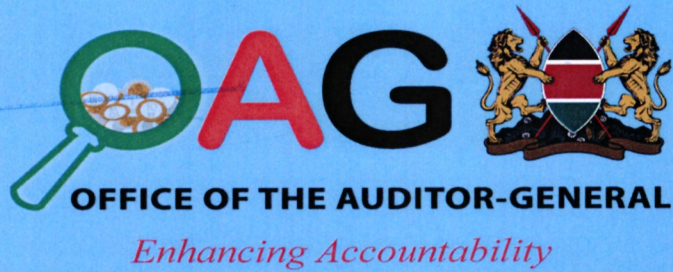


REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY
PAPERS LAID

REPORT DATE: 26 APR 2023

DAY

TABLED
BY:

Hon. Naomi Waco, MP

Deputy Majority Whip

CLERK-AT
THE-TABLE:

Christine Ndiritu

OF

THE AUDITOR-GENERAL

ON

**KENYA ACCOUNTANTS AND SECRETARIES
NATIONAL EXAMINATIONS BOARD**

**FOR THE YEAR ENDED
30 JUNE, 2022**



kasneb

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED JUNE 30, 2022

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





Vision

Global leader in examination and certification of business professionals

Mission

Empowering professionals globally by offering quality examinations and undertaking research and innovation

Core Values

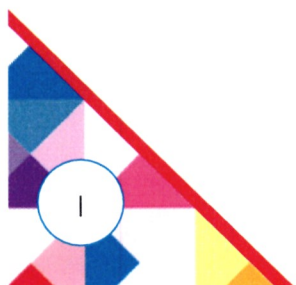
Integrity
Professionalism
Customer Focus
Teamwork
Innovativeness



kasneb is ISO 9001:2015 certified

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CORPORATE INFORMATION

(a) **Legal framework**

kasneb was established as a state corporation under the National Treasury by the Government of Kenya on 24th July 1969. The establishment and operations of kasneb are governed by the following main Acts, among others:

- (i) The Accountants Act, No. 15 of 2008 which repealed and replaced the Accountants Act, Cap 531 of 1977. The Act gave kasneb retroactive recognition since its inception in 1969. The Act also empowered kasneb as the examining body for the Certified Public Accountants (CPA) qualification.
- (ii) The Certified Public Secretaries of Kenya Act, Cap 534 of 1988 empowered and recognised kasneb as the examining body for the Certified Secretaries (CS) qualification.
- (iii) The Investment and Financial Analysts Act, No. 13 of 2015 empowered and recognised kasneb as the examining body for the Certified Investment and Financial Analysts (CIFA) qualification.

kasneb consults with the Councils of the Institute of Certified Public Accountants (ICPAK), Institute of Certified Secretaries (ICS), Institute of Certified Investment and Financial Analysts (ICIFA), Institute of Credit Management of Kenya (ICMK) as well as other stakeholders in executing its mandate.

(b) **Principal activities**

The principal activities of kasneb are the development of syllabuses, conduct of professional, diploma and technician examinations and certification of candidates in accountancy, finance, credit, governance and management, information technology and related disciplines, the promotion of its qualifications nationally and internationally and the accreditation of relevant training institutions.

(c) **Location and principal place of business****kasneb Towers**

Hospital Road, Upper Hill
P.O. Box 41362-00100
NAIROBI

Telephone: +254 020 4923000

Fax: +254 020 2712915

Email: info@kasneb.or.ke

Website: www.kasneb.or.ke

Facebook: kasnebOfficial

Twitter: @kasnebOfficial

(d) **Bankers****National Bank of Kenya Ltd.**

Hill Plaza Branch
P.O. Box 45219-00100
NAIROBI

Absa Bank of Kenya Ltd.

Enterprise Road Branch
P.O. Box 18060-00500
NAIROBI

Equity Bank Ltd.

Community Branch
P.O. Box 8181-00100
NAIROBI

Co-operative Bank of Kenya Ltd.

Nairobi Business Centre
P.O. Box 48213-00100
NAIROBI

Kenya Commercial Bank Ltd.

Capital Hill Branch
P.O. Box 58233-00200
NAIROBI

Kenya Post Office Savings Bank

(Post Bank)
Post Bank House
P.O. Box 30311-00100
NAIROBI

UBA Bank Kenya Ltd.

Upperhill Branch
P.O. Box 34154-00100
NAIROBI



CORPORATE INFORMATION

(e) Independent auditors

Auditor-General

Office of the Auditor General
Anniversary Towers
P.O. Box 30084-00100
NAIROBI

(f) Principal legal advisers

The Attorney-General

State Law Office
P.O. Box 40112-00100
NAIROBI

Kaplan & Stratton Advocates

Williamson House,
4th Ngong Avenue
P.O. Box 40111-00100
NAIROBI

Mbai Waweru & Associates

Lower Hill Duplex Apartments,
2nd Flr, 41, Upper Hill Road
P.O. Box 22550-00400
NAIROBI

(g) Fiduciary management

The day to day management is under the following key organs:

- (i) Board of Directors
- (ii) Committees of the Board
- (iii) Secretary/Chief Executive Officer
- (iv) Directors/Heads of Divisions
- (v) Heads of Unit

(h) Fiduciary Oversight Arrangements

kasneb has in place an Audit Committee of the Board which provides oversight with respect to the management of affairs of kasneb.

(i) Members of the Board

Dr. Nancy N. Muriuki	Chairman
Mr. Joseph M. Kanyi	Vice Chairman - Appointed effective 20 November 2020
CPA Jane Wacuka Njogu-Macharia	Member representing The National Treasury
Mr. Benrodgers M. Milaih	Member representing The Public Service Commission
F CPA Julius W. Mwatu	Member representing ICPAK - Term expired on 31 August 2021
CPA Edwin N. Makori	Member representing ICPAK - Term expired on 31 August 2021
Dr. George O. Wakah	Member nominated by the Board - Term expired on 1 November 2021
Ms. Dorcas Nyalwidhe	Member representing office of the Attorney General - Appointed effective 20 November 2020
FCS Diana Sawe Tanui	Member representing ICS - Appointed effective 20 November 2020
FCS Nkirote Mworja Njiru	Member representing ICS - Appointed effective 20 November 2020
Dr. Percy Opio	Member nominated by the Board - Appointed effective 1 November 2021
Dr. Elizabeth N. Kalunda-Muvui	Member representing ICPAK - Appointed effective 1 November 2021
F CPA George M. Obiria	Member representing ICPAK - Appointed effective 1 November 2021
Eng. Stephen Ogenga	Member representing FKE - Appointed effective 1 November 2021



CORPORATE INFORMATION

(j) Senior Management

Secretary/Chief Executive Officer

Dr. Nicholas K. Letting', Ph.D, EBS

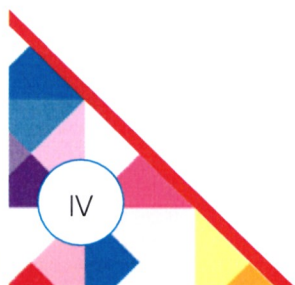
Heads of Divisions/Units

FCPA Isaac M. Njuguna	Examinations Director
Ms. Marylucy A. Ajwang'	Human Capital and Administration Director
Ms. Caroline W. Karia	Head of Planning and Strategy
CPA Jason K. Mwangi	Head of Audit and Risk
Mr. Francis A. Okubo	Head of Supply Chain Management
Ms. Hamida A. Mwilu	Head of Marketing and Communication
CS Joyce M. Afanda	Legal and Compliance officer
CPA Sailot A. Keke	Deputy Director Finance

(k) Board Committees

The Board has established four standing committees and one sub-committee to which it has delegated certain responsibilities. Each Committee meets at least four times a year under the terms of reference approved by the Board. The following is the list of committees of the Board and membership during the financial year 2021/2022

EXAMINATIONS COMMITTEE (EC)	EXAMINATIONS TECHNICAL SUB-COMMITTEE (ETSC)	FINANCE AND GENERAL PURPOSES COMMITTEE (FGPC)
Joseph M. Kanyi	Dr. Elizabeth N. Kalunda-Muvui	Diana S. Tanui
Dr. Nancy N. Muriuki, PhD	Joseph M. Kanyi	Joseph M. Kanyi
Ms Jane W. Njogu- MACHARIA	Diana S. Tanui	Jane W. Njogu-Macharia
Dorcas A. Nyalwidhe	Benrodgers M. Milaih	Benrodgers M. Milaih
Mr Benrodgers M. Milaih	Eng. Stephen Ogenga	Dr. Elizabeth N. Kalunda-Muvui
Diana S. Tanui	Dr. Geoffrey I. Injeni	Eng. Stephen Ogenga
George M. Obiria	Prof. Ismail A. Lukandu	
FCS Nkirote Mworia	Mary Reba Chabeda-Ouko	
Eng. Stephen Ogenga	Jonah K. Aiyabei	
Dr. Percy Opio	Pius M. Kyambi	
Dr. Geoffrey I. Injeni	Gillian W. Mwaniki	
Ismail A. Lukandu	Dorcas M. Omukhulu	
Mary Reba Chabeda-Ouko	David Mwangi	
Jonah K. Aiyabei	Dominic B. Omboto	
Pius M. Kiambi		
Dr. Elizabeth N. Kalunda-Muvui		



CORPORATE INFORMATION

AUDIT, RISK AND COMPLIANCE COMMITTEE (ARCC)**Nkirete Mworia**

Jane W. Njogu-Macharia
Dorcas A. Nyalwidhe
George M. Obiria
Dr. Percy Opio

KASNEB STAFF RETIREMENT BENEFITS AND LIFE ASSURANCE SCHEME**Benrodgers M. Milaih**

Dorcas A. Nyalwidhe
Nkirete Mworia
Dr. Nicholas K. Letting' (**Trust Secretary**)
Felistas M. Kyuli
Michael M. Muthigani

KASNEB FOUNDATION**Dr. Percy Opio**

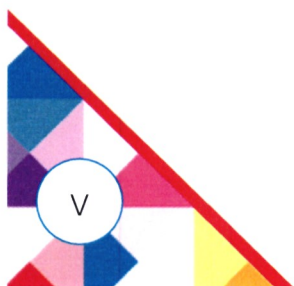
Peter Anderson
Dr. Nancy N. Muriuki (**Ex officio member**)
Diana S. Tanui
Charles M. Ringera
Dr. Nicholas K. Letting' (**Trust Secretary**)
Sailot A. Keke
Millicent A. Kabara (**Manager, Foundation**)

PLANNING AND BUSINESS DEVELOPMENT COMMITTEE**Dr. Percy Opio**

Jane W. Njogu-Macharia
Nkirete Mworia
Dorcas A. Nyalwidhe
George M. Obiria
Dr. Elizabeth N. Kalunda-Muvui

DIGITALIZATION STEERING ADHOC COMMITTEE

Eng. Stephen Ogenga
Dr. Percy Opio
Joseph M. Kanyi
George M. Obiria
Dr. Nicholas K. Letting'
Isaac M. Njuguna
Caroline W. Karia
James M. Kuria



CHAIRMAN'S STATEMENT



Dr. Nancy N. Muriuki
Chairman

On behalf of the Board of kasneb, it gives me great pleasure to present to our stakeholders the annual report and financial statements for the financial year ended 30 June 2022 and the outlook for the next financial year 2022/2023.

The Board is responsible for the oversight and strategic stewardship of kasneb towards a sustainable future. During the year under review, the Board ensured that the mandate of kasneb was executed against the backdrop of various uncertainties and disruptions which included; the impact of the COVID-19 pandemic, national and global economic uncertainties, rapid evolution of technology and the impact on global supply chains brought by the Russia-Ukraine war.

The Board is satisfied with the resilience that kasneb has shown during the financial year under review and is confident on the sustainability of the recovery trajectory following the effects of the COVID-19 pandemic.

Governance

The operations of kasneb are governed by the Accountants Act, No. 15 of 2008; the Certified Public Secretaries of Kenya Act, Cap. 534 of 1988 and the Investment and Financial Analysts Act, No. 13 of 2015. Section 15(1) of the Accountants Act provides for the appointment by the Cabinet Secretary, National Treasury and Planning of eleven (11) members to serve on the Board for a period of three years.

Under the provisions of the Accountants Act no.15 of 2008, the Board has been given authority to establish any committees that it considers necessary to help it realise the efficient and effective execution of its functions. The various committees established by the Board, their leadership, membership and respective responsibilities are indicated on page IV and V of the annual report and financial statements.

The members of the Board and its committees are provided with adequate resources as well as relevant and timely information to enable them discharge their fiduciary responsibilities and maintain full and effective control over strategic, financial, operational and compliance issues.

Corporate Strategic Plan (2017-2022)

The implementation of the 5th Corporate Strategic Plan (2017-2022) commenced on 1 July 2017 and was in the 5th and final year of implementation. This strategic plan was anchored on four (4) strategic pillars namely: quality professionals; customer experience; institutional capacity; and financial sustainability. This Strategic plan was aligned to the sustainable development goals (SDGs), Africa Agenda 2063, Kenya Vision 2030, national development agenda, the third Medium Term Plan (2017-2022) and the "Big Four" Agenda.

The development of the 6th Corporate Strategic Plan (2022-2027) was undertaken and completed during the year under review. The Corporate Strategic Plan (2022-2027) provides robust strategies to facilitate the renewal of kasneb against the backdrop of a myriad of disruptions that have presented both challenges and opportunities to businesses and global economies.



CHAIRMAN'S STATEMENT

The 6th Corporate Strategic Plan will be implemented effective on 1 July 2022 and will chart the way forward for the next five (5) years until its expiry on 30 June 2027.

Developments related to examinations

During the year under review, kasneb commenced the implementation of the revised examinations syllabuses following their launch on 24 July 2021. Three (3) examination sittings were successfully undertaken in August 2021, December 2021 and April 2022. In addition, simultaneous marking of the certificate, diploma and professional examinations was undertaken thus hastening the marking process and realising significant cost savings. In addition, kasneb conducted webinars to provide feedback to candidates who sat their examinations in the three sittings.

During the year under review, the vocational certificate, CAMS, DDMA, DCNSA, CISSE and CFFE examinations were successfully administered under the second phase of administration of examinations on a computer-based platform. This was done during the December 2021 and April 2022 examination sitting.

Ongoing projects and initiatives

The Multi-purpose hall in kasneb Towers II was used in the administration and marking of kasneb examinations as well as other activities such as workshops, trainings and meetings. The Multipurpose hall was also hired out to various institutions thus realising cost savings and generating additional revenue. The occupancy rate for leased space at kasneb Towers II is currently at 64%. For this reason, kasneb has continued to engage potential tenants to take up the remaining office space at subsidised rental rates taking cognisance of the downward pressure on market rental rates for office space as a result of the COVID-19 pandemic.

During the year under review, kasneb progressed with its initiative of implementing the Enterprise Resource Planning (ERP) system. It is envisaged that full implementation of the ERP system will not only lead to enhanced efficiency and effectiveness, but also result in substantial monetary savings from streamlined and seamless operations.

ISO Quality Management System and Information Security Management System

kasneb continued to implement the ISO 9001:2015 Quality Management System (QMS) following recertification which was effective from 25 August 2019. In addition, during the year under review, kasneb continued with the implementation plan for the ISO/IEC 27001:2013 Information Security Management System (ISMS) with a view to enhancing business continuity. Currently, kasneb is in the process of operationalising the ISMS.

Marketing, outreach and public communication

kasneb continued to sensitise the public on the professional brand through various media. Kasneb also continued to undertake various marketing initiatives including digital and agency marketing, a kasneb open day, a customer service week, sensitisation of potential students through career talks in universities, colleges and schools as well as participation in national and international trade fairs.

During the year under review, the Huduma Service Centres in GPO Nairobi, Mombasa, Kisumu, Kisii, Eldoret, Nakuru and Nyeri continued to provide superior customer experience in line with the general push towards devolution of services to the counties. In addition, the satellite office in Kigali, Rwanda continued to offer superb and timely service to the students in Rwanda.



CHAIRMAN'S STATEMENT

Way forward

The Board is committed to continue to play a key role in skills development as envisioned in the Constitution, Kenya Vision 2030 and the fourth medium-term plan which aims to transform lives by advancing socio-economic development. kasneb will leverage on the opportunities presented by Information, Communication and Technology (ICT) to enhance product and service offerings and create value for our customers. Towards this end, digitalization, research and innovation will be key strategies to be implemented. kasneb will collaborate with key partners to enhance access to computer-based examinations and develop study packs.

Appreciation

On behalf of the Board, I wish to express our sincere gratitude to our valued customers for their loyalty and confidence in the qualifications of kasneb and their parents, guardians and sponsors for their sacrifice and continued support. I wish to thank members of the Board for their commitment and support in ensuring the continued sustainability of kasneb. In the same vein, I wish to thank the kasneb members of staff for their diligence and commitment in delivering quality service to our customers and stakeholders during the year under review. I also wish to thank the government through our parent Ministry, the National Treasury and Planning for its continuing support and guidance. We remain committed in delivering on our mandate and ensuring the sustainability of kasneb.

Thank you and God bless you.



Dr. Nancy N. Muriuki, Ph.D
CHAIRMAN





Dr. Nicholas K. Letting', Ph.D.
Secretary/Chief Executive Officer

The financial year 2021/2022 started on a slow pace following a partial curfew that had been imposed over some regions of the country including Nairobi from March 2021. This curfew affected the first quarter, with positive signals witnessed from October 2021 with the lifting of the curfew. The impact of the Covid-19 pandemic however continued to be felt for the better part of the financial year as the economy struggled to recover. Although the impact of Covid-19 continued to gradually wane as the financial year progressed, the impact of Russia's invasion on Ukraine in February 2022, mainly on global food prices, continued to be felt by the year end and beyond. The overall impact of these disruptions was to reduce disposable income within households, which further affected available options including enrolments in the education sector.

In spite of the above challenges, the Board and Management put in place a number of recovery measures to enhance cost-efficiency while boosting productivity and expanding the revenue base. The combined output of these efforts was a surplus realized in the financial year 2021/2022 compared to a streak of deficits over the past five years.

Financial Stewardship and Fiscal Discipline

During the financial year 2021/2022, the Board reported a surplus of Sh.19.6 million against a deficit of Sh.13.8 million the previous year. This marked a significant turnaround for the organization as it gradually recovered towards full financial sustainability. This was however below the budgeted surplus of Sh.30.7 million for the financial year. Nevertheless, this positive trend is a pointer to the fact that the recovery measures put in place are indeed working, and should signal better times for the organization moving forward.

During the financial year, the Board administered three examination sittings, in August 2021, December 2021 and April 2022. This, coupled with new student registrations among other factors, contributed to a positive rise in revenue, with income from operations rising to Sh.634.6 million from Sh. 531.1 million in the previous financial year. There was however a resultant increase in operational expenses from Sh.524.4 million to Sh.606 million during the financial year.

Although the budgeted income targets were not met, austerity measures continued to be instituted in order to address income shortfalls and meet the capital and recurrent expenditure commitments from internally generated revenue and retained earnings without recourse to the Exchequer. It is also noteworthy that, during the period under review, kasneb adhered to the applicable provisions under the Public Finance Management Act, Public Procurement and Assets Disposal Act. No.33 of 2015, Treasury Circulars and related regulations issued by the Government.

Implementation of the revised syllabuses

One of the key deliverables in the financial year was the smooth roll-out of revised syllabuses following the major review project which commenced in the year 2019. The new syllabuses were launched in July 2021 and have been successfully implemented over the three examination sittings.

With the revised syllabuses, kasneb now administers a total of fourteen (14) qualifications from vocational, certificate, diploma, professional and post-professional levels. It is envisaged that the diverse qualifications will address the career progression needs of a cross-section of Kenyans, which should also result in an increase in studentship registrations.



Roll-out of computer-based examinations

The first examinations on a computer-based platform were rolled out during the financial year, that is in the December 2021 sitting. This progress was further continued in the April 2022 sitting. In total, eight qualifications were administered on a CBE platform, including four at the vocational level, two at diploma level, one at professional level and one at post-professional level.

The Board intends to bring on board other examinations at the professional level into the CBE platform as the organization steers towards the breakeven territory for CBE.

Customer Service Delivery

The new Corporate Strategic Plan 2022 -2027 has identified the need to enhance customer experience as a key pillar for organizational growth and sustainability. In this connection, the following measures among others were adopted during the period:

- Accreditation of training institutions based in Kenya and outside the country in an effort to ensure students accessed quality training.
- Additional students were enrolled to access e-learning resources to facilitate their preparations for the upcoming examinations.
- Timely release of results within four weeks of sitting the examinations sittings.
- Roll-out of the enterprise resource planning (ERP) system.
- A virtual prize award ceremony was held in October 2021.
- Webinars for students were rolled out during the first and second quarters of the financial year.
- Signing of MOU's for preparation of study materials.

Strategic Partnerships and Collaborations

The financial year witnessed a growth in the strategic partnerships between kasneb and other key institutions. Among the notable partnerships included the signing of a Memorandum of Understanding between kasneb and OPC Burundi (the professional accountancy body in Burundi) on administration of diploma and professional accounting examinations in Burundi.

In addition, in July 2021, kasneb signed a Memorandum of Understanding with the Public Relations Society of Kenya (PRSK) on administration of professional examinations for public relations practitioners in Kenya.

On another front, significant strides were made on the ongoing collaboration with the Kenya Bureau of Standards (KEBS), where a draft curriculum for quality practitioners was prepared for roll out in the 2022/2023 financial year.

Conclusion

The above initiatives, among others, are all geared towards enhancing the sustainability of kasneb. It is evident that the measures are working as witnessed in the financial recovery trend. Moving forward, management remains committed to further exploring additional initiatives and measures to restore kasneb's position as a financially stable and sustainable organization.



Dr. Nicholas K. Letting', Ph.D, EBS
Secretary/Chief Executive Officer



STATEMENT OF ACTUAL PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FINANCIAL YEAR 2021/2022

The fifth Corporate Strategic Plan (2017-2022) expired on 30 June 2022 upon successful implementation which commenced on 1 July 2017. The Corporate Strategic Plan (CSP) was revised mid-term during the financial year 2019/2020 and implementation of the revised CSP commenced on 1 July 2020.

The revised CSP (2017-2022) was anchored on four (4) strategic pillars namely:

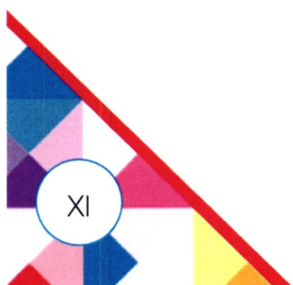
- (i) Pillar 1: Competent professionals
- (ii) Pillar 2: Customer experience
- (iii) Pillar 3: Institutional capacity
- (iv) Pillar 4: Financial sustainability

Seven (7) strategic objectives aligned to strategic pillars were identified during the CSP development process, alongside strategies and activities to be implemented during the plan period. The strategic objectives were:

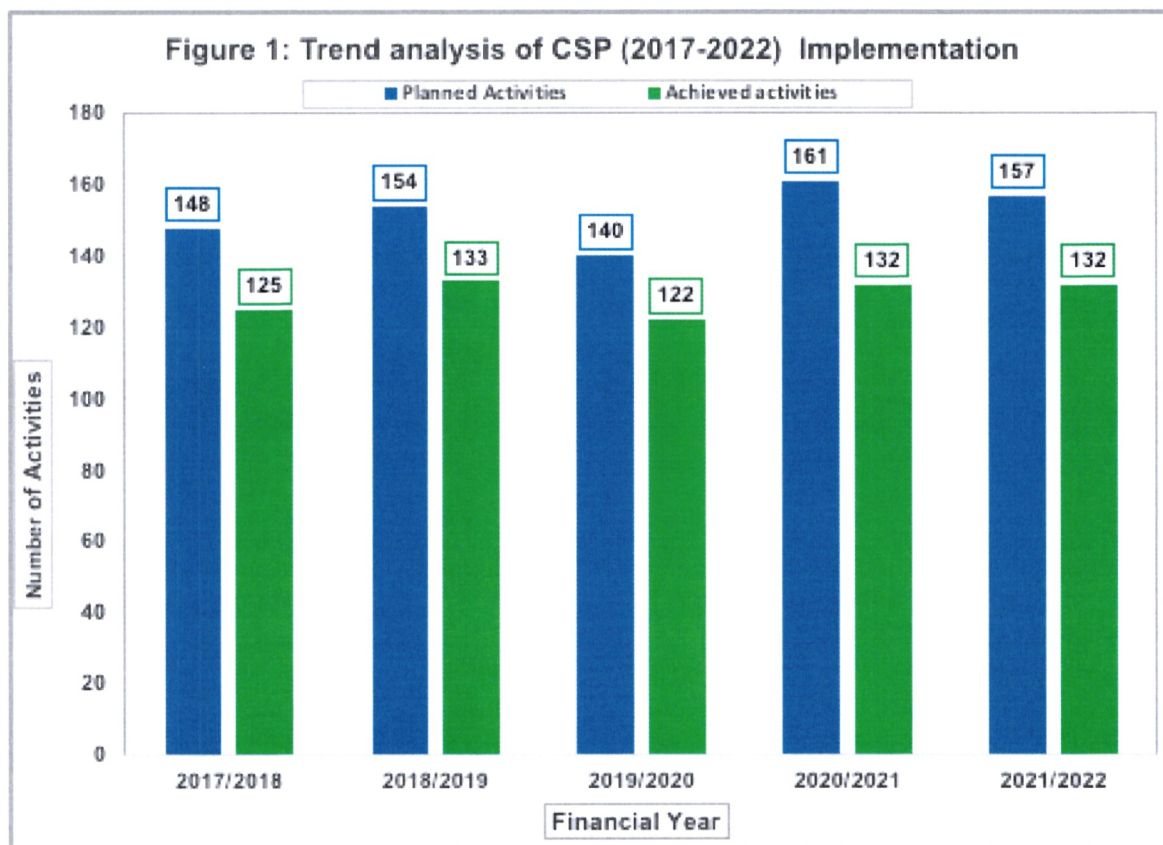
- (i) To provide competent professionals
- (ii) To grow student registration and candidature by 10% and 8% per annum respectively
- (iii) To enhance customer experience
- (iv) To attract, develop and retain productive and motivated staff
- (v) To enhance operational effectiveness and efficiency
- (vi) To promote a positive corporate image
- (vii) To increase income and net surplus by 10% and 12% per annum respectively

The CSP (2017-2022) was implemented through annual work plans which were monitored quarterly through progress reports to ensure that the implementation of the planned CSP activities was on track. The reports were thereafter presented to the Senior Management, Planning and Business Development Committee (committee of the Board with oversight responsibilities for monitoring the implementation of the strategic plan) and the Board.

The trend analysis on the implementation of CSP (2017-2022) based on activities is depicted in **Figure 1** below. The figure depicts the annual increment in CSP implementation from 84.5% during the financial year 2017/2018 to 87.1% during the financial year 2019/2020. Thereafter, CSP implementation registered a significant decline with an achievement of 82.0% during the financial year 2020/2021 resulting from the impact of COVID-19 pandemic which adversely affected the implementation of planned activities. The CSP implementation status during the financial year 2021/2022 was 84.1%, an increment attributed to the effective implementation of COVID-19 containment measures to ensure smooth implementation of the CSP planned activities.



STATEMENT OF ACTUAL PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FINANCIAL YEAR 2021/2022



The performance review strategic objectives based on activity implementation during the financial year.

The performance strategic objectives based on activity implementation during the financial year 2021/2022 is depicted on Table 1 below:

Table 1: Summary of status of implementation of strategic objectives

Strategic Pillar	Strategic Objectives	Planned Activities	Implemented Activities	Performance (%)
Competent professionals	To provide competent professionals	26	21	80.0%
	To grow student registration and candidature by 10% and 8% per annum respectively	25	24	96.0%
Enhance customer experience	To enhance customer experience	14	13	92.9%
Enhance institutional capacity	To attract, develop and retain productive and motivated staff	24	21	87.5%
	To enhance operational effectiveness and efficiency	40	31	77.5%
	To promote a positive corporate image	16	13	81.3%
Enhance financial sustainability	To increase income and net surplus by 10% and 12% per annum respectively	12	9	75%
	Total	25	25	84.1%

STATEMENT OF ACTUAL PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FINANCIAL YEAR 2021/2022

The Performance Contract (2021/2022) was aligned to the targets in the revised Corporate Strategic Plan (2017-2022). The performance evaluation for the Performance Contract for the financial year 2020/2021 was undertaken on Friday, 15 October 2021. Following the performance evaluation, a score of 2.939 (Very Good category) was awarded. This was an improvement by 4.3% from the prior year's score of 3.0195 (Good category).

Major Achievements

The major achievements realized during the financial year 2021/2022 were as follows:

1. Revised syllabuses were launched on 23 July 2021. Implementation of the revised syllabuses commenced in December 2021 examination sitting.
 - (a) The following six (6) existing qualifications were revised following the major syllabuses review: Certificate in Accounting and Management Skills (CAMS); Accounting Technicians Diploma (ATD); Certified Public Accountants (CPA); Certified Secretaries (CS); Certified Investment and Financial Analysts (CIFA); and Certified Credit Professionals (CCP).
 - (b) The following eight (8) new qualifications were introduced following the major syllabuses review: Vocational Certificate in Entrepreneurship and Innovation (VCEI); Vocational Certificate in Graphic Design (VCGD); Vocational Certificate in Information and Cyber Security (VCICS); Vocational Certificate in Blockchain Technology (VCBT); Diploma in Data Management and Analytics (DDMA); Diploma in Computer Networks and Systems Administration (DCNSA); Certified Information Systems Solution Expert (CISSE); and Certified Forensic Fraud Examiner (CFFE).
2. Three (3) examinations sittings in; August 2021, December 2021 and April 2022 were administered successfully, with the latter two sittings administered under the revised syllabuses.
3. CAMS, CFFE, CISSE, DCNSA and DDMA examinations were successfully administered in eight (8) examination centres under the second phase of implementation of computer-based examination (CBE) platform during April 2022 examination sitting. This was an improvement from December 2021 examination sitting whereby only CAMS examination was administered on the computer-based platform in the first phase of implementation of the CBE.
4. Compliance on implementation of 30% allocation on AGPO and 40% procurement for local content:
 - (a) Tenders amounting to Sh. 24.3 million were awarded to the special groups (Youth, Women and Persons with Disabilities) against a target of Sh. 21.8 million with a positive variance of Sh. 2.6 million for the period under review.
 - (b) Procurement of goods, works and services amounting to Sh. 95.5 million were procured 100% from local suppliers, against a target of Sh. 29 million with a positive variance of Sh. 66.5 million.
5. Performance contract for the financial year 2021/2022 was negotiated and vetted with The National Treasury and Public Service Performance Management Monitoring Unit (PSPMMU) on 2 December 2021 and 3 December 2021, respectively. Quarterly progress reports on the implementation of the performance contract for the financial year 2021/2022 were prepared and submitted to the relevant authorities.



STATEMENT OF ACTUAL PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FINANCIAL YEAR 2021/2022

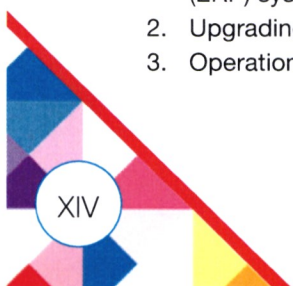
6. Performance contract evaluation for the financial year 2020/2021 was undertaken by PSPMMU on 15 October 2021 where a moderated score of 2.939 was achieved which was under “Very Good” Category. This was an improvement from the Performance Contracting Score of 3.0195 under “Good category” attained in the financial year 2019/2020.
7. The 2nd surveillance audit of the kasneb quality management system was undertaken by KEBS on 3 November 2021. There were no nonconformities identified. KEBS recommended the continued certification of kasneb.
8. Two internal quality audits were undertaken during the reporting period:
 - (a) The first internal quality audit was undertaken from 23 February 2022 to 25 February 2022.
 - (b) Second internal quality audit was undertaken from 16 June 2022 to 23 June 2022.
9. Draft Accountant regulations pursuant to the Accountant’s Act, 2008 were prepared.
10. KASNEB Foundation loans and bursaries to the tune of Sh. 7.8 million were disbursed through HELB to three hundred and ninety-three (393) successful applicants during the first cycle on 2 March 2022.
11. The following Memorandum of Understanding (MoUs) and partnerships were established during the reporting period:
 - (a) An MoU between kasneb and the Marketing Society of Kenya (MSK) was signed.
 - (b) An MoU between kasneb and the Public Relations Society of Kenya (PRSK) was signed.
 - (c) Partnerships with the State Agencies (KEMSA, NITA, KEMRI, KISM, KISEB, PPRA, IHRMEB, ICTA) and service providers (Safaricom Limited and UNES) were established
12. Training and development was undertaken on the following key thematic areas:
 - (a) Mental Health
 - (b) Management and supervisory skills
 - (c) National cohesion and values
 - (d) Code of conduct
 - (e) Mainstreaming sensitisation (Gender, Disability, Road safety, and preventive of alcohol and drug abuse)

Looking into the Future

The sixth CSP (2022-2027) was developed and approved on 21 June 2022 to pave way for the commencement of implementation on 1 July 2022. The plan is anchored on four strategic themes that were developed using the Balanced Scorecard (BSC) model, namely: Financial Perspective; Customer Perspective; Internal Processes Perspective; and Learning and Growth Perspective.

The CSP (2022-2027) which is anchored on the theme, “Renewal of Aspirations” has identified flagship projects whose implementation will enable kasneb to realise its vision, mission and mandate for which it was established. kasneb has therefore committed to implement the following key eight (8) flagship projects:

1. Digitalisation of kasneb operations through full implementation of Enterprise Resource Management (ERP) system.
2. Upgrading Primary Data Centre (Tier II data center).
3. Operationalisation of the Customer Experience Centre.



STATEMENT OF ACTUAL PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FINANCIAL YEAR 2021/2022

4. Biometric registration and identification of students.
5. Rolling out of Computer Based Examinations (CBE) for all qualifications.
6. Establishment of twenty (20) Centers of Excellence (CoEs).
7. Development and publishing of Study Packs for all qualifications.
8. Operationalisation of the Research, Innovation and Consultancy Function.

I wish to thank the Government of Kenya through the National Treasury and Planning for the support and guidance including facilitating approvals for the successful conduct of three (3) examination sittings in August 2021, December 2021 and April 2022. I thank the Board for their dedication and visionary leadership, members of staff for their resilience and dedication during these challenging times, students and the various stakeholders from both the public and private sector for their continued contribution and confidence in the kasneb qualifications.

We believe that together, we shall continue to steer kasneb into achieving our vision of “empowered and globally recognised business professionals”. We are optimistic that the financial year 2022/2023 will witness continued business growth following resumption of normal operations which were adversely affected by the COVID-19 pandemic.

Dr. Nicholas K. Letting', Ph.D, EBS
Secretary/Chief Executive Officer



WHO GOVERNS KASNEB?



Dr. Nancy N. Muriuki, Ph.D
Chairman

Dr. Nancy N. Muriuki, Ph.D was appointed the Chairman of the Board effective from 1 September 2018. She is a nominee of the Board of kasneb in accordance with Section 15(1)(h) of the Accountants Act, No. 15 of 2008.

She is a holder of a Ph.D in Organizational Leadership, Masters of Business Administration and Bachelor of Commerce (BA) degree. She is also a holder of the Certified Secretaries (CS) qualification and Diploma in Management. She is a member of the Institute of Human Resource Management (IHRM-K) and the Institute of Certified Secretaries (ICS).

Dr. Muriuki has vast experience in organizational leadership and governance, human resource management, Board and Institutional strengthening spanning diverse sectors and across cultures. She is the Founder and currently the Managing Director, Africa Success Enhancement Lab.



Mr. Joseph Maina Kanyi

Mr. Joseph Maina Kanyi was appointed the Vice Chairman of the Board effective from 1 November 2021. He is a nominee of the Ministry of Education in accordance with Section 15(1)(b) of the Accountants Act, No. 15 of 2008.

He is a holder of MSc in Entrepreneurship from Kenyatta University and BSc in Entrepreneurship from Karatina University and a Diploma in Technical Education from Kenya Technical Trainers College.

He has vast experience in initiating and delivering sustained results and effective change in the Micro, Small and Medium Enterprises Development in Kenya. He has a solid and first-hand experience in Management of Donor Funded Development Projects. His major experience lies in strategizing and leading cross-functional teams to bring about fundamental change and improvement in strategy, processes, and profitability – both as a leader and expert consultant in the MSME world.

Currently he is the Deputy Director, Technical Education, State Department for Vocation and Technical Training in the Ministry of Education.



**CPA Jane Wacuka
Njogu-Macharia**

CPA Jane Wacuka Njogu-Macharia was appointed to the Board effective from 30 September 2019 as the nominee of the National Treasury and Planning in accordance with Section 15(1)(a) of the Accountants Act, No.15 of 2008.

She holds a Masters of Business Administration (Finance) from JKUAT, a Bachelor of Education degree from Moi University majoring in Math and Economics. A certified Public Accountant of Kenya, CPA(K) and a Member of the Institute of Certified Public Accountants of Kenya (ICPAK), a Certified Information System Auditor (CISA) and a member of ISACA, well trained in public finance management in particular government liquidity and debt management. Currently a PhD student at JKUAT.

She has served in various positions in both private and public entities in the areas of auditing, accounting and finance management. Currently serving as a Deputy Accountant General in charge of Exchequer operations at The National Treasury



CORPORATE GOVERNANCE



FCS Diana Sawe Tanui

FCS Diana Sawe Tanui was appointed to the Board effective from 20 November 2020. She is a nominee of the Institute of Certified Secretaries (ICS) in accordance with Section 15(1)(g) of the Accountants Act, No. 15 of 2008.

Diana is a Certified Secretary, an Advocate of the High Court of Kenya, a Fellow of the Chartered Institute of Arbitrators and trained Governance Auditor. She has interests in corporate governance, regulatory affairs, compliance and alternative resolution of disputes.

Currently, she is the Corporation Secretary and Chief Manager Legal Affairs at the Insurance Regulatory Authority, a Council Member at the Institute of Certified Public Secretaries of Kenya, a Member of the Council of Legal Education and serves in various capacities in committees of various other professional bodies. She also served as a member of the Capital Markets Stewardship Code committee which developed the Kenya Capital Markets Stewardship Code for Institutional Investors, 2017.

Diana is a member of the Law Society of Kenya, the Institute of Directors (Kenya), the Chartered Institute of Arbitrators, the East Africa Law Society, the Women on Boards Network and is a Mentor with the Global Give Back Circle.



Mr. Benrodgers M. Milaih

Mr. Benrodgers M. Milaih was appointed to the Board effective from 6 June 2016 and was reappointed to the Board effective 1 September 2018. He is a nominee of the Ministry of Public Service and Gender in accordance with Section 15(1)(d) of the Accountants Act, No.15 of 2008.

He is a holder of Master of Business Administration (HRM option), Bachelor of Arts degree and a Higher Diploma in Human Resource Management. He is a Full Member of IHRM(K).

Mr Milaih has vast experience in human resource management and development in the Public Service. He is currently serving as a Director, Human Resource Management and Development (Policy) in the Ministry of Public Service and Gender.



FCPA/CS George M. Obiria

FCPA/CS George M. Obiria was appointed as a member of the Board effective from 1 November 2021. He is a nominee of the Institute of Certified Public Accountants of Kenya in accordance with Section 15(1)(f) of the Accountants Act, No.15 of 2008.

He is a holder of Masters of Business Administration and Bachelor of Business Management (BBM) degree.

Currently holds the position of National Chairman of ICPAK after being elected in June 2021. He is the immediate former National Vice Chairman; a position he held for two years from 2019-2021.



He is the Managing Partner of Mokuwa Onwonga & Co, Certified Public Accountants and also Principal Partner with Ledger Registrars LLP, Certified Secretaries, the Company Secretary of Kenya Petroleum Refineries Ltd and the Vice Chairman of the Mombasa County Public Service Board where he also chairs the Board Audit, and Compliance Committee in addition to being a member of the Complaints Committee of the Board. He also recently joined the Board of Pan African Federation of Accountants and the Board of Trustees of KCA University.



CPA Dr. Elizabeth M. Kalunda, Ph.D

CPA Dr. Elizabeth M. Kalunda was appointed as a member of the Board effective from 1 November 2021. She is a nominee of the Institute of Certified Public Accountants of Kenya in accordance with Section 15(1)(f) of the Accountants Act, No.15 of 2008.

She is a holder of a Ph.D in Business Administration, Banking Specialization, University of Nairobi, Masters in Business Administration (MBA) Accounting option, University of Nairobi, Bachelor of Education from Moi University and the Certified Public Accounting Profession.

Dr. Kalunda is an Assistant Professor at the United States International University- Africa (USIU-A), in the Chandaria School of Business in the area of Finance and Accounting. She previously served at the Institute of Certified Public Accountant of Kenya in various positions as, Training Manager, Head of Technical Training and Project Co-coordinator-World Bank-IDF. She has also served as the Associate Director at JMG Strategy Innovations Ltd in charge of Business Research. She has also worked at Dedan Kimathi University of Technology, Government Training Institute and Teachers Service Commission.

Dr. Kalunda is a seasoned consultant, facilitator and researcher and has been involved in research in the area of Corporate Finance, Corporate Governance, Women Economic Development and Banking Outreach. She has trained various groups in design thinking, business development, business plans and innovations.

Dr. Kalunda is a member of the Institute of Certified Public Accountants of Kenya (ICPAK), Audit Committee Member of Nairobi County Government and Board of Directors of Kasarani Technical and Vocational College and a Board member in a number of Secondary Schools in Kenya.



CORPORATE GOVERNANCE



FCS Nkirote Mworira Njiru

FCS Nkirote Mworira Njiru was appointed to the Board effective from 20 November 2020. She is a nominee of the Institute of Certified Secretaries (ICS) in accordance with Section 15(1)(g) of the Accountants Act, No. 15 of 2008.

Nkirote is a governance practitioner, certified secretary, and lawyer with a passion for sound governance, policy making, standard setting, capacity building and setting up institutional systems that deliver exceptional value. In twenty years of governance and legal practice, she has worked in both the public and private sectors in Kenya in a wide range of activities involving setting up governance and legal structures; legislative and policy development; supervision and capacity building. She is a fellow of the Institute of Certified Secretaries of Kenya (FCS) where she has served to the position of Vice Chairman. She is also an active member of the Law Society of Kenya (LSK).

In addition, in keeping with her calling to set up governance systems that outlive her, she has undertaken responsibilities relating to the strengthening of the legislative and governance framework in Kenya and the East African region in the fields of corporate governance and financial sector regulation. In this regard, she was part of the eight (8) member team from ICPSK which worked with the State Corporations Advisory Committee (SCAC) to develop Mwongozo: The Code of Corporate Governance for State Corporations. Nkirote has also been involved in the development of the Code of Practice for Advertising Practitioners in Kenya, the ICPSK Code of Governance for Private Organizations in Kenya and the review of the framework for implementation of Governance Audits under the CMA Code of Governance for Issuers of Securities to the Public. She has been a Validator for accession to the International Association of Insurance Supervisors (IAIS) Multilateral Memorandum of Understanding (MMoU).

Nkirote is currently the UAP-Old Mutual Group Company Secretary /Legal Counsel and Company Secretary for Faulu Microfinance Bank Limited; responsible for twenty-two (22) companies in five (5) countries of operation and one (1) country of domicile.

Nkirote is certified by IFC as a Trainer of Trainers in Corporate Governance and she is a Certified Governance Auditor. She is also an AoEC Certified Executive Coach and exposure to various leadership programmes have been invaluable to her development as a commercially astute marketplace leader.

Capacity building and empowerment activities are passions she fulfils through engaging in various training undertakings, trust activities and networks. Being passionate about women in leadership, Nkirote mentors actively and is also a founder of the Women on Boards Network Kenya (WOBN).

Nkirote is committed to her family and her faith, a life-long learner and enjoys experiencing new places and people. She is married to Job and together



CORPORATE GOVERNANCE



Ms. Dorcas Anyango Nyalwidhe

they are raising two young ladies.

Ms. Dorcas Anyango Nyalwidhe was appointed as a member of the Board effective from 20 November 2020. She is a nominee of the Attorney General in accordance with Section 15(1)(e) of the Accountants Act, No. 15 of 2008.

She holds a Bachelor of Laws Degree from the University of Nairobi and is an Advocate of the High Court of Kenya. She has interests in Family law and Succession matters and alternative resolution of disputes with a bias in mediation, currently serving as Chief State Counsel, Deputy Public Trustee in the Department of Public Trustee, Office of the Attorney General and Department of Justice



Dr. Percy Opio, Ph.D

Dr. Percy Opio, Ph.D was appointed as a member of the Board effective from 1 November 2021. He is a nominee of the Board of kasneb in accordance with Section 15(1)(h) of the Accountants Act, No. 15 of 2008.

He is a holder of a Ph.D in Strategic Leadership (Strategic Foresights concentrate) degree from Regent University, Virginia Beach, VA, USA, Master of Arts in Leadership degree from PAC University, Bachelor of Education (Arts) degree from Moi University, and Management Information Systems Diploma from the Institute of Management Information Systems (UK).

He is a practitioner-academic with experience in Leadership Development, Strategic Foresight, Innovation and Change and ICT. He serves as Chief Executive – Strategy and Innovation at The Leadership Group, and is co-founder of two digital tech companies in Education and Healthcare respectively. He previously held the position of General Manager-ICT at Equity Bank Kenya where he played a key role in rolling out digitization and automation projects. His role also involved overseeing operational efficiency projects, leading the ICT Service Delivery team and chairing the Change Authorization Board. Percy is proud to have successfully implemented the ITIL (Information Technology Infrastructure Library) framework - a best practices IT Service Management Framework - at Equity Bank. As an academic, Percy is an adjunct lecturer at PAC University, International University Kenya and is a Programme Leader at Beulah Heights University, USA. He is a member of the Association of Professional Futurists and author of The Future of Banking in Kenya.

His consultancy engagements have covered ICT Audits, Leadership Development Programmes, Process Re-engineering, Design Thinking, Strategy Review and Formulation, ICT Advisory Services, Board Evaluations and Governance Audits. His experience cuts across several sectors that include Banking, Savings and Credit Cooperatives (SACCOs), Education, Manufacturing, Religious Sector and NGOs.

CORPORATE GOVERNANCE



Eng. Stephen Ogenga

Eng. Stephen Ogenga was appointed as a member of the Board effective from 1 November 2021. He is a nominee of the Board of kasneb in accordance with Section 15(1)(c) of the Accountants Act, No. 15 of 2008.

Holds Master of Engineering Science (Computer Eng.) from QUT-Brisbane, Queensland, and a Bachelor of Engineering Technology (Electrical/Electronics) from USQ, Australia.

He is a Member of the Institute of Electrical and Electronic Engineers (MIEEE), Fellow of the Institute of Engineering Technologists (FIET-Kenya).

He has vast experience in the following areas:

- Focusing on the development of LET policies to enable an Industrial skilling ecosystem that enhances competitiveness, productivity, relevance, equity, equality and access. Energizing the Youth plus for 4IR and decent work within a gig economy.
- Catalyzing the development and implementation of Policy and standards pursuant to Recognition of Prior Learning (RPL) in the Qualification Awarding Institution to transform the Youth and the Jua Kali sector towards a gig economy.
- Leading the implementation of the gazetted 7 new levels of Industrial Training schemes and 220 National Occupational Standards, Qualification Packs and Trade Test Rules.
- Coordinated the World Bank funded Kenya Youth and Employment Opportunities Project (KYEOP) Component to enhance data driven employability of the beneficiary youths through apprenticeship training and certification.
- Was instrumental in the reforms and development of training programs for the TVET sector, National Police Service, Kenya Prisons, College of Insurance, Department of Defense and IEBC among other Competency Based Training Initiatives.



CORPORATE GOVERNANCE STATEMENT

The Board is responsible for the overall management of kasneb. The members of the Board are committed to achieving the highest standards of good governance. In this regard, the members of the Board and management have committed to work honestly and diligently and have put in place appropriate policies and strategies to ensure compliance with the law and the highest standards of best practice in good governance and business ethics.

The members of the Board operate in accordance with the broad principles set out in the Accountants Act, No.15 of 2008, the Certified Public Secretaries of Kenya Act, Cap 534 of 1988 and the Investment and Financial Analysts Act, No. 33 of 2015.

The Board is committed to the principles of good governance as stipulated in Mwongozo: The Code of Governance for State Corporations. The members of the Board are provided with appropriate and timely information to enable them discharge their responsibilities and maintain full and effective control over strategic, financial, operational and compliance issues

COMPOSITION OF THE BOARD

The Board comprises eleven non-executive members who are appointed by the Cabinet Secretary for the National Treasury and Planning for a term of three years; including the Chairman, Vice-Chairman and nine other members. The Secretary/Chief Executive Officer is an ex-officio member of the Board. The Board meets at least four times a year, with additional meetings being held on need basis. The Board has delegated authority for the day-to-day operations to the Chief Executive Officer who is also the Secretary to the Board.

BOARD CHARTER

Upon appointment members of the Board are provided with a Board Charter which is a critical document detailing good governance practices and principles the Board should adhere to in executing their mandate. The charter outlines among others:

- (a) Board statement of good governance.
- (b) Board composition and the roles of the Chairman, members, Chief Executive Officer and the Secretary.
- (c) Conduct of meetings.
- (d) Conflict of interest.
- (e) Principles of public service as provided in the Constitution of Kenya.

ROLE OF THE BOARD

The Board provides strategic leadership, enterprise, integrity and judgement in directing kasneb so as to achieve continuing prosperity and acts in a manner based on transparency, accountability and responsibility. In this respect, the Board is responsible for:

- (a) Ensuring that kasneb meets its mandate as established by the law.
- (b) Formulating, monitoring and evaluating strategies, policies, management performance criteria and business plans for the good management of kasneb.
- (c) Ensuring that kasneb will survive, thrive and continue as a going concern by regularly reviewing policies, systems and procedures to ensure effectiveness of the internal systems of control so that the decision making capability and the accuracy of the reporting and financial results are maintained at a high level at all times.



CORPORATE GOVERNANCE STATEMENT

- (d) Ensuring the welfare of staff and security of the assets and resources of the organisation.
- (e) Providing guidance to the Secretary and Chief Executive Officer.
- (f) Regularly assessing performance and effectiveness of the Board and that of the individual members including the Secretary and Chief Executive Officer.

BOARD MEETINGS

The Board meets quarterly in accordance with the yearly almanac approved by the Board. However, the Board also holds special meetings on need basis to conduct business as appropriate. The agenda and Board papers are circulated to members in advance. The members of the Board also attend to workshops as it may deem necessary in executing its mandate.

Attendance

During the financial year 2120/2022 the Board held eleven (11) meetings whose attendance was as follows::

No.	Name	Meetings	
		Eligible	Attended
1	Dr. Nancy N. Muriuki***	7	7
2	Benrodgers M. Milaih***	7	7
3	Jane W. Njogu- Macharia	11	11
4	George O. Wakah**	4	4
5	Edwin N. Makori**	4	4
6	Julius W. Mwatu**	4	4
7	Diana Save Tanui	11	10
8	Dorcas A. Nyalwidhe	11	11
9	Nkirote Mworira	11	9
10	Joseph M. Kanyi	11	10
11	George M. Obiria*	3	2
12	Dr. Elizabeth N. Muvui*	3	3
13	Eng. Stephen Ogenga*	3	2
14	Dr. Percy Opio*	3	3

* Appointed effective 1 November 2021

** Term expired effective 31 August 2021

*** Re-appointed effective 1 November 2021

COMMITTEES OF THE BOARD

The committees of the Board meet at least four times in a year. The main responsibilities of the committees and meetings attended were as follows:

Examinations Committee

The committee comprises all the members of the Board and Chief Examiners who are appointees of the Board. The principal responsibilities of the committee are:



CORPORATE GOVERNANCE STATEMENT

- (a) Development of syllabuses which comply with international standards.
- (b) Development of strategies for management of examinations.
- (c) Receiving and considering examiners reports and guiding the release of results.
- (d) Advising the Board on matters incidental to good strategies for administration of examinations.
- (e) Accreditation of training institutions offering tuition for the qualifications of kasneb.
- (f) Promoting research and innovation.

Attendance

During the financial year the Committee held seven (7) meetings whose attendance was as follows:

No.	Name	Meetings	
		Eligible	Attended
1	Joseph M. Kanyi	7	7
2.	Dr. Nancy N. Muriuki***	2	2
3	Benrodgers M. Milaih***	2	2
4	Jane W. Njogu- Macharia	7	7
5	Dorcas A. Nyalwidhe	7	5
6	Diana Sawe Tanui	7	7
7	Nkirote Mworja Njiru	7	7
8	George M. Obiria*	2	2
9	Dr. Elizabeth N. K. Muvui*	2	2
10	Eng. Stephen Ogenga*	2	2
11	Dr. Percy Opio*	2	2
12	Jonah K. Aiyabei	7	7
13	Dr. Geoffrey I. Injeni	7	7
14	Mary Reba Chabeda	7	7
15	Pius Kyambi	7	7
16	Prof. Ismail A. Lukandu	7	7

* Appointed effective 1 November 2021

** Term expired effective 31 August 2021

*** Re-appointed effective 1 November 2021

Examinations Technical Sub-Committee

The Examinations Technical Sub-Committee is a permanent Sub-Committee of the Examinations Committee. Its principal responsibility is dealing with technical issues on examination matters including syllabuses, accreditation of training institutions research and innovation as delegated by the Examinations Committee from time to time.



CORPORATE GOVERNANCE STATEMENT

Attendance

During the financial year the Sub-Committee held five (5) meetings whose attendance was as follows:

No.	Name	Meetings	
		Eligible	Attended
1	Dr. Elizabeth N. K. Muvui**	1	1
2	Joseph M. Kanyi	2	2
3	Diana S. Tanui	1	1
4	Benroders M. Milaih	1	1
5	Eng. Stephen Ogenga**	1	1
6	Dr. Geoffrey I. Injeni**	2	2
7	Prof. Ismail A. Lukandu	2	2
8	Mary Reba Chabeda-Ouko	2	2
9	Jonah K. Aiyabei	2	2
10	Pius M. Kyambi	2	2
11	Gillian W. Mwaniki	2	2
12	Dorcas M. Omukhulu	2	2

* Appointed effective 1 November 2021

** Term expired effective 31 August 2021

*** Re-appointed effective 1 November 2021

Finance and General Purposes Committee

The principal responsibilities of the Committee are:

- Developing and overseeing the implementation of the finance strategy, human capital strategy and information communication technology strategy.
- Approval of the annual procurement plan and annual budget.
- Ensuring prudent financial management.

Attendance

During the financial year the Committee held nine (9) meetings whose attendance was as follows:

No.	Name	Meetings	
		Eligible	Attended
1	Diana S. Tanui	9	9
2	Joseph M. Kanyi	9	9
3	Jane W. Njogu-Macharia	9	8
4	Benroders M. Milaih***	5	5
5	Dr. Elizabeth N. K. Muvui*	3	2
6	Eng. Stephen Ogenga*	3	2
7	Edwin N. Makori**	2	2
8	George O. Wakah**	2	1

* Appointed effective 1 November 2021

** Term expired effective 31 August 2021

*** Re-appointed effective 1 November 2021



Planning and Business Development Committee

The principal responsibilities of the Committee are:

- (a) Spearheading the development of the corporate strategic plan.
- (b) Monitoring and implementation of the strategic and operational plans.
- (c) Coordinating the performance contracting process.
- (d) Formulating the marketing strategy, business development policy and corporate communication policy and risk management.

Attendance

During the financial year the Committee held four (4) meetings whose attendance was as follows:

No.	Name	Meetings	
		Eligible	Attended
1	George M. Obiria*	1	1
2	Edwin N. Makori**	1	1
3	George O. Wakah**	1	1
4	Jane W. Njogu- Macharia	5	4
5	Julius W. Mwatu**	1	1
6	Nkirote Mworja Njiru	5	4
7	Dr. Elizabeth N. K. Muvui*	2	2
8	Dorcas A. Nyalwidhe	5	3
9	Dr. Percy Opio*	2	2

* Appointed effective 1 November 2021

** Term expired effective 31 August 2021

*** Re-appointed effective 1 November 2021

Audit and Risk Committee

The principal responsibilities of the Committee are:

- (a) To provide assurance to the Board and management on the adequacy of procedures relating to risk management, control and governance.
- (b) Reviewing and approving the audit charter and internal audit and annual work plans.
- (c) Reviewing the internal and external audit findings and recommendations and proposing preventive and corrective action as appropriate.
- (d) Reviewing the systems established to ensure sound public financial management and internal controls.

The Head of Internal Audit Unit is an ex-officio member and Secretary to the Committee.



CORPORATE GOVERNANCE STATEMENT

Attendance

During the financial year the Committee held four (3) meetings whose attendance was as follows:

No.	Name	Meetings	
		Eligible	Attended
1	Nkirote Mworira	3	3
2	Jane W. Njogu-Macharia	3	3
3	Dorcas A. Nyalwidhe	3	3
4	George M. Obiria*	1	1
5	Dr. Percy Opio*	1	1
6	Benrodgers M. Milaih***	2	1
7	Julius W. Mwatu**	1	1

- * Appointed effective 1 November 2021
 ** Term expired effective 31 August 2021
 *** Re-appointed effective 1 November 2021



SECRETARY/CEO AND HEADS OF DIVISIONS/UNITS



Dr. Nicholas K. Letting', Ph.D, EBS
Secretary/Chief Executive Officer

Dr. Nicholas K. Letting', Ph.D, EBS, currently **Kasneb Secretary/Chief Executive Officer** is the immediate past **Vice – Chancellor/Chief Executive Officer (CEO)** of the **Management University of Africa (MUA)**. He is an accomplished corporate transformative leader with over 20 years of work experience, a respected academician and industry practitioner/captain and performance management excellence enthusiast. He is a careers mentor and coach, examination management expert, committed professional, facilitator in conferences, a well-trained corporate governance trainer accredited by IFC, astute administrator and investments and financial analyst. He has worked with BAT Kenya, Kenya Institute of Management (KIM) and MUA in Senior Positions before joining **kasneb**. He has taught in high school and University, has published widely and supervised several Ph.D and Masters' students in their theses' projects and is an external examiner in leading Universities in East Africa. He has attended several global seminars and conferences in four continents. Recently (September 2020), he was a panelist in the Live2Lead Fireside Chat Programme hosted by John Maxwell and Steve Harvey entitled "**Managing Change Through Difficult Times**". On 17 October 2021 he was a panelist in "**Global Mental Wellbeing**" organised by Teresa Siu from Hong Kong, China.

Dr. Letting' has been an active contributor of ideas in Education and Training Sector in University and Technical Training Institutions and occasionally presents on TV on emerging issues on academic and corporate governance. He currently serves as a Council Member of ICPAK, ICIFA, ICS and PSASB. He currently serves as **Honorary Treasurer**, Association of Professional Societies of East Africa (**APSEA**). He previously served as a member of the National Commission for Science Technology and Innovations (**NACOSTI**) (2017-2020) and as Chairman, Board of Management (**BoM**), Karura Adventist School (2018 - 2021). He was Chairman of **ICPSK** now Institute of Certified Secretaries (**ICS**) (2014 – 2016). He served as a Council Member and Chairman of Finance, Strategy and General Purposes Committee at the former Kenya Institute of Education (KIE) now Kenya Institute of Curriculum Development (KICD) for nine (9) years (2011 - 2019). He is a **Fellow** of ICPAK, ICS and KIM. He is a member of **ICIFA, IoD** and **IHRM** in good standing.

Dr. Letting' holds a Ph.D in Business Administration (Strategic Management), MBA and BCom degrees from the **University of Nairobi**. He is a Certified Public Accountant (**CPA**), Certified Secretary (**CS**) and Certified Investments and Financial Analyst (**CIFA**). For his contribution to the development of the country, he was awarded **Elder of the Order of the Burning Spear (EBS) in 2020** and **Head of State of Commendation (HSC)** in 2012.



HEADS OF DIVISIONS/UNITS



FCPA Isaac M. Njuguna
Examinations Director

FCPA Isaac M. Njuguna was appointed the Examinations Director on 1 July 2015. He is a holder of a Bachelor of Commerce degree in Accounting and a Masters degree in Finance. He is also a holder of the CPA qualification. He is a member of the Institute of Certified Public Accountants of Kenya (ICPAK), the Institute of Certified Investment and Financial Analysts (ICIFA) and the Kenya Institute of Management.

The key responsibilities are planning, coordinating and implementing examinations development and administration and related policies and strategies aligned to the strategic plan of kasneb, ensuring development and review of syllabuses, efficient administration of examinations, accreditation of relevant training institutions and advising the Chief Executive Officer on examinations and accreditation matters



Ms. Marylucy A. Ajwang'
Human Capital and
Administration Director

Ms. Marylucy A. Ajwang' was appointed the Human Capital and Administration Director on 4 January 2016. She is a holder of a Bachelor of Commerce degree in Business Administration and Commerce and a Masters degree in Human Resource Management. She is also a holder of a Diploma in Human Resource Management and a member of the Institute of Human Resource Management (IHRM) and Kenya Institute of Management (KIM).

The key responsibilities are planning, coordinating and implementing human capital and administration policies and strategies aligned to the strategic plan of kasneb and advising the Chief Executive Officer on human capital and administration matters.



Ms. Caroline W. Karia
Head of Planning and Strategy

Ms. Caroline W. Karia was appointed the Head of Planning and Strategy Unit on 1 July 2010. Prior to joining kasneb, Caroline served in different senior strategic management and management consulting/training roles in both public and private sectors in Swaziland and Australia.

Caroline holds a Bachelor of Education degree from Moi University and Master of Business Administration from Deakin University, Melbourne, Australia. She is currently pursuing a Doctorate in Business Administration at Edinburgh Business School, Heriot-Watt University, UK.

Caroline is a Chartered Secretary/governance professional and member of the Institute of Chartered Secretaries and Administrators (ICSA). She holds a post-graduate diploma in marketing and is a member of the Chartered Institute of Marketing (CIM), a professional diploma in quality management and is a practitioner member of the Chartered Quality Institute (CQI). She also holds a Post-graduate diploma in Project Planning and Management from Catholic University of Eastern Africa.

HEADS OF DIVISIONS/UNITS

The key responsibilities are to advise and guide on matters relating to; the development, review, implementation, monitoring, evaluation and reporting on the Corporate Strategic Plan, Performance Contracts and aligned plans, ISO 9001 Quality Management System (QMS) and ISO/IEC 27001 Information Security Management System (ISMS); business intelligence and research; policy analysis and review.



CPA Jason K. Mwangi
Head of Internal Audit
and Risk

CPA Jason K. Mwangi was appointed Head of Internal Audit and Risk Unit on 17 June 2013. He holds Bachelor of Commerce degree in Accounting and a Masters degree in Strategic Management. He is also a Certified Public Accountant of Kenya, Certified Internal Auditor, Certified Information Systems Auditor and Certified Professional in Risk Management Assurance (CRMA). He is an active member of the Institute of Certified Public Accountants of Kenya (ICPAK), Institute of Internal Auditors (IIA) and Information Systems Audit & Control Association (ISACA).

The key responsibilities are providing an independent and objective assurance to management and the Board on the effectiveness of risk management, internal controls and governance processes.



Mr. Francis A. Okubo
Head of Supply
Chain Management

Mr. Francis A. Okubo was appointed Head of Supply Chain Management Unit on 1 July 2021. He holds a Bachelor of Education degree and a Masters of Business Administration. He is also a licensed supplies practitioner and hold an advanced certificate in organisation development and Diploma in Supplies Chain Management. He is a member of the Kenya Institute of Supplies Management (KISM).

The key responsibilities are procurement of goods, works and services, development and implementation of the annual procurement plan, prequalification and registration of suppliers, inventory management and stock control, projects management and asset disposal.



Ms. Hamida A. Mwilu
Head of Marketing and
Communications

Ms. Hamida A. Mwilu was appointed Head of Marketing and Communications Unit on 1 July 2021. She holds a Bachelors degree in Marketing and Management, a professional diploma in Marketing (HL). She is a member of Chartered Institute of Marketing (CIM) and Public Relations Society of Kenya (PRSK).

The key responsibilities are marketing of the qualifications nationally, regionally and internationally, promoting a positive corporate image, corporate affairs, corporate communication, customer relationship management and corporate social investment.

HEADS OF DIVISIONS/UNITS



CS Joyce M. Afanda
Legal and Compliance
Officer

CS Joyce M. Afanda was appointed Legal and Compliance Officer on 1 January 2020. She is an advocate of the High Court of Kenya and holds a Masters of Business Administration (MBA) in Human Resources Management, a Bachelor of Laws degree (LLB.) from the University of Nairobi and a Post Graduate Diploma from the Kenya School of Law. She is also a holder of the CS and CPA qualification and an active member of the Law Society of Kenya, the Institute of Certified Secretaries of Kenya (ICS) and the Institute Certified Public Accountants of Kenya (ICPAK).

The key responsibilities are management of Board and committee meetings, Advising on all legal and compliance matters, contract negotiation and management, governance audit and related issues.



CPA Sailot A. Keke
Deputy Director Finance

CPA Sailot A. Keke was appointed the Deputy Director Finance effective 1 July 2021.

She holds a Bachelor of Commerce Accounting and a Master of Business Administration degree in Finance. She is a holder of the CPA, CISA and CS qualifications. She is an active member of the Institute of Certified Public Accountants of Kenya (ICPAK), Information and Systems Audit and Control Association (ISACA), Institute of Internal Auditors (IIA) and Association of Women Accountants in Kenya (AWAK).

The key responsibilities are overseeing the implementation of the Finance policy, preparation of the budgetary estimates, quarterly and annual financial statements, ensuring implementation of policies, systems and processing and authorisation of payments.

kasneb recognises the important role played by communities in which it operates. A vibrant Economic Social Governance (ESG) policy is continually being implemented. The policy takes into consideration the need for sustainable practices and the social governance values which kasneb has committed to uphold. This is in recognition of the vital role played by the society in which kasneb goals and aspirations are centered. The pillars of kasneb ESG policy are:

- (a) Education and training
- (b) Health
- (c) Disaster relief
- (d) Environment
- (e) Youth talent development
- (f) Voluntary community service

During the year 2021 - 2022, kasneb contributed towards economic social governance related activities. In addition, members of staff participated in related ESG activities. The following were some of the key ESG activity engagements:

Educational activities

During the year ended 30 June 2022, kasneb paid school fees for two (2) orphaned and vulnerable students from Tunyai Childrens' Centre, Tharaka Nithi for the academic year. The students are in different secondary schools in Meru County.

Kasneb sponsored a golf tournament organised by Edge Isle for raising funds for needy alma mater. The tournament was held at Sigona Golf Club and the winner of the tournament would give the funds to the needy children in his/her former high school.

kasneb sponsored one hundred (100) Certified Secretaries students to attend the 2022 Institute of Certified Secretaries (ICS) Annual Conference.

Furthermore, through the KASNEB Foundation a total of three hundred and ninety-three (393) existing and potential kasneb students received loans and bursaries worth 7.8 million.

Socio-economic activities

During the financial year ended June 30, 2022, kasneb supported a community of fifteen (15) families/genocide survivors who live in Bugesera district in the eastern province of Rwanda. This community is made up of some of the most vulnerable families who have no means to start any economic activity for livelihood sustainability. The families were given two (2) goats each for rearing, multiplying and selling as a way of making them economically self reliant.

Health activities

kasneb sponsored and participated in the Standard Chartered marathon ten (10) kilometre corporate race organised by Standard Chartered. The marathon raises funds for needy children in need of heart surgeries.

kasneb sponsored and participated in the Mater Heart Half Marathon ten (10) kilometre corporate race organised by Mater Hospital.

The marathons raise funds for needy children in need of medical attention.



ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Environmental activities

kasneb participated in the World Environment Day held in Nyeri County organised by the National Environment Management Authority (NEMA). In addition, kasneb conducted Environmental Sustainability audit and attained a compliance level of ninety percent (90%).

Voluntary community service

kasneb sponsored and participated in a clean-up exercise of Upperhill District. The exercise was organised by Upperhill District Association and its objective was to beautify and build the Upperhill community together.



STATEMENT OF THE **MEMBERS OF THE BOARD**

The members of the Board submit their report together with the audited financial statements for the year ended June 30, 2022 which disclose the state of affairs of kasneb.

PRINCIPAL ACTIVITIES

The principal activities of kasneb are the development of syllabuses, conduct of professional, diploma and technician examinations and certification of candidates in accountancy, finance, credit, governance and management, information technology and related disciplines, the promotion of its qualifications nationally and internationally and the accreditation of relevant training institutions.

RESULTS

The results for the year are set out on pages to 1 to 25.

MEMBERS OF THE BOARD

The members of the Board of kasneb who served during the year and to the date of this report are disclosed on page III.

AUDITORS

The Auditor-General is responsible for the statutory audit of kasneb financial statements in accordance with the provisions of Article 229 of the Constitution of Kenya, 2010 and Section 7 and 35 of the Public Audit Act, No. 34 of 2015.

By order of the Board

Dr. Nicholas K. Letting', Ph.D, EBS
Secretary/Chief Executive Officer

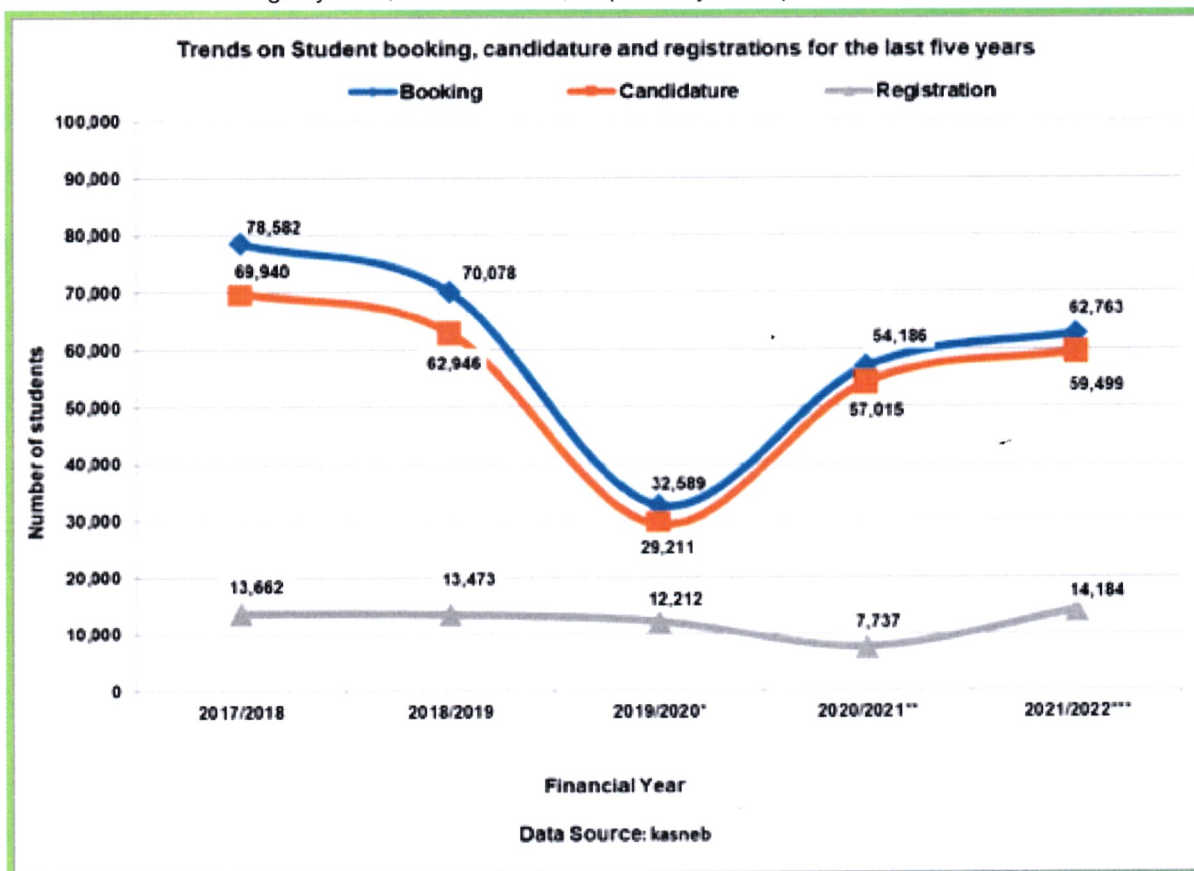


SECTION A

Operational and Financial Performance

Operational and Financial Performance: The financial performance for the financial year 2021/2022 saw a significant improvement compared to financial year 2020/2021 as a result of the administration of three (3) examinations sittings in August 2021, December 2021 and April 2022 while only two (2) examination sittings were administered during the financial year 2020/2021 in November 2021 and May 2021. Consequently, there was a big improvement in financial performance with a surplus of Sh. 19.6 million realised in the financial year 2021/2022 compared to a deficit of Sh. 13.8 million realised in the previous financial year 2020/2021.

There was a tremendous improvement in key kasneb revenue drivers during the reporting period. The new student registration was 14,184 against a target of 8,511 resulting in a positive variance of 67%. The candidature and bookings were 59,499 and 62,763, respectively. The critical review of five-year trends for new student registration, candidature and bookings depicted improved performance from financial 2019/2020 to the financial year 2021/2022 in terms of new student registration, bookings and candidature. A comparative analysis of financial years 2020/2021 and 2021/2022 depicted an increase in new student registration, candidature and bookings by 83%, 10% and 10%, respectively, as depicted below:



- Note: (1) *Booking and Candidature for the financial year 2019/2020 was for one examination sitting in November 2019
 (2) **Booking and Candidature for the financial year 2020/2021 was for two examination sittings in November 2020 and May 2020.
 (3) ***Booking and Candidature for the financial year 2021/2022 was for three examination sittings in August 2021, December 2021 and April 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

The impressive performance in new student registration and candidature impacted positively on financial performance where the reported total income of Sh 732.9 million was realised for the twelve months ended 30 June 2022 compared to the total income of Sh. 602.8 million realised in the previous financial year 2020/2021, representing a positive variance of Sh. 130.1 million. Nevertheless, the total income of 732.9 million realised during the reporting period fell below the budgeted income of Sh.787.2 million resulting to a shortfall of Sh.54.3 million, representing a negative variance of 6.9%.

The following are some of the global and national factors that contributed to the improved performance of kasneb during the financial year 2021/2022:

- (a) The easing of the COVID-19 restriction measures resulted in the full resumption of learning institutions which had earlier been closed as one of the key government strategies to mitigate the spread of the pandemic. Consequently, the training institutions which are one of the key kasneb stakeholders were able to register and train kasneb students aspiring to pursue kasneb qualifications, thereby contributing to a steady increase in kasneb's registrations, bookings and candidature.
- (b) Improved economic performance whereby the Real Gross Domestic Product (GDP) grew by 7.5% in 2021 compared to a contraction of 0.3% in 2020. Besides, the Central Bank Rate (CBR) was maintained at 7.0% throughout 2021. The overall liquidity and broad money grew by 9.5% and 6.1%, respectively in 2021. This culminated in more employment opportunities whereby 926.1 thousand new jobs were created in the economy in the year 2021 out of which 172.3 thousand were in the formal sector, while 753.8 thousand were in the informal sector. This implied increased employment opportunities for kasneb graduates thereby stimulating demand for kasneb qualifications by potential employers.
- (c) The impact of major review of kasneb examinations syllabuses which revised existing qualifications and introduced new qualifications. Notably, the entry requirements for new kasneb vocational courses is a KCSE certificate, while the minimum KCSE entry requirement for kasneb's certificate, Diploma and Professional qualifications were maintained at D (Plain), C-(minus) and C+ (plus), respectively. The implication is that any KCSE graduate is eligible for kasneb qualification. The 2021 KCSE candidature was approximately 821,572 an increase of 78,299 from the candidature of 743,273 attained in year 2020. This implied increase of the kasneb's market share of the targeted KCSE candidature, notwithstanding competition from national and international professional examination bodies who target KCSE candidates for new student registrations aspiring to pursue their qualifications.

At the institutional level, kasneb implemented the following strategies to improve financial performance, in both medium- and long-term:

- (a) Sustained implementation of COVID-19 mitigation strategies with more focus on business recovery phase (Medium duration characterised by organised and coordinated effort to stabilise business operations) and renewal phase (Extended period characterised by strategic and sustainable execution in the organisation, new lessons and forging a new foundation/new reality)
- (b) Implementation of revised syllabuses arising from major syllabuses review with effect from December 2021 examination sitting. The major syllabuses review of kasneb examinations culminated in a review of six (6) existing qualifications and the introduction of eight (8) new qualifications.
- (c) Administration of computer-based examination (CBE) examinations through a partnership with the University of Nairobi Enterprises and Services Ltd (UNES) with effect from December 2021 examination sitting. This allowed students to book and undertake the examinations online.



MANAGEMENT DISCUSSION AND ANALYSIS

- (d) Implementation of revised examination policies which were favourable to students with a view of increasing student registration and candidature. The salient revised policies under the revised syllabuses were:
- (i) Abolition of “referral chances of five consecutive sittings” in order to encourage dormant students to finalise kasneb qualifications, reduce the attrition rate of active kasneb students, and encourage potential students to pursue kasneb qualifications.
 - (ii) Restructuring of kasneb professional qualifications into progressive levels, that is, Foundation, Intermediate and Advanced Levels, with kasneb students having a latitude to choose preferred papers at each level, provided they attempt and pass all papers before progressing to the next level.
 - (iii) Extension of credit by one sitting for those students whose last attempt was in May 2021 examination sitting.
 - (iv) Revised and favourable fee structure under the revised syllabuses where the fee is computed per paper as opposed to a fee per section in the previous fee structure. This enables students to book examinations for only papers they wish to attempt.
- (e) Administration of three examination sittings per year to reduce the time lag in completion of kasneb qualifications. This kasneb commitment has been buttressed in the revised service charter.
- (f) Operationalization of KASNEB Foundation to offer bursaries and affordable loans to needy students aspiring to pursue kasneb qualifications. This will directly improve on student registration and candidature. KASNEB Foundation loans and bursaries to the tune of Sh. 7.8 million were disbursed through HELB to three hundred and ninety-three (393) successful applicants during the first cycle on 2 March 2022
- (g) Adoption of Enterprise Resource Planning (ERP) system to re-engineer business processes to enhance efficiency and effectiveness in operations.
- (h) Collaboration with Kenya Universities and College Central Placement Service (KUCCPS), Technical and Vocational Education and Training Authority (TVETA), and Higher Education Loans Board (HELB) to recognise kasneb’s certificate and diploma qualifications in KUCCPS to facilitate kasneb students undertaking tuition in TVET institutions benefit from HELB loans and bursaries.
- (i) Availing free e-learning resources to students and examiners through the e-kasneb Library portal and conducting of periodic Webinars to respond to students’ needs.
- (j) Adoption of digital marketing in line with the unique needs of the target market to promote kasneb qualifications.
- (k) Promotion of kasneb qualifications in foreign countries such as Rwanda, Burundi, Uganda, South Sudan and Cameroon. kasneb has an operational office in Rwanda; and has partnered with ICPAK and Burundi to develop professional accountancy qualifications for Burundi with a view of promoting its qualification in Francophone countries through the administration of examinations in French language

In order to improve financial performance, kasneb sustained the implementation of the following austerity measures to manage operational costs and improve savings, which were noted to be effective:



MANAGEMENT DISCUSSION AND ANALYSIS

- (a) Automation and re-engineering of business processes through the adoption of an ERP system.
- (b) Implementation of student portal in ERP system to facilitate online payment for student registration, examination booking and application for exemptions through mobile phones and web portal. This contributed to cost savings due to efficiency and effectiveness in service delivery.
- (c) Use of online corporate taxi services to optimise transport costs.
- (d) Engagement of interns under the public service internship programme (PSIP) whose stipends are catered by the public service commission.
- (e) Use of kasneb Towers II as an examination and marking centre to reduce examination administration costs.
- (f) Merging of examinations centres to reduce examinations administration costs.



STATEMENT OF
BOARD MEMBERS' RESPONSIBILITIES

The members of the Board are responsible for preparing financial statements which give a true and fair view of the state of affairs of kasneb as at the end of each financial year and of the operating results for that year.

The members of the Board are also required to ensure that the Board keeps proper accounting records which disclose with reasonable accuracy the financial position of kasneb. The members and management are also responsible for safeguarding the assets of kasneb.

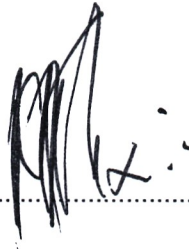
The members of the Board accept responsibility for the financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates and in conformity with the International Public Sector Accounting Standards, Section 81 of the Public Finance Management Act, 2012 and the State Corporations Act, Cap 446. The members are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of kasneb as at June 30, 2022 and of its surplus for the year then ended. The members and management further accept responsibility for the maintenance of accurate and complete accounting records which have been relied upon in the preparation of the financial statements as well as on the adequacy of the systems of internal finance controls.

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

Approval of the Financial Statements

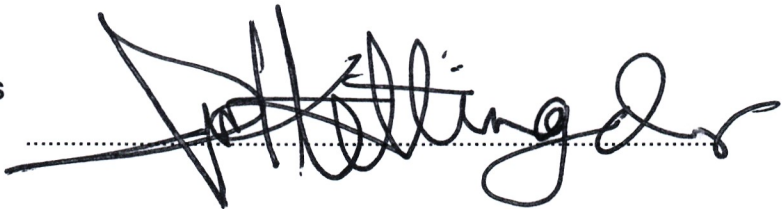
The financial statements set out on pages 1 to 25 were approved by the Board on and signed on its behalf by:

Dr. Nancy N. Muriuki, Ph.D
CHAIRMAN



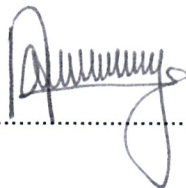
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Dr. Nicholas K. Letting', Ph.D, EBS
Secretary/Chief Executive Officer



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CPA Sailot A. Keke
Deputy Director Finance
ICPAK Member No. 7339

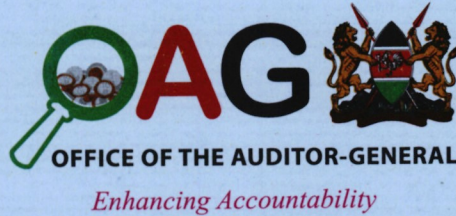


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REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON KENYA ACCOUNTANTS AND SECRETARIES NATIONAL EXAMINATIONS BOARD FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Accountants and Secretaries National Examinations Board set out on pages 1 to 25, which comprise the statement of financial position as at 30 June, 2022, and statement of financial performance, statement of changes in net assets, statement of cash flows and the

Report of the Auditor-General on Kenya Accountants and Secretaries National Examinations Board for the year ended 30 June, 2022

statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Kenya Accountants and Secretaries National Examinations Board as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Accountants Act, 2008.

Basis for Opinion

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and the Board of Directors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Board to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Board to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


 CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

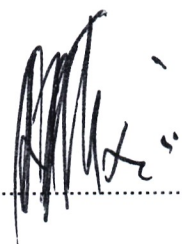
30 March, 2023

STATEMENT OF **FINANCIAL PERFORMANCE**
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2021/2022 Sh.	2020/2021 Sh.
Revenue from exchange transactions			
Income from exchange transactions	4	634,626,443	531,087,542
Income from other exchange transactions	5	96,338,782	71,785,450
		<u>730,965,225</u>	<u>602,872,992</u>
Expenses			
Operating expenses	6	218,366,203	149,840,548
Employee costs	7	367,770,102	358,472,027
Board expenses	8	13,527,218	14,132,003
Administration costs	9	35,016,615	23,301,070
Repairs and maintenance	10	1,339,627	1,971,850
Contracted services	11	21,215,635	16,544,495
Depreciation and amortisation	12	51,254,769	52,421,161
		<u>708,490,168</u>	<u>616,683,153</u>
		<u>22,475,056</u>	<u>(13,810,161)</u>
Surplus/(Deficit) for the period			

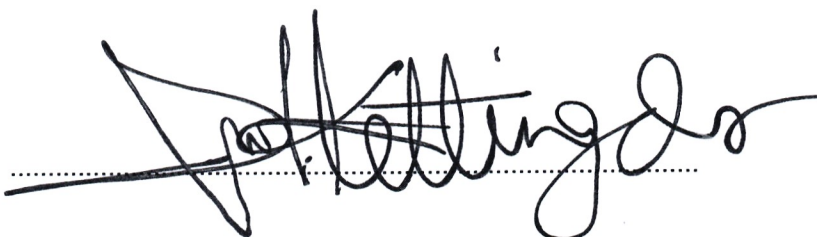
The notes set out on pages 9 to 25 form an integral part of the Financial Statements.

Dr. Nancy N. Muriuki, Ph.D
CHAIRMAN



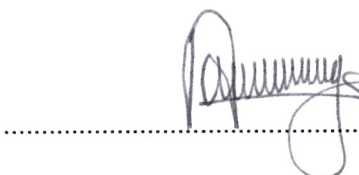
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Dr. Nicholas K. Letting', Ph.D, EBS
Secretary/Chief Executive Officer

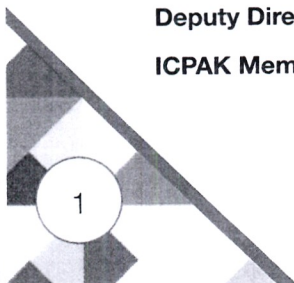


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CPA Sailot A. Keke
Deputy Director Finance
ICPAK Member No. 7339



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STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2022

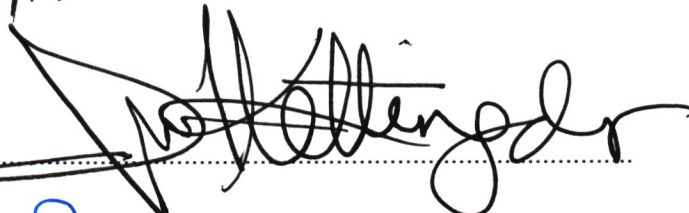
ASSETS	Note	2021/2022 Sh.	2020/2021 Sh.
Current assets			
Cash and bank balances	13	448,795,701	247,024,944
Held to maturity investments	14.1	56,481,800	72,705,000
Trade and other receivables	15	56,006,672	45,746,494
		<u>561,284,173</u>	<u>365,476,438</u>
Non current assets			
Property, plant and equipment	16(b)	1,276,451,530	1,281,501,611
Leasehold land	16(c)	365,000,000	365,000,000
Intangible assets	17	104,582,530	82,825,911
Held to maturity investments	18	107,365,800	107,365,800
		<u>1,853,399,860</u>	<u>1,836,693,322</u>
Total assets		<u>2,414,684,033</u>	<u>2,202,169,760</u>
LIABILITIES			
Current liabilities			
Trade and other payables	19	106,953,279	46,224,703
Provisions	20	107,471,914	55,826,881
Prepayments received in advance	21	87,042,156	5,501,550
Total liabilities		<u>301,467,350</u>	<u>107,553,134</u>
Net assets		<u>2,113,216,684</u>	<u>2,094,616,626</u>
Revaluation reserve			
Revaluation reserve	22	387,634,314	391,509,314
Accumulated surplus			
Accumulated surplus	23	1,725,582,369	1,703,107,313
		<u>2,113,216,683</u>	<u>2,094,616,627</u>
Total net assets and liabilities		<u>2,414,684,033</u>	<u>2,202,169,761</u>

The financial statements on pages 1 to 25 were approved by the Board on 28 July 2022 and were signed on its behalf by:

Dr. Nancy N. Muriuki, Ph.D
CHAIRMAN


.....

Dr. Nicholas K. Letting', Ph.D, EBS
Secretary/Chief Executive Officer


.....

CPA Sailot A. Keke
Deputy Director Finance
ICPAK Member No. 7339


.....



STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2022

	Note	Revaluation reserves	Accumulated surplus	Total
		Sh.	Sh.	Sh.
Balance as at 30 June 2020		398,964,314	1,713,337,474	2,112,301,788
Depreciation/Amortisation charge for the year		(3,875,000)	-	(3,875,000)
Disposal of Motor Vehicles	16(a)	(3,580,000)	3,580,000	
Dividends paid to the Government		-	-	-
Surplus/(Deficit) for the period		-	(13,810,161)	(13,810,161)
Balance as at 30 June 2021		391,509,314	1,703,107,313	2,094,616,627
Depreciation/Amortisation charge for the year	16(a)	(3,875,000)	-	(3,875,000)
Surplus/(Deficit) for the period		-	22,475,056	22,475,056
Balance as at June 30, 2022		387,634,314	1,725,582,369	2,113,216,683



STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2022

	Note	2021/2022	2020/2021
		Sh.	Sh.
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Revenue from operations	4	634,626,443	531,087,542
Prior year adjustment		-	-
Interest income	5.1	30,089,874	29,779,492
Revenue from other sources	5	66,248,908	42,005,958
Total receipts		730,965,225	602,872,992
Payments			
Operating expenses	6	(218,366,203)	(149,840,548)
Employee costs	7	(367,770,102)	(358,472,027)
Board expenses	8	(13,527,218)	(14,132,003)
Administration costs	9	(35,016,615)	(23,301,070)
Repairs and maintenance	10	(1,339,627)	(1,971,850)
Contracted services	11	(21,215,635)	(16,544,495)
Decrease in trade and other receivables		(10,260,178)	(3,478,652)
Increase/(Decrease) in payables, provisions and prepayments		193,914,215	(161,850,601)
Total payments		(473,581,362)	(729,591,246)
Net cash generated from operating activities		257,383,862	(126,718,254)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	16 (a)	(47,221,120)	(9,533,176)
Purchase of intangible assets	17	(24,615,187)	(39,913,801)
Decrease/(Increase) in investments		-	22,034,300
Net cash utilised in investing activities		(71,836,307)	(27,412,677)
Cash flows from financing activities:		-	-
Dividends paid to the Government		-	-
Net increase /(decrease) in cash and cash equivalents		185,547,555	(154,130,931)
Cash and cash equivalent at 1 July	14	319,729,945	473,860,875
Cash and cash equivalent at 30 June	14	505,277,500	319,729,945



STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2021/2022	2021/2022	2021/2022	2021/2022	2021/2022
	Sh.	Sh.	Sh.	Sh.	Sh.
INCOME FROM EXCHANGE TRANSACTIONS					
Examinations booking fees	486,000,000	(9,900,000)	476,100,000	405,809,133	(70,290,867)
Registration fees	95,700,000	(14,700,000)	81,000,000	100,748,347	19,748,347
Annual registration renewal fees	76,900,000	(10,100,000)	66,800,000	59,986,187	(6,813,813)
Exemption fees	44,600,000	7,400,000	52,000,000	68,082,776	16,082,776
Sale of publications	700,000	550,000	1,250,000	-	(1,250,000)
Sub-Total	703,900,000	(26,750,000)	677,150,000	634,626,443	(42,523,557)
INCOME FROM NON-EXCHANGE TRANSACTIONS					
Interest earned	50,000,000	(20,000,000)	30,000,000	30,089,874	89,874
Rental income	55,000,000	5,000,000	60,000,000	36,582,399	(23,417,601)
Miscellaneous income	22,500,000	(2,500,000)	20,000,000	29,666,508	9,666,508
Sub-total	127,500,000	(17,500,000)	110,000,000	96,338,782	(13,661,218)
Total income	831,400,000	(44,250,000)	787,150,000	730,965,225	(56,184,775)
EXPENDITURE ON OPERATIONS					
Examinations and invigilation	98,000,000	(6,000,000)	92,000,000	94,004,223	(2,004,233)
Examination prizes	2,700,000	(200,000)	2,500,000	2,557,400	(57,400)
Hire of examination halls	4,800,000	1,000,000	5,800,000	5,725,312	74,688
Data processing	7,000,000	-	7,000,000	5,584,916	1,415,084
Printing and stationery	23,100,000	(3,100,000)	20,000,000	23,382,791	(3,382,791)
Local travelling and transport	4,400,000	400,000	4,800,000	3,935,149	864,851
Long distance travel and transport	6,800,000	(4,300,000)	2,500,000	6,689,981	(4,189,981)
Postage and telephone	5,500,000	(2,500,000)	3,000,000	4,621,877	(1,621,877)
Salaries and wages	360,600,000	(300,000)	360,300,000	306,044,246	54,255,754
Pensions and benefits	45,400,000	3,900,000	49,300,000	48,653,547	646,453
Education and training	23,800,000	(8,800,000)	15,000,000	13,072,309	1,927,691
Repairs and maintenance	2,900,000	-	2,900,000	1,339,627	1,560,373
Audit fees	1,000,000	-	1,000,000	1,000,000	-
Insurance	3,300,000	1,100,000	4,400,000	2,130,537	2,269,463
Sundry expenses	6,600,000	(3,750,000)	2,850,000	5,656,959	(2,806,959)
Bank charges	1,000,000	-	1,000,000	1,436,084	(436,084)
Board expenses	22,000,000	(4,500,000)	17,500,000	13,527,258	3,972,782
Marketing and communication	55,200,000	(23,200,000)	32,000,000	41,442,790	(9,442,790)
Students' journal- Kasneb Newslines	3,500,000	(2,500,000)	1,000,000	110,000	890,000



STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2021/2022	2021/2022	2021/2022	2021/2022	2021/2022
	Sh.	Sh.	Sh.	Sh.	Sh.
Legal expenses	2,500,000	(1,000,000)	1,500,000	1,782,091	(282,091)
Rent and rates	700,000	-	700,000	628,030	71,970
Office provisions	6,600,000	(2,650,000)	3,950,000	3,900,765	49,235
Resource and Innovation	2,800,000	-	2,800,000	2,847,500	(47,500)
Examinations research and development	1,000,000	9,000,000	10,000,000	10,929,788	(929,788)
Impairment of receivables	2,000,000	-	2,000,000	-	2,000,000
Sub total	693,200,000	(47,400,000)	645,800,000	601,003,149	44,796,851
EXPENDITURE ON OTHER ITEMS					
Insurance and maintenance of office premises	9,600,000	3,100,000	12,700,000	11,302,587	1,397,413
Contracted services	17,500,000	-	17,500,000	21,215,635	(3,715,635)
Social responsibility	3,000,000	300,000	3,300,000	226,200	3,073,800
Kasneb Foundation Bursary	5,500,000	4,500,000	10,000,000	6,261,550	3,738,450
Strategic planning expenses	3,600,000	(1,400,000)	2,200,000	2,645,203	(445,203)
Website development and maintenance	7,500,000	(2,250,000)	5,250,000	5,245,808	4,192
Miscellaneous expenses	2,400,000	(1,699,667)	700,333	175,640	524,693
Consultancies, Surveys and ISO expenses	15,800,000	(7,300,000)	8,500,000	9,159,627	(659,627)
Sub-total	64,900,000	(4,749,667)	60,150,333	56,232,251	3,918,083
Total expenditure	758,100,000	(52,149,667)	705,950,333	657,235,400	48,714,934
Surplus from operations	10,700,000	20,650,000	31,350,000	33,623,294	2,273,294
Surplus from other sources	62,600,000	(12,750,333)	49,849,667	40,106,531	(9,743,135))
Surplus before depreciation and amortisation	73,300,000	7,899,667	81,199,667	73,729,825	(7,469,842)
Depreciation and amortisation expenses	47,500,000	3,000,000	50,500,000	51,254,769	(754,769)
Surplus/(Deficit) for the year	25,800,000	4,899,667	30,699,667	22,475,056	(8,224,611)



EXPLANATION OF CHANGES BETWEEN ORIGINAL AND FINAL BUDGET (IPSAS 24.29)

The following is a brief explanation of the variances between original and final budget of income and expenditure:

Item	Original budget	Adjustments	Final budget	Percentage Variances	Explanations of Variances between original and final budget
	Sh.	Sh.	Sh.	%	
Revenue from exchange transactions					
Examination booking fees	486,000,000	(9,900,000)	476,100,000	(2)	The downward revision of the budget was as a result of decline in students registrations and examinations bookings.
Registration Fee	95,700,000	(14,700,000)	81,000,000	(15)	
Annual registration renewal fee	76,900,000	(10,100,000)	66,800,000	(13)	
Exemption fees	44,600,000	(550,000)	52,000,000	(16)	
Rental Income	55,000,000	5,000,000	60,000,000	9	The expected lettable space envisaged to be fully occupied.
Miscellaneous income	22,500,000	(2,500,000)	20,000,000	11	Increased request by employers and students for confirmation of results and certificate storage fee
Expenditure on operations					
Examinations and invigilation's	98,000,000	(6,000,000)	92,000,000	(6)	The increase in the cost of administering three (3) examination sitting and the cost of enhancing examination security.
Examination prizes	2,700,000	(200,000)	2,500,000	6	Cost reduction as a result of virtual prize award ceremony
Printing and stationery	23,100,000	(3,100,000)	20,000,000	13	Cost reduction envisaged as a result of ERP implementation and austerity measure on photocopy papers usage.
Local travel and transport	4,400,000	400,000	4,800,000	(9)	The cost increase as a result of increase in fuel prices.
Education and training	23,800,000	(8,800,000)	15,000,000	37	The need to undertake training and development of staff on ERP system and other identified competency gaps during the performance management process.
Board expenses	22,000,000	(4,500,000)	17,500,000	20	The Board was not fully constituted
Marketing and communication	55,200,000	(23,200,000)	32,000,000	42	The cost of launch, advertising and promotion of the new syllabuses
Kasneb Newslines	3,500,000	(2,500,000)	1,000,000	71	Scaled down on number of copies printed
Examinations development and research	10,000,000	-	10,000,000	-	Implementation of a phased approach of the Computer based Examinations.



EXPLANATION OF CHANGES BETWEEN ORIGINAL AND FINAL BUDGET (IPSAS 24.29)

Item	Original budget	Adjustments	Final budget	Percentage Variances	Explanations of Variances between original and final budget
	Sh.	Sh.	Sh.	%	
Insurance and maintenance of office	9,600,000	3,100,000	12,700,000	(33)	Increased costs related to Investment property service charge due to low take up of the lettable space.
Kasneb Foundation bursary	5,500,000	4,500,000	10,000,000	(33)	Envisaged increase issuance of bursary to needy students.
Consultancy, Surveys and ISO expenses	15,800,000	(7,300,000)	8,500,000	46	ISO activities and consultancy services were scaled down due to reduced income.
Depreciation and amortization expenses	47,500,000	3,000,000	50,500,000	(7)	In line with planned investing activities.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

1. GENERAL INFORMATION

kasneb is established by and derives its authority from the Accountants Act, No. 15 of 2008 which repealed and replaced the Accountants Act, Cap 531 of 1977. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The Public Finance Management (PFM) Act, 2012 Section 192 provided the setting up of the Public Sector Accounting Standards Board (PSASB). The Cabinet Secretary National Treasury, gazetted members of the Board through Gazette Notice No. 1199 of 28 February, 2014. Following the Board's approval on the adoption of the International Financial Reporting Standards (IFRS) for state organs operating as Commercial Business Entities and The International Public Sector Accounting Standards (IPSAS) for non-commercial entities, kasneb has adopted the pronouncements made by the IPSAS Board in preparation of its current year financial statements. The financial statements are presented in Kenya shillings.

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

The financial statement have been prepared in accordance with the Act, the State Corporation Act and International Private Sector Accounting Standards (IPSAS), the accounting policies adopted have been consistently applied to all the years presented.

3. ADOPTION OF NEW AND REVISED STANDARDS

(a) Relevant new standards and amendments to published standards with effect from the financial year ended 30 June 2022

IPSAS 33: First time adoption of Accrual Basis of IPSAS

kasneb adopted IPSAS in the financial year 2014.

(b) Early adoption of Standards

There are no new or amended Standards which were adopted before the commencement dates.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue recognition

Examination fees is accounted for in the financial year in which the relevant examination takes place. No value is placed on stocks of examination stationery and past examination papers. Other fees income is accounted for when received. Examination fees refunded to students and candidates are accounted for in the year in which the refunds are made.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's



net carrying amount. The method applies this yield to the principal outstanding to determine interest income for each period.

(b) Budget information

The annual budget is prepared on the accrual basis, that is, all planned income and costs are presented in a single statement. On the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

(c) Property, Plant and equipment

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

Depreciation

Depreciation is calculated on a straight-line basis to write off property, plant and equipment over their estimated useful lives.

Non-current assets acquired during the financial year are depreciated using full year depreciation in the year of purchase while no depreciation is provided in the year of disposal. Construction work in progress is not depreciated.

The annual rates of depreciation in use are:

Buildings/Investment property	2.5%
Buildings - Construction in progress	Nil
Information and communication technology equipment	33.3%
Furniture and fittings	20%
Machinery and office equipment	20%
Motor vehicles	25%

(d) Intangible assets

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



(e) Leasehold land

kasneb owns leasehold land on plot LR.209/522/1 in Upper Hill area, Nairobi, on which stands its office premises. The lease on the land is for a period of 93 years and expires in the year 2097. The cost/valuation of the leasehold land is amortised over the remaining lease period on a straight-line basis.

(f) Financial instruments

Financial instruments are contracts that give rise to both financial assets and financial liabilities.

Financial assets**Initial recognition and measurement**

Financial instruments are contracts that give rise to both financial assets and financial liabilities. The financial assets comprise government securities in form of Treasury bills and bonds and are held to maturity. Financial assets within the scope of IPSAS 29: Recognition and Measurement are classified as financial assets and are held to maturity and recognised in the financial statements at cost taking cognisance of any discount or premium on acquisition.

Impairment of financial assets

kasneb assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or an entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment arising from one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- (i) The debtors or entity of debtors are experiencing significant financial difficulty.
- (ii) Default or delinquency in interest or principal payments.
- (iii) The probability that debtors will enter bankruptcy or other financial reorganization.
- (iv) Observable data indicates a measurable decrease in estimated future cash flows (such as changes in arrears or economic conditions that correlate with defaults).

Financial liabilities**Initial recognition and measurement**

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. kasneb determines the classification of its financial liabilities at initial recognition. Currently kasneb has no financial liabilities.

(g) Provisions

In accordance with IPSAS (19): Provisions, provisions are recognised in the financial statements when a present obligation (legal or constructive) due to a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Expenses relating to any provision is presented in the statement of financial performance net of any reimbursement. Additional disclosure of the estimated provisions is included in Note 20.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material. Where kasneb expects some or all the provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent assets

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

Contingent liabilities

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

Changes in accounting policies and estimates

kasneb recognises the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

(h) Employee retirement benefits

kasneb operates a staff retirement benefits scheme for its employees. The scheme, which was established on 1 January 1980, operates in accordance to the provisions of the Retirement Benefits Act, 1997. The assets of the scheme are held in a separate trustee administered fund that is funded by contributions from both the employees and kasneb as the sponsor. The scheme was converted from a defined benefits scheme to a defined contribution scheme with effect from 1 July 2011 in compliance with Treasury Circular No. 18/2010 and the Retirements Benefits Act.

kasneb has no legal or constructive obligation to pay further contributions to the defined contribution scheme if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

kasneb and all its employees also contribute to a statutory defined contribution scheme, the National Social Security Fund (NSSF). The contributions are determined by the National Social Security (NSSF) Act, 2013.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

(i) Related party transactions

Kasneb 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 kasneb, or vice versa. Members of key management are regarded as related parties and comprise the members of the Board, the Chief Executive and heads of divisions and units. The total remuneration of senior management team for the financial year ended June 2021 were as follows:

	2021/2022	2020/2021
Number of senior management staff	11	13
Total remuneration (Sh.)	54,455,350	55,788,800

There were no other related party transactions during the financial year ended June 30, 2021.

(j) Financial risk management

kasneb seeks to minimise its exposure to financial risk by investing only in secure government treasury bills and bonds. There are no financial liabilities like loans and overdrafts other than suppliers' liabilities.

(i) Currency risk

kasneb bank accounts are denominated in Kenyan shilling as shown in note 13.1, except for Kenya Commercial Bank (KCB) Dollar Account which is domiciled at KCB, Capital Hill Branch. Income and expenses are settled in Kenya shilling hence there is minimal or no exposure to currency risk.

(ii) Interest rate risk

Interest rate risk arises from possible impact of changes in interest rates on the value of financial instruments. By investing only in government treasury bills and bonds, kasneb has minimal exposure to interest rate risk.

(iii) Credit risk

Credit risk is the risk that a party to financial instrument transaction will fail to discharge an obligation and cause the other party to incur a financial loss. kasneb is exposed to minimal credit risk on the debtor account. The risk is minimised since students' fees are paid in advance. Mortgage and car loans advanced to members of staff are fully secured on the property. Only minimal credit facilities are granted mainly to customers advertising in kasneb Newline and bulk short service message (SMS) service providers.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank and highly liquid investments in Treasury bills which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to members of staff which were not surrendered or accounted for at the end of the financial year. With the rental occupancy now at 65% at KASNEB Towers II there is increasing exposure to rent defaulter risk within measures being put in place to enhance collection.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

(l) Comparative figures

Where necessary the previous financial year comparative figures have been adjusted/reconfigured to conform to the required changes in presentation.

(m) Significant judgments and sources of estimation uncertainty

The preparation of the 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.

Estimates and assumptions

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

Useful lives and residual values

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

- (i) The condition of the asset based on the assessment of experts employed by kasneb.
- (ii) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- (iii) The nature of the processes in which the asset is deployed.
- (iv) Availability of funding to replace the asset.
- (v) Changes in the market in relation to the asset.

(n) Subsequent events

There are no subsequent events to the financial year end with a significant impact on the financial statements for the year ended June 30, 2022.

4.

INCOME FROM EXCHANGE TRANSACTIONS	Note	2021/2022	2020/2021
		Sh.	Sh.
Examination booking fees		405,809,133	385,989,036
Registration fees		100,748,347	56,195,546
Annual registration renewal fees		59,986,187	48,022,767
Exemption fees		68,082,776	40,879,893
Sale of publications		-	300
		634,626,443	531,087,542



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

5.	OTHER INCOME FROM EXCHANGE TRANSACTIONS	Note	2021/2022	2020/2021
			Sh.	Sh.
	Rental income		36,582,399	24,799,319
	Interest income	5.1	30,089,874	29,779,492
	Gain on Foreign exchange		-	102,932
	Gain on disposal of assets		1,562,000	1,806,000
	Miscellaneous income		28,104,508	15,297,707
			<u>96,338,782</u>	<u>71,785,450</u>
5.1	INTEREST INCOME			
	Interest income comprises the following:			
	Interest received from government securities		21,325,889	18,762,450
	Accrued interest from government securities/ mortgage		-	4,479,884
	Interest received from mortgage deposit		7,275,140	5,246,903
	Interest earned from bank balances		1,224,476	1,012,487
	Interest earned from advances to staff		264,369	277,768
			<u>30,089,874</u>	<u>29,779,492</u>
6.	OPERATING EXPENSES			
	Examinations and invigilation		94,004,233	75,229,668
	Examination prizes		2,557,400	906,600
	Hire of examination halls		5,725,312	3,964,058
	Data processing		5,584,916	3,559,699
	Printing and stationery		23,382,791	16,846,672
	Local travel and transport		3,935,149	2,411,561
	Long distance travel and transport		6,689,981	952,390
	Postage and telephone		4,621,877	4,144,920
	Audit fees		1,000,000	1,000,000
	Insurance		2,130,537	4,655,384
	Sundry expenses	6.1	5,656,959	1,518,995
	Bank charges		1,436,084	1,138,972
	Marketing and communication		41,442,790	21,126,828
	kasneb Newslines		110,000	771,376
	Legal expenses		1,782,091	214,550
	Land rent and rates		628,030	648,080
	Office Provisions		3,900,765	1,881,981
	Research and Innovation Centre		2,847,500	1,388,614
	Examinations development and Research		10,929,788	7,480,200
			<u>218,366,203</u>	<u>149,840,548</u>



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

6.1	SUNDRY EXPENSES	Note	2021/2022	2020/2021
			Sh.	Sh.
	Year end and Kasneb's annual anniversary expenses		1,135,890	-
	Staff uniforms,floral and laundry expenses		253,003	324,693
	Other expenses		4,268,066	1,194,302
			<u>5,656,959</u>	<u>1,518,995</u>
7.	EMPLOYEE COSTS			
	Salaries and wages		158,087,034	166,927,176
	Contributions to pension		48,653,547	43,751,216
	Contributions to medical aid and benefits		43,005,438	28,910,289
	Casual labour		7,912,261	3,958,641
	Leave allowances		4,931,552	9,928,648
	Commuter allowances		15,053,930	16,045,000
	Education and training		13,072,309	6,535,819
	Housing benefits and allowances		37,383,258	39,717,000
	Overtime payments		1,596,263	1,608,958
	Entertainment allowance		2,280,968	2,790,000
	Examinations security allowance		30,119,732	32,100,000
	Extraneous allowances		1,598,514	1,741,280
	Telephone allowances		4,075,296	4,458,000
			<u>367,770,102</u>	<u>358,472,027</u>
8.	BOARD EXPENSES			
	Chairman's honoraria		400,000	960,000
	Board and committees attendance allowances		10,179,033	9,976,874
	Board Medical expenses		-	255,184
	Board and committees workshops expenses		2,948,185	2,939,945
			<u>13,527,218</u>	<u>14,132,003</u>
9.	ADMINISTRATION COSTS			
	Insurance and maintenance of office premises		11,302,587	10,089,496
	Social responsibility	9.1	226,200	619,097
	KASNEB Foundation-Bursary	9.2	6,261,550	5,000,000
	Strategic planning expenses		2,645,203	-
	Website development and maintenance		5,245,808	749,974
	Miscellaneous expenses		175,640	146,700
	Consultancies, surveys and ISO expenses		9,159,627	6,695,803
			<u>35,016,615</u>	<u>23,301,070</u>



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

9.1	SOCIAL RESPONSIBILITY	Note	2021/2022	2020/2021
			Sh.	Sh.
	Donations to other institutions		93,590	502,032
	School fees to needy students		132,610	117,065
			<u>226,200</u>	<u>619,097</u>
9.2	KASNEB Foundation - Bursary			
	KASNEB Foundation was established as charitable Trust under the Trustee (perpetual succession) Act CAP 164 with the main objective of providing bursary to the extremely needy cases as a way of giving back to the society. Besides kasneb funding, kasneb foundation will solicit funding from willing donors.			
		Note	2021/2022	2020/2021
			Sh.	Sh.
10.	REPAIRS AND MAINTENANCE		516,504	267,412
	Machinery and office equipment		781,626	473,178
	Motor vehicles		41,496	31,260
	ICT equipment		-	1,200,000
	Building repairs		<u>1,339,627</u>	<u>1,971,850</u>
11.	CONTRACTED SERVICES			
	Building management and maintenance		7,869,432	6,226,616
	Security services		5,205,407	8,927,980
	Lift service and maintenance		44,660	350,914
	Sanitary services		362,728	387,716
	Property Management fee		7,277,762	-
	Provision of bottled water		455,646	651,269
			<u>21,215,635</u>	<u>16,544,495</u>
12.	DEPRECIATION AND AMORTISATION		-	
	Depreciation - Property, plant and equipment	16(c)	48,396,203	50,044,649
	Amortisation - Leasehold land		-	-
	Amortisation - Intangible assets	17	2,858,566	2,376,512
			<u>51,254,769</u>	<u>52,421,161</u>
13.	CASH AND BANK BALANCES			
	Bank balances	13.1	255,238,777	41,067,160
	Cash-on-hand and in transit		454,500	130,500
	Fixed deposit		-	20,000,000
	Mortgage deposit		193,102,424	185,827,284
			<u>448,795,701</u>	<u>247,024,944</u>



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

13.1	BANK BALANCES	Note	2021/2022	2020/2021
			Sh.	Sh.
	National Bank of Kenya Ltd. - Main account - A/C No. 01001031572600		13,187,155	4,773,879
	National Bank of Kenya Ltd. - Fee collection account - A/C No. 01001031572601		21,890,313	9,120,951
	Absa Bank of Kenya Ltd. - A/C No. 0708004502		110,049,555	895,090
	Equity Bank Ltd.- A/C No. 0170299238025		10,538,213	3,525,886
	Cooperative Bank of Kenya Ltd. A/C No. 01129128535900		8,735,667	3,028,324
	Kenya Post Office Savings Bank (Postbank) - A/C No. 0744930009246		1,285,003	5,924,012
	Kenya Commercial Bank Ltd.- Ksh. Account - A/C No. 1203681194		62,598,077	2,033,090
	Kenya Commercial Bank Ltd.- Dollar Account - A/C No. 1123096465		26,770,208	11,580,143
	UBA Kenya Bank Ltd. - A/C No. 55030160004156		184,585	185,785
			<u>255,238,777</u>	<u>41,067,160</u>
13.2	<p>The mortgage deposit relates to Staff Mortgage Scheme administered as a revolving fund in an agreement between Kasneb and KCB bank. The contract mandates Kasneb to establish a fixed deposit account at KCB Mortgage Centre and maintain sufficient funds to enable KCB discharge all the obligations accruing under the scheme. Clause 21 of the agreement gives Kasneb the liberty to withdraw the funds provided sufficient levels are maintained at any given time.</p>			
		Note	2021/2022	2020/2021
			Sh.	Sh.
14.	CASH AND CASH EQUIVALENT			
	Cash and bank balances		448,795,701	247,024,944
	Treasury Bills and Bonds maturing within one year		56,481,800	72,705,000
			<u>505,277,501</u>	<u>319,729,944</u>
	TREASURY BILLS/BONDS MATURING WITHIN ONE YEAR			
	Treasury Bills maturing within one year		56,481,800	72,705,000
	Treasury Bonds maturing within one year		-	-
			<u>56,481,800</u>	<u>72,705,000</u>
15.	TRADE AND OTHER RECEIVABLES			
	Interest receivable		10,213,172	4,479,884
	Postal Corporation of Kenya (Postapay receipts)	6.3	25,000	25,000
	Web Tribe Ltd. (Jambopay receipts)		269,450	2,566,200
	Other receivables		37,714,907	29,476,533
	Staff receivables		7,784,143	9,198,877
			<u>56,006,672</u>	<u>45,746,494</u>



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

16(a) SCHEDULE OF NON CURRENT ASSETS

PROPERTY, PLANT AND EQUIPMENT - 2021/2022

	Building	Investment property	Information Communication Technology Equipment	Furniture and Fittings	Machinery and Office Equipment	Motor Vehicles	Total
COST/ VALUATION	Sh.	Sh.	Sh.	Sh.	Sh.	Sh.	Sh.
At 1 July 2021	291,865,782	1,080,245,676	90,284,049	56,601,400	63,686,331	35,556,278	1,618,239,516
Additions	-	-	6,834,814	35,193,306	5,193,000	-	47,221,120
Disposal	-	-	-	-	-	(4,430,000)	(4,430,000)
At June 30, 2022	291,865,782	1,080,245,676	97,118,863	91,794,706	68,879,331	31,126,278	1,661,030,636
DEPRECIATION							
At 1 July 2021	34,691,274	82,646,165	83,333,302	54,456,379	48,801,005	32,809,778	336,737,903
Charge for the year	7,793,823	26,252,619	5,879,751	901,417	4,822,094	2,746,500	48,396,203
Eliminated on disposal	-	-	-	-	-	(4,430,000)	(4,430,000)
Revaluation	3,875,000	-	-	-	-	-	3,875,000
At June 30, 2022	46,360,097	108,898,784	89,213,053	55,357,796	53,623,099	31,126,278	384,579,106
NET BOOK VALUE							
At June 30, 2022	245,505,685	971,346,892	7,905,810	36,436,910	15,256,232	-	1,276,451,530

PROPERTY, PLANT AND EQUIPMENT - 2020/2021

	Building	Investment property	Information Communication Technology Equipment	Furniture and Fittings	Machinery and Office Equipment	Motor Vehicles	Total
COST/ VALUATION	Sh.	Sh.	Sh.	Sh.	Sh.	Sh.	Sh.
At 1 July 2020	291,865,782	1,073,426,992	87,569,557	56,601,400	63,686,331	39,136,278	1,612,286,340
Additions	-	6,818,684	2,714,492	-	-	-	9,533,176
Disposal	-	-	-	-	-	(3,580,000)	(3,580,000)
At June 30, 2021	291,865,782	1,080,245,676	90,284,049	56,601,400	63,686,331	35,556,278	1,618,239,516
DEPRECIATION							
At 1 July 2020	27,394,629	55,640,024	76,425,165	51,899,929	41,395,231	33,643,278	286,398,256
Charge for the year	3,421,645	27,006,142	6,908,137	2,556,450	7,405,774	2,746,500	50,044,649
Eliminated on disposal	-	-	-	-	-	(3,580,000)	(3,580,000)
Revaluation	3,875,000	-	-	-	-	-	3,875,000
At June 30, 2021	34,691,274	82,646,165	83,333,302	54,456,379	48,801,005	32,809,778	336,737,905
NET BOOK VALUE							
At June 30, 2021	257,174,508	997,599,510	6,950,747	2,145,021	14,885,326	2,746,500	1,281,501,611



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

	Note	2021/2022	2020/2021
		Sh.	Sh.
16 (b)	PROPERTY, PLANT AND EQUIPMENT (NET BOOK VALUES)		
	Building	245,505,685	257,174,508
	Investment property	971,346,892	997,599,510
	Information communication technology equipment	7,905,810	6,950,747
	Furniture and fittings	36,436,910	2,145,021
	Machinery and office equipment	15,256,232	14,885,326
	Motor vehicles	-	2,746,500
		1,276,451,530	1,281,501,611
16 (c)	LEASEHOLD LAND		
	Cost/valuation	365,000,000	365,000,000
	As at 30 June	365,000,000	365,000,000
	AMORTISATION		
	Balance b/f	-	-
	Prior year adjustment	-	-
	As at 30 June	-	-
	Net book value as at 30 June	365,000,000	365,000,000
17.	INTANGIBLE ASSETS		
	Cost/valuation	116,954,145	77,040,344
	Additions - WIP	24,615,185	35,375,844
	Additions - Software	-	4,537,957
	Additions - Internal developments	-	-
	As at 30 June	141,569,330	116,954,145
	Amortization and impairment		
	At 1 July	34,128,234	31,751,722
	Amortisation	2,858,566	2,376,512
	As at 30 June	36,986,800	34,128,234
	Net book value as at 30 June	104,582,530	82,825,911
18.	FINANCIAL INSTRUMENTS		
	The financial instruments in which kasneb has contracted are held to maturity as indicated in note 3 (f) and include Treasury bills and bonds. They are included in the financial statements under current and non-current investments. Treasury bonds maturing after one year are as follows:		
	Treasury bonds maturing after one year	107,365,800	107,365,800

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

	Note	2021/2022	2020/2021
		Sh.	Sh.
19.	TRADE AND OTHER PAYABLES		
	Examinations and invigilation expenses	-	2,771,520
	Accruals	106,953,279	43,453,183
		106,953,279	46,224,703
20.	PROVISIONS		
	Other-non recurrent expenses	338,720	10,364,231
	Research and development	1,500,000	7,200,000
	Gratuity	1,840,224	8,060,214
	Provision for - ERP	-	25,717,436
	Audit fee	1,000,000	2,000,000
	Examination prizes	1,985,000	1,985,000
	Furniture and Fittings	34,000,000	-
	Other provisions	66,807,970	500,000
		107,471,914	55,826,881
21.	PAYMENTS RECEIVED IN ADVANCE		
	Prepaid examination fees	87,042,156	5,501,550
22.	REVALUATION RESERVES	387,634,314	391,509,314
	The revaluation reserve arose from a revaluation of land, building and motor vehicles in 2013/2014 by the following registered firms of valuers:		
	Land and buildings - NW Realite		
	Motor vehicles - Automobile Association (AA) of Kenya		
	Note	2021/2022	2020/2021
		Sh.	Sh.
23.	ACCUMULATED SURPLUS		
	Balance as at 1 July	1,703,107,313	1,713,337,474
	Transfer	-	-
	Eliminated on Disposal	-	3,580,000
	Surplus/Deficit for the year	22,475,056	(13,810,161)
		1,725,582,369	1,703,107,313



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

	Note	2021/2022	2020/2021
		Sh.	Sh.
24. RECONCILIATION OF NET INCOME TO CASH GENERATED FROM OPERATING ACTIVITIES			
Surplus/(Deficit) for the year		22,475,056	(13,810,161)
Adjustment for:			
Depreciation and amortisation		51,254,769	52,421,161
Prior year adjustment		-	-
Working capital adjustments:			
Increase in receivables		(10,260,178)	(3,478,653)
Increase in payables, provisions and prepayments		193,914,215	(161,850,601)
Net cash flow from operating activities		257,383,862	(126,718,254)

25. MAJOR CAPITAL COMMITMENTS

There were no major capital commitments during the year 2021/2022

26. MORTGAGE DEPOSIT

kasneb operates a staff mortgage scheme. The staff mortgage scheme is administered by Kenya Commercial Bank Ltd. A revolving fund is maintained with Kenya Commercial Bank Ltd. for the purpose of advancing mortgage loans to members of staff. An interest rate of 3.5% per annum on reducing balance basis is charged on the mortgage loans.

27. TAXATION

The income of kasneb is exempt from income tax by virtue of legal notice No. 116/1975.

28. EXPLANATORY NOTES ON VARIANCES IN THE FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDED JUNE 30, 2022

The following are explanations on some variances in the financial statements:

1. INCOME

The reported total income of Sh.731 million for the financial year ended 30 June 2022 was lower than the budgeted income of Sh.787.2 million by Sh.56.2 million representing a negative variance of 7.1%. The following is a brief analysis of the various major sources of income:

1.1 Income from operations

The reported income of Sh.634.6 million was lower than the budgeted income of Sh.675.9 million by Sh.41.4 million representing a negative variance of 6%. This is attributable to:

- The lower number of students who booked for examinations during the financial year 2021/2022. The total income from examinations bookings was Sh.405.8 million which was lower than the total budgeted income from examinations bookings of Sh.476.10 representing a negative variance of 15%.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

- (b) The lower number of students who paid annual registration renewal fees compared to the budgeted amount in the financial year ended 30 June 2023.

1.2 Income from other sources

The reported income of Sh.96.3 million was lower than the budgeted income of Sh.110 million representing a negative variance of 12%.

This is attributable to the low occupancy rate of the Investment property than the projected rate. The total rental income was Sh.36.6 million which was lower than the budgeted income of Sh.60 million representing a negative variance of 39%.

2. EXPENDITURE

The total expenditure before depreciation of Sh.657.2 million for the year ended 30 June 2022 was lower than the budgeted expenditure of Sh.706 million by Sh.43.9 million representing a positive variance of 6.9%.

The following is a brief analysis of the main items of expenditure:

2.1 Examinations and invigilation

The reported expenditure of Sh.94 million was slightly higher than the budgeted expenditure of Sh.92 million. This is attributable to austerity measures employed during the conduct and administration of the three (3) examination sittings during the year.

2.2 Examination Prizes

The reported expenditure of Sh.2.56 million was within the budgeted expenditure of Sh.2.5 million. This was attributable to savings realised from virtual examinations prize award ceremony during the year.

2.3 Printing and stationery

The reported expenditure of Sh.23.4 million was higher than the budgeted expenditure of Sh.20 million by Sh.3.4 million representing a negative variance of 13.4%. This was attributable to the increase in the cost of printing of examination papers for the three (3) sittings during the financial year.

The supplier increased the prices of printing of examination papers hence kasneb was forced to source for another service provider who was consequently contracted during the year in a bid to minimise cost.

2.4 Staff emoluments

The reported expenditure of Sh.306 million was lower than the budgeted expenditure of Sh.360.3 million by Sh.54.3 million representing a positive variance of 15%. This was



attributable to implementation of the new structure and expansion of salary bands that were deferred to the financial year 2022/2023.

2.5 Marketing and communication

The reported expenditure of Sh.41.4 million was higher than the budgeted expenditure of Sh.32 million by Sh.9.4 million representing a negative variance of 29.4%. This is attributable to the sponsorship of the Accountant Act, 2015 regulations committee workshops and retreat as approved by the PS, the National Treasury and Planning.

2.6 Contracted services

The reported expenditure of Sh.21.2 million was higher than the budgeted expenditure of Sh.17.5 million by Sh.3.7 million representing a negative variance of 21%. This is attributable to the service charge payments for the Investment Property which was not been fully occupied during the financial year as projected.

2.7 Strategic planning expenses

The reported expenditure of Sh.2.6 million was higher than the budgeted expenditure of Sh.2.2 million by Sh.0.4 million representing a negative variance of 20%. This is attributable to the additional workshops for the task force and the Board Committee during the financial year.



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

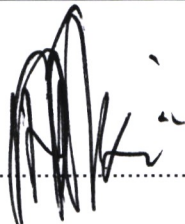
APPENDIX

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

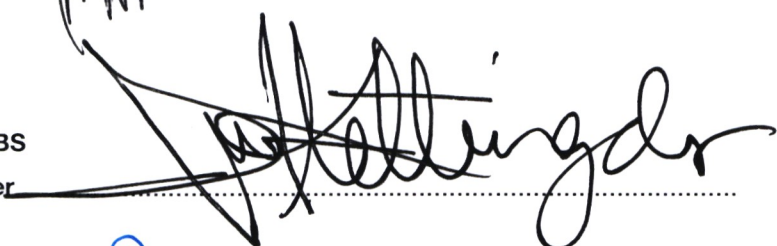
The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external auditor Report	Issue/Observations from Auditor	Management comments	Status: (Resolved/ Not Resolved)	Time frame: (Put a date when you expect the issue to be resolved)
	<p>Compensation to Employees</p> <p>As disclosed in Note 7 to the financial statements, the statement of financial performance reflects employee costs of Kshs. 369,303,883; (2018 - Kshs. 407,627,717). The employee costs accounts for fifty-nine percent (59%) and seventy-nine percent (79%) of the total expenses and total revenue of Kshs. 661,443,357 and Kshs. 492,743,578 respectively. This exceeds the set limit under Regulations 26(a) of the Public Finance Management (National Government) Regulations, 2015 on fiscal responsibility principles, which provides that expenditure on the compensation to employees shall not exceed thirty five (35%) percent of the total revenue.</p> <p>The Board is in breach of law to this extent</p>	<p>The ratio of 59% is mainly due to declining student numbers which have impacted on income. Given that the employee costs are fixed; the ratio will gradually come down when the strategies put in place in the financial year 2019/2020 to address income growth achieve the intended outcome.</p> <p>It is also noted that the ERP was going to result into higher efficiency thus overtime cost will be minimal. In addition, some of the non-core activities such as cleaning of offices, will be out sourced thus resulting into lower employee costs</p>	<p>Not Resolved The Board has put in place establishment that inform workforce needed by implementing HR instruments from 1 July 2022</p>	<p>To be resolved gradually over time</p>

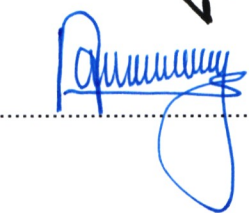
Dr. Nancy N. Muriuki, Ph.D
CHAIRMAN



Dr. Nicholas K. Letting', Ph.D, EBS
Secretary/Chief Executive Officer



CPA Sailot A. Keke
Deputy Director Finance
ICPAK Member No. 7339




POST PROFESSIONAL QUALIFICATION



CFFE

kasneb qualifications

PROFESSIONAL



CPA



CS

PROFESSIONAL



CIFA



CCP

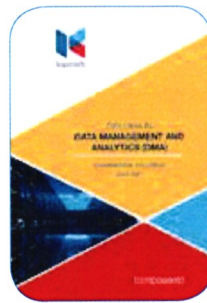


CISSE

DIPLOMA



ATD

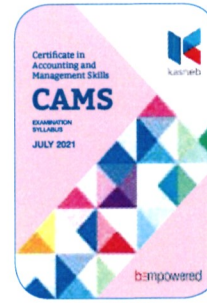


DDMA



DCNSA

CERTIFICATE

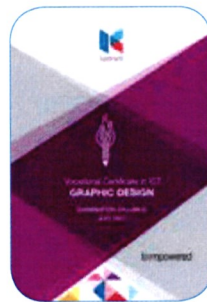


CAMS

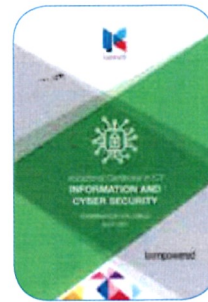
VOCATIONAL CERTIFICATE



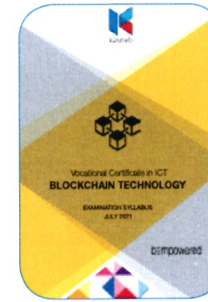
VCEI



VCGD



VCICS



VCBCT

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