

REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE

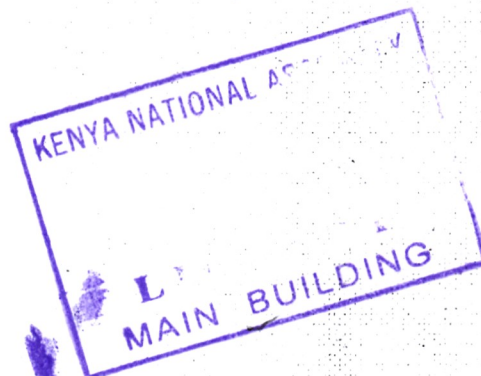
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**REPORT
OF
THE CONTROLLER
AND AUDITOR-GENERAL**

ON

**THE FINANCIAL STATEMENTS OF
REGISTRATION OF ACCOUNTANTS
BOARD FOR THE YEAR ENDED 30
JUNE 2007**



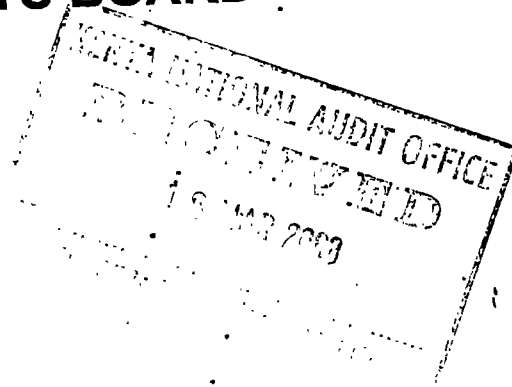
REGISTRATION OF ACCOUNTANTS BOARD

ANNUAL REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2007



MEMBERS OF THE BOARD

1 Daniel M. Ndonye	Chairman
2 Joseph N. King'arui	Vice Chairman
3 Erastus K. Gitau	Member
4 Moses N. Anyangu	Member
5 Vincent O. Kamasara	Member
6 Caroline J. Kigen (Mrs.)	Member
7 Bob Karina	Member
8 Lucy Karanja (Ms.)	Member
9 John K. Njiraini	Member

REGISTRAR

1 Teresa K. Nyakweba (Mrs.)

EXECUTIVE OFFICER

1 Georgina M. Malombe (Ms.) [From 5th March, 2007.]

PSYCHICAL LOCATION

Treasury Building.
5th Floor
Harambee Avenue

BANKERS

Kenya Commercial Bank
KICC Branch

AUDITORS

Kenya National Audit Office

STATEMENT OF BOARD MEMBERS RESPONSIBILITY

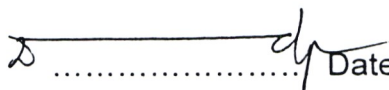
The Accountants Act requires the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Board as at the end of each financial year and of the operating results of the Board for that year. It also requires the Board members to ensure that the Board keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Board. They are also responsible for safeguarding the assets of the Board.

The Board members are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

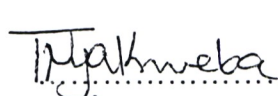
The Board members accept responsibility for the annual financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial reporting Standards and in the manner required by the Accountants Act. The Board members are of the opinion that the financial statements give a true and fair view of the state of affairs of the Board and of its operating results. They further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements as well as adequate systems of internal financial controls.

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

Daniel M. Ndonye:
[Chairman]

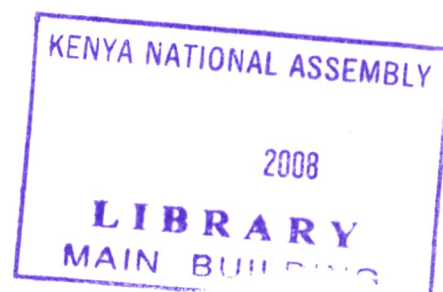
 Date: 27 February 2008

Teresia K. Nyakweba
[Registrar]

 Date: 26th February, 2008

REGISTRATION OF ACCOUNTANTS BOARD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2007

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KENYA NATIONAL AUDIT OFFICE

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF REGISTRATION OF ACCOUNTANTS BOARD FOR THE YEAR ENDED 30 JUNE 2007

I have audited the financial statements of Registration of Accountants Board set out on pages 2 to 10 which comprise the balance sheet as at 30 June 2007, the income statement, and the cash flow statement for the year then ended together with a summary of significant accounting policies and other explanatory notes in accordance with the provisions of Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

The Boards' Responsibility for the Financial Statements

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

Responsibility of the Controller and Auditor General

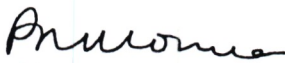
My responsibility is to express an independent opinion on the financial statements based on the audit. The audit was conducted in accordance with the International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed with a view to obtaining reasonable assurance that the financial statements are free from material misstatement.

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

accounting estimates made by the Board, as well as evaluating the overall presentation of the financial statements. I believe the audit provides a reasonable basis for my opinion.

Opinion

In my opinion, proper books of account have been kept and the accompanying financial statements give a true and fair view of the state of the financial affairs of the Board as at 30 June, 2007 and of its surplus and cashflows for the year then ended in accordance with the International Financial Reporting Standards and comply with the Accountants Act, Cap 531 of the Laws of Kenya.



P. N. KOMORA, C.B.S.
CONTROLLER AND AUDITOR GENERAL

Nairobi

12 March 2008

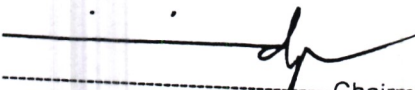
**REGISTRATION OF ACCOUNTANTS BOARD
INCOME STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2007**

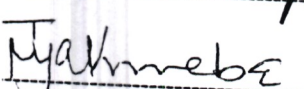
	NOTE	2007 KSHS	2006 KSHS
Income	1	5,027,500	3,172,700
Expenditure	11	<u>2,160,840</u>	<u>2,195,247</u>
Surplus from operations		2,866,660	977,453
Finance income	2	<u>38,242</u>	<u>22,304</u>
Surplus for the year	8	<u><u>2,904,902</u></u>	<u><u>999,757</u></u>

**REGISTRATION OF ACCOUNTANTS BOARD
BALANCE SHEET
AS AT JUNE 2007**

	Note	2007 Kshs	2006 Kshs
ASSETS			
Non-current assets			
Property and equipment	3	<u>27,723</u>	<u>32,615</u>
Current assets			
Inventories	4	-	30,328
Receivables	5	214,595	161,077
Cash and cash equivalents	6	<u>7,997,327</u>	<u>5,280,373</u>
		<u>8,211,922</u>	<u>5,471,778</u>
Total assets		<u>8,239,645</u>	<u>5,504,393</u>
GENERAL FUND AND LIABILITIES			
General Fund	8	6,994,244	4,960,313
Current Liabilities			
Payables	7	1,245,401	544,080
Total General Fund and Liabilities		<u>8,239,645</u>	<u>5,504,393</u>

The financial statements on pages 2 to 10 were approved by the Board on 16th August 2007 and signed on behalf by:-


-----Chairman


-----Registrar

**REGISTRATION OF ACCOUNTANTS BOARD
FUNDS FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007**

	Note	2007 Kshs	2006 Kshs
Cash generated from operations	10	<u>1,968,712</u>	<u>1,126,567</u>
Cash from financing activities			
Grant In Aid from Government of Kenya		<u>710,000</u>	<u>304,000</u>
Cashflow from investing activities			
Interest		38,242	22,304
Net cashflow from investing activities		<u>38,242</u>	<u>22,304</u>
Net movement in cash and cash equivalents		2,716,954	1,452,871
Cash and cash equivalents at the beginning of the year		<u>5,280,373</u>	<u>3,827,502</u>
Cash and cash equivalents at the end of the year		<u>7,997,327</u>	<u>5,280,373</u>

REGISTRATION OF ACCOUNTANTS BOARD

NOTES TO THE ACCOUNTS

1 Significant Accounting Policies

a) Basis of accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) under historical cost convention.

b) Revenue recognition

Revenue is recognised on accrual basis

c) Inventories

Inventories are valued at the lower of cost and net realizable value

d) Depreciation

Depreciation on furniture and equipment has been provided for on the reducing balance method at the rate of 15%

e) Cash and cash equivalents

For the purposes of cashflow, cash and cash equivalents comprise cash at bank.

f) Grants

Grants are recognised in the year they are received from Treasury (Ministry of Finance).

g) Subscriptions

The Boards main source of revenue is from subscriptions paid by members when applying for registration or for practising certificates.

REGISTRATION OF ACCOUNTANTS BOARD
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 2007

	2007 Kshs	2006 Kshs
1 INCOME		
Fees (Note 9)	4,239,000	2,864,000
Grant In Aid (GoK)	710,000	304,000
Miscellaneous	78,500	4,700
	<u>5,027,500</u>	<u>3,172,700</u>
2 FINANCE INCOME		
Interest	<u>38,242</u>	<u>22,304</u>
3 PROPERTY AND EQUIPMENT		Furniture & equipment
As at 1.7.2006	141,926	141,926
Additions	-	-
As at 30.6.2007	<u>141,926</u>	<u>141,926</u>
DEPRECIATION		
As at 01.07.2006	109,311	103,555
Charge for the year	<u>4,892</u>	<u>5,756</u>
As at 30.06.2007	<u>114,203</u>	<u>109,311</u>
NET BOOK VALUE		
As at 30.06.2007	<u>27,723</u>	<u>32,615</u>
As at 30.06.2006	<u>32,615</u>	<u>38,371</u>
4 INVENTORIES		
General stationery stocks	-	28,220
Unused stamps	<u>-</u>	<u>2,108</u>
	<u>-</u>	<u>30,328</u>

**REGISTRATION OF ACCOUNTANTS BOARD
NOTES TO THE FINANCIAL STATEMENTS**

	2007 Kshs	2006 Kshs
5 TRADE AND OTHER RECEIVABLES		
Key deposit		15
Shared cost (RCPSB) b/f		683
Staff advances		683
Staff advances(G. Kituri)		32,000
Staff pension scheme-arrears b/f	17,941	48,691
Staff pension scheme -2004/2006	1,167	1,167
	<u>19,108</u>	<u>83,239</u>
Outpatient staff medical cover	154,487	35,502
Withholding tax b/f		6,094
Withholding tax 2005/2006		3,346
Unaccounted imprest		7,896
	<u>154,487</u>	<u>52,838</u>
Authority to Practice		
W.S Eshirima	-	2,000
		<u>2,000</u>
Practicing fee		
E. Mbugua	-	3,000
P.A Omondi/ J.A Omondi	-	4,000
P.Kibe	-	3,000
		<u>10,000</u>
Professional Trade Licence Fees		
W.S Eshirima	-	5,000
		<u>5,000</u>
Registration fees		
Isimbwa	-	4,000
Muhindwa	-	4,000
Others	41,000	-
	<u>41,000</u>	<u>8,000</u>
	<u>214,595</u>	<u>161,077</u>

Included in receivables is a prepayment of 154,487/= in respect of outpatient and inpatient staff medical cover

**REGISTRATION OF ACCOUNTANTS BOARD
NOTES TO THE FINANCIAL STATEMENTS**

6 CASH AND CASH EQUIVALENTS	2007 Kshs	2006 Kshs
Cash at bank		
Current account	729,942	1,126,960
savings account	<u>7,267,385</u>	<u>4,153,413</u>
	<u>7,997,327</u>	<u>5,280,373</u>
7 TRADE AND OTHER PAYABLES		
Payables		
Group life Insurance-Kituri	1,176,651	399,531
Withholding tax on members' sitting allowances RCPSB	11,250	12,050
Professional Trade licence fee(Treasury)	<u>22,500</u>	<u>22,500</u>
	<u>1,210,401</u>	<u>434,081</u>
Accruals		
Audit fees	35,000	70,000
Accountancy	<u>-</u>	<u>40,000</u>
	<u>35,000</u>	<u>110,000</u>
	<u>1,245,401</u>	<u>544,081</u>
8 GENERAL FUND / EQUITY		
Balance brought forward	4,960,313	3,960,556
Add: Surplus for the year	2,904,902	999,757
Less: Prior year adjustment	(870,971)	-
Balance carried forward	<u>6,994,244</u>	<u>4,960,313</u>
9 FEES		
Fees has been received and included in the accounts as follows:		
Practicing	641,000	162,000
Registration	2,749,000	1,677,000
Authority to practice renewal	339,000	205,000
Foreign accountancy qualifications	510,000	820,000
Trade licence	<u>-</u>	<u>-</u>
	<u>4,239,000</u>	<u>2,864,000</u>

**REGISTRATION OF ACCOUNTANTS BOARD
NOTES TO THE FINANCIAL STATEMENTS**

	2007	2006
	Kshs	Kshs
10 CASH GENERATED FROM OPERATIONS		
Surplus for the year	2,904,902	999,757
Adjustment for:-		
Depreciation	4,893	5,756
Grant in Aid	(710,000)	(304,000)
Interest	(38,242)	(22,304)
Prior year adjustment	(870,971)	
Changes in working capital		
Inventories	30,328	24,625
Accounts receivable	(53,518)	(38,848)
Accounts payable	701,320	461,581
Cash generated from operations	<u>1,968,712</u>	<u>1,126,567</u>
11 EXPENDITURE		
Printing & stationery	180,135	119,890
Salaries & staff benefits	1,111,420	1,197,565
Members allowance & Honoraria	475,000	517,950
Transport	7,725	7,290
Postage	23,600	10,883
Specila duty allowance	17,195	51,687
Board refreshments	34,121	25,568
Audit fees	35,000	35,000
Accountancy fees	-	40,000
Staff pension audit	-	-
Bank charges	39,510	22,000
Depreciation	4,892	5,756
Miscellaneous expenses	35,211	37,935
Gazettement	-	-
Donations	-	15,000
Office equipment maintenance	-	8,723
Legal fees	100,000	100,000
Advertising & publicity	15,312	-
Secretarial services	2,850	-
With holding tax on interest	3,152	
Bad debts written off	75,717	
	<u>2,160,840</u>	<u>2,195,247</u>

12 SALARIES AND STAFF BENEFITS

The expenses relating to salaries and staff benefits have been apportioned between Registration of Accountants Board (RAB) and Registration of Certified Public Secretaries Board(RCPSB) in the ratio of 5668:2168 respectively based on applications received by the respective Boards as at the end of financial year 2006/2007

**REGISTRATION OF ACCOUNTANTS BOARD
NOTES TO THE FINANCIAL STATEMENTS**

13 INCOME

Fees (Note 9)	4,239,000	2,864,000
Grant In Aid (GoK)	710,000	304,000
Miscellaneous	78,500	4,700
	<u>5,027,500</u>	<u>3,172,700</u>