

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

THE NATIONAL ASSEMBLY
PAPER 11 (A)
REPORT
DATE: 25 APR 2019 Thursday

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THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
KENYA INSTITUTE OF SUPPLIES
MANAGEMENT**

**FOR THE YEAR ENDED
31 DECEMBER 2017**





Kenya Institute of Supplies Management

Promoting Professionalism in Supply Chain Management

**AUDITED ANNUAL REPORTS &
FINANCIAL STATEMENTS**

YEAR ENDED 31ST DECEMBER 2017

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For the Period ended 31st December 2017



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CORPORATE INFORMATION

Interim Council

- : Eng. Chris Oanda Chairman
- : Francis M. Murabula Council Member
- : Joseph Fidelis Ogachi Council Member
- : Dickson Mutuku Mwenze Council Member
- : Joyce Nyanamba Council Member
- : Florence Abich Oile Council Member
- : Principal Secretary The National Treasury
- : Director General PPOA

Coopted Committee Members

- : Philip Okumu
- : Dr. Patrick Ochuodho Ajwang
- : Patrick Meyo
- : Patrick Ndirangu Kimemia
- : Henry Nyangór
- : John Ndiwa Karani
- : Dr. Charles Chama

Structure of the KISM Caretaker Committee

- : The KISM Council
- Committees of the Council**
- : Finance & Administration Committee
- : Standards Committee
- : Examinations Committee
- : Audit Committee
- : Registration Committee

Registered Office

- : Nation Center 12th Floor Wing "B"
- : Kimathi Street
- : P.O Box 30400 - 00100
- : Cellphone: 0721 244828, 0733 333226, 0701 333226
- : Telefax: 2213911
- : NAIROBI
- : Email admin@kism.or.ke
- : Website. www.kism.or.ke

Auditor

- : Office Of Auditor General
- : Anniversary Towers
- : University Way
- : P.O. Box 30084 - 00100
- : Telefax: 020311482
- : Tel. 020 342330
- : NAIROBI
- : Email. oag@oagkenya.go.ke
- : Website, www.kenao.go.ke

Principal Banker

- : Standard Chartered Bank
- : Westlands Branch
- : Woodvale Groove
- : P.O. Box 14438-00800
- : Tel:4443018/2/20,4448956
- : NAIROBI

Legal Advisor

- : Akunga Momanyi & Co Advocates
- : P.O Box 10324-00100-G.P.O
- : NAIROBI
- : Cell: 0722-992979/0722-988205/0733873300
- : E-Mail: akungamomanyi@yahoo.com



Kenya Institute of Supplies Management

**Annual Report & Financial Statements
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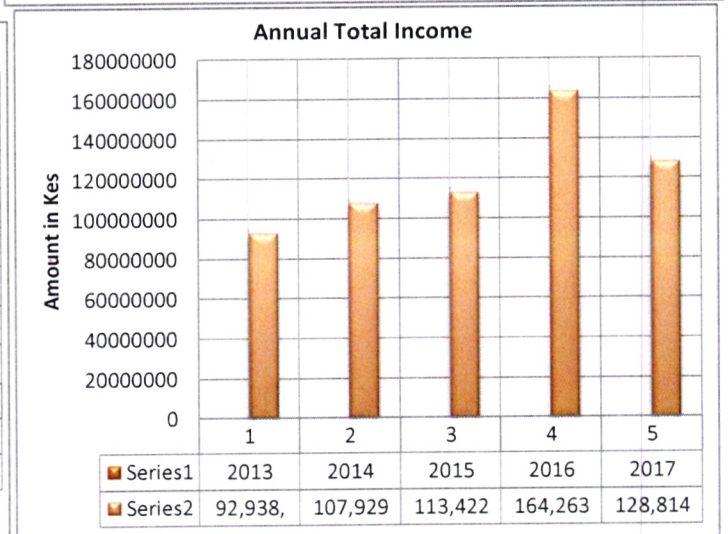
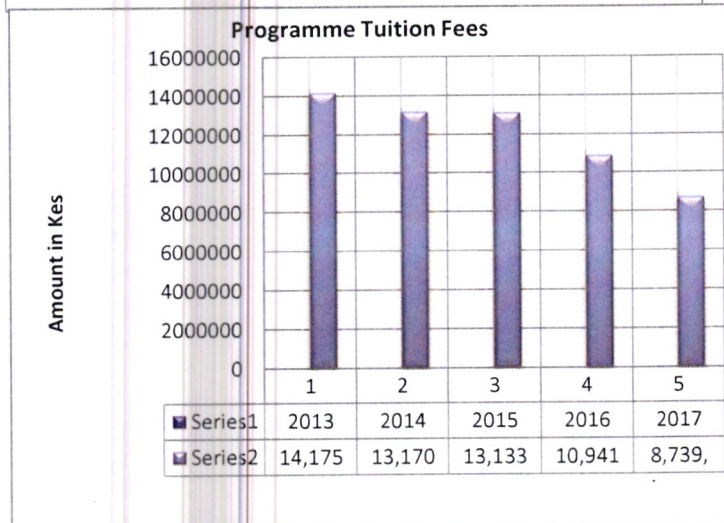
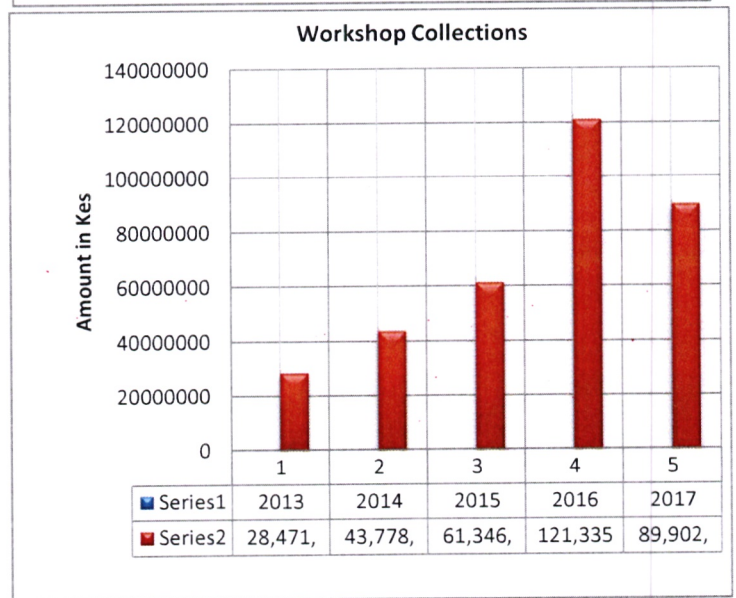
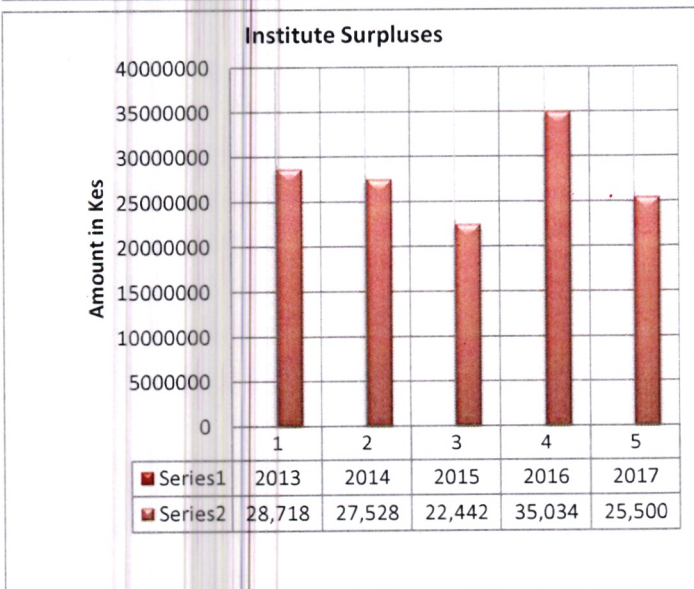
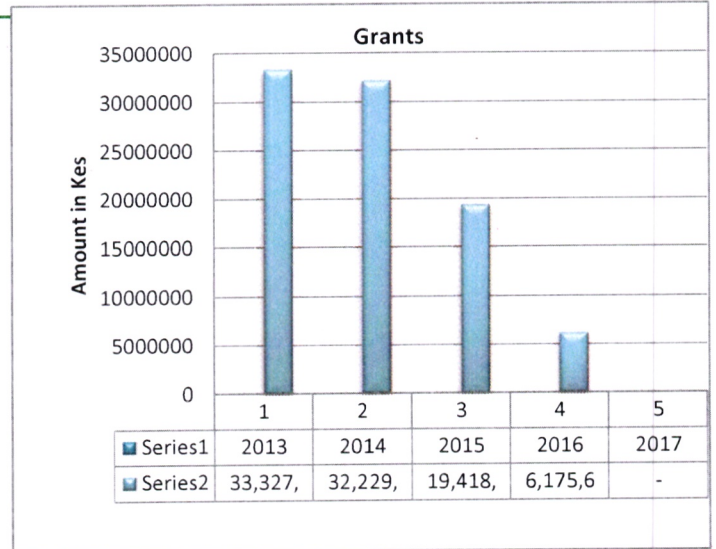
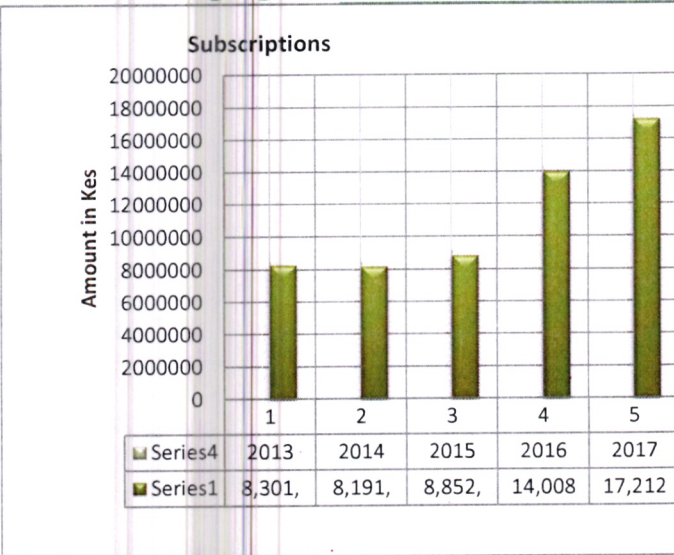
FIVE YEAR FINANCIAL REVIEW

YEAR	2013 Kshs	2014 Kshs	2015 Kshs	2016 Kshs	2017 Kshs
Income					
Grant from Partners	33,327,045	32,229,245	19,418,435	6,175,632	-
Membership Subscriptions	8,301,650	8,191,750	8,852,000	14,008,500	17,212,000
Workshop receipts	28,471,564	43,778,523	61,346,910	121,335,400	89,902,500
Membership Dinner	1,365,750	1,644,000	1,345,500	995,800	1,159,500
Programme Tuition Fees	14,175,945	13,170,900	13,133,100	10,941,500	8,739,500
Other Income	7,296,659	8,915,168	9,326,682	10,806,425	11,801,189
Total Income	92,938,613	107,929,586	113,422,627	164,263,257	128,814,689
Expenses					
Administrative Expenses	34,003,006	48,513,129	55,912,297	57,591,106	65,494,829
Operating Expenses	30,217,533	31,887,627	35,067,456	71,638,112	37,819,053
Operating Surplus/(Deficit)	28,718,074	27,528,829	22,442,874	35,034,039	25,500,807



Kenya Institute of Supplies Management
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Performance Highlights





Kenya Institute of Supplies Management
Annual Report & Financial Statements
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COUNCIL REPORT

The Council submit their report and the audited financial statements For the Period ended 31st December 2017 which disclose the state of affairs of the Institute.

INCORPORATION

The Institute is a body corporate established under Part II Section 3 (1) of the Supplies Practitioners Management Act 2007 No. 17 and is domiciled in Kenya

PRINCIPAL ACTIVITIES

The principal activity of the Institute is to empower its members to provide and maintain high standards of procurement and supply chain management professionalism through regulating conduct of practitioners, educational programs, seminars and workshops

RESULTS

The result of the Institute for the year are shown from page number 6 to 13

	2017	2016
	Ksh	Ksh
Total Revenue	128,814,689	164,263,257
Expenditure	103,313,882	129,229,218
Surplus	25,500,807	35,034,039

MEMBERSHIP

	2017	2016
	No.	No.
Active Members at the beginning of the year		
Members	2,680	1,930
Associates	656	460
Students	451	651
Corporate Membership	23	17
Active Members at the end of the year		
Members	3,538	2,680
Associates	667	656
Students	483	451
Corporate Membership	10	23
Active Licences at the end of the financial year		
Individual Licences	505	285
Corporate Licences	11	2

MANAGEMENT

The Council members who held office during the year are shown on page 1

BY ORDER OF THE COUNCIL


ENG. CHRIS OANDA, CHAIRMAN.



Kenya Institute of Supplies Management
Annual Report & Financial Statements
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STATEMENTS OF COUNCIL'S RESPONSIBILITY

The Supplies Practitioners Management Act 2007 No. 17 Part V Section 28 (2) requires the Council to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Institute as at the end of the financial year and of its operating results for the year. It also requires the Council to ensure that the Institute keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Institute. The Council is also responsible for safeguarding the assets of the Institute.

The Council accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Supplies Practitioner Management Act.

The Council are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Institute and of its operating results. The Council further accepts responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial as well as adequate systems of internal financial control.

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

Approved by the Council on 2019 and signed on behalf by:


.....
ENG. CHRIS OANDA
CHAIRMAN


.....
FRANCIS MURABULA
COUNCIL MEMBER


.....
DICKSON MWENZE
COUNCIL MEMBER

REPUBLIC OF KENYA

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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON KENYA INSTITUTE OF SUPPLIES MANAGEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Institute of Supplies Management set out on pages 11 to 30, which comprise the statement of financial position as at 31 December 2017, statement of comprehensive income, statement of changes in net assets, statement of cash flows for the year 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 Institute of Supplies Management as at 31 December 2017 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) and comply with the Supplies Practitioners Management Act, 2007 of the Laws of Kenya.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Kenya Institute of Supplies Management in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with 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 that, in my professional judgement, are of most significance in the audit of the financial statements. I have determined that there were no key audit matters to communicate in my report.

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 matters described in the Basis for Qualified Opinion 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.

Report of the Auditor-General on the Financial Statements of Kenya Institute of Supplies Management for the year ended 31 December 2017

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan to 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 INTERNAL CONTROLS EFFECTIVENESS, GOVERNANCE AND RISK MANAGEMENT SYSTEMS

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance, 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.

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. 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 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 Those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) 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 governance.

In preparing the financial statements, management is responsible for assessing the ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate or to cease operations, or have no realistic alternative but to do so.

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.

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.

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

Auditor-General's Responsibilities for the Audit

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 220(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 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 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.

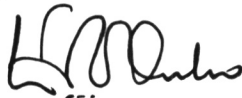
Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the 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 misstatements 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 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 going concern 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 ability to continue as a going concern or 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 Institute to cease to continue as a going concern or 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 Institute 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.



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

Nairobi

29 March 2019



Kenya Institute of Supplies Management
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STATEMENT OF COMPREHENSIVE INCOME For the Period ended 31st December 2017

	Notes	Kshs 2017			Kshs 2016		
		KISM	GoK & Other Partners	Totals	KISM	GoK & Other Partners	Totals
Income							
Grants from Partners	6	-	-	-	-	6,175,632	6,175,632
Membership Subscriptions	7	18,371,500	-	18,371,500	15,004,300	-	15,004,300
Workshop receipts	8	89,902,500	-	89,902,500	121,335,400	-	121,335,400
School Fees	9	8,739,500	-	8,739,500	10,941,500	-	10,941,500
Share of income from KISEB	10	5,102,835	-	5,102,835	3,206,370	-	3,206,370
Other Income	11	6,698,354	-	6,698,354	7,600,055	-	7,600,055
Total Income		128,814,689	-	128,814,689	158,087,625	6,175,632	164,263,257
Expenditure							
Staff Costs	12	32,133,726	-	32,133,726	23,289,347	-	23,289,347
Council Expenses	13	3,890,636	-	3,890,636	4,026,431	-	4,026,431
Administrative Expenses	14	29,470,467	-	29,470,467	25,575,787	4,699,541	30,275,328
Operating Expenses	15	35,296,667	-	35,296,667	68,983,608	-	68,983,608
Depreciation	16	2,522,386	-	2,522,386	1,178,413	1,476,091	2,654,504
Operating Surplus(Deficit) Before Finance cost		25,500,807	-	25,500,807	35,034,039	-	35,034,039
Operating Surplus/(deficit) after Finance Costs		25,500,807	-	25,500,807	35,034,039	-	35,034,039
Taxable Surplus	28	-	-	-	3,197,694	-	3,197,694
Tax Liability	28	-	-	-	959,308	-	959,308
Surplus / (Deficit) after tax		25,500,807	-	25,500,807	34,074,731	-	34,074,731



Kenya Institute of Supplies Management
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STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2017

	Notes	2017	2016
			Kshs
Non-Current Assets			
Property plant and Equipment	17	285,677,245	131,206,945
Intangible Assets	18	1,570,084	1,774,246
Total Non-Current Assets		287,247,330	132,981,191
Current Assets			
Bank & Cash	19	205,689,663	225,785,958
Debtors & Prepayment	20	40,373,369	39,833,962
Total Current Assets		246,063,032	265,619,920
Current Liabilities			
Gok Grant (Advance)	21	0	74,743,490
Bank Balance due to KISEB	22	(317,216)	3,807,713
Creditors & Accruals	23	69,907,478	25,381,711
Deffered Subscriptions			-
School Fees Prepayments	24	1,898,636	2,898,636
Workshop Refunds	25	682,581	682,581
Total Current Liabilities		72,171,480	107,514,132
Net Current Assets		173,891,552	158,105,788
Net Capital Employed		461,138,882	291,086,979
Accumulated Funds			
Retained Earnings		209,053,496	179,541,066
Accumulated Funds		209,053,496	179,541,066
Asset Grant	26	252,085,386	111,545,911
Total Funds		461,138,882	291,086,977
Current & Quick ratio		3.41	2.47

Financial Statements on pages 7 to 26 were approved for issue by the Council on 2019, and were signed on behalf by;

ENG. CHRIS OANDA CHAIRMAN	FRANCIS MURABULA COUNCIL MEMBER	DICKSON MWENZE COUNCIL MEMBER



Kenya Institute of Supplies Management
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STATEMENT OF CHANGES IN NET ASSETS AS AT 31ST DECEMBER 2017

	<i>KISM General Fund</i>	<i>Professional Development Fund</i>	<i>Total</i>
	<i>KSHS</i>	<i>KSHS</i>	<i>KSHS</i>
<i>As at 1st January 2016</i>	145,252,750	1,018,838	146,271,588
<i>Total Comprehensive Income for the year</i>	30,868,361	-	30,868,361
<i>Transfer of share of fees</i>	-	3,206,370	3,206,370
<i>Other surplus from other activities</i>			-
<i>As at 31st December 2016</i>	<i>176,121,111</i>	<i>4,225,208</i>	<i>180,346,319</i>
<i>As at 1st January 2017</i>	176,121,111	4,225,208	180,346,319
<i>Total Comprehensive Income for the year</i>	25,500,807	-	25,500,807
<i>Transfer of share of fees</i>	-	3,206,370	3,206,370
<i>Other surplus from other activities</i>			-
<i>As at 31st December 2017</i>	<i>201,621,918</i>	<i>7,431,578</i>	<i>209,053,496</i>



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CONSOLIDATED STATEMENT OF CASHFLOW For the Period ended 31st Dec. 2017

	2017 Kshs	2016 Kshs
Cash Generated from Operations		
Reconciliation of Surplus(deficit) before tax to cash generated from operations;		
Surplus(deficit) before tax	25,500,807	35,034,039
Add Non Cash Adjustments		
Depreciation	1,999,024	2,063,089
Amortisation	523,361	591,415
Cashflow before Changes in Working capital	28,023,193	37,688,543
Changes in Working Capital		
(Increase)/ Decrease in Receivables	(985,346)	(25,355,327)
Increase/(Decrease) in Creditors	44,525,767	17,918,847
Increase in Prepaid School fees	(1,440,610)	67,085
Increase/(Decrease) in Deffered Subscription		-
(Increase)/ Decrease in Deposits	-	(56,973)
(Increase)/ Decrease in VAT Claimable	(3,899,070)	(1,520,707)
Increase /(Decrease) in Refunds		215,480
Tax Paid	(1,941,087)	(2,819,090)
Net Cash from/(used in) Operating Activities	36,259,654	(11,550,685)
Investing Activities		
Purchase of Property, Plant and Equipment	(154,379,142)	(1,131,340)
Net Cash from/(used in) Investing Activities	(154,379,142)	(1,131,340)
Financing Activities		
Increase/(Decrease) in Grants	70,000,000	55,000,000
Net Cash from/(used in) in Financing Activities	70,000,000	55,000,000
As at 1st January	225,785,958	145,779,441
Increase/(Decrease) in cash and Cash Equivalentents	(20,096,295)	80,006,517
As at 31st December	205,689,663	225,785,958



Kenya Institute of Supplies Management

Annual Report & Financial Statements For the Period ended 31st December 2017

Notes to the Financial Statements

1 Accounting Policies

The Kenya Institute of Supplies Management is a membership institution established by the Supplies Practitioners Management Act, 2007 as a statutory body charged with the mandate of entrenching professional ethics in Supply chain and Procurement.

2 Statement of Compliance

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRSs). The financial statements are presented in functional currency, Kenya shillings (Kshs.), which is the prevailing currency within primary economic environment, rounded to the nearest thousands and prepared in accordance with the measurement bases prescribed by IFRSs.

The preparation of financial statement is in conformity with IFRS which requires the use of estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Institute's policies.

The principal accounting policies adopted in the preparation of these financial statements are set out below.

3 Summary of Significant Accounting Policies

The significant accounting policies adopted in the preparation of these general purpose financial statements are set out below:

a) Basis of preparation

The financial statements are prepared on a going concern basis in compliance with International Financial Reporting Standards (IFRS). The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies below. The financial statements are presented in Kenya Shillings (Shs), rounded to the nearest thousand, which is also the functional currency (see (d) below).

The financial statements comprise a profit and loss account (statement of comprehensive income), balance sheet (statement of financial position), statement of changes in equity, statement of cash flows, and notes. Income and expenses, excluding the components of other comprehensive income, are recognised in the profit and loss account. Other comprehensive income is recognised in the statement of comprehensive income and comprises items of income and expense (including reclassification adjustments) that are not recognised in the profit and loss account as required or permitted by IFRS. Reclassification adjustments are amounts reclassified to the profit and loss account in the current period that were recognised in other comprehensive income in the current or previous periods. Transactions with the owners of the Institute in their capacity as owners are recognised in the statement of changes in equity.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of estimates and assumptions. It also requires management to exercise its judgement in the process of applying the accounting policies adopted by the Institute. Although such estimates and assumptions are based on the directors' best knowledge of the information available, actual results may differ from those estimates. The judgements and estimates are reviewed at the end of each reporting period, and any revisions to such estimates are recognised in the year in which the revisions are made. The areas involving the judgements of most significance to the financial statements, and the sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year, are disclosed in Note 2.

b) Accounting for associates

Associate: an entity in which an investor has significant influence but not control or joint control. IAS 28 applies to all investments in which an investor has significant influence but not control or joint control except for investments held by a venture capital organisation, mutual fund, unit trust, and similar entity that are designated under IAS 39 to be at fair value with fair value changes recognised in profit or loss. [IAS 28.1]

In its consolidated financial statements, an investor should use the equity method of accounting for investments in associates, Under IAS 39, those investments are measured at fair value with fair value changes recognised in profit or loss. [IAS 28.1]. An investment classified as held for sale in accordance with IFRS 5. [IAS 28.13(a)]. A parent that is exempted from preparing consolidated financial statements by paragraph 10 of IAS 27 may prepare separate financial statements as its primary financial statements. In those separate statements, the investment in the associate may be accounted for by the cost method or under IAS 39. [IAS 28.13(b)]



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Notes to Financial Statements (Continued)

c) New and revised standards

i) Adoption of new and revised standards

The following new and revised standards and interpretations have become effective for the first time in the financial year beginning 1 January 2016 and have been adopted by the Institute where relevant to its operations:

Amendments to IAS 12 titled Recognition of Deferred Tax Assets (issued in January 2016) – The amendments, applicable to annual periods beginning on or after 1 January 2017, provide additional guidance on the estimation of future taxable profits when considering the recoverability of deferred tax assets.

Amendments to IAS 7 titled Disclosure Initiative (issued in January 2016) – The amendments, applicable to annual periods beginning on or after 1 January 2017, require enhanced disclosure concerning changes in liabilities arising from financing activities

ii) New and revised standards and interpretations in issue but not yet effective

At the date of authorisation of these financial statements, the following revised standards and interpretations were in issue but are not yet effective for the year beginning 1st January 2016. The Institute has not adopted any of these revised standards, amendments and interpretations in advance of the effective date:

Published but are not yet effective for the year beginning 1st January 2016

IFRS 15 Revenue from Contracts with Customers (issued in May 2014)

The new standard, effective for annual periods beginning on or after 1 January 2018, replaces IAS 11, IAS 18 and their interpretations (SIC-31 and IFRIC 13, 15 and 18). It establishes a single and comprehensive framework for revenue recognition to apply consistently across transactions, industries and capital markets, with a core principle (based on a five-step model to be applied to all contracts with customers), enhanced disclosures, and new or improved guidance.

IFRS 9 Financial Instruments (issued in July 2014)

This standard will replace IAS 39 (and all the previous versions of IFRS 9) effective for annual periods beginning on or after 1 January 2018. It contains requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting and derecognition:

IFRS 9 requires all recognised financial assets to be subsequently measured at amortised cost or fair value (through profit or loss or through other comprehensive income), depending on their classification by reference to the business model within which they are held and their contractual cash flow characteristics. For financial liabilities, the most significant effect of IFRS 9 relates to cases where the fair value option is taken: the amount of change in fair value of a financial liability designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch.

For the impairment of financial assets, IFRS 9 introduces an “expected credit loss” model based on the concept of providing for expected losses at inception of a contract; it will no longer be necessary for there to be objective evidence of impairment before a credit loss is recognized. For hedge accounting, IFRS 9 introduces a substantial overhaul allowing financial statements to better reflect how risk management activities are undertaken when hedging financial and nonfinancial risk exposures. The derecognition provisions are carried over almost unchanged from IAS 39.



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New and revised standards - continued

Amendments to IFRS 10 and IAS 28 titled Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued in September 2014) – The amendments, applicable from a date yet to be determined, address a current conflict between the two standards and clarify that gain or loss should be recognised fully when the transaction involves a business, and partially if it involves assets that do not constitute a business.

IFRS 16 Leases (issued in January 2016) - The new standard, effective for annual periods beginning on or after 1 January 2019, introduces a new lessee accounting model, and will require a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee will be required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

Amendments to IFRS 2 titled Classification and Measurement of Share-based Payment Transactions (issued in June 2016) - The amendments, applicable to annual periods beginning on or after 1 January 2018, clarify the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments (SBP), the accounting for SBP transactions with a net settlement feature for withholding tax obligations, and the effect of a modification to the terms and conditions of a SBP that changes the classification of the transaction from cash-settled to equity settled. The amendments are not expected to have a material effect on the Group's consolidated financial statements.

The council do not plan to apply any of the above until they become effective. Based on their assessment of the potential impact of application of the above, they do not expect that there will be a significant impact on the Institute's financial statements

d) Grants

Grants are not recognised until there is reasonable assurance that the Institute will comply with conditions attaching to them and that grants will be received. Grants are recognised in the statement of comprehensive income on a systematic basis over the periods in which the institute recognises as expenses the related costs for which the grants are intended to compensate. Specifically, grants whose primary condition is that the Institute should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the institute with no future related costs are recognised in profit or loss in the period in which they become receivable

d) Translation of foreign currencies

On initial recognition, all transactions are recorded in the functional currency (the currency of the primary economic environment in which the Institute operates), which is Kenya Shillings.

Transactions in foreign currencies during the year are converted into the functional currency using the exchange rate prevailing at the transaction date. Monetary assets and liabilities at the balance sheet date denominated in foreign currencies are translated into the functional currency using the exchange rate prevailing as at that date. The resulting foreign exchange gains and losses from the settlement of such transactions and from year-end translation are recognised on a net basis in the profit and loss account in the year in which they arise, except for differences arising on translation of non-monetary available-for-sale financial assets, which are recognised in other comprehensive income.

e) Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

f) Revenue recognition

Revenue represents the fair value of consideration received or receivable for the sale of goods and services in the course of the Institute's activities. It is recognised when it is probable that future economic benefits will flow to the Institute and the amount of revenue can be measured reliably. It is stated net of Value Added Tax, rebates and trade discounts. Cash discounts are included as part of finance costs.

Sale of goods are recognised upon the delivery of the product and customer acceptance, while sale of services are recognised upon performance of the service and customer acceptance based on the proportion of actual service rendered to the total services to be provided.

- i* Subscription income from active members is recognised in the year in which it is due. Active members are considered to be those members: -
 - Who are up to date with their subscription are honoured in the period invoiced.
- ii* Subscription income from other members is recognised when it is received and is treated as income for the period paid.
- iii* Registration fee is recognised on member application and treated in the period admitted.
- iv* CPD and inhouse training income is recognised upon service delivery over the period.
- v* School fees income is recognised over the period for students who registered for the period.
- vi* Interest income is recognised on a time proportion basis using the effective interest method.
- vii* Share of examination income is recognised over a period the candidates sat for examinations including the registration and renewal fees.

g) Property, plant and equipment

All property and equipment is initially recorded at cost and thereafter stated at historical cost less accumulated depreciation and accumulated impairment except for buildings. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use. Buildings are subsequently shown at market value, based on periodic but at least consultants valuations of carrying costs before payments of certificates, any retentions payable upon completion of the defects liability period, impairments and accumulated depreciations. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. Work-In-Progress will be shown at market value based on periodic valuation of at least annual valuation carried out by an independent Valuer. Gains and losses arising from the revaluation of the Work-In-Progress are recognised in other comprehensive income.



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Notes to Financial Statements (Continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Institute and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the profit and loss account in the year in which they are incurred.

Increases in the carrying amount arising on revaluation are recognised in other comprehensive income and accumulated in accumulated funds under the heading of revaluation surplus. Decreases that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases are charged to the profit and loss account. Annually, the difference between depreciation charge based on the revalued carrying amount of the asset charged to the profit and loss account and depreciation based on the asset's original cost is transferred from the revaluation surplus reserve to accumulated funds.

Depreciation is calculated using the reducing balance method to write down the cost or the revalued amount of each asset to its residual value over its estimated useful life using the following annual rates:

Asset	Class	Rate - %
Land		0.00
Motor vehicles	III	25
Intangible Assets		
Furniture & fittings	IV	12.5
Office equipment	IV	12.5
Computers, copiers & fax	II	30

As no parts of items of property, plant and equipment have a cost that is significant in relation to the total cost of the item, the same rate of depreciation is applied to the whole item.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. On disposal of revalued assets, amounts in the revaluation surplus reserve relating to that asset are transferred to retained earnings.

h) Intangible assets

Software licence costs and computer software that is not an integral part of the related hardware are initially recognised at cost, and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Costs that are directly attributable to the production of identifiable computer software products controlled by the Institute are recognised as intangible assets. Amortisation is calculated using the straight line method to write down the cost of each licence or item of software to its residual value over its estimated useful life using an annual rate of 25%.

i) Impairment of non-financial assets

Non-financial assets that are carried at amortised cost are reviewed at the end of each reporting period for any indication that an asset may be impaired. If any such indication exists, an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

j) Retirement benefit obligations

Defined contribution

The Institute does not currently operate a defined contribution retirement benefits plan for its employees, there are therefore no assets of which are held in a separate trustee administered under a guaranteed scheme managed by an insurance company.



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Notes to Financial Statements (Continued)

However the Institute and the employees contribute to the National Social Security Fund (NSSF), a national defined contribution scheme. Contributions are determined by local statute and the Institute's contributions are charged to the profit and loss account in the year to which they relate.

k) Employee entitlements

The estimated monetary liability for employees' accrued annual leave entitlement at the balance sheet date is recognised as an employment cost accrual.

The annual carrying cost for the provision of medical benefit has been charged to the annual period that it relates. All the costs borne by the provider has not been recognised as the expense against the revenue earned for the year, However where the employer makes provision for similar benefit after the expiry or if the contractual limits are exceeded such an amount will be recognised and charged to the accounts for the year.

l) Borrowing costs

Borrowing costs, net of any temporary investment income on those borrowings, that are attributable to acquisition, construction or production of a qualifying asset are capitalised as part of the asset. The net borrowing cost capitalised is either the actual borrowing cost incurred on the amount borrowed specifically to finance the asset; or in the case of general borrowings, the borrowing cost is determined using the overall weighted average cost of the borrowings on all outstanding borrowings during the year less any specific borrowings directly attributable to the asset and applying this rate to the borrowing attributable to the asset. Capitalisation of borrowing costs ceases when all activities necessary to prepare the qualifying asset for its intended use or sale are complete. All other borrowing costs are recognised in the profit or loss in the year in which they are incurred.

m) Leases

Finance leases as the lessee

Leases of property, plant and equipment including hire purchase contracts where the Institute assumes substantially all the risks and rewards incident to ownership are classified as finance leases. Finance leases are recognised as a liability at the inception of the lease at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The interest rate implicit in the lease is used as the discount factor in determining the present value. Each lease payment is allocated between the liability and finance cost using the interest rate implicit in the lease. The finance cost is charged to the profit and loss account in the year in which it is incurred. Property, plant and equipment acquired under finance leases are capitalised and depreciated over the estimated useful life of the asset.

Operating leases

Leases of assets where a significant proportion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made/received under operating leases are charged/credited to the profit and loss account on a straight line basis over the lease period. Prepaid operating lease rentals are recognised as assets and are subsequently amortised over the lease period.

n) Income taxes

Income tax expense is the aggregate amount charged/(credited) in respect of current tax and deferred tax in determining the profit or loss for the year. Tax is recognised in the profit and loss account except when it relates to items recognised in other comprehensive income, in which case it is also recognised in other comprehensive income, or to items recognised directly in equity, in which case it is also recognised directly in equity.

Current tax

Current income tax is the amount of income tax payable on the taxable profit for the year, and any adjustment to tax payable in respect of prior years, determined in accordance with the Kenyan Income Tax Act.



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Deferred income tax

Deferred income tax is provided in full on all temporary differences except those arising on the initial recognition of an asset or liability, other than a business combination, that at the time of the transaction affects neither the accounting nor taxable profit or loss. Deferred income tax is determined using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, using tax rates and laws enacted or substantively enacted at the balance sheet date and expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Recognised and unrecognised deferred tax assets are reassessed at the end of each reporting period and, if appropriate, the recognised amount is adjusted to reflect the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

o) Financial instruments

The Institute classifies its financial instruments into the following categories:

- i) **Financial assets and financial liabilities at fair value through profit or loss**, which comprise financial assets and financial liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term or to generate short-term profit-taking;
- ii) **Loans and receivables**, which comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, and excludes assets which the entity intends to sell immediately or in the near term or those which the entity upon initial recognition designates as at fair value through profit or loss or as available-for-sale financial assets.
- iii) **Financial liabilities**, which comprise all financial liabilities except financial liabilities at fair value through profit or loss.

i) Financial assets

All financial assets are recognised initially using the trade date accounting which is the date the Institute commits itself to the purchase or sale. Financial assets carried at fair value through statement of comprehensive income are initially recognised at fair value and the transaction costs are expensed in the statement of comprehensive income account. All other categories of financial assets are recorded at the fair value of the consideration given plus the transaction cost.

Subsequently, held-to-maturity investments and loans and receivables are carried at amortised cost using the effective interest method, while all other financial assets are carried at their fair values, without deduction for transaction costs that may be incurred on sale.



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Amortised cost is the amount at which the financial asset or liability is measured on initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. Fair value is the amount for which an asset can be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

The Institute assesses at each statement of financial position whether there is objective evidence that a financial asset is impaired. If any such evidence exists, an impairment loss is recognised. Impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount. In the case of held-to-maturity investments and loans and receivables, the recoverable amount is the present value of the expected future cash flows, discounted using the asset's effective interest rate.

Changes in fair value of financial assets at fair value through profit or loss are recognised in the profit and loss account.

Changes in fair value for available-for-sale financial assets are recognised in other comprehensive income, except for impairment losses (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that asset previously recognised in profit or loss), which are recognised in the statement of comprehensive income. In the year of sale, the cumulative gain or loss recognised in other comprehensive income is recognised in the profit or loss account as a reclassification adjustment.

Changes in the carrying values and impairment losses of held-to-maturity investments and loans and receivables are recognised in the profit and loss account. Trade and other receivables not collectible are written off against the related provision. Subsequent recoveries of amounts previously written off are credited to the profit and loss account in the year of recovery.

All financial assets are classified as non-current except financial assets at fair value through statement of comprehensive income, those with maturities of less than 12 months from the balance sheet date, those which the directors have the express intention of holding for less than 12 months from the balance sheet date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Institute has transferred substantially all risks and rewards of ownership.

Financial assets held during the year were classified as follows:

- Demand and term deposits with banking institutions and trade and other receivables were classified as 'loans and receivables'.

ii) Financial liabilities

All financial liabilities are recognised initially at fair value of the consideration given plus the transaction cost with the exception of financial liabilities carried at fair value through profit or loss, which are initially recognised at fair value and the transaction costs are expensed in the statement of comprehensive income account.

Subsequently, all financial liabilities are carried at amortised cost using the effective interest method except for financial liabilities through profit or loss which are carried at fair value.

All financial liabilities are classified as non-current except financial liabilities at fair value through profit or loss, those expected to be settled in the Institute's normal operating cycle, those payable or expected to be paid within 12 months of the balance sheet date and those which the Institute does not have an unconditional right to defer settlement for at least 12 months after the balance sheet date.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged or cancelled or expires.

Borrowings and trade and other liabilities are classified as financial liabilities by the directors and are carried at amortised cost.



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p) Provision for liabilities and charges

Provisions are recognised when the Institute has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

q) Cash and cash equivalents

Cash and cash equivalents include cash in hand and demand and term deposits, with maturities of three months or less from the date of acquisition, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts. In the balance sheet, bank overdrafts are included as borrowings under current liabilities.

r) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

4 Significant judgements and key sources of estimation uncertainty

In the process of applying the accounting policies adopted by the Institute, the directors make certain judgements and estimates that may affect the carrying values of assets and liabilities in the next financial period. Such judgements and estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. The directors evaluate these at each financial reporting date to ensure that they are still reasonable under the prevailing circumstances based on the information available.

a) Significant judgements made in applying the Institute's accounting policies

The judgements made by the management in the process of applying the Institute's accounting policies that have the most significant effect on the amounts recognised in the financial statements include:

- i) Whether it is probable that that future taxable surpluses will be available against which temporary differences can be utilised; and
- ii) Whether the institute has the ability to hold 'held-to maturity' investments until they mature. If the institute were to sell other than an insignificant amount of such investments before maturity, it would be required to classify the entire class as 'available-for-sale' and measure them at fair value.

b) Key sources of estimation uncertainty

Key assumptions about the future and other sources of estimation uncertainty made that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year include

- i) Impairment losses
Estimates made in determining the impairment losses on receivables. Such estimates include the determination of the net realisable value or the recoverable amount of the asset. However, the Institute has not provided for impairment provision for any unforeseen eventualities on the losses arising from such receivables.



Kenya Institute of Supplies Management

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5 Risk management objectives and policies

a) Financial risk management

The Institute's activities expose it to a variety of financial risks including credit, liquidity and market risks. The Institute's overall risk management policies are set out by the board and implemented by the management, and focus on the unpredictability of changes in the business environment and seek to minimise the potential adverse effects of such risks on the Institute's performance by setting acceptable levels of risk. The Institute does not hedge against any risks.

i) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk mainly arises from financial assets, and is managed on an Institute-wide basis. The Institute does not grade the credit quality of financial assets that are neither past due nor impaired.

Credit risk on financial assets with banking institutions is managed by dealing with institutions with good credit ratings and placing limits on deposits that can be held with each institution.

Credit risk on trade receivables is managed by ensuring that credit is extended to customers with an established credit history. The credit history is determined by taking into account the financial position, past experience and other relevant factors. Credit is managed by setting the credit limit and the credit period for each customer. The utilisation of the credit limits and the credit period is monitored by management on a monthly basis.

The maximum exposure of the Institute to credit risk as at the balance sheet date is as follows:

	Fully performing Shs	Past due but not impaired Shs	Past due and impaired Shs
31st December 2017			
Financial assets	132,981,191		
Non-current receivables			
Trade receivables	20,708,504	6,724,992	6,191,463
Cash at bank	225,785,958		
Gross financial assets	379,475,653	6,724,992	6,191,463
	Fully performing Shs	Past due but not impaired Shs	Past due and impaired Shs
31st December 2016			
Financial assets	135,655,881		
Non-current receivables			
Trade receivables	12,348,471	5,699,294	949,882
Other receivables			
Cash at bank	128,121,126.00		
Gross financial assets	276,125,478	5,699,294	949,882

The ageing analysis of past due but not impaired trade receivables is: *including other categories of financial assets which are past due but not impaired requiring similar disclosure to be provided).*

	2017 Shs'000	2016 Shs'000
0-3 months	27,433,496	18,047,765
3-6 months	6,191,463	949,882
	33,624,959	18,997,647

The past due debtors are not impaired and continue to be paid. KISM does not maintain a provision for impairment to be held against the impaired receivables. The Institute does not hold any collateral against the past due or impaired receivables. The management continues to actively follow up past due and impaired receivables.



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ii) Liquidity risk

Liquidity risk is the risk that the Institute will encounter difficulty in meeting obligations associated with financial liabilities. The board has developed a risk management framework for the management of the Institute's short, medium and long-term liquidity requirements thereby ensuring that all financial liabilities are settled as they fall due. The Institute manages liquidity risk by continuously reviewing forecasts and actual cash flows.

The table below summarises the maturity analysis for financial liabilities to their remaining contractual maturities (*time intervals to be based on what is provided to management, or what is appropriate for the business*). The amounts disclosed are the contractual undiscounted cash flows.

	Less than one month Shs	Between 1-3 months Shs	Between 3-12 months Shs
Year ended 31st December 2017			
Trade and other payables	21,211,059	2,512,540	1,658,112
Borrowings - bank			
- others			
	21,211,059	2,512,540	1,658,112
	Less than one month Shs	Between 1-3 months Shs	Between 3-12 months Shs
Year ended 31st December 2016			
Trade and other payables	4,583,635	2,725,385	2,070,580
Borrowings - bank			
- others			
	4,583,635	2,725,385	2,070,580

iii) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market price and comprises three types of risks: currency risk, interest rate risk and other price risk.

iv) Currency risk

Currency risk arises on financial instruments that are denominated in foreign currency. The Institute's portion of business is transacted in foreign denominations, some of its business outside Kenya, trade payables which are denominated in foreign currency. KISM maintains a foreign currency denominated in USD which is translated at the closing rate by end of 31st December 2017. However the transactions paid in foreign currency are made at negotiated rates of the prevailing market rates.

b) Capital management

The Institute's objective in managing its equity is to ensure that it supports the development of its business and is able to continue as a going concern. The Institute is not subject to any external equity or capital requirements



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Notes to Financial Statements Continued

	2017			2016		
	KISM	GoK & Partners	Total	KISM	GoK & Partners	Total
6 Grants from Partners						
Grant from GoK		-			6,175,632	6,175,632
Grant Income for the Year	-	-	-	-	6,175,632	6,175,632
7 Subscriptions						
Individual Membership	13,572,000		13,572,000	10,543,500	-	10,543,500
Corporate Membership	250,000		250,000	575,000	-	575,000
Membership Dinner Income	1,159,500		1,159,500	995,800	-	995,800
Licence Fees	3,390,000		3,390,000	2,890,000	-	2,890,000
Total Subscriptions	18,371,500	-	18,371,500	15,004,300	-	15,004,300
8 Workshop Receipts						
Total Workshop Receipts	85,412,500		85,412,500	110,217,400	-	110,217,400
Foreign exchange profit	-		-	-	-	-
Inhouse training fees	4,490,000		4,490,000	11,118,000	-	11,118,000
Less Discounts						
Net Workshop Receipts	89,902,500	-	89,902,500	121,335,400	-	121,335,400
9 School Fees						
CIPS Training Fees	8,739,500		8,739,500	10,941,500	-	10,941,500
ITC Training Fees						
Total School Fees	8,739,500	-	8,739,500	10,941,500	-	10,941,500
10 Share of Professional Income						
KISEB Examination						
Share of Examination fees	5,102,835		5,102,835	3,206,370	-	3,206,370
Total Income	5,102,835	-	5,102,835	3,206,370	-	3,206,370
11 Other Incomes						
Other Incomes - Procurement Consultancy	2,112,000		2,112,000	1,452,000	-	1,452,000
Interest Income	4,586,354		4,586,354	5,635,555	-	5,635,555
Rental Income				512,500	-	512,500
Specific Activity Grant						
Total Other Income	6,698,354	-	6,698,354	7,600,055	-	7,600,055



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Notes to Financial Statements and Accounts Continued

	2017			2016		
	KISM	GoK & Partners	Total	KISM	GoK & Partners	Total
12 Staff Costs						
Employment Costs						
Salaries and Wages	26,420,822	-	26,420,822	20,732,564	-	20,732,564
Pension	1,145,370	-	1,145,370			
Internship Subsistence Allowances	120,000	-	120,000	32,000		32,000
Medical Benefit	2,138,103	-	2,138,103	1,413,489		1,413,489
Training Levy	16,200	-	16,200	9,150		9,150
Staff Membership Subscriptions	43,000	-	43,000	44,000		44,000
Staff Training and Development	2,250,231	-	2,250,231	820,043		820,043
Staff leave days		-		238,101		238,101
Total staff costs	32,133,726	-	32,133,726	23,289,347	-	23,051,246
13 Council Expenses						
Council Allowances	3,890,636	-	3,890,636	4,026,431		4,026,431
Other Council Expenses	-	-	-			
Total Council Expenses	3,890,636	-	3,890,636	4,026,431	-	4,026,431
14 Administrative Expenses						
Subscriptions	205,526	-	205,526	238,500	490,050	728,550
Donations	327,500	-	327,500	95,000		95,000
Photocopy and Stationery	1,103,756	-	1,103,756	480,675	323,634	804,310
Printing Expenses	3,054,014	-	3,054,014	3,261,897	692,117	3,954,014
Telephone and Postage	513,891	-	513,891	648,008	19,505	667,513
Rent & Rates	9,531,055	-	9,531,055	9,438,798		9,438,798
Consultancy	2,407,680	-	2,407,680	2,131,000	1,396,500	3,527,500
Decoration Expenses		-		65,000		65,000
Legal Fees	1,430,000	-	1,430,000	180,000		180,000
Audit Fees		-				
Security Services	1,006,759	-	1,006,759	427,682	794,533	1,222,215
Licences	2,030,333	-	2,030,333	296,513	-	296,513
Office Expenses	1,574,480	-	1,574,480	739,809	231,119	970,928
Cleaning Services	527,547	-	527,547	652,800		652,800
Travelling Expenses	4,834,280	-	4,834,280	6,251,074	752,083	7,003,157
Parking Fees	712,859	-	712,859	485,980		485,980
Motor Vehicle Fuel	210,787	-	210,787	183,050		183,050
Total Administrative Expenses	29,470,467	-	29,470,467	25,575,787	4,699,541	30,275,328
15 Operating Expenses						
Bank Charges	859,287	-	859,287	723,314	-	723,314
Promotion & Advertisements	6,075,311	-	6,075,311	5,100,546	-	5,100,546
Promotional Materials	494,423	-	494,423	1,899,960	-	1,899,960
Insurance	223,635	-	223,635	236,706	-	236,706
Repairs & Maintenance	110,618	-	110,618	464,273	-	464,273
Car Hire	178,686	-	178,686	198,820	-	198,820
Utilities	120,824	-	120,824	262,114	-	262,114
Architectural Consultancy	-	-	-	25,616,413		25,616,413
Stamp Duty		-		27,000	-	27,000
ERP Support Expenses	416,117	-	416,117			
Newsletter Articles	10,000	-	10,000	20,000	-	20,000
Excellence Awards		-		53,000	-	53,000
Workshop Facilitation Expenses	6,465,000	-	6,465,000	7,798,750	-	7,798,750
Website Expenses & Internet expenses	895,200	-	895,200	558,500	-	558,500
School Expenses	2,522,200	-	2,522,200	3,031,438	-	3,031,438
Other Sundry Expenses	346,392	-	346,392	398,120	-	398,120
Workshop and Membership Venue Expenses	16,578,974	-	16,578,974	22,594,655	-	22,594,655
Total Operating Expenses	35,296,667	-	35,296,667	68,983,608	-	68,983,608
16 Depreciation and amortization						
Depreciation	1,999,024	-	1,999,024	1,178,413	884,676	2,063,089
Amortisation	523,361	-	523,361	-	591,415	591,415
Total Wear and Tear Allowance	2,522,386	-	2,522,386	1,178,413	1,476,091	2,654,504



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17 Property Plant and Equipment							
Asset	Land & Building	Motor Vehicle 25%	Computers & other 30%	Other Office Equipments 12.5%	Furnitures 12.5%	Total	
Rate		Ksh	Ksh	Ksh	Ksh	Ksh	
At cost							
As at 1st Jan 2016	120,837,215	2,544,000	7,445,366	3,056,373	12,574,158	146,457,112	
Additions	-	-	311,500	-	-	311,500	
Disposals							
As at 31st Dec 2016	120,837,215	2,544,000	7,756,866	3,056,373	12,574,158	146,768,612	
As at 1st Jan 2017	120,837,215	2,544,000	7,756,866	3,056,373	12,574,158	146,768,612	
Additions	155,135,228	-	1,015,045	15,000	304,051	156,469,324	
Disposals	-	-	-	-	-	-	
As at 31st Dec 2017	275,972,443	2,544,000	8,771,911	3,071,373	12,878,209	303,237,936	
Depreciation							
As at 1st January 2016	-	2,204,417	5,090,931	1,514,011	4,689,219	13,498,578	
Charge for the Year	-	84,896	799,781	192,795	985,617	2,063,089	
Disposal	-	-	-	-	-	-	
As at 31st Dec 2016	-	2,289,313	5,890,712	1,706,806	5,674,836	15,561,667	
As at 1st January 2017	-	2,289,313	5,890,712	1,706,806	5,674,836	15,561,667	
Charge for the Year	-	63,672	864,360	170,571	900,422	1,999,024	
Disposal	-	-	-	-	-	-	
As at 31st Dec 2017	-	2,352,985	6,755,071	1,877,377	6,575,258	17,560,691	
Net Book Value							
As at 31st Dec 2017	275,972,443	191,015	2,016,840	1,193,996	6,302,951	285,677,245	
As at 31st Dec 2016	120,837,215	254,687	1,866,155	1,349,567	6,899,322	131,206,945	
18							
Intangible Assets		Softwares/ Intangible Assets 25%					
At cost							
As at 1st Jan 2016		5,445,588	5,445,588				
Additions		-	-				
Disposals		(331,688)	(331,688)				
As at 31st Dec 2016		5,113,900	5,113,900				
As at 1st Jan 2017		5,113,900	5,113,900				
Additions		319,200	319,200				
Disposals		-	-				
Total Cost		5,433,100	5,433,100				
Amortisation							
As at 1st Jan 2016		2,748,239	1,849,122				
Charge for the Year		591,415	899,116				
Disposal		-	-				
As at 31st Dec 2016		3,339,654	3,339,654				
As at 1st Jan 2017		3,339,654	3,339,654				
Charge for the Year		523,361	523,361				
Disposal		-	-				
As at 31st December 2017		3,863,016	3,863,016				
Net Book Value							
As at 31st Dec 2017		1,570,084	1,570,084				
As at 31st Dec 2016		1,774,246	1,774,246				



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Notes to the financial statements continued	2017			2016		
	KISM	GoK & Partners	Total	KISM	GoK & Partners	Total
19 Cash & Cash Equivalents						
M-PESA Safaricom 552500 Account				-		-
KISM Petty cash				-		-
Standard Chartered Bank - KISM	136,626,797		136,626,797	160,458,170		160,458,170
Standard Chartered Bank - Call	67,321,836		67,321,836	63,751,853		63,751,853
Standard Chartered Bank - Fixed Deposit	-		-	-		-
Standard Chartered Bank - USD	1,265,046		1,265,046	1,163,361		1,163,361
Standard Chartered Bank - Grant A/c	475,984		475,984	412,574		412,574
Balance as at 31st December	205,689,663	-	205,689,663	225,785,958	-	225,785,958
20 Debtors and Prepayments						
Deposits	3,394,058		3,394,058	3,394,058	-	3,394,058
Trade Debtors	29,824,685		29,824,685	33,624,959		33,624,959
VAT Claimable	6,192,476		6,192,476	2,293,405		2,293,405
School Fees Debts	962,150		962,150	521,540		521,540
Total Debtors and Prepayments	40,373,369	-	40,373,369	39,833,962	-	39,833,962
21 Grant Accounting						
Balance b/f		74,743,490	74,743,490		30,660,736	30,660,736
Grant disbursement		70,000,000	70,000,000		55,000,000	55,000,000
Total Available grant		144,743,490	144,743,490		85,660,736	85,660,736
Less :Total Expenditure						
Development						
KISM		142,455,833	142,455,833		-	-
Recurrent						
KISEB		2,287,658	2,287,658		4,741,613	4,741,613
KISM		0	0		6,175,632	6,175,632
Total Expenditure		144,743,490	144,743,490		10,917,245	10,917,245
Balance c/d		0.0	0	-	74,743,490	74,743,490
22 Bank Balance due to KISEB						
Total Income collected	17,009,450		17,009,450	10,687,900		10,687,900
Add Balance b/d	3,807,713		3,807,713	3,461,000		3,461,000
Total Available Collections	20,817,163		20,817,163	14,148,900		14,148,900
Grant Allocation	-		-	4,747,553		4,747,553
Prepaid Fees	-		-	64,875		64,875
Total Available Collections	20,817,163		20,817,163	18,831,578		18,831,578
Total Current Expenses	15,646,544		15,646,544	10,413,658		10,413,658
Non Current Assets	385,000		385,000	385,000		385,000
Cash refunds to KISM	-		-	-		-
Less Share of Income	5,102,835		5,102,835	4,225,208		4,225,208
Balance as at 31st December	- 317,216	-	317,216	3,807,713	-	3,807,713
23 Creditors and Accruals						
Creditors and accruals	69,907,478		69,907,478	25,143,610		25,143,610
Contingent liabilities			-	238,101		238,101
Corporation tax			-	-		-
Total Creditors and Accruals	69,907,478	-	69,907,478	25,381,711	-	25,381,711
24 Prepayment						
School Fees Prepayments	1,898,636		1,898,636	2,898,636		2,898,636
Total School Fees Prepayments	1,898,636	-	1,898,636	2,898,636	-	2,898,636
25 Workshop Refunds						
Workshop Refunds	682,581		682,581	682,581		682,581
Total Workshop Refunds	682,581	-	682,581	682,581	-	682,581
26 Asset Grant Current W.D.V						
Land and Building W.D.V		242,155,181	242,155,181		100,751,503	100,751,503
Motor Vehicle W.D.V		191,015	191,015		254,687	254,687
Computers and Other Electronics W.D.V		1,866,155	1,866,155		1,866,154	1,866,154
Furniture and Fixtures W.D.V		6,302,951	6,302,951		6,899,321	6,899,321
Software and Intangible W.D.V		1,570,084	1,570,084		1,774,246	1,774,246
Total Asset Grant		252,085,386	252,085,386		111,545,911	111,545,911



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Notes to Financial Statements Continued

27 TAX COMPUTATION

Property Plant and Equipment

Asset	Land & Building	Motor Vehicle	Computers & other Electronics	Other Office Equipments	Furnitures	Total
Rate		25%	30%	12.5%	12.5%	
		Ksh	Ksh	Ksh	Ksh	Ksh
At cost						
As at 1st Jan 2016	120,837,215	2,544,000	7,445,366	3,056,373	12,574,158	146,457,112
Additions	-	-	311,500	-	-	311,500
Disposals						
As at 31st Dec 2016	120,837,215	2,544,000	7,756,866	3,056,373	12,574,158	146,768,612
As at 1st Jan 2017	120,837,215	2,544,000	7,756,866	3,056,373	12,574,158	146,768,612
Additions	158,877,957	-	1,015,045	15,000	304,051	160,212,053
Disposals	-	-	-	-	-	-
As at 31st Dec 2017	279,715,172	2,544,000	8,771,911	3,071,373	12,878,209	306,980,665
Depreciation						
As at 1st January 2016	-	2,204,417	5,090,931	1,514,011	4,689,219	13,498,578
Charge for the Year	-	84,896	799,781	192,795	985,617	2,063,089
Disposal	-	-	-	-	-	-
As at 31st Dec 2016	-	2,289,313	5,890,712	1,706,806	5,674,836	15,561,667
As at 1st January 2017	-	2,289,313	5,890,712	1,706,806	5,674,836	15,561,667
Charge for the Year	-	63,672	864,360	170,571	900,422	1,999,024
Disposal	-	-	-	-	-	-
As at 31st Dec 2017	-	2,352,985	6,755,071	1,877,377	6,575,258	17,560,691
Net Book Value						
As at 31st Dec 2017	279,715,172	191,015	2,016,840	1,193,996	6,302,951	289,419,974
As at 31st Dec 2016	120,837,215	254,687	1,866,155	1,349,567	6,899,322	131,206,945
Intangible Assets		Softwares/ Intangible Assets				
		25%				
At cost						
As at 1st Jan 2016		5,445,588	5,445,588			
Additions		-	-			
Disposals		(331,688)	(331,688)			
As at 31st Dec 2016		5,113,900	5,113,900			
As at 1st Jan 2017		5,113,900	5,113,900			
Additions		319,200	319,200			
Disposals		-	-			
Total Cost		5,433,100	5,433,100			
Amortisation						
As at 1st Jan 2016		2,748,239	1,849,122			
Charge for the Year		591,415	899,116			
Disposal		-	-			
As at 31st Dec 2016		3,339,654	3,339,654			
As at 1st Jan 2017		3,339,654	3,339,654			
Charge for the Year		523,361	523,361			
Disposal		-	-			
As at 31st December 2017		3,863,016	3,863,016			
Net Book Value						
As at 31st Dec 2017		1,570,084	1,570,084			
As at 31st Dec 2016		1,774,246	1,774,246			



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Notes to Financial Statements (Continued)

		2017	2016
28	TAX COMPUTATION	Kshs	Kshs
	<i>Income/Loss as per accounts on Surplus generating units</i>	25,500,807	35,034,039
	Add Back: <i>Depreciation</i>	1,999,024	2,063,089
	<i>Amortisation</i>	523,361	591,415
	<i>Legal Fees on Tenancy Agreements</i>		
	<i>Deduct Wear & Tear Allowance</i>	2,522,386	5,338,678
	<i>Less Rental Income</i>		
	Adjusted Income	25,500,807	32,349,864
	Deduct		
	<i>Membership Subscriptions</i>	18,371,500	15,004,300
	<i>Educational School Fees</i>	8,739,500	14,147,870
	Adjusted Net Income	(1,610,193)	3,197,694
	<i>Add Net Rental Income</i>		
	<i>Deduct Legal Fees</i>		
	Taxable Income	0	3,197,694
	<i>Tax Payable @ 30%</i>	0	959,308
	<i>Deduct</i>		
	Tax Payable	0	959,308
	<i>Less Advance Taxes</i>	29 (1,941,087)	(1,938,834)
	Tax Due and Payable	0	(979,526)
	29 TAX WITHHELD		
	<i>Tax Withheld By Clients</i>		1,938,834
	Total Withheld Taxes		1,938,834



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