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KENYA NATIONAL AUDIT OFFICE



REPORT
OF
THE AUDITOR-GENERAL
ON
THE FINANCIAL STATEMENTS OF
KENYA SCHOOL OF MONETARY STUDIES
FOR THE YEAR ENDED
30 JUNE 2014

KENYA SCHOOL OF MONETARY STUDIES

(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT

AND

FINANCIAL STATEMENTS

30 JUNE 2014

KENYA SCHOOL OF MONETARY STUDIES
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

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KENYA SCHOOL OF MONETARY STUDIES
GENERAL INFORMATION
FOR YEAR ENDED 30 JUNE 2014

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Nordin Road
Off Thika Road
P O Box 65041 - 00618
NAIROBI

BANKERS

Central Bank of Kenya
P O Box 60000 - 00200
NAIROBI

Barclays Bank of Kenya Limited
P.O Box 65090 - 00600
NAIROBI

Standard Chartered Bank Kenya Limited
P.O Bqx 32886 - 00600
NAIROBI

COMPANY SECRETARY

Kennedy Abuga (Mr)
P O Box 60000 - 00200
NAIROBI

AUDITORS

Office of the Auditor-General
Anniversary Towers, University Way
P.O. Box 30084 0100
NAIROBI

KENYA SCHOOL OF MONETARY STUDIES
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2014

The directors submit their report and the audited financial statements for the year ended 30 June 2014 which show the state of the School's affairs.

1. INCORPORATION

The Kenya School of Monetary Studies (hereafter referred to as the 'School') was registered on April 15, 1997 as a corporate body limited by guarantee under the Companies Act, Chapter 486 of the Laws of Kenya with Central Bank of Kenya (CBK) as its principal shareholder (99%) and Treasury as the minority shareholder (1%). The School is also registered as a business under the Business Names Act, Chapter 489 as well as with Ministry of Education as a tertiary education institution offering Diploma and Certificate courses.

2. PRINCIPAL ACTIVITY

The School has, as its principal objective, capacity building for Central Bank of Kenya and in the financial sector. The School offers professional programs in banking, financial services, management and educational short-term training. It has also entered into partnership with various learning institutions to offer postgraduate diploma courses and masters degree programs in banking, finance and micro-finance. In addition, a research unit has been set up at the School, specializing in topical research issues relevant to the regional financial sector. These principal activities are supported by provision of conferencing and hospitality services.

3. RESULTS

The results for the year are set out on page 10.

4. DIRECTORS

The Directors who served during the year and to the date of this report were:-

Prof. Njuguna Ndung'u	Chairman and Governor, CBK
Dr. Haron Sirima	Deputy Governor, CBK
Dr. Kamau Thugge	PS Treasury
Prof. William Ogara	Member
Dr. Mbui Wagacha	Member
Ms. Vivienne Apopo	Member
Ms. Florence Muindi	Member
Mr. John Msafari	Member
Prof. Kinandu Muragu	Executive Director, KSMS
Mr. Reuben Mbindu	KIB Representative - Appointed on 9 th June 2014
Mr. Joshua Oigara	KBA Chairperson - Appointed on 26 th June 2014
Ms. Esther Koimett	Alternate to PS, Treasury
Mr. Habil Olaka	Alternate to KBA Chairperson
Mr. Jeremy Awori	Former KBA Chairperson - Retired on 26 th June 2014
Mr. John Waka	Former KIB Representative - Retired on 9 th June 2014

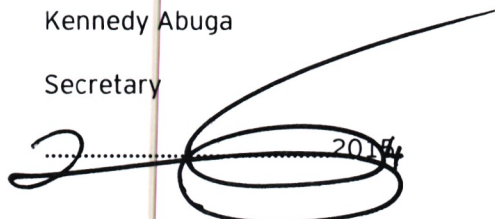
5. AUDITORS

Ernst & Young have been contracted to perform the audit on behalf of the Office of the Auditor-General, who are the principal auditors. Ernst & Young have expressed their willingness to continue in office in accordance with Section 159 (2) of the Kenyan Companies Act.

By Order of the Board

Kennedy Abuga

Secretary



22 August 2014

KENYA SCHOOL OF MONETARY STUDIES
CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

1. Preamble

The Kenya School of Monetary Studies (KSMS) is committed to international best practice and highest standards of corporate governance. The Board of Directors of the School ensures that the various stakeholders derive value from the services rendered. This is achieved through checks and balances and upholding of the values of fairness, equality, appreciating and rewarding success, collaboration and teamwork and ethical and professional standards.

The School is governed by a Board of Directors composed of 11 members including the KSMS Executive Director. These members represent the Central Bank of Kenya (CBK), Treasury, and the financial sector through Kenya Bankers Association (KBA) and Kenya Institute of Bankers (KIB). The Board currently works through three committees; Research and Academic Committee, Audit Committee and Finance and General Purposes Committee.

2. Board of Directors

The School is 99% owned by the Central Bank of Kenya. As a result, the Governor of Central Bank of Kenya, the Deputy Governor and five other non-executive members of the CBK Board are automatically members of the KSMS Board of Directors. All the members of the CBK Board are appointed by the President of the Republic of Kenya for a term of four years which can only be renewed once. Since the School is co-owned by CBK (99%) and the Ministry of Finance (1%), the Principal Secretary, Treasury is always a member of the Board. Additionally, Kenya Bankers Association and Kenya Institute of Bankers are represented in the Board by virtue of being key stakeholders.

2.1 Composition

The members who served in the KSMS Board of Directors during the period ended 30th June 2014 are as indicated in the report of directors.

2.2 Board meetings held during the year

The KSMS Board held 4 meetings during the year. The attendance was as follows:

Name	No. of meetings attended
Prof. Njuguna Ndung'u	4
Dr. Haron Sirima	3
Prof. William Otiende Ogara	4
Dr. Mbuyi Wagacha	0
Ms. Vivienne Apopo	1
Ms. Florence Muindi	4
Mr. John Msafari	4
Mr. Habil Olaka	4
Mr. John Waka	4
Ms. Esther Koimett	0
Prof. Kinandu Muragu	4

3. Research and Academic Committee

3.1 Mandate of the Research and Academic Committee

- i) Assessing and advising the Board on planning, co-ordination, development, oversight and resourcing of academic research and training at the Kenya School of Monetary Studies;
- ii) Proposing and presenting to the Board such reports and recommendations as the Committee deems fit on the research and academic structure of the School and other related matters or on any matters referred to the Committee by the Board;
- iii) Overseeing academic, research and training programmes on the following: scholarship, teaching at the KSMS and criteria for admissions; appointment and removal of internal and external examiners and peer reviewers; policies and procedures for assessment, examination and performance of course participants, and content of the curriculum; and academic standards and the validation and review of courses;
- iv) Overseeing collaborative work with reputable institutions and experts to establish and maintain KSMS as a national and regional hub of excellence in financial sector skills, knowledge and management;
- v) Overseeing the development of research and training programmes that are supportive of the Central Bank of Kenya, in training as well as in studies undertaken under the auspices of the KSMS Research Centre;
- vi) Approving the work programmes and monitoring of the implementation of the Academic Division and the Research Centre and any other related activities;

3.2 Composition

The committee is composed of 6 members namely, Prof. William Ogara - Chairman, Dr. Mbui Wagacha, Ms. Florence Muindi, Ms. Vivienne Apopo, Mr. Habil Olaka and Mr. John Waka.

3.3 Committee Meetings held during the year

The committee held 2 meetings during the year which the members attended as shown below:

Name	No. of meetings attended
Prof. William Ogara	2
Ms. Florence Muindi	2
Mr. Habil Olaka	2
Mr. John Waka	2
Dr. Mbui Wagacha	0
Ms. Vivienne Apopo	0

4. Audit Committee

4.1 Mandate of the Audit Committee

The mandate of the Committee as contained in the charter is as follows:

- i) Seek any information it requires in whatever form from any or group of employees all of whom are directed to co-operate with any request made by the audit committee;
- ii) Have unrestricted access to any information it deems necessary for the performance of its responsibilities and will determine its own procedures;

4.1 Mandate of the Audit Committee (Continued)

- iii) Retain independent professionals and obtain any outside professional advice it may deem necessary from them or be assisted in the conduct of an investigation;
- iv) Resolve any disagreements between Management and the Auditors regarding financial reporting;
- v) Recommend approval for compensation, and oversee the work of any registered public accounting firm employed by the School;

4.2 Composition

The audit committee is composed of 5 members namely; Mr. John Msafari - Chairman, Prof. William Ogara, Ms. Florence Muindi, Mr. Habil Olaka and Mr. John Waka.

4.3 Meetings attended during the year

The committee held 6 meetings during the year which the members attended as shown below:

Name	No. of meetings attended
Mr. John Msafari	6
Prof. William Ogara	6
Ms. Florence Muindi	6
Mr. Habil Olaka	6
Mr. John Waka	6

5. Finance and General Purposes Committee

5.1 The Mandate of the Finance and General Purposes Committee

The mandate of the Committee as contained in the charter is as follows:

- i) Provide oversight on the development and implementation of the business plan of Kenya School of Monetary Studies;
- ii) Provide oversight of the development and implementation of the policies of the School;
- iii) Oversee the planning, implementation and resourcing of the capital projects at the School;
- iv) Review and recommend to the Board the School's organizational structure and human resource capacity appropriate for implementing the business strategy;
- v) Assessing and advising the Board on critical HR matters on School specific staff;
- vi) Assess the School's performance quarterly and annually in line with set targets, vision, mission and value statements;
- vii) Provide oversight on budgetary requirements, financial management and accountability at the School;
- viii) The exercise of any other functions which may be delegated to the Committee by the Board.

KENYA SCHOOL OF MONETARY STUDIES
CORPORATE GOVERNANCE STATEMENT (Continued)
FOR THE YEAR ENDED 30 JUNE 2014

5. Finance and General Purposes Committee (Continued)

5.2 Composition

The committee is composed of 3 members namely; Ms. Florence Muindi - Chairperson, Mr. Habil Olaka and Mr. John Waka.

5.3 Meetings attended during the year

The committee held 4 meetings during the year which the members attended as shown below:

Name	No. of meetings attended
Ms. Florence Muindi	4
Mr. Habil Olaka	4
Mr. John Waka	4

Additionally, the committee held 2 meetings for special mandated tasks during the year which the members attended as shown below:

Name	No. of meetings attended
Ms. Florence Muindi	2
Mr. John Waka	2

6. Joint meeting between Audit and Finance & General Purposes Committees

The committees held 6 meetings during the year, chaired by Ms. Florence Muindi, which the members attended as shown below:

Name	No. of meetings attended
Ms. Florence Muindi	6
Mr. Habil Olaka	6
Mr. John Waka	6
Mr. John Msafari	6
Prof. William Ogara	6

7. Directors' emoluments

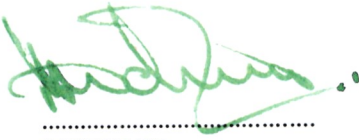
The aggregate amount of emoluments paid to directors for services rendered during the financial year 2014 are disclosed in the notes to the financial statements. Non-executive directors are paid a monthly retainer fee as well as sitting allowances for every meeting attended.

KENYA SCHOOL OF MONETARY STUDIES
STATEMENT OF DIRECTORS' RESPONSIBILITIES
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

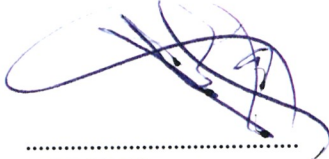
The Kenyan Companies Act requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company, (hereby and thereafter referred to as the 'School'), as at the end of the financial year and of its operating results for that year. It also requires the directors to ensure the School keeps proper accounting records which disclose with reasonable accuracy the financial position of the School. They are also responsible for safeguarding the assets of the School.

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

Except as explained in note 15 to these financial statements, nothing has come to the attention of the directors to indicate that the School will not remain a going concern for at least the next twelve months from the date of this statement.



.....
DIRECTOR



.....
DIRECTOR

22 August 2014
.....
Date



Building a better
working world

Ernst & Young
Certified Public Accountants
Kenya Re Towers
Upper Hill
Off Ragati Road
PO Box 44286 - 00100
Nairobi GPO, Kenya

Tel: +254 20 2715300
Email: info@ke.ey.com
www.ey.com

REPORT OF THE INDEPENDENT AUDITORS TO THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS OF KENYA SCHOOL OF MONETARY STUDIES

We have audited the accompanying financial statements of Kenya School of Monetary Studies, which comprise the statement of financial position as at 30 June 2014, and the statement of profit or loss and other comprehensive income and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 10 to 26.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The School's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit 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 auditors' judgment, 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Kenya School of Monetary Studies as at 30 June 2014, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act.

EMPHASIS OF MATTER

Without qualifying our opinion, we draw attention to Note 15 to these financial statements which indicates that the School incurred an operating deficit of KShs. 5,226,000 during the year ended 30 June 2014 (2013: KShs. 53,078,000). This condition indicates a material uncertainty that may cast significant doubt about the School's ability to continue as a going concern. The financial statements have been prepared on a going concern basis as The Central Bank of Kenya, which is the parent entity, has given an undertaking to provide continued financial support.

REPORT ON OTHER LEGAL REQUIREMENTS

As required by the Kenyan Companies Act we report to you, based on our audit, that:

- i) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
- ii) in our opinion, proper books of account have been kept by the School, so far as appears from our examination of those books; and,
- iii) the School's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Peter Nyamondo Anchinga - P/No 1426.



Nairobi, Kenya

.....18..... September, 2014

REPUBLIC OF KENYA

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Fax: +254-20-311482
E-Mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke



P.O. Box 30084-00100
NAIROBI

KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON KENYA SCHOOL OF MONETARY STUDIES FOR THE YEAR ENDED 30 JUNE 2014

REPORT ON THE FINANCIAL STATEMENTS

The accompanying financial statements of Kenya School of Monetary Studies set out on pages 10 to 26, which comprise the statement of financial position as at 30 June 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information have been audited on my behalf by Ernest and Young, auditors appointed under Section 39 of the Public Audit Act, 2003. The auditors have duly reported to me the results of their audit and on the basis of their report, I am satisfied that all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit were obtained.

Directors' Responsibility for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

The Directors are 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.

Auditor-General's Responsibility

My responsibility is to express an opinion on the financial statements based on the audit and report in accordance with the provisions of Section 15(2) and (3) of the Public Audit Act, 2003 and submit the audit 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 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 School's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, 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 Kenya School of Monetary Studies as at 30 June 2014, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act.

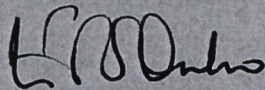
Emphasis of matter

Without qualifying my opinion, I draw attention to Note 15 to the financial statements which indicates that the school incurred an operating deficit of Kshs.5,226,000 during the year ended 30 June 2014 (2013: deficit of Kshs.53,078,000). This condition indicates a material uncertainty that may cast significant doubt about the school's ability to continue as a going concern. The financial statements have been prepared on a going concern basis as the Central Bank of Kenya, the parent entity, has given an undertaking to provide continued financial support.

REPORT ON OTHER LEGAL REQUIREMENTS

As required by the Kenyan Companies Act I report based on the audit, that:

- (i) 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;
- (ii) in my opinion, proper books of account have been kept by the school, so far as appears from the examination of those books; and
- (iii) the school's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

17 March 2015


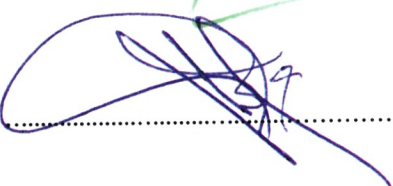
KENYA SCHOOL OF MONETARY STUDIES
 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 30 JUNE 2014

		2014 KShs'000'	2013 KShs'000'
INCOME			
	Note		
Academic programs	4 (a)	44,888	34,897
Management development courses	4 (b)	111,569	61,867
Conferencing	4 (c)	299,267	306,228
Research centre	4 (d)	<u>-</u>	<u>893</u>
		<u>455,724</u>	<u>403,885</u>
DIRECT EXPENSES			
Academic programs	5 (a)	(58,976)	(46,095)
Management development courses	5 (b)	(39,781)	(17,254)
Conferencing	5 (c)	(203,824)	(182,487)
Research centre	5 (d)	<u>(10,367)</u>	<u>(8,884)</u>
		<u>(312,948)</u>	<u>(254,720)</u>
NET OPERATING INCOME			
Other income	4 (e)	142,776	149,165
		<u>401</u>	<u>1,297</u>
		<u>143,177</u>	<u>150,462</u>
ADMINISTRATION EXPENSES			
Staff costs	6	(390,750)	(357,006)
Other administration expenses	7	(170,707)	(157,059)
Grant from CBK	14 (a)	<u>413,054</u>	<u>310,525</u>
		<u>(148,403)</u>	<u>(203,540)</u>
DEFICIT FOR THE YEAR			
	8	<u>(5,226)</u>	<u>(53,078)</u>

KENYA SCHOOL OF MONETARY STUDIES
 STATEMENT OF FINANCIAL POSITION
 AS AT 30 JUNE 2014

	Note	2014 KShs'000'	2013 KShs'000'
CURRENT ASSETS			
Inventory	9	16,549	16,772
Trade and other receivables	10	79,340	87,981
Bank balances and cash	12	<u>43,508</u>	<u>98,631</u>
TOTAL ASSETS		<u>139,397</u>	<u>203,384</u>
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and other payables	13	133,996	152,995
Amount due to related party	14 (b)	<u>33,411</u>	<u>74,143</u>
		<u>167,407</u>	<u>227,138</u>
EQUITY			
Revenue reserves		<u>(28,010)</u>	<u>(23,754)</u>
		<u>(28,010)</u>	<u>(23,754)</u>
TOTAL LIABILITIES		<u>139,397</u>	<u>203,384</u>

The financial statements were approved by the Board of Directors on 22 August 2014
 and signed on its behalf by:-


)
)
) Directors
)

)

KENYA SCHOOL OF MONETARY STUDIES
 STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 30 JUNE 2014

	Financing Surplus/ (Deficit)
	KShs'000'
At 1 July 2012	31,031
Deficit for the year	(53,078)
Under accruals in the prior years	<u>(1,707)</u>
At 30 June 2013	<u>(23,754)</u>
At 1 July 2013	(23,754)
Deficit for the year	(5,226)
Over accruals in the prior years	<u>970</u>
At 30 June 2014	<u>(28,010)</u>

The company is limited by guarantee and therefore does not have share capital.

KENYA SCHOOL OF MONETARY STUDIES
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 KShs'000'	2013 KShs'000'
OPERATING ACTIVITIES			
Deficit for the year		(5,226)	(53,078)
Adjustments:			
Over/ (under) accruals in the prior years		<u>970</u>	<u>(1,707)</u>
		<u>(4,256)</u>	<u>(54,785)</u>
Adjustment for working capital changes			
Inventory		223	3,669
Trade and other receivables		8,641	17,417
Trade and other payables		(18,999)	43,675
Amounts due to related party		<u>(40,732)</u>	<u>87,454</u>
Net cash (used in)/ generated from operating activities		<u>(55,123)</u>	<u>97,430</u>
Net (decrease)/ increase in cash and cash equivalents		(55,123)	97,430
Cash and cash equivalents at the beginning of the year		<u>98,631</u>	<u>1,201</u>
Cash and cash equivalents at the end of the year	12	<u><u>43,508</u></u>	<u><u>98,631</u></u>

1. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated:

a) Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs). The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The School's functional and reporting currency is the Kenya Shilling (KShs).

b) Statement of compliance

The financial statements of the School have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been applied consistently unless otherwise stated.

The preparation of financial statements in conformity with IFRSs requires the use of estimates and assumptions. It also requires the directors to exercise judgment in the process of applying the School's accounting policies. Although these estimates are based on the directors' best knowledge of current events and actions, actual results may differ from those estimates. Accounting policy '1(c)' below on 'significant accounting judgments and estimates' highlights the areas that involve a higher level of judgment, or where the estimates or assumptions used are significant to the financial statements.

c) Significant accounting judgments and estimates

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the School's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are as follows:

(i) *Critical judgement in applying the School's accounting policies*

In the process of applying the School's accounting policies, management has made certain judgements, that are continuously assessed based on prior experience and other determinants, including expectations of future events that, under the circumstances are deemed to be reasonable as described below:

Allowance for impairment of financial assets

Allowance for impairment of financial assets is based on the period from which the accounts receivable were outstanding combined with some knowledge of the financial position of the debtor and/or the circumstances surrounding the underlying transaction.

Allowances for obsolete inventories

Directors review the inventories on an annual basis to assess the likelihood of obsolescence. In determining whether an inventory item is obsolete, directors make judgment as to whether the inventory item can be used as an input in production or is in saleable condition.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the School and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding rebates. The School assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The School has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

Academic programs income

Academic programs income represents the amount invoiced for academic programs and management development courses held during the year. Revenue from these academic programs is accounted for over the period in which it relates. Fees paid in advance are carried forward under trade and other payables.

Conferencing income

Conferencing income represents the amount invoiced for accommodation, catering and seminar facilities in the current year. Revenue is recognised in the year in which it is earned and comprises amounts invoiced net of value added tax.

Grant income

Any grant or donations received to compensate expenses, losses or for the purpose of giving immediate operational support is dealt with in the income and expenditure statement in the year it is received.

e) Deferred income

Grants are recognized where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is set up as deferred income. Where the School receives non-monetary grants, the asset and that grant are recorded at nominal amounts and are released to the statement of profit or loss and other comprehensive income over the expected useful life of the relevant asset by equal annual installments.

f) Employee benefits

(i) Retirement benefit obligations

The School operates a defined contribution retirement benefit scheme for its unionised employees and a defined benefit scheme for non-unionised employees. The School and all its employees also contribute to the National Social Security Fund, which is a statutory defined contribution scheme. A defined contribution plan is a retirement benefit plan under which the School pays fixed contributions into a separate entity. The School has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a retirement benefit plan that is not a defined contribution plan. The assets of all schemes are held in separate trustee administered funds, which are funded by contributions from both the School and employees.

The School's contributions to the defined contribution schemes are charged to the profit and loss account in the year in which they fall due.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Financial assets

(i) Classification

All financial assets of the School are classified as loans and receivables, based on the purpose for which the financial assets were acquired.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The School's loans and receivables comprise 'non-current receivables and prepayments', 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position.

(ii) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date which is the date on which the School commits to purchase or sell the asset. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

(iii) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(iv) Impairment

The School assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

h) Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment (note g).

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method and includes direct material costs and labour. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses. Provision is made for obsolete, slow moving and defective inventories.

k) Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and short-term deposits held at call with banks with original maturities of three months or less. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

2. NEW ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS

The accounting policies adopted are consistent with those followed in the preparation of the School's annual financial statements in the prior year, except for the following new standards, amendments and interpretations. The nature and impact of each new standard/ amendment are described below:

IAS 32 Offsetting Financial Assets and Financial Liabilities

This amendment became effective from 1 January 2014. The amendment clarifies the meaning of "currently has a legally enforceable right to set off the recognised amounts" (IAS 32.42(a)). This means that the right of set-off:

- must not be contingent on a future event; and
- must be legally enforceable in all of the following circumstances:
 - the normal course of business;
 - the event of default; and
 - the event of insolvency or bankruptcy of the entity and all of the counterparties.

The adoption of the amendment did not have a significant impact on the financial position or performance of the School.

IAS 36 Disclosure requirements for the recoverable amount of impaired assets

These amendments became effective from 1 January 2014. The amendments clarify the disclosure requirements about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendments clarify the IASB's original intention: that the scope of these disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal. The amendment affects presentation only and has no impact on the Schools financial position or performance.

2. NEW ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS (Continued)

IAS 39 Novation of Derivatives and Continuation of Hedge Accounting

These amendments became effective from 1 January 2014. The amendments provide an exception to the requirement to discontinue hedge accounting in certain circumstances in which there is a change in counterparty to a hedging instrument in order to achieve clearing for that instrument. The amendments cover notations:

- That arise as a consequence of laws or regulations, or the introduction of laws or regulations
- Where the parties to the hedging instrument agree that one or more clearing counterparties replace the original counterparty to become the new counterparty to each of the parties
- That did not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing

All of the above criteria must be met to continue hedge accounting under this exception. The amendments cover novations to central counterparties, as well as to intermediaries such as clearing members, or clients of the latter that are themselves intermediaries. For novations that do not meet the criteria for the exception, entities have to assess the changes to the hedging instrument against the derecognition criteria for financial instruments and the general conditions for continuation of hedge accounting. The adoption of the amendment did not have a significant impact on the financial position or performance of the School.

IFRS 13 - Fair Value Measurement

The IASB clarified in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The adoption of the amendment is not expected to have a significant impact on the financial position or performance of the School. This amendment becomes effective for annual periods beginning on or after December 2013.

The School has not adopted various IFRSs and IFRIC interpretations that have been issued, revised or amended but which are not yet effective. These are as follows, excluding those that are not expected to apply to the School

IFRS 15 Revenue from Contracts with Customers replaces *IAS 11 Construction Contracts*, *IAS 18 Revenue* and related interpretations. *IFRS 15* specifies the accounting treatment for all revenue arising from contracts with customers. It applies to all entities that enter into contracts to provide goods or services to their customers, unless the contracts are in the scope of other IFRSs, such as *IAS 17 Leases*. The standard also provides a model for the measurement and recognition of gains and losses on the sale of certain non-financial assets, such as property or equipment. Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgements and estimates. The School is currently assessing the impact that this standard will have on the financial position and performance. This standard becomes effective for annual periods beginning on or after 1 January 2017.

IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The IASB issued amendments to *IAS 16 Property, Plant and Equipment* and *IAS 38 Intangible Assets* prohibiting the use of revenue-based depreciation methods for fixed assets and limiting the use of revenue-based amortisation methods for intangible assets. The amendments are effective prospectively. The adoption of the amendment is not expected to have a significant impact on the financial position or performance of the School. This amendment becomes effective for annual periods beginning on or after 1 January 2016.

2. NEW ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS (Continued)

IFRS 9 Financial Instruments - classification and measurement

On 24 July 2014, the International Accounting Standards Board (IASB) issued the final version of IFRS 9-Financial Instruments bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The classification and measurement requirements address specific application issues arising in IFRS 9 (2009) that were raised by preparers, mainly from the financial services industry. The expected credit loss model addresses concerns expressed following the financial crisis that entities recorded losses too late under IAS 39.

IFRS 9 stipulates that financial assets are measured at amortised cost, fair value through profit or loss, or fair value through other comprehensive income, based on both the entity's business model for managing the financial assets and the financial asset's contractual cash flow characteristics.

Apart from the 'own credit risk' requirements, classification and measurement of financial liabilities is unchanged from existing requirements. IFRS 9 is applicable for annual periods beginning on or after 1 January 2018, but early adoption is permitted. The School is currently assessing the impact that this standard will have on the financial position and performance.

The following is a summary of the improvements issued in December 2013 that are not yet effective for financial statements with years ending on or before 31 December 2014. The improvements project is an annual project that provides a mechanism for making non-urgent, but necessary, amendments to IFRS, primarily with a view to removing inconsistencies and clarifying wording.

IFRS 8 - Operating Segments

Aggregation of operating segments:

Operating segments may be combined/aggregated if they are consistent with the core principle of the standard, if the segments have similar economic characteristics and if they are similar in other qualitative respects. If they are combined, the entity must disclose the economic characteristics (e.g. sales and gross margins) used to assess whether the segments are 'similar'. Reconciliation of the total of the reportable segment assets to the entity's total assets:

The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities. The amendments affect presentation only and have no impact on the Schools financial position or performance. This amendment becomes effective for annual periods beginning on or after 1 July 2014.

IAS 16 - Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment to IAS 16.35(a) and IAS 38.80(a) clarifies that revaluation can be performed, as follows:

- Adjust the gross carrying amount of the asset to market value, or
- Determine the market value of the carrying amount and adjust the gross carrying amount proportionately so that the resulting carrying amount equals the market value

The adoption of the amendment is not expected to have a significant impact on the financial position or performance of the School. This amendment becomes effective for annual periods beginning on or after 1 July 2014.

IFRS 13 - Fair Value Measurement

Scope paragraph 52 (portfolio exception) - The portfolio exception in IFRS 13 can be applied to financial assets, financial liabilities and other contracts. The adoption of the amendment is not expected to have a significant impact on the financial position or performance of the School. This amendment becomes effective for annual periods beginning on or after 1 July 2014.

3. FINANCIAL RISK MANAGEMENT

The School activities expose it to a variety of financial risks, including credit risk, liquidity risks, market risks and operational risks. The School's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

The School's principal financial instruments comprise cash and cash equivalents, receivables and payables. These instruments arise directly from its operations. The School does not enter into derivative transactions.

The Board of Directors has overall responsibility for the establishment and oversight of the School's risk management framework.

(i) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates and foreign exchange rates. The objective of market risk management is to manage and control market risk exposure within acceptable levels, while optimizing on the return on the risk.

Interest rate risk

Interest rate is the risk that the future cash flows of financial instruments will fluctuate because of changes in the market interest rates. The School is exposed to interest rate risks as it has cash and cash equivalents.

The interest movement in the financial instruments is negligible as the related instruments have predetermined terms. Any sensitivity analysis on these instruments would not be representative of the inherent risks associated with the instruments.

(ii) Credit risk

Credit risk arises from trade and other receivables, receivable from related companies and cash deposits held with banks.

Trade and other receivables and receivables from related companies

The Board of Directors has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Provision is made when there is objective evidence that the School will not be able to collect debts. The School allows credit facilities to institutional customers, most of which are government ministries with high credit rating.

The maximum exposure to credit risk at the reporting date is the carrying value of trade and other receivables is disclosed in note 11. The School does not hold collateral as security.

Cash deposits

The School places its funds only with recognised financial institutions with strong credit ratings. The School's maximum exposure to credit risk for the components of the statement of financial position at 30 June 2014 is the carrying amount as illustrated in note 14.

KENYA SCHOOL OF MONETARY STUDIES
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED 30 JUNE 2014

3. FINANCIAL RISK MANAGEMENT (continued)

(iii) Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The School's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the School's reputation.

The School carries current liabilities in form of trade and other payables, amounts due to related parties and any grant surplus which is payable to the Central Bank of Kenya. These are payable within a period of 1 year. The carrying amounts of the current liabilities are as disclosed in note 9 (b) (ii) and note 13.

(iv) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the School's processes, personnel, technology and infrastructure and from external factors (other than credit, market and liquidity risks) such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The School's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the School's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management of the School.

4 INCOME	2014 KShs'000'	2013 KShs'000'
a) Academic programs fees	<u>44,888</u>	<u>34,897</u>
b) Management development courses fees	<u>111,569</u>	<u>61,867</u>
c) Conferencing		
Rooms	87,308	161,248
Foods	59,711	46,751
Drinks	9,104	4,870
Tobacco	214	171
Meetings	4,587	3,182
Banqueting	137,793	89,537
Laundry	<u>550</u>	<u>469</u>
	<u>299,267</u>	<u>306,228</u>
d) Research center	<u>-</u>	<u>893</u>
e) Other income		
Photocopying and printing income		
Sale of tender documents	28	78
Miscellaneous receipts	19	905
Interest on loans and advances	237	231
	<u>117</u>	<u>83</u>
	<u>401</u>	<u>1,297</u>

KENYA SCHOOL OF MONETARY STUDIES
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED 30 JUNE 2014

5. DIRECT EXPENSES	2014 KShs'000'	2013 KShs'000'
a) Academic programs		
Lecturers' fees	23,859	19,488
Teaching aids	334	-
Academic advertising expenses	4,711	1,675
Newspapers and periodicals	2,180	1,593
Books and binding	1,789	2,842
Other academic expenses	<u>26,103</u>	<u>20,497</u>
	<u>58,976</u>	<u>46,095</u>
b) Management development courses		
Resource persons fees	11,232	6,284
Accommodation expenses	-	39
Meals expenses	2	679
Training materials expense	339	1,099
Hire of transport expenses	4	4
Photocopying and binding expenses	7	-
Marketing expenses	721	332
Hire of training venues	3,324	2,956
Cocktails, bitings and beverages	852	810
Other expenses	22,573	4,337
Photography expenses	<u>727</u>	<u>714</u>
	<u>39,781</u>	<u>17,254</u>
c) Conferencing		
Foods	72,939	68,648
Drinks	10,770	9,460
Tobacco	113	154
Cleaning expenses	6,216	-
Staff salaries and wages	57,080	57,812
Staff training	30	-
Repairs and Maintenance	1,388	118
Staff uniforms	187	1,064
Insurance expenses	405	-
Transport and travel	255	-
Stationery expense	3,820	4,249
Photography	129	237
Hire of transport	52	141
Hire of equipment	9,650	1,647
Consumables	12,391	9,272
Marketing	1,159	90
Kitchen and service wares	2,762	1,498
Linen expenses	221	152
Laundry expenses	7	290
Other expenses	<u>24,250</u>	<u>27,655</u>
	<u>203,824</u>	<u>182,487</u>
d) Research centre		
Research expenses	10,202	8,879
Research marketing and promotions	<u>165</u>	<u>5</u>
	<u>10,367</u>	<u>8,884</u>

KENYA SCHOOL OF MONETARY STUDIES
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED 30 JUNE 2014

6.	STAFF COSTS	2014 KShs'000'	2013 KShs'000'
	Salaries and wages	334,143	310,434
	Pension costs	33,877	28,430
	NSSF contributions	267	255
	Medical expenses	21,753	17,887
	Gratuity for contract staff	<u>710</u>	<u>-</u>
		<u>390,750</u>	<u>357,006</u>
7.	OTHER ADMINISTRATION EXPENSES		
	Directors' emoluments (as directors)	19,116	13,886
	Staff training and development	13,579	24,739
	Transport and travelling	5,779	3,828
	Uniforms	1,666	1,892
	Office expenses	19,297	16,910
	Property maintenance	83,553	87,813
	Printing and stationery	8,586	6,122
	Communication services	17,244	7,868
	Auditor's remuneration	1,564	1,686
	Provision for bad debts	9,499	15,909
	Recoveries on bad debts	(10,456)	(27,752)
	Other expenses	<u>1,280</u>	<u>4,158</u>
		<u>170,707</u>	<u>157,059</u>
8.	DEFICIT FOR THE YEAR		
	Deficit for the year is arrived at after charging:		
	Directors' emoluments	19,116	13,886
	Staff costs	390,750	357,006
	Provision for bad debts	9,499	15,909
	Auditor's remuneration	<u>1,564</u>	<u>1,686</u>
9.	INVENTORY		
	General stores	14,367	14,126
	Food	950	1,723
	Beverage	<u>1,232</u>	<u>923</u>
		<u>16,549</u>	<u>16,772</u>
	Inventory comprise of conference stocks and general stores relating to stationery, cleaning supplies and hardware items used in maintenance of the School's premises.		
10.	TRADE AND OTHER RECEIVABLES	2014 KShs'000'	2013 KShs'000'
	Trade receivables	95,023	106,784
	Allowance for bad and doubtful debts (Note 12)	<u>(40,786)</u>	<u>(41,743)</u>
		54,237	65,041
	Other receivables	<u>25,103</u>	<u>22,940</u>
		<u>79,340</u>	<u>87,981</u>

KENYA SCHOOL OF MONETARY STUDIES
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED 30 JUNE 2014

11. ALLOWANCE FOR BAD AND DOUBTFUL DEBTS	2014 KShs'000'	2013 KShs'000'
At 1 July	41,743	53,586
Charge for the year	9,499	15,909
Recoveries during the year	<u>(10,456)</u>	<u>(27,752)</u>
At 30 June	<u>40,786</u>	<u>41,743</u>
 12. CASH AND CASH EQUIVALENTS		
Bank balances	<u>43,508</u>	<u>98,631</u>
 13. TRADE AND OTHER PAYABLES		
Trade creditors	54,479	53,120
Academic programs liabilities	25,196	28,628
Other creditors and accruals	53,369	70,368
VAT payable	<u>952</u>	<u>879</u>
	<u>133,996</u>	<u>152,995</u>

The carrying amount of trade and other payables approximates their fair values.

14. RELATED PARTY TRANSACTIONS

The School is owned by the Central Bank of Kenya and Ministry of Finance at 99% and 1% respectively

(a) The following transactions were carried out with related parties during the year:

	2014 KShs '000'	2013 KShs '000'
Grant income	402,031	300,000
Rent grant	<u>11,023</u>	<u>10,525</u>
	<u>413,054</u>	<u>310,525</u>

Grant income relates to revenue grant received from the Central Bank of Kenya to fund the School's operations.

Rent grant relates to rent charged by the School to students and staff who reside in the hostels owned by the Central Bank of Kenya. The School retains the rent as a grant from CBK.

KENYA SCHOOL OF MONETARY STUDIES
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED 30 JUNE 2014

14. RELATED PARTY TRANSACTIONS (Continued)

b) Amount due to related party

	2014 KShs '000'	2013 KShs'000'
Payable to related party	58,527	87,454
Receivable from related party	<u>(25,116)</u>	<u>(13,311)</u>
At 30 June	<u>33,411</u>	<u>74,143</u>

The amount due to related party represents the balance payable to Central Bank of Kenya (CBK) arising from payments made by CBK on behalf of the School in excess of year 2013/2014 budgeted financing of KShs. 402,031,000 (2012/2013: KShs. 300,000,000), after taking into account the amount receivable from CBK arising from short term training rendered by the School for CBK staff.

15. FINANCING OPERATIONS

During the year ended 30 June 2014, the School incurred a deficit of KShs. 5,226,000 (2013: KShs.53,078,000). This condition indicates a material uncertainty that may cast significant doubt about the School's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business. However, the School depends on financial support from the Central Bank of Kenya. The Central Bank of Kenya, which is the parent entity to the School (with 99% ownership), has given a letter of support confirming that it will continue to provide financial support as is necessary to enable the School meet its financial obligations as and when they fall due.

Therefore, the directors consider it appropriate to prepare the financial statements on the basis of accounting policies applicable to a going concern. This basis presumes that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

16. RECLASSIFICATION

The following reclassifications were made for which the prior year amounts were adjusted in order to be comparable:

- Amounts receivable from Central Bank of Kenya for the year ended 30 June 2013 which were previously included in trade and other receivables have now been reclassified to amounts due to related party.
- Residential rent income for the year ended 30 June 2013 which was previously included in other income has now been reclassified to rent grant.

17. INCORPORATION

The School is incorporated in Kenya under the Companies Act vide certificate number C. 75808

18. HOLDING ENTITY

The parent entity of Kenya School of Monetary Studies is the Central Bank of Kenya.

KENYA SCHOOL OF MONETARY STUDIES
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2014

19. CURRENCY

The financial statements are presented in Kenya Shillings and all amounts are rounded to the nearest thousand (KSh's'000).

20. EVENTS AFTER REPORTING DATE

There are no material events after the reporting date that would require disclosure in or adjustment to these financial statements.