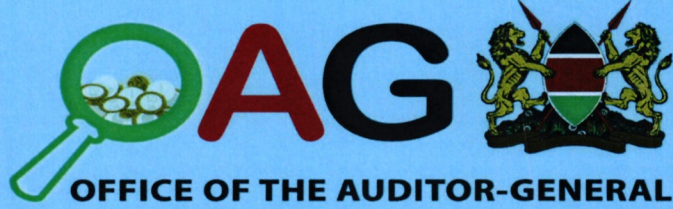


REPUBLIC OF KENYA



Enhancing Accountability



PARLIAMENT
OF KENYA
LIBRARY

REPORT

OF

THE AUDITOR-GENERAL

ON

**KENYA ACCOUNTANTS AND
SECRETARIES NATIONAL
EXAMINATIONS BOARD**

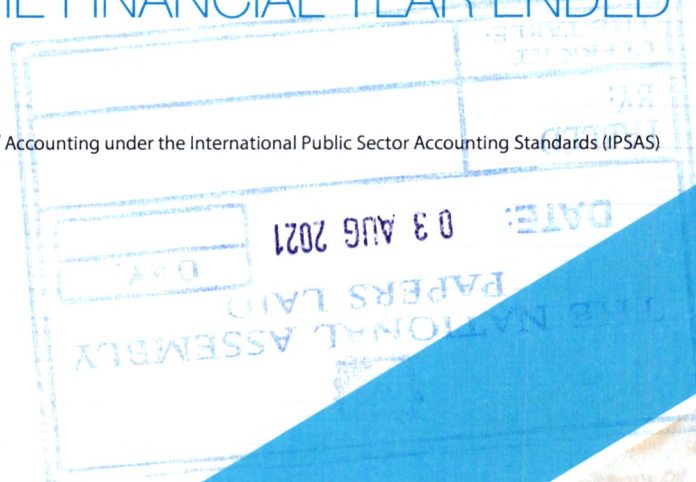
**FOR THE YEAR ENDED
30 JUNE, 2020**

NATIONAL ASSEMBLY
PAPERS LAID
DATE: 03 AUG 2021 TUESDAY
Chief Whip
Hon. Emmanuel Wanjau, MP
Finlay Muriuki



ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED JUNE 2020

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





Vision

Global leader in examination and certification of business professionals

Mission

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

Core Values

Integrity
Professionalism
Customer Focus
Teamwork
Innovativeness



kasneb is ISO 9001:2015 certified

CONTENTS

CORPORATE INFORMATION.....	2
CHAIRMAN'S STATEMENT.....	5
REPORT BY THE SECRETARY/CHIEF EXECUTIVE OFFICER	8
CORPORATE GOVERNANCE	11
CORPORATE GOVERNANCE STATEMENT	17
CEO AND HEADS OF DIVISIONS/UNITS.....	22
ECONOMIC SOCIAL GOVERNANCE (ESG) STATEMENT	25
STATEMENT OF THE MEMBERS OF THE BOARD	27
MANAGEMENT DISCUSSION AND ANALYSIS	28
STATEMENT OF BOARD MEMBERS' RESPONSIBILITIES	32
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020	33
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020	34
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2020	35
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020	36
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS	37
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020	39



CORPORATE INFORMATION

(a) Legal framework

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

- (i) The Accountants Act, No. 15 of 2008 which repealed and replaced the Accountants Act, Cap 531 of 1977.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

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

(b) Principal activities

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

(c) Location and principal place of business

kasneb Towers

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

Telephone: +254 020 4923000

Fax: +254 020 2712915

Email: info@kasneb.or.ke

Website: www.kasneb.or.ke

Facebook: kasnebOfficial

Twitter: @kasnebOfficial

(d) Bankers

National Bank of Kenya Ltd.

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

Barclays Bank of Kenya Ltd.

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

Equity Bank Ltd.

Community Branch
P.O. Box 8181-00100
NAIROBI

Co-operative Bank of Kenya Ltd.

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

Kenya Commercial Bank Ltd.

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

Kenya Post Office Savings Bank

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

UBA Bank Kenya Ltd.

Upperhill Branch
P.O. Box 34154-00100
NAIROBI



CORPORATE INFORMATION

(e) Independent auditors

Auditor-General

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

(f) Principal legal advisers

The Attorney-General

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

Kaplan & Stratton Advocates

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

Mbai Waweru & Associates

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

(g) Fiduciary management

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

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

(h) Fiduciary Oversight Arrangements

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

(i) Members of the Board

Dr. Nancy N. Muriuki	Chairman
Dr. Christopher Yegon	Vice-Chairman
Bernard M. Ndung'u	Replaced in the Board by Jane W. M. Njogu on 30 September 2019
Dr. Nyambura Koigi	
Benroddgers M. Milaih	
Mary Njuya	
Julius W. Mwatu	
Edwin N. Makori	
Catherine Musakali	
Joe M. Mbuthia	
George O. Wakah	
Jane Wacuka Njogu-Macharia	Appointed on 30 September 2019



CORPORATE INFORMATION

(j) Senior management

Secretary/Chief Executive Officer

Dr. Nicholas K. Letting', Ph.D

Heads of Divisions/Units

James G. Nduati	Finance Director
Isaac M. Njuguna	Examinations Director
Marylucy A. Ajwang'	Human Capital and Administration Director
Caroline W. Karia	Head of Planning and Strategy
Jason K. Mwangi	Head of Audit and Risk
Samuel M. King'oo	Head of Information Technology
Francis A. Okubo	Manager, Supply Chain Management
Hamida A. Mwilu	Manager, Marketing and Communication
Joyce M. Afanda	Legal and Compliance officer

(k) Board Committees

The Board has established four standing committees and one sub-committee to which it has delegated certain responsibilities. Each Committee meets at least four times a year under the terms of reference approved by the Board. The following is the list of committees of the Board and membership during the financial year 2019/2020.

Examinations Committee	Examinations Technical Sub-Committee	Finance and General Purposes Committee	Planning and Business Development Committee	Audit Committee
Christopher Yegon (Chairman)	Joe M. Mbuthia (Chairman)	Nyambura Koigi (Chairman)	Catherine Musakali (Chairman)	Julius W. Mwatu (Chairman)
Nancy N. Muriuki	Edwin N. Makori	Christopher Yegon	Joe M. Mbuthia	Christopher Yegon
Nyambura koigi	Sharon J. Kisire	Jane W. M. Njogu	Jane W. N. Macharia	Catherine Musakali
Jane W. N. Macharia	Gillian W. Mwaniki	Benrodgers M. Milaih	Nyambura Koigi	Jane W. N. Macharia
Benrodgers M. Milaih	Yonah O. Okidia	Edwin N. Makori	Mary Njuya	Mary Njuya
Mary Njuya	Samuel M. Muriu	George O. Wakah	Julius W. Mwatu	Christopher Yegon
Joe M. Mbuthia	Jonah K. Aiyabei	Patrick Ngumi	George O. Wakah	
Catherine Musakali	David M. Mwangi			
Julius W. Mwatu	Dorcas M. Omukhulu			
Edwin N. Makori	Dominic B. Omboto			
George O. Wakah	Pius M. Kyambi			
Sharon J. Kisire	Mary Rahab Chabeda			
Yonah O. Okidia	Geoffrey Injeni			
Jonah K. Aiyabei				
Samuel M. Muriu				
Geoffrey Injeni				
Mary Rahab Chabeda				
Pius M. Kyambi				



CHAIRMAN'S STATEMENT



Dr. Nancy N. Muriuki
Chairman

On behalf of the Board of kasneb, it gives me great pleasure to present the annual report and financial statements for the year ended 30 June 2020 to our stakeholders and the outlook for the next financial year 2020/2021.

The Board is responsible for the oversight and general guidance of kasneb. In addition, the Board also provides the strategic direction of kasneb. During the year under review, the Board ensured that the mandate of kasneb was efficiently and effectively executed amidst the unprecedented Covid-19 global pandemic which has overwhelmed economic, social and health care systems globally.

Governance

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

Under the provisions of the Accountants Act No.15 of 2008, the Board has been given authority to establish committees it considers necessary to help it realise the efficient and effective execution of its functions. The various committees established by the Board, their leadership, membership and their respective responsibilities are indicated on Page 11 to 19 of the annual report and financial statements.

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

Corporate Strategic Plan (2017-2022)

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

A mid-term review of the strategic plan commenced during the year under review. The reviewed strategic plan is expected to chart the forward for the next two years until its expiry on 30 June 2022.

Developments related to examinations

During the year under review, kasneb continued with the major syllabuses review process. This process has been inclusive and participatory. In particular, eleven (11) regional workshops were held in Kenya with a view to obtaining the views of stakeholders with regard to examination syllabuses. In addition, study tours were undertaken in reputable professional institutes globally with a view to learning best practices and for benchmarking purposes. The institutes visited were in the United Kingdom, the United States of America, Singapore, Malaysia, Canada, Australia and India.



CHAIRMAN'S STATEMENT

The syllabus review process was undertaken within the framework of Competency Based Education and Training (CBET) which places emphasis on competencies and learning outcomes. Competency frameworks have already been prepared and approved by the Board and subject content was being developed. The revised syllabuses are scheduled for launch and implementation with effect from 1 January 2021.

For the first time ever, examinations were conducted in three (3) days during the November 2019 sitting from Tuesday, 26 November 2019 to Thursday, 28 November 2019. This had the effect of enhancing the efficiency of the examination administration process and also led to significant savings in related expenditure. In addition, simultaneous marking of the certificate, diploma and professional examinations was undertaken thus hastening the marking process and realising significant cost savings.

Finally, kasneb conducted a total of six (6) webinars for its students. These webinars were used to provide feedback to candidates who sat their examinations in November 2019. The response to these webinars was overwhelming and kasneb undertakes to conduct more of these in future for the benefit of students.

Ongoing projects and initiatives

Following the completion of the construction of kasneb Towers II and the extension of kasneb Towers I, the Multi-purpose hall in kasneb Towers II was used in the administration and marking of kasneb examinations as well as other activities such as workshops, trainings and meetings thus saving kasneb expenses that would have been incurred in hiring facilities from external parties. In addition, some tenants have already leased space while some tenancy agreements are at advanced stages of conclusion. Though it was envisaged that the building would be fully occupied by the end of the financial year 2019/2020, the lettable space has not yet been fully rented out and kasneb continues to engage potential tenants to take up the remaining space.

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

ISO Quality Management System and Information Security Management System

kasneb continued to implement the ISO 9001:2015 Quality Management System (QMS). The certification by Kenya Bureau of Standards (KEBS) expired on 18 July 2019. A recertification audit was undertaken and the results were positive. As a result of this audit, kasneb was recertified effective from 25 August 2019. In addition, during the year, kasneb embarked on the implementation plan for the ISO/IEC 27001:2013 Information Security Management System with a view to enhancing business continuity.

Currently, kasneb is in the process of reviewing and finalising the ISMS documentation.

Marketing, outreach and public communication

In line with the new professional brand which was inaugurated on 31 March 2017, kasneb continued to sensitise the public on the professional brand through various media. kasneb also continued to undertake various marketing initiatives including digital and agency marketing, a kasneb open day in Kisumu County, sensitisation of potential students through career talks in universities, colleges and schools as well as participation in national and international trade fairs.



CHAIRMAN'S STATEMENT

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

Further, kasneb facilitated the registration and operationalization of the Association of Certified Information Communication Technologists (A-CICT) which brings together kasneb ICT students and interested professionals. This registration was effected on 25 September 2019. The A-CICT will in future play a pivotal role in galvanising interest in and registration for ICT examinations offered by kasneb.

The Covid-19 pandemic

Since the Covid-19 virus was first detected in Wuhan, China in December 2019, it has continued to spread globally in an exponential manner. This has led to the overburdening of healthcare systems and the virtual collapse of economic activities.

As a consequence, the Board of kasneb took the unprecedented decision to postpone the May 2020 examinations first to July 2020 then to September 2020. This difficult decision was taken having regard to the widespread disruption and the concomitant anxiety that has been so far occasioned by both the global occurrence and spread of COVID-19.

kasneb continues to engage relevant government departments and agencies with a view to finding a suitable date for the administration of the examinations. Going forward, kasneb will partner with training institutions in order to help them to provide e-learning/distance learning solutions using various platforms. In the meantime, kasneb has taken cognisance of the full impact of Covid-19 and has put in place appropriate strategies to address the impact of the disruption caused by the Covid-19 pandemic.

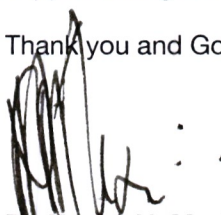
Way forward

The Board is committed to supporting the President's Big Four Agenda. In this regard, kasneb will continue to offer market driven quality examinations to empower professionals globally. This will be achieved through focused research and innovation, targeted capacity building of our staff and increased investment in ICT. Greater emphasis will be placed on quality assurance of our processes and enhanced customer experience.

Appreciation

On behalf of the Board, I wish to express our sincere gratitude to our valued students for their loyalty and confidence in the qualifications of kasneb and their parents, guardians and sponsors for their sacrifice and continued support. I wish to thank members of the Board for the support and cooperation they have accorded me. In the same vein, I wish to thank kasneb staff for their diligence and commitment during the year. I wish to also thank the government through our parent Ministry, the National Treasury and Planning for its continuing support and guidance.

Thank you and God bless you.



Dr. Nancy N. Muriuki, Ph.D
Chairman





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

The financial year 2019/2020 marked a key milestone for Kasneb as we celebrated the Golden Jubilee on 24 July 2019, marking 50 years since Kasneb was established on 24 July 1969. Kasneb has since its establishment played its role in empowering the young and old, and has demonstrated incredible commitment to excellence in a bid to make Kenya an academic and economic hub. This report therefore marks yet another milestone for kasneb as we look on to the next frontier of fulfilling our mandate and mission of empowering professionals globally by offering quality examinations and undertaking research and innovation.

Financial Stewardship and Fiscal Discipline

The financial performance for the twelve months ended 30 June 2020 was satisfactory. We started the year in high gear and optimism of better results from the previous year's performance. Although the year started fairly well and picked up gradually, the impact of Covid-19 pandemic as we neared the end of the third quarter in March 2020 had a significant and disruptive effect on operations.

The budgeted income targets were not met due to the interruption in implementation of our key mandate and other strategies due to the Covid-19 pandemic. Following the outbreak of the pandemic, it was necessary to activate a Covid-19 crisis management plan through a committee to ensure staff welfare and business continuity. Although the budgeted income targets were not met, austerity measures continued to be instituted in order to address income shortfalls and meet the capital and recurrent expenditure commitments from internally generated revenue and retained earnings without recourse to the Exchequer. kasneb realised total income amounting to Sh 492 million compared to Sh 682.1 million during the financial year ended 30 June 2019. This represents a decline of 27.9%. Further, due to the postponement of the May 2020 examinations initially to July 2020 and subsequently to September 2020, the examination fees income relating to the May 2020 sitting was deferred to the next financial year 2020/2021. This had a negative impact on the reported income for the 2019/2020 financial year, resulting in a reported deficit of Sh 157 million during the financial year attributed to the change in government policy on investments of treasury bills and bonds by government institutions.

During the period under review, kasneb adhered to the applicable provisions under the Public Finance Management Act, Public Procurement and Assets Disposal Act. No.33 of 2015, Treasury Circulars and related regulations.

Customer Service Delivery

In order to enhance customer experience and as a key pillar of the kasneb Corporate Strategic Plan, the following measures among others were adopted during the period:

- Commencement of the development of a Customer Relationship Management System.
- Additional students were enrolled to access e-learning resources to facilitate their preparations for the upcoming examinations.
- Enhanced access to kasneb services through e-platforms which include email, website and e-kasneb application.



- Introduced e-ticketing support system for e-kasneb
- Translation of the service charter to French to accommodate the regional markets that kasneb is present in.
- Introduction of webinars to provide feedback to students on performance in previous examinations.

Strategic Partnerships and Collaborations

During the year, kasneb developed syllabuses for the Ordre des Professionnels Comptables (OPC) Burundi, the professional accountancy body in Burundi. This was under a World Bank funded project following the signing of a consultancy contract in January 2019 by Kasneb, ICPAK and OPC Burundi. The Syllabus and examinations would be developed in both English and French and the first examinations will be administered from the year 2021. Kasneb also signed an MoU with the Kenya Society for Professional Cooperators to administer examinations for professionals in the cooperative sector. Further, Kasneb commenced talks with Kenya Institute for Public Policy Research and Analysis (KIPPRA) and the Kenya Bureau of Standards (KEBS) for development of qualifications in public policy and quality assurance respectively. In addition, Kasneb partnered with various training institutions for agency marketing.

Information Communication and Technology

The key focus this year has been automation of kasneb processes through adoption of Information Communication and Technology. During the year, the following were achieved:

- (a) Commencement of implementation of the Enterprise Resource Planning (ERP) system
- (b) The offsite data centre was finalised and automatic offsite backups operationalised
- (c) Scaling up of the primary ISP bandwidth from 5 MBPs to 10 MBPs
- (d) Trained relevant staff on the Electronic Board Management system

Administration of Examinations

Kasneb successfully administered the November 2019 examinations sitting. However, due to the Covid-19 pandemic, Kasneb was unable to administer the May 2020 examinations. These examinations have since been rescheduled to September 2020.

To enhance the security and integrity of examinations and efficiency of examination processes, the following were achieved:

- (a) Reduction of the period for conducting examinations from five (5) days to three (3) days.
- (b) Development of competence frameworks to guide the major syllabuses review process.
- (c) Reduction of the period of marking examinations and release of examination results from 45 days to 30 days.
- (d) Development of an in-house examinations processing system.
- (e) Introduction of photos on examination timetables for identification of candidates during examinations.



Looking into the Future

As we adjust to the new normal environment that has been brought forth with the outbreak of the Covid-19 pandemic and taking cognisance of the dynamic business environment, technological advancements and the anticipated policy shifts, in the coming year we shall endeavour to:

- (a) Enhance the quality and integrity of examination processes.
- (b) Complete the major syllabus review and administer the examinations
- (c) Launch a computer-based examinations administration system
- (d) Develop study and reading material aligned with the revised syllabuses
- (e) Diversify income generating streams.
- (f) Enhance strategic partnerships and collaborations with various stakeholders nationally, regionally and globally.
- (g) Focus on costs containment and optimal utilisation of assets.
- (h) Revamp the system of monitoring and evaluating policies and guidelines to assess if intended objectives are being met and also get feedback from various stakeholders on the implementation of such policies.
- (i) Enhance staff competencies and entrenchment of a leadership philosophy that is instrumental in steering the mission of kasneb.
- (j) Further modernise and strengthen Information and Communication Technology.

Finally, I wish to thank the Government of Kenya through the Ministry of Treasury and Planning for the support and guidance, the Board for their dedication and visionary leadership, members of staff for their resilience and dedication during these challenging times, students and the various stakeholders from both the public and private sector for their continued contribution and trust in the qualifications of kasneb.

We believe that together, we shall continue to steer kasneb into achieving the vision of being a Global leader in examination and certification of business professionals.

We look forward with hope that the 2020/2021 financial year will be a recovery year and a year of great achievements even as we prepare to operate in the post Covid-19 new normal.

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



WHO GOVERNS KASNEB?



Dr. Nancy N. Muriuki
Chairman

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

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

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



Dr. Christopher Yegon
Vice - Chairman

Dr. Christopher Yegon was appointed the Vice Chairman of the Board effective 1 July 2014 up to 30 June 2017. He was reappointed as a member of the Board effective 7 August 2017 and appointed Vice Chairman of the Board effective 1 September 2018. He is a nominee of the Ministry of Education in accordance to Section (1)(b) of the Accountants Act, No. 15 of 2008.

He is a holder of a PhD in Human Resource Education, Master of Business Administration and Bachelor of Business Management degree.

Dr Yegon has vast experience in education and training having risen through the ranks in the Ministry of Education to his current position of Deputy Director, Higher Education, State department of University Education.



CPA Bernard M. Ndung'u

CPA Bernard M. Ndung'u was appointed to the Board effective from 1 July 2014 up to 30 June 2017 and was reappointed to the Board effective 7 August 2017. He is a nominee of the National Treasury and Planning in accordance with Section 15(1)(a) of the Accountants Act, No.15 of 2008.

He is a holder of a Bachelor of Commerce degree (Finance option) and a Master of Business Administration degree. He is also a holder of the CPA qualification and a Member of the Institute of Certified Public Accountants of Kenya (ICPAK).

CPA Ndung'u has wide experience in finance, auditing and consultancy services gained in International accounting firms including Ernst and Young and PriceWaterhouseCoopers (PWC). He is currently the Director General Accounting Services and Quality Assurance in the National Treasury and Chairman of Public Sector Accounting Standards Board (PSASB).

His appointment was revoked in 30 September 2019 and was replaced by Jane W. N. Macharia.





Jane Wacuka Njogu - Macharia

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

Jane has served in various positions in both private and public entities in the areas of auditing, accounting and finance management. Currently serving as a Deputy Accountant General in charge of Exchequer operations at the National Treasury. Jane holds a Masters of Business Administration (Finance) from JKUAT, a Bachelor of Education degree from Moi University majoring in Math and Economics. A certified Public Accountant of Kenya, CPA(K) and a Member of the Institute of Certified Public Accountants of Kenya (ICPAK), a Certified Information System Auditor (CISA) and a member of ISACA, well trained in public finance management in particular government liquidity and debt management. Currently a PhD student at JKUAT.



Dr. Nyambura Koigi

Dr Nyambura Koigi was appointed to the Board from 21 st January 2011 to June 2017 and was re-appointed to the Board effective 7 th August 2017. She is a nominee of the Federation of Kenya Employers in accordance to Section 15(1)(c) of the Accountant Act No. 15 of 2008. She did her Bachelors and Masters in Business Administration studies from the University of Nairobi and Doctorate in Business Administration from Nelson Mandela Metropolitan University, South Africa.

Dr. Nyambura has extensive experience in ICT, banking, product development, and project management having worked in various capacities in the banking sector. She was the Managing Director at Postbank 2005-2014 where she spearheaded the transformation agenda. During this period, she was the Chairman of the Association of Savings Banks in Africa and was one of the representatives of the African savings banks at the World Savings Bank Institute Board. Nyambura is a Fellow of Institute of Certified Secretaries, a Fellow, Kenya Institute of Management and a Certified Trustee.

Dr. Nyambura is currently a consultant in corporate governance and organization development and sits in several Boards in both the private and public sectors. She was awarded the medal of Moran of the Burning Spear (2009) by His Excellency the President of Kenya for her contribution to national development.



CORPORATE GOVERNANCE



Benrodgers M. Milaih

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

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

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



Ms. Mary Njuya

Ms Mary Njuya was appointed to the Board effective from 1 July 2014 up to 30 June 2017 and was reappointed to the Board effective 7 August 2017. She is a nominee of the Attorney General in accordance with Section 15(1)(e) of the Accountants Act, No.15 of 2008.

She is a holder of Bachelor of Laws degree. Ms Njuya has wide experience in legal matters gained at the Attorney General's Office. She is currently the Acting Registrar General.



FCPA Julius W. Mwatu

FCPA Julius W. Mwatu was appointed to the Board effective 1 September 2018. He is a nominee of the Institute of Certified Public Accountants of Kenya in accordance with Section 15(1)(f) of the Accountants Act, No. 15 of 2008.

He is a holder of a Masters in Business administration (Finance) and a Bachelor's degree in Statistics (BSc). He is also a holder of the CPA, CS and the Certified Financial Analyst qualifications. He is a member of the ICPAK.

FCPA Mwatu has over 17 years' experience in the Accounting profession. He is the past Chairman of ICPAK. He is an Audit & Tax partner at CPJ & Associates. He is also Board member of KCAU Board of Trustees, Pan-African Federation of Accountants (PAFA) and the International Federation of Accountants (IFAC).





CPA Edwin N. Makori

CPA Edwin N. Makori was appointed to the Board effective 1 September 2018. He is a nominee of the Institute of Certified Public Accountants of Kenya in accordance with Sections 15(1)(f) of the Accountants Acts, No. 15 of 2008.

He is a holder of Masters in Business administration (Finance) and a Bachelor of Commerce Degree. He is also a holder of the CPA and CISA qualifications. He is also a certified ERP consultant. He is a member of the Information Systems and Audit Control Association (ISACA) as well the Institute of Leadership Management ILM (U).

CPA Makori is the Chief Executive officer of ICPAK and has served on several boards internationally and locally and currently serves in the International Accounting Education Standards Board (IAESB) as a technical advisor.



FCS Catherine Musakali

FCS Catherine Musakali was appointed to the Board effective from 21 January 2011 up to 30 June 2017 and was reappointed to the Board effective 7 August 2017. She is a nominee of the Institute of Certified Secretaries (ICS) in accordance with Section 15(1)(g) of the Accountants Act, No. 15 of 2008.

Catherine Musakali is an Advocate of the High Court of Kenya and a Fellow of the Institute of Certified Secretaries of Kenya.

She is the Founder of Dorion Associates LLP, a firm that specializes in governance matters and commercial legal consultancies. She is a founder and Chairman of The Women on Boards Network and is currently the Company Secretary of a number of Companies and sits on various Boards including those in the public and private sectors. She also serves as a member of the Capital Markets 10-year Master Plan Implementation Committee.

Prior to founding Dorion Associates, Catherine worked for Kenya Shell Limited (Now Vivo Energy Kenya Limited) as the Company Secretary and Head of Legal for over fifteen (15) years, during which period she managed the Legal Functions of Shell operations in nine (9) African countries. She has also worked for shell in the United Kingdom specializing in mergers and acquisitions and other commercial transactions as well as being the Legal Focal Point for all Contracting and Procurement matters for its businesses in twenty three (23) countries in Africa. Before this, she set up and managed the Legal department of UAP Provincial Insurance Limited during which period she represented her employer in the Industry body, the Association of Kenya Insurers (AKI). She has previously served as a Director at Nairobi Securities Exchange and was at one time the Chairman of Kenya Seed Company Limited.



Catherine was, until May 2014, the Chairman of the Institute of Certified Public Secretaries of Kenya (ICPSK). She has also served as the Chair of the Institute's Education and Professional Development Committee as well as the Legislation and Corporate Governance Committee. She also sat on the Council of the Corporate Secretaries International Association which is a global body that brings together governance professionals.

Catherine has been the Chief Judge, Corporate Governance of the FiRe Awards and is a trained Corporate Governance Trainer, Governance Auditor and Board Evaluator. She has developed policies on governance for a number of institutions and also consults for the IFC.

Catherine has led the development of three landmark codes of Corporate Governance. These are; Mwongozo, The Code of Corporate Governance for State Corporations in Kenya; The Capital Markets Code of Corporate Governance Practices for Issuers of Securities in Kenya and The ICPSK Code of Corporate Governance for Private Companies.

Catherine holds a Bachelor of Laws Degree and a Master of Laws Degree from the University of Nairobi, a Higher National Diploma in Law (Kenya), as well as a certificate in Securities and Investment from the Securities and Investment Institute (London).



FCS Joe M. Mbuthia

FCS Joe M. Mbuthia was appointed to the Board effective from 21 January 2011 up to 30 June 2017 and was reappointed to the Board effective 7 August 2017. He is a nominee of the Institute of Certified Secretaries (ICS) in accordance with Section 15(1)(g) of the Accountants Act, No. 15 of 2008.

A recipient of three Fellowship Awards, he holds a Bachelor of Science (Business Administration) and Master of Business Administration from Indira Gandhi National Open University, New Delhi, India. He is currently the Director, Centre for Open and Distance Education which coordinates IGNOU programmes in East Africa

FCS Mbuthia is an Institutional development expert with specialisation in strategic management, corporate governance, organizational behaviour, project management and e-learning and is a Certified Secretary in practice.

CORPORATE GOVERNANCE



FA Dr. George O. Wakah

Dr George O. Wakah was appointed to the Board effective from 1 July 2014. He is a nominee of the Board of kasneb in accordance with Section 15(1)(h) of the Accountants Act, No.15 of 2008. He was reappointed on 1 September 2018.

FA. Dr. Wakah is currently the Director of Administration, Finance and Corporate Affairs at the Centre for Parliamentary Studies and Training at the Parliamentary Serie Commission. Prior to this appointment, Dr. Wakah was the Acting Director of Finance and Accounting Service at the Parliamentary Serie Commission for three and half years.

FA. Dr. Wakah holds a Doctorate of Business Administration from the Nelson Mandela University in Port Elizabeth South Africa and is also certified investment and securities analyst. He is member of the Institute of Certified Investment and Financial Analysts (ICIFA). He served as the National Chairman of ICIFA from June 2014 to June 2016. He is currently the Chairman of the Board of Trustees of the Kasneb Foundation. He is an author of the book Micro Perspectives on Poverty Alleviation in Kenya. FA. Dr. Wakah brings to the Kasneb Board a wealth of experience in the areas of public finance management, financial governance and public administration.



CORPORATE GOVERNANCE STATEMENT

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

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

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

COMPOSITION OF THE BOARD

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

BOARD CHARTER

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

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

ROLE OF THE BOARD

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

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



CORPORATE GOVERNANCE STATEMENT

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

BOARD MEETINGS

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

Attendance

During the financial year 2019/2020 the Board held eleven (11) meetings whose attendance was as follows:::

No.	Name	Meetings	
		Eligible	Attended
1	Nancy N. Muriuki	11	11
2	Christopher Yegon	11	9
3	Bernard M. Ndung'u	5	1
4	Nyambura Koigi	11	11
5	Benrodgers M. Milaih	11	10
6	Mary Njuya	11	10
7	Joe M. Mbuthia	11	10
8	Catherine Musakali	11	10
9	Julius W. Mwatu	11	10
10	Edwin N. Makori	11	8
11	George O. Wakah	11	6
12	Jane W. N. Macharia*	6	5

* Appointed on 30 September 2019.

COMMITTEES OF THE BOARD

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

Examinations Committee

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

- (a) Development of syllabuses which comply with international standards.
- (b) Development of strategies for management of examinations.



CORPORATE GOVERNANCE STATEMENT

- (c) Receiving and considering examiners reports and guiding the release of results.
- (d) Advising the Board on matters incidental to good strategies for administration of examinations.
- (e) Accreditation of training institutions offering tuition for the qualifications of kasneb.
- (f) Promoting research and innovation.

Attendance

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

No.	Name	Meetings	
		Eligible	Attended
1	Christopher Yegon	4	4
2.	Nancy N. Muriuki	4	3
3	Bernard M. Ndung'u**	2	0
4	Nyambura Koigi	4	4
5	Benroddgers M. Milaih	4	4
6	Mary Njuya	4	3
7	Joe M. Mbuthia	4	4
8	Catherine Musakali	4	3
9	Jane W. N. Macharia*	2	2
10	Edwin Makori	4	4
11	Julius Matu	2	2
12	George Wakah	4	4
13	Sharon J. Kisire***	4	4
14	Yonah O. Okidia***	4	4
15	Jonah K. Aiyabei***	4	2
16	Samuel M. Muriu***	4	1
17	Geoffrey Injeni	2	2
18	Mary Rahab Chabeda	2	2
19	Pius M. Kyambi	2	2

* Appointed effective 30 September 2019.

** Appointment revoked 30 September 2019.

*** Chief examiners nominated to the committee by the Board.

Examinations Technical Sub-Committee

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



CORPORATE GOVERNANCE STATEMENT

Attendance

During the financial year the Sub-Committee held eight (8) meetings whose attendance was as follows:

No.	Name	Meetings	
		Eligible	Attended
1	Joe M. Mbuthia	8	8
2	Edwin N. Makori	8	6
3	Sharon J. Kisire	8	4
4	Gillian W. Mwaniki	8	6
5	Yonah O. Okidia	8	8
6	Jonah K. Aiyabei	8	2
7	David M. Mwangi	8	2
8	Dorcas M. Omukhulu	8	8
9	Dominic B. Omboto	8	6
10	Pius M. Kyambi	4	4
11	Mary Rahab Chabeda	4	3
12	Geoffrey Injeni	4	4

Finance and General Purposes Committee

The principal responsibilities of the Committee are:

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

Attendance

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

No.	Name	Meetings	
		Eligible	Attended
1	Nyambura Koigi	7	7
2	Christopher Yegon	7	7
3	Bernard M. Ndung'u**	1	0
4	Edwin Makori	7	6
5	Benrodgers M. Milaih	7	7
6	George O. Wakah	7	4
7	Jane W. N. Macharia*	4	4

* Appointed effective 30 September 2019.

** Appointment revoked 30 September 2019.



Planning and Business Development Committee

The principal responsibilities of the Committee are:

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

Attendance

During the financial year the Committee held six (6) meetings whose attendance was as follows:

No.	Name	Meetings	
		Eligible	Attended
1	Catherine Musakali	6	6
2	Joe M. Mbuthia	6	6
3	Nyambura Koigi	6	4
4	Mary Njuya	6	6
5	Julius W. Mwatu	6	6
6	George O. Wakah	6	4

Audit Committee

The principal responsibilities of the Committee are:

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

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

Attendance

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

No.	Name	Meetings	
		Eligible	Attended
1	Julius W. Mwatu	5	5
2	Catherine Musakali	5	5
3	Christopher Yegon	5	4
4	Bernard M. Ndung'u	1	0
5	Mary Njuya	5	5
6	Jane W. Njogu	2	1



CEO AND HEADS OF DIVISIONS/UNITS



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

Dr. Nicholas K. Letting', Ph.D, HSC, currently kasneb Secretary/Chief Executive Officer is the immediate past Vice – Chancellor/Chief Executive Officer (CEO) of the Management University of Africa (MUA). He joined Kasneb on 2 May 2019.

He is a member of several Boards and Councils mainly in Professional Bodies, Education and Training Institutions namely KICD, NACOSTI, ICPAK, ICS and ICIFA. He is Honorary Treasury, Association of Professional Society of East Africa (APSEA). He served as Chairman of ICS from 2014 to 2016. He has served as Council Member and Chairman of Finance, Strategy and General Purposes Committee at the Kenya Institute of Curriculum Development (KICD) since 2011 to 2019.

He holds a Doctor of Philosophy (PhD) in Business Administration (Strategic Management), MBA and BCom degrees from the University of Nairobi. He is a Certified Public Accountant (CPA), Certified Secretary (CS) and Certified Investments and Financial Analyst (CIFA) holding Final Examinations Certificates from kasneb. He has over 20 years' experience having worked with BAT Kenya, KIM and MUA as scholar and industry practitioner. He is a Fellow of ICPAK, ICS and KIM and a member of IoD and IHRM.

The key responsibilities are providing overall leadership and strategic direction to kasneb, implementing Board and Government of Kenya policies and decisions, mobilising resources, promoting positive corporate image, ensuring adherence to corporate values and promoting good governance and ethical practices for sustainable growth and development.



James G. Nduati
Finance Director

James G. Nduati was appointed the Finance Director on 1 July 2012.

He is a holder of a Bachelor of Commerce degree in Accounting and Executive Masters' degree in Finance. He is also a holder of the CPA and CISA qualifications. He is and a member of the Institute of Certified Public Accountants of Kenya (ICPAK) and the Institute of Certified Investment and Financial Analysts (ICIFA).

The key responsibilities are planning, coordinating and implementing the finance and accounting policies and strategies aligned to the strategic plan of kasneb, ensuring compliance with international standards and advising the Chief Executive Officer on finance and accounting matters.



Isaac M. Njuguna
Examinations Director

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

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



HEADS OF DIVISIONS/UNITS



Marylucy A. Ajwang'
Human Capital and
Administration Director

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

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



Caroline W. Karia
Head of Planning and Strategy

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

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

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

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



CPA Jason K. Mwangi
Head of Internal Audit
and Risk

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

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



HEADS OF DIVISIONS/UNITS



Samuel M. King'oo
Head of Information
Communication Technology

Samuel M. King'oo was appointed the Head of Information Technology and Communication Unit on 3 January 2017.

He holds a degree in Civil Engineering and a Masters of Computer Science. He is a Certified Project Manager and a member of the Computer Society of Kenya with a certification in Information Technology Infrastructure Library (ITIL).

The key responsibilities are ICT policy and strategy formulation and implementation, ICT security and risk, user support and maintenance, ICT infrastructure, hardware, software, databases and applications.



Francis A. Okubo
Manager, Supply
Chain Management

Francis A. Okubo was appointed Manager, Supply Chain Management Unit on 1 August 2017. He holds a Bachelor of Education degree and a Masters of Business Administration. He is also a licensed supplies practitioner and hold an advanced certificate in organisation development and Diploma in Supplies Chain Management. He is a member of the Kenya Institute of Supplies Management (KISM).

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



Hamida A. Mwilu
Manager, Marketing and
Communication

Hamida A. Mwilu was appointed Manager, Marketing and Communication Unit on 1 July 2017. She holds a Bachelors degree in Marketing and Management, a professional diploma in Marketing (HL). She is a member of Chartered Institute of Marketing (CIM) and Public Relations Society of Kenya (PRSK).

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



Joyce M. Afanda
Legal and Compliance
Officer

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

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



ECONOMIC SOCIAL GOVERNANCE (ESG) STATEMENT

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

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

During the year 2019/2020, kasneb contributed Sh.2,240,804 (shillings two million, two hundred and forty thousand, eight hundred and four) only towards economic social governance. In addition, members of staff participated in related ESG activities. The following were some of the key ESG activity engagements:

ENVIRONMENTAL ACTIVITIES

kasneb sponsored and participated in the Ndakaini Half Marathon ten (10) kilometre corporate race organised by Ndakaini Dam Environmental Conservation Association (NDEKA).

kasneb sponsored and participated in the National Tree Planting exercise in Voi, Taita Taveta County organised by the Ministry of Environment and Forestry. In addition, kasneb participated in the World Environment Day commemorated on 6 June 2019 at Railways Training Institute and also sponsored one thousand (1000) tree seedlings for planting.

EDUCATIONAL ACTIVITIES

During the year ended 30 June 2019, kasneb paid school fees for seven (7) orphaned and vulnerable students from Tunyai Childrens' Centre, Tharaka Nithi for third term (2018) first and second term (2019). The students are in different secondary schools in Meru County.

kasneb also donated textbooks and branded shelves to two (2) Kenya National Library Service (KNLS) branches namely; Gatimbi Library - Nkubu and Kangema Library, Muranga and three (3) prisons namely; Kamiti Maximum Prison, Langata Women's Prison and Naivasha Maximum Prison.

kasneb donated branded shelves only to the following KNLS branches; Meru District Library, Kisumu Provincial Library and Kericho District Library.

HEALTH ACTIVITIES

kasneb sponsored and participated in the Beyond Zero Half Marathon ten (10) kilometre corporate race organised by Beyond Zero Marathon Trust.

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



VOLUNTARY COMMUNITY SERVICE

kasneb sponsored and participated in a fund raising walk at Friends Secondary School, Dandora. The walk was to raise funds for the needy children.

Similarly, kasneb sponsored and participated in a fund raising walk at Mwata Adventist School for the Deaf, Kisii. The walk was to raise funds for buying school uniforms for the deaf children.

In Rwanda, the Liaison Officer visited Jordan Blind Children's School in Kigali and spent time with the children.

kasneb also donated funds for buying food for the elderly citizens of Kibarage slums organised by Wells of Hope Centre.



STATEMENT OF THE MEMBERS OF THE BOARD

The members of the Board submit their report together with the audited financial statements for the year ended 30 June 2020 which disclose the state of affairs of kasneb.

PRINCIPAL ACTIVITIES

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

RESULTS

The results for the year are set out on pages to 32 to 54.

MEMBERS OF THE BOARD

The members of the Board of kasneb who served during the year and to the date of this report are disclosed on page 3.

AUDITORS

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

By order of the Board

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

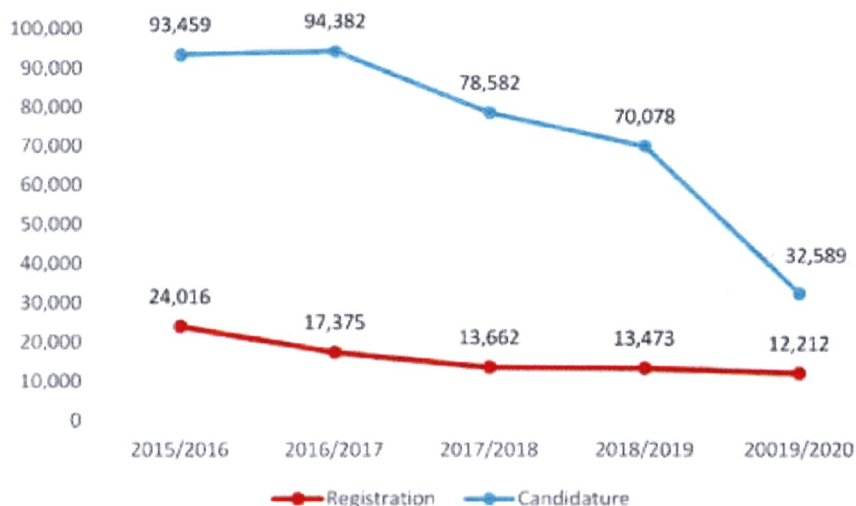
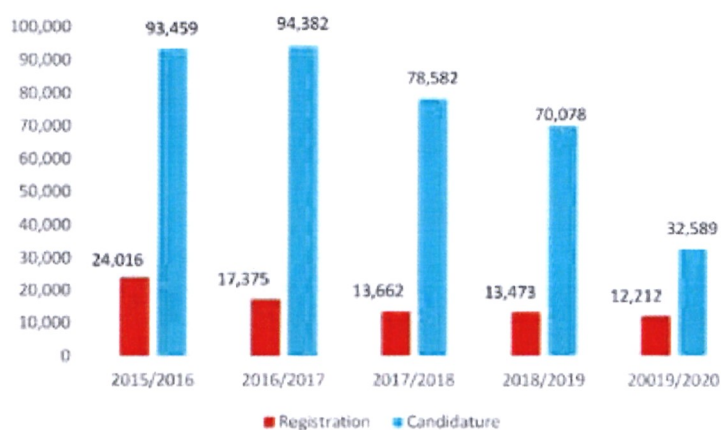


MANAGEMENT DISCUSSION AND ANALYSIS

SECTION A

Operational and Financial Performance

The performance for the financial year 2019/2020 was below average due to the decline in student registration and candidature which are key kasneb revenue drivers. During the reporting period, student registration was 12,212 against a target of 15,549 resulting to a negative variance of 21.5%. During the financial year 2019/2020, kasneb held one examination sitting in November 2019 with candidature of 32,589. The May 2020 examinations were postponed due to COVID-19 pandemic. The five-year performance trends for the student registration and candidature is depicted below:



Note: **Candidature for the financial year 2019/2020 was for one examination sitting in November 2019.

The decline in student registration and candidature impacted negatively on financial performance where the reported total income of Sh. 417.4 million was realised for the twelve months ended 30 June 2020 against the budgeted income of Sh. 676.9 million resulting to a shortfall of Sh. 259.5 million, representing a negative variance of 38.3%.



MANAGEMENT DISCUSSION AND ANALYSIS

The following are some of the global and national factors that affected the performance of kasneb during the financial year:

- (a) The impact of COVID-19 pandemic which culminated in postponement of May 2020 examinations.
- (b) Low economic performance affecting the purchasing power as evidenced by the marginal performance of the key economic indicators in the year 2019. The Gross Domestic Product grew by 5.4%; inflation rate was 5.4%; unemployment rate was 9.3%; and return on investment on 91-day Treasury Bills was 7.2% (Economic Survey Report, 2020).
- (c) The impact of downward trend of students' performance in KCSE leading to all students with grade C+ and above being admitted to both public and private universities who are target market for kasneb professional qualifications. For instance, a total of 693,881 candidates out of 125,841 candidates who sat the 2019 KCSE examinations scored grade C+ and above, representing 18%. Besides, students prefer to go to the universities and graduate before registering for professional qualifications offered by kasneb to benefit from exemptions.
- (d) The impact of placement of diploma students in technical training institutes by Kenya Universities and Colleges Central Placement Service (KUCCPS) and subsequent funding of diploma students through HELB loans. Students prefer to be placed by KUCCPS to the technical training institutes in order to benefit from the financial assistance.
- (e) The impact of the new requirement for students to report to universities in the same year when the Kenya Certificate of Secondary Education (KCSE) results are released. Previously many students used to take kasneb qualifications as they waited to join universities for one or two years after release of results.
- (f) The introduction of the Diploma examinations whose minimum entry requirement was KCSE mean grade of C- (C minus) compared to D+ (D plus) for the phased out Technician examinations.
- (g) Competition from universities and other examination bodies such as Kenya National Examination Council (KNEC) who also offered diploma courses to students with KCSE mean grade of C- (C minus) who subsequently progressed to degree courses.
- (h) The major review of kasneb examinations syllabuses with ongoing students awaiting the outcome of the review process which affect structure and content of kasneb examinations.

The impact of the negative income variance was however compensated by savings arising from austerity measures undertaken in managing operating costs including but not limited to:

- (a) Automation and re-engineering business processes.
- (b) Adoption of e-kasneb student online payment platform to facilitate students to pay fees online as well as access services using the mobile phones and web portal. This contributed to cost saving due to efficiency and effectiveness in service delivery.

In order to improve on financial performance, the following strategies were being implemented:

- (a) Major syllabuses review which will culminate in review of existing qualification and introduction of the new qualifications, including short-term online courses for three months to boost financial performance.
- (b) Review of entry requirement for the Certificate in Accounting and Management Skills (CAMS) from a mean grade of D+ to D (plain) in line with Kenya National Qualification Framework.
- (c) Introduction of computer based examinations which would allow students to book and undertake the examinations online.



MANAGEMENT DISCUSSION AND ANALYSIS

- (d) Partnership with professional bodies to develop study packs for kasneb qualifications.
- (e) Availing free e-learning resources to students and examiners through the e-kasneb Library portal and conducting of webinars to respond to student needs.
- (f) Adoption of digital marketing in line with the unique needs of the target market.
- (g) Promotion of examinations in foreign countries such as Rwanda, Uganda, South Sudan and Cameroon.
- (h) Collaboration with Kenya Universities and College Central Placement Service (KUCCPS) to recognise kasneb examinations in the KUCCPS career booklet.
- (i) Adoption of Enterprise Resource Planning (ERP) system to re-engineer business processes to enhance efficiency and effectiveness in operations.
- (j) Exploring possibility of undertaking three examination sittings to reduce time lag in completion of kasneb qualifications.
- (k) Development and implementation of COVID-19 mitigation strategies to business survival focusing on three phases, namely: Response Phase, Recovery Phase and Renewal Phase

SECTION B

Compliance with regulatory requirements

During the year ended 30 June 2020, kasneb complied with all the statutory and regulatory requirements.

SECTION C

Key projects and investment decisions the entity is implementing:

- (1) Enterprise Resource Planning (ERP) System: Supply, installation and commissioning of ERP
- (2) Office renovations and improvements: Office renovations and improvements at kasneb towers
- (3) Organizational review and Workload/Workforce Analysis: Review of organisation structure and Workload/workforce analysis

SECTION D

Major risks facing the entity

Operational risk

Following the outbreak of COVID-19 pandemic, the Government of Kenya closed all schools and training institutions with effect from 15 March 2020. This had an impact on delivery of kasneb programmes, affecting about 300 training institutions and 30,000 candidates who had booked the May 2020 examinations. Subsequently, the Board of kasneb rescheduled the May 2020 examinations to September 2020. Appropriate strategic response measures to deal with the impacts of COVID -19 pandemic are being put in place.

1 Response phase: A relatively short period focusing on immediate actions to keep people safe and essential business operating; Recovery Phase: Medium duration characterised by organised and co-ordinated effort to stabilise business operations; and Renewal Phase: Extended period characterised by strategic and sustainable execution in the organisation, new lessons and forging a new foundation/new reality.



MANAGEMENT DISCUSSION AND ANALYSIS

Financial risk management

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

Currency risk

kasneb bank accounts are denominated in Kenyan shillings except for Kenya Commercial Bank (KCB) Dollar Account which is domiciled at KCB, Capital Hill Branch. Income and expenses are settled in Kenya Shilling hence there is minimal or no exposure to currency risk. As at 30 June 2020, kasneb held US dollars 156, 593 KCB in dollar account. If the currency rate were to fall by 5%, the impact on the kasneb performance will be minimal, that is Ksh 833,861.

Interest rate risk

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

Credit risk

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

The total receivables from Postal Corporation of Kenya and Jambopay as at 30 June 2020 was Sh. 1,358,969. If 10% of the debtors failed to pay, kasneb risked a loss of Sh. 135,867 which would have minimal effect on the performance of kasneb. The impairment of receivables from Postal Corporation of Kenya of Sh. 18,451,969 were written off as bad debts in the financial year 2018/2019. However, kasneb is still pursuing settlement of the debt.

SECTION E

Major arrears in statutory/financial obligations

There were no major arrears in statutory or other financial obligations.

SECTION F

Financial probity and serious governance issues

There were no financial improbity or serious governance issues reported by internal audit/Audit Committee of the Board, external auditors, or other National Government Agencies. No governance issues among the Board or members of the Board and top management including conflict of interest were reported.



STATEMENT OF BOARD MEMBERS' RESPONSIBILITIES

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

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

The members of the Board accept responsibility for the financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates and in conformity with the International Public Sector Accounting Standards, Section 81 of the Public Finance Management Act, 2012 and the State Corporations Act, Cap 446. The members are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of kasneb as at 30 June 2019 and of its deficit for the year then ended. The members and management further accept responsibility for the maintenance of accurate and complete accounting records which have been relied upon in the preparation of the financial statements as well as on the adequacy of the systems of internal financial controls.

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

Approval of the financial Statements

The financial statements set out on pages to 33 to 56 were approved by the Board on 8 July 2020 and signed on its behalf by:

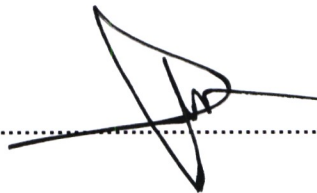
Dr. Nancy N. Muriuki, Ph.D

Chairman



Dr. Nicholas K. Letting', Ph.D

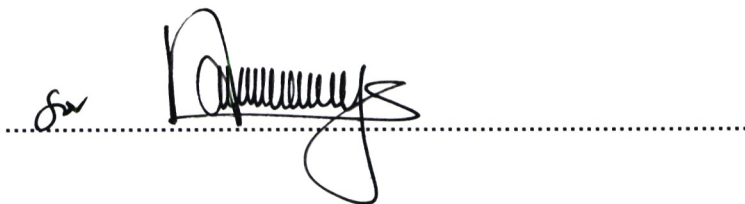
Secretary/Chief Executive Officer



James G. Nduati

Finance Director

ICPAK Member No.2102



REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON KENYA ACCOUNTANTS AND SECRETARIES NATIONAL EXAMINATIONS BOARD FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Accountants and Secretaries National Examinations Board (KASNEB) set out on pages 33 to 55, which comprise the statement of financial position as at 30 June, 2020, and statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Accountants and Secretaries National Examinations Board as at 30 June, 2020, and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Accountants Act, 2008.

Basis for Opinion

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

Key Audit Matters

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

Report of the Auditor-General on Kenya Accountants and Secretaries National Examinations Board for the year ended 30 June, 2020

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in 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

Compensation to Employees

As disclosed in Note 7 to the financial statements, the statement of financial performance reflects employee costs of Kshs.389,303,883;(2018 – Kshs.407,627,717). The employee costs accounts for fifty-nine percent (59%) and seventy-nine percent (79%) of the total expenses and total revenue of Kshs.661,443,357 and Kshs.492,743,578 respectively. This exceeds the set limit under Regulation 26(a) of the Public Finance Management (National Government) Regulations, 2015 on fiscal responsibility principles, which provides that expenditure on the compensation to employees shall not exceed thirty-five (35%) percent of the total revenue.

The Board is in breach of law to this extent.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE.

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall

governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and The Board of Directors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue to sustain its services. If I conclude that a material

uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Board to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Board to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



Nancy Gathungu
AUDITOR-GENERAL

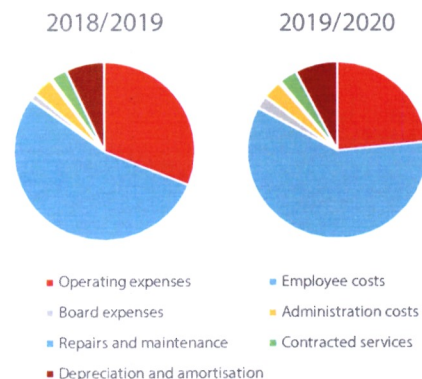
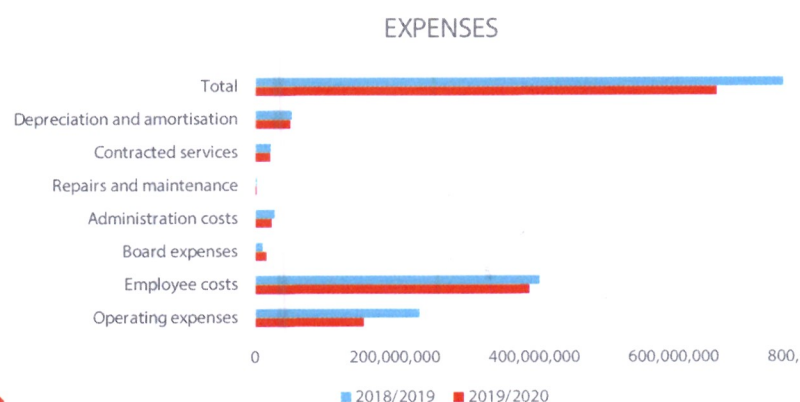
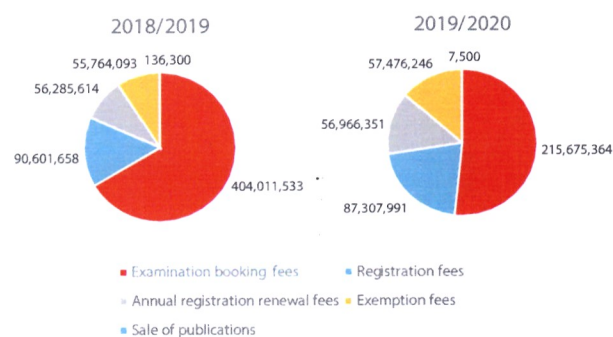
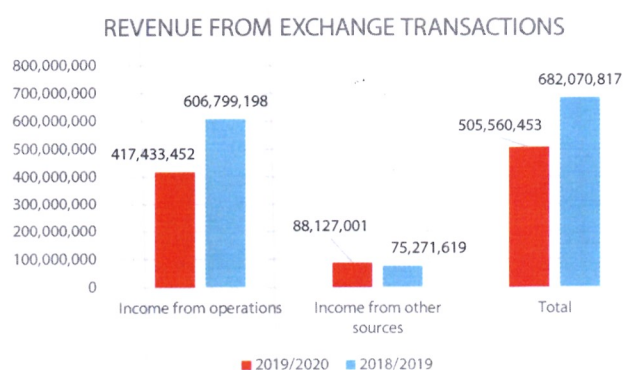
Nairobi

12 July, 2021

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020

	Note	2019/2020 Sh.	2018/2019 Sh.
Revenue from exchange transactions			
Income from operations	4	417,433,452	606,799,198
Income from other sources	5	75,310,126	75,271,619
		492,743,578	682,070,817
Expenses			
Operating expenses	6	153,692,242	236,082,365
Employee costs	7	389,303,883	407,627,717
Board expenses	8	15,903,660	10,339,109
Administration costs	9	25,116,731	27,688,785
Repairs and maintenance	10	2,134,923	2,060,050
Contracted services	11	21,835,498	21,854,016
Depreciation and amortisation	12	53,456,420	52,469,150
		661,443,357	758,101,192
Surplus for the period		(168,699,779)	(76,030,375)

The notes set out on pages 39 to 56 form an integral part of the Financial Statements.



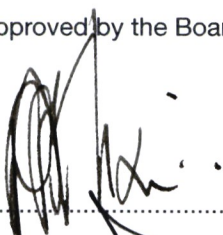
STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

ASSETS	Note	2019/2020	2018/2019
		Sh.	Sh.
Current assets			
Cash and bank balances	13	372,080,845	293,831,050
Held to maturity investments	14.1	101,780,030	350,058,900
Trade and other receivables	15	42,267,841	41,018,431
		<u>516,128,716</u>	<u>684,908,381</u>
Non current assets			
Property, plant and equipment	16(a)	1,325,888,084	1,332,724,959
Leasehold land	16(b)	338,292,680	342,743,900
Intangible assets	17	45,288,623	4,117,155
Held to maturity investments	18	129,400,100	172,231,700
		<u>1,838,869,487</u>	<u>1,851,817,714</u>
Total assets		<u>2,354,998,203</u>	<u>2,536,726,095</u>
LIABILITIES			
Current liabilities			
Trade and other payables	19	60,831,018	87,201,977
Provisions	20	42,752,647	12,824,892
Prepayments received in advance	21	165,820,070	1,947,250
Total liabilities		<u>269,403,735</u>	<u>101,974,119</u>
Net assets		<u>2,085,594,468</u>	<u>2,434,751,976</u>
Revaluation reserve			
Revaluation reserve	22	372,256,994	380,583,214
Accumulated surplus			
Accumulated surplus	23	1,713,337,474	2,054,168,762
		<u>2,085,594,468</u>	<u>2,434,751,976</u>
Total net assets and liabilities		<u>2,354,998,203</u>	<u>2,536,726,095</u>

The financial statements on pages 33 to 56 were approved by the Board on 4 August 2020 and were signed on its behalf by:

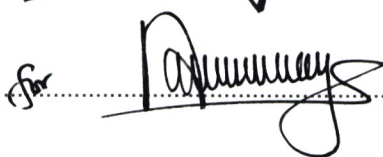
Dr. Nancy N. Muriuki, Ph.D
Chairman



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



James G. Nduati
Finance Director
(ICPAK Member No.2102)




STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2020

	Revaluation reserves	Accumulated surplus	Total
	Sh.	Sh.	Sh.
Balance as at 30 June 2018	388,909,434	2,130,199,137	2,519,108,571
Prior year adjustment Leave over-provision 2019	-	5,168,491	5,168,491
Depreciation/Amortisation charge for the year	(8,326,220)	-	(8,326,220)-
Surplus/(deficit) for the period	-	(76,030,375)	(76,030,375)
Balance as at 30 June 2019	380,583,214	2,059,337,253	2,439,920,467
Depreciation/Amortisation charge for the year	(8,326,220)	-	(8,326,220)
Dividends paid to the Government	-	(177,300,000)	(177,300,000)
Surplus/(deficit) for the period	-	(168,699,779)	(168,699,779)
Balance as at 30 June 2020	372,256,994	1,713,337,474	2,085,594,468

*The prior year adjustment relates to over provision for leave benefits for the year 2018/2019.



STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	Note	2019/2020 Sh.	2018/2019 Sh.
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Revenue from operations	4	417,433,452	606,799,198
Prior year adjustment		5,168,491	
Interest income	5.1	40,749,979	61,746,003
Revenue from other sources	5	34,560,147	13,525,616
Total receipts		497,912,069	682,070,817
Payments			
Operating expenses	6	(153,692,242)	(236,082,365)
Employee costs	7	(389,303,883)	(407,627,717)
Board expenses	8	(15,903,660)	(10,339,109)
Administration costs	9	(25,116,731)	(27,668,785)
Repairs and maintenance	10	(2,134,923)	(2,060,050)
Contracted services	11	(21,835,498)	(21,854,016)
Decrease in trade and other receivables		(1,249,410)	22,894,430
Increase/(Decrease) in payables, provisions and prepayments		167,429,616	(35,286,262)
Total payments		(441,806,731)	(718,023,874)
Net cash generated from operating activities		56,105,338	(35,953,007)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	16 (b)	(49,013,906)	(85,576,979)
Purchase of intangible assets	17	(42,652,107)	(150,500)
Decrease/(Increase) in investments		42,831,600	4,303,800
Net cash utilised in investing activities		(48,834,413)	(81,423,679)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to the Government		(177,300,000)	-
Net increase/(decrease) in cash and cash equivalents		(170,029,075)	(117,376,736)
Cash and cash equivalents at beginning of the year	14	643,889,950	761,266,686
Cash and cash equivalents at the end of the year	14	473,860,875	643,889,950



STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2018/2019	2019/2020	2019/2020	2019/2020	2019/2020
	Sh.	Sh.	Sh.	Sh.	Sh.
INCOME FROM EXCHANGE TRANSACTIONS					
Examinations booking fees	541,500,000	(88,800,000)	452,700,000	215,675,364	(237,024,636)
Registration fees	93,100,000	-	93,100,000	87,307,991	(5,792,009)
Annual registration renewal fees	76,800,000	(1,500,000)	75,300,000	56,966,351	(18,333,649)
Exemption fees	55,200,000	600,000	55,800,000	57,476,246	1,676,246
Sale of publications	500,000	(480,000)	20,000	7,500	(12,500)
Sub-Total	767,100,000	(90,180,000)	676,920,000	417,433,452	(259,486,548)
INCOME FROM OTHER SOURCES					
Interest earned	95,000,000	(29,000,000)	66,000,000	40,749,979	(25,250,021)
Rental income	18,000,000	-	18,000,000	9,564,173	(8,435,827)
Miscellaneous income	7,200,000	4,300,000	11,500,000	24,995,974	13,495,974
Sub-total	120,200,000	(24,700,000)	95,500,000	75,310,126	(20,189,874)
Total income	887,300,000	(114,880,000)	772,420,000	492,743,578	(279,676,422)
EXPENDITURE ON OPERATIONS					
Examinations and invigilation	110,000,000	(14,000,000)	96,000,000	48,303,371	47,696,629
Examination prizes	4,000,000	(1,500,000)	2,500,000	1,287,500	1,212,500
Hire of examination halls	4,000,000	-	4,000,000	1,909,700	2,090,300
Data processing	6,500,000	-	6,500,000	5,992,678	507,322
Printing and stationery	24,000,000	(2,000,000)	22,000,000	14,753,198	7,246,802
Local travel and transport	5,500,000	(1,500,000)	4,000,000	2,969,771	1,030,229
Long distance travel and transport	6,000,000	(800,000)	5,200,000	2,969,127	2,230,873
Postage and telephone	5,000,000	-	5,000,000	4,065,530	934,470
Salaries and wages	348,000,000	(5,075,000)	342,925,000	335,747,856	7,177,144
Pension and benefits	44,000,000	(2,000,000)	42,000,000	42,483,914	(483,914)
Education and training	12,000,000	-	12,000,000	11,072,113	927,887
Repairs and maintenance	2,200,000	-	2,200,000	2,134,923	65,077
Audit fees	1,000,000	-	1,000,000	1,000,000	-
Insurance	3,000,000	-	3,000,000	3,620,505	(620,505)
Sundry expenses	8,500,000	(2,500,000)	6,000,000	5,706,708	293,292
Bank charges	1,000,000	-	1,000,000	1,770,234	(770,234)
Board expenses	20,000,000	-	20,000,000	15,903,660	4,096,340
Marketing and communication	48,000,000	-	48,000,000	29,876,117	18,123,883
kasneb Newslines	5,000,000	(1,500,000)	3,500,000	1,658,790	1,841,210
Legal expenses	2,500,000	-	2,500,000	2,319,009	180,991



STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
Land rent and rates	700,000	-	700,000	628,080	71,920
Office provisions	7,500,000	(1,500,000)	6,000,000	3,826,556	2,173,444
Research and Innovation Centre	4,500,000	(2,000,000)	2,500,000	2,048,442	451,558
Examinations development and Research	19,000,000	6,000,000	25,000,000	18,986,926	6,013,074
Impairment of receivables	-	-	-	-	-
Sub-total	691,900,000	(28,375,000)	663,525,000	561,034,708	102,490,292
EXPENDITURE ON OTHER ITEMS					
Insurance and maintenance of office premises	11,000,000	(3,000,000)	8,000,000	7,363,407	636,593
Contracted services	16,500,000	-	16,500,000	21,835,498	(5,335,498)
Social responsibility	2,700,000	-	2,700,000	2,879,513	(179,513)
kasneb Foundation Bursary	5,000,000	-	5,000,000	2,030,000	2,970,000
Strategic planning	2,000,000	700,000	2,700,000	801,010	1,898,990
Website development and maintenance	5,000,000	-	5,000,000	3,735,240	1,264,760
Miscellaneous expenses	2,200,000	-	2,200,000	816,070	1,383,930
Other nonrecurrent expenses	6,000,000	8,600,000	14,600,000	7,491,491	7,108,509
Sub-total	50,400,000	6,300,000	56,700,000	46,952,229	9,747,771
Total expenditure	742,300,000	(22,075,000)	720,225,000	607,986,937	112,238,063
Surplus from operations	75,200,000	(61,805,000)	13,395,000	(143,601,256)	(156,996,256)
Surplus from other sources	69,800,000	(31,000,000)	38,800,000	28,357,897	(10,442,103)
Surplus before depreciation and amortisation expenses	145,000,000	(92,805,000)	52,195,000	(115,243,359)	(167,438,359)
Depreciation and amortisation expenses	65,000,000	(16,900,000)	48,100,000	53,456,420	(5,356,420)
Surplus for the year	80,000,000	(75,905,000)	4,095,000	(168,699,779)	(162,081,939)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

2. ADOPTION OF NEW AND REVISED STANDARDS

(a) Relevant new standards and amendments to published standards with effect from the financial year ended 30 June 2019

IPSAS 33: First time adoption of Accrual Basis of IPSAS

kasneb adopted IPSAS in the financial year 2014.

IPSAS 34: Consolidated Financial Statements

This standard is not applicable since kasneb does not have subsidiaries, joint ventures or investments in other companies/institutions.

IPSAS 35: Separate Financial Statements

This standard is not applicable since kasneb does not have subsidiaries, joint ventures or investments in other companies/institutions.

IPSAS 36: Investments in Associates and Joint Ventures

This standard is not applicable since kasneb has no associates or joint ventures.

IPSAS 37: Joint arrangements

This standard is not applicable since kasneb has no joint arrangements with other companies/institutions.

IPSAS 38: Disclosure of Interests in Other entities

This standard is not applicable since kasneb does not have interests in other entities.

(b) Early adoption of Standards

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue recognition

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

Interest income

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

(b) Budget information

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

(c) Property, Plant and equipment

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

Depreciation

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

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

The annual rates of depreciation in use are:

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

(d) Intangible assets

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

(e) Leasehold land

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

(f) Financial instruments

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

Financial assets

Initial recognition and measurement

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

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

(g) Provisions

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Contingent assets

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

Contingent liabilities

kasneb does not recognise a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. As disclosed on Note 26, kasneb has entered into major capital commitments that would entail large cash flow commitments in the future.

(h) Changes in accounting policies and estimates

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

(i) Employee retirement benefits

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

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

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

(j) Related parties and transactions

The senior management team is regarded as related parties and comprise the Chief Executive Officer, Directors and Senior managers. The total remuneration of senior management team for the financial year ended June 2020 were as follows:

	2019/2020	2018/2019
Number of senior management staff	13	15
Total remuneration (Sh.)	77,323,279	85,124,169

There were no other related party transactions during the financial year ended 30 June 2019.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

(k) Financial risk management

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

(i) Currency risk

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

(ii) Interest rate risk

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

(iii) Credit risk

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

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank and highly liquid investments in Treasury bills which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to members of staff which were not surrendered or accounted for at the end of the financial year.

(m) Comparative figures

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

(n) Significant judgments and sources of estimation uncertainty

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

Estimates and assumptions

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Useful lives and residual values

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

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

(o) Subsequent events

There are no subsequent events to the financial year end with a significant impact on the financial statements for the year ended 30 June 2020.

4.	INCOME FROM OPERATIONS	Note	2019/2020	2018/2019
			Sh.	Sh.
	Examination booking fees		215,673,364	404,011,533
	Registration fees		87,307,991	90,601,658
	Annual registration renewal fees		56,966,351	56,285,614
	Exemption fees		57,476,246	55,764,093
	Sale of publications		7,500	136,300
			417,433,452	606,799,198
5.	INCOME FROM OTHER SOURCES			
	Rental income		9,564,173	2,363,881
	Interest income	5.1	40,749,979	61,746,003
	Miscellaneous income		24,995,974	11,161,735
			75,310,126	75,271,619
5.1	INTEREST INCOME			
	Interest income comprises the following:			
	Interest received from government securities		23,520,015	39,160,206
	Accrued interest from government securities/ mortgage		9,970,944	15,409,139
	Interest received from mortgage deposit		4,372,025	4,277,333
	Interest earned from bank balances		2,536,079	2,348,025
	Interest earned from advances to staff		350,916	551,301
			40,749,979	61,746,003



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

6.

	Note	2019/2020	2018/2019
		Sh.	Sh.
OPERATING EXPENSES			
Examinations and invigilation		48,303,371	107,629,513
Examination prizes		1,287,500	2,585,916
Hire of examination halls		1,909,700	4,606,180
Data processing		5,992,678	6,150,361
Printing and stationery		14,753,198	23,684,582
Local travel and transport		2,969,771	2,930,600
Long distance travel and transport		2,969,127	4,886,257
Postage and telephone		4,065,530	5,034,994
Audit fees		1,000,000	1,000,000
Insurance		3,620,505	2,856,726
Sundry expenses	6.1	5,706,708	5,842,452
Bank charges		1,770,234	622,807
Marketing and communication		29,876,117	35,634,524
kasneb Newslines		1,658,790	2,806,288
Legal expenses	6.2	2,319,009	2,464,561
Land rent and rates		628,080	631,754
Office Provisions		3,826,556	6,400,063
Research and Innovation Centre	6.3	2,048,442	1,804,818
Examinations development and Research	6.3	18,986,926	58,000
Impairment of receivables	6.4	-	18,451,969
		153,692,242	236,082,365

6.1 SUNDRY EXPENSES

End of year and annual anniversary expenses		-	2,259,550
Staff uniforms, floral and laundry expenses		1,369,352	965,097
Other expenses		4,337,356	2,617,805
		5,706,708	5,842,452

6.2 LEGAL EXPENSES

Legal expenses relate to payments made to firms of advocates hired by kasneb as:

(a) Plaintiff in a civil case regarding the access road to kasneb.

(b) Defendant in civil cases relating to a supplier and an employee who was dismissed from service.

6.3 RECLASSIFICATION OF EXPENSES

Research and Innovation Centre and Examination Development and research expenses were initially classified under administration costs. However, they have been reclassified under operating expenses and comparative figures for 2017/2018 restated as appropriate.

6.4 IMPAIRMENT OF RECEIVABLES

The Impairment of receivables relates to revenue collected by the Postal Corporation of Kenya on behalf of kasneb in the financial year 2015/2016 under Revenue Collection contract between the two entities. However, the Postal Corporation of Kenya had failed to remit an amount of Sh. 18,451,969 as at 30 June 2020.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	Note	2019/2020	2018/2019
7. EMPLOYEE COSTS		Sh.	Sh.
Salaries and wages		169,349,460	172,990,048
Contributions to pension		42,483,914	43,012,324
Contributions to medical aid and benefits		37,251,513	38,253,646
Casual labour		4,935,438	3,784,598
Leave allowances		5,247,106	4,405,709
Commuter allowances		16,891,526	17,896,646
Education and training		11,072,113	16,465,925
Housing benefits and allowances		41,552,682	43,633,225
Overtime payments		13,386,291	15,387,145
Entertainment allowance		2,970,000	3,060,000
Examinations security allowance		33,655,875	35,316,613
Extraneous allowances		1,459,400	1,540,195
Telephone allowances		2,128,006	1,637,746
Performance reward and other bonuses		6,920,559	10,243,897
		389,303,883	407,627,717
8. BOARD EXPENSES			
Chairman's honoraria		960,000	400,000
Board and committees attendance allowances		13,741,018	5,457,040
Board Medical expenses		494,827	317,889
Board and committees workshops expenses		707,815	4,164,180
		15,903,660	10,339,109
<p>The Board allowances during the year 2019/2020 were comparatively higher due to study visits made outside the country during the major review of the examination syllabuses and also expenses associated with the kasneb 50th Anniversary celebrations</p>			
9. ADMINISTRATION COSTS			
Insurance and maintenance of office premises		7,363,407	10,495,272
Social responsibility	9.1	2,879,513	2,240,804
kasneb Foundation - Bursary		2,030,000	129,600
Strategic planning		801,010	-
Website development and maintenance		3,735,240	3,626,858
Miscellaneous expenses		816,070	249,927
Other nonrecurrent expenses		7,491,491	10,926,324
		25,116,731	27,668,785
9.1 SOCIAL RESPONSIBILITY			
Donations to libraries (KNLS)		-	383,317
Donations to other institutions		745,008	847,110
School fees to needy students		134,505	1,010,377
Donations to covid-19 Response fund		2,000,000	-
		2,879,513	2,240,804



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	Note	2019/2020	2018/2019
		Sh.	Sh.
10.	REPAIRS AND MAINTENANCE		
	Machinery and office equipment	1,070,637	1,131,986
	Motor vehicles	606,111	711,863
	ICT equipment	41,215	138,101
	Building repairs	416,960	78,100
		2,134,923	2,060,050
11.	CONTRACTED SERVICES		
	Building management and maintenance	13,988,571	12,859,558
	Security services	6,956,790	7,955,996
	Lift service and maintenance	42,350	82,940
	Garbage collection services	-	-
	Sanitary services	361,682	335,721
	Car park	-	-
	Generator services	-	-
	Provision of bottled water	486,105	619,801
		21,835,498	21,854,016
12.	DEPRECIATION AND AMORTISATION		
	Depreciation - Property, plant and equipment	16(c) 51,975,781	52,106,883
	Amortisation - Leasehold land	-	-
	Amortisation - Intangible assets	17 1,480,640	362,267
		53,456,420	52,469,150
13.	CASH AND BANK BALANCES		
	Bank balances	13.1 191,069,618	117,374,832
	Cash-on-hand and in transit	430,846	247,862
	Mortgage deposit	180,580,381	176,208,356
		372,080,845	293,831,050
13.1	BANK BALANCES		
	National Bank of Kenya Ltd. - Main account	8,375,652	20,097,013
	National Bank of Kenya Ltd. - Fee collection account	2,434,397	19,240,297
	Barclays Bank of Kenya Ltd.	117,700,128	27,912,266
	Equity Bank Ltd.	11,374,146	12,361,965
	Cooperative Bank of Kenya Ltd.	7,048,772	9,901,170
	Kenya Post Office Savings Bank (Postbank)	6,933,386	3,460,836
	Kenya Commercial Bank Ltd.- Ksh. Account	20,349,035	1,220,828
	Kenya Commercial Bank Ltd.- Dollar Account	16,677,239	23,098,594
	UBA Kenya Bank.ltd	176,863	81,863
		191,069,618	117,374,832



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	Note	2019/2020	2018/2019
		Sh.	Sh.
14.			
		CASH AND CASH EQUIVALENT	
		Cash and bank balances	372,080,845
		Treasury Bills and Bonds maturing within one year	14.1 101,780,030
			473,860,875
			643,889,950
14.1		TREASURY BILLS/BONDS MATURING WITHIN ONE YEAR	
		Treasury Bills maturing within one year	101,780,030
		Treasury Bonds maturing within one year	-
			101,780,030
			350,058,900
15.		TRADE AND OTHER RECEIVABLES	
		Prepayments	213,340
		Interest receivable	9,970,944
		Postal Corporation of Kenya (Postapay receipts)	6.3 25,000
		Web Tribe Ltd. (Jambopay receipts)	819,302
		Other receivables	13,141,587
		Staff receivables	18,311,008
			42,267,841
			41,018,431
16 (a)		PROPERTY, PLANT AND EQUIPMENT (NET BOOK VALUES)	
		Building	264,471,153
		Investment property	1,017,786,968
		Construction work in progress	-
		Information communication technology equipment	11,144,392
		Furniture and fittings	4,701,471
		Machinery and office equipment	22,291,100
		Motor vehicles	5,493,000
			1,325,888,084
			1,332,724,959
16 (b)		LEASEHOLD LAND	
		Cost/valuation	365,000,000
		As at 30 June	365,000,000
		AMORTISATION	
		Balance b/f	22,256,100
		Revaluation charge for the year	4,451,220
		As at 30 June	26,707,320
		Net book value as at 30 June	338,292,680
			342,743,900



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

16(c) SCHEDULE OF NON CURRENT ASSETS

PROPERTY, PLANT AND EQUIPMENT - 2019/2020

RESTATED	Building	Investment property	Information Communication Technology Equipment	Furniture and Fittings	Machinery and Office Equipment	Motor Vehicles	Total
COST/ VALUATION	Sh.	Sh.	Sh.	Sh.	Sh.	Sh.	Sh.
At 1 July 2019	180,449,787	1,152,173,945	72,132,146	56,062,827	63,317,451	40,526,278	1,564,662,434
Additions	-	32,669,042	15,437,411	538,573	368,880	-	49,013,906
Disposal	-	-	-	-	-	(1,390,000)	(1,390,000)
Transfer	111,415,995-	(111,415,995)-	-	-	-	-	-
At 30 June 2020	291,865,782	1,073,426,992	87,569,557	56,601,400	63,686,331	39,136,278	1,612,286,340
DEPRECIATION							
At 1 July 2019	20,097,984	28,804,349-	69,166,159	48,325,150	33,257,055	32,286,778	231,937,475
Revaluation	3,875,000	-	-	-	-	-	3,875,000
Charge for the year	3,421,645	26,835,675	7,259,006	3,574,779	8,138,176	2,746,500-	51,975,781
Eliminated on disposal						(1,390,000)	(1,390,000)
At 30 June 2020	27,394,629	55,640,024	76,425,165	51,899,929	41,395,231	33,643,278	286,398,256
NET BOOK VALUE							
At 30 June 2020	264,471,153	1,017,786,968	11,144,392	4,701,471	22,291,100	8,239,500	1,325,888,084

PROPERTY, PLANT AND EQUIPMENT - 2018/2019

RESTATED	Building	Investment property	Building construction in-progress	Information Communication Technology Equipment	Furniture and Fittings	Machinery and Office Equipment	Motor Vehicles	Total
COST/ VALUATION	Sh.	Sh.	Sh.	Sh.	Sh.	Sh.	Sh.	Sh.
At 1 July 2018	156,156,522		1,141,781,587	69,559,637	55,389,972	29,020,375	29,540,278	1,481,448,371
Additions	24,293,265		30,620,101	2,572,509	672,855	16,432,249	10,986,000	85,576,979
Disposal						(2,362,916)	-	(2,362,916)
Transfer		1,152,173,945	(1,172,401,688)			20,227,743		
At 30 June 2019	180,449,787	1,152,173,945		72,132,146	56,062,827	63,317,451	40,526,278	1,564,662,434
DEPRECIATION								
At 1 July 2018				65,260,644	43,686,252	27,271,108	26,513,765	178,318,508
Revaluation				-	-	-	-	3,875,000
Charge for the year		28,804,349		3,905,515	4,638,898	8,348,863	5,773,013	52,106,883
Eliminated on disposal						(2,362,916)		(2,362,916)
At 30 June 2019	20,097,984	28,804,349		69,166,159	48,325,150	33,257,055	32,286,778	231,937,475
NET BOOK VALUE								
At 30 June 2019	160,351,803	1,123,369,596		2,965,987	7,737,677	30,060,396	8,239,500	1,332,724,959

* The building construction in progress is reclassified to investment property.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	Note	2019/2020	2018/2019
		Sh.	Sh.
17. INTANGIBLE ASSETS			
Cost/valuation		34,388,237	34,237,737
Additions - WIP		39,991,828	-
Additions - Software		2,660,279	150,500
As at 30 June		<u>77,040,344</u>	<u>34,388,237</u>
Amortization and impairment			
At 1 July		30,271,082	29,908,815
Amortisation		1,480,640	362,267
As at 30 June		<u>31,751,721</u>	<u>30,271,082</u>
Net book value as at 30 June		<u>45,288,623</u>	<u>4,117,155</u>
18. FINANCIAL INSTRUMENTS			
The financial instruments in which kasneb has contracted are held to maturity as indicated in note 3 (f) and include Treasury bills and bonds. They are included in the financial statements under current and non-current investments. Treasury bonds maturing after one year are as follows:			
Treasury bonds maturing after one year		129,400,100	172,231,700
19. TRADE AND OTHER PAYABLES			
Examinations and invigilation expenses		-	5,358,603
Accruals		60,831,018	81,843,374
		<u>60,831,018</u>	<u>87,201,977</u>
20. PROVISIONS			
Leave days: brought forward		5,698,204	6,795,443
Increase/(Decrease) in provision:		(5,168,491)	(1,097,239)
Leave		529,713	5,698,204
Gratuity		4,297,934	4,162,868
Other-non recurrent expenses		-	1,843,820
Provision for - ERP		35,000,000	1,120,000
Audit fee		1,000,000	
Examination prizes		1,425,000	
Students Newslines		500,000	-
Carried forward		<u>42,752,647</u>	<u>12,824,892</u>



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	Note	2019/2020	2018/2019
		Sh.	Sh.
21.	PAYMENTS RECEIVED IN ADVANCE		
	Prepaid examination fees	165,820,070	1,947,250
22.	REVALUATION RESERVES	372,256,994	380,583,214
	The revaluation reserve arose from a revaluation of land, building and motor vehicles in 2013/2014 by the following registered firms of valuers: Land and buildings- NW Realite Motor vehicles- Automobile Association (AA) of Kenya		
23.	ACCUMULATED SURPLUS		
	Balance as at 1 July	2,054,168,762	2,130,199,137
	Transfer	(177,300,000)	
	Prior year adjustment	5,168,491	
	Deficit for the year	(168,699,779)	(76,030,375)
		1,713,337,474	2,054,168,762
24.	RECONCILIATION OF NET INCOME TO CASH GENERATED FROM OPERATING ACTIVITIES		
	Surplus for the year	(168,699,779)	(76,030,375)
	Adjustment for:		
	Depreciation and amortisation	53,456,420	52,469,150
	Prior year adjustment	5,168,491	
	Working capital adjustments:		
	Increase in receivables	(1,249,410)	22,894,430
	Increase in payables, provisions and prepayments	167,429,616	(35,286,262)
	Net cash flow from operating activities	56,105,338	(35,953,057)

25. MAJOR CAPITAL COMMITMENTS

kasneb entered into major capital commitments relating to the extension of kasneb Towers I and construction of kasneb Towers II on 11 December 2013. The projects were geared towards enhancing the security and efficiency in the administration of the examinations. The main contractors are Dinesh Construction Limited while the project architects are Jomo Kenyatta University College of Agriculture and Technology (JKUAT) Enterprises Ltd.

The total project costs are as follows:

The total project costs are as follows:	Sh.
Construction works	1,074,883,805
Project design and consultancy services	124,686,522
Total	1,199,570,327



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

As at 30 June 2020 a total of Sh.1,207,818,925 had been spent on certified works and consultancy services.

The procurement method used to identify the project architects and contractors were as follows:

(a) JKUAT Enterprises Ltd.

The procurement of JKUAT Enterprises Ltd. as the project managers was undertaken in accordance with the provisions of section 4(2)(c) of the Public Procurement and Disposal Act, 2005 given that JKUAT Enterprises Ltd. is a subsidiary of a Government entity.

(b) Dinesh Construction Ltd.

The procurement of Dinesh Construction Ltd. was through open tender. The contract was signed on 11 December 2013 and the contractors took possession of the site on the same day. The construction works commenced on 6 February 2014. The project works were completed and partially handed over on 22 February 2019. The contractors provided for defect liability period of 6 months. The final hand over was expected to be on 30 August 2019.

26. MORTGAGE DEPOSIT

kasneb operates a staff mortgage scheme. The staff mortgage scheme is administered by Kenya Commercial Bank Ltd. A revolving fund is maintained with Kenya Commercial Bank Ltd. for the purpose of advancing mortgage loans to members of staff. An interest rate of 4% per annum on reducing balance basis is charged on the mortgage loans.

27. TAXATION

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

28. EXPLANATORY NOTES ON VARIANCES IN THE FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDED 30 JUNE 2020

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

28.1 INCOME

The reported total income of Sh.505.5 million for the financial year ended 30 June 2020 was lower than the budgeted income of Sh.772.4 million by Sh.266.9 million representing a negative variance of 34.6%. The following is a brief analysis of the various major sources of income.

(a) Income from operations

The reported income of Sh.417.4 million was lower than the budgeted income of Sh.676.9 million by Sh.259.4 million representing a negative variance of 38.3%. This is attributable to:

- (i) The deferment of May 2020 examinations to the financial year 2020/2021 due to the effects of the Covid-19 pandemic.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

(ii) The lower number of students who booked for the November 2019 examinations.

(b) Income from other sources

The reported income of Sh.88.1 million was lower than the budgeted income of Sh.95.5 million by Sh.7.4 million representing a negative variance of 7.7%.

This is attributable to:

- (i) Low uptake of office space at kasneb Towers II by prospective tenants.
- (ii) Deferment of rent payable due to the lock down occasioned by the Covid-19 pandemic.
- (iii) The investment in Treasury bills/bonds was lower than projected due to:
 - Shortfall in fee received from students.
 - Payment of dividends and surplus funds/retained earnings to the National Exchequer that would have otherwise been invested in Treasury bills.

28.2 EXPENDITURE

The total expenditure before depreciation of Sh.612.1 million for the year ended 30 June 2020 was lower than the budgeted expenditure of Sh.720.2 million by Sh.108.1 million representing a positive variance of 15%.

In general, the activities that had been planned for the third and fourth quarter of the financial year 2019/2020 were not undertaken due to the Government directives on curbing the spread of the Covid-19 pandemic.

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

(a) Examinations and invigilation

The reported expenditure of Sh.48.2 million was lower than the budgeted expenditure of Sh.96 million by Sh.47.8 million representing a positive variance of 49.8%.

This is attributable to savings arising from:

- (i) Administration of May 2020 examinations deferred to financial year 2020/2021 due to the effects of Covid-19 pandemic.
- (ii) Setting of examinations based on three setters per paper, each setting one paper instead of the budgeted three sets per paper per setter.
- (iii) Preparation and printing of study packs.
- (iv) Regional workshop for examinations invigilators and coordinators which were not undertaken.

(b) Rent of examination halls

The reported expenditure of Sh.1.9 million was lower than the budgeted expenditure of Sh.4 million by Sh.2.1 million representing a positive variance of 52.3%. This was attributable to postponement of administration of May 2020 examinations deferred to financial year 2020/2021 due to the effects of Covid-19 pandemic.

(c) Printing and stationery

The reported expenditure of Sh.14.9 million was lower than the budgeted expenditure of Sh.22 million by Sh.7.1 million representing a positive variance of 32.1%. This was



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

attributable to:

- (i) Austerity measures on general stationery.
- (ii) Deferment of printing examination papers and stationery to the first quarter of financial year 2020/2021 due to the effect of the Covid-19 pandemic on postponement of examinations to September 2020.

(d) Board expenses

The reported expenditure of Sh.15.9 million was lower than the budgeted expenditure of Sh.20 million by Sh.4.1 million representing a positive variance of 20.5% due to savings arising from Board retreat that was scheduled for March 2020 but was not undertaken due to the Covid-19 lock down.

(e) Marketing and communication

The reported expenditure of Sh.30.7 million was lower than the budgeted expenditure of Sh.48 million by Sh.17.3 million representing a positive variance of 35.9%. This is attributable to savings from the budgeted expenditure on:

- (i) Savings on promotional materials
- (ii) Budgeted expenditure on advertising agency and brand ambassadors which was not incurred.
- (iii) Savings on print and media advertising.

(f) Student journal- kasneb newslines

The reported expenditure of Sh.1.7 million was lower than the budgeted expenditure of Sh.2.6 million by Sh.1.8 million representing a positive variance of 52.6%. This is attributable to austerity measures taken on printing fewer number of copies of the newslines and reduced cost of design and the number of illustrative cartoons.

(g) Legal expenses

The reported expenditure of Sh.1.9 million was lower than the budgeted expenditure of Sh.2.5 million by Sh.0.6 million representing a positive variance of 25.6%. This was attributable to the on going court cases relating to access road, Almon products Ltd. and a former employee whose fees had not been raised by the kasneb advocates.

(h) Examination development and research

The reported expenditure of Sh.19.3 million was lower than the budgeted expenditure of Sh.25 million by Sh.5.7 million representing a positive variance of 22.7%. This is attributable to savings on planned workshops on syllabuses review that were deferred due to the measures undertaken to minimize the spread of Corona Virus.

(i) Contract services expenses

The reported expenditure of Sh.21.6 million was higher than the budgeted expenditure of Sh.16.5 million by Sh.5.1 million representing a negative variance of 30.7%. This is attributable to the cost of property management and maintenance, security, garbage collection and sanitary expenses for both kasneb Towers I and Towers II since the office space had not been fully occupied as had been projected.

(j) KASNEB Foundation Bursary



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

The reported expenditure of Sh.2 million was lower than the budgeted expenditure of Sh.5 million by Sh.3 million representing a positive variance of 60%. This is attributable to the postponement of the launch and operationalisation of the KASNEB Foundation and non-disbursement of bursaries to needy students in the third and fourth quarter of the financial year 2019/2020 which was not undertaken due to the Covid-19 pandemic.

(k) Strategic planning expenses

The reported expenditure of Sh.1.1 million was lower than the budgeted expenditure of Sh.2.7 million by Sh.1.9 million representing a positive variance of 60%. The planned workshops on the mid-term review of the Corporate Strategic Plan (2017-2022) were projected to be held in hired venues but were conducted virtually.

(l) Website development and maintenance

The reported expenditure of Sh. 2.1 million was lower than the budgeted expenditure of Sh.5 million by Sh.2.9 million representing a positive variance of 57%. This is attributable to the cost of internet and Virtual Private Network that was projected to be incurred in the financial year but the cost was not incurred due to delay in implementation of the enterprise resource planning (ERP) system.

(m) Other non-recurrent expenses

The reported expenditure of Sh.7.2 million was lower than the budgeted expenditure of Sh.14.6 million by Sh.7.4 million representing a positive variance of 51%. This is attributable to consultancy, surveys and ISO activities that were not undertaken as planned.

(n) Capital expenditure

The reported expenditure of Sh.86 million was lower than the budgeted expenditure of Sh.210.7 million by Sh.124.7 million representing a positive variance of 59%. This is attributable to the implementation of coping strategies during and after Covid-19 pandemic in which procurement of capital items was suspended until further notice.

29. CURRENCY

The financial statements are presented in Kenya Shillings (Sh.)



kasneb QUALIFICATIONS

PROFESSIONAL QUALIFICATIONS



Certified Public Accountants (CPA)

Certified Public Accountants are skilled and competent professional accountants, auditors, finance managers, tax consultants and practitioners both in public and private sectors.



Certified Secretaries (CS)

Certified Secretaries are expert practitioners in governance, governance audits and compliance, corporate secretarial practice, corporate law, consultancy and business management and administration.



Certified Investment and Financial Analysts (CIFA)

Certified Investment and Financial Analysts are experts in financial analysis, consultants and practitioners in investments and securities, portfolio management, pensions management, investment banking among other related areas.



Certified Information Communication Technologists (CICT)

Certified Information Communication Technologists are skilled and competent system developers and programmers, network administrators, system engineers, ICT consultants and practitioners.



Certified Credit Professionals (CCP)

Certified Credit Professionals are skilled and competent top level managers, practitioners and consultants in the rapidly developing field of credit management.

DIPLOMA QUALIFICATIONS



Accounting Technicians Diploma (ATD)

The Accounting Technicians Diploma qualification equips candidates with skills and competencies to work as middle level accountants providing technical support in accounting, auditing and taxation in both the public and private sectors.



Diploma in Information Communication Technology (DICT)

The Diploma in Information Communication Technology graduates possess the technical know-how and skills necessary to work in the dynamic ICT industry as technicians in systems development, systems programming, internet and networking, administration and maintenance.



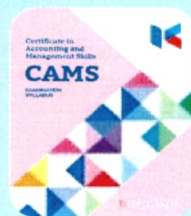
Diploma in Credit Management (DCM)

The Diploma in Credit Management graduates are competent and skilled to work as middle level credit managers and credit controllers in both financial and non-financial enterprises.

CERTIFICATE QUALIFICATION

Certificate in Accounting and Management Skills (CAMS) examination

The Certificate in Accounting and Management Skills (CAMS) is aimed at equipping candidates with fundamental accounting and management skills to provide essential services to small and medium size enterprises (SMEs), non-governmental organisations (NGOs), corporate and the public sector.





kasneb

kasneb Towers
Hospital Road, Upper Hill
P.O. Box 41362 - 00100 Nairobi - Kenya
Tel: 254 020 4923000
Cellphone: 0722-201214/0734-600624
Fax: 254 020 2712915

E-mail: info@kasneb.or.ke

Website: www.kasneb.or.ke

Facebook: [kasnebOfficial](https://www.facebook.com/kasnebOfficial)

Twitter: [@kasnebOfficial](https://twitter.com/kasnebOfficial)

