



KASNEB

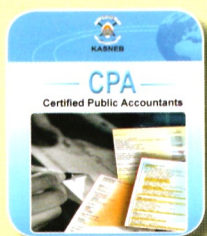
Providing globally competitive professionals

**ANNUAL REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**



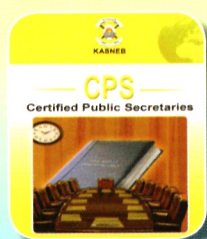
KASNEB IS ISO 9001: 2008 CERTIFIED

PROFESSIONAL QUALIFICATIONS



Certified Public Accountants (CPA)

Certified Public Accountants are skilled and competent professional accountants, auditors, finance managers, tax consultants and practitioners.



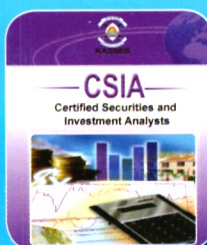
Certified Public Secretaries (CPS)

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



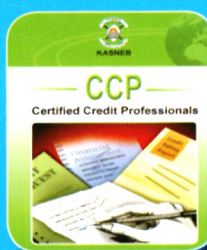
Certified Information Communication Technologists (CICT)

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



Certified Securities and Investment Analysts (CSIA)

Certified Securities and Investment Analysts are experts in financial analysis, consultants and practitioners in investments and securities, portfolio management and investment banking.



Certified Credit Professionals (CCP)

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

Our vision

To be a world-class professional examinations body.

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GENERAL INFORMATION

1. Location and Principal Place of Business

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

Telephone: 2712640/2712828

Fax: 2712915

Website: www.kasneb.or.ke

Email: info@kasneb.or.ke

2. Principal bankers

National Bank of Kenya Ltd.
Hill Plaza Branch
P.O. Box 45219-00100
NAIROBI

Barclays Bank of Kenya Ltd.
Enterprise Road Branch
P.O. Box 18060-00500
NAIROBI

3. Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers
P.O. Box 30084-00100
NAIROBI



MEMBERS OF THE BOARD 2012/2013

1. Prof. Wanyama Kulundu-Bitonye - Chairman
2. Prof. Margaret K. Kobia - Vice-Chairman
3. Mr. Michael M. Gatimu - Member (Up to 30 April 2013)
4. Mrs. Caroline J. Kigen - Member
5. Mr. Michael M. Itote - Member (Up to 30 April 2013)
6. Ms. Jane W. Chege - Member
7. Mr. Joe M. Mbutia - Member
8. Ms. Catherine Musakali - Member
9. Mr. Ndung'u K. Gakungu - Member (Retired on 1 March 2013)
10. Dr. Nyambura Koigi - Member
11. Dr. George O. Wakah - Member



MEMBERS OF THE BOARD 2012/2013



Prof. Wanyama Kulundu-Bitonye
Chairman



Prof. Margaret K. Kobia
Vice-Chairman



Mr. Michael M. Gatimu



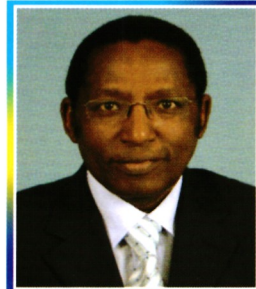
Mrs. Caroline J. Kigen



Mr. Michael M. Itote



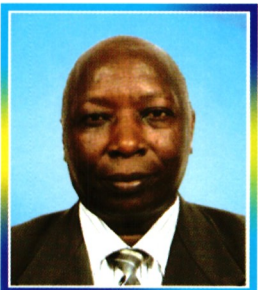
Ms. Jane W. Chege



Mr. Joe M. Mbutia



Ms. Catherine Musakali



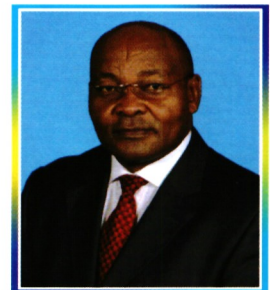
Mr. Ndung'u K. Gakungu



Dr. Nyambura Koigi



Dr. George O. Wakah



Mr. Pius M. Nduatih
Secretary and Chief Executive

CORPORATE GOVERNANCE STATEMENT

The Board of KASNEB is responsible for the overall management of KASNEB. The Board comprises eleven non-executive members who are accountable to the Government and the people of Kenya through the Parent Ministry, The National Treasury. The members of the Board are committed to achieving the highest standards of corporate governance. In this regard, the members and entire management have committed to work honestly and diligently and have ensured that appropriate policies and strategies are put in place and comply with the law and the highest standards of best practices in corporate governance and business ethics. The members operate in accordance with the broad principles set out in the Accountants Act, No.15 of 2008 and the Certified Public Secretaries of Kenya Act, Cap 534 of 1988.

Members of the Board

The members of the Board are appointed by the Cabinet Secretary for The National Treasury for a term of three years and comprise the Chairman, Vice-chairman and nine other members. The Board meets at least four times a year, with additional meetings being held on a need basis. The Board has delegated authority for the day-to-day operations to the Secretary and Chief Executive. The members of the Board are provided with appropriate and timely information to enable them discharge their responsibilities and maintain full and effective control over strategic, financial, operational and compliance issues.

Committees of the Board

The Board has established the following four standing committees and one sub-committee, whose members are shown on page 6, to which it has delegated certain responsibilities:

Examinations Committee
 Finance and General Purposes Committee
 Planning and Business Development Committee
 Audit, Governance and Risk Management Committee
 Examinations Technical Sub-Committee

Each committee meets at least four times in a year under the terms of reference set by the Board.

The main responsibilities of the committees are as follows:

Examinations Committee

The principal responsibilities of the Committee are development of syllabuses which comply with international standards, development of strategies for management of examinations, receiving and considering examiners reports and guiding the release of results, advising the Board on matters incidental to good strategies for administration of examinations and considering and ensuring good guidelines for training institutions offering tuition for examinations of KASNEB.

Examinations Technical Sub-Committee

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

Finance and General Purposes Committee

The principal responsibilities of the Committee are developing and overseeing the implementation of the finance strategy, human resource strategy and information technology strategy. The committee is also responsible for overseeing the preparation of the annual procurement plan and annual budget and for ensuring sound financial management.

Planning and Business Development Committee

The principal responsibilities of the Committee are formulating the business development policy, spearheading the development of the corporate strategic plan, monitoring and implementation of the strategic and operational plans and advising the Board on topical and developmental issues. The Committee is also responsible for the performance contracting process.

Audit, Governance and Risk Management Committee

The principal responsibilities of the Committee include evaluating the adequacy of management procedures with regard to issues relating to risk management, control and governance, reviewing and approving the audit charter and internal audit annual work plans, reviewing the internal and external audit findings and recommendations and proposing preventive and corrective action as appropriate. The Committee is also responsible for reviewing the systems established to ensure sound public financial management and internal controls.

The Head of Internal Audit is an ex-officio member of the Committee.

The members who served in the Committees during the financial year 2012/2013 are as follows:

Examinations Committee

Joe M. Mbuthia (*Chairman*)
Wanyama Kulundu-Bitonye
Margaret K. Kobia
Nyambura Koigi
Ndung'u K. Gakungu*
Michael M. Gatimu*
Jane W. Chege
Catherine Musakali
Caroline J. Kigen
Michael M. Itote*
George O. Wakah
Vincent O. Kamasara
Sharon J. Kisire
Yonah O. Okidia
Jonah K. Aiyabei
Sammy M. Muriu

Finance and General Purposes Committee

Catherine Musakali (*Chairman*)
Michael M. Gatimu*
Caroline J. Kigen
Nyambura Koigi
Jane W. Chege
Margaret K. Kobia

Planning and Business Development Committee

Nyambura Koigi (*Chairman*)
Margaret K. Kobia
Joe M. Mbuthia
Michael M. Itote*
Catherine Musakali
George O. Wakah

Audit, Governance and Risk Management Committee

Michael M. Itote (*Chairman*)*
Michael M. Gatimu*
Nyambura Koigi
Joe M. Mbuthia
George O. Wakah

Examinations Technical Sub-Committee

Ndung'u K. Gakungu (*Chairman*)*
George O. Wakah
Jane W. Chege
Margaret K. Kobia
Daniel M. Ndongye
Vincent O. Kamasara
Sharon J. Kisire
John N. Walubengo
Patrick K. Kairu

* Term expired/retired - see page 3

The number of meetings held by the Board and the committees including the applicable and meetings attended by the members of the Board and committees during the financial year 2012/2013 is summarised below:

Meetings of the Board and committees

Meeting particulars	Number of meetings/workshops held
Board	8
Examinations Committee	5
Finance and General Purposes Committee	5
Planning and Business Development Committee	4
Audit, Governance and Risk Management Committee	3
Examinations Technical Sub-Committee	5

Schedule of meetings applicable and attendance

	Board meetings		Committee meetings										Total meetings	
	EXAM	FGPC	P&BD	A,G&RM	ET S-C	App.	Att.	App.	Att.	App.	Att.	App.	Att.	
NAME	App.	Att.	App.	Att.	App.	Att.	App.	Att.	App.	Att.	App.	Att.	App.	Att.
Wanyama Kulundu-Bitonye	8	5	5	-	N/A	-	N/A	-	N/A	-	N/A	-	13	5
Margaret K. Kobia	8	6	5	2	5	5	4	3	N/A	-	5	2	27	18
Michael M. Gatimu	7	5	5	3	4	4	N/A	-	3	1	N/A	-	19	13
Michael M. Itote	7	7	5	2	1	1	4	3	3	3	N/A	-	20	16
Joe M. Mbuthia	8	8	5	5	1	1	4	4	3	3	N/A	-	21	21
Catherine Musakali	8	8	5	3	5	5	4	3	N/A	-	N/A	-	22	19
Caroline J. Kigen	8	5	5	2	1	-	N/A	-	N/A	-	N/A	-	14	7
Ndung'u K. Gakungu	6	6	4	2	1	1	N/A	-	N/A	-	3	3	14	12
Jane W. Chege	8	8	5	3	5	5	N/A	-	N/A	-	5	4	23	20
Nyambura Koigi	8	7	3	3	5	5	4	4	3	2	N/A	-	23	21
George O. Wakah	8	7	3	2	N/A	-	4	4	3	3	5	5	23	21
Vincent O. Kamasara	N/A	-	5	4	N/A	-	N/A	-	N/A	-	5	5	10	9
Sharon J. Kisire	N/A	-	5	4	N/A	-	N/A	-	N/A	-	5	4	10	8
Yonah O. Okidia	N/A	-	5	5	N/A	-	N/A	-	N/A	-	N/A	-	5	5
Jonah K. Aiyabei	N/A	-	5	5	N/A	-	N/A	-	N/A	-	N/A	-	5	5
Samuel M. Muriu	N/A	-	5	5	N/A	-	N/A	-	N/A	-	N/A	-	5	5
Daniel M. Ndonye	N/A	-	N/A	-	N/A	-	N/A	-	N/A	-	5	3	5	3
John N. Walubengo	N/A	-	N/A	-	N/A	-	N/A	-	N/A	-	5	4	5	4
Patrick K. Kairu	N/A	-	N/A	-	N/A	-	N/A	-	N/A	-	5	4	5	4

KEY: EXAM - Examinations Committee
 FGPC - Finance and General Purposes Committee
 P&BD - Planning and Business Development Committee
 A,G&RM - Audit, Governance and Risk Management Committee
 ET S-C - Examinations Technical Sub-committee
 APP - Applicable
 ATT - Attended



Code of Ethics

The members of the Board, Committees and staff of KASNEB are committed to the highest standards of professionalism, integrity and ethical values in full compliance with the law in dealing with all stakeholders of KASNEB.

Emoluments to Members

The emoluments paid to the members of the Board are approved by the Cabinet Secretary for the National Treasury in accordance with the guidelines issued by the government from time to time.

The aggregate amount of emoluments paid to the members for services rendered during the financial year 2012/2013 are disclosed in the notes to the financial statements.

Corporate Social Responsibility (CSR)

KASNEB acknowledges the importance of being sensitive and socially responsible. In this regard, KASNEB made contributions to CSR activities during the year as follows:

- Paid school fees to orphaned children of Tunyai Children Home - Meru.
- Donated to Kigali genocide survivors.
- Donated and participated in the 2013 "Freedom from Hunger Walk".
- Donated reading materials and filing cabinets/shelves to Kenya National Library Services (KNLS) branches in Kisumu, Embu, Kericho, Kakamega, Nyeri and Eldoret. KASNEB also donated towards the refurbishment of KNLS Kids Club, Nairobi.
- Donated computers and printers to Kangema, Kibicho and Kitamaiyu Primary schools - Kiambu and also donated textbooks to Nyayo Tea Zone Primary school - Kakamega.

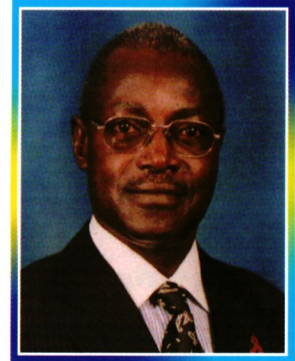
The expenses are included under the social responsibility expenses in the financial statements.



CHAIRMAN'S STATEMENT

On behalf of the Board, it is my pleasure to present the annual report and financial statements of KASNEB for the year ended 30 June 2013.

KASNEB has continued to successfully execute its mandate of developing syllabuses, conducting professional and technician examinations and certifying candidates in finance, accountancy, governance and management, information communication technology among other disciplines and promoting the qualifications nationally and internationally and the accreditation of relevant training institutions.



KASNEB is a not-for-profit making organisation whose main source of income is the modest fees charged to students. The Board and management of KASNEB have continuously and prudently managed the resources of KASNEB to fund the operations and realise some surplus for development purposes.

Governance

The operations of the Board of KASNEB are governed by the Accountants Act, No.15 of 2008 and the Certified Public Secretaries of Kenya Act, Cap.534 of 1988. Under the provisions of Section 15(1) of the Accountants Act, the Cabinet Secretary for the National Treasury appoints eleven (11) members to serve the Board for a period of three (3) years. Three (3) members left the Board during the financial year ended 30 June 2013 as indicated on page 3.

Corporate strategic plan (2012-2017)

The implementation of the fourth Corporate Strategic Plan (2012-2017) commenced on 1 July 2012. The plan is geared towards the achievement of the objectives of KASNEB which are anchored on four strategic goals namely; quality professionals, customer satisfaction, institutional capacity and financial sustainability. The plan takes cognisance of the national aspirations envisaged in Kenya Vision 2030, Millennium Development Goals and the devolved government structure in line with the Constitution of Kenya, 2010.

Service delivery to customers

KASNEB has attained ISO 9001:2008 Quality Management Systems (QMS) certification and is in the process of signing the contract. It is imperative that in line with ISO 9001:2008 QMS requirements, continuous improvement of service delivery is inculcated in the policies, system, processes and procedures.

In this regard, the automation of processes will be a key driver to improved service delivery to customers. During the current financial year, the interactive website was enhanced to enable students access services such as entering for examinations, accessing timetables, confirmation and printing of their examination results.

Performance contracting

The performance contract for the financial year 2012/2013 was implemented successfully. KASNEB has submitted the annual performance contract report to the Inspector General (Corporations) for evaluation.

The Board is awaiting to negotiate the performance contract for the financial year 2013/2014 with the Government.

Accreditation of training institutions

In accordance with its mandate, KASNEB granted full accreditation to 44 training institutions providing tuition for courses examinable by KASNEB. In addition, 88 training institutions were granted interim accreditation. The accreditation process is geared towards improving the quality of services provided by the training institutions which is critical to the quality of the graduates of KASNEB's technician and professional qualifications.

Review of examination syllabuses

KASNEB is in the process of undertaking a major review of the examination syllabuses in order to address the market requirements and continue to offer quality examinations. The review will involve wide consultations with the stakeholders in the national, regional and international arena. The process is expected to be concluded by December 2014 and thereafter, the revised syllabuses will be examined for the first time in the May 2015 examination sitting.

Marketing of examinations

KASNEB has continued to promote its qualifications globally in order to establish a wide presence. To achieve this goal, KASNEB undertook various marketing and promotional activities in schools, colleges and universities in Kenya, regionally and internationally.

The way forward

KASNEB will continue to engage the stakeholders in order to meet and exceed their expectations. Plans are under way to open county branch offices in Mombasa, Kisumu, Nakuru, Eldoret, Kisii, Nyeri and Meru. Various agencies will also be operationalised in other counties to enhance service delivery to the customers.

The development and construction of KASNEB Towers Phase II project has commenced. The project is aimed towards enhancing the security and improvement of examination administration processes. The project is expected to be completed within two and a half years.

Appreciation

On behalf of the Board, I wish to appreciate and convey my sincere gratitude to all our stakeholders including: members of staff for their good performance, commitment and

dedication to duty; graduates of KASNEB examinations for being good ambassadors of KASNEB; our students for their loyalty and confidence in the examinations of KASNEB; parents, sponsors, trainers, examiners and other stakeholders and well wishers for their continued support.

Special thanks to The National Treasury for the continued guidance and support and to my fellow members of the Board and Committees for stewardship, commitment and support.

WANYAMA KULUNDU-BITONYE
CHAIRMAN



REPORT BY THE SECRETARY AND CHIEF EXECUTIVE

I am happy to report that we recorded a good performance in the financial year 2012/2013 despite the increasingly competitive market environment. The good performance was attributable to effective leadership and prudent management of resources. The reported surplus for the year was Sh.273 million compared to Sh.299 million in the financial year 2011/2012 while the total assets increased from Sh.1,409 million to Sh.1,722 million.



In furtherance of our mandate, we conducted professional and technician examinations twice during the year in November/December 2012 and May/June 2013. The examinations were administered nationally and internationally and were geared towards providing quality professionals in line with the Corporate Strategic Plan (2012-2017).

KASNEB will continue to aggressively market its examinations nationally and internationally and plans to open seven (7) branch offices in various counties of Kenya in order to address the needs of the stakeholders and to meet the broad objectives of the devolved governance structure. The seven county offices will operate on a pilot basis with the ultimate aim being to open offices in all counties in the effort to provide proximate and easily accessible services to all.

We have commenced a major review of the examination syllabuses to ensure the examinations address the needs of the market and emergent and emerging needs of the global economy and other national aspirations as envisioned in the Kenya Vision 2030. The syllabuses are benchmarked with international standards and best practice in order to provide globally competitive professionals.

The dynamic technology driven market environment requires greater use of ICT in delivering the strategic objectives of KASNEB. Consequently, the payment gateways were enhanced to enable students remit their fees in a faster, more efficient and reliable manner while the website was upgraded to make it interactive and enable the students access their results and timetables online. The focus on use of ICT in delivery of examinations will inform future strategies as we move progressively towards online delivery of examinations.

We completed the planning phase of the construction of KASNEB Towers Phase II project which is expected to be completed within two and a half years. The project is intended to provide additional examination facilities and also enhance the security and effectiveness in the administration of examinations.

In order to be responsive to the needs of the communities we serve, KASNEB will continue to engage in corporate social investment activities and to assist needy causes as part of the social responsibility policy. In addition, KASNEB is exploring the possibility of collaborating with the Higher Education Loans Board (HELB) in order to start a revolving students' fee account to help needy students access loans to meet their tuition and examination fees. We will continue to seize and exploit opportunities arising from growth in regional economies, the East African integration

and new economic frontiers, innovation in technology driven products, championing customer centric culture, support entrepreneurship development for our youth and leverage on our people skills to thrive in the competitive landscape.

Great opportunities abound nationally, regionally and globally. We shall continue to focus on collaboration, innovation, technology driven products and exploit our regional footprint to continually achieve our goal of providing globally competitive professionals.

On behalf of the management team, I wish to thank the members of the Board for their guidance and selfless leadership. I also thank the members of staff for their support and dedication. Special thanks to the students, guardians and other stakeholders for their confidence and trust in KASNEB. It is always a pleasure to serve you.

PIUS M. NDUATIH
SECRETARY AND CHIEF EXECUTIVE



REPORT OF THE MEMBERS OF THE BOARD

The members of the Board submit their report and audited financial statements for the year ended 30 June 2013 which show the state of affairs of KASNEB.

1. **Principal Activities**

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

2. **Results**

The results for the year are set out on pages 18 to 28.

3. **Members of the Board**

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

4. **Auditors**

The Auditor-General is responsible for the statutory audit of the books of account of KASNEB in accordance with the provision of article 229 of the Constitution of Kenya, 2010 and Section 14 of the Public Audit Act, 2003.

By order of the Board

PIUS M. NDUATIH
SECRETARY



STATEMENT OF BOARD RESPONSIBILITIES

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

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

The members of the Board and management accept responsibility for the financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates and in conformity with the International Financial Reporting Standards. The members are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of KASNEB as at 30 June 2013 and of its surplus for the year then ended. The members and management further accept responsibility for the maintenance of accurate and complete accounting records which have been relied upon in the preparation of the financial statements as well as on the adequacy of the systems of internal financial controls.

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

WANYAMA KULUNDU-BITONYE
CHAIRMAN

PIUS M. NDUATIH
SECRETARY AND CHIEF EXECUTIVE



REPUBLIC OF KENYA

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P.O. Box 30084-00100
NAIROBI



KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON KENYA ACCOUNTANTS AND SECRETARIES NATIONAL EXAMINATIONS BOARD FOR THE YEAR ENDED 30 JUNE 2013

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Kenya Accountants and Secretaries National Examinations Board, set out on pages 18 to 28, which comprise the statement of financial position as at 30 June 2013, and the statement of comprehensive income, statement of changes in reserves and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

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

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

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15(2) 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

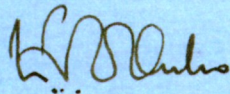
reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Board as at 30 June 2013, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Accountants Act, 2008.



Edward R.O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

18 December 2013

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

ASSETS	Note	2013 Sh.	2012 RESTATED Sh.
Non current assets			
Prepaid operating lease rentals	8(a)	5,520,982	5,586,707
Property, plant and equipment	8(b)	151,736,315	119,146,041
Financial assets	9(a)	414,612,865	381,552,615
		<u>571,870,162</u>	<u>506,285,363</u>
Current assets			
Investments	9(b)	926,788,910	681,092,600
Mortgage deposit	10	131,434,254	117,759,360
Trade and other receivables	11	64,013,331	51,151,293
Cash and bank balances	12	28,250,349	52,678,280
		<u>1,150,486,844</u>	<u>902,681,533</u>
Total assets		<u>1,722,357,006</u>	<u>1,408,966,896</u>
EQUITY AND LIABILITIES			
Revenue reserve		<u>1,635,436,924</u>	<u>1,362,005,294</u>
Current liabilities			
Bank overdraft	13	-	2,438,804
Trade and other payables	14	86,920,082	44,522,798
		<u>86,920,082</u>	<u>46,961,602</u>
Total equity and liabilities		<u>1,722,357,006</u>	<u>1,408,966,896</u>

The financial statements on pages 18 to 28 were approved by the Board on Friday, 27 September 2013 and were signed on its behalf by:

WANYAMA KULUNDU-BITONYE
CHAIRMAN

PIUS M. NDUATIH
SECRETARY AND CHIEF EXECUTIVE



STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

		2013	2012
	Note	Sh.	RESTATED Sh.
Income:			
Income from operations	2	801,723,889	783,735,468
Income from other sources	3	<u>171,341,339</u>	<u>145,479,803</u>
		973,065,228	929,215,271
Expenses:			
Operating expenses	4	653,595,064	578,470,676
Administration costs	5	<u>46,038,534</u>	<u>51,758,852</u>
		<u>699,633,598</u>	<u>630,229,528</u>
Surplus for the year		<u>273,431,630</u>	<u>298,985,743</u>



STATEMENT OF CHANGES IN REVENUE RESERVES FOR THE YEAR ENDED 30 JUNE 2013

	2013 RESTATED Sh.
Balance at 1 July 2011	1,063,019,551
Surplus for the year ended 30 June 2012	<u>298,985,743</u>
Balance at 30 June 2012	<u>1,362,005,294</u>
Balance at 1 July 2012	1,362,005,294
Surplus for the year ended 30 June 2013	<u>273,431,630</u>
Balance at 30 June 2013	<u>1,635,436,924</u>



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 Sh.	2012 RESTATED Sh.
Cash flows from operating activities:			
Surplus for the year		273,431,630	298,985,743
Adjustments for:			
Depreciation		18,168,095	25,437,709
Amortisation of prepaid lease rentals		65,725	65,725
Interest income		(153,799,767)	(126,358,014)
Gain on disposal of property, plant and equipment		(604,056)	-
Operating surplus before working capital changes		<u>137,261,627</u>	<u>198,131,163</u>
Changes in working capital			
Increase in trade and other receivables		(12,862,038)	(25,307,002)
Increase in trade and other payables		<u>42,397,284</u>	<u>19,203,511</u>
Cash generated from operations		<u>166,796,873</u>	<u>153,620,650</u>
Interest received		<u>153,799,767</u>	<u>126,358,014</u>
Net cash generated from operating activities		<u>320,596,640</u>	<u>279,978,664</u>
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		604,056	-
Purchase of financial assets		(33,060,250)	(34,988,556)
Purchase of property, plant and equipment		<u>(50,758,369)</u>	<u>(27,087,902)</u>
Net cash utilised in investing activities		<u>(83,214,563)</u>	<u>(62,076,458)</u>
Net increase in cash and cash equivalents		<u>237,382,077</u>	<u>217,902,206</u>
Cash and cash equivalents at the beginning of the year		<u>849,091,436</u>	<u>631,189,230</u>
Cash and cash equivalents at the end of the year		<u>1,086,473,513</u>	<u>849,091,436</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

ESTABLISHMENT

Kenya Accountants and Secretaries National Examinations Board (KASNEB) is a body corporate established under Section 14(1) of the Accountants Act (Cap.531) of the Laws of Kenya. The Accountants Act, Cap 531 of the Laws of Kenya was repealed and replaced with the Accountants Act, No. 15 of 2008 which took effect from 30 December 2008. The Certified Public Secretaries of Kenya Act (Cap. 534) reaffirms KASNEB as the examining body for the Certified Public Secretaries profession under section 2 of the Act.

1 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements have been consistently applied to all years presented, unless otherwise stated, and are set out below:

(a) Basis of preparation

The financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS). The measurement basis applied is the historical cost basis of accounting. The financial statements are presented in Kenya Shillings (Sh).

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions. It also requires management to exercise its judgment in the process of applying the Board policies.

The areas involving a higher level of judgment or where estimates are significant to the financial statements are disclosed in note (d) below.

(b) Revenue recognition

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

(c) Investment income

Investment income is recognised in the period in which it is earned.

(d) Critical accounting estimates and judgment

Estimates and judgment are continually evaluated based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

In the process of applying accounting policies, KASNEB makes certain estimates and assumptions about future events. Such estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of the assets and liabilities within the next financial year, are described below:

Property, Plant and equipment

KASNEB makes estimates in determining the depreciation rates of property, plant and equipment. The rates used are set out in the depreciation policy for property, plant and equipment in note (e) on page 23.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

(e) Depreciation

Depreciation is calculated on the straight-line basis to write off the cost of property, plant and equipment over their estimated useful lives. Non-current assets acquired during the financial year are depreciated using full year depreciation in the year of purchase while no depreciation is provided in the year of disposal. Construction work in progress is not depreciated.

The annual rates of depreciation in use are:

Buildings	2.5%
Information and communication technology equipment	50%
Furniture and fittings	20%
Machinery and office equipment	20%
Motor vehicles	25%

(f) Leasehold land

KASNEB owns leasehold land (LR.209/522/1) in Upper Hill area, Nairobi, on which stands its office premises. The lease on the land expires in the year 2097. The cost of the leasehold land is treated as prepaid operating lease rentals and amortised over the remaining lease period. The lease rentals payable under the operating lease are charged to the income and expenditure statement on a straight line basis over the remaining lease period.

(g) Financial instruments

Financial instruments are contracts that give rise to both financial assets and financial liabilities. The Financial assets comprise government securities in form of Treasury bills and bonds and are held to maturity. Currently KASNEB has no financial liabilities.

Financial assets are recognised in the financial statements at cost.

(h) Retirement benefits

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

KASNEB and all its employees also contribute to a statutory defined contribution scheme, the National Social Security Fund (NSSF). The contributions are determined by the National Social Security Fund Act (Cap.258).

2	INCOME FROM OPERATIONS	Note	2013	2012
			Sh.	Sh.
	Examination entry fees		487,260,408	474,672,337
	Registration fees		137,025,514	134,983,010
	Annual registration renewal fees		122,200,260	115,965,863
	Exemption fees		54,702,881	57,249,190
	Sale of past question papers		534,826	865,068
			<u>801,723,889</u>	<u>783,735,468</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 Sh.	2012 Sh.
3 INCOME FROM OTHER SOURCES			
Students' identity card fees		10,525,523	10,911,846
Rental income - Other tenants		419,890	393,012
Interest income	7	153,799,767	126,358,014
Miscellaneous income		6,596,159	7,816,931
		171,341,339	145,479,803
4 OPERATING EXPENSES			
Examinations and invigilation		158,925,099	142,430,645
Examination prizes		5,485,576	4,980,230
Rent of examination halls		5,882,554	5,516,349
Data processing		3,364,350	5,414,927
Printing and stationery		23,707,506	47,053,547
Local travel and transport		5,545,185	5,468,345
Long distance travel and transport		6,242,499	9,092,627
Postage and telephone		15,103,524	15,930,081
Staff emoluments and benefits	6	327,426,144	253,578,421
Repairs and renewals		1,170,008	873,090
Auditors' remuneration		792,000	600,000
Insurance		1,125,135	1,004,835
Sundry expenses	4.1	4,299,020	4,790,814
Bank charges		1,576,493	5,661,437
Board expenses	4.2	10,056,639	8,155,430
Publicity, promotion, marketing and communication		57,352,571	44,042,529
Students journal - KASNEB Newslite		19,438,891	17,268,947
Legal expenses	4.3	321,503	1,466,489
Ground rent and land rates		590,270	583,024
Office Provisions		5,190,097	4,558,909
		653,595,064	578,470,676
4.1 SUNDRY EXPENSES			
KASNEB end of year and annual anniversary expenses		1,893,955	2,209,920
Staff uniforms, floral and laundry expenses		1,003,769	1,769,562
Other expenses		1,401,296	811,332
		4,299,020	4,790,814
4.2 BOARD EXPENSES			
Board and committees attendance allowances		5,573,424	5,394,700
Board and committees workshops and transport expenses		4,483,215	2,760,730
		10,056,639	8,155,430
4.3 LEGAL EXPENSES			
Legal expenses relate to payments made to a firm of advocates hired by KASNEB in a civil case regarding the access road to KASNEB premises. KASNEB is the plaintiff in the civil suit.			

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 Sh.	2012 RESTATED Sh.
5			
ADMINISTRATION COSTS			
Student identity cards		2,510,140	1,761,230
Insurance and maintenance of KASNEB Towers		11,846,396	9,826,953
Social responsibility	5.1	1,902,930	1,213,500
Strategic planning expenses		233,749	4,080,048
Website development and maintenance		673,135	575,117
Library books and resource material		879,432	233,250
Research and development		7,189,611	3,824,100
Miscellaneous expenses		766,806	1,908,692
Other non - recurrent expenses		1,802,515	2,832,529
Depreciation		18,168,095	25,437,709
Operating lease rentals		65,725	65,725
		46,038,534	51,758,852
5.1			
SOCIAL RESPONSIBILITY			
The social responsibility expenses relate to donations made to schools, libraries, children homes and other institutions.			
6			
STAFF EMOLUMENTS AND BENEFITS			
Staff salaries and wages		279,018,257	220,752,300
Pension and benefits		37,234,117	21,997,497
Education and training		11,173,770	10,828,624
		327,426,144	253,578,421
7			
INTEREST INCOME			
Interest income comprises the following:			
Interest earned from government securities		104,351,087	80,162,435
Interest receivable from government securities/mortgage		33,351,334	33,380,214
Interest earned on mortgage deposit		13,674,894	10,818,050
Interest earned from bank balances		1,265,260	1,374,651
Interest earned from advances to staff		1,157,192	622,664
		153,799,767	126,358,014
8 (a)			
PREPAID OPERATING LEASE RENTALS			
Leasehold land			
Cost		6,112,507	6,112,507
At 1 July 2012		525,800	460,075
Amortisation charge for the year		65,725	65,725
		591,525	525,800
Net book value		5,520,982	5,586,707

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

8 (b) PROPERTY, PLANT AND EQUIPMENT

PROPERTY, PLANT AND EQUIPMENT - 2012/2013

	Building	Building Construction In-progress	Information Communication Technology Equipment	Furniture and Fittings	Machinery and Office Equipment	Motor Vehicles	Total
COST	Sh.	Sh.	Sh.	Sh.	Sh.	Sh.	Sh.
At 1 July 2012	132,493,514	-	51,079,611	28,153,698	20,810,209	36,097,266	268,634,298
Additions	-	40,220,498	5,737,531	3,083,174	1,717,166	-	50,758,369
Disposals	-	-	(2,356,850)	(653,788)	(65,700)	-	(3,076,338)
At 30 June 2013	<u>132,493,514</u>	<u>40,220,498</u>	<u>54,460,292</u>	<u>30,583,084</u>	<u>22,461,675</u>	<u>36,097,266</u>	<u>316,316,329</u>

DEPRECIATION

At 1 July 2012	37,496,472	-	48,184,962	21,831,083	10,848,801	31,126,939	149,488,257
Charge for the year	3,312,338	-	5,763,414	2,937,730	3,526,579	2,628,034	18,168,095
Disposals	-	-	(2,356,850)	(653,788)	(65,700)	-	(3,076,338)
At 30 June 2013	<u>40,808,810</u>	<u>-</u>	<u>51,591,526</u>	<u>24,115,025</u>	<u>14,309,680</u>	<u>33,754,973</u>	<u>164,580,014</u>

NET BOOK VALUE

At 30 June 2013	<u>91,684,704</u>	<u>40,220,498</u>	<u>2,868,766</u>	<u>6,468,059</u>	<u>8,151,995</u>	<u>2,342,293</u>	<u>151,736,315</u>
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PROPERTY, PLANT AND EQUIPMENT - 2011/2012

	Building	Building Construction In-progress	Information Communication Technology Equipment	Furniture and Fittings	Machinery and Office Equipment	Motor Vehicles	Total
COST	Sh.	Sh.	Sh.	Sh.	Sh.	Sh.	Sh.
At 1 July 2011	128,175,398	-	45,290,315	23,916,840	10,918,613	33,245,230	241,546,396
Additions	4,318,116	-	5,789,296	4,236,858	9,891,596	2,852,036	27,087,902
At 30 June 2012	<u>132,493,514</u>	<u>-</u>	<u>51,079,611</u>	<u>28,153,698</u>	<u>20,810,209</u>	<u>36,097,266</u>	<u>268,634,298</u>

DEPRECIATION

At 1 July 2011	34,184,134	-	40,219,635	18,754,909	7,210,632	23,681,238	124,050,548
Depreciation (Restated)	3,312,338	-	7,965,327	3,076,174	3,638,169	7,445,701	25,437,709
At 30 June 2012	<u>37,496,472</u>	<u>-</u>	<u>48,184,962</u>	<u>21,831,083</u>	<u>10,848,801</u>	<u>31,126,939</u>	<u>149,488,257</u>

NET BOOK VALUE

At 30 June 2012	<u>94,997,042</u>	<u>-</u>	<u>2,894,649</u>	<u>6,322,615</u>	<u>9,961,408</u>	<u>4,970,327</u>	<u>119,146,041</u>
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At 30 June 2011	<u>93,991,264</u>	<u>-</u>	<u>5,070,680</u>	<u>5,161,931</u>	<u>3,707,981</u>	<u>9,563,992</u>	<u>117,495,848</u>
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8 (c) BACKLOG DEPRECIATION

The depreciation charge for the year 2011/2012 is restated to include Sh.7,562,910 being depreciation which has been provided due to a change in policy where assets acquired in the last three months of the financial year were not being previously depreciated but are now being depreciated effective from 1 July 2012.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

9	FINANCIAL ASSETS/INVESTMENTS	2013 Sh.	2012 Sh.
	(a) Treasury bonds maturing after one year		
	Maturing within 1-3 years	159,679,665	102,792,015
	Maturing after 3 years	<u>254,933,200</u>	<u>278,760,600</u>
		<u>414,612,865</u>	<u>381,552,615</u>
	(b) Treasury bills and bonds maturing within one year		
	Bills maturing within 91 days	515,072,710	352,756,500
	Bills maturing after 91 days	347,990,050	223,645,300
	Bonds maturing within one year	<u>63,726,150</u>	<u>104,690,800</u>
		<u>926,788,910</u>	<u>681,092,600</u>
		<u>1,341,401,775</u>	<u>1,062,645,215</u>

The weighted average effective interest rate on Treasury bills was 11.3% (2012 : 5%).

The weighted average effective interest rate on Treasury bonds was 11.6% (2012 : 10.4%).

10 MORTGAGE DEPOSIT

KASNEB operates a staff mortgage scheme. The staff mortgage scheme is administered by Kenya Commercial Bank Ltd. KASNEB maintains a revolving fund with Kenya Commercial Bank Ltd. for the purpose of advancing mortgage loans to employees. The members of staff are charged an interest of 6% per annum on reducing balance basis.

11 TRADE AND OTHER RECEIVABLES

Prepayments	2,957,497	2,372,494
Interest receivable	33,351,334	34,436,059
Other receivables	2,293,515	1,430,110
Staff receivables	<u>25,410,985</u>	<u>12,912,630</u>
	<u>64,013,331</u>	<u>51,151,293</u>

12 CASH AND BANK BALANCES

Cash in hand	748,887	1,113,446
National Bank of Kenya Ltd. - Main account	11,770,881	17,232,702
National Bank of Kenya Ltd. - Fee collection account	1,640,080	-
Barclays Bank of Kenya Ltd.	5,559,387	18,341,579
Equity Bank Ltd.	938,150	-
Co-operative Bank of Kenya Ltd.	4,258,515	-
Kenya Post Office Savings Bank (Postbank)	1,965,900	-
Kenya Commercial Bank Ltd.	<u>1,368,549</u>	<u>15,990,553</u>
	<u>28,250,349</u>	<u>52,678,280</u>

13 BANK OVERDRAFT

National Bank of Kenya Ltd. - Fee collection account	<u>-</u>	<u>2,438,804</u>
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Bank overdraft represents money collected through fee collection account which was invested in Government Treasury bills and bonds before receipting as income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

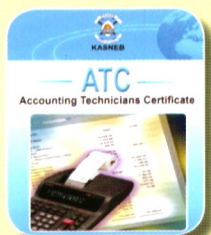
	2013 Sh.	2012 Sh.
14 TRADE AND OTHER PAYABLES		
Examinations and invigilation expenses	17,385,968	17,087,477
Accruals	60,393,716	17,416,113
Prepaid examination fees	9,112,200	9,860,623
Other payables	<u>28,198</u>	<u>158,585</u>
	<u>86,920,082</u>	<u>44,522,798</u>

15 TAXATION

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

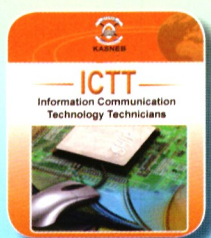


TECHNICIAN QUALIFICATIONS



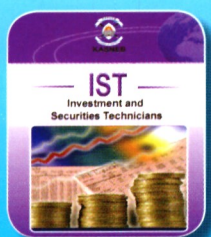
Accounting Technicians Certificate (ATC)

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



Information Communication Technology Technicians (ICTT)

Information Communication Technology Technicians have the technical know-how and skills to work in the dynamic ICT industry as technicians in systems development, systems programming, administration and maintenance.



Investment and Securities Technicians (IST)

Investment and Securities Technicians work as technical analysts in the specialised fields of investment, securities analysis and pension administration.



Credit Management Technicians (CMT)

Credit Management Technicians are competent and skilled to work as technicians in credit management and credit control in both financial and non-financial enterprises

Our mission

To provide globally competitive professionals by offering quality examinations in finance, accountancy, governance, management, information technology and related disciplines.



KASNEB

Providing globally competitive professionals



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