

REPUBLIC OF KENYA



*Enhancing Accountability*



**REPORT**

THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 11 MAR 2025

DAY:  
Tuesday

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OF KENYA  
LIBRARY

TABLED  
BY:

Hon. Owen Baya, MP  
Deputy Majority Leader

CLERK-AT  
THE-TABLE:

Gertrude chebet

**THE AUDITOR-GENERAL**

**ON**

**KENYA ACCREDITATION SERVICE**

**FOR THE YEAR ENDED  
30 JUNE, 2024**



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**KENYA ACCREDITATION SERVICE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**30<sup>TH</sup> JUNE 2024**

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

*Kenya Accreditation Service (KENAS)*  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2024**

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## **1 Acronyms and Definition of Key Terms**

### **A. Acronyms**

|               |   |
|---------------|---|
| <b>AFRAC</b>  | African Accreditation Cooperation                                 |
| <b>ARSO</b>   | African Organization for standardisation                          |
| <b>CAB</b>    | Conformity Assessment Body  |
| <b>CASCO</b>  | Conformity Assessment Standards Committee                         |
| <b>CEO</b>    | Chief Executive Officer   |
| <b>CORSIA</b> | Carbon Offsetting and Reduction Scheme for International Aviation |
| <b>EASA</b>   | European Union Aviation Safety Agency                             |
| <b>IAF</b>    | International Accreditation Forum                                 |
| <b>ICPAK</b>  | Institute of Certified Public Accountants of Kenya                |
| <b>ILAC</b>   | International Laboratory Accreditation Cooperation                |
| <b>IPSAS</b>  | International Public Sector Accounting Standards                  |
| <b>ISO</b>    | International Organization for Standardization                    |
| <b>KENAS</b>  | Kenya Accreditation Service                                       |
| <b>KIPI</b>   | Kenya Industrial Property Institute                               |
| <b>NT</b>     | National treasury   |
| <b>OAG</b>    | Office of the auditor general                                     |
| <b>PFM</b>    | Public Finance Management   |
| <b>PPE</b>    | Property Plant & Equipment  |
| <b>WTO</b>    | World Trade Organization  |

### **B. Definition of Key Terms**

**Accreditation** – a third-party attestation related to a conformity assessment body conveying a formal demonstration of its competence to perform specific conformity assessment tasks.

**Accredited Organization** – is an entity that has been formally recognized by an authoritative body for meeting specific standards or criteria. This accreditation signifies that the organization adheres to established quality and performance benchmarks, ensuring reliability, competence, and compliance with relevant regulations and standards.

**Assessment** – the process undertaken by an accreditation body to determine the competence of a conformity assessment body based on standard(s) and/or other normative documents for a defined scope of accreditation.

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**Assessor** – this is a person assigned by KENAS to perform, alone or as part of an assessment team, an assessment of a conformity assessment body.

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

**Conformity assessment activity** – an activity undertaken, or service provided by a conformity assessment body when evaluating conformity of a product or service, which include, but are not limited to, testing, calibration, inspection, certification of management systems, persons, products, processes and services, provision of proficiency testing, production of reference materials, validation and verification.

**Conformity Assessment Body** – a body that carries out conformity assessment services, including calibration, certification, testing, inspection, medical testing, proficiency testing and production of reference materials and verification.

**Fiduciary Management** – members of Management are directly entrusted with the responsibility of financial resources of the organization.

**Team Leader** – an assessor who is given the overall responsibility for the management of an assessment.

**2 Key Entity Information and Management**

**(a) Background information**

The Kenya Accreditation Service (KENAS) was established under the Kenya Accreditation Service Act, 2019. KENAS is domiciled in Kenya and has only one office located in Upper Hill Nairobi. KENAS is a State Corporation under the State Department of Industry in the Ministry of Investments, Trade and Industry (MITI). KENAS institutional structure comprises; The Board of Directors, the Chief Executive Officer, three (3) directorates, twelve (12) departments, nine (9) divisions, and four (4) units/sections. There is an established Accreditation Appeals Tribunal to hear and determine appeals emanating from accreditation decisions of the Service. The terms of service of the appointed tribunal members expired in FY 2022/2023.

KENAS has grown to become the foremost Accreditation Body in Africa and is currently servicing eleven (11) countries. KENAS is a signatory arrangement member to the IAF Multilateral Arrangement (MLA), ILAC Mutual Recognition Arrangement (MRA) and AFRAC MRA. IAF manages arrangements in the fields of management systems, products, services, personnel and other similar programs of conformity assessment, and the ILAC in the fields of laboratory, proficiency test providers and inspection accreditation. Signatory to the MLA/MRA enhance the acceptance of products and services across national borders, thereby creating a framework to support international trade through the removal of technical barriers.

**(b) Principal Activities**

The principal mandate of KENAS is to accredit and exercise oversight over organizations (both private and public) that carry out conformity assessment activities. These organizations include testing laboratories, calibration laboratories, medical laboratories, veterinary laboratories, proficiency testing providers, certification bodies, inspection, verification and validation bodies.

|                          |  |
|--------------------------|--|
| <b>Vision Statement</b>  | A symbol of trust in quality, safety, and environmental assurance  |
| <b>Mission Statement</b> | To provide greater confidence in accredited conformity assessment services to businesses, government, regulators, consumers, and the public    |
| <b>Value Proposition</b> | <i>Delivering Trust</i>  |
| <b>Core Values</b>       | The core values of KENAS are enshrined in the acronym <i>iPace</i> – integrity, Professionalism, accountability, client-focused and excellence |

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**Key Entity Information and Management (continued)**

**(c) Key Management**

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

| No  | Designation   | Name                          |
|-----|---|-------------------------------|
| 1.  | Chairperson of the Board of Directors   | Mr. ngeny BIWOTT              |
| 2.  | Alternate to the Principal Secretary, The National Treasury and Economic Planning- Appointed 23 <sup>rd</sup> November 2023 | Mr. Festus Mwanzi Peter       |
| 3.  | Alternate to the Principal Secretary, The National Treasury and Economic Planning- Up to 23 <sup>rd</sup> November 2023     | Ms. Stella Osoro              |
| 4.  | Independent Director  | Mr. Waiganjo Dickson Macharia |
| 5.  | Alternate to the Principal Secretary, State Department of Industry  | Ms. Ruth Wanyonyi             |
| 6.  | Independent Director  | Mr. Zedekiah Orioki           |
| 7.  | Independent Director  | Ms. Grace Otieno              |
| 8.  | Independent Director  | Dr. Leah Chelagat             |
| 9.  | Independent Director  | Mr. Allan Muchungure Pkress   |
| 10. | Chief Executive Officer Appointed 13/05/2024  | Dr. Walter Juma Ongeti        |
| 11. | Ag. Chief Executive Officer (13/02/2024 – 12/05/2024) and Manager Scheme Development, Training and Advocacy                 | Ms. Joyce Wangui Gichuru      |
| 12. | Chief Executive Officer Exited 18/03/2024   | Mr. Martin Kimutai Chesire    |
| 13. | Chief Manager Inspection and Certification  | Mrs. Susannah Munyiri-Ochieng |
| 14. | Chief Manager Corporate Services  | Mr. John Mburu Kamau          |
| 15. | Chief Manager Laboratories  | Ms. Lucy Nancy Muthoni Namu   |
| 16. | Manager Finance and Accounts  | Mr. Henry Maxwell Wandabwa    |
| 17. | Manager Supply Chain Management   | Ms. Flormina Ngina Musee      |
| 18. | Manager Internal Audit  | Mr. Elijah Kiptoo Kandie      |
| 19. | Principal Legal Services Officer  | Mr. Walter Manyibe Nyamwaya   |
| 20. | Ag. Corporation Secretary   | Mr. Francis Olalo             |

**Key Entity Information and Management (continued)**

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2024 and who had direct fiduciary responsibility were:

**Table 1: Fiduciary Management**

| No  | Designation   | Name                          |
|-----|---|-------------------------------|
| 1.  | Chief Executive Officer Appointed 13/05/2024  | Dr. Walter Juma Ongeti        |
| 2.  | Ag. Chief Executive Officer (13/02/2024 – 12/05/2024) and Manager Scheme Development, Training and Advocacy | Ms. Joyce Wangui Gichuru      |
| 3.  | Chief Executive Officer Exited 18/03/2024   | Mr. Martin Kimutai Chesire    |
| 4.  | Chief Manager Inspection and Certification  | Mrs. Susannah Munyiri-Ochieng |
| 5.  | Chief Manager Corporate Services  | Mr. John Mburu Kamau          |
| 6.  | Chief Manager Laboratories  | Ms. Lucy Nancy Muthoni Namu   |
| 7.  | Manager Scheme Development, Training and Advocacy   | Ms. Joyce Wangui Gichuru      |
| 8.  | Manager Finance and Accounts  | Mr. Henry Maxwell Wandabwa    |
| 9.  | Manager Supply Chain Management   | Ms. Flormina Ngina Musee      |
| 10. | Manager Internal Audit  | Mr. Elijah Kiptoo Kandie      |
| 11. | Principal Legal Services Officer  | Mr. Walter Manyibe Nyamwaya   |
| 12. | Ag. Corporation Secretary   | Mr. Francis Olalo             |

**Key Entity Information and Management (continued)**

**(e) Fiduciary Oversight Arrangements**

The KENAS Board of Directors is the key fiduciary oversight and governing body with overall responsibility for overseeing KENAS operations. During FY 2023/2024, KENAS Board of Directors consisted of thirteen (13) members, including the Chairperson, CEO and Ag. Corporation Secretary. In discharging its activities, the KENAS Board delegates the decision-making activities to various committees of the Board as listed below.

**Table 2: Fiduciary Oversight Members**



| <b>Board Committee</b>                             | <b>Membership</b>  |
|--|--|
| Audit and Risk Assurance Committee (ARC)           | Dickson Waiganjo (Chairperson)<br>Festus Mwanzi (Member) from 23/11/2023<br>Ruth Wanyonyi (Member)<br>Stellah Osoro (Member) up to 23/11/2023  |
| Finance and Investment Committee (FIC)             | Zedekiah Orioki (Chairperson)<br>Leah Chelagat (Member)<br>Ruth Wanyonyi (Member)<br>Allan Pkress (Member) from 11/01/2024<br>Stellah Osoro (Member) to 23/11/2023   |
| Human Resources and Administration Committee (HRC) | Grace Otieno (Chairperson)<br>Zedekiah Orioki (Member)<br>Dickson Waiganjo (Member)  |
| Strategy and Accreditation Committee (SAC)         | Leah Chelagat (Chairperson)<br>Festus Mwanzi (Member)<br>Grace Otieno (Member)<br>Allan Pkress (Member) from 11/01/2024  |
| Public Finance Management Committee (PFM)          | Dr. Walter Ongeti (Chairperson)<br>Lucy Namu (Member)<br>Joyce Gichuru (Member)<br>David Ochieng (Member)<br>Henry Wandabwa (Secretary)<br>Flormina Ngina (Member)<br>Walter Nyamwaya (Member)<br>Douglas Machoka (Member)<br>Rebecca Wanjiru (Member) |
| Budget Implementation Committee (BIC)              | Henry Wandabwa (Chairperson)<br>Lucy Namu (Member)<br>Joyce Gichuru (Member)<br>Michael Talam (Member)<br>Flormina Ngina (Member)<br>Martha Yator (Member)<br>Margaret Kamau (Member)<br>Rebecca Wanjiru (Member)<br>Douglas Machoka (Secretary)       |

**Key Entity Information and Management (continued)**


- (f) **KENAS Headquarters**  
P.O. Box 47400-00100  
Abcon House  
No. 06 Masaba Road, Upper hill,  
Nairobi, KENYA
- (g) **KENAS Contacts**  
Telephone: (+254) 020 484 0000  
Email [md@kenas.go.ke](mailto:md@kenas.go.ke) and [info@kenas.go.ke](mailto:info@kenas.go.ke)  
Website: [www.kenas.go.ke](http://www.kenas.go.ke)
- (h) **Entity Bankers**  
KCB Bank LTD  
Kipande Branch  
P.O. Box 30012  
GPO 00100  
Nairobi, KENYA
- (i) **Independent Auditor**  
Auditor-General  
Office of the Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084  
GPO 00100  
Nairobi, Kenya
- (j) **Principal Legal Adviser**  
The Attorney General  
State Law Office and Department of Justice  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

**3 The Board of Directors**

| No | Directors   | Details  |
|----|---|--|
| 1. |  <p data-bbox="384 817 657 882"><b>Mr. ngeny BIWOTT</b><br/>MSc. BSc</p> | <p data-bbox="758 427 1289 461"><i>Chairperson (born on 29th January 1952)</i></p> <p data-bbox="758 479 1082 512"><i>Appointed 26<sup>th</sup> April 2023</i></p> <p data-bbox="758 530 1444 981">ngeny Biwott is a licensed private pilot and aerospace scientist with over 39 years of experience in aviation industry. He holds an MSc from the University of Hertfordshire and advanced qualifications in aerospace science, risk management, and strategy from various universities. He worked as a lead aircraft accident investigator, aviation international compliance auditor, quality auditor for ISO 900-2008 and Environmental impact assessment lead expert for NEMA.</p> <p data-bbox="758 1032 1444 1323">His initial training and work experience in aviation sector includes 12 years with East African Community and the Directorate of Civil Aviation of Kenya, where he qualified and licensed with four (4) ratings, served as East Africa regional search and rescue lead coordinator and an instructor at the aviation school.</p> <p data-bbox="758 1375 1444 1767">He is an authority and practitioner of corporate leadership and Governance with leadership training from Strathmore Business School and IMD, and wide experience in various industries. He has held six Board positions, five of which were in State Corporations. Notably, he served on the Board of KCB Bank Tanzania Ltd and as Group Chairman of KCB Group Plc. He is author of a dozen aviation and scientific publications</p> |

| No | Directors   | Details   |
|----|---|---|
| 2. |  <p data-bbox="406 840 646 907"><b>Ms. Grace Otieno</b><br/>LLB, PGDip</p>     | <p data-bbox="758 376 1332 459"><b>Independent Director (born on 5<sup>th</sup> May 1988)</b><br/><b>Appointed 15<sup>th</sup> June 2023</b></p> <p data-bbox="758 481 1444 929">Ms. Grace Otieno is an advocate of the High Court of Kenya with global and corporate experience in legal services. She is currently a partner at Muma &amp; Kanjama Advocates, with a background in Commercial Law General, Employment Law, Criminal Law General, Family Law and Succession Law, Corporate Law, Environment and Land Law, Alternative &amp; General Dispute Resolution, Constitutional and Human Rights Litigation.</p> <p data-bbox="758 974 1444 1265">Ms. Otieno holds a Bachelor of Laws (LL.B.) degree from Moi University and is a Certified Mediator. She is a member of the Law Society of Kenya (LSK); East African Law Society (EALS); Federation of Women Lawyers (FIDA Kenya) as well as Mediation Training Institute of East Africa.</p> <p data-bbox="758 1310 1444 1422">Grace is the chair of the Human Resource Committee and a member of the Strategy and Accreditation Committee.</p> |
| 3. |  <p data-bbox="406 1892 646 1960"><b>Dr. Leah Chelagat</b><br/>MCAP, BTh</p> | <p data-bbox="758 1464 1380 1547"><b>Independent Director (born on 15<sup>th</sup> August 1967)</b><br/><b>Appointed 22<sup>nd</sup> June 2023</b></p> <p data-bbox="758 1570 1444 1861">Dr. Leah Chelagat holds a Masters' Degree Counselling &amp; Psychology from BIBU International University, a BA Theological Studies from BIBU International University and a Certificate in International Mediation from Mediate University. She is the Managing Director &amp; Founder 1 Pome Granite International Ltd.</p> <p data-bbox="758 1906 1444 1995">Leah's areas of expertise include Strategic Planning, Financial Analysis, Business Acumen, Project</p>   |



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| No | Directors  | Details   |
|----|--|---|
|    |  | <p>Management, Risk Management and Team Building with over 20 years' experience as a multiple start up Investor.</p> <p>Leah is the chair of the Strategy and Accreditation Committee and a member of the Finance and Investment Committee.</p>   |
| 4. |  <p><b>Mr. Zedekiah Orioki</b><br/>BAEcon, Dip</p> | <p><b>Independent Director (born on 18<sup>th</sup> August 1962)</b><br/> <b>Appointed 22<sup>nd</sup> June 2023</b></p> <p>Zedekiah Orioki holds a Bachelor of Arts Degree (Economics) and Diploma in Purchasing and Supplies. He has over thirty (30) years' experience in public and commercial purchasing, store management and Supply Chain Management.</p> <p>He previously served in diverse roles such as Chief Officer, Supply Chain department at the Geothermal Development Company-(GDC), Senior Purchasing Officer, Kenya Medical Research Institute- KEMRI, Stores Manager at DT Dobie Motors and Store manager at CMC Motors Group K. Limited. He brings a diverse skill set in supply chain processes, systems and compliance requirements.</p> <p>Zedekiah is the chair of the Finance and Investment Committee and a member of the Human Resource and Administration committee.</p> |



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| No | Directors  | Details   |
|----|--|---|
| 5. |  <p><b>Mr. Waiganjo Dickson Macharia</b><br/> LLB, PGD, Advocate of the high court of Kenya</p> | <p><i>Independent Director (born on 1<sup>st</sup> January 1972)</i><br/> <i>Appointed 22<sup>nd</sup> June 2023</i></p> <p>Waiganjo Dickson Macharia has a Bachelor of Law (LLB) degree from the University of South Gujarat and a Diploma of Law from the Kenya School of Law. He was admitted to the roll of Advocates on 4th October 1999.</p> <p>He is the Managing partner at Macharia Waiganjo and Nyakoe Advocates where he specializes in conveyancing, civil and commercial matters. He has over 23 years' experience in Legal, regulatory and Compliance matters which are essential in shaping good governance.</p> <p>Waiganjo is the chair of the Audit and Risk Committee and a member of the Human Resource and Administration Committee.</p> |
| 6. |  <p><b>Ms. Ruth Wanyonyi</b><br/> MScFin, BFin, CPA (K).</p>                                  | <p><i>Alternate to the Principal Secretary, State Department of Industry (born on 7<sup>th</sup> March 1982)</i><br/> <i>Appointed 19<sup>th</sup> January 2023</i></p> <p>Ruth Wanyonyi is a holder of a Master of Science Degree in Finance from JKUAT, Bachelor of Commerce in Finance from KCA University and is a Certified Public Accountant (K) with membership at ICPAK. She serves as the Assistant Accountant General of at the State Department for Industry. She joined the department in June 2018 having previously worked at various Ministries Departments Agencies.</p> <p>Ruth was appointed as an alternate to the Principal Secretary, State Department for Industry in January</p>   |

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| No | Directors   | Details   |
|----|---|---|
|    |   | 2023. She is a member of the Audit and Risk and Finance and Administration Committees of the Board.   |
| 7. |  <p data-bbox="421 981 627 1043"><b>Ms. Stella Osoro</b><br/>MA, BA, CPA(K)</p>            | <p data-bbox="759 499 1445 584"><i>Alternate to the Principal Secretary, The National Treasury Up to 23<sup>rd</sup> November 2023</i></p> <p data-bbox="759 595 1445 842">Stella Osoro has a Master of Arts in Economics and a Bachelor of Arts in Economics from the University of Nairobi. She is a Certified Public Accountant of Kenya (CPA-K). She Currently works at the National Treasury and Planning as a Principal Economist.</p> <p data-bbox="759 887 1445 1077">Stella was appointed alternate to the CS, National Treasury and Economic Planning in the year 2015. She is an experienced Public Sector Economist and Accountant.</p> <p data-bbox="759 1122 1445 1211">She is a member of the Audit Risk and Assurance and Finance and Investment Committees of the Board.</p> |
| 8. |  <p data-bbox="352 1641 691 1715"><b>Mr. Festus Mwanzi Peter,</b><br/>MA, BA, CPA(K)</p> | <p data-bbox="759 1256 1445 1391"><i>Alternate to the Principal Secretary, The National Treasury and Economic Planning (born on 3<sup>rd</sup> July 1977)</i></p> <p data-bbox="759 1413 1158 1447"><i>Appointed 23<sup>rd</sup> November 2023</i></p> <p data-bbox="759 1458 1445 1704">Mr. Festus Mwanzi has a Master of Business Administration (MBA) Finance option, a degree in Business Administration from Kenyatta University and is a Certified Public Accountant CPA (K), and member of ICPAK.</p> <p data-bbox="759 1749 1445 1939">Currently, he is the Assistant Director Investments, The National Treasury having served as a Chief Investment Officer in the Government Investment and Public Enterprise (GIPE). He has served as alternate to CS</p>                         |


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| No  | Directors   | Details   |
|-----|---|---|
|     |   | <p>National Treasury in various State Corporation Boards including Kenya Institute of Mass Communication (KIMC), Kenya Water Institute and Rongo University.</p> <p>He is a member of the Audit and Risk Assurance Committee and Strategy and Accreditation Committee.</p>  |
| 9.  |  <p><b>Mr. Allan Muchungure Pkress</b><br/>BCom, Dip.BA</p>                 | <p><b><i>Independent Director (born on 18<sup>th</sup> December 1976)</i></b><br/><b><i>Appointed 12th January 2024</i></b></p> <p>Allan Muchungure Pkress has a bachelor's degree in commerce marketing Option and a Diploma in Business Administration. He currently works as the Customer Experience Lead at Safaricom LLP. He has over 15 years' experience in Workforce and Productivity Management, Customer experience management and digital transformations.</p> <p>Allan is a member of the Finance and Investment Committee as well as the Strategy and Accreditation Committee.</p> |
| 10. |  <p><b>Mr. Martin Chesire</b><br/>MBA, MSc. BSc., CQP(UK),<br/>MIOD(K)</p> | <p><b><i>Chief Executive Officer, Ex Officio Director (born on 4<sup>th</sup> November 1973)</i></b><br/><b><i>Up to 18<sup>th</sup> March 2024</i></b></p> <p>Mr. Martin Chesire is a quality infrastructure professional with over twenty years working with national, regional and international organizations and development partners.</p> <p>He has a Master of Science in Quality Management and Business Excellence from the University of Stirling (Scotland) and Executive Master of Business Administration in International Management from the</p>                                 |

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| No  | Directors   | Details   |
|-----|---|---|
|     |   | <p>Université de Genève (Switzerland). He is a graduate of Moi University (Kenya) with a Bachelor of Science in Chemistry.</p> <p>Mr. Chesire worked at the International Organization for Standardization (ISO) in Geneva (Switzerland) and prior to that at the Kenya Bureau of Standards (KEBS). He is a Chartered Quality Professional (U.K.) and a member of the Institute of Directors of Kenya (IoDK).</p>   |
| 11. |  <p><b>Ms. Joyce Gichuru</b><br/> MAIR, B.Sc. (Agriculture)</p>                                     | <p><b><i>Ag. Chief Executive Officer, Ex Officio Director (born 1974)</i></b><br/> <b><i>13th February to 12th May 2024.</i></b></p> <p>Joyce has over fifteen (15) years' experience in the public sector and holds a Master of Arts in International Relations, a Bachelor of Science degree in Agricultural Education and Extension, Diploma in Human Resource Management, Senior Management Course and Strategy Leadership Development Course.</p> <p>She has served as research specialist at KIPPRA and deputy director commercial enterprises and marketing at National Youth Service (NYS).</p> |
| 12. |  <p><b>Dr. Walter Juma Ongeti</b><br/> Chief Executive Officer<br/> Ph.D., MBA, B.Ed, CS, FKIM</p> | <p><b><i>Chief Executive Officer, Ex Officio Director (born 1981)</i></b><br/> <b><i>Appointed on 13th May 2024</i></b></p> <p>Dr. Walter Ongeti is a distinguished Strategy and Governance specialist with over fifteen years of experience in senior leadership roles across various organizations. His extensive background in strategic</p>   |

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| No  | Directors  | Details   |
|-----|--|---|
|     |  | <p>management and corporate governance has made him a sought-after consultant and practitioner.</p> <p>He holds a Ph.D. in Business Administration, Strategic Management and Corporate Governance, an MBA in Strategic and Change Management and a Bachelor's Degree in Education (Economics and Business Studies) from the University of Nairobi. He is a Certified Secretary, Governance Auditor and Certified Strategic Leadership expert.</p> <p>Dr. Ongeti has served as an advisor to Government on Strategy, Governance and Research, Senior Lecturer in various universities and a member of the Tax Appeals Tribunal in the Judiciary.</p> |
| 13. |  <p><b>Francis Olalo</b><br/> Ag. Corporation Secretary<br/> LLB, CPS</p> | <p><b><i>Ag Corporation Secretary</i></b><br/> <b><i>Appointed on 11<sup>th</sup> July 2021</i></b></p> <p>Mr. Francis Olalo is an Advocate of the High Court of Kenya, admitted to the Roll of Advocates in 2001. He has practiced law for over 20 years and holds a wealth of expertise in various legal domains. Mr. Olalo serves as a certified public secretary with over 15 years in Company Secretarial Practice. He is a member of the Institute of Certified Secretaries.</p>  |

**4 Key Management Team**



**Dr. Walter Juma Ongeti**  
Chief Executive Officer  
Ph.D., MBA, B.Ed, CS, FKIM  
*Appointed on 13th May 2024*



**Martin Kimutai Chesire**  
Chief Executive Officer  
EMBA, MSc. BSc., CQP(UK), MIoD(K)  
*From 19<sup>th</sup> March to 18<sup>th</sup> March 2024*



**Joyce Wangui Gichuru**  
Ag. Chief Executive Officer (13/02/2024 –  
12/05/2024) and Manager, Scheme  
Development, Training and Advocacy  
MAIR, B.Sc. (Agriculture)



**Susanah Munyiri-Ochieng**  
Chief Manager, Certification, Inspection  
and Verification  
MBA, BSc., Dip. QI, MIoD(K)



**John Mburu Kamau**  
Chief Manager, Corporate Services  
MBA, BCom., CPA(K), CPS(K)

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**Lucy Nancy Muthoni Namu**  
Chief Manager, Laboratories  
MSc, BSc. PGDSc. PGDA



**Henry Maxwell Wandabwa**  
Manager, Finance and Accounts  
MBA, BCom., CPA(K)



**Flormina Musee Ngina**  
Manager, Supply Chain Management  
MBA, BBA, MCIPS (UK), MKISM



**Elijah Kiptoo Kandie**  
Manager, Internal Audit  
BBM, CPA(K), MIIA(K)



**Walter Manyibe Nyamwaya**  
Principal Legal Services Officer  
LLB, PGDI, CS



**Francis Olalo**  
Ag. Corporation Secretary  
LLB, CPS

## **5 Chairman's Statement**

On behalf of the Board of Directors of Kenya Accreditation Service (KENAS), I present the 14th Annual Report and Financial Statements for the Financial Year 2023/2024.

KENAS plays a key role in the national, regional and international arena working with partners to strengthen the quality infrastructure through accreditation. In the period under review, KENAS participated in regional and international engagements organized and hosted by ILAC, IAF, AFRAC, EAAB, ISO, ARSO and WTO. KENAS hosted the 14th Annual AFRAC General Assembly and members of the Parliamentary Committee on Trade with the aim of strengthening accreditation to facilitate trade and reposition itself in influencing the accreditation agenda on the continent

The Kenya Accreditation Service Act, 2019 mandates KENAS to participate in the formulation and monitoring of national, regional and international accreditation guidelines and standards to ensure that global trade facilitation. In this regard, the Service participated in the development of the draft Kenya National Quality Policy which shall govern implementation of standardization, metrology, accreditation, conformity assessment and market surveillance. The policy will be a contributor to reduction of the effect of technical barriers on trade while serving the needs of Government, businesses, and consumers.

The Service continued implementation of its mandate by providing accreditation and training in line with set standards. In the period under review, it accredited an additional forty – five (45) CABs, developed new schemes, trained assessors from different regions in the country and increased its training footprint.

The Board, in its continued efforts to attain financial sustainability, steered KENAS to an improved financial position. The Service received a disbursement under the project on Enhancement of Accreditation Program in Kenya that went a long way in facilitation of development and roll out of new accreditation schemes. The Board approved policies aimed at building stakeholder and customer confidence in KENAS products and services

To enhance institutional capacity, the Board recruited a new CEO and managed the transition successfully. It also approved a recruitment plan for additional staff, monitored the implementation of the FY 2023/2024 staff training plan and approved digitization of services through use of M365 and E-citizen platform.

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To mitigate the risk of misuse and false claims of accreditation and enhance protection of its intellectual property rights, the Board approved the registration of KENAS logo and symbols under KIPI, WIPO, ARIPO and relevant national frameworks.

Despite achievement of our performance targets, the Service was affected by the effects of global economic decline and socio-political changes. This impacted the effort to deepen accreditation in our economy and sustainability of accreditation by conformity assessment bodies.

The Board prioritized development of Strategic Plan 2024 – 2028 and in the financial year 2024/2025, implementation will focus on increased resource mobilization strategies, growth and expansion of KENAS products and services.

Finally, I would like to thank the KENAS Board members both in-post and exited, the Committee Chairs and Management for their dedication and commitment which led to KENAS' outstanding performance. I also wish to extend my gratitude to the Ministry of Investments, Trade and Industry, for close collaboration with the National Treasury and Economic Planning, our accredited clients and other key stakeholders for continuous partnership and collaboration.

  
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Priscilla Njiru  
Chairperson of the Board

Chairperson of the Board

Date: 25/09/2024

## **6 Report of the Chief Executive Officer**

I present the 14th Annual Report and Financial Statements for the Financial Year 2023/2024 of the Service. This report highlights our initiatives and achievements in line with the six (6) pillars of Strategic Plan 2020 – 2024, Performance Contract FY 2023/2024, Bottom-Up Economic Transformation Agenda, and National and International Development Frameworks.

In executing its mandate, KENAS successfully processed eighty (80) applications for new accreditation and extension of scope, conducted two hundred and seventy-one (271) assessments and accredited forty-five (45) new CABs. As part of its expansion efforts and its goal to enhance accreditation in the region, KENAS has accredited CABs from the following countries: Kenya (187), Tanzania (10), Rwanda (5), Uganda (10), Somalia (7), Ghana (4), Gambia (2), Sudan (1), Ethiopia (1), Nigeria (2), Burundi (1) and South Sudan (1).

The Service conducted forty-four (44) training programs targeting individuals and groups, covering normative standards' generic requirements and their application in conformity assessment. These training initiatives were undertaken to strengthen capacity within the Quality Infrastructure institutions based on ISO/IEC 17021-1; 17025; 17024; 17020; 17065; 17043 and ISO 15189:2022.

KENAS hosted the 14th AFRAC General Assembly, significantly enhancing its visibility. Additionally, KENAS maintained its signatory and recognition status with IAF, ILAC and AFRAC by active participation in international and regional forums, influencing accreditation policies and standards, and achieved a 100% participation score. Further, KENAS expanded its signatory status to include Proficiency Testing Providers to ISO/IEC 17043, Product Certification to ISO/IEC 17065, and Certification of Persons to ISO/IEC 17024 schemes and scopes.

Additionally, KENAS contributed to influencing quality infrastructure related policies by actively participating in fora such as EAAB, ISO/CASCO, and WTO. Moreover, KENAS implemented the EAAB work plan by mentoring the Uganda National Accreditation Service (UGANAS) and Rwanda National Accreditation Office (RNAO), providing training for assessors and staff to enhance accreditation capabilities geared towards facilitating trade within the East African Community (EAC). KENAS participated in the development of EAC Standardization Conformity Assessment and Accreditation Bill (2023) which will harmonize standards, measurement systems, accreditation and conformity assessment regimes to reduce

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Non-Tariff Barriers (NTBs) related to standards and increase trade across and beyond the borders of EAC.

In the financial year 2023/2024, KENAS achieved significant revenue growth, with Appropriations-In-Aid increasing by 40%, from Kshs. 117.1 million in the previous fiscal year to Kshs. 165.1 million. This signified a 34% rise in overall revenue growth from Kshs. 367.3 to Kshs. 491.3 million. Additionally, KENAS implemented the Enhancement of Accreditation Programme in Kenya (EAP-K) project, achieving 23% completion rate in line with the allocated funds. This project has been instrumental in enhancing our accreditation processes and infrastructure, laying a robust foundation for future advancements.

Additionally, KENAS implemented the approved Human Resource Instruments of 2019 and FY2023/2024 recruitment plan, resulting in the onBoarding of fifteen (15) and promotion of four (4) staff. KENAS' smooth transition in CEO leadership ensured stability and continuity, reinforcing our strategic direction and operational effectiveness. This achievement aligned with the objective under pillar six of its strategic plan, focused on enhancing institutional capacity and governance. Further, KENAS enhanced capacity of Senior and Middle Management by training ten (10) staff on Strategic Leadership and Development Program at the Kenya School of Government.

In our rebranding efforts, KENAS mitigated the risk of misuse and claims of accreditation by enhancing the protection of our intellectual property, both nationally and globally, through the registration of our accreditation symbols and logo with KIPI. Further, KENAS successfully completed an office renovation project, expanding facilities to support our mandate and accommodate newly recruited staff and additional space for accreditation and training activities. Additionally, KENAS achieved successful registration as a data controller, demonstrating adherence to regulatory standards and dedication to protecting data integrity, as part of enhancing operational transparency and accountability.

Further, KENAS was honored with several prestigious awards, including the 2023 HR Excellent State Corporation of the Year by Institute of Human Resource Management (IHRM), 2023 Employer of the year by Federation of Kenya employers (FKE), 2023 Champion of Governance (Institute of Certified Public Secretaries (ICS) and accolades for inclusiveness, diversity, and compliance. This underscores our commitment to excellence and solidifies our position as a model institution in the public sector.

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In financial year 2024/2025, KENAS will focus on sustained stakeholder engagement, promotion of accreditation services, broadening of training products, research and financial sustainability through robust resource mobilization while applying best HR, practices and reengineering of its business processes as well as enhanced deployment of technology.

Finally, I convey my sincere gratitude to the Cabinet Secretary and entire team at the Ministry of Investments, Trade & Industry for the unwavering support and guidance, the KENAS Board of Directors for its strategic leadership & counsel and the KENAS staff for their dedication and commitment. I also appreciate our clients and stakeholders who have supported and provided immense feedback and ideas to the accreditation system. I look forward to achieving more milestones and working towards the attainment of the KENAS vision.



Dr. Walter Juma Ongeti

Chief Executive Officer

Date: 25/09/24

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**7 Statement of Performance against Predetermined Objectives for FY 2023/2024**

KENAS had six (6) strategic pillars and objectives within the current Strategic Plan for the FY 2020/2021 to FY 2023/2024. These strategic pillars are as follows:

Pillar 1: Accreditation and Assessments.

Pillar 2: Knowledge Transfer and Advisory.

Pillar 3: Marketing Communication and Advocacy.

Pillar 4: Financial Sustainability.

Pillar 5: Internal Business Processes: and

Pillar 6: Institutional Capacity and Governance.

KENAS developed its annual work plan based on the six (6) strategic pillars listed above. Assessment of the Board's performance against its annual work plan was done on a quarterly basis. KENAS achieved its performance targets set for the FY 2023/2024 period for its six (6) strategic pillars, as indicated in the table 3.

**Table 3: Performance against predetermined objectives**

| <b>Strategic Pillar</b>                   | <b>Objective</b>   | <b>Key Performance Indicators</b>                | <b>Activities</b>  | <b>Achievements</b>   |
|---|--|--|--|---|
| Pillar 1: Accreditation and Assessments   | Deliver value added assessments and accreditation services | Number of new CABs accredited                    | Accredit forty (40) new CABs   | KENAS accredited forty-five (45) new CABs.  |
|   |  | Number of CABs assessed                          | Assess 290 CABs  | KENAS assessed two hundred and seventy-one (271) CABs. The variance was attributed largely to delay in payments and rescheduling requests by clients. |
|   |  | New and extension of scope applications reviewed | Review 75 applications for both new applicants and extension of scopes | KENAS processed eighty (80) applications from new applicants and extension of scopes.   |
| Pillar 2: Knowledge Transfer and Advisory | Strengthen accreditation assessment                        | Training programmes delivered                    | Deliver fifty (50) training programmes                                 | KENAS delivered forty-nine (49) training programs. The average number of registered   |

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| Strategic Pillar                                | Objective  | Key Performance Indicators                  | Activities  | Achievements  |
|---|--|---|---|---|
|   | resource capabilities  |   |   | participants per training program was lower than anticipated, resulting in a negative variance.   |
| Pillar 3: Marketing, Communication and Advocacy | Enhance KENAS brand visibility                                 | Advocacy and Awareness programmes organized | Organize advocacy and awareness programmes                | KENAS hosted key events, participated in CSR activities and commemorated partner events.  |
| Pillar 4: Financial Sustainability              | To enhance the Service's financial ability to meet its mandate | Increased funds                             | Secure Kshs. 100 million for Project Funding              | KENAS was allocated Kshs. 100 million in the FY 2023/2024 development budget and implemented 23% of the project activities in line with the allocated funds |
|   |  |   | Raise Kshs 154 million as Appropriation in Aid            | KENAS raised a total of Kshs. 165.1 m.  |
| Pillar 5: Internal Business Processes           | Minimise turnaround time for services                          | Reduced turnaround time for key services    | Reduce the duration for accreditation to three (3) months | The Service improved its turn-around time for accreditation services from 5 months to 3 months 3 weeks  |
| Pillar 6: Institutional Capacity and Governance | Strengthen Institutional Capacity and Governance               | % implementation of recruitment plan        | Implement recruitment plan                                | Recruited sixteen (16) staff.   |
|   |  | % of Board Members trained                  | Train and build capacity of 100% Board Members            | 100% Board members trained on <i>Mwongozo</i> code of Governance and Audit and Risk Committee members on Governance Audit and Legal compliance.             |

## 8 Corporate governance statement

The KENAS Board is accountable to the Kenyan Government through the Ministry of Investments, Trade and Industry ensuring legal compliance, governance standards, and alignment with *Mwongozo* Code of Conduct and Kenya Accreditation Service Act, 2019 (7).

### Board composition

As summarised in Table 4, thirteen (13) persons served as Directors at different times, all of whom, except for the CEO and two alternates to the Principal Secretaries, are independent non-executive Directors.

**Table 4: Board Composition**

| No. | Name                 | Appointed or reappointed       | Role  | Details                               |
|-----|----------------------|--------------------------------|---|---------------------------------------|
| 1.  | Mr. ngeny BIWOTT     | 25 <sup>th</sup> April 2023    | Chairperson   | 1 <sup>st</sup> term                  |
| 2.  | Ms. Grace Otieno     | 15 <sup>th</sup> June 2023     | Member, Independent   | 1 <sup>st</sup> term                  |
| 3.  | Dr. Leah Chelagat    | 22 <sup>nd</sup> June 2023     | Member, Independent   | 1 <sup>st</sup> term                  |
| 4.  | Mr. Zedekiah Orioki  | 22 <sup>nd</sup> June 2023     | Member, Independent   | 1 <sup>st</sup> term                  |
| 5.  | Mr. Dickson Waiganjo | 22 <sup>nd</sup> June 2023     | Member, Independent   | 1 <sup>st</sup> term                  |
| 6.  | Ms. Ruth Wanyonyi    | 19 <sup>th</sup> January 2023  | Director, Alternate to PS State Department for Industry               | Continuous term                       |
| 7.  | Ms. Stella Osoro     | 17 <sup>th</sup> November 2015 | Director, Alternate to CS The National Treasury and Economic Planning | Replaced on 23 <sup>rd</sup> November |
|     | Mr. Festus Mwanzi    | 23 <sup>rd</sup> November 2023 | Director, Alternate to PS The National Treasury and Economic Planning | Continuous Term                       |
| 8.  | Mr. Allan Pkress     | 11 <sup>th</sup> January 2024  | Member, Independent   | 1 <sup>st</sup> term                  |
| 9.  | Mr. Martin Chesire   | 19 <sup>th</sup> March 2021    | Ex-officio member, Chief Executive Officer                            | Retired                               |
|     | Ms. Joyce Gichuru    | 13 <sup>th</sup> February 2024 | Ex-officio member, Ag. Chief Executive Officer                        | Replaced                              |
|     | Dr. Walter Ongeti    | 13 <sup>th</sup> May 2024      | Ex-officio member, Chief Executive Officer                            | 1 <sup>st</sup> term                  |

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**Board meeting attendance**

As required by the *Mwongozo* Code of Governance, the Board dedicated adequate time to discharge its duty in leading KENAS effectively by holding six (6) full Board meetings.

**Table 5: Board meeting attendance summary**

| Director's Name      | Meetings | Attended | % Attendance | Remarks                               |
|----------------------|----------|----------|--------------|---------------------------------------|
| Mr. ngeny BIWOTT     | 6        | 6        | 100%         | Attended all                          |
| Mr. Dickson Waiganjo | 6        | 6        | 100%         | Attended all                          |
| Mr. Zedekiah Orioki  | 6        | 6        | 100%         | Attended all                          |
| Dr. Leah Chelagat    | 6        | 5        | 75%          | Submitted apologies for one meeting   |
| Mr. Grace Otieno     | 6        | 6        | 100%         | Attended all                          |
| Ms. Ruth Wanyonyi    | 6        | 6        | 100%         | Attended all                          |
| Ms. Stella Osoro     | 3        | 3        | 100%         | Replaced on 23 <sup>rd</sup> November |
| Mr. Festus Mwanzi    | 4        | 4        | 75%          | Attended all                          |
| Mr. Allan Pkress     | 4        | 4        | 75%          | Attended all                          |

**Succession Planning**

Succession planning was guided by the Code of Governance for State Corporations, *Mwongozo*, and Section 7 of the Kenya Accreditation Service Act 2019. The Board succession planning has historically been handled by staggered appointment dates, which ensures there is no vacancy hindering the conduct of Board business.

**Board Charter and Committee Terms of Reference**

The Board ensured continued implementation of the Board Charter as approved in May 2022 and the Committee Terms of Reference as approved in April 2022.

**Appointment and removal of directors**

Board appointments were in line with Article 27 of the Constitution and the KENAS Act, 2019. During the period, one (1) member i.e. the alternate to the CS National Treasury was replaced and a new independent director appointed.

**Roles and responsibilities of directors**

The roles and responsibilities of the KENAS Board are as set under the Kenya Accreditation Service Act, 2019, Chapter 1, Paragraph 1.2 of the Code of Governance for State Corporations, *Mwongozo* and the Board Charter.

### **Board induction and training**

Board induction and training was conducted in line with *Mwongozo* and the Board induction, onboarding and training policy. All Board members were trained on *Mwongozo* and underwent Public Sector induction at KSG. The members of the Audit and Risk Committee of the Board members were trained on Legal Compliance and Governance by the Institute of Internal Auditors Kenya.

### **Board Performance**

The Board evaluation will be conducted in FY 2024/2025. Since the Board was newly appointed, they were ineligible for the FY 2022/2023 evaluation. SCAC confirmed their non-eligibility and instead provided training on the rationale for Board evaluations.

### **Conflict of interest**

Board members prevent conflicts of interest, uphold public trust, follow ethical statutes, and excuse themselves as per the Code of Conduct and Ethics. They approved and implemented the conflict-of-interest policy as well as declared and signed conflict of interest forms before transacting the business of the day.

### **Board remuneration**

The Board of Directors is remunerated as per Section 27 of the KENAS Act 2019, as Salaries and Remuneration Commission guidelines, relevant Government circulars on allowances of Board of directors and the KENAS Board remuneration policy

### **Board Ethics, Conduct, and Governance Audit**

The Board adhered to ethics, laws, rules, and regulations and conducted a legal and governance audit whose findings are to be implemented in FY 2024/2025 and 2025/2026.

### **Whistle blowing and communication policy**

The Board continued to monitor the implementation of the whistleblowing and communication policies approved in 2022.

### **Going Concern**

As of June 30, 2024, KENAS reported an operational surplus of Kshs. 971,090, with current assets of Kshs. 109,004,430 and liabilities of Kshs. 160,712,032. Management supports KENAS's ability to continue as a going concern through a new business model and a resource mobilization strategy to enhance revenue generation.

## **9 Management Discussion and Analysis**

### **a) Operational Performance**

#### **i. Accreditation and Training**

KENAS reviewed eighty (80) applications against a target of seventy-five (75) from new applicants and scope extension for existing clients, conducted two hundred and seventy-one (271) against a target of two hundred and ninety (290), accredited forty-five (45) new CABs against a target of forty (40) and delivered forty-nine (49) training courses against a target of fifty (50).

#### **ii. International and Regional Obligations**

KENAS hosted the 14th African Accreditation Cooperation (AFRAC) General Assembly, significantly enhancing its visibility. Additionally, KENAS demonstrated active participation in international and regional forums such as IAF, ILAC, AFRAC, EAAB, CASCO, ISO, and WTO, influencing accreditation policies and standards, and achieving a 100% participation score. KENAS also expanded its Mutual Recognition Arrangement (MRA) membership status to include Proficiency Testing Providers to ISO/IEC 17043, Product Certification to ISO/IEC 17065, and Certification of Persons to ISO/IEC 17024. As a result, all its accreditation schemes are now recognized by AFRAC. Moreover, KENAS implemented the EAAB work plan by mentoring the Uganda National Accreditation Service (UGANAS), providing training for assessors and UGANAS staff to enhance accreditation capabilities and improve trade within the East African Community (EAC) region

#### **iii. Institutional Capacity and Governance**

In line with the approved Human Resource Instruments of 2019, KENAS enhanced its operations and service delivery by recruiting fifteen (15) and promoting four (4) staff across various departments. Additionally, a successful CEO transition took place, with the Board conducting the recruitment and onBoarding of the new CEO. To further strengthen leadership within KENAS, managers underwent training in the Strategic Leadership Development Program at the Kenya School of Government.

#### **iv. Key projects implemented or ongoing**

Following the allocation and disbursement of Kshs. 100 million in the year under review, KENAS implemented the Enhancement of Accreditation Programme in Kenya project achieving a 23% completion rate in line with allocated funds. As a result, there has been notable increment in the number of accreditation schemes and scopes across sectors, technological

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modernization, and training resources, alongside increased brand visibility and operational efficiency.

**v. Compliance with Statutory requirements**

KENAS complied with the Kenyan Constitution, its Legal Instrument - the Kenya Accreditation Service Act 2019 and other legal frameworks.

**vi. Major risks facing KENAS**

- a) **Financial Risk.** KENAS faced and continued to monitor liquidity risk which was attributed to delays and/or non-payments of fees by clients resulting in not honouring obligations as and when they fell due. The current debtors' portfolio as at 30 June 2024 was Kshs. 60,486,202 out of which Kshs. 3,710,940 is non-performing. A provision of Kshs. 1,668,840 was made to cover the non-performing debtors.
- b) **Assessor pool.** The Service continues to train adequate assessors to ensure coverage of all the regions in Kenya and beyond, to make accreditation process effective.
- c) **Low uptake of accreditation:** The Service continues to engage the Government to ensure active participation in drafting of laws and regulation that may impact on accreditation.
- d) **Reputational Risk.** The Service continues to monitor the use of symbols, marks and logos, to prevent misuse and nonconforming ways of claiming accreditation status.

**b) Financial Performance**

The provided summary illustrates the performance trend for both revenue and expenditure over the period from the financial year 2021/2022 to 2023/2024, as presented in Table 6.

*Table 6: Financial performance FY 2021/2022 to 2023/2024*

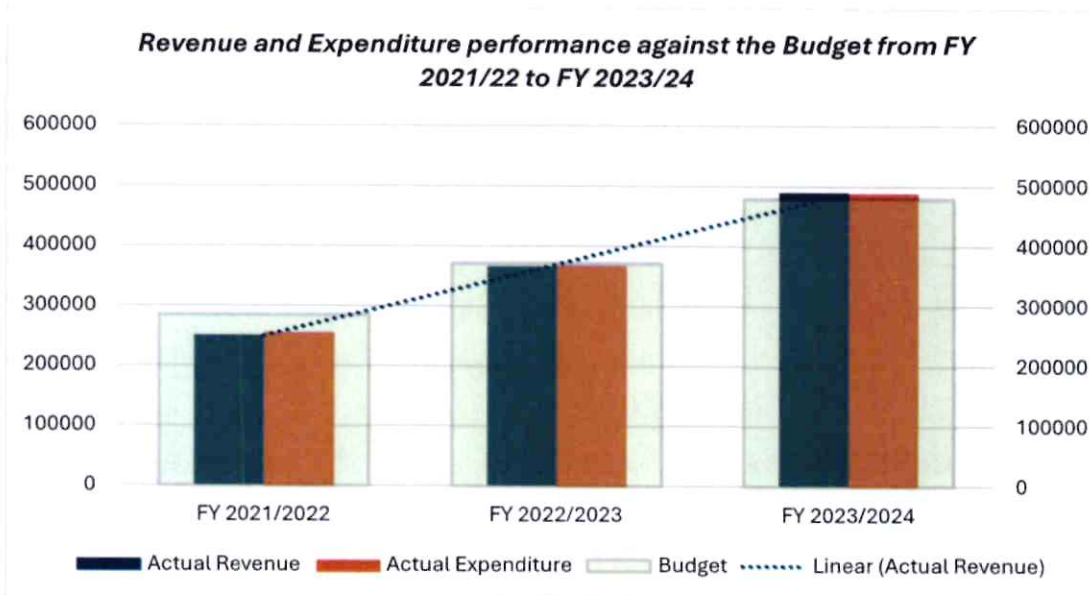
|                    | Budget FY 2021/22 | Actual FY 2021/22 | Budget FY 2022/23 | Actual FY 2022/23 | % change | Budget FY 2023/24 | Actual FY 2023/24 | % change |
|--------------------|-------------------|-------------------|-------------------|-------------------|----------|-------------------|-------------------|----------|
| <b>Revenue</b>     | 286,090,862       | 251,382,031       | 370,240,000       | 367,341,582       | 46%      | 480,200,000       | 491,271,931       | 34%      |
| <b>Expenditure</b> | 286,090,862       | 257,748,602       | 370,240,000       | 371,588,793       | 44%      | 480,200,000       | 491,434,302       | 32%      |

**i. Financial Performance FY 2021/2022 to FY 2023/2024**

KENAS revenue of KShs. 491,271,931 consists of GOK recurrent grants of KShs. 226,200,000, GoK development Grants of KShs. 100,000,000 and A-I-A of KShs. 165,071,931. Revenue grew by KShs. 115,959,551 (46%) from FY 2021/22 to FY 2022/23 and by KShs. 123,930,349 (34%) from FY 2022/23 to FY 2023/24. During the period under review, KENAS spent a total of Kshs. 491,434,302 against a total budget of Kshs. 480,200,000

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resulting to an absorption rate of 102%. This was occasioned by clients who were intended to directly incur expenditure related to accreditation expenses such as booking of flights, accommodation and ground transport but were unable to resulting to them sending the money to KENAS to implement as shown in Figure 1 below.



**Figure 1: Financial Performance FY 2021/21 – FY 2023/24**

**ii. Expenditure trend analysis from FY 2021/22 to FY 2023/24**

KENAS spent a total of Kshs. 491,434,302 out of which Kshs. 424,854,175 (86%) was recurrent and Kshs. 66,580,000 (14%) was development expenditure. The use of goods and services and employee costs expenses increased by 45% and 7% respectively due to the increased operations and recruitment of staff respectively. Additionally, the Board spent less by 13% on remuneration of Directors due to expiry of Accreditation Appeals Tribunal. Procurement of new assets led to increase in depreciation and Amortization by 36%. Repairs and maintenance expenditure decreased by 37% due to newly procured assets coupled with new offices which requires less maintenance costs. Development expenditure increased by 361% due to implementation of EAP-K project.

**Table 7: Expenditure trend analysis FY 2021/22 – FY 2023/24**

| Description/Fiscal Years      | 2021/2022   | 2022/23     | % change | 2023/24     | % change |
|-------------------------------|-------------|-------------|----------|-------------|----------|
| Use of Goods and Services     | 87,515,353  | 127,139,111 | 45       | 183,866,110 | 45       |
| Employee costs                | 135,566,918 | 192,437,387 | 42       | 206,658,234 | 7        |
| Remuneration of Directors     | 20,458,786  | 26,033,537  | 27       | 22,686,917  | 13       |
| Depreciation and Amortization | 6,602,897   | 6,009,066   | 9        | 8,142,426   | 36       |
| Repairs and Maintenance       | 5,058,777   | 5,513,055   | 9        | 3,500,488   | 37       |
| Development expenditure       | 2,545,871   | 14,456,637  | 468      | 66,580,126  | 361      |

## **10 Environmental and Sustainability Reporting**

KENAS aims to achieve its mandate through sustainable business practices anchored on its mission of being a symbol of trust, safety and quality assurance. This commitment guides the delivery of our services to ensure protection of ecosystems, mitigation of the impact of climate change, promotion of sustainable resource use and investing in sustainable technologies. Below is an outline of the KENAS policies and activities that promote environmental assurance and sustainability.

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

KENAS is committed to sustainability and recognizes the significance of fostering responsible practices to create a positive impact on the environment, society, and the economy. Our approach to sustainability centers on integrating sustainable practices throughout all aspects of our operations in the financial, social and environmental aspects. Some sustainability activities planned at the onset of the year under review, ranging from financial, social, and environmental.

#### **a) Financial**

In the year under review, KENAS continually engaged stakeholders with an aim to ensure financial sustainability. The strategies that KENAS has put in place in FY 2023/2024 have helped achieve a 34% growth in revenue. KENAS acquired two new vehicles to enhance service delivery and reduced dependency on contracted taxi services.

KENAS equipped and furnished its current office space to allow for expansion of its human resource element and ensure future growth of its accreditation and training services. KENAS implemented mandatory E-citizen payment in line with the Presidential directive which was issued via a circular issued to all Government of Kenya (GoK) Ministries, State Departments, and State Agencies (MDAs) by the Ministry of Information, Communications, and the Digital Economy (MICDE) in a bid to enhance revenue inflow and service provision.

#### **b) Social**

KENAS activities are aligned towards promotion of good health, well-being and mentorship opportunities. In its role, KENAS accredited 45 CABs that test, certify and inspect goods and/or products and services with an aim to promote good health and well-being. In the year under review KENAS also engaged various stakeholders including assessors and regulators during World Accreditation Day as part of business collaborations geared towards sustainability.

KENAS has a robust mentorship programme for engaging youths on industrial attachments and internship for purposes of equipping them with hands on skills.

**ii) *Environmental performance***

During the year under review, KENAS implemented various measures to raise awareness of climate change and sustainability while enhancing environmental performance in areas such as waste management, energy consumption, and local conservation programs, including the president's directive to achieve 15 billion trees by 2030. KENAS introduced initiatives like reusable water bottles for staff to reduce plastic waste, tree planting, print quotas with automatic duplex and grayscale printing, and energy-saving bulbs to minimize the organization's carbon footprint. Additionally, KENAS accredited Africa's first CAB to verify environmental information under the International Civil Aviation Organization (ICAO) and EASA (CORSA), supporting environmental sustainability and net-zero emissions.

**iii) *Employee welfare***

We acknowledge the paramount importance of our employees as the organization's asset. In the reporting year, KENAS implemented the recommendations of the training needs analysis by providing targeted training programs. Following a rigorous performance Appraisal process, KENAS promoted 4 staff who had shown exceptional performance in their work. Additionally, KENAS carried out recruitment to ease employee workload, especially within the previously understaffed departments. KENAS acquired two new vehicles to enhance service delivery, acquired advanced technology such Microsoft 365 to improve workflow efficiency.

Furthermore, strict compliance with the Occupational Safety and Health Act of 2007 was upheld. Remarkably, KENAS set up a variety of facilities such as prayer room, mother wellness room, and call booths to foster an inclusive work environment.

**iv) *Market place practices-***

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

KENAS upholds a commitment to impartiality in the Accreditation Process, ensuring that all CABs are treated fairly, and services are provided equitably to all clients. Furthermore, KENAS encourages healthy competition among CABs by refraining from interfering with their business operations. In its assessment activities, KENAS relies on internationally recognised standards which are premised on common parameters thus fostering fair global practice.

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

Procurement policies have been in place to ensure fair competition considering the economy, efficiency, transparency, and accountability according to legal and statutory requirements consistent with the Kenyan laws. KENAS adheres to the Public Procurement and Assets Disposal Act 2015 and the Public Procurement and Assets Disposal regulations 2020 to increase transparency in procurement procedures and ensure timely payment to suppliers. KENAS reserved 30% of the goods and services to AGPO and ensured that 40% was locally manufactured.

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

KENAS has worked to increase brand awareness and visibility through a rigorous rebranding process, including the external launch of a new logo, external branding, stakeholder engagements, and active and reactive information disclosure on its website and digital platforms. Through advocacy and awareness programs, KENAS has reinforced the social and ethical values of accreditation in critical economic sectors. As a result, more Kenyans are becoming aware of the role of KENAS and the importance of accreditation.

**d) *Product stewardship***

Product stewardship is a fundamental principle outlined in Article 46 of the Constitution of Kenya. It also emphasizes the right of consumers to safeguard their well-being, safety, and economic interests. In alignment with this constitutional provision, KENAS collaborates closely with regulatory bodies and government stakeholders to ensure the protection of consumer rights and interests. This involvement encompasses active participation in the development, monitoring, and execution of policies and standards to safeguard consumers effectively.

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

KENAS is committed to building sustainable community relations. As part of KENAS climate action, it undertook a Corporate Social Responsibility through planting over 17,650 indigenous tree seedlings within the financial year 2023/2024. The tree planting exercises were carried out at Embu Forest, Southwest Mau Forest block, Kaptagat forest and Sirisia Township Primary school in Bungoma. KENAS also participated in the annual Mater Heart Run.

## **11 Report of the Directors**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of KENAS affairs.

### **(i) Principal activities**

The principal activities of KENAS are to accredit organizations generally known as Conformity Assessment Bodies (CABs) that provide services in General Testing, Calibration, Medical Testing, Proficiency Testing, Veterinary Testing, Inspection and Certification in line with international Standards. The activities are stipulated under section 6 of the KENAS act, to accredit and exercise oversight over public and private organizations that carry out conformity assessment activities.

### **(ii) Results**

The results of the Entity for the year ended June 30, 2024, are set out on page 1 of these financial statements.

### **(iii) Directors**

The members of the Board of Directors who served during the year are shown on page (xxvi). During the year 2023/2024 the representative of the Principal Secretary for National Treasury was replaced and one (1) independent member appointed.


### **(iv) Surplus remission**

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. Treasury circular No. No. DGIPE/A/1/10 of 28<sup>th</sup> June 2024, recommended that state corporations should apply surplus towards settlement of pending bills. The Service therefore plans to utilize the surplus to offset pending bills.

### **(v) Auditors**

The Auditor-General is responsible for the statutory audit of the KENAS in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the financial year ended June 30, 2024, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

  
**Francis Aoko Olalo**

**Ag. Corporation Secretary/Secretary to the Board**

## **12 Statement of Directors Responsibilities**

Section 81 of the Public Finance Management Act, 2012 and Section 31 of the Kenya Accreditation Service Act 2019 (17 of 2019) require the Directors to prepare financial statements of KENAS, which give a true and fair view of the state of affairs of KENAS at the end of the financial year 2023/2024. The Directors are also required to ensure that KENAS keeps proper accounting records which disclose with reasonable accuracy the financial position of KENAS. The Directors are also responsible for safeguarding the assets of KENAS.

The Directors are responsible for the preparation and presentation of the KENAS financial statements, which give a true and fair view of the state of affairs of KENAS for and as at the end of the financial year ended on June 30, 2024. This responsibility includes:

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period.
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of KENAS.
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud.
- (iv) Safeguarding the assets of the KENAS.
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for KENAS financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Kenya Accreditation Service Act, 2019.

The Directors are of the opinion that KENAS financial statements give a true and fair view of the state of KENAS transactions during the financial year ended June 30, 2024, and of KENAS financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for KENAS, which have been relied upon in the preparation of the KENAS financial statements as well as the adequacy of the systems of internal financial control. Nothing has come to the attention of the Directors to indicate that KENAS will not remain a going concern for at least the next twelve months from the date of this statement.

*Kenya Accreditation Service (KENAS)*  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2024**

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**Approval of the financial statements**

KENAS financial statements were approved by the Board on 25/09/24 2024 and signed on its behalf by:

  
.....

**Ngonyi BIWOTT**  
**Chairperson of the Board**

  
.....

**Dr. Walter Ongeti**  
**Accounting Officer**

# REPUBLIC OF KENYA

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*Enhancing Accountability*

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

## **REPORT OF THE AUDITOR-GENERAL ON KENYA ACCREDITATION SERVICE FOR THE YEAR ENDED 30 JUNE, 2024**

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### PREAMBLE

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

- A. Report on 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 the 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 the 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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management, and Governance.

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities 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 Accreditation Service set out on pages 1 to 43, which comprise of the statement of financial position as at 30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual

*Report of the Auditor-General on Kenya Accreditation Service for the year ended 30 June, 2024*

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 Kenya Accreditation Service as at 30 June, 2024 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 Kenya Accreditation Service Act, 2019.

### **Basis for Opinion**

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

### **Emphasis of Matter**

#### **Uncertainty on Sustainability of Services**

The statement of financial position reflects current liabilities balance of Kshs.160,712,032 (2022-2023: Kshs.116,649,671) against current assets of Kshs.109,004,429 (2022-2023: Kshs.74,360,643) resulting to a negative working capital of Kshs.51,707,603 (2022-2023: Kshs.42,289,028).

Management has not assessed the ability of the Service to continue as a going concern and the financial statements have been prepared on a going concern basis on the assumption that the Service will continue to get financial support from the National Government and creditors.

My opinion is not modified in respect of this matter.

### **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.

## **Other Matter**

### **Unresolved Prior Year Issues**

In the audit report of the previous year, several issues were raised under the Report on the Financial Statements and Report on Lawfulness and Effectiveness in the Use of Public Resources, which were unresolved as at 30 June, 2024.

### **Other Information**

The Management is responsible for the other information set out on page v to xxxviii which comprise of Key Entity Information and Management, The Board of Directors, Key Management Team, Chairman's Statement, Report of the Chief Executive Officer, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors, Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Service's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way

### **Basis for Conclusion**

#### **1. Accounts Payable**

##### **1.1 Non-Remission of Surplus to the National Treasury**

The statement of financial position reflects trade and other payables of Kshs 75,694,397 as disclosed in Note 22 to the financial statements. Included in this amount is surplus for the financial year 2022/2023 of Kshs.12,043,012 which was not remitted to the National Treasury as required by law. The Management acted contrary to Regulation 219(2) of the Public Finance Management (National Government) Regulations, 2015 which requires

ninety per centum of the surplus funds reported in the audited financial statements be remitted into Consolidated Fund.

In the circumstances, the Management is in breach of the law.

### **1.2 Long-Outstanding Liabilities**

The statement of financial position reflects trade and other payables of Kshs.75,694,397 as disclosed in Note 22 to the financial statements. Included in the balance are payables of Kshs.1,365,643 which have been outstanding for more than one (1) year. No satisfactory explanation was provided for not clearing these outstanding liabilities.

In the circumstances, business operations, liquidity and livelihoods of the creditors and by extension their beneficiaries may be affected negatively due to failure by the Service to pay the amounts due to them.

### **2. Non-Compliance with One-Third of Basic Salary Rule**

The statement of financial performance reflects employee costs of Kshs.206,658,234 as disclosed in Note 10 to the financial statements. Review of the payroll revealed that seven (7) employees over-committed their salaries beyond two thirds (2/3) of their basic salaries. This is contrary to the Human Resource Policies and Procedures Manual for the Public Service, May 2016 Section C.1 (3) which stipulates that public officers shall not over-commit their salaries beyond two thirds (2/3) of their basic salaries and Heads of Human Resource Units should ensure compliance.

In the circumstances, the Management was in breach of laid down regulations on administration of the payroll.

### **3. Long-Outstanding Receivables from Exchange Transactions**

The statement of financial position reflects receivables from exchange transactions of Kshs.60,486,202 as disclosed in Note 17 to the financial statements. Included in the balance are receivables of Kshs.21,135,050 which have been outstanding for more than one (1) year. This is contrary to the Kenya Accreditation Service finance manual which provides for steps on how to follow up on debts which have remained outstanding for more than 30 days. Further, Note 9.7.1 of the manual requires the Service to send notices of suspension to the clients after the final reminder has been issued. It also requires the withdrawal of accreditation after 6 months of non - payments.

In the circumstances, the absence of active and intentional collection of the long-outstanding debts, including enforcement of the existing debt collection mechanisms, may lead to loss of revenue.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require 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 comply in all material respects, with the authorities that govern

them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

### **Conclusion**

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

### **Basis for Conclusion**

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

### **Responsibilities of the 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 controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention 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 comply 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 Service's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and

systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.

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

**Nairobi**

**30 December, 2024**

Kenya Accreditation Service (KENAS)  
**Annual Report and Financial Statements**  
for the year ended June 30, 2024.

**14 Statement of Financial Performance for the year ended 30 June 2024**

|   | Notes | 2023/2024          | 2022/2023          |
|---|-------|--------------------|--------------------|
|   |       | Kshs               | Kshs               |
| <b>Revenue from non-exchange transactions</b> |       |                    |                    |
| Transfers from other governments entities     | 6     | 259,619,874        | 250,239,998        |
|   |       | <b>259,619,874</b> | <b>250,239,998</b> |
| <b>Revenue from exchange transactions</b>     |       |                    |                    |
| Rendering of services                         | 7     | 163,418,980        | 116,502,733        |
| Other income                                  | 8     | 1,652,951          | 598,851            |
| <b>Total revenue</b>                          |       | <b>424,691,805</b> | <b>367,341,582</b> |
| <b>Expenses</b>                               |       |                    |                    |
| Use of goods and services                     | 9     | 183,866,110        | 127,139,111        |
| Employee costs                                | 10    | 206,658,234        | 192,437,387        |
| Board Expenses                                | 11    | 22,686,917         | 26,033,537         |
| Depreciation and amortization expense         | 12    | 8,142,426          | 6,009,066          |
| Repairs and maintenance                       | 13    | 3,500,488          | 5,513,055          |
| <b>Total expenses</b>                         |       | <b>424,854,175</b> | <b>357,132,156</b> |
| <b>Other gains/(losses)</b>                   |       |                    |                    |
| Gain/Loss on sale of assets                   | 14    | 28,930             | (539,806)          |
| Gain/Loss on foreign exchange transactions    | 15    | 1,104,531          | 3,711,503          |
| <b>Surplus/ (deficit) before tax</b>          |       | <b>971,090</b>     | <b>13,381,124</b>  |
| Taxation                                      |       | -                  | -                  |
| <b>Surplus/(deficit) for the period/year</b>  |       | <b>971,090</b>     | <b>13,381,124</b>  |
| Remission to National Treasury                | -     | -                  | -                  |
| <b>Net Surplus for the year</b>               |       | <b>971,090</b>     | <b>13,381,124</b>  |

The notes set out on pages 7 to 44 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:

  
.....

**Dr. Walter Ongeti**  
Accounting Officer

Date

  
.....

**Henry Wandabwa**  
Head of Finance  
ICPAK M/No:6859

Date

  
.....

**ngeny Biwott**  
Chairman of the Board

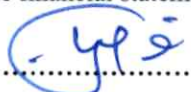
Date 25/09/2024

Kenya Accreditation Service (KENAS)  
Annual Report and Financial Statements  
for the year ended June 30, 2024.

15 Statement of Financial Position as at 30 June 2024

|  | Notes | 2023/2024          | 2022/2023          |
|--|-------|--------------------|--------------------|
|  |       | Kshs               | Kshs               |
| <b>Assets</b>                              |       |                    |                    |
| <b>Current Assets</b>                      |       |                    |                    |
| Cash and Cash equivalents                  | 16    | 21,986,636         | 4,818,005          |
| Receivables from Exchange Transactions     | 17    | 60,486,202         | 54,822,000         |
| Receivables from Non-Exchange Transactions | 18    | 26,155,736         | 14,380,848         |
| Inventories                                | 19    | 375,855            | 339,789            |
| <b>Total Current Assets</b>                |       | <b>109,004,429</b> | <b>74,360,643</b>  |
| <b>Non-Current Assets</b>                  |       |                    |                    |
| Property, Plant and Equipment              | 20    | 104,620,071        | 52,412,548         |
| Intangible Assets                          | 21    | 6,665,915          | 286,046            |
| <b>Total Non- Current Assets</b>           |       | <b>111,285,986</b> | <b>52,698,594</b>  |
| <b>Total Assets (A)</b>                    |       | <b>220,290,415</b> | <b>127,059,238</b> |
| <b>Liabilities</b>                         |       |                    |                    |
| <b>Current Liabilities</b>                 |       |                    |                    |
| Trade and Other Payables                   | 22    | 75,694,397         | 77,336,317         |
| Current Provision                          | 23    | 85,017,635         | 39,313,354         |
| <b>Total Current Liabilities</b>           |       | <b>160,712,032</b> | <b>116,649,671</b> |
| <b>Total Liabilities (B)</b>               |       | <b>160,712,032</b> | <b>116,649,671</b> |
| <b>Net Assets (A-B)</b>                    |       | <b>59,578,383</b>  | <b>10,409,567</b>  |
| <b>Represented by:</b>                     |       |                    |                    |
| Reserves                                   |       | 19,994,349         | 19,530,515         |
| Accumulated Surplus                        |       | (91,996,092)       | (74,120,948)       |
| Capital Fund                               |       | 131,580,126        | 65,000,000         |
| <b>Net Assets</b>                          |       | <b>59,578,383</b>  | <b>10,409,567</b>  |

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



**Dr. Walter Ongeti**  
Accounting Officer

Date

25/09/24

**Henry Wandabwa**  
Head of Finance

ICPAK M/No:6859

Date



**ngeny Biwott**  
Chairman of the Board

Date

25/09/2024

Kenya Accreditation Service (KENAS)  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2024.**

**16 Statement of Changes in Net Assets for the year ended 30 June 2024**

| Description   | Revaluation reserve | Retained earnings   | Capital/ Development Grants/Fund | Total              |
|---|---------------------|---------------------|----------------------------------|--------------------|
|   | Kshs                | Kshs                | Kshs                             | Kshs               |
| <b>As at July 1, 2022</b>                           | <b>19,530,515</b>   | <b>(86,848,602)</b> | <b>65,000,000</b>                | <b>(2,318,087)</b> |
| Adjustments for the year                            | -                   | (653,469)           | -                                | (653,469)          |
| Revaluation gain                                    |                     | -                   | -                                | -                  |
| Surplus/ deficit for the year                       | -                   | 13,381,124          | -                                | <b>13,381,124</b>  |
| <b>As at June 30, 2023</b>                          | <b>19,530,515</b>   | <b>(74,120,948)</b> | <b>65,000,000</b>                | <b>10,409,567</b>  |
| <b>As at July 1, 2023</b>                           | <b>19,530,515</b>   | <b>(74,120,948)</b> | <b>65,000,000</b>                | <b>10,409,567</b>  |
| Adjustments for the year **                         | -                   | (18,846,234)        | -                                | (18,846,234)       |
| Revaluation gain                                    | 463,833             | -                   | -                                | <b>463,833</b>     |
| Surplus/ (deficit) for the year                     | -                   | 971,090             | -                                | <b>971,090</b>     |
| Capital/development grants received during the year | -                   | -                   | 66,580,126                       | <b>66,580,126</b>  |
| <b>As at June 30, 2024</b>                          | <b>19,994,349</b>   | <b>(91,996,092)</b> | <b>131,580,126</b>               | <b>59,578,383</b>  |

*Note:*

*\*\*Adjustments for the year relates to reversals and write-off for invoices and provisions for 2022/2023 that did not materialize as payables.*

Kenya Accreditation Service (KENAS)  
Annual Report and Financial Statements  
for the year ended June 30, 2024.

17 Statement of Cash Flows for the year ended 30 June 2024

|   | Notes | 2023/2024           | 2022/2023           |
|---|-------|---------------------|---------------------|
|   |       | Kshs                | Kshs                |
| <b>Cash flows from operating activities</b>                   |       |                     |                     |
| <b>Receipts</b>   |       |                     |                     |
| Transfers from other governments entities                     |       | 259,619,874         | 250,239,998         |
| Rendering of services   |       | 198,532,175         | 130,304,951         |
| Other income  |       | 2,757,482           | 11,072,858          |
| <b>Total receipts</b>   |       | <b>460,909,531</b>  | <b>391,617,807</b>  |
| <b>Payments</b>   |       |                     |                     |
| Use of goods and services                                     |       | 129,898,068         | 98,674,374          |
| Employee costs  |       | 221,378,073         | 209,180,096         |
| Board Expenses  |       | 22,686,917          | 26,033,537          |
| Repairs and maintenance                                       |       | 3,500,488           | 5,513,055           |
| <b>Total payments</b>   |       | <b>377,463,546</b>  | <b>339,401,062</b>  |
| <b>Net cash flows from/ (used in) operating activities</b>    | 25    | <b>83,445,985</b>   | <b>52,216,745</b>   |
|   |       |                     |                     |
| <b>Cash flows from investing activities</b>                   |       |                     |                     |
| Purchase of PPE and Intangible assets                         |       | (66,306,285)        | (47,472,074)        |
| Proceeds from sale of PPE                                     |       | 28,930              | (539,806)           |
| <b>Net cash flows from/ (used in) investing activities</b>    |       | <b>(66,277,355)</b> | <b>(48,011,880)</b> |
|   |       |                     |                     |
| <b>Net increase/(decrease) in cash &amp; Cash equivalents</b> |       | <b>17,168,630</b>   | <b>4,204,865</b>    |
| Cash and cash equivalents as at 1 July                        | 16    | <b>4,818,006</b>    | <b>613,141</b>      |
| <b>Cash and cash equivalents as at 30 June</b>                | 16    | <b>21,986,636</b>   | <b>4,818,006</b>    |

**Note:** Refer to note 25 for indirect method of arriving at net cashflows (operating activities) of Kshs. 83,445,985.

18 Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2024

|  | Original budget    | Adjustments         | Final budget       | Actual on comparable basis | Performance difference | % of utilization |
|--|--------------------|---------------------|--------------------|----------------------------|------------------------|------------------|
|  | Kshs               | Kshs                | Kshs               | Kshs                       | Kshs                   |                  |
|  | a                  | b                   | C=(a+b)            | d                          | e=(c-d)                | f=d/c*100        |
| <b>Revenue</b>   |                    |                     |                    |                            |                        |                  |
| Transfers from Other Governments Entities- Recurrent   | 226,200,000        | -                   | 226,200,000        | 226,200,000                | -                      | 100%             |
| Transfers from Other Governments entities- Development | 100,000,000        | -                   | 100,000,000        | 100,000,000                | -                      | 100%             |
| Rendering of Services                                  | 118,390,000        | 34,000,000          | 152,390,000        | 163,418,980                | 11,028,980             | 107%             |
| Other Income   | 1,610,000          | 0                   | 1,610,000          | 1,652,951                  | 42,951                 | 103%             |
| <b>Total Income</b>                                    | <b>446,200,000</b> | <b>34,000,000</b>   | <b>480,200,000</b> | <b>491,271,931</b>         | <b>11,071,931</b>      | <b>102%</b>      |
| <b>Expenses</b>  |                    |                     |                    |                            |                        |                  |
| Use of Goods and Services                              | 111,281,281        | 66,142,223          | 177,423,504        | 192,008,536                | (14,585,032)           | 108%             |
| Employee costs   | 196,362,335        | 11,867,700          | 208,230,035        | 206,658,234                | 1,571,801              | 99%              |
| Remuneration of Directors                              | 18,899,990         | 1,850,010           | 20,750,000         | 22,686,917                 | (1,936,917)            | 109%             |
| Repairs and Maintenance                                | 3,500,000          | 1,769,782           | 5,269,782          | 3,500,488                  | 1,769,294              | 66%              |
| <b>Total Recurrent Expenditure</b>                     | <b>330,043,606</b> | <b>81,629,715</b>   | <b>411,673,321</b> | <b>424,854,175</b>         | <b>(13,180,854)</b>    | <b>103%</b>      |
| <b>Capital Expenditure</b>                             | <b>116,156,394</b> | <b>(47,629,715)</b> | <b>68,526,679</b>  | <b>66,580,126</b>          | <b>1,946,553</b>       | <b>97%</b>       |
| <b>Total Expenditure</b>                               | <b>446,200,000</b> | <b>34,000,000</b>   | <b>480,200,000</b> | <b>491,434,302</b>         | <b>(11,234,302)</b>    | <b>102%</b>      |

Note: Capital Expenditure of KShs. 66,580,126 includes EAP-K expenditure of KShs. 40,148,595 and institutional funds from GOK expenditure of Kshs. 26,431,531.

**Budget notes**

**A. Income:**

- i) **Rendering of Services:** The Service realized more income than budgeted for by Kshs. 11,028,980 hence achieving a 107% realization. This was occasioned by clients who were intended to directly incur expenditure related to accreditation expenses such as booking of flights, accommodation and ground transport but were unable to resulting to them sending the money to KENAS to implement.
- ii) **Other Income:** The Service realized a total of Kshs. 1,652,951 from donor funding for African Accreditation Cooperation (AFRAC) activities hence achieving a 103% realization this was due to funds received from AFRAC and insurance companies.

**B. Expenditure:**

- i) **Use of Goods:** The Service Realized a 108% utilization level due to expenditure on.
    - a) Accreditation expenses. The Service had planned to implement a full cost transfer to clients for assessment related costs (accommodation, air ticket and quarter per diem) in the year under review. However, this did not materialize as planned since some clients' policies were not aligned with KENAS directive hence sending money to KENAS to implement on their behalf resulting in over expenditure. The cost were invoiced to the client who reimbursed the Service as reimbursable income. This is within the 10% as per PFM Act 2012.
    - b) Depreciation: The Service underprovided for depreciation.
  - i) Remuneration of Directors: The Service received new Board members who required training and skills enhancement as per the *Mwongozo* Code of Governance also the board undertook CEO and staff recruitment in the year under review hence the 109% utilization.
  - ii) Repairs and Maintenance: The Service utilized 66% of its approved budget due to less maintenance costs due to relocation to new offices and less motor vehicle repairs resulting from the purchase of two new vehicles.
- C. Changes between original and final budget is due to revision in A in A from Kshs 120,000,000 to 154,000,000 as per the revised budget estimates.
- D. Statement of budget comparison is prepared on accrual basis same as the financial performance and are both prepared and hence no variance

**19 Notes to the Financial Statements**

**1. General Information**

Kenya Accreditation Service is established under and derives its authority and accountability from the Kenya Accreditation Service Act 2019 (Act No. 17 of 2019). KENAS is wholly owned by the Government of Kenya and is domiciled in Kenya. The principal activity of KENAS is to assess and accredit organizations (both public and private) that provide conformity of assessment services in line with set criteria based on international standards and industry guidelines across all sectors of the economy.

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

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Service accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Service. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the Kenya Accreditation Service Act 2019 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

**3. Adoption of New and Revised Standards**

**i. New and amended standards and interpretations in issue effective in the year ended 30 June 2024.**

There were no new and amended standards issued in the financial year.

**ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.**

| <b>Standard</b>  | <b>Effective date and impact:</b>  |
|--|--|
| IPSAS 43   | <p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an KENAS.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><b>KENAS did not early – adopt any new or amended standards in the financial year</b></p>   |
| IPSAS 44:<br>Non- Current<br>Assets Held for<br>Sale and<br>Discontinued<br>Operations | <p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><b>KENAS did not early – adopt any new or amended standards in the financial year</b></p>  |
| IPSAS 45-<br>Property Plant<br>and Equipment   | <p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> |

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| <b>Standard</b>                          | <b>Effective date and impact:</b>  |
|--|--|
|  | <b><i>KENAS did not early – adopt any new or amended standards in the financial year</i></b>   |
| IPSAS 46<br>Measurement                  | <p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ol> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><b><i>KENAS did not early – adopt any new or amended standards in the financial year</i></b></p> |
| IPSAS 47-<br>Revenue                     | <p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an KENAS shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><b><i>KENAS did not early – adopt any new or amended standards in the financial year</i></b></p>   |
| IPSAS 48-<br>Transfer<br>Expenses        | <p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><b><i>KENAS did not early – adopt any new or amended standards in the financial year</i></b></p>  |
| IPSAS 49-<br>Retirement<br>Benefit Plans | <p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><b><i>KENAS did not early – adopt any new or amended standards in the financial year</i></b></p>   |

**iii. Early adoption of standards**

KENAS did not early – adopt any new or amended standards in the financial year.

**Notes to the financial statements (continued)**

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

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

**Transfers from other government entities**

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

**ii) Revenue from exchange transactions**

**Rendering of services**

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

**Sale of goods**

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

**Interest income**

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

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**b) Budget information**

The original budget for the Current FY 2023/2024 was approved by the National Assembly on June 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by KENAS upon receiving the respective approvals in order to conclude the final budget. Accordingly, KENAS recorded additional appropriations of KES 34,000,000 on the 2023/2024 budget following the governing body's approval.

KENAS budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 18 of these financial statements.

**c) Taxes**

**Current income tax**

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

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable KENAS and the same taxation authority.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

***Sales tax***

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

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

**d) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are amortized over the lease period. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**e) Property, plant and equipment**

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

Depreciation is calculated using the straight-line method to write down the cost of each asset to its residual value over its estimated useful life using the following annual rates:

|                        |       |
|------------------------|-------|
| Furniture and Fittings | 12.5% |
| Motor Vehicles         | 25%   |
| Computers and Software | 33.3% |

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are considered in determining surplus for the year.

**f) Leases**

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to KENAS. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. KENAS also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that KENAS will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to KENAS. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

**g) Intangible assets**

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

**h) Research and development costs**

KENAS expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when KENAS can demonstrate:

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

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

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**i) Financial instruments**

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

**a) Financial assets**

**Classification of financial assets**

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

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**Subsequent measurement**

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

**Amortized cost**

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

**Fair value through net assets/ equity**

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

**Trade and other receivables**

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

**Fair value through surplus or deficit**

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

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**Impairment**

KENAS assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity.

**b) Financial liabilities**

**Classification**

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

**j) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

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

**k) Provisions**

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

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**l) Social Benefits**

Social benefits are cash transfers provided to.

- i. Specific individuals and / or households that meet the eligibility criteria
- ii. Mitigate the effects of social risks and
- iii. Address the need of society as a whole

KENAS recognizes a social benefit as an expense for the social benefit scheme at the same time that it recognizes a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that KENAS will incur in fulfilling the present obligations represented by the liability.

**m) Contingent liabilities**

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

**n) Contingent assets**

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

**o) Nature and purpose of reserves**

KENAS creates and maintains reserves in terms of specific requirements. Currently KENAS has no reserves maintained.

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

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

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**q) Employee benefits**

**Retirement benefit plans**

KENAS provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which KENAS pays fixed contributions into a separate KENAS staff pension scheme and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. The contributions to the scheme are on 1 to 2 ratio for staff to employer basis.

**Gratuity obligations**

KENAS pays service gratuity to staff on contract under their terms of employment. Employee entitlements to gratuity are recognized when they accrue to employees. A provision for gratuity payable is made in the statement of financial position. Gratuity is not subject to actuarial valuation. Total gratuity as at 30th June 2024 was Kshs. 41,006,378.

**r) Foreign currency transactions**

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

**s) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**t) Related parties**

KENAS 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 KENAS, or vice versa. Members of key management are regarded as related parties and comprise the Directors, the Chief Executive Officer and senior managers.

**u) Service concession arrangements**

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

**v) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

**w) Comparative figures**

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

**x) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2024.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

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

The preparation of KENAS's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. State all judgements, estimates and assumptions made:

**Estimates and assumptions.**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. KENAS 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 KENAS. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

**Useful lives and residual value**

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

- a) The condition of the asset based on the assessment of experts employed by KENAS.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material. The following were the provisions applicable during the financial year: Provision for bad debts; depreciation; Audit Fees; General Supplies and General Supplies-EAP-K.

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**Notes to the Financial Statements (Continued)**

**6. Transfers from Other Government entities**

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

| Name of Entity Sending the Grant         | Amount recognized to Statement of Financial performance, *<br>KShs | Amount deferred under deferred income, KShs | Amount recognized in capital fund. | Total transfers FY 2023/2024 | FY 2022/2023       |
|--|--|---|------------------------------------|------------------------------|--------------------|
|  |  |   | KShs                               | KShs                         | KShs               |
| State Dept. for Industry – Gok Recurrent | 199,768,469  | -   | 26,431,531                         | 226,200,000                  | 250,239,998        |
| State Dept. for Industrialization-EAP-K  | 59,851,405   | -   | 40,148,595                         | 100,000,000                  | -                  |
| <b>Total</b>                             | <b>259,619,874</b>   | <b>-</b>                                    | <b>66,580,126</b>                  | <b>326,200,000</b>           | <b>250,239,998</b> |

Transfers from Other Government entities of Kshs. 259,619,874 includes GOK recurrent Grants of Kshs. 199,768,469 and GoK Development funds Kshs. 59,851,405 that is recurrent in nature. The total GoK recurrent grants received was Kshs.226,200,000 out of which Kshs.26,431,531 is capital in nature and has been transferred to capital expenditure in section 16(statement of changes in net assets).

**7. Rendering of Services**

| Description   | 2023/2024          | 2022/2023          |
|---|--------------------|--------------------|
|   | KShs               | KShs               |
| Accreditation Income                                | 128,526,634        | 92,325,467         |
| Training Income                                     | 25,481,897         | 12,649,036         |
| Reimbursable Income                                 | 9,410,449          | 11,528,230         |
| <b>Total Revenue from the Rendering of Services</b> | <b>163,418,980</b> | <b>116,502,733</b> |

**Accreditation income** includes the annual fees (KShs 53,834,557), application fee (KShs 2,180,483), extension of scope (KShs. 3,510,319), document review (KShs. 5,267,389) and assessment fees (KShs. 63,733.886) for assessments done physically, virtually or combined physical and virtual assessment. The increase was attributed to accreditation of more new CABs.

**Reimbursable Income** refers to reimbursements by CABs for unforeseen costs incurred by the Service during assessment and training activities. Due to the implementation of Travel and Accommodation Policy which requires clients to cater for such expenses this budget line shall continually reduce.

**Training Income** relates to income realized from training services offered such as ISO/IEC 17020, 17021, 17025, ISO 15189 Internal audit, implementation training and Laboratory Risk management among others.

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**Notes to the Financial Statements (Continued)**

**8. Other Income**

| Description                 | 2023/2024        | 2022/2023      |
|-----------------------------|------------------|----------------|
|                             | KShs             | KShs           |
| Donations (PTB sponsorship) | 1,424,500        | -              |
| Insurance recoveries        | 72,570           | 493,238        |
| Disposal of Assets          | -                | 15,512         |
| Interest Income             | 155,881          | 90,101         |
| <b>Total Other income</b>   | <b>1,652,951</b> | <b>598,851</b> |

**Other Incomes** were incomes realized from donations by PTB sponsorship for hosting the 14<sup>th</sup> AFRAC General Assembly, interest from funds held on call and insurance claims received.

**9. Use of Goods and Services**

| Description                            | 2023/2024          | 2022/2023          |
|--|--------------------|--------------------|
|  | KShs               | KShs               |
| Electricity                            | 1,380,517          | 1,218,079          |
| Water                                  | 520,667            | 290,479            |
| Security                               | 2,764,022          | 4,213,809          |
| Professional Services                  | 9,480,294          | 10,582,047         |
| Subscriptions                          | 2,513,654          | 1,048,587          |
| Advertising                            | 1,436,743          | 1,709,500          |
| Audit Fees                             | 350,000            | 350,000            |
| Conferences and Delegations            | 12,297,071         | 6,747,262          |
| Consumables                            | 8,203,174          | 7,518,466          |
| Fuel and Oil                           | 3,662,080          | 3,718,346          |
| Insurance                              | 3,115,131          | 2,731,190          |
| Legal Expenses                         | 3,396,364          | 2,019,707          |
| Postage                                | 1,450,771          | 1,478,428          |
| Printing and Stationery                | 3,700,011          | 2,025,743          |
| Hire Charges                           | 1,128,813          | 1,110,216          |
| Rent expenses                          | 22,136,400         | 24,131,056         |
| Telecommunication                      | 1,630,366          | 1,823,950          |
| Training                               | 4,556,500          | 5,408,728          |
| Accreditation Expenses                 | 94,852,709         | 38,006,796         |
| Bank Charges                           | 769,887            | 563,443            |
| Other General Expenses                 | 4,520,936          | 10,443,279         |
| <b>Total Use of goods and Services</b> | <b>183,866,110</b> | <b>127,139,111</b> |

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**Notes to the Financial Statements (Continued)**

**Security expenditure** decreased due to a reduction in the number of security personnel for our offices because of completion of office partitioning works.

**Subscriptions expenditure** increased due to four senior members of staff joining members club.

**Conferences and Delegations** increased due to the following activities undertaken during the financial year under review: Office partitioning planning workshop, Records management policies and procedures workshop and Strategic plan review workshop.

**Legal expenses** increased due to the legal Governance audit undertaken during the year.

**Printing and Stationery Expenses** increased due to more training programmes and an increased number of staff.

**Rent Expenses** reduced due to relocation occasioning associated relocation costs.

**Training expenses** reduced due to less staff trained during the year because of austerity measures.

**Accreditation expenses** included assessment expenses, scheme development, training and advocacy, participation in accreditation policy forums and enhancement of accreditation. The increase due to implementation of enhancement of accreditation programmes in Kenya.

**Other general expenses** include committee technical working group expenses for the development of new schemes, peer evaluation, events meetings and exhibitions, provision for bad debts and peer evaluation expenses.

**10. Employee Costs**

| Description  | 2023/2024          | 2022/2023          |
|--|--------------------|--------------------|
|  | KShs               | KShs               |
| Salaries and wages                                     | 90,116,604         | 87,457,984         |
| Employer contribution to health insurance schemes      | 19,712,514         | 15,271,434         |
| Employer contribution to pension schemes               | 9,902,272          | 5,500,274          |
| Travel, accommodation, subsistence, & other allowances | 11,971,415         | 21,713,176         |
| Housing benefits and allowances                        | 59,227,136         | 49,776,865         |
| Overtime payments                                      | 451,056            | 140,308            |
| Social contributions                                   | 99,650             | 432,331            |
| Gratuity   | 13,305,517         | 12,145,015         |
| Housing Levy   | 1,872,071          | -                  |
| <b>Employee costs</b>                                  | <b>206,658,234</b> | <b>192,437,387</b> |

Increase in salaries and wages, medical insurance, pension, housing benefits and allowances and gratuity was due recruitment of 15 additional staff during the financial year. Additionally, travel, accommodation, subsistence, and other allowances decreased due to less activities as a result of austerity measures. Gratuity of Kshs 13,305,517 relates to provision for FY 2023/2024.

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**Notes to the Financial Statements (Continued)**

**11. Board Expenses**

| Description                                     | 2023/2024         | 2022/2023         |
|---|-------------------|-------------------|
|   | KShs              | KShs              |
| Chairman/Directors' Honoraria                   | 970,800           | 960,000           |
| Sitting Allowances                              | 9,811,538         | 7,151,595         |
| Medical Insurance                               | 469,973           | 709,079           |
| Induction and Training                          | 1,915,500         | 3,313,158         |
| Travel and Accommodation                        | 8,577,301         | 6,981,602         |
| Other Allowances                                | 941,805           | 1,060,643         |
| <b>Total Board Expenses</b>                     | <b>22,686,917</b> | <b>20,176,078</b> |
| Tribunal Expenses                               | -                 | 5,857,460         |
| <b>Total Remuneration of Board of Directors</b> | <b>22,686,917</b> | <b>26,033,537</b> |

The change in Board was due to expiry of the term of Accreditation Tribunal members.

**12. Depreciation and Amortization Expense**

| Description                                | 2023/2024        | 2022/2023        |
|--|------------------|------------------|
|  | KShs             | KShs             |
| Property, plant and equipment              | 7,432,317        | 5,277,931        |
| Intangible assets                          | 710,109          | 731,134          |
| <b>Total depreciation and amortization</b> | <b>8,142,426</b> | <b>6,009,066</b> |

The increase is due to the purchase of motor vehicle, furniture and equipment, computer hardware and software during the year.

**13. Repairs and Maintenance**

| Description                          | 2023/2024        | 2022/2023        |
|--------------------------------------|------------------|------------------|
|                                      | KShs             | KShs             |
| Property and equipment               | 1,880,561        | 3,506,865        |
| Equipment and Machinery              | 14,000           | 29,231           |
| Vehicles                             | 1,244,605        | 1,700,922        |
| Furniture and Fittings               | 45,460           | 38,330           |
| Computers and Accessories            | 315,862          | 237,707          |
| <b>Total Repairs and Maintenance</b> | <b>3,500,488</b> | <b>5,513,055</b> |

The expenses were due to less maintenance costs arising from relocation to new offices hence requiring less maintenance costs and less motor vehicle repairs resulting from purchase of two new vehicles.

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**Notes to the Financial Statements (Continued)**

**14. Gain on Sale of Assets**

| Description                         | 2024          | 2023             |
|-------------------------------------|---------------|------------------|
|                                     | KShs          | KShs             |
| Property, plant and equipment       | 28,930        | (539,806)        |
| <b>Total gain on sale of assets</b> | <b>28,930</b> | <b>(539,806)</b> |

The increase in gain is due to disposal of furniture and equipment, computer hardware and portioning works.

**15. Gain/Loss on foreign exchange transactions**

| Description                           | 2024             | 2023             |
|---------------------------------------|------------------|------------------|
|                                       | KShs             | KShs             |
| Gain on foreign exchange transactions | 1,104,531        | 3,711,503        |
| <b>Total Gain/Loss</b>                | <b>1,104,531</b> | <b>3,711,503</b> |

The decrease in foreign exchange is due to the revision of the Service exchange rate to cater for fluctuations in the international market.

**16. Cash and Cash Equivalents**

| Description                            | 2024              | 2023             |
|--|-------------------|------------------|
|  | KShs              | KShs             |
| KCB Bank LTD (Kshs)                    | 593,138           | 337,031          |
| KCB Bank LTD (USD)                     | 3,587,753         | 6,619            |
| KCB Bank LTD (gratuity)                | 17,634,337        | 4,474,355        |
| KCB Bank LTD Credit Card (Kshs)        | 171,408           | -                |
| <b>Total Cash and Cash Equivalents</b> | <b>21,986,636</b> | <b>4,818,005</b> |

The increase in cash and cash equivalents is due to deposits into the gratuity account, USD account and credit card.

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**Notes to the Financial Statements (Continued)**

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

| Financial Institution           | Account number   | 2024/2024         |                  |
|---------------------------------|------------------|-------------------|------------------|
|                                 |                  | KShs              | KShs             |
| <b>a) Current Account</b>       |                  |                   |                  |
| KCB Bank LTD (Kshs)             | 1123414459       | 593,138           | 337,031          |
| KCB Bank LTD (USD)              | 1125916923       | 3,587,753         | 6,619            |
| KCB Bank LTD (gratuity)         | 1311797475       | 17,634,337        | 4,474,355        |
| KCB Bank LTD Credit Card (Kshs) | 5566302000004044 | 171,408           | -                |
| <b>Grand Total</b>              |                  | <b>21,986,636</b> | <b>4,818,005</b> |

**17. Receivables from Exchange Transactions**

**(a) Receivables from Exchange Transactions (Current)**

| Description                      | 2023/2024         |                   |
|----------------------------------|-------------------|-------------------|
|                                  | KShs              | KShs              |
| <b>Receivables</b>               |                   |                   |
| Other Exchange Debtors           | 60,486,202        | 54,822,000        |
| <b>Total Current Receivables</b> | <b>60,486,202</b> | <b>54,822,000</b> |

Current Receivables are receivables from rendering of services (Accreditation and training services) on credit.

**(b) Ageing analysis for Receivables from exchange transactions**

| Description        | 2023/2024         |                |                   |                |
|--------------------|-------------------|----------------|-------------------|----------------|
|                    | Current FY        | % of the total | Comparative FY    | % of the total |
| Less than 1 year   | 39,351,154        | 65             | 43,276,375        | 79             |
| Between 1- 2 years | 7,991,608         | 13             | 1,364,099         | 2              |
| Between 2-3 years  | 0                 | -              | 8,180,641         | 15             |
| Over 3 years       | 13,143,440        | 22             | 2,000,886         | 4              |
| <b>Total (a+b)</b> | <b>60,486,202</b> | <b>100</b>     | <b>54,822,000</b> | <b>100</b>     |

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**Notes to the Financial Statements (Continued)**

**18. Receivables from Non-Exchange Transactions**

| Description  | 2023/2024         |                       | 2022/2023             |                       |
|--|-------------------|-----------------------|-----------------------|-----------------------|
|  | KShs              |                       | KShs                  |                       |
| Sundry Debtors   | 0                 |                       | 1,835,749             |                       |
| Staff Debtors  | 280,713           |                       | 1,009,762             |                       |
| Guarantee Deposits   | 307,812           |                       | 1,490,270             |                       |
| Salary Advances  | 703,915           |                       | 923,745               |                       |
| Prepayments  | 9,405,918         |                       | 179,878               |                       |
| VAT  | 15,457,379        |                       | 8,941,445             |                       |
| <b>Total receivables from non- exchange transactions</b>           | <b>26,155,737</b> |                       | <b>14,380,848</b>     |                       |
| <b>Ageing Analysis- Receivables from non-exchange transactions</b> | <b>Current FY</b> | <b>% of the total</b> | <b>Comparative FY</b> | <b>% of the total</b> |
| Less than 1 year   | 26,155,737        | 100                   | 14,380,848            | 100                   |
| Between 1-2 years  | -                 | -                     | -                     | -                     |
| Over 3 years   | -                 | -                     | -                     | -                     |
| <b>Total</b>   | <b>26,155,737</b> | <b>100</b>            | <b>14,380,848</b>     | <b>100</b>            |

| Description                           | 2023/2024    |  | 2022/2023    |  |
|---------------------------------------|--------------|--|--------------|--|
|                                       | KShs         |  | KShs         |  |
| At the beginning of the year          | 14,380,848   |  | 39,524,385   |  |
| Additional provisions during the year | 25,939,127   |  | 14,380,848   |  |
| Recovered during the year             | (14,164,239) |  | (39,524,385) |  |
| Written off during the year           | -            |  | -            |  |
| At the end of the year                | 26,155,737   |  | 14,380,848   |  |

**19. Inventories**

| Description  | 2023/2024      |  | 2022/2023      |  |
|--|----------------|--|----------------|--|
|  | KShs           |  | KShs           |  |
| Consumable stores  | 375,855        |  | 339,789        |  |
| <b>Total inventories at the lower of cost and net realizable value</b> | <b>375,855</b> |  | <b>339,789</b> |  |

These are stock items (stationery and other consumables) available as at June 30 2024.

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**Notes to the Financial Statements (Continued)**

**20. Property, Plant and Equipment**

| Cost                                   | Office Partitioning | Motor vehicles    | Furniture, Fittings and Equipment | Computers         | Capital Work in progress | Total              |
|--|---------------------|-------------------|-----------------------------------|-------------------|--------------------------|--------------------|
|  | Kshs                | Kshs              | Kshs                              | Kshs              | Kshs                     | Kshs               |
| <b>As At 1 July 2022</b>               | <b>3,390,575</b>    | <b>3,500,000</b>  | <b>5,836,407</b>                  | <b>12,792,793</b> | -                        | <b>25,519,775</b>  |
| Additions                              | -                   | -                 | 5,719,280                         | 6,752,024         | 35,000,770               | 47,472,074         |
| Disposals                              | (3,390,575)         | -                 | (440,041)                         | (1,578,848)       | -                        | (5,409,464)        |
| <b>As at 30<sup>th</sup> June 2023</b> | -                   | <b>3,500,000</b>  | <b>11,115,646</b>                 | <b>17,965,969</b> | <b>35,000,770</b>        | <b>67,582,385</b>  |
| Additions                              | -                   | 14,216,240        | 11,733,464                        | 7,955,071         | 27,296,864               | 61,201,638         |
| Disposals                              | -                   | (2,600,000)       | (106,600)                         | (581,035)         | -                        | (3,287,635)        |
| Transfers/Adjustments                  | -                   | 2,143,000         | -                                 | -                 | (1,985,332)              | 157,668            |
| <b>As at 30<sup>th</sup> June 2024</b> | -                   | <b>17,259,240</b> | -                                 | <b>25,340,005</b> | <b>60,312,302</b>        | <b>125,654,057</b> |
| <b>Depreciation And Impairment</b>     |                     |                   |                                   |                   |                          |                    |
| <b>As At 30<sup>th</sup> June 2022</b> | <b>2,090,855</b>    | <b>145,833</b>    | <b>2,614,330</b>                  | <b>9,484,390</b>  | -                        | <b>14,335,408</b>  |
| Depreciation                           | 508,586             | 875,000           | 873,869                           | 3,020,476         | -                        | 5,277,931          |
| Disposals                              | (2,599,441)         | -                 | (277,273)                         | (1,566,788)       | -                        | (4,443,502)        |
| <b>As at 30<sup>th</sup> June 2023</b> | -                   | <b>1,020,833</b>  | <b>3,210,926</b>                  | <b>10,938,078</b> | -                        | <b>15,169,837</b>  |
| Depreciation                           | -                   | 1,722,473         | 1,517,974                         | 4,191,870         | -                        | 7,432,317          |
| Disposals                              | -                   | (920,833)         | (66,300)                          | (581,035)         | -                        | (1,568,168)        |
| <b>As at 30<sup>th</sup> June 2024</b> | -                   | <b>1,822,474</b>  | <b>4,662,599</b>                  | <b>14,548,913</b> | -                        | <b>21,033,986</b>  |
| <b>Net Book Values</b>                 |                     |                   |                                   |                   |                          |                    |
| <b>As at 30<sup>th</sup> June 2023</b> | -                   | <b>2,479,167</b>  | <b>7,904,720</b>                  | <b>7,027,891</b>  | <b>35,000,770</b>        | <b>52,412,548</b>  |

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| Cost                             | Office Partitioning | Motor vehicles | Furniture, Fittings and Equipment | Computers  | Capital Work in progress | Total       |
|----------------------------------|---------------------|----------------|-----------------------------------|------------|--------------------------|-------------|
|                                  | Kshs                | Kshs           | Kshs                              | Kshs       | Kshs                     | Kshs        |
| As at 30 <sup>th</sup> June 2024 | 0                   | 15,436,766     | 18,079,911                        | 10,791,092 | 60,312,302               | 104,620,071 |

Work in progress includes ongoing partition works for KENAS new offices, Accreditation Information system, purchase of new server and furniture and equipment.

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**Notes to the Financial Statements (Continued)**

**Valuation**

Motor Vehicles were valued by professional valuers from the government in line with the National Assets and Liabilities Management Policy and Guidelines (issued 30<sup>th</sup> June 2020). The assets were revalued by Ministry of Roads and Transport professional valuers on 1<sup>st</sup> August 2023. These amounts were adopted by the Board with concurrence from the National Treasury.

**20 (b) Property, Plant and Equipment at Cost**

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

| Description                               | Cost               | Accumulated Depreciation | NBV                |
|---|--------------------|--------------------------|--------------------|
|   | Kshs               | Kshs                     | Kshs               |
| Motor Vehicles, Including Motorcycles     | 17,259,240         | 1,822,474                | 15,436,766         |
| Office Equipment, Furniture, And Fittings | 22,742,510         | 4,662,599                | 18,079,911         |
| Computers And Related Equipment           | 25,340,005         | 14,548,913               | 10,791,092         |
| Work In progress                          | 60,312,302         | 0                        | 60,312,302         |
| <b>Total</b>                              | <b>125,654,057</b> | <b>21,033,986</b>        | <b>104,620,071</b> |

**21. Intangible Assets**

| Description                        | 2023/2024        | 2022/2023      |
|------------------------------------|------------------|----------------|
|                                    | KShs             | KShs           |
| <b>Cost</b>                        |                  |                |
| At beginning of the year           | 11,770,969       | 10,997,078     |
| Additions                          | -                | 773,891        |
| At end of the year                 | 11,770,969       | 11,770,969     |
| Additions                          | 6,089,978        | -              |
| Capital Work in Progress           | 1,000,000        | -              |
| At end of the year                 | 18,860,947       | 11,770,969     |
| <b>Amortization and impairment</b> |                  |                |
| At beginning of the year           | 10,753,788       | 7,755,045      |
| Amortization                       | 731,134          | 2,998,744      |
| At end of the year                 | 11,484,923       | 10,753,788     |
| Impairment loss                    | 710,109          | 731,134        |
| At end of the year                 | 12,195,031       | 11,484,923     |
| <b>NBV</b>                         | <b>6,665,915</b> | <b>286,046</b> |

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**22. Trade and Other Payables**

| Description  | 2023/2024         |                       | 2022/2023             |                       |
|--|-------------------|-----------------------|-----------------------|-----------------------|
|  | KShs              |                       | KShs                  |                       |
| Trade payables                                     | 32,704,932        |                       | 44,343,604            |                       |
| Payments received in advance                       | 17,276,279        |                       | 13,633,263            |                       |
| Third-party payments                               | 4,065,295         |                       | 6,810,858             |                       |
| Other payables                                     | 21,647,891        |                       | 12,548,592            |                       |
| <b>Total trade and other payables</b>              | <b>75,694,397</b> |                       | <b>77,336,317</b>     |                       |
|  |                   |                       |                       |                       |
| <b>Ageing analysis: (Trade and other payables)</b> | <b>Current FY</b> | <b>% of the Total</b> | <b>Comparative FY</b> | <b>% of the Total</b> |
| Under one year                                     | 74,328,754        | 98                    | 43,304,483            | 98                    |
| 1-2 years  | 1,365,643         | 2                     | 1,002,092             | 2                     |
| 2-3 years  | -                 | -                     | 37,029                | -                     |
| Over 3 years                                       | -                 | -                     | -                     | -                     |
| <b>Total (tie to above total)</b>                  | <b>75,694,397</b> | <b>100</b>            | <b>44,343,604</b>     | <b>100</b>            |

This are payables arising from use of goods and services on credit and outstanding employee-related deductions.

**23. Current Provisions**

| Description                                     | Leave provision | Gratuity Provision | Other provision   | Total              |
|---|-----------------|--------------------|-------------------|--------------------|
|   | Kshs            | Kshs               | Kshs              | Kshs               |
| <b>Balance b/f</b>                              | <b>89,586</b>   | <b>30,844,253</b>  | <b>8,379,515</b>  | <b>39,313,354</b>  |
| Additional provisions                           | 0               | 13,881,118         | 40,362,694        | <b>54,243,812</b>  |
| Provision utilized                              | (89,586)        | (3,718,993)        | (4,730,952)       | <b>(8,539,531)</b> |
| Change due to discount and time value for money | -               | -                  | -                 | -                  |
| Transfers from non – current provisions         | -               | -                  | -                 | -                  |
| <b>Total provisions year end</b>                | <b>0</b>        | <b>41,006,378</b>  | <b>44,011,257</b> | <b>85,017,635</b>  |

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**The Retirement benefit Asset/ Liability**

KENAS also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. KENAS's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at KShs. 1080 per employee per month. Other than NSSF KENAS also has a defined contribution scheme operated by ICEA Pension Fund. Employees contribute 10% while employers contribute 20% of basic salary. Employer contributions are recognized as expenses in the statement of financial performance within the period they are incurred. A total of Kshs 8,705,960 was contributed by KENAS towards pension.

**24. Surplus Remission**

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. Treasury circular No. No. DGIPE/A/1/10 of 28<sup>th</sup> June 2024, recommended that state corporations should apply surplus towards settlement of pending bills. The Service therefore plans to utilize the surplus to offset pending bills.

The Surplus Remission has been computed as follows:

| Description  | 2023/2024 | 2022/2023   |
|--|-----------|-------------|
|  | KShs      | KShs        |
| Surplus for the period   | 971,090   | 13,381,124  |
| Less: Allowable deductions by NT                                 | (97,109)  | (1,338,112) |
| 90% Computation (Included in Statement of Financial Performance) | 873,981   | 12,043,012  |

**Surplus Remission Payable**

| Description                          | 2023/2024         | 2022/2023         |
|--------------------------------------|-------------------|-------------------|
|                                      | KShs              | KShs              |
| Payable at the beginning of the year | 12,043,012        | -                 |
| Paid during the year                 | -                 | -                 |
| <b>Payable at end of the year</b>    | <b>12,043,012</b> | <b>12,043,012</b> |

The Service plans to seek authority from the National Treasury to utilize the surplus to offset pending bills.

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**25. Cash Generated from Operations**

| Description                                     | 2023/2024         | 2022/2023         |
|---|-------------------|-------------------|
|   | Kshs              | Kshs              |
| <b>Surplus for the year before tax</b>          | (162,370)         | 10,209,426        |
| <b>Adjusted for:</b>                            |                   |                   |
| Change in Depreciation                          | 7,718,893         | 6,975,029         |
| Change in Revaluation                           |                   | -                 |
| Gain on Foreign exchange                        | 1,104,531         | 3,711,503         |
| <b>Working capital adjustments</b>              |                   |                   |
| Changes in Inventories                          | (36,065)          | 165,848           |
| Change in Receivables                           | (17,439,091)      | 9,985,588         |
| Change in payables                              | 40,419,345        | 29,098,180        |
| Changes in Retained earnings                    | 48,197,726        | (653,469)         |
| Increase in payments received in advance        | 3,643,016         | (7,275,360)       |
| <b>Net cash flows from operating activities</b> | <b>83,445,985</b> | <b>52,216,745</b> |

**26. Financial Risk Management**

KENAS's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. KENAS's overall risk management programme focuses on the unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. KENAS has in place policies to ensure that credit is only extended to customers with an established credit history. KENAS's financial risk management objectives and policies are detailed below:

**i) Credit risk**

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

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KENAS's management based on prior experience and their assessment of the current economic environment.

**Financial Risk Management**

The carrying amount of financial assets recorded in the financial statements representing KENAS's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

| Description                                    | Total amount       | Fully performing  | Past due          | Impaired |
|--|--------------------|-------------------|-------------------|----------|
|  | Kshs               | Kshs              | Kshs              | Kshs     |
| <b>As at 30<sup>th</sup> June (Current FY)</b> |                    |                   |                   |          |
| Receivables from exchange transactions         | 60,486,202         | 21,220,969        | 39,265,233        | -        |
| Receivables from non-exchange transactions     | 26,155,737         | 26,155,737        | -                 | -        |
| Bank balances                                  | 21,986,636         | 21,986,636        | -                 | -        |
| <b>Total</b>                                   | <b>108,628,575</b> | <b>69,363,342</b> | <b>39,265,233</b> | <b>-</b> |
| <b>As at 30 June (Previous FY)</b>             |                    |                   |                   |          |
| Receivables from exchange transactions         | 54,822,000         | 21,024,590        | 33,797,410        | -        |
| Receivables from non-exchange transactions     | 14,380,848         | 14,350,848        | 30,000            | -        |
| Bank balances                                  | 4,818,005          | 4,818,005         | -                 | -        |
| <b>Total</b>                                   | <b>74,020,853</b>  | <b>40,193,443</b> | <b>33,827,410</b> | <b>-</b> |

**Financial Risk Management**

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that KENAS has recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts. KENAS has a significant concentration of credit risk on amounts due from Kshs. 39,265,233. The Board of directors sets KENAS's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

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**ii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with KENAS's directors, who have built an appropriate liquidity risk management framework for the management of KENAS's short, medium and long-term funding and liquidity management requirements. KENAS manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by KENAS under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

| Description                            | Less than 1 month | Between 1-3 months | Over 5 months     | Total              |
|--|-------------------|--------------------|-------------------|--------------------|
|  | Kshs              | Kshs               | Kshs              | Kshs               |
| <b>As at 30<sup>th</sup> June 2024</b> |                   |                    |                   |                    |
| Trade payables                         | 12,071,066        | 6,415,445          | 14,218,420        | 32,704,931         |
| Provisions                             | 41,517,257        | 41,006,378         | 2,494,000         | 85,017,635         |
| <b>Total</b>                           | <b>53,588,323</b> | <b>47,421,823</b>  | <b>16,712,420</b> | <b>117,722,566</b> |
| <b>As at 30<sup>th</sup> June 2023</b> |                   |                    |                   |                    |
| Trade payables                         | 10,256,179        | 7,508,362          | 26,579,063        | 44,343,604         |
| Provisions                             | 89,586            | -                  | 30,844,253        | 8,379,515          |
| <b>Total</b>                           | <b>10,345,765</b> | <b>7,508,362</b>   | <b>57,423,316</b> | <b>52,723,119</b>  |

**Notes to the Financial Statements (Continued)**

**Financial Risk Management**

**iii) Market risk**

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

**a) Foreign currency risk**

KENAS has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. KENAS manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

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**Financial Risk Management**

The carrying amount of KENAS's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

**Current FY**

| Description                                   | In Kshs  | Other currencies  | Total             |
|---|----------|-------------------|-------------------|
|   | Kshs     | Kshs              | Kshs              |
| <b>As at 30<sup>th</sup> June 2024</b>        |          |                   |                   |
| <b>Financial Assets</b>                       |          |                   |                   |
| Cash  | -        | 3,587,753         | 3,587,753         |
| Debtors                                       | -        | 7,440,465         | 7,440,465         |
| <b>Total Financial Assets</b>                 | <b>-</b> | <b>11,028,218</b> | <b>11,028,218</b> |
| <b>Financial Liabilities</b>                  |          |                   |                   |
| Trade And Other Payables                      | -        | -                 | -                 |
| Borrowings                                    | -        | -                 | -                 |
| <b>Total Financial Liabilities</b>            | <b>-</b> | <b>-</b>          | <b>-</b>          |
| <b>Net Foreign Currency Asset/(Liability)</b> | <b>-</b> | <b>-</b>          | <b>-</b>          |

**Foreign currency sensitivity analysis**

**Current FY**

| Description                                   | In Kshs  | Other currencies | Total            |
|---|----------|------------------|------------------|
|   | Kshs     | Kshs             | Kshs             |
| <b>As at 30<sup>th</sup> June 2023</b>        |          |                  |                  |
| <b>Financial Assets</b>                       |          |                  |                  |
| Cash  | -        | 6,619            | 6,619            |
| Debtors                                       | -        | 9,533,170        | 9,533,170        |
| <b>Total Financial Assets</b>                 | <b>-</b> | <b>9,539,789</b> | <b>9,539,789</b> |
| <b>Financial Liabilities</b>                  |          |                  |                  |
| Trade And Other Payables                      | -        | -                | -                |
| Borrowings                                    | -        | -                | -                |
| <b>Total Financial Liabilities</b>            | <b>-</b> | <b>-</b>         | <b>-</b>         |
| <b>Net Foreign Currency Asset/(Liability)</b> | <b>-</b> | <b>-</b>         | <b>-</b>         |

**Notes To the Financial Statements (Continued)**

**Financial Risk Management**

The following table demonstrates the effect on KENAS's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

| Description        | Change in<br>currency rate | Effect on Profit<br>before tax | Effect on<br>Equity/Net assets |
|--------------------|----------------------------|--------------------------------|--------------------------------|
|                    | Kshs                       | Kshs                           | Kshs                           |
| <b>Current FY</b>  |                            |                                |                                |
| Euro               | -                          | -                              | -                              |
| USD                | -                          | 1,104,531                      | 1,104,531                      |
| <b>Previous FY</b> |                            |                                |                                |
| Euro               | -                          | -                              | -                              |
| USD                | -                          | 3,711,503                      | 3,711,503                      |

**iv) Capital Risk Management**

The objective of KENAS's capital risk management is to safeguard KENAS's ability to continue as a going concern. KENAS capital structure comprises of the following funds:

| Description                                 | 2023/2024         | 2022/2023         |
|---|-------------------|-------------------|
|   | KShs              | KShs              |
| Revaluation Reserve                         | 19,994,349        | 19,994,349        |
| Retained Earnings                           | (91,996,092)      | (74,120,948)      |
| Capital Reserve                             | 131,580,126       | 65,000,000        |
| <b>Total Funds</b>                          | <b>59,578,383</b> | <b>65,000,000</b> |
| Total Borrowings                            | -                 | -                 |
| Less: Cash and Bank Balances                | <b>21,986,636</b> | <b>4,818,006</b>  |
| Net Debt/(Excess Cash And Cash Equivalents) | <b>21,986,636</b> | <b>4,818,006</b>  |
| <b>Gearing</b>                              | <b>21%</b>        | <b>7%</b>         |

A higher gearing ratio indicates a higher degree of financial leverage.

**Notes to the Financial Statements (Continued)**

**27. Related Party Disclosures**

**Nature of related party relationships**

Entities and other parties related to KENAS include those parties who have the ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

**Government of Kenya**

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

**Other related parties include:**

- i) The National Government
- ii) The Ministry of Investments, Trade and Industry
- iii) Other State Corporations and Ministries, Departments and Agencies
- iv) The Board of Directors
- v) County Governments
- vi) Key Management

**Notes to the Financial Statements (Continued)**

| <b>Description</b>                                    | <b>2023/2024</b>   | <b>2022/2023</b>   |
|---|--------------------|--------------------|
|   | <b>Kshs.</b>       | <b>Kshs.</b>       |
| <b>Transactions with related parties</b>              |                    |                    |
| a) Sales to related parties                           | -                  | -                  |
| B) purchases from related parties                     | -                  | -                  |
| <b>b) Grants /transfers from the government</b>       |                    |                    |
| Grants from National Government                       | 326,200,000        | 250,239,998        |
| Grants from county government                         | -                  | -                  |
| Donations in kind                                     | -                  | -                  |
| <b>Total</b>  | <b>326,200,000</b> | <b>250,239,998</b> |
| <b>c)Expenses incurred on behalf of related party</b> |                    |                    |
| Payments of salaries and wages for employees          | 174,874,655        | 155,020,446        |
| Payments for goods and services                       | -                  | -                  |
| <b>Total</b>  | <b>174,874,655</b> | <b>155,020,446</b> |
| <b>d)Key management compensation</b>                  |                    |                    |
| Directors' emoluments                                 | 22,686,916         | 26,073,537         |
| Compensation to key management                        | 78,591,727         | 59,653,057         |
| <b>Total</b>  | <b>101,278,643</b> | <b>85,726,594</b>  |

**28. Events after the Reporting Period**

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

**29. Ultimate And Holding KENAS**

KENAS is a State Corporation (Semi- Autonomous Government Agency) under the Ministry of Investment Trade and Industry. Its ultimate parent is the Government of Kenya.

**30. Currency**

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

**20. Appendices**

**Appendix 1: Implementation Status of Auditor-General's 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 audit Report | Issue / Observations from Auditor                               | Management comments   | Status: (Resolved / Not Resolved) | Timeframe: |
|--|---|---|-----------------------------------|------------|
| 1  | Material uncertainty relating to going concern                  | Management working on improving the working capital through raising more revenue by reviewing pricing model and diversifying revenue sources. | Not Resolved                      | 30.06.2025 |
| 2  | Irregular recruitment of staff                                  | The appointment of two staff in second position arose due to resultant vacancies compelling the service to fill the vacant positions.         | Not Resolved                      | 30.06.2025 |
| 3  | Recruitment of staff without approval of the National treasury  | Management endeavors to always seek treasury approval for every recruitment as evidenced in the year under review.                            | Not Resolved                      | 30.06.2025 |
| 4  | Irregular engagement of interns                                 | This was caused by delay in deployment in PSC interns under cohort V resulting to the Service retaining four interns under cohort IV          | Resolved                          | 30.06.2024 |
| 5  | Board expenses exceeding 5% operations and maintenance expenses | Management wrote to PS National treasury requesting for approval for enhanced ceiling above the threshold of 5%.                              | Not Resolved                      | 30.06.2025 |



Chief Executive Officer

Date



**Appendix II: Projects implemented by Kenya Accreditation Service**

Projects implemented by the State Corporation/ SAGA Funded by the Government.

| <b>Project title</b>                                  | <b>Project Number</b> | <b>Donor</b> | <b>Period/ duration</b> | <b>Donor commitment</b> | <b>Separate donor reporting required as per the donor agreement (Yes/No)</b> | <b>Consolidated in these financial statements. (Yes/No)</b> |
|---|-----------------------|--------------|-------------------------|-------------------------|--|---|
| Enhancement of Accreditation Program in Kenya (EAP-K) | 1175103400            | GoK          | 4years                  | -                       | -  | Yes   |

**Status of Projects completion**

| <b>SN</b> | <b>Project</b> | <b>Total project Cost</b> | <b>Total expended to date</b> | <b>Completion % to date</b> | <b>Budget</b> | <b>Actual</b> | <b>Sources of funds</b> |
|-----------|----------------|---------------------------|-------------------------------|-----------------------------|---------------|---------------|-------------------------|
| 1         | EAP-K          | 427M                      | 100M                          | 23%                         | 427           | 100M          | GoK                     |

Note that actual expenditure of KShs. 100,000,000 includes recurrent expenditure of KShs. 59,851,405 and capital expenditure of KShs. 40,148,595 incurred during the financial year under review.

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

| Name of the MDA/Donor Transferring the funds | Date received as per bank statement | Nature: Recurrent/Development/Others | Total Amount - KES | Statement of Financial Performance | Where Recorded/recognized |                 |             |                         | Total Transfers during the Year |
|--|-------------------------------------|--------------------------------------|--------------------|------------------------------------|---------------------------|-----------------|-------------|-------------------------|---------------------------------|
|  |                                     |                                      |                    |                                    | Capital Fund              | Deferred Income | Receivables | Others must be specific |                                 |
| Ministry of Investment Trade and Industry    | 14/08/2023                          | Recurrent                            | 18,850,000         | 18,850,000                         | -                         | -               | -           | -                       | 18,850,000                      |
| Ministry of Investment Trade and Industry    | 29/08/2023                          | Recurrent                            | 18,850,000         | 18,850,000                         | -                         | -               | -           | -                       | 18,850,000                      |
| Ministry of Investment Trade and Industry    | 30/08/2023                          | Recurrent                            | 18,850,000         | 18,850,000                         | -                         | -               | -           | -                       | 18,850,000                      |
| Ministry of Investment Trade and Industry    | 18/11/2023                          | Recurrent                            | 18,850,000         | 18,850,000                         | -                         | -               | -           | -                       | 18,850,000                      |
| Ministry of Investment Trade and Industry    | 05/12/2023                          | Recurrent                            | 18,850,000         | 18,850,000                         | -                         | -               | -           | -                       | 18,850,000                      |

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| Name of the MDA/Donor Transferring the funds | Date received as per bank statement | Nature: Recurrent/Development/Others | Total Amount - KES | Statement of Financial Performance | Where Recorded/recognized |                 |             |                         | Total Transfers during the Year |
|--|-------------------------------------|--------------------------------------|--------------------|------------------------------------|---------------------------|-----------------|-------------|-------------------------|---------------------------------|
|  |                                     |                                      |                    |                                    | Capital Fund              | Deferred Income | Receivables | Others must be specific |                                 |
| Ministry of Investment Trade and Industry    | 03/01/2024                          | Recurrent                            | 18,850,000         | 18,850,000                         | -                         | -               | -           | -                       | 18,850,000                      |
| Ministry of Investment Trade and Industry    | 07/02/2024                          | Recurrent                            | 18,850,000         | 18,850,000                         | -                         | -               | -           | -                       | 18,850,000                      |
| Ministry of Investment Trade and Industry    | 07/02/2024                          | Recurrent                            | 18,850,000         | 18,850,000                         | -                         | -               | -           | -                       | 18,850,000                      |
| Ministry of Investment Trade and Industry    | 07/02/2024                          | Recurrent                            | 18,850,000         | 18,850,000                         | -                         | -               | -           | -                       | 18,850,000                      |
| Ministry of Investment Trade and Industry    | 11/06/2024                          | Recurrent                            | 28,275,000         | 28,275,000                         | -                         | -               | -           | -                       | 28,275,000                      |
| Ministry of Investment                       | 14/06/2024                          | Recurrent                            | 28,275,000         | 28,275,000                         | -                         | -               | -           | -                       | 28,275,000                      |

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| Name of the MDA/Donor Transferring the funds | Date received as per bank statement | Nature: Recurrent/Development/ Others | Total Amount - KES | Statement of Financial Performance | Where Recorded/recognized |                 |             |                         | Total Transfers during the Year |
|--|-------------------------------------|---------------------------------------|--------------------|------------------------------------|---------------------------|-----------------|-------------|-------------------------|---------------------------------|
|  |                                     |                                       |                    |                                    | Capital Fund              | Deferred Income | Receivables | Others must be specific |                                 |
| Trade and Industry                           |                                     |                                       |                    |                                    |                           |                 |             |                         |                                 |
| Ministry of Investment Trade and Industry    | 02/02/2024                          | Development                           | 50,000,000         | 50,000,000                         | -                         | -               | -           | -                       | 50,000,000                      |
| Ministry of Investment Trade and Industry    | 06/03/2024                          | Development                           | 50,000,000         | 50,000,000                         | -                         | -               | -           | -                       | 50,000,000                      |
| <b>Total</b>                                 |                                     |                                       | <b>326,200,000</b> | <b>326,200,000</b>                 | -                         | -               | -           | -                       | <b>326,200,000</b>              |

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**Appendix V- Inter-KENAS Confirmation Letter**

**Name of Transferring: State Department of Industry**

**Name of Beneficiary: KENAS**

| <b>Confirmation of amounts received by Kenya Accreditation Service as at 30<sup>th</sup> June 2024</b> |                |                    |                    |                    |             |  |
|--|----------------|--------------------|--------------------|--------------------|-------------|--|
| Reference Number   | Date Disbursed | Recurrent (A)      | Development (B)    | Total (C)=(A+B)    | Remarks     |  |
| RCT000004577   | 14/08/2023     | 18,850,000         | -                  | 18,850,000         | Recurrent   |  |
| RCT000004619   | 29/08/2023     | 18,850,000         | -                  | 18,850,000         | Recurrent   |  |
| RCT000004629   | 30/08/2023     | 18,850,000         | -                  | 18,850,000         | Recurrent   |  |
| RCT000004812   | 18/11/2023     | 18,850,000         | -                  | 18,850,000         | Recurrent   |  |
| RCT000004865   | 05/12/2023     | 18,850,000         | -                  | 18,850,000         | Recurrent   |  |
| RCT000004914   | 03/01/2024     | 18,850,000         | -                  | 18,850,000         | Recurrent   |  |
| RCT000004989   | 07/02/2024     | 18,850,000         | -                  | 18,850,000         | Recurrent   |  |
| RCT000004990   | 07/02/2024     | 18,850,000         | -                  | 18,850,000         | Recurrent   |  |
| RCT000004992   | 07/02/2024     | 18,850,000         | -                  | 18,850,000         | Recurrent   |  |
| RCT000005147   | 11/06/2024     | 28,275,000         | -                  | 28,275,000         | Recurrent   |  |
| RCT000005151   | 14/06/2024     | 28,275,000         | -                  | 28,275,000         | Recurrent   |  |
| RCT000004970   | 02/02/2024     | -                  | 50,000,000         | 50,000,000         | Development |  |
| RCT000005021   | 06/03/2024     | -                  | 50,000,000         | 50,000,000         | Development |  |
| <b>Total</b>   |                | <b>226,200,000</b> | <b>100,000,000</b> | <b>326,200,000</b> |             |  |

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I confirm that the amounts shown above are correct as of the date indicated.

**Head of Accounts Department – State Department of Industry:**

Name JOHN MAITARA Sign [Signature] Date 30/9/2024

**Head of Accounts Department - Beneficiary KENAS:**

Name Henry KANDARA Sign [Signature] Date 30/9/2024

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**Appendix VI: Reporting of Climate Relevant Expenditures**

| Project Name                               | Project Description                 | Project Objectives         | Project Activities                      | Quarter |    |    |    | Source of Funds | Implementing Partners                     |
|--|-------------------------------------|----------------------------|---|---------|----|----|----|-----------------|---|
|  |                                     |                            |   | Q1      | Q2 | Q3 | Q4 |                 |   |
| National Tree Growing Day                  | Narok tree Planting                 | Countrywide Tree growing   | Planting three thousand (3000) trees    |         |    |    |    | GoK             | Ministry of Investment Trade and Industry |
| Madaraka Day Celebrations                  | Tree Planting                       | Countrywide Tree growing   | Tree planting at Sirisia Primary School |         |    |    |    | GoK             | Ministry of Investment Trade and Industry |
| Kaptagat Integrated Conservation Programme | Kaptagat Forest Tree Planting event | Annual Forest Conservation | Tree Planting (5000)                    |         |    |    |    | GoK             | Ministry of Environment and Forestry      |

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**Appendix VII: Reporting on Disaster Management Expenditure**

| Column I       | Column II     | Column III    | Column IV  | Column V         | Column VI      | Column VII |
|----------------|---------------|---------------|--|------------------|----------------|------------|
| Programme      | Sub-programme | Disaster Type | Category of disaster related Activity that require reporting expenditure (response/recovery/mitigation/preparedness) | Expenditure item | Amount (Kshs.) | Comments   |
| Food donations |               |               | Response   |                  |                |            |
|                |               |               |  |                  |                |            |