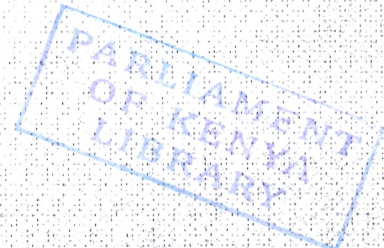


REPUBLIC OF KENYA



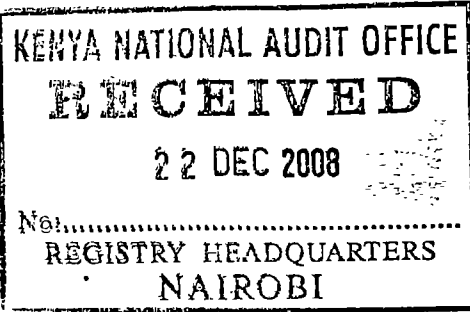
KENYA NATIONAL AUDIT OFFICE



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

ON

**THE FINANCIAL STATEMENTS OF
REGISTRATION OF ACCOUNTANTS
BOARD FOR THE YEAR ENDED 30 JUNE
2008**



REGISTRATION OF ACCOUNTANTS BOARD

ANNUAL REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2008

**REGISTRATION OF ACCOUNTANTS BOARD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2008**

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Board members responsibility	2
Income statement	3
Balance sheet	4
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INFORMATION ABOUT THE BOARD

MEMBERS OF THE BOARD

1 Daniel M. Ndonge	Chairman
2 Joseph N. King'arui	Vice Chairman
3 Pius M. Nduatih	Member
4 Abdulwahid Aboo	Member-Appointed on 1 st January 2008.
5 Moses N. Anyangu	Member-Retired on 31 st December 2007.
6 Vincent O. Kamasara	Member
7 Caroline J. Kigen (Mrs.)	Member
8 Bob Karina	Member
9 Lucy Karanja (Ms.)	Member
10 John K. Njiraini	Member

REGISTRAR

Teresia K. Nyakweba (Mrs.)

EXECUTIVE OFFICER

Georgina M. Malombe(Ms.)

REGISTERED OFFICE

Treasury Building,
5th Floor,
Harambee Avenue.

BANKERS

Kenya Commercial Bank Ltd,
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 18th September 2008

Teresia K. Nyakweba
[Registrar]

..... Date 18th September 2008



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 2008

I have audited the financial statements of Registration of Accountants Board set out on pages 3 to 9 which comprise the balance sheet as at 30 June 2008, 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

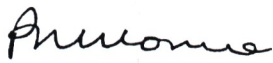
My responsibility is to express an independent opinion on the financial statements based on the audit. The audit was conducted in accordance with the International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed with a view 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 financial position of the Board as at 30 June 2008 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, CBS.
CONTROLLER AND AUDITOR GENERAL

Nairobi

10 December 2008

REGISTRATION OF ACCOUNTANTS BOARD
INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2008

	NOTE	2008 KSHS	2007 KSHS
Income	2	5,697,550	5,027,500
Expenditure	11	<u>3,161,138</u>	<u>2,160,840</u>
Surplus from operations		2,536,412	2,866,660
Finance income	3	<u>431,579</u>	<u>38,242</u>
Surplus for the year	8	<u><u>2,967,991</u></u>	<u><u>2,904,902</u></u>

REGISTRATION OF ACCOUNTANTS BOARD
 BALANCE SHEET
 AS AT 30TH JUNE 2008

	Note	2008 Kshs	2007 Kshs
ASSETS			
Non-current assets			
Equipment	4	<u>23,565</u>	<u>27,723</u>
Current assets			
Receivables	5	251,916	214,595
Cash and cash equivalents	6	<u>10,920,905</u>	<u>7,997,327</u>
		<u>11,172,821</u>	<u>8,211,922</u>
Total assets		<u>11,196,386</u>	<u>8,239,645</u>
GENERAL FUND AND LIABILITIES			
General Fund	8	9,962,235	6,994,244
Current Liabilities			
Payables	7	1,234,151	1,245,401
Total General Fund and Liabilities		<u>11,196,386</u>	<u>8,239,645</u>

These financial statements on pages 3 to 9 were approved by the Board on 21st August 2008 and signed on its behalf by:-

Daniel M. Ndonye [Signature]: Chairman
 Teresia K. Nyakweba [Signature]: Registrar

K/S

**REGISTRATION OF ACCOUNTANTS BOARD
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2008**

	Note	2008 Kshs	2007 Kshs
Cash generated from operations	10	<u>1,781,999</u>	<u>1,968,712</u>
Cash from financing activities			
Grant In Aid from Government of Kenya		<u>710,000</u>	<u>710,000</u>
Cashflow from investing activities			
Interest		<u>431,579</u>	<u>38,242</u>
Net cashflow from investing activities		<u>431,579</u>	<u>38,242</u>
Net movement in cash and cash equivalents		2,923,578	2,716,954
Cash and cash equivalents at the beginning of the year		<u>7,997,327</u>	<u>5,280,373</u>
Cash and cash equivalents at the end of the year		<u>10,920,905</u>	<u>7,997,327</u>

**REGISTRATION OF ACCOUNTANTS BOARD
ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2008**

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 recognized on accrual basis.

c) Inventories

Inventories are valued at the lower of cost and net realizable value. Inventories relating to stationery are expensed on purchase.

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 cash flow, cash and cash equivalents comprise cash at bank.

f) Grants

Grants are recognized 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 30TH JUNE, 2008

	2008 Kshs	2007 Kshs
2 INCOME		
Fees (Note 9)	4,950,000	4,239,000
Grant In Aid (GoK)	710,000	710,000
Miscellaneous	37,550	78,500
	<u>5,697,550</u>	<u>5,027,500</u>
3 FINANCE INCOME		
Interest	<u>431,579</u>	<u>38,242</u>
4 EQUIPMENT		
As at 01.07.2007	141,926	141,926
Additions	-	-
As at 30.06.2008	<u>141,926</u>	<u>141,926</u>
DEPRECIATION		
As at 01.07.2007	114,203	109,311
Charge for the year	<u>4,158</u>	<u>4,892</u>
As at 30.06.2008	<u>118,361</u>	<u>114,203</u>
NET BOOK VALUE		
As at 30.06.2008	<u>23,565</u>	<u>27,723</u>
As at 30.06.2007	<u>27,723</u>	<u>32,615</u>
5 RECEIVABLES		
Staff advances	5,000	-
Staff pension scheme-arrears b/f	36,994	17,941
Staff pension scheme -2004/2005	1,167	1,167
Outpatient staff medical cover	167,755	154,487
Registration fees debtors	41,000	41,000
	<u>251,916</u>	<u>214,595</u>
6 CASH AND CASH EQUIVALENTS		
	Kshs	Kshs
Cash at bank		
Current account	1,219,215	729,942
savings account	1,651,690	7,267,385
Treasury Bills	8,050,000	-
	<u>10,920,905</u>	<u>7,997,327</u>

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

7 PAYABLES AND ACCRUALS

Group life Insurance-Kituri	1,176,651	1,176,651
Withholding tax on members' sitting allowances	-	11,250
Professional Trade license fee (Treasury)	22,500	22,500
Audit fees	35,000	35,000
	<u>1,234,151</u>	<u>1,245,401</u>

8 GENERAL FUND ACCOUNT

Balance brought forward	6,994,244	4,960,313
Less: Prior year adjustment	-	(870,971)
Add: Surplus for the year	2,967,991	2,904,902
Balance carried forward	<u>9,962,235</u>	<u>6,994,244</u>

9 FEES

Fees has been received and included in the accounts as follows:

Practising	570,000	641,000
Registration	3,497,000	2,749,000
Authority to practice renewal	313,000	339,000
Foreign accountancy qualifications	570,000	510,000
	<u>4,950,000</u>	<u>4,239,000</u>

10 CASH GENERATED FROM OPERATIONS

Surplus for the year	2,967,991	2,904,902
Adjustment for:-		
Depreciation	4,158	4,892
Grant in Aid	(710,000)	(710,000)
Interest	(431,579)	(38,242)
Changes in working capital		
Inventories	-	30,328
Prior year adjustment	-	(870,971)
Accounts receivable	(37,321)	(53,518)
Accounts payable	(11,250)	701,320
Cash generated from operations	<u>1,781,999</u>	<u>1,968,711</u>

11 EXPENDITURE

Printing & stationery	260,791	180,135
Salaries & staff benefits	1,818,016	1,111,420
Members allowance & Honoraria	467,450	475,000
Transport	9,940	7,725
Postage	40,675	23,600
Special duty allowance	-	17,195
Office tea expenses	30,811	34,121
Audit fees	35,000	35,000
Bank charges	46,167	39,510
Depreciation	4,158	4,892
Miscellaneous expenses	76,310	35,211
Gazettement	32,820	-
Legal fees	-	100,000
Advertising & publicity	-	15,312
Secretarial services	-	2,850
With holding tax on interest	-	3,152
Foreign Accountancy Qualifications' recognition	339,000	-
Bad debts written off	-	75,717
	<u>3,161,138</u>	<u>2,160,840</u>

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

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 6253:2272 respectively based on applications received by the respective Boards as at the end of financial year 2007/2008. The increment of staff salaries has been necessitated by recruitment of one member of staff.

13 Printing and stationery

The increment has been brought about by printing of certificates and folders which will be used for two years.

14 Foreign Accountancy Qualifications review

This expense relates to a review on Foreign accountancy qualifications that the Board is currently recognising.

15 Postage

The increment in postage expenses was brought about by deregistration of 193 members.

16 Miscellaneous expenses

Included in miscellaneous expenses is Kshs. 15,135.00 which relates to purchase of office water dispenser and Kshs.9,250.00 relating to purchase of office utensils.