

REPUBLIC OF KENYA

Laid in the Table of the  
House by the Majority  
Leader on 18/3/15  
Afternoon sitting

*J. Gino*



KENYA NATIONAL AUDIT OFFICE



REPORT

KENYA NATIONAL AUDIT OFFICE

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF  
KENYA ACCREDITATION SERVICE

FOR THE YEAR ENDED  
30 JUNE 2014

101



**KENYA  
ACCREDITATION  
SERVICE (KENAS)**

June 30  
2014

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ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2014



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The financial Statements are prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS).

# KENYA ACCREDITATION SERVICE (KENAS)

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# KENYA ACCREDITATION SERVICE (KENAS)

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## I. CORPORATION'S INFORMATION AND MANAGEMENT

### (a) Background Information

The Kenya Accreditation Service (KENAS), is a State Corporation that was established under the State Corporations Act, Cap 446, Laws of Kenya vide Legal Notice No. 55/ 2009. It is recognised by the Government of Kenya as the sole National Accreditation Body for Kenya. Its principal role is the provision of accreditation services to Conformity Assessment Bodies (CAB's) that carry out various conformity assessment tasks that include inspection, testing and certification in all fields and or sectors of our economy such as Trade, Agriculture, Finance, Transport, Energy, Environment, Telecommunication, Mining, Fishing, Water and Irrigation. Its establishment started in July 2004 and was nurtured and supported by the Kenya Bureau of Standards (KEBS), the National Standards Body (NSB) and the Government of Kenya through the Ministry of Industrialization & Enterprise Development.

### (b) Principal Activities

The Principal activities of the organisation include provision of Accreditation services to Conformity Assessment Bodies (CAB's). KENAS key mandates are as listed below;

- i) Develop, regulate and review the criteria or requirements for accreditation of Conformity Assessment Bodies (CAB's)
- ii) Accredite CAB's
- iii) Open, maintain and update the register of accredited CAB's
- iv) Design and issue identification numbers and certificates to all accredited CAB's
- v) Publish in the Gazette all CAB's that have been accredited within a particular year, annually
- vi) Promote the use of accreditation marks and certificates issued to accredited CAB's
- vii) Promote competence and equivalence of accredited CAB's
- viii) Establish and nurture relations and cooperation with regional and international accreditation Bodies, persons, associations and organizations that KENAS may consider desirable or appropriate, in furtherance of the objectives and purposes for which KENAS was established
- ix) Promote accreditation as a means of facilitating regional and international trade and enhancing economic performance and transformation
- x) Participate in the formulation of regional and international guidelines and standards to facilitate the accreditation process
- xi) Raise awareness on the importance and purpose of Accreditation and
- xii) Promote KENAS as the sole National Accreditation Body (NAB) in the scope of accreditation

### (c) Top Management Team

The organization's day-to-day operations and direction are managed by the following key organs:










The Chief Executive Officer and two Deputies, in charge of Technical Services and Finance and Administration respectively

### (d) Fiduciary Management

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2014 and who had direct fiduciary responsibility were:

## KENYA ACCREDITATION SERVICE (KENAS)

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#	Name		Designation
1	Sammy K.Milgo		Chief Executive Officer
2	Susan M. Ochieng		Deputy Director Technical Services
3	John Mburu Kamau		Deputy Director Finance & Administration
4	Henry Wandabwa		Assistant Director Finance
5	Doris Mueni		Assistant Director Health & Safety
6	Felista Nyakoe		Assistant Director Testing & Calibration
7	Abraham Wekesa		Assistant Director Inspection & Verification
8	Michael Talam		Assistant Director Certification
9	Elizabeth Muema		Assistant Director Communication & Public Relations

## KENYA ACCREDITATION SERVICE (KENAS)

10	Abraham Birgen		Ag. Assistant Director Human Resource & Training
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### (e) Fiduciary Oversight Arrangements

The Board of Directors of the organization is chaired by a Non-Executive Chairperson appointed by the President of the Republic of Kenya. All Directors have extensive business and administrative experience in both the private and/or public sectors that is applied in the management of KENAS. Board meetings are held regularly to review the organization's performance against set targets and business plans as well as to formulate and implement strategy. Various Committees whose Chair Persons report to the Full Board supplement the functions of the organization.

### (f) Finance Committee

The Finance Committee of is chaired by Non Executive Board Member and meets at least once a quarter. The members are Mr. Benjamin Mitei (Chair), Ms. Hilaa Amin, Mr. Stephen Odua and Mr. Francis Mwaura. The Committee's responsibilities include ensuring overall sound financial reporting, internal system of controls, business plans and budgets, procurement, ICT, public relations, administration and offering oversight role on all financial matters.

### (g) Audit Committee

The Audit Committee is chaired by a Non Executive Board Member with members who are Non Executive. The members are Dr. Abdirizak Nunow (Chair), Dr. Joseph Kiragu and Mr. Francis Mwaura. The responsibilities of the Committee include reviewing the financial information of the organization, monitoring the effectiveness of management information and reviewing the internal control systems, deliberating on significant findings arising from both internal and external audits, and reviewing the overall risks facing the organization.

### (h) Human Resource Committee

The Human Resource Committee of is chaired by Non Executive Board Member and meets at least once a quarter. The members are Mr. James Muriuki (Chair), Ms. Hilaa Amin and Mr. Stephen Odua. The Committee's responsibilities include Overseeing, developing, reviewing and implementation of human resource policy manual. Advising the board on organisation structure, departmental/divisional function/staffing levels and Facilitating, developing, reviewing and implementation of the schemes of service and career guidelines. Facilitating training and capacity building while reviewing staff performance appraisal and overseeing disciplinary matters.

### (i) Accreditation Committee

The Accreditation Committee is chaired by a Non Executive member and meets at least once a quarter and whenever need arises. The members are, Mr. Erastus Kimuri (Chair), Dr. Richard Oduor, Dr. Jane Mwangi, Dr. Wasike Wasilwa, Mr. Titus Kithikii, Mr. Denis Muturi, Mr. Charles Gachahi and the CEO, Mr. Sammy Milgo who is also the Secretary. The Committee's responsibilities include provision of technical direction on all accreditation decisions and adjudications on accreditation matters in an independent and impartial manner

## KENYA ACCREDITATION SERVICE (KENAS)

**(j) KENAS Headquarters**

Embankment Plaza, 2<sup>nd</sup> Floor,  
Longonot Road, Off Kenya Road,  
Upper Hill,  
P.O. Box 47400 – 00100'  
NAIROBI.

**(k) KENAS Contacts**

Telephone: +254 725 227 640 / +254 787 395 679  
Email: [info@kenyaaccreditation.org](mailto:info@kenyaaccreditation.org) / [info@kenas.go.ke](mailto:info@kenas.go.ke)  
Website: [www.kenas.go.ke](http://www.kenas.go.ke); [www.kenyaaccreditation.org](http://www.kenyaaccreditation.org)

**(l) Principal Bankers**

Kenya Commercial Bank,  
Kipande Branch,  
P.O. Box 30012-00100  
NAIROBI



**(m) Independent Auditors**

Auditor General  
Kenya National Audit Office'  
Anniversary Towers – University Way'  
P.O. Box 30084 – 00100'  
NAIROBI.




**(n) Principal Legal Adviser**

The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112 - 00200  
NAIROBI

### II. THE BOARD OF DIRECTORS











#	Director's Name	Date of Birth	Passport	Key Qualifications/Work Experience/Profile
1	Dr. Abdirizak A. Nunow	5 <sup>th</sup> April 1965.		Holder of PHD in Environmental Science. Has a wealth of over 12 yrs experience as: <ul style="list-style-type: none"> <li>• Director, IGAD, Northern Kenya Campus, Garissa</li> <li>• Lecturer, Moi University</li> <li>• Commissioner, Constitution of Kenya Review Commission</li> </ul>
2	Hilaa A. Amin	5 <sup>th</sup> February 1968		Holder of BA in Early Childhood Education. Has a wealth of 19 yrs experience as a Director and Trainer in the Education sector

## KENYA ACCREDITATION SERVICE (KENAS)

3	Dr. Joseph Kiragu	28 <sup>th</sup> February 1964		<p>Holder of MSc. Medicine, Obstetrics and Gynaecology. Has a wealth of over 21 yrs experience as:</p> <ul style="list-style-type: none"> <li>• Medical specialist/ consultant at Kenyatta National Hospital.</li> <li>• Honorary lecturer at the Department of Obstetrics / Gynaecology, School of Medicine, University of Nairobi</li> </ul>
4	Mr. Benjamin Mitei	1952.		<p>Holder of Masters in Economics. Has a wealth of over 34 yrs experience as:</p> <ul style="list-style-type: none"> <li>• Board member – KIRDI</li> <li>• Assistant Director, Central Bank of Kenya (CBK).</li> <li>• Assistant Branch Manager, CBK, Kisumu</li> <li>• Senior Assistant Manager, CBK, Eldoret</li> <li>• Senior Assistant Manager, CBK, Nairobi</li> </ul>
5	Mr. James Muriuki	1956		<p>Holder of MSc Environmental Health Engineering. Has a wealth of 31 yrs experience as:</p> <ul style="list-style-type: none"> <li>• Consultant to Wen-Tech System Services</li> <li>• Director of National Environmental Management Authority (NEMA)</li> <li>• General Manager, Aquatech Industries</li> </ul>
6	Mr. Francis Mwaura	15 <sup>th</sup> Sept. 1964.		<p>Holder of BSc. (Statistics and Computer Science) &amp; MBA, ESAMI/ Maastricht.</p> <p>Has a wealth of over 23 yrs of experience as:</p> <ul style="list-style-type: none"> <li>• Senior Assistant Director, Directorate of e-Government, GITS, The Treasury.</li> <li>• Assistant Director, Department of Government and Public Enterprises (DGIPE), Ministry of Finance.</li> </ul> <p>Alternate representative of PS, National Treasury.</p>
7	Mr. Stephen Odua	26 <sup>th</sup> December 1967.		<p>Holder of MSc. in Entrepreneurship. Has a wealth of over 23 yrs experience in the Public Sector.</p> <ul style="list-style-type: none"> <li>• Currently Assistant Director of Industries, MOIED.</li> <li>• Alternative Representative, PS – MOI&amp;ED</li> </ul>

## KENYA ACCREDITATION SERVICE (KENAS)

### III. MANAGEMENT TEAM

#	Key position	Holder's Name	Holder's photo
1	Chief Executive Officer	Sammy K. Milgo	
2	Deputy Director Technical Services	Susan M. Ochieng	
3	Deputy Director Finance And Administration	John M. Kamau	
4	Assistant Director Testing And Calibration	Felista Nyakoe	
5	Assistant Director Finance	Henry Wandabwa	
6	Assistant Director Health & Safety	Doris Mueni	
7	Assistant Director Certification	Michael Talaam	
8	Assistant Director Inspection & Verification	Abraham Wekesa	
9	Ag. Assistant Director Human Resource and Training	Abraham Birgen	
10	Assistant Director Communication and Public Relations	Elizabeth Muema	

# KENYA ACCREDITATION SERVICE (KENAS)

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## IV. CHAIRMAN'S STATEMENT

The Kenya Accreditation Service (KENAS), is a State Corporation that was established under the State Corporations Act, Cap 446, Laws of Kenya vide Legal Notice No. 55/ 2009. It is recognised by the Government of Kenya as the sole National Accreditation Body for Kenya. Its principal role is the provision of accreditation services to Conformity Assessment Bodies (CAB's) that carry out various conformity assessment tasks that include inspection, testing and certification in all fields and or sectors of our economy Trade, Agriculture, Finance, Transport, Energy, Environment, Telecommunication, Mining, Fishing, Water and Irrigation. Its establishment started in July 2004 and was nurtured and supported by the Kenya Bureau of Standards (KEBS), the National Standards Body (NSB) and the Government of Kenya through the Ministry of Industrialization.

KENAS performance has improved over the previous four years of operation .The 2013-2014 financial year will be the fourth year that financial statements are audited . It is notable that KENAS has received clean reports from the external auditors in the previous three years.

### REPORT OF THE CHIEF EXECUTIVE OFFICER

Accreditation, a key quality infrastructure for any country is a key driver of the economy of our country. This is particularly so where it works seamlessly and in harmony with the regulatory infrastructure. Therefore vast amounts of investment in terms of resources need to be allocated to enable achievement of its trade facilitation role. With the improvement of the entire national infrastructure and vast development plans by the Government across all the regions/counties we believe that KENAS will make her contribution in enabling the Government to realize the objectives and goals of Kenya Vision 2030.

KENAS has achieved significant growth in terms of delivery of quality services to its customers and stakeholders since its formation.The Accreditation services has seen alot of growth considering the immense potential since its mandate cuts across all sectors of the economy in both the private and public sectors. Aggressive publicity and marketing of its services to create requisite customer demand pull of its services hence increased revenue generation require sufficient resources.To this end KENAS wishes to thank the government through the Minstry of Industrialization and Enterprise Development for the continued support and cooperation, particularly with regards to budgetary support. Government transfers/funding decreased by 9.5% from KES 104.764 Million in 2010/11 to Kshs 95.7 million in 2013/14. In total, revenue went up by 159% from Ksh1.3million in 2010/11 to Ksh.22 Million in 2013/14. The total recurrent expenditure increased by 10% from Ksh.149.9 Million in 2012/13 to Ksh.164 Million in 2013/14.

KENAS has been in operation officially from 2012 and has continued to receive government support from the year 2010-2011 financial year and has therefore made several achievements among them:-

- i) Growth in internally generated funds of KES.1,3Million in the financial year 2010/11 to KES.22 Million in the year under review(2013/14) a159% growth
- ii) Evolution to a fully, fledged independent National Accreditation Body for Kenya, KENAS. A 30 milestone approach/work plan was used to actualize this during the period July 2004 to July 2010. Level of realization of the milestones stands at 92%
- iii) Hiring of additional staff making a complement of 43.
- iv) Acquisition of separate office space and resources; motor vehicle, computers, office equipment etc.
- v) Capacity building of officers through various training programmes supported by KEBS and support partners such as PTB (National Metrology Institute)-Germany, SIDA, UNIDO etc.
- vi) Attainment of membership to International Accreditation umbrella organizations. Associate membership - **International Laboratory Accreditation Cooperation (ILAC)**, Accreditation Body member – **International Accreditation Forum (IAF)**.
- vii) The development and finalization of the Accreditation Bill.

## KENYA ACCREDITATION SERVICE (KENAS)

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The organisation has continually involved all stakeholders in the review and in development of regulations which has seen all the sectors regulated in fair manner especially in the health sector. As stipulated in the service Strategic Plan 2012-2017, KENAS is still on course and on a path of excellence and continual improvement.

### V. CORPORATE GOVERNANCE STATEMENT

#### Introduction

Corporate governance is the process by which companies are managed and controlled while ensuring accountability and transparency on resource mobilization and utilization. The concept of corporate governance has gained prominence and is enshrined in the Kenya Constitution 2010. It is also formulated and reviewed by the Centre for Corporate Governance in Kenya. The KENAS Board and management recognizes the need to conduct the business and operations of the organization with integrity and in accordance with generally accepted corporate practice coupled with endorsement of internationally developed principles of corporate governance. The Directors will continue to focus their attention on maintaining the highest standards of corporate governance and business ethics in the operations of KENAS.

#### The Kenya Accreditation Service (KENAS)

The Organisation is chaired by a Non Executive Chairperson appointed by the President of the Republic of Kenya. All Directors have extensive business and administrative experience in both the private and/or public sectors that is applied in the provision of oversight and policy direction of the KENAS. KENAS meetings are held regularly to review organizational performance against set targets and business plans as well as to formulate and implement strategy. Various committees whose Chair Persons report to the Board supplement the functions of the organization.

#### a) Finance Committee

The Finance Committee of is chaired by Non Executive Board Member and meets at least once a quarter. The members are Mr. Benjamin Mitei (Chair), Ms. Hilaa Amin, Mr. Stephen Odua and Mr. Francis Mwaura . The Committee's responsibilities include ensuring overall sound financial reporting, internal system of controls, business plans and budgets, procurement, ICT, public relations, administration and offering oversight role on all financial matters.

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#### b) Audit Committee

The Audit Committee is chaired by a Non Executive Board Member with members who are Non Executive. The members are Dr. Abdirizak Nunow (Chair), Dr. Joseph Kiragu and Mr. Francis Mwaura. The responsibilities of the Committee include reviewing the financial information of the organization, monitoring the effectiveness of management information and reviewing the internal control systems, deliberating on significant findings arising from both internal and external audits, and reviewing the overall risks facing the organization .

#### c) Human Resource Committee

The Human Resource Committee of is chaired by Non Executive Board Member and meets at least once a quarter. The members are Mr. James Muriuki (Chair), Ms. Hilaa Amin and Mr. Stephen Odua. The Committee's responsibilities include Overseeing, developing, reviewing and implementation of human resource policy manual. Advising the board on organisation structure, departmental/divisional function/staffing levels and Facilitating, developing, reviewing and implementation of the schemes of service and career guidelines. Facilitating training and capacity building while reviewing staff performance appraisal and overseeing disciplinary matters.

## **KENYA ACCREDITATION SERVICE (KENAS)**

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### **d) Accreditation Committee**

The Accreditation Committee is chaired by a Non Executive Board member and meets at least once a quarter and whenever need arises. The members are, Mr. Erastus Kimuri (Chair), Dr. Richard Oduor, Dr. Jane Mwangi, Dr. Wasike Wasilwa, Mr. Titus Kithikii, Mr. Denis Muturi, Mr. Charles Gachahi and the CEO, Mr. Sammy Milgo, who is also the Secretary. The Committee's responsibilities are to provide technical direction of Service on all accreditation decisions and adjudications on accreditation matters including key decisions in a fair, objective independent and impartial manner.

### **Delegation of Responsibilities**

The preparation of KENAS's financial statements is a role that has been delegated to management. These financial statements have been prepared in accordance with internationally accepted accounting practice based on appropriate accounting policies consistently applied and supported by reasonable judgment and estimates.

Management ensures that adequate internal financial control systems are developed to provide reasonable certainty in respect of:

- The completeness and accuracy of accounting records;
- The integrity and reliability of the KENAS's annual financial statements and
- The safeguarding of KENAS's assets.

The responsibility for the integrity, reliability and objectivity of the KENAS financial statements lies with the Directors. The external auditors are responsible for independently examining and expressing an opinion on the reasonableness of the financial statements based on their audit.

### **Statement of Risk Management and Internal Control**

The organization has recognised its responsibility to manage both internal and external risks as a key component of good corporate governance and is committed to embedding risk management into the daily operations of the Organisation; from the setting of objectives, to financial planning towards achieving the set objectives, through to departmental processes established to aid provision of service by the organization. It is believed that effective risk management shall help the organization to achieve its corporate objectives and provide better services, in the spirit of continual improvement and involvement of all stakeholders. The organization has developed and is implementing an Institutional Risk Management Policy Framework (IRMPF)

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### **Responsibility**

Risk management is one of the most important activities of the organization. The Service through the Audit Committee have a responsibility for overseeing risk management within KENAS by determining that appropriate risk management strategies and policies are in place, and that processes established are adequate and effective. The Audit committee defines KENAS's overall level of risk tolerance and ensures that there are adequate tools and resources for managing risks.

The organization has assigned responsibility for risk management to the Chief Executive Officer; hence management ensures that sound risk management processes are in place and functioning efficiently and effectively. The costs and resources involved in risk management are in tandem with the expected benefits.

### **Internal Controls**

Internal controls are designed to support the organization in achieving its objectives. The risks related to the achievement of objectives need to be identified and evaluated in order to manage them. Thus, identification and assessment of risks is a prerequisite for internal control in KENAS. The continuity of operations is ensured by safeguarding critical functions and essential resources.

## **KENYA ACCREDITATION SERVICE (KENAS)**

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### **VI. CORPORATE SOCIAL RESPONSIBILITY STATEMENT**

KENAS believes in adding value to the community by investing in their economic and social growth. This is achieved through partnership and participation, continuous Corporate Social Responsibility (CSR) programmes aimed at addressing some of the social, environmental and economic challenges facing Kenyan communities. In the 2013/14 financial year, the organization was involved in various CSR activities mainly around Nairobi County . Among them was the sponsorship of planting tree seedlings at Nairobi National park and Karura forest respectively. In future, and subject to budgetary provisions, the organization plans to enhance such activities in a more robust and coordinated manner for the purpose of undertaking similar activities in other Counties and continual implementation of the CSR policy .

### **VII. STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2012, section 21 of the Energy Act 2006 and section 9 of the State Corporations Act, require the Directors to prepare financial statements in respect of that organization, which give a true and fair view of the state of affairs of the organization at the end of the financial year/period and the operating results of the organization for that year/period. The Directors are also required to ensure that the organization keeps proper accounting records which disclose with reasonable accuracy the financial position of the Organisation and safeguarding the assets of the Organisation.

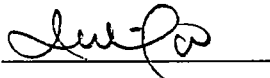
The Directors are responsible for the preparation and presentation of the organization's financial statements, which give a true and fair view of the state of affairs of the organization for and as at the end of the financial year (period) ended June 30, 2014. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the organization; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the organization; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the organization's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Directors are of the opinion that the organization's financial statements give a true and fair view of the state of the organization's transactions during the financial year ended June 30, 2014, and of the organization's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the organization , which have been relied upon in the preparation of the organization's financial statements as well as the adequacy of the systems of internal financial control.

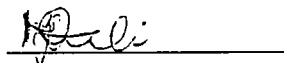
Nothing has come to the attention of the Directors to indicate that the organization will not remain a going concern for at least the next twelve months from the date of this statement.

#### **Approval of the financial statements**

The KENAS's Financial Statements were approved by the Board and signed on its behalf by:



**Sammy K. Milgo**  
Executive Officer



**James Muriuki**  
Board Member



## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR GENERAL ON KENYA ACCREDITATION SERVICE FOR THE YEAR ENDED 30 JUNE 2014

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Kenya Accreditation Service set out on pages 13 to 29, which comprise the statement of financial position as at 30 June 2014, and the statement of financial performance, statement of changes in net assets and statement of cash flows 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 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free material misstatement, whether due to fraud or error.

The Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 13 of the Public Audit Act, 2003.

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#### **Auditor-General's Responsibility**

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15 of the Public Audit Act, 2003 and submit the report in compliance with Article 229 (7) of the Constitution of Kenya. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

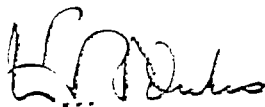
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures

that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Service's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Kenya Accreditation Service as at 30 June 2014, and of its financial performance and its cash flows for the year ended, in accordance with International Public Sector Accounting Standards and comply with the Kenya Accreditation Service Order, 2009.



**Edward R. O. Ouko, CBS**  
**AUDITOR- GENERAL**

**Nairobi**

**3 February 2015**

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# KENYA ACCREDITATION SERVICE (KENAS)

## Statement of Financial Position

As At 30 June 2014

Assets	NOTES:	2014 KES	2013 KES <i>Restated</i>
<b>CURRENT ASSETS</b>			
Cash and Bank equivalents	13	2,061,668	37,639,953
Receivables from exchange transactions	14	10,193,817	6,161,070
Receivables from non-exchange transactions	15	3,206,599	4,762,850
Inventories	12	153,643	372,496
		<b>15,615,726</b>	<b>48,936,369</b>
<b>NON - CURRENT ASSETS</b>			
Property, Plant and Equipment	9	26,879,552	39,127,764
Work In Progress	18	1,500,000	2,794,328
Intangible Assets	10	1,692,820	645,184
		<b>30,072,372</b>	<b>42,567,276</b>
<b>Total Assets</b>		<b>45,688,098</b>	<b>91,503,646</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables from Exchange transactions	16	11,782,395	21,825,824
Trade and Other Payables from Non Exchange transactions	17	13,642,581	10,409,503
<b>Total Liabilities</b>		<b>25,424,976</b>	<b>32,235,327</b>
<b>Net Assets</b>		<b>20,263,121</b>	<b>59,268,319</b>
Accumulated Surplus	11	20,263,121	59,268,318
<b>Total net Assets and Liabilities</b>		<b>20,263,121</b>	<b>59,268,318</b>

BOARD MEMBER *P. D. Ochi* .....

DATE *26.1.15* .....

CHIEF EXECUTIVE OFFICER *Spiffa* .....

DATE *25.1.15* .....

## KENYA ACCREDITATION SERVICE (KENAS)

### Statement of Financial Performance

For the Year ended 30 June 2014

Income	NOTES:	2014 KES	2013 KES
			Restated
Revenue from Non-Exchange transactions	2	99,729,868	111,111,739
Revenue from Exchange transactions	3	24,916,080	29,719,301
<b>Total Revenue</b>		<b>124,645,949</b>	<b>140,831,040</b>
<b>Expenses</b>			
Personal Emoluments	4	88,561,881	81,470,893 *
Board Expenses	5	6,560,714	12,906,791
Administrative Costs	6	49,751,105	54,899,034 *
Other Operating Costs	7	19,456,541	16,623,650
<b>Total Expenses</b>		<b>164,330,240</b>	<b>165,900,367</b>
		<b>(39,684,292)</b>	<b>(25,069,328)</b>
<b>Other gains/(Losses)</b>			
Gain on Disposal of Assets	8	182,819	(202,876)
<b>Surplus (Deficit)</b>		<b>(39,501,473)</b>	<b>(25,272,204)</b>

## KENYA ACCREDITATION SERVICE (KENAS)

### Statement of Cash Flows For the Year ended 30 June 2014

		2014	2013
	NOTES:	KES	KES
<b>Cash generated from operations</b>			<b>Restated</b>
Surplus for the year before		(39,501,473)	(25,272,204) *
<b>Adjustments for :</b>		-	-
Accrued VAT 2012-2013		(605,926)	-
Provision for general supplies 2012-2013		220,322	-
Credit note from Master Aluminium		881,880	-
Depreciation expense	9 & 10	8,383,609	8,409,113
Amortisation expense	9 & 10	4,766,129	4,614,332
<b>Total Cash generated from operations</b>		<b>(25,855,459)</b>	<b>(12,248,759)</b>
<b>Working Capital adjustment</b>			
Change in inventories	12	218,854	55,892
Change in Trade and Receivables	14 & 15	(2,476,496)	(4,417,991)
Change in Trade and other Payables	16 & 17	(6,810,351)	11,209,785
<b>Net Changes in Working Capital</b>		<b>(9,067,992)</b>	<b>6,847,686</b>
<b>Net Cash from Operating Activities</b>		<b>(34,923,451)</b>	<b>(5,401,073)</b>
<b>Cash flows from Investing Activities</b>			
Property Plant & Equipment	9 & 10	(654,833)	(1,648,778)
Work in Progress	18	-	(2,794,328)
Intangible Assets	10	-	(740,080)
<b>Net Cash flows used in investing Activities</b>		<b>(654,833)</b>	<b>(5,183,186)</b>
<b>Cash flows from Financing Activities</b>			
Disposal of Computers	9	-	161,824
<b>Net Cash flows From Financing Activities</b>		<b>-</b>	<b>161,824</b>
<b>Net Increase in Cash &amp; Cash Equivalents</b>		<b>(35,578,284)</b>	<b>(10,422,435)</b>
<b>Analysis of Cash and Cash Equivalents</b>			
Net Cash & Cash Equivalentts at July	13	37,639,951	48,062,386
<b>Net Cash &amp; Cash Equivalentts at 30 June 2014</b>		<b>2,061,667</b>	<b>37,639,951</b>

## **KENYA ACCREDITATION SERVICE (KENAS)**

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### Statement of Changes in Net Assets

For the Year ended 30 June 2014

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	Reserves	Accumulated	TOTAL
	KES	Surplus KES	KES
<b>Balances as at 30th June 2012</b>		84,540,522	84,540,522
Surplus/(Deficit) for the year	-	(25,272,204)	(25,272,204)
<b>Balance as at 30th June 2013 *</b>		59,268,318	59,268,318
Adjustments for the year (Note 18)		496,276	496,276
Surplus/(Deficit) for the year		(39,501,473)	(39,501,473)
<b>Balance as at 30th June 2014</b>	-	20,263,121	20,263,121

**NOTE:**

\* Restated amounts arose as a result of prior year adjustment of excess service charge arrears for the year 2012-2013 totalling to KES 1,014,470 and Salary arrears for former acting CEO totalling KES 1,090,937.25

## KENYA ACCREDITATION SERVICE (KENAS)

### Statement of Comparison of Budget and Actual amounts For the Year ended 30 June 2014

	Original Budget		Final		Variance
	2013-2014	Adjustments	Budget 2013-2014	Actual	
	KES	KES	KES	KES	KES
<b>Revenue</b>					
Governments Grants Recurrent	95,795,998	(2)	95,796,000	95,796,000	-
Public contributions and Donations	350,000	(3,688,868)	4,038,868	3,933,868	(105,000)
Accreditation Fees	40,000,000	27,580,000	12,420,000	12,729,553	309,553
Training Income	10,000,000	2,564,225	7,435,775	9,471,275	2,035,500
Miscellaneous Income	900,000	842,700	57,300	2,715,252	2,657,952
<b>Total Income</b>	<b>147,045,998</b>	<b>27,298,055</b>	<b>119,747,943</b>	<b>124,645,949</b>	<b>4,898,006</b>
<b>Expenses</b>					
Personal Emoluments	97,634,914	9,744,387	87,890,527	88,561,881	(671,354)
Medical Expenses	4,500,000	312,795	4,187,205	4,091,513	95,692
Transport Operating Expenses	1,200,000	12,193	1,187,807	1,269,833	(82,026)
Travelling and Accomodation	1,200,000	940,134	259,866	384,166	(124,300)
External travelling and Accomodation	4,140,000	2,272,806	1,867,194	2,877,011	(1,009,817)
Postal and Courier Services	50,000	16,050	33,950	51,625	(17,675)
Telephone	200,000	146,848	53,152	85,623	(32,471)
Official entertainment	1,710,000	(201,809)	1,911,809	2,443,268	(531,459)
Legal Expenses	100,000	100,000	-	-	-
Contracted Professionals	1,113,400	753,568	359,832	824,293	(464,461)
Electricity	480,000	(86,839)	566,839	641,849	(75,010)
Water	150,000	32,898	117,102	133,980	(16,878)
Motor vehicle fuel,lubricant and gas	1,870,000	(67,847)	1,937,847	1,628,117	309,731
Seminar expenses	5,807,000	(2,013,090)	7,820,090	8,164,465	(344,375)
Library expenses	300,000	300,000	-	21,146	(21,146)
Purchase of stationery	800,000	127,095	672,905	1,222,192	(549,287)
Publishing printing and photocopy	1,950,000	934,832	1,015,169	852,269	162,900
Advertising,Marketing and Publicity	6,360,000	3,080,033	3,279,967	3,425,559	(145,592)
Newspapers,publications,periodicals	-	-	-	395,186	(395,186)
Welfare	300,000	280,000	20,000	70,000	(50,000)
Rent and Rates	18,192,496	-	18,192,496	15,374,207	2,818,289
Insurance expenses	150,000	(1,168,187)	1,318,187	1,228,969	89,218
Staff development and Training	100,000	(1,649,320)	1,749,320	630,283	1,119,037
Maintenance of office equipments	4,110,000	3,879,641	230,359	230,254	105
Maintenance of buildings	3,271,368	3,251,628	19,740	28,880	(9,140)
Hire of Transport	300,000	24,198	275,802	383,458	(107,656)
Subscription fees	1,041,500	787,116	254,384	266,084	(11,700)
Computer expenses	500,000	82,540	417,461	287,446	130,015
Bank Charges	300,000	87,657	212,343	353,003	(140,660)
Financial Audit	370,000	0	370,000	348,000	22,000
Accreditation expenses	8,963,000	6,159,842	2,803,158	6,670,770	(3,867,612)
Tender allowance	-	-	-	162,000	(162,000)
Technical Committee Expenses	658,000	182,009	475,991	149,615	326,376
Office Tea expenses-HR	-	-	-	21,320	(21,320)
Public Celebrations and Exhibition	-	-	-	12,931	(12,931)
Peer/Pre-Peer Evaluation Expenses	4,000,000	2,704,405	1,295,595	1,328,595	(33,000)
Board Expenses	8,041,000	1,372,218	6,668,782	6,560,714	108,068
Depreciation-Motor Vehicles	-	-	-	5,580,434	(5,580,434)
Depreciation-Furniture & Equipment	-	-	-	1,296,594	(1,296,594)
Depreciation-Computer Hardware	-	-	-	1,506,581	(1,506,581)
Amortization-Computer Software	-	-	-	246,693	(246,693)
Amortization-Office Partioning	-	-	-	4,519,436	(4,519,436)
<b>Total Expenses</b>	<b>179,862,678</b>	<b>32,397,801</b>	<b>147,464,877</b>	<b>164,330,240</b>	<b>(3,715,625)</b>
<b>Surplus/(Deficit) for the period</b>	<b>(32,816,680)</b>	<b>(5,099,746)</b>	<b>(27,716,934)</b>	<b>(39,684,292)</b>	<b>8,613,631</b>

# **KENYA ACCREDITATION SERVICE (KENAS)**

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## **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2014**

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies will be consistently applied in the future, unless otherwise stated.

### **1. ACCOUNTING POLICIES**

The financial statements are prepared in compliance with International Public Sector Accounting Standards (IPSAS) issued by the International Public Sector Accounting Standards Board (IPSASB) which took effect for the financial year ended 30 June 2014 as communicated under the PFM Act 2014. The financial statements are presented in Kenya shillings (KES), rounded to the nearest thousand.

#### **a) Basis of Preparation**

The Accounts are prepared under historical cost convention as modified by the revaluation of certain fixed assets

#### **b) Revenue Recognition**

##### **(i) Government Grants**

Government grants are recognized when received

##### **(ii) Interest Income**

Interest income is recognized when it accrues, by reference to the principal outstanding and the interest rate applicable. All other revenues are recognized at the time goods are supplied or services are provided.

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#### **c) Property, Plant and Equipment**

All Property, Plant and Equipment are stated at cost or revaluation less depreciation.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are included in the Statement of Financial performance. On disposal of revalued assets, amounts in the revaluation surplus relating to that asset are transferred to retained earnings.

#### **d) Depreciation**

Depreciation on assets other than land is calculated on the straight-line basis at annual rates estimated to write off the assets over their expected useful lives. The assets are disclosed at their carrying amounts and no assets have been fully depreciated

## **KENYA ACCREDITATION SERVICE (KENAS)**

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### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2014** **(Continued)**

The annual rates used are as follows: -

Plant, Machinery, Furniture & Fittings	12.50%
Motor Vehicles	25%
Computers and Software	33.30%

**e) Intangible Assets**

Intangible assets represent computer software which is stated at cost less amortization. Amortization is calculated to write off the cost of the assets on a straight line basis over their estimated useful life of 3 years.

**f) Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost is determined by the first-in, first-out (FIFO) method. Net realizable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

**g) Foreign Currency**

Transactions during the year are converted into Kenya currency at the rate ruling at transaction dates. Assets and Liabilities at the balance sheet date which are expressed in foreign currencies are translated into Kenya currency at rates ruling at that date. The resulting differences from conversion and translations are dealt with in the statement of comprehensive income in the year in which they arise.

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**h) Trade Receivables**

Trade receivables are carried at anticipated realizable value. An estimate is made for doubtful receivables based on the review of all outstanding amounts at the end of the year. Bad debts are written off when all reasonable steps to recover them have failed.

**i) Trade Payables**

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether billed or not.

## **KENYA ACCREDITATION SERVICE (KENAS)**

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### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2014 (Continued)**

**j) Employee Benefit Costs**

The Organization also contributes to the National Social Security Fund (NSSF). Contributions are determined by the local statute and are currently limited to a maximum of KES. 200 per employee per month.

Contributions by the Organization in respect of retirement benefit costs are charged to the Income Statement in the year to which they relate.

Employees' entitled to annual leave are charged to the Income Statement as they fall due.

Employees on contract are entitled to gratuity at the end of the contract or employment, whichever comes earlier. The estimated monetary liability for such entitlement at the end of the balance sheet date is recognized as an expense accrual.

**k) Cash & Bank Balances**

The Organization's Cash and bank balances consist of Cash in hand and Cash at bank at the balance sheet date.

**l) Related party Transactions**

The Organization's does not have any related party transaction except for the remuneration to the Board of Directors which are governed by the Corporation Act, 486 and as per the Guidelines issued by the National Treasury from time to time. During the year such payment amounted to Kshs. 6,560,714.00 which included Honorarium to the Chairman of Kshs. 350,000.00 and other allowances as proscribed by the policy.

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## KENYA ACCREDITATION SERVICE (KENAS)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
<b>NOTE 2: Revenue from Non-Exchange transactions</b>	<b>KES</b>	<b>KES</b>
(i): Government Grants Recurrent	95,796,000	110,807,339
<b>Total Government Grants</b>	<b>95,796,000</b>	<b>110,807,339</b>
<b>(ii): Public Contributions and Donations</b>		
PTB Sponsorship	3,626,868	-
Donations	307,000	304,400
	<u>3,933,868</u>	<u>304,400</u>
<b>Total Revenue from Non-Exchange transactions</b>	<b>99,729,868</b>	<b>111,111,739</b>
<b>NOTE 3: Revenue from Exchange transactions</b>		
<b>(i): Accreditation Income</b>		
Accreditation Fees-Testing and Calibration	5,500,000	9,457,400
Accreditation Fees-Health and Safety	3,522,700	8,552,100
Accreditation Fees-Inspection and Verification	1,601,853	2,083,300
Accreditation Fees-Certification	2,105,000	1,368,800
	<u>12,729,553</u>	<u>21,461,600</u>
<b>(ii): Training Income</b>		
Training Income-Test and Calibration	2,985,000	3,907,800
Training Income-Health and Safety	5,568,275	2,226,300
Training Income-Inspection and Verification	715,500	1,287,600
Training Income-Certification	202,500	156,600
	<u>9,471,275</u>	<u>7,578,300</u>
<b>(iii): Miscellaneous Income</b>		
Sale of Tender documents-Finance	29,000	679,401
Confirmation of Certificates-Testing and Calibration	40,000	-
Sale of obsolete items-Finance	2,300	-
Mileage Income - Finance	37,657	-
Facilitation Income	2,606,295	-
	<u>2,715,252</u>	<u>679,401</u>
<b>Total Revenue from Exchange transactions</b>	<b>24,916,080</b>	<b>29,719,301</b>

## KENYA ACCREDITATION SERVICE (KENAS)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 ( Continued)

	2014 KES	2013 KES
<b>NOTE 4: Personal Emoluments</b>		<b>Restated</b>
Basic salary	50,009,140	48,094,973
House Allowance	16,552,000	17,185,484
Commuter Allowance	4,374,000	3,485,561
Entertainment Allowance	1,138,000	-
Overtime Allowance	-	3,080,492
Telephone Allowance	2,156,000	-
Passage Allowance	2,284,888	2,098,031
Pension Contributions	8,969,318	7,158,258
NSSF Contributions	136,880	-
Gratuity	1,432,200	-
Acting Allowance	296,861	-
Extraneous Allowance	193,452	-
Special duty Allowance	12,491	-
Gardener Allowance	180,000	-
Security Allowance	175,200	-
Responsibility Allowance	-	115,993
Salary arrears	161,452	-
Utilities Allowance	240,000	-
Sitting Allowance	70,000	-
Medical Allowance	-	252,100
Non Practising Allowance	180,000	-
<b>Total Personal Emoluments</b>	<b>88,561,881</b>	<b>81,470,893</b>

### NOTE 5: Board Allowances and Expenses

Honorarium for Chairperson	350,000	1,044,000
Mileage	1,049,164	-
Airtickets	407,719	-
Snacks	122,539	-
Subsistence Expenses	314,000	-
Sitting Allowances	3,264,035	-
Consultation	192,000	-
Official Functions	585,457	-
Accomodation Expenses	275,800	11,862,791
<b>Total Board Allowances and Expenses</b>	<b>6,560,714</b>	<b>12,906,791</b>

## KENYA ACCREDITATION SERVICE (KENAS)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (Continued)

	2014	2013
	KES	KES
<b>NOTE 6: Administrative Expenses</b>		<b>Restated</b>
Medical Expenses	4,091,513	4,058,171
Transport Operating Expenses	1,269,833	1,541,467
local Travelling and Accomodation	384,166	980,401
Hire of Transport	383,458	139,041
Postal and Courier Services	51,625	28,207
Telephone	85,623	257,410
Official entertainment	2,443,268	1,873,909
Contracted Professionals	824,293	833,487
Electricity	641,849	475,914
Water	133,980	122,404
Motor vehicle fuel,lubricant and gas expenses	1,628,117	1,717,983
Library expenses	21,146	439,015
Purchase of stationery	1,222,192	715,778
Publishing printing and photocopy	852,269	1,104,058
Advertising,Marketing and Publicity	3,425,559	4,971,945
Newspapers,publications,periodicals and journals	395,186	-
Welfare	70,000	-
Rent and Rates	15,374,207	14,123,561*
Maintenance of office equipments	230,254	80,945
Maintenance of buildings	28,880	1,900
Insurance expenses	1,228,969	1,157,878
Staff development and Training	630,283	2,356,361
Computer expenses	287,446	458,824
Bank Charges	353,003	200,133
Financial Audit expense	348,000	332,000
<del>Taxes-Finance</del>	<del>-</del>	<del>3,396,395</del>
Tender allowance	162,000	508,402
Office Tea expenses-HR	21,320	-
Public Celebrations and Exhibition Expenses-Communication and PR	12,931	-
Depreciation-Motor Vehicles	5,580,434	5,580,434
Depreciation-Furniture & Equipment	1,296,594	1,236,685
Depreciation-Computer Hardware	1,506,581	1,591,994
Amortization-Computer Software	246,693	94,896
Amortization-Office Partioning	4,519,436	4,519,436
<b>Total Administrative Expenses</b>	<b>49,751,105</b>	<b>54,899,034</b>

\* Restated amounts arose as a result of prior year adjustment of excess service charge arrears for the year 2012-2013 totalling to KES 1,014,470

## **KENYA ACCREDITATION SERVICE (KENAS)**

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 ( Continued)

	2014	2013
	KES	KES
<b>NOTE 7: Other Operating Expenses</b>		
External travelling and Accomodation	2,877,011	6,542,728
Seminar expenses	8,164,465	2,083,035
Subscription fees	266,084	589,519
Accreditation expenses	6,670,770	5,406,851
Technical Committee Expenses	149,615	-
Peer/Pre-Peer Evaluation Expenses	1,328,595	2,001,517
<b>Total Other Operating Expenses</b>	<b>19,456,541</b>	<b>16,623,650</b>
<b>NOTE 8: Other Gains/(Losses) realised</b>		
Gain on foreign exchange transactions	53,309	(41,052)
Gain on Disposal of Computers	129,510	(161,824)
<b>Total Gains/Losses realised</b>	<b>182,819</b>	<b>(202,876)</b>

## KENYA ACCREDITATION SERVICE (KENAS)

### NOTE 9

Property Plant and Equipment  
For the Year ended 30 June 2014

	OFFICE PARTITIONING KES	MOTOR VEHICLES KES	FURNITURE & EQUIPMENT KES	COMPUTER HARDWARE KES	TOTAL KES
Cost	(5 YRS)	25%	12.5%	33.30%	
At 1st July 2012	22,597,80	22,321,735	9,082,183	4,480,088	58,481,186
Disposals	-	-	-	(208,000)	(208,000)
Additions	-	-	1,019,878	628,900	1,648,778
<b>AS at 30th June 2013</b>	<b>22,597,80</b>	<b>22,321,735</b>	<b>10,102,061</b>	<b>4,900,988</b>	<b>59,921,964</b>
At 1st July 2013	22,597,80	22,321,735	10,102,061	4,900,988	59,921,964
Disposals	-	-	-	-	-
Additions	-	-	360,564	294,269	654,833
<b>AS at 30th June 2014</b>	<b>22,597,80</b>	<b>22,321,735</b>	<b>10,462,625</b>	<b>5,195,257</b>	<b>60,576,797</b>
<b>Depreciation/Amortization</b>					
At 1st July 2012	2,259,718	4,787,065	487,510	377,534	7,911,827
Disposals	-	-	-	(46,176)	(46,176)
Charge for the Year	4,519,436	5,580,434	1,236,685	1,591,994	12,928,549
<b>AS at 30th June 2013</b>	<b>6,779,154</b>	<b>10,367,499</b>	<b>1,724,195</b>	<b>1,923,352</b>	<b>20,794,200</b>
At 1st July 2013	6,779,154	10,367,499	1,724,195	1,923,352	20,794,200
Charge for the Year	4,519,436	5,580,434	1,296,594	1,506,581	12,903,045
<b>AS at 30th June 2014</b>	<b>11,298,590</b>	<b>15,947,932</b>	<b>3,020,789</b>	<b>3,429,933</b>	<b>33,697,244</b>
<b>NET BOOK VALUES</b>					
AS at 30th June 2014	11,298,590	6,373,803	7,441,836	1,765,324	26,879,552
AS at 30th June 2013	15,818,026	11,954,236	8,377,866	2,977,636	39,127,764

# KENYA ACCREDITATION SERVICE (KENAS)

**NOTE 10**

Intangible Assets For the Year ended 30 June 2014	COMPUTER SOFTWARE KES	TOTAL KES
<b>Cost</b>	33.3%	
At 1st July 2012	-	-
Disposals	-	-
<b>Additions</b>	740,080	740,080
<b>AS at 30th June 2013</b>	<b>740,080</b>	<b>740,080</b>
At 1st July 2013	740,080	740,080
Disposals	-	-
<b>Additions</b>	1,294,329	1,294,329
<b>AS at 30th June 2014</b>	<b>2,034,409</b>	<b>2,034,409</b>
<b>Depreciation/Amortization</b>		
At 1st July 2012	-	-
Disposals	-	-
Charge for the Year	94,896	94,896
<b>AS at 30th June 2013</b>	<b>94,896</b>	<b>94,896</b>
At 1st July 2013	94,896	94,896
Charge for the Year	246,693	246,693
<b>AS at 30th June 2014</b>	<b>341,589</b>	<b>341,589</b>
<b>NET BOOK VALUES</b>		
<b>AS at 30th June 2014</b>	<b>1,692,820</b>	<b>1,692,820</b>
<b>AS at 30th June 2013</b>	<b>645,184</b>	<b>645,184</b>

## KENYA ACCREDITATION SERVICE (KENAS)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (Continued)

	2014	2013
<b>NOTE 11: Accumulated Surplus</b>		
		<b>Restated</b>
Revenue Reserve	59,268,318	84,540,522
Accrued VAT 2012-2013	(605,926)	-
Provision for general supplies 2012-2013	220,322	-
Credit note from Master Aluminium	331,830	-
Surplus (Deficit) for the year	<u>(39,501,473)</u>	<u>(25,272,204)</u>
	<b><u>20,263,121</u></b>	<b><u>59,268,318</u></b>
<b>NOTE 12: Inventories</b>		
Consumable stores	153,643	372,496
<b>NOTE 13: Cash and Cash equivalents</b>		
KCB Main Account	2,030,858	34,016,116
KCB Dollar Account	<u>30,810</u>	<u>3,623,837</u>
<b>Total Cash and Cash equivalents</b>	<b><u>2,061,668</u></b>	<b><u>37,639,953</u></b>
<b>NOTE 14: Receivables - Exchange transactions</b>		
<b>Current receivables</b>		
Sundry Debtors	122,951	62,302
General Debtors	<u>10,070,865</u>	<u>6,098,768</u>
<b>Total Receivables - Exchange transactions</b>	<b><u>10,193,817</u></b>	<b><u>6,161,070</u></b>
<b>NOTE 15: Receivables - Non-exchange transactions</b>		
Guarantee Deposits	450,000	510,000
Imprest Control	-	251,500
Salary Advance	302,188	-
Prepaid rent	-	3,665,857
Prepaid Insurance	<u>2,454,411</u>	<u>335,493</u>
<b>Total Receivables - Non-exchange transactions</b>	<b><u>3,206,599</u></b>	<b><u>4,762,850</u></b>

## **KENYA ACCREDITATION SERVICE (KENAS)**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014** (Continued)

	<b>2014</b>	<b>2013</b>
	<b>KES</b>	<b>KES</b>
<b>NOTE 16: Trade and Other Payables from Exchange transactions</b>	11,782,395	21,825,824*
<b>NOTE 17: Trade and Other Payables from Non-Exchange transactions</b>		
Provision For Audit Fees	548,000	300,000
Provision For professional fees	-	1,700,328
Provision For leave Allowance	3,041,759	2,093,495
Provision For General supplies	-	1,169,485
Staff Creditors	3,745,957	4,117,652*
P.A.Y.E	1,509,316	-
NHIF	13,160	-
NSSF	88,560	-
Pension Contributions	1,077,667	33,125
Staff Welfare	8,200	-
Staff Loans	2,818	2,818
HFCK	90,000	-
NBK loans	47,000	-
Coop Bank Loans	4,000	-
HELB	7,798	-
UBORA Shares and Loans	910,782	-
Uhora Housing	10,000	-
IESA Shares and Loans	139,534	-
Other Saccos	41,200	-
CFC Life	84,333	-
BRITAK	33,040	-
Pan African Life	1,610	-
Jubilee Insurance	6,342	-
ICEA	35,857	-

## **KENYA ACCREDITATION SERVICE (KENAS)**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

( Continued )

	2014	2013
	KES	KES
Other Insurance Deductions	6,065	-
Personal Pension	4,000	-
Voluntary Contributions	8,783	-
VAT	904,400	-
Prepayments	1,172,400	992,600
<b>Total Trade and Other Payables from Non-Exchange transactions</b>	<b>13,642,581</b>	<b>10,409,503</b>

#### Note 18: Work In Progress

ERP Software	1,500,000	1,500,000
EQMS Software	-	1,294,328
<b>Total Work In Progress</b>	<b>1,500,000</b>	<b>2,794,328</b>

\* Restated amounts arose as a result of prior year adjustment of excess service charge arrears for the year 2012-2013 totalling to KES 1,014,470 and Salary arrears for former acting CEO totalling KES 1,090,937.25

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