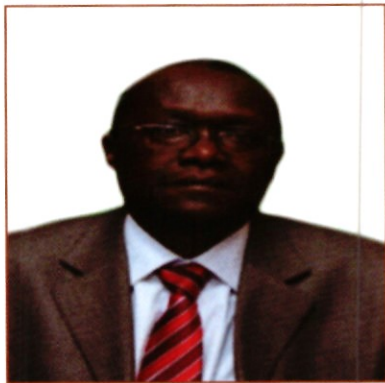


Prof. T.C.I. Ryan - Chairman

Prof. Ryan is a Kenyan born economist who studied in Trinity College, Dublin and the Massachusetts Institute of Technology. He lectured in the University of Nairobi until 1983 when he was appointed Director of Planning in the Ministry of Planning and National Development of the Kenya Government.

In 1988 he became the first Economic Secretary in the Ministry of Finance of the Kenya Government. Following his retirement from the Kenyan Civil Service in 1995, he has been appointed to various posts requiring his experience and expertise. These include the Commission for Higher Education, the Local Committee for Income Tax Appeals and the Monetary Policy Committee of the

Central Bank of Kenya. He is currently the Chairman of the Kenya National Bureau of Statistics. He was also Chairman of the Micro and Small Enterprise Task Force. He has done consultancy work for the World Bank, UNDP, the Organization for African Union and the Economic Commission for Africa of the European Union. He has been advisor on fiscal considerations to Treasuries in Southern Africa. He has been a long serving Resource Person for the African Economic Research Consortium. He was Chairman of Governing Council of Strathmore University in Nairobi for 14 years during which the University came into being; he maintains his link with Strathmore by being a Member of the Advisory Committee of the Strathmore Business School.



Eng. Ezra Odhiambo

Mr. Odhiambo has broad business management experience which ranges from strategic planning, business administration, maintenance management, engineering, information systems, project management, and business systems analysis, among others. Mr. Odhiambo has proven expertise in the strategic planning, business process re-engineering and improvement, change management, design and implementation of operational systems, telecommunications systems, computer systems, design and development of application software, human resource management systems, computer networks and hands-on experience in business analysis and management.

This expertise has been acquired in the consulting environment covering a diverse range of complex business environments such as sugar company operations, maintenance management, financial services, postal services, telecommunication systems, computer systems, trading companies, water and sewerage services and project management among others.

This is backed by sound and relevant academic and technical education and training. Postgraduate education EMBA Jomo Kenyatta University of Agriculture & Technology – 2009 and Post Graduate Diploma in Telecommunications Management Studies -1988 (Bailbrook College, England). Undergraduate Bsc Electrical Eng. (Second Class Honours) University of Nairobi, Kenya 1979. Technical Training in Microwave Systems Engineering Japan) 1984, Radio Systems (Italy) 1981, Transmission Systems (Holland) 1981, Satellite Technology (Intelsat) 1987, Oracle Database System (Afralti) 1989, Digital Equipment Corporation VMS Systems (Protec) 1989, Leadership in Management (2009), Fraud Examination (2011). Positions held include the following: Member of the Board of Directors Kenya National Bureau of Statistics 2014 to date, Chairman Apex Construction Company Ltd 2013 to date, Member of the Board of Directors Netcom Information System Ltd 1992 to date, Member of the Board of Directors BOMAS of Kenya 2004/2007, Member of the Board of Governors- Kokuro Secondary School 2003/2006, Executive Committee Member. Information Standards Technology Association (Kenya) 1992/1997 and Member of Computer Society of Kenya

Mr. Francis Anyona



Mr. Francis Anyona holds a Masters Degree in Economic Policy and Management, University of Nairobi. B.A. Econ. (Hons) 2nd Class Upper Division. Currently works as the Director of Budget at the National Treasury. He has been trained in Driving Performance in the Public Sector, Fiscal Decentralization and Cost Control, Financial Change and Risk Management in the Public Sector Corporate Governance Performance Budgeting and Financing of Devolved Government Strategic leadership and Change Management Enterprise Designing and Implementing Social Transfers Risk Management Public Expenditure and Financial Accountability Micro-economics of Competitiveness Program on Budgeting and Financial Management in the Public Sector among others. He has 24 years public service experience where he has held various positions. He is a Member of Board

of Governors, Riosiri Secondary School, Chairperson MW'Oigara Self Help Group Member South Mugirango Development Group



Dr. Mary K. Lonyangapuo

Dr. Mary K. Lonyangapuo is a holder of Bachelor of Arts in Education from Kenyatta University, a Masters Degree in Linguistics from Leeds University, UK and a PHD in Linguistics from Egerton University. She has over 15 years university teaching experience in the area of Theoretical and Applied Linguistics and has vast knowledge in humanities and social sciences

Her key research areas are in: Syntax, Sociolinguistics and Applied communication and has carried out various researches in linguistics and communicative aspects of language, has written a number of research papers in refereed journals and is a Research Assistant with CASA. She is a member of the Editorial Board, Jarida la Mwanga wa Lugha, an academic journal at Moi

University. She has served as the Head of Department, Linguistics and Foreign Languages, Moi University; Dean, School of Arts and Social Sciences, Moi University and served as a Council Member, Kenyatta University. She sits on various School Boards and is currently a Senior lecturer, Department of Linguistics and Foreign Languages, Moi University, where she is also the Patron of I Choose Peace Consortium.



Dr. Josephine Kibaru-Mbae

Dr. Josephine Kibaru-Mbae is the Director General of National Council for Population and Development. Prior to joining NCPD in February 2014, Dr. Kibaru-Mbae had been the Director General at the East, Central & Southern Africa Health Community (ECSA-HC; Former Commonwealth Regional Health Secretariat) since 2010. ECSA-HC is an Intergovernmental Organization whose aim is to foster regional cooperation and collaboration in health. It comprises of 10 active members; Kenya, Lesotho, Malawi, Mauritius, Seychelles, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe. Dr. Kibaru-Mbae is a Medical Doctor, specialized in Obstetrics, Gynecology and Public Health. She has about 30 years' experience in the public health sector, with about 20 of these years in

Leadership and Management positions at different levels of the health sector in the Republic of Kenya. She started at the District level and rose through the ranks to the level of Senior Deputy Director of Medical Services in charge of Family Health Services, Ministry of Health; Kenya. Dr. Kibaru-Mbae has represented the government in various national and international fora such as the WHA, ICPD etc. During her tenure at the Division of Reproductive Health, in collaboration with other stakeholders, she successfully lobbied for the first ever budget-line for Family Planning in Kenya in 2005.

Dr. Kibaru-Mbae has excellent networking experience working with policy makers and programme experts such as Ministers, Ambassadors, Principal Secretaries, Directors, population and health professionals, representatives of collaborating partners and donors and the media.

**Mrs. Sabina Wakio Maghanga**

Mrs. Sabina Wakio Maghanga is currently the Director of Planning in charge of Macro Planning and International Cooperation in the Ministry of Devolution and Planning. She holds a Masters degree from York University and a Bachelors degree from University of Nairobi. She is a career civil servant who has worked for the government for over 30 years. Her current job involves coordination of national economic policy formulation and promotion of regional and international economic cooperation towards realization of Vision 2030. Some of her work includes coordination of the development of the Second Medium Term Plan 2013 – 2017, the sector specific plans and the East African Community and the European Union Economic Partnership Negotiations.

**Mr. Billington Mwangi Gituto**

Mr. Billington Mwangi Gituto holds a Bachelors degree in Anthropology from the University of Nairobi and a Master's degree in Communication from Daystar University. Gituto has broad interests in development, social policy, strategic and cause communications. He is an experienced social development practitioner with wide research and practice in various areas of human development and capability. He also has extensive experience in various fields of strategic communications. His organizing work has seen him play key leadership and advisory roles in various development interventions, programmes and organizations. Gituto has authored numerous publications on social policy including *Beyond CDF: Making Kenya's Sub-sovereign Finance Work for the Socially Excluded*; *Affirmative Action: The Promise of a New Dawn* and *Making Women Count: Gender and Public Budgeting*. Gituto has been an educator in communications and development at St Paul's University and Daystar University in Nairobi and is currently the Director of the Mekatilili Institute in Nairobi where he is working in the areas of assets and social policy, wellbeing and multidimensional poverty, the application of capabilities approach for measuring wellbeing, equality and advancing human rights and the use of strategic communications to solve social problems.

III. The Senior Management Team

The KNBS structure comprises six directorates as shown below. Each Directorate is headed by a Director.



Mr Zachary Mwangi,
Director General

Mr. Zachary Mwangi Chege has over 24 years' experience in the public service. He holds a Bachelor of Arts (First Class Honors) from University of Nairobi and a Masters of Arts in Economic Policy Management, Makerere University, Uganda. He has expertise in official statistics, strategic management, surveys and censuses implementation, public policy analysis, budgeting, and project management, among others.

Prior to his current appointment as the Director General of the Kenya National Bureau of Statistics (KNBS), he was the Director of Macroeconomic Statistics, KNBS, from 2008 to 2012. From 1991 to 2008 he worked in the mainstream civil service rising to the position of Chief Economist in the then Ministry of Planning and National Development.

He has coordinated the preparation of various publications including, Annual Economic Survey reports, Annual Statistical Abstract reports, Quarterly GDP reports, Socio Economic Atlas, various survey reports, Public Expenditure Review reports, Quarterly Budget Review reports and District Development Plans.

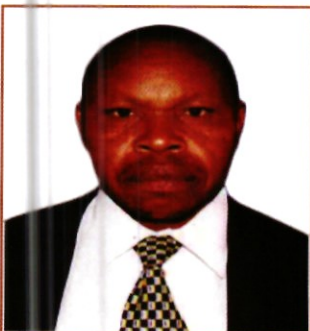
He has attended various courses and workshops, both locally and abroad, on Regional Integration, Statistical Developments, Public Expenditure Management, Financial Programming and Policies, Risk Management, Quality Management System, Project Management, Macroeconomic analysis and modelling, among others.



Mr. James Gatungu
Director Production
Statistics

Mr. James Gatungu has a vast experience in Statistics, Economics and Data Management Skills drawn from over 20 years of work experience with various Public Sector Institutions. He holds Master of Arts in Economics Policy Management (University of Ghana, Legon) and Bachelor of Science (Statistics and Computer Science) – Moi University). He has attended various Management and Statistical related courses.

Mr Gatungu serves in various school Boards, Community welfare groups and church leadership as a contribution to the betterment of the society. He heads Production Statistics Directorate responsible for coordination, collection, analyses, generation and dissemination of production statistics in the areas of Labour, Industrial, Agricultural, Environment and Nutrition Statistics.



Mr. Saitoti Torome
Director Strategy &
Development

Mr. Saitoti Torome, the Director for Strategy and Development at the Kenya National Bureau of Statistics (KNBS), is a holder of MBA in Strategic Management from the University of Nairobi, a Bachelor of Education (Economics and Geography) from Kenyatta University. He is also a Certified Public Secretary of Kenya [CPS (K)] Finalist. Prior to joining the Bureau in 2008, Mr Torome had worked in Corporate Strategies Department of the now defunct Kenya Posts and Telecommunications Corporation (KPTC) and later on in Telkom Kenya Ltd since 1991. Mr Torome's hobbies including hiking, reading, participating in community work and socializing. He is married with four children; two sons and two daughters.



Mr. Macdonald G. O. Obudho
Director Population & Social Statistics

Mr. Macdonald George Obudho has worked in Kenya National Bureau of Statistics since 1995 to date. He holds a Bachelor of Science degree in Mathematics and Computer Science (Second class honours - Upper Division) from Jomo Kenyatta University of Agriculture and Technology and a Master of Science degree in Statistics from the same university. He has vast experience in conducting population and housing census, designing and carrying out sample surveys and compilation of official statistics. From the statistical background, he has experience in cartographic work, designing different types of statistical household sampling frames and maintenance of the same. He has been in management for 13 years that brings about both administrative and technical experience.

He has coordinated the writing of very many reports like census monographs, demographic and health surveys and Multiple Cluster Surveys. He has a number of certificates under his name that arise from short courses, workshops and seminars attended both locally and internationally. Some of them are on censuses, post census enumeration surveys, Statistical Designs and Development, Sampling and weighting of data, Strategic Leadership Development Programme, Risk Management, Quality Management System, among many others

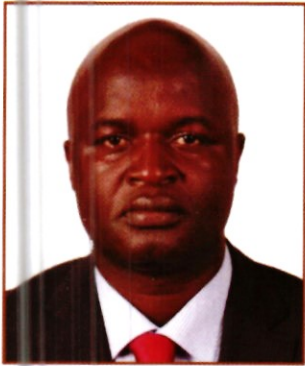


Mrs. Margaret Nyakang'o
Director Finance and Administration

Mrs. Margaret Nyakang'o is a holder of a Bachelor of Commerce Hons. (Accounting Option) and an MBA degree (Strategic Management), both from the University of Nairobi. She has recently completed her thesis in Strategic Workforce Planning, in fulfillment of her Doctorate in Business Administration degree with the University of Liverpool, UK, expected at the end of 2015. In addition she is a Certified Public Accountant, registered with the Institute of Certified Public Accountants of Kenya as a practising member, in good standing.

Mrs. Nyakang'o has broad experience in Financial management, Administration, Strategy, Auditing, Accounting, Tax and Human resource management, all gained in a variety of organizations both in the public and private sectors. Mrs. Nyakang'o started her career in the National Audit office, where she left at the position of Principal Auditor, having audited Government institutions, local authorities and State corporations as well as donor funded programmes. She later worked as Financial Controller for LBDA, a key state corporation in Kisumu as well as in the now defunct KACA, where she was a Corruption Preventive officer. She has held key positions in the Cooperative sector as Deputy General Manager of Harambee Sacco, in the insurance industry, where she was a Chief Accountant of Corporate Insurance Co Ltd and in the security industry, where she was the Finance Manager of BM Security. Before joining KNBS in 2008, she worked as Finance Director of Africa International University. She has also managed her own audit practice, M.N.Nyakang'o & Associates, in which she handled attestation functions including systems auditing and computerized accounting for a variety of clients.

Mrs. Nyakang'o has undertaken a wide range of trainings within and outside her line of work. She is a qualified woman Board director with hands on skills in corporate governance and a member of the Women on Boards Network as well as the Association of Women Accountants of Kenya. In her spare time, Mrs. Nyakang'o plays golf and loves reading factual material.



Mr Collins Omondi
Ag. Director Macro
Economic Statistics

Mr. Collins Omondi has a vast experience in Statistics, Economics and Data Management Skills drawn from over 19 years of work experience with the statistics Institution. He holds Master of Arts in Economics (University of Nairobi) and Bachelor of Science in Statistics (University of Nairobi). He has attended and participated in various Macroeconomics statistics related forums both locally and internationally.

He heads Macroeconomics statistics Directorate responsible for coordination, collection, analyses, generation and dissemination of macroeconomic statistics in the following main areas: National Accounts, External sector statistics, Monetary and Financial statistics, Public Finance, Tourism and migration, and Transport, Storage and Communications statistics.



Mr Cleophas Kiio
Director ICT

Mr. Kiio has a rich experience in ICT Skills drawn from over 20 years of work experience both in Private and Public Sector Institutions. He holds Master of Science degree in Information Systems and Bachelor of Science degree from the University of Nairobi and is currently pursuing a PhD in Business Administration (Strategic Information Systems). He is a certified IT professional in Systems management and is a member of computer society of Kenya (CSK) and Kenya institute of Management (KIM)

Mr. Kiio has continuously served in School Boards, and in Community Based Organizations (CBOs), Social Welfare groups and church committees. He heads the Information and Communication Directorate in the KNBS.

IV. The Chairman's Statement



It is with great pleasure that I present to you the Financial Statements for the Bureau for the year ended 30th June 2015. This is the second report in my tenure as the KNBS Board Chairman. As said in the previous report, this is yet again another opportunity for stakeholders to review the activities and performance of the Bureau. I wish to appreciate the current Board for the commitment it has had throughout the financial year which commitment has helped improve the performance of the Bureau.

During the period under review, the KNBS endeavoured to provide users and policy-makers with timely and reliable statistics to facilitate decision-making. Various surveys as per the Director General's report were conducted and some reports on the same were released, while other reports are still under preparation. I need to mention here that one of the National Surveys that preparatory work commenced and is now on-going is the Kenya Integrated Household Budget Survey,(KIHBS). The Bureau will continue to carry out statistical activities that will strengthen the quality of statistical information released to all stakeholders. KNBS finalized proposals of amending the Statistics Act to be in line with the Constitution of Kenya, 2010 and they were forwarded to the Attorney General for further necessary action. The Bureau also continued to strengthen the National and County Statistics Offices. The Bureau still faces the challenges of office accommodation at the headquarters and Counties, staff retention and visibility. As Chairman of the KNBS Board, I wish to appeal for additional support to the Bureau so as to overcome the challenges pointed out and to support planned statistical activities.

Finally, I wish to recognize with appreciation, the continued technical and financial support we have received from the Government, and the development partners over the years that has enabled to Bureau come this far. The Bureau staff is also appreciated for the efforts they are putting to ensure quality work.

Prof. Terry Ryan

V. The Director General's Report



According to the Statistics Act 2006, the Kenya National Bureau of Statistics is the principal agency of the national government for the collection, compilation, analysis and dissemination of official statistics for planning, policy making and monitoring and evaluation. It is also mandated to ensure best standards and methods in the production of statistics across the National statistical system (NSS). This annual financial report, therefore, highlights achievements made by KNBS.

Economic Survey 2015 and its Popular Version report

The Economic Survey 2015 report highlighted the performance of the economy in 2014 and also provided key socio-economic statistics for the period 2010-2014. The report, together with its popular version, was prepared by April 2015 and provided key indicators that informed the National Government budgetary process. The report is used widely by the government, researchers, academicians, development partners, non-governmental organizations and the media among other users for planning, analysis, budgeting, monitoring and evaluation purposes.

Quarterly National Accounts (QNA)

The Bureau produced four Quarterly National Accounts reports which provided a snapshot of performance of the economy in the four quarters of 2014/15 financial year. These reports facilitated the work of data users within and outside the National statistical system.

Revision and rebasing of the National Accounts, development of Input-output Tables (IOT) and the Social Accounting Matrix (SAM)

The sixth major revision and rebasing of the national accounts was done by KNBS in September 2014. This was in accordance with the recommendations of System of National Accounts (SNA) 2008 and to incorporate new data available since the previous revision in 2005. During the revision and rebasing process, the Bureau also developed the Input/output Tables and the Social Accounting Matrix which were published in the 2015 economic survey.

The Statistical Abstract Report 2014

The Bureau developed and published the Statistics Abstract 2014. The report gives a comprehensive compendium of statistics with a ten year data series for both macroeconomic and socio-indicators. The report is mainly used by researchers and academicians.

Facts and Figures 2015

The Bureau published the Facts and Figures 2015 report which gives, in simplified form, selected macro-economic and socio-economic indicators for 2012-2014.

Consumer Price Index

Consumer Price Index and inflation rates were released on monthly basis during the 2014/15 financial year. During the period, the Computer Assisted Personal Interview (CAPI) technology was introduced to run parallel with the paper interviewing system.

Foreign Investment Survey (FIS) 2015

KNBS conducted the data collection exercise of the FIS 2015 in May and June 2015. The survey was done to update information on; the stocks and flows of inward and outward foreign investment, and equity and debt investment for use in the compilation of Balance of Payments (BOP), International Investment Position and related external debt statistics.

Leading Economic Indicators

Leading Economic Indicators were produced and uploaded in the KNBS website on monthly basis

Producer Price Index (PPI)

The Producer Price Index for manufacturing sector was produced on quarterly basis and uploaded in the KNBS website.

Kenya Integrated Household Budget Survey (2015/2016 KIHBS)

The main objectives of the 2015/2016 KIHBS are; to compute poverty/welfare measures (incidence, gap and severity), update National Accounts benchmarks (e.g. private consumption, informal sector, analysis of household sector), update household expenditure weights to be used in the development of new Consumer Price Index (CPI) and provide quarterly estimates on selected indicators at national level. During the 2014/15, preparatory work for the 2015/2016 KIHBS commenced and several activities were completed. Key among them were; development and pre-test of the survey instruments whose findings were used to improve the survey questionnaires, training of the pilot survey team, conducting the pilot survey and commencement of the recruitment exercise for personnel to be used in the main survey.

The Socio-Economic Atlas of Kenya

The report depicts the 2009 Kenya Population and Housing Census (KPHC) by county and sub-location. The Atlas utilizes a high degree of spatial resolution to illustrate the factors that define and influence the standards of living in Kenyans. The Report was as a result of joint efforts by KNBS, Center for Training and Integrated Research in ASAL Development (CETRAD) and Environment (CDE) at the University of Bern, Switzerland.

Publication of Spatial Dimension of Well-being in Kenya

During the period, KNBS published and disseminated Spatial Dimension of Well-being in Kenya report with assistance from the United Nations Development Programme (UNDP). The report was generated using the Small Area Estimation (SAE) and it contains poverty estimates and maps at national and lower levels of administration as at 2009.

Stakeholder's meetings and support

The Bureau held meetings with its stakeholders; and statistical producers and users with an aim of reporting, harmonizing and validation of data. KNBS participated in Technical Working Groups meetings and activities in areas of agriculture and environment, tourism statistics, GFS, BOP Statistics among others. The Bureau also benefited from stakeholders Technical Assistance (TA) to improve the quality of statistics.

African Statistics day celebrations

These celebrations are held annually every 18th day of November. The theme was 'Open data for accountability and inclusiveness'. The aim of African Statistics day is to increase public awareness on statistics.

National Strategy for Development of Statistics (NSDS)

The Bureau launched its 3rd Strategic Plan (2013-2017), though it has very much been in use since 2013. The plan is based on six key strategic focus areas which are addressing statistics gaps, improving quality of statistical information, development of statistics at national and county government levels, communication, dissemination and access to statistical information, human capital management and KNBS institutional reforms. This is one of the sector plans of NSDS.

In addition the Bureau commenced the development of the Strategic Plan for Agriculture and Rural Statistics (SPARS) which is the second sector plan of NSDS. The aim of SPARS is to improve quality and coordination in production of agriculture statistics.

Performance Contracting

KNBS has implemented the agreed targets during the year as per its performance contract with the Ministry of Devolution and Planning and. In order to track its implementation, four quarterly progress reports were prepared and submitted to the Performance Contracting Secretariat, the parent ministry and Inspectorates of State Corporations. An evaluation of 2013-2014 KNBS Performance Contract was also carried out during the period under review.

ISO Activities

During the period under, the Bureau continued with ISO activities whereby two internal audits were carried out both in the headquarters and county offices. Furthermore, two surveillance audits were undertaken by SGS, the authorized certification body. Nonconformities noted in the two levels of audit were addressed adequately.

Kenya National Bureau of Statistics/ Statistics Sweden Capacity Building Project

This four year project between the two institutions aimed at enhancing the capacity of National Statistical System to produce quality official statistics. Through the KNBS and other statistics producers will have improved their institutional capacity to deliver relevant, reliable and timely statistical information that meet the needs of users.

In conclusion, I laud the efforts of the Board, entire staff and other stakeholders for the support provided during the period that ensured the Bureau implemented majority of the planned activities.

Sincere appreciation to our development partners who have been a great help in the development of statistics not only at the Bureau but in the country as a whole. Particular gratitude goes to AfDB, CIDA, SIDA, UNICEF, UNDP, UNFPA and World Bank for both financial and technical support that facilitated KNBS conduct key surveys to bridge some of the existing data gaps. The Bureau greatly recognizes and appreciates the invaluable support and feedback by our data producers, suppliers and users that enabled the institution achieve its mandate.

Zachary Mwangi

VI. Corporate Governance Statement

Objective

Corporate governance defines the process and structure used to direct and manage business affairs of the organization with the aim of enhancing prosperity and organizational accountability.

The Board acknowledges that it is responsible for ensuring the transparency, accountability and integrity of the financial and internal systems in the organization and hereby confirms that sufficient safeguards have been put in place and are reviewed on a regular basis.

The Board's principal responsibilities include:

- Approving the Bureau's strategy and ensuring that an effective management team and the necessary financial and human resources are in place for the Bureau to meet its objectives.
- Approving the Bureau's Budget.
- Approving the Bureau's Annual Report and reviewing its periodic financial reports.
- Evaluation of the Board's performance over the preceding year.
- Reviewing the Bureau's risk management and internal controls systems and governance framework and approving Bureau policies.

Board Committees and their functions

The Board has approved the delegation of certain authority to Board Committees where applicable, as well as to the management. The Board has three committees which are guided by clear terms of reference, and are instrumental in monitoring the Bureau operations, conduct of business systems and internal controls.

The three Committees are the Finance & Administration Committee, the Audit & Risk Management Committee and the Technical Committee.

a) Finance & Administration Committee

Functions

- Review the Bureaus' annual budget before submission and after approval by the Treasury;
- Review quarterly Financial Monitoring Reports (FMR);
- Review periodic operational budgets and financial statements;
- Monitor the continuing efficacy of accounting and internal control;
- Compliance with the Government financial management regulations;
- Monitoring the performance of key finance and accounts staff against approved performance contracts;
- Review the annual procurement plans including those of external funded projects;
- Monitoring and appraise the performance of senior management, review of all human resource policies, determining the remuneration of senior management and other staff.

The above responsibilities shall not prevent the committee from carrying out any other tasks that are reasonably within its mandate. All review and recommendations by this committee will be submitted to the Board for final approval.

The Committee is made up of the following Directors:

| | | |
|---------------------|---|---------------------------------------|
| Eng. E. Odhiambo | - | Chairman |
| Mrs. S. W. Maghanga | - | Alt to PS, Min. Devolution & Planning |
| Mr B. M. Gituto | - | Member |
| Dr. K. I. Athuman | - | Member |
| Mr F. Anyona | - | Alt to PS, The National Treasury |

b) Audit & Risk Management Committee

Functions

- Monitor the implementation of the risk management policy framework;
- Monitoring and ensuring timely implementation of recommendations of various fiduciary oversight

responsibilities, including internal and external auditors, Government project monitoring agencies and external funded projects (IDA and DfID) periodic review and supervision missions;

- Overseeing continuing efficacy of accounting and internal control standards, policies and practices
- Ensuring compliance with legal covenants of Development Partners funding agreement on projects by them
- Monitoring performance of key internal audit staff against approved performance contracts.
- The above responsibilities shall not prevent the committee from carrying out any other tasks that are reasonably within its mandate.
- All review and recommendations by this committee will be submitted to the Board for adoption.

The Committee is made up of the following Directors:

| | | |
|--------------------|---|---------------------------------------|
| Dr. J. K. Mbae | - | Chairperson |
| Dr. M. Lonyangapuo | - | Member |
| Mr B. M. Gituto | - | Member |
| Mr F. Anyona | - | Alt to PS, the National Treasury |
| Ms. S. Maghanga | - | Alt to PS, Min. Devolution & Planning |

c) Technical Committee

Functions

- To review and approve the Bureau's annual workplan to ensure that it is in line with the Strategic Plan
- To review requests from Agencies other than the Bureau who intend to undertake a census or survey at national sub-regional and local level
- Reviewing policies on the standardization of methodology and standards for data collection, reporting and dissemination
- Review the Quarterly report on the activities of the Bureau
- Review collaboration activities and partnerships with other agents.

The above responsibilities shall not prevent the committee from carrying out any other tasks that are reasonably within its mandate.

All review and recommendations by this committee will be submitted to the Board for adoption.

The Committee is made up of the following Directors:

| | | |
|--------------------|---|-------------------------------------|
| Dr. M. Lonyangapuo | - | Chairperson |
| Eng. E. Odhiambo | - | Member |
| Dr. J. K. Mbae | - | Member |
| Ms. S. Maghanga | - | Alt. PS, Min. Devolution & Planning |
| Dr. K. I. Athuman | - | Member |

Directors' Remuneration

The remuneration for the directors consists of sitting allowances in connection with attendance at Board and Committee meetings. The aggregate amount of the expense during the financial year ended 30th June 2015 are contained in Note 6 to the financial statements in this annual report

Code of Conduct

The Bureau has a code of conduct which seeks to guide employees in ethical conduct of business. All directors, management and employees are expected to observe high standards of integrity and ethical conduct when dealing with customers, staff, suppliers of data, goods and services and regulators.

Internal Control

The effectiveness of the Bureau's internal control systems is monitored on a regular basis by the Internal Audit function, which reviews the Bureau's compliance with the laid down policies and procedures as well as assessing the effectiveness of the internal control structures. The Internal Audit function reports to the Audit and Risk Management Committee of the Board.

Board Committees Attendance

The following table gives the record of attendance of the KNBS Board and its Committee meetings for the year ended 30th June, 2015:

| Name of Board Member | Meetings attended | | | | Special board |
|----------------------|-------------------|------------------------------------|-----------------------------------|---------------------|---------------|
| | Main Board | Finance & Administration Committee | Audit & Risk Management Committee | Technical Committee | |
| Prof. Terry Ryan | 4 | n/a | n/a | n/a | 3 |
| Eng. E. Odhiambo | 4 | 4 | n/a | 4 | 3 |
| Dr. J. K. Mbae | 3 | n/a | 3 | 3 | 3 |
| Dr. M. Lonyangapuo | 4 | n/a | 4 | 4 | 3 |
| Ms. S. Maghanga | 3 | 2 | 3 | 3 | 3 |
| Mr B. M. Gituto | 3 | 3 | n/a | n/a | 3 |
| Mr F. Anyona | 2 | 1 | 2 | n/a | 2 |
| Mr Zachary Mwangi | 4 | 4 | 4 | 4 | 3 |
| Dr. K. I. Athuman | 0 | 0 | 0 | 0 | 0 |

Key:

n/a means not available.

VII. Corporate Social Responsibility Statement Community Donations

The Bureau nominated sixteen members of staff to visit the ABC Children's Home in Kariobangi on 1st December, 2014. The home has children both infected and affected by AIDS/HIV, and also hosts children living with disabilities. It also rehabilitates children rescued from Female Genital Mutilation and former street children. The aim of the visit was to celebrate World Aids Day with the children in the home, and as a way of commemorating African Statistics Day which was celebrated on 18th November, 2014. The members of staff, who represented the Bureau donated foodstuffs, clothing, toys, beddings, an engraved wall clock and a Christmas Card.

VIII. Report of the Directors

The Directors have pleasure in submitting their report together with the financial statements for the year ended June 30, 2015 which disclose the state of affairs of the Bureau.

Principal activities

The Bureau is the principal agency of the Government for collecting, analyzing and disseminating statistical data in Kenya and is the custodian of official statistical information.

Results

The results of the Bureau for the year ended June 30, 2015 are set out on page 24.

Directors

The members of the Board of Directors who served during the year and up to the date of this report are set out on page 6.

Auditors

The Auditor General is responsible for the statutory audit of the Bureau in accordance with Section 32 of the Public Finance Management (PFM) Act, 2012, which empowers the Auditor General to audit or nominate other auditors to carry out the audit on his behalf.

IX. Statement of Directors' Responsibility

Section 81 of the Public Finance Management Act, 2012 and the Statistics Act, 2006, require the Directors to prepare financial statements in respect of the Bureau, which give a true and fair view of the state of affairs at the end of the financial year and its operating results for that year. The Directors are also required to ensure that the Bureau keeps proper accounting records which disclose with reasonable accuracy its financial position. The Directors are also responsible for safeguarding of the assets.

The Directors are responsible for the preparation and presentation of the Bureau's financial statements, which give a true and fair view of its state of affairs as at the end of the financial year ended on June 30, 2015. 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 the entity; (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 the Bureau; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Bureau's 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 Statistics Act (2006). The Directors are of the opinion that the Bureau's financial statements give a true and fair view of the state of its transactions during the financial year ended June 30, 2015, and of its financial position as at that date. The Directors further confirm the completeness of the accounting records maintained by the Bureau, which have been relied upon in the preparation of these financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Bureau's financial statements were approved by the Board on 25th September, 2015 and signed on its behalf by:

 Zachary Mwangi
 Director General

 Prof. Terry Ryan
 Chairman

Date.....

Date.....

X. Report of the Auditor General

REPUBLIC OF KENYA

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P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON KENYA NATIONAL BUREAU OF STATISTICS FOR THE YEAR ENDED 30 JUNE 2015

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Kenya National Bureau of Statistics set out on pages 28 to 51, which comprise the statement of financial position as at 30 June 2015, and the statement of financial performance, statement of changes in net assets and statement of cash flows for the year then ended, the statement of comparison of budget and actual amounts 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 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

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 such 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.

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 14 of the Public Audit Act, 2003.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with provisions of Section 15(2) of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229 (7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Auditing Institutions (ISSAIs). Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bureau's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a reasonable basis for my qualified audit opinion.

Basis for Qualified Opinion

1. Non-Current Assets

(i) As noted in my report of the financial year ended 30 June 2014, although the Bureau's property plant and equipment were valued in November 2010, there is still no fixed assets register in place to record all assets transactions and accounting treatments of the Bureau. It was therefore not possible to verify existence, ownership and valuation of these properties.

(ii) Lack of Title Deed

The property, plant and equipment balance of Kshs.100,268,172 as at 30 June 2015 includes a parcel of land measuring 0.16ha with a building valued at Kshs.8,494,071, situated in Embu Town. The Bureau do not have the original title for this land.

Consequently, in light of the above paragraph, I am unable to confirm the carrying values as stated in the financial statements reflect the fair values of the properties as at 30 June 2015.

2. Receivables

The statement of financial position receivables balance of Kshs.86,297,807 as at 30 June 2015 includes an amount of Kshs.4,438,906 relating to 2009 census exercise imprests which have remained outstanding to date. No explanation has been provided for failure to recover the outstanding imprests of Kshs.4,438,906

contrary to existing financial regulations on surrender of imprests. Any provision that would have been necessary in relation to this uncertainty has not been incorporated in this financial statements.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Kenya National Bureau of Statistics as at 30 June 2015, 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 Statistics Act, 2006 of the laws of Kenya.



FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

22 March 2016

XI. Statement of Financial Performance For the Year Ended 30th June 2015

| | | 2014/2015 | 2013/2014 |
|---|--------------|----------------------|----------------------|
| | Notes | Ksh. | Ksh. |
| Revenue | | | |
| Revenue From non-exchange transactions | | | |
| GOK Grants | 2-a | 847,380,000 | 814,780,000 |
| Revenue reserves | 2a | 80,400,000 | - |
| Donor Funds | 2-b | 318,761,506 | 211,118,834 |
| Revenue from other donors | 2-c | 7,738,586 | 26,738,756 |
| | | 1,254,280,092 | 1,052,637,590 |
| Revenue form exchange transactions | | | |
| Interest income | 3-a | 135,391,091 | 118,446,460 |
| Other income (A-I-A) | 3-a | 15,170,451 | 7,734,321 |
| | | 150,561,542 | 126,180,781 |
| Total Revenue | | 1,404,841,634 | 1,178,818,371 |
| Expenses | | | |
| Project expenses | 4 | 352,275,156 | 456,029,323 |
| Staff cost | 5 | 636,167,526 | 549,609,379 |
| Director's expenses | 6 | 6,131,596 | 1,523,592 |
| Depreciation and armotisation | 7 | 66,523,912 | 82,988,711 |
| Repairs and maintenance | 8 | 35,180,195 | 35,581,806 |
| Insurance expenses | 9 | 70,950,183 | 84,896,318 |
| Other operating expenses | 10 | 68,167,941 | 74,753,435 |
| Bank charges | 11 | 308,564 | 304,310 |
| | | 1,235,705,073 | 1,285,686,874 |
| Net surplus / (Deficit) | | 169,136,561 | (106,868,503) |

The notes set out on pages 29 to 41 form an integral part of the Financial Statements

XII. Statement of Financial Position As at 30th June 2015

| | | 2014/2015 | 2013/2014 |
|---|-------|----------------------|----------------------|
| | Notes | Ksh. | Ksh. |
| ASSETS | | | |
| Current Assets | | | |
| CASH & CASH EQUIVALENTS | 12 | 1,585,073,049 | 1,480,571,288 |
| RECEIVABLES | 13 | 86,297,807 | 58,192,102 |
| | | 1,671,370,856 | 1,538,763,390 |
| Non-current Assets | | | |
| PROPERTY, PLANT & EQUIPMENT | 14 | 100,268,172 | 117,707,404 |
| INTANGIBLE ASSETS | 15 | 9,466,254 | 38,374,124 |
| | | 109,734,426 | 156,081,528 |
| TOTAL ASSETS | | 1,725,974,116 | 1,694,844,918 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| PAYABLES | 16 | 16,623,843 | 52,296,998 |
| REFUNDABLE DEPOSITS | 18 | 58,872 | 136,872 |
| PROVISIONS | 19 | 19,794,261 | 17,876,981 |
| UNUTILISED GRANTS | 20 | 1,467,793 | 6,812,989 |
| | | 37,944,769 | 77,123,840 |
| Non-Current Liabilities | | | |
| STAFF GRATUITY DUES | 17 | 17,186,397 | 13,604,607 |
| TOTAL LIABILITIES | | 55,131,166 | 90,728,477 |
| NET ASSETS | | 1,725,960,962 | 1,604,116,471 |
| RESERVES | | | |
| Accumulated Surplus | | 1,384,500,064 | 1,262,642,419 |
| Revaluation Reserve | | (56,827,694) | (56,827,694) |
| Capital Reserve | | 398,301,746 | 398,301,746 |
| TOTAL NET ASSETS AND LIABILITIES | | 1,725,974,116 | 1,604,116,471 |

The Financial Statements set out on pages 29 to 41 were signed on behalf of the Board of Directors by:

Zachary C. Mwangi
Director General

Date -----

Prof. Terry Ryan
Chairman

Date -----

XIII. Statement of Changes in Net Assets For the Year Ended 30th June 2015

| | REVENUE | REVUATION | CAPITAL | |
|---|----------------------|---------------------|--------------------|----------------------|
| | RESERVE | RESERVE | RESERVE | TOTAL |
| | Ksh | Ksh | Ksh | Ksh |
| At 01.07.2013 | 1,350,891,200 | (56,827,694) | 398,301,746 | 1,692,365,252 |
| Deficit for this Year | (106,868,503) | - | - | (106,868,503) |
| Net Changes/ Restatements in Reserve | 18,619,722 | - | - | 18,619,722 |
| Capital Reserves | - | - | - | - |
| Balance as at 30.06.2014 | 1,262,642,419 | (56,827,694) | 398,301,746 | 1,604,116,471 |
| At 01.07.2014 | 1,262,642,419 | (56,827,694) | 398,301,746 | 1,604,116,471 |
| Transfer from reserve | (80,400,000) | | | (80,400,000) |
| Surplus for the year | 169,139,561 | - | - | 169,139,561 |
| Net Changes/ Restatements in Reserves | 33,121,084 | - | - | 33,121,084 |
| Balance as at 30.06.2015 | 1,384,486,910 | (56,827,694) | 398,301,746 | 1,725,974,116 |

The net changes and restatements in reserves are the adjustments in reserves involving recoveries of staff imprests and expenses relating to the previous period. These expenses include surrender of imprests for expenses incurred in 2013/2014, and an adjustment on computer depreciation expense, following the end of their useful life. A revaluation exercise is underway to re-determine their values.

The Statement of Changes in Net Assets is to be read in conjunction with the Notes to, and forming part of the Financial Statements set out on Pages 29 to 41.

XIV. Statement of Cash Flows For the Year Ended 30th June 2015

| | | | 2014/2015 | 2013/2014 |
|---|----------|--|----------------------|----------------------|
| | Notes | | Kshs. | Kshs. |
| Surplus (Deficit) for the year | | | 169,136,561 | (106,868,503) |
| Adjusted for: | | | | |
| Depreciation and Amortization | 7 | | 66,523,912 | 82,988,711 |
| Contribution to provision | 19 | | 1,917,280 | (5,487,622) |
| Net Changes in Reserves | | | (47,278,916) | 18,619,722 |
| | | | | |
| Working Capital Adjustments | | | | |
| Decrease (increase) in receivables | 13 | | (28,105,705) | 13,861,917 |
| (Decrease) in payments received in Advance | 18 | | (78,000) | (140,741) |
| (Decrease) in payables | 16/17/20 | | (37,436,561) | (29,662,605) |
| | | | | |
| Net Cash Flows from operating activities | | | 124,678,571 | (26, 689,121) |
| Cash flow from investing activities | | | | |
| Purchase of fixed Assets | 14/15 | | (17,688,085) | (10,386,275) |
| Adjustments for ERP softwares | 22.IV | | 29,382,342 | - |
| Adjustments in PPE Depreciation | 14 | | (31,871,067) | - |
| Net cash flows from investing activities | | | (20,176,810) | (10,386,275) |
| | | | | |
| | | | | |
| Net change in cash and cash equivalents | | | 104,501,761 | (37,075, 396) |
| At start of year | | | 1,480,571,288 | 1,517,646,684 |
| At end of year | 12 | | 1,585,073,049 | 1,480,571,288 |

The Cash Flow Statement is to be read in conjunction with the notes to, and forming part of the Financial Statements set out on Pages 29 to 41.

XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

A reconciliation of the period's surplus is on Note 21.

| | ORIGINAL BUDGETS | ADJUSTMENTS | FINAL BUDGETS | ACTUAL AMOUNTS | variance | % Variance |
|----------------------------|---------------------|--------------------|----------------------|----------------------|--------------------|------------|
| | Kshs. | Kshs. | Kshs. | Kshs. | Kshs. | |
| Revenues | | | | | | |
| GOK Grants | 847,380,000 | 80,400,000 | 927,780,000 | 927,780,000 | - | - |
| Donor Funds | - | 326,500,092 | 326,500,092 | 326,500,092 | - | - |
| A-I-A | - | | | 150,548,388 | 150,548,388 | |
| Total Income | 847,380,000 | 406,900,092 | 1,254,280,092 | 1,404,828,480 | 150,548,388 | |
| Expenses | | | | | | |
| Project Expenses - | | | | | | |
| Development Expenses | 98,400,000 | 315,500,092 | 413,900,092 | 352,275,155 | 61,624,937 | 14.89% |
| Staff Costs | 638,000,000 | - | 638,000,000 | 636,167,526 | 1,832,474 | 0.29% |
| Directors' Expenses | 3,000,000 | 5,000,000 | 8,000,000 | 6,131,596 | 1,868,404 | 23.36% |
| Repairs and Maintenance | 11,000,000 | 21,000,000 | 32,000,000 | 35,180,195 | (3,180,195) | -9.94% |
| Insurance Costs | 50,000,000 | 18,500,000 | 68,500,000 | 70,950,183 | (2,450,183) | -3.58% |
| Other Operating Expenses | 42,480,000 | 34,400,000 | 76,880,000 | 68,476,506 | 8,403,494 | 10.93% |
| Purchase of Assets | 4,500,000 | 12,500,000 | 17,000,000 | 17,688,085 | (688,085) | -4.05% |
| Total Expenses | 847,380,000 | 406,900,092 | 1,254,280,092 | 1,186,869,246 | 67,410,846 | |
| Surplus / (Deficit) | - | - | - | 217,959,234 | | |

The positive variance on development expenses relates to timing differences of the implementation of Kenya Demographic Health Survey (KDHS) and the Kenya Malaria Indicator Survey (KMIS), which were ongoing at year end. Some of the planned activities for the Board of Directors such as training were not undertaken within the period. Under other operating expenses, official entertainment expense reduced as a result of out-sourcing the service. There were fewer contractual services during the period.

XVI. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2015

1 A. STATEMENT OF COMPLIANCE AND BASIS OF ACCOUNTING

The principal accounting policies adopted in the preparation of these financial statements are as stated below:

The Bureau's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity and all values are rounded to the nearest Shilling (Ksh). The accounting policies have been consistently applied to all the years presented.

FIRST TIME ADOPTION OF IPSAS

The Bureau adopted the IPSAS for the first time in the 2013/2014 financial year.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the indirect method. The financial statements are prepared on accrual basis.

B. SIGNIFICANT ACCOUNTING POLICIES

I. REVENUE RECOGNITION

i. Revenue from non-exchange transactions

- *Transfers from other government entities*

Revenues from non-exchange transactions with 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 the entity and can be measured reliably.

- *Donor funds*

Grants received for specific purposes are treated as unutilised grants and credited to the statement of financial performance when the activities for which they were provided for have been undertaken. Any unutilised funds are carried forward as liabilities.

ii. Revenue from exchange transactions

- *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 the entity.

- *Interest income*

Interest income is accrued using the straight line method, by estimating future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies to the principal outstanding to determine interest income for each period.

II. 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.

Under the Bureau's depreciation policy all items of Property, Plant and Equipment are recorded at cost less accumulated depreciation. Subsequent costs are also included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bureau and the cost of the item can be measured reliably. Depreciation is calculated to write off the cost or valuation of each asset to its residual value where applicable, over the expected useful life of the asset in equal installments using the straight line method. No depreciation is made in the year of purchase but a full year's depreciation is charged in the year of disposal. No depreciation is provided on freehold land.

Repairs and maintenance costs are charged to the income and expenditure statement during the period in which they are incurred.

The assets are categorized and depreciated on a straight line basis as follows:

| Item | Rate |
|---|-------|
| Computer System | 33.3% |
| Furniture & Fittings, Equipment & Library Books | 12.5% |
| Motor Vehicles | 20.0% |
| Buildings | 2.5% |
| Plant and machinery | 12.5% |

All Assets surrendered to the Bureau by the Government through the Ministry Planning & Devolution were valued during the year 2009/2010 by M/s Metrocosmo Ltd, a registered firm of valuers and their new values incorporated in the statements during the same period.

Gains or losses arising from derecognition of an item of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the surplus or deficit when the asset is derecognized.

III. INTANGIBLE ASSETS

Intangible assets consist of various computer software purchased for use in the Bureau. The Bureau recognizes Intangible Assets acquired separately at cost less accumulated amortization.

Amortization is charged on a straight-line basis over their useful lives as estimated by management from time to time. The values indicated in these statements have been amended to include values of the intangible assets transferred from the Government after their revaluation.

The rate of amortization has been set at 33.3% pa. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the surplus or deficit when the asset is derecognized. If an asset is transferred to the Bureau, it is recorded at the transfer value. It is subsequently revalued by a professional valuer and recorded at that value. If the transfer value is not known it is recorded at Director's valuation pending valuation by a professional valuer.

IV. ACCOUNTING FOR ASSETS DONATED TO THE BUREAU

If an asset is transferred to the Bureau, it is recorded at the transfer value. It is subsequently revalued by a professional valuer and recorded at that value. If the transfer value is not known it is recorded at Director's valuation pending valuation by a professional valuer.

V. EMPLOYEE BENEFITS

i. Pension Scheme

The KNBS Retirement Benefits Scheme became operational from November 2011. The members of the scheme, who stood at 476 at the end of the period, contribute 10% of their basic pay, while the employer contributes 20%, to the scheme.

The Bureau also contributes to the National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Bureau's obligation under the scheme is limited to specific monthly contributions legislated from time to time and are currently fixed at Sh.200 per employee, per month. The Bureau's contributions to the retirements benefit scheme and to the NSSF in respect of current service have been charged to the income and expenditure account in the year.

ii. Staff Gratuity

The Bureau has six Management Staff, employed on a 5-year contract basis, who are eligible to gratuity upon expiry of their respective contracts.

The Bureau therefore operates a separate Gratuity Account for them, where amounts equivalent to 31% of the employee's monthly basic salary are remitted. Movements in this account are clearly tabulated and accounted for in the statements.

iii. Staff Annual Leave Accrual

Employee entitlements to annual leave are recognized when they accrue. A provision is made for the estimated liability for annual leave as a result of services rendered by the employee up to the balance sheet date.

VI. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and cash at bank, 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.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

VII. INVENTORIES

All consumable stocks held for use in operations are expensed on purchase.

VIII. PROVISIONS

Provisions are recognized when the Bureau has a present obligation (legal or constructive) as a result of a past event, and 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.

Contingent liabilities

The Bureau did not recognize a contingent liability, but has disclosed details in the notes to the financial statements, as the possibility of an outflow of resources embodying economic benefits or service potential is remote.

IX. LEASES – OPERATING

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Bureau. Leased premises are contracted for the periods of between one and five years, with renewal options available in certain instances.

Operating lease payments are the rental expenses, and are recognized as an operating expense in the statement of financial performance

X. NATURE AND PURPOSE OF RESERVES

Revaluation Reserve

This represents the change in the values of assets after a revaluation undertaken during the year 2009/2010, by M/s. Metrocosmo Limited, Registered Valuers.

Capital Reserve

This represents the values of Assets previously owned by the former Central Bureau of Statistics (CBS) but transferred to the Bureau by the Ministry of Planning and Devolution, and assets bought through donor funded projects and donated to KNBS.

XI. CHANGES IN ACCOUNTING POLICIES

The Bureau recognizes the effects of changes in accounting policy. The effects of changes in accounting policy have been applied prospectively since retrospective application is impractical.

XII. RELATED PARTIES

The Bureau regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over it, or vice versa. Members of key management are regarded as related parties and comprise the Chairman to the Board, Board Members, Director General and Heads of Directorates.

XIII. SEGMENT REPORTING

The Bureau does not have any branches or reporting segments. All the operations of the Bureau are managed from the headquarters. The core business of the Bureau is as stipulated in the Statistics Act, 2006.

XIV. SIGNIFICANT ACCOUNTING JUDGEMENTS AND SOURCES OF ESTIMATION AND UNCERTAINTIES

The preparation of the Bureau's 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.

Judgements

In the process of applying the Bureau's accounting policies, management has made judgments, which have the most significant effect on the amounts recognized in the financial statements.

Going concern

The Bureau's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Bureau's ability to continue as a going concern. Therefore the financial statement continues to be prepared on the going concern basis.

XV. BUDGET INFORMATION

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the Bureau. A reconciliation between the actual comparable amounts and the amounts presented has been included, as well as a separate additional financial statement in the statement of comparison of budget and actual amounts.

XVI. COMPARATIVES

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

XVII. 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, 2015.

C. FINANCIAL RISK MANAGEMENT

The Bureau's activities expose it to a variety of financial risks including credit risk, liquidity risks, interest rate risk and operational risk. The Board of Directors has the overall responsibility for the establishment and oversight of the Bureau's risk management framework. The Bureau'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.

Risk Management is carried out by the management under policies approved by the Board of Directors. Management identifies, evaluates and manages financial risk in close co-operation with various divisional and unit heads. The board provides written principles for overall risk management, as well as written policies covering specific areas of operation.

Credit risk

The Bureau's credit risk is primarily attributable to its receivables. The credit risk on receivables is limited because the customers are staff members with whom it has contractual obligations, and these serve to give the Bureau the legal enforceable right for the recovery of the outstanding amounts.

The credit risk on liquid funds with financial institutions is low. This is because the bank balances are held with regulated financial institutions and are fully performing.

The amount that best represents the company's maximum exposure to credit risk as at 30 June 2015 and 30 June 2014 is made up as follows:

| | Fully performing | Past dues | Impaired | Total |
|---------------------------|----------------------|-----------|----------|----------------------|
| | Kshs. | Kshs. | Kshs. | Kshs. |
| At 30th June 2015 | | | | |
| Cash and Cash Equivalents | 1,585,073,049 | - | - | 1,585,073,049 |
| Receivables | 86,284,653 | - | - | 86,284,653 |
| Total | 1,671,357,702 | - | - | 1,671,357,702 |
| At 30th June 2014 | | | | |
| Cash and Cash Equivalents | 1,480,571,288 | - | - | 1,480,571,288 |
| Receivables | 58,192,102 | | | 58,192,102 |
| Total | 1,538,763,390 | - | - | 1,538,763,390 |

Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash to meet Bureau obligations. Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Bureau's short, medium and long-term funding and liquidity management requirements. The company manages liquidity risk by maintaining banking facilities through continuous monitoring of forecast and actual cash flows.

The table below analyses the company's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

| | 2015 | 2014 |
|--------------------------|----------------------|----------------------|
| | Ksh. | Ksh. |
| Financial Assets | | |
| Receivables | 86,297,807 | 58,192,102 |
| Cash and Equivalent | 1,585,073,049 | 1,480,571,288 |
| | 1,671,370,856 | 1,538,763,390 |
| Financial Liabilities | | |
| Payables | (16,623,843) | (52,296,998) |
| Net Liquidity Gap | 1,654,747,013 | 1,486,466,392 |

Interest rate risk

The interest rate risk exposure arises mainly from interest rate movements on the Bureau's cash balances. There has been no change to the Bureau's exposure to interest rate or the manner in which it manages and measures the risk.

At 30th June 2015, if the interest rates on the bank balances had decreased/increased by 5 percentage points with all other variables held constant, the impact on surplus for the year would have been Sh.6,768,897 (2014: Sh.5,922,323) higher/lower.

| | 2015 | 2014 |
|-------------------------|-------------|-------------|
| | Ksh. | Ksh. |
| Interest Income | 135,391,091 | 118,446,460 |
| Change in Interest Rate | | |
| 5% | 6,769,555 | 5,922,323 |
| -5% | (6,769,555) | (5,922,323) |

Operational risk

This is the risk of direct or indirect loss arising from a wide variety of causes associated with the Bureau's processes, personnel, technology and infrastructure and from external factors other than credit, interest and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. The bureau has put in place various measures to manage operational risk.

2. Revenue from non-exchange transactions

These are made up of the following:

a) GOK grants are the exchequer releases.

| | 2014/2015 | 2013/2014 |
|------------------------|--------------------|--------------------|
| | Ksh. | Ksh. |
| Recurrent | 748,980,000 | 677,980,000 |
| Development | 98,400,000 | 136,800,000 |
| | 847,380,000 | 814,780,000 |
| Transfer from reserves | 80,400,000 | |
| Total | 927,780,000 | 814,780,000 |

b) Donor Funds are from development partners that come directly to the Bureau.

| | 2014/2015 | 2013/2014 |
|--|--------------------|--------------------|
| | Ksh. | Ksh. |
| UNICEF | 369,500 | 11,539,749 |
| UNFPA | - | 16,696,386 |
| USAID | 64,800,774 | 86,192,318 |
| Financial Service Centre | 16,830,848 | - |
| UNDP | 679,500 | - |
| WHO | 2,736,790 | - |
| Micronutrient Initiative | - | 21,679,960 |
| United Nations ECA | 15,896,361 | - |
| Clinton Health Access | - | 4,350,000 |
| KfW Banken Gruppe | 39,862,283 | 7,682,802 |
| ICF Consulting Group | 65,192,626 | 33,395,619 |
| Ministry of Public Health (World Bank) | 110,618,824 | 27,064,000 |
| Oversight Authority - Price Surveys | 1,774,000 | 2,518,000 |
| Total | 318,761,506 | 211,118,834 |

c) Revenue from other donors are funds from development partners and donors for specific on-going projects. The projects have independent bank accounts. Their actual amounts have been adjusted by the unutilized grants as at the year end.

| | 2014/2015 | 2013/2015 |
|----------------------|------------------|-------------------|
| | Ksh. | Ksh. |
| COMESA (SCB Project) | 5,529,528 | 6,247,192 |
| UNFPA | 2,201,138 | 9,703,941 |
| UNICEF | 7,920 | 10,787,623 |
| Total | 7,738,586 | 26,738,756 |

3. Revenue from exchange transactions

a) These are made up of the following:

| | 2014/2015 | 2013/2014 |
|------------------------|--------------------|--------------------|
| | Ksh. | Ksh. |
| Interest on Deposits | 135,391,091 | 118,446,460 |
| Other Income (A-1-A) | | |
| Library Users | 181,773 | 136,356 |
| Publications | 1,165,233 | 2,070,037 |
| AIA from Surveys | 245,350 | 251,800 |
| Sale of Maps | 2,791,961 | 4,935,473 |
| Tenders | 16,000 | 131,000 |
| Commissions | 216,207 | 209,655 |
| Sale of Assorted Items | 48,727 | - |
| Insurance Compensation | 10,505,200 | - |
| | 15,170,451 | 7,734,321 |
| GRAND TOTAL | 150,561,542 | 126,180,781 |

The insurance compensation is the amount received from M/S UAP Insurance, in respect of items destroyed by fire in July 2013. This is an extra-ordinary income.

b) Cash received from Interest Earnings is made up of:

| | 2014/2015 | 2013/2014 |
|--------------------------|--------------------|--------------------|
| | Ksh. | Ksh. |
| Accruals for the year | 21,636,115 | 16,882,398 |
| Current years's Earning | 113,754,976 | 101,564,062 |
| Total Cash Inflow | 135,391,091 | 118,446,460 |

4. Project Expenses

These are the expenses incurred under the various funding schemes:

| | 2014/2015 | 2013/2014 |
|--------------------------|--------------------|--------------------|
| | Ksh. | Ksh. |
| UNFPA Expenses | 2,201,138 | 9,703,941 |
| SCB Expenses | 5,529,528 | 6,247,192 |
| GOK Development Expenses | 94,674,120 | 219,660,778 |
| KDHS Expenses | 193,010,345 | 209,629,789 |
| KMIS Survey expenses | 14,987,471 | - |
| KIHBS survey expenses | 41,864,634 | - |
| UNICEF Expenses | 7,920 | 10,787,623 |
| Total | 352,275,156 | 456,029,323 |

5. Staff Costs

These include payments to members of staff and comprise of basic pay, house allowances and other benefits. The staff complement of the Bureau as at 30.06.2015 was 483 as compared to 515 as at 30.06.2014. The staff leave provision is the equivalent of the unutilized leave days as at the end of the year.

| | 2014/2015 | 2013/2014 |
|--------------------------------------|--------------------|--------------------|
| | Ksh. | Ksh |
| Basic Salaries | 392,521,093 | 325,653,285 |
| House Allowance | 79,585,126 | 83,541,333 |
| Acting Allowance | 3,160,250 | 1,122,967 |
| Transfer Allowance | 834,298 | 1,086,694 |
| Commuting Allowance | 48,349,538 | 42,925,942 |
| Hardship Allowance | 707,845 | 739,936 |
| Special Duty Allowance | 188,371 | 197,514 |
| Leave Allowance | 21,997,261 | 20,288,298 |
| Other remunerative allowance | 6,446,419 | 2,498,711 |
| NSSF- Employer's Contribution | 1,184,222 | 1,246,400 |
| Employers contrib. to Pension Scheme | 74,215,472 | 60,152,073 |
| Gratuity Contributions | 6,207,669 | 7,490,291 |
| Staff Welfare | 769,961 | 2,665,936 |
| Total | 636,167,526 | 549,609,379 |

6. Directors' Expenses

These are the expenses incurred by the Board of Directors:

| | 2014/2015 | 2013/2014 |
|--------------------------------------|------------------|------------------|
| | Ksh | Ksh |
| Board and Committees expenses | 492,526 | 244,882 |
| Sitting allowances for board members | 2,480,000 | 360,000 |
| Conferences and Training | 2,199,070 | - |
| honoraria | 960,000 | 918,710 |
| Total | 6,131,596 | 1,523,592 |

The appointment of the members of the Board was done towards the end of the previous financial year.

7. Depreciation and Amortisation

These are made up of:

| | 2014/ 2015 | 2013/2014 |
|--------------------------------|-------------------|-------------------|
| | Ksh | Ksh |
| Depreciation | | |
| Motor Vehicles | 26,547,868 | 26,547,870 |
| Furniture and fittings | 5,979,544 | 5,905,918 |
| Computers | 24,979,880 | 41,175,030 |
| Buildings | 50,000 | 50,000 |
| Plant, machinery and Equipment | 4,763,672 | 4,670,150 |
| Amortisation | | |
| Software | 4,202,948 | 4,639,743 |
| Total | 66,523,912 | 82,988,711 |

8. Repairs and Maintenance

These comprise of:

| | 2014/2015 | 2013/2014 |
|-------------------------------|-------------------|-------------------|
| | Ksh | Ksh |
| Routine Maintenance | | |
| Motor Vehicles | 7,726,757 | 6,780,070 |
| Plant Machinery and Equipment | 4,753,863 | 631,164 |
| Office Furniture and Fittings | 10,200 | 43,610 |
| Buildings and Stations | 5,683,845 | 7,082,548 |
| Computers and Servers | 17,005,530 | 21,044,414 |
| Total | 35,180,195 | 35,581,806 |

9. Insurance Expenses

These are made up of:

| | 2014/2015 | 2013/2014 |
|----------------------------------|-------------------|-------------------|
| | Ksh | Ksh |
| Group Personal Accident | 2,411,353 | 3,503,778 |
| Group Life and Medical Insurance | 63,979,463 | 76,142,702 |
| Motor Vehicle Insurance | 4,394,530 | 3,891,148 |
| Assets Insurance Expense | 164,837 | 1,358,690 |
| Total | 70,950,183 | 84,896,318 |

10. Other Operating Expenses

The other operating expenses comprised of the following items:

| ITEM | 2014/2014 | 2013/2014 |
|--|-------------------|-------------------|
| | Ksh | Ksh |
| Auditors Fee | 1,740,000 | 1,740,000 |
| Utilities Supplies and Services | 1,691,784 | 1,446,559 |
| Telephone Expenses | 4,645,406 | 5,166,124 |
| Courier and Postal Services | 550,997 | 601,404 |
| Traveling Costs | 10,374,836 | 8,829,060 |
| Advertising, Publishing and Printing Expenses | 4,545,427 | 2,948,969 |
| Library Expenses | 1,299,048 | 1,292,640 |
| Training Expenses(Including Capacity Building) | 14,210,309 | 14,340,269 |
| External Travel and Accommodation | 6,760,632 | 6,967,644 |
| Purchase of Stationery | 4,306,839 | 3,166,227 |
| Purchase of Uniforms and Clothing | 10,750 | 845,330 |
| Contracted Professional Services | 6,725,571 | 10,190,969 |
| Rents and Rates | 3,803,075 | 2,843,382 |
| Specialized KNBS / Prefeasibility Studies | - | 2,495,319 |
| Official Entertainment | 7,503,268 | 11,859,540 |
| Total | 68,167,942 | 74,753,435 |

11. Bank Charges

These are made up of:

| | 2014/2015 | 2013/2014 |
|--------------------|----------------|----------------|
| | Ksh | Ksh |
| KCB GOK- RECURRENT | 281,374 | 277,474 |
| KCB DEVELOPMENT | 27,190 | 26,836 |
| Total | 308,564 | 304,310 |

12. Cash and Cash Equivalents

For purposes of the cash flow statement, cash and cash equivalents represent cash in bank and short-term deposits.

| | 2014/2015 | 2013/2014 |
|---------------------|----------------------|----------------------|
| | Ksh | Ksh |
| Bank | 85,073,049 | 180,571,288 |
| Short Term Deposits | 1,500,000,000 | 1,300,000,000 |
| Total | 1,585,073,049 | 1,480,571,288 |

13. Receivables

These are made up of:

| | 2014/2015 | 2013/2014 |
|---------------------------------|-------------------|-------------------|
| | Ksh | Ksh |
| Staff Debtors | 8,034,087 | 13,718,332 |
| Census Imprests | 4,438,906 | 5,282,212 |
| Debtors -ERP Development | 23,433,873 | - |
| Prepayments -Insurance | 10,918,594 | 7,378,314 |
| Prepayments - Library | 130,000 | 125,000 |
| Prepayments - Maintenance | 20,132 | 1,426,646 |
| Deposits | 275,201 | 275,201 |
| Staff Gratuity - Fixed Deposits | 17,389,000 | 13,104,000 |
| Sundry Debtors - UNFPA | 21,900 | - |
| | 64,661,692 | 41,309,705 |
| Interest Income | 21,636,115 | 16,882,397 |
| TOTAL RECEIVABLES | 86,297,807 | 58,192,102 |

- Staff debtors represent outstanding imprests, medical expenses recoverable and salary advances as at end of June 2015.
- Census imprests were amounts advanced to the various District Census Committees, to facilitate various activities in the 2009 Population and Housing Census exercise, but still remains unsurrendered.
- The ERP development debtor's amount relates to payments made to Mareba Computers, the subject of a court case per Note 22 (IV).
- Prepayments represent the proportion of various insurance and service contracts paid in 2014/2015, a proportion of which was for the period beginning 01.07.2015.
- Interest income represents the accrued interest earnings on the amounts held in FDRs with KCB. For purposes of the Cash Flow, Interest Income has been dealt with under Note 3.
- Deposits are refundable amounts paid against staff parking fees with Kenya Railways, and rent deposit with Kenya Re for the KNBS Kisumu office.
- Staff gratuity amounts have been invested in fixed deposits with Cooperative Bank. The Sh.17.389 million was the amount in deposits as at 30.06.2015.

14. Non- Current Assets Movement Schedule

| FIXED ASSETS | LAND & BUILDINGS | FURNITURE & FITTINGS | PLANT & EQUIPMENT | MOTOR VEHICLES | COMPUTERS | TOTAL AMOUNT |
|----------------------------|-----------------------------|---------------------------------|------------------------------|-----------------------|--------------------|---------------------|
| COST/Valuation | | | | | | |
| AT 1ST JULY 2013 | 8,494,071 | 47,247,344 | 37,361,202 | 132,739,349 | 123,648,740 | 349,490,706 |
| Additions | | 589,000 | 748,173 | | 7,318,400 | 8,655,573 |
| AT 30th JUNE 2014 | 8,494,071 | 47,836,344 | 38,109,375 | 132,739,349 | 130,967,140 | 358,146,279 |
| AT 1ST JULY 2014 | 8,494,071 | 47,836,344 | 38,109,375 | 132,739,349 | 130,967,140 | 358,146,279 |
| Additions | | 2,134,750 | 5,228,015 | | 5,647,900 | 13,010,665 |
| AT 30th JUNE 2015 | 8,494,071 | 49,971,094 | 43,337,390 | 132,739,349 | 136,615,040 | 371,156,944 |
| DEPRECIATION | | | | | | |
| At 1st July 2013 | 150,000 | 14,118,399 | 10,590,611 | 54,728,200 | 82,502,697 | 162,089,907 |
| Charge for the Year | 50,000 | 5,905,918 | 4,670,150 | 26,547,870 | 41,175,030 | 78,348,968 |
| AT 30th JUNE 2014 | 200,000 | 20,024,317 | 15,260,761 | 81,276,070 | 123,677,727 | 240,438,875 |
| At 1st July 2014 | 200,000 | 20,024,317 | 15,260,761 | 81,276,070 | 123,677,727 | 240,438,875 |
| Adjustments | - | - | - | - | (31,871,067) | (31,871,067) |
| Charge for the Year | 50,000 | 5,979,544 | 4,763,672 | 26,547,868 | 24,979,880 | 62,320,964 |
| AT 30th JUNE 2015 | 250,000 | 26,003,861 | 20,024,433 | 107,823,938 | 116,786,540 | 270,888,772 |
| NET BOOK VALUE | | | | | | |
| At 30th June 2014 | 8,294,071 | 27,812,027 | 22,848,614 | 51,463,279 | 7,289,413 | 117,707,404 |
| At 30th June 2015 | 8,244,071 | 23,967,233 | 23,312,957 | 24,915,411 | 19,828,500 | 100,268,172 |

Included in Land and Buildings is the value of a Building valued at Sh2 million, for our Embu County office.

The three year useful life of some computer items was over and their accumulated depreciation was adjusted to correct an erroneous depreciation expense from the previous periods. These items were under a revaluation process by year end.

15. Intangible Assets

These include the values of Networks and Software.

| | Intangible Assets | |
|----------------------------------|--------------------------|--|
| | Kshs. | |
| COST/Valuation | | |
| At 1st July 2013 | 108,256,362 | |
| Additions / | 1,730,702 | |
| AT 30th JUNE 2014 | 109,987,064 | |
| At 1st July 2014 | 109,987,064 | |
| Additions / | 4,677,420 | |
| AT 30th JUNE 2015 | 114,664,484 | |
| AMORTISATION | | |
| At 1st July 2013 | 96,355,539 | |
| Charge for Year | 4,639,743 | |
| AT 30th JUNE 2014 | 100,995,282 | |
| AMORTISATION | | |
| At 1st July 2014 | 100,995,282 | |
| Charge for Year | 4,202,948 | |
| AT 30th JUNE 2015 | 105,198,230 | |
| Net Book Value 30.06.2014 | 8,991,782 | |
| Net Book Value 30.06.2015 | 9,466,254 | |

Work in progress amounting to Kshs.29,382,342 which was included in the financial statements during 2013/2014 was removed from the asset register after it was ascertained that no benefit was expected from the software system. This relates to the cost of development of an ERP system which the supplier failed to implement as per the contract terms.

The Bureau has sued the supplier for the amount already paid amounting to Kshs.23,793,873.60. Also the supplier has sued for the outstanding balance amounting to Kshs. 5,948,468.40. This legal suit has been disclosed as a contingent asset and liability respectively.

16. Payables

These comprise of amounts outstanding arising from dealings with both internal and external customers, and are due to them, but had not been settled by year end.

| | 2014/2015 | 2013/2014 |
|--------------------------|-------------------|-------------------|
| | Ksh | Ksh |
| Sundry Creditors Accrued | 16,623,844 | 43,700,383 |
| Staff dues | - | 8,596,615 |
| Total | 16,623,844 | 52,296,988 |

17. Staff Gratuity

Staff Gratuity amount is calculated on a monthly basis at the rate of 31% of the basic salaries of the staff on contract. The amount is held in an interest earning account with Cooperative Bank. It is made up of:

| | 2014/2015 | 2013/2014 |
|----------------|-------------------|-------------------|
| | Ksh | Ksh |
| Staff Gratuity | 17,186,397 | 13,604,607 |
| Total | 17,186,397 | 13,604,607 |

18. Refundable Deposits

These are amounts that are awaiting to be refunded to the respective payees after unsuccessful bidding for boarded items as well as monies retained on tender biddings:

| | 2014/2015 | 2013/2014 |
|-----------------------------|---------------|----------------|
| | Ksh | Ksh |
| Bid Bonds/ Retention Monies | 23,872 | 23,872 |
| Deposit for boarded items | 35,000 | 113,000 |
| Total | 58,872 | 136,872 |

19. Provisions

These are made up of:

| | 2014/2015 | 2013/2014 |
|-----------------------|-------------------|-------------------|
| | Ksh | Ksh |
| Audit fees | 1,740,000 | 1,740,000 |
| Staff leave Provision | 18,054,261 | 16,136,981 |
| Total | 19,794,261 | 17,876,981 |

The audit fees are provisions for the External Audit of the financial statements for the year. The staff leave accrual is the equivalent of the unutilized leave days as at the end of the year.

20. Unutilised Grants

These are grants received during the financial year for on-going activities. However, some of the activities were not undertaken due to timing differences of the financial years of the donors and the Bureau.

| | COMESA (SCB) | UNFPA | KENINFO | MICS | Total |
|-------------------------|-----------------|----------------|---------------|---------------|------------------|
| | Kshs. | Kshs. | Kshs. | Kshs. | Kshs. |
| As at 01.07.2014 | 6,299,021 | 352,889 | 71,818 | 89,261 | 6,812,989 |
| Receipts | - | 2,393,390 | - | - | 2,393,390 |
| Receivables-Debtors | - | 21,900 | - | - | 21,900 |
| Less: Project Expenses | (5,529,528) | (2,223,038) | (3,960) | (3,960) | (7,760,486) |
| As at 30.06.2015 | 769,493 | 545,141 | 67,858 | 85,301 | 1,467,793 |

21. Reconciliation of Comparison of Budget and Actual Amounts

The Bureau's budget is prepared on an accrual basis. As such, the budget and the financial statements are already on the same basis and further adjustments are not required to align the financial statements to the budget. The following is a reconciliation of the period's deficit.

| | Amount Ksh. |
|--------------------------------------|-------------------|
| Surplus for the Year | 70,091,231 |
| Surplus per budget/actual comparison | 217,959,234 |
| Depreciation/Amortisation charges | (66,523,912) |
| Reallocation of budgetary funds | (80,400,000) |
| Purchase of fixed assets | 17,688,085 |
| | 88,723,407 |

22. Contingent Liabilities

The Bureau has contingent liabilities arising from the following legal cases:

I. Court Of Appeal Civil Appeal No. 64 Of 2012 Minister Of State for Planning National Development & V2030 & 2 Others Vs Noor Mohammed & 4 Others

This case involved the 2009 Population and Housing Census and the matter was heard and is awaiting a ruling which was for 23rd October 2015, but was not delivered. It shall be advised on notice. The Attorney General represents the Bureau.

II. HCCC No 79 of 2010 Bm Logistics Vs Knbs (Godown Case).

This case involved the godown where the 2009 Population and Census materials were being stored. The claimant is claiming KShs.43 million for loss of business and rent. The Legal Unit is handling the case and is still pending in court.

III. Nakuru HCCC No 115 Of 2008

Attorney General (KNBS) VS The Standard Newspapers Limited

This case concerned an accident that occurred near Gilgil involving the Bureau's vehicle and another one owned by Standard Newspapers Limited. The Bureau is claiming KShs.1.5 million, being the value of the vehicle that had an accident. The hearing date is yet to be taken.

IV. Nairobi Chief Magistrates Civil Case No 244 of 2015 at Milimani Commercial Courts. Mareba Computers Vs Knbs

The plaintiff claims a sum of KShs.5,948,468 from the Bureau. A counterclaim for a sum of KShs.23,433,873 was put forward by the Bureau as plaintiff did not and has not installed the ERP that the plaintiff procured. The matter is still pending in court.

V. Milimani CMCC No. 1421 of 2005 Beatrice Koskey Vs The Honourable Attorney General

Motor vehicle GK A839 was involved in an accident in the year 2004. It belonged to the then Central Bureau of Statistics. The driver died and another person died. Wife of the other person has sued, seeking compensation. The matter is pending in court, and a hearing date has not been taken.

The Management, having taken appropriate legal advice, does not anticipate that material liabilities will arise from the pending litigation against the Bureau.

23. Fire Loss

A fire occurred on the morning of 4th July 2013, and destroyed the server room and the neighbouring offices on the 1st Floor of Herufi House. An insurance claim was lodged with M/s UAP Insurance, who were the underwriters. A partial payment of KShs. 10,505,200 was received, and the Bureau is considering taking the matter to court.

XVII. Appendix 1**County Offices**

| S/NO | NAME | COUNTY | COUNTY HEAD OFFICE | MOBILE NO. |
|------|-------------------------|---------------|--------------------|-------------------------|
| 1 | SUSAN KAGEMA | KIAMBU | THIKA | 0722-378473 |
| 2 | JOSEPH MIANO | KIRINYAGA | KERUGOYA | 0724996362 |
| 3 | BONIFACE M KASINA | MURANGA | MURANGA | 0725-204183 |
| 4 | LIVINGSTONE N. WEKHO | NYANDARUA | NYAHURURU | 0726424986 |
| 5 | PETER K. KAMAU | NYERI | NYERI | 0722-365514 |
| 6 | ELIAS NYAGA | MOMBASA | MOMBASA | 0722-892914 |
| 7 | JESSE MUTURI | TAITA TAVETA | WUNDANYI | 0734794954 |
| 8 | GEORGE MURIITHI MAGANDA | LAMU | LAMU | 0701549798 |
| 9 | ALEX MUNGAH SULEMAN | KWALE | KWALE | 0721-148099 0735-388216 |
| 10 | REUBEN SARO | KILIFI | KILIFI | 0723815374/ 0770692003 |
| 11 | JULIUS M NDUU | TANA RIVER | HOLA | 0726-692899 0734-681969 |
| 12 | ROBERT M NZULI | EMBU | EMBU | 0724126955 0733425217 |
| 13 | RODGER KAZUNGU | MERU | MERU | 0723812169 |
| 14 | JOB MOSE NYANDWAKI | MACHAKOS | MACHAKOS | 0727361946 |
| 15 | THOMAS OMBURAH | MARSABIT | MARSABIT | 0722293011 |
| 16 | JIM MWENDA KIRIMI | ISIOLO | ISIOLO | 0723656094 |
| 17 | DAVID NGESA | KITUI | KITUI | 0719140855 |
| 18 | STEPHEN M KATHIA | MAKUENI | WOTE | 0722-564986 |
| 19 | JEPHEW G N KATHURU | THARAKA NITHI | CHUKA | 0733-658669 0721-207830 |
| 20 | JULIUS K. KITUMA | NAIROBI | NAIROBI | 0722401288 |
| 21 | CHARLES MWANDO | WAJIR | WAJIR | 0714329869 |
| 22 | ALI NOOR HUSSEIN HAPPA | GARISSA | GARISSA | 0720-990545 |
| 23 | CHARLES M. MWAKAZI | MANDERA | MANDERA | 0721604811 |
| 24 | RENICE AKINYI BUNDE | MIGORI | MIGORI | 0725482233 |

| S/NO | NAME | COUNTY | COUNTY HEAD OFFICE | MOBILE NO. |
|------|---------------------|-----------------|--------------------|------------------------|
| 25 | RICHARD O. ABAYO | NYAMIRA | NYAMIRA | 0725283403 |
| 26 | THOMAS O. ODHIAMBO | KISII | KISII | 0733396075/0729165883 |
| 27 | GEORGE ONDANJE | KISUMU | KISUMU | 0722572214 |
| 28 | PETER O. OCHIEL | HOMA BAY | HOMA BAY | 0723330172, 0733771529 |
| 29 | JOSHUA L. SILINGI | SIAYA | SIAYA | 0721564463 |
| 30 | WILLIE KONDE | NAKURU | NAKURU | 0722-895389 |
| 31 | JOSEPH M'EKABU | SAMBURU | MARALAL | 0722-340199 |
| 32 | JOHN O. ASUDI | NAROK | NAROK | 0735756018/0727568288 |
| 33 | EDSON N NGANGA | LAIKIPIA | NANYUKI | 0721-825152 |
| 34 | L. MUNENE RIUNGU | UASIN GISHU | ELDORET | 0720844495 |
| 35 | ELIAKIM O. GUYA | NANDI | KAPSABET | 0721832130 |
| 36 | RAPHAEL MARITIM | BARINGO | KABARNET | 0733479694/0710935881 |
| 37 | WILLIAM NYONGO | TURKANA | LODWAR | 0720810206 |
| 38 | JOEL K.K. METO | WEST POKOT | KAPENGURIA | 0722685782 |
| 39 | LUCAS KANGOGO | ELGEYO MARAKWET | ITEN | 0720674484 |
| 40 | PIUS MIIRI NGANGA | KAJIADO | KAJIADO | 0720048575 |
| 41 | LILIAN ONONO | KERICHO | KERICHO | 0722618436 |
| 42 | ISAAC SANG | TRANS NZOIA | KITALE | 0720401980 |
| 43 | FRANCIS KIMANI | BOMET | BOMET | 0723797623 |
| 44 | JUSTUS O. WAWIRE | BUNGOMA | BUNGOMA | 0728688949/0733593901 |
| 45 | MAURICE O. ARINGO | BUSIA | BUSIA(K) | 0721615135 |
| 46 | FRANCIS O. NYONGESA | KAKAMEGA | KAKAMEGA | 0722984511 |
| 47 | PETER J. AKHONYA | VIHIGA | MPALE | 0722471863 |





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