



ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED JUNE 30, 2021

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





Vision

Global leader in examination and certification of business professionals

Mission

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

Core Values

Integrity
Professionalism
Customer Focus
Teamwork
Innovativeness



kasneb is ISO 9001:2015 certified

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CORPORATE INFORMATION

(a) Legal framework

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

- (i) The Accountants Act, No. 15 of 2008 which repealed and replaced the Accountants Act, Cap 531 of 1977.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

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

(b) Principal activities

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

(c) Location and principal place of business

kasneb Towers

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

Telephone: +254 020 4923000

Fax: +254 020 2712915

Email: info@kasneb.or.ke

Website: www.kasneb.or.ke

Facebook: kasnebOfficial

Twitter: @kasnebOfficial

(d) Bankers

National Bank of Kenya Ltd. Hill Plaza Branch P.O. Box 45219-00100 NAIROBI	Co-operative Bank of Kenya Ltd. Nairobi Business Centre P.O. Box 48213-00100 NAIROBI	UBA Bank Kenya Ltd. Upperhill Branch P.O. Box 34154-00100 NAIROBI
Absa Bank of Kenya Ltd. Enterprise Road Branch P.O. Box 18060-00500 NAIROBI	Kenya Commercial Bank Ltd. Capital Hill Branch P.O. Box 58233-00200 NAIROBI	
Equity Bank Ltd. Community Branch P.O. Box 8181-00100 NAIROBI	Kenya Post Office Savings Bank (Post Bank) Post Bank House P.O. Box 30311-00100 NAIROBI	



CORPORATE INFORMATION

(e) Independent auditors

Auditor-General

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

(f) Principal legal advisers

The Attorney-General

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

Kaplan & Stratton Advocates

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

Mbai Waweru & Associates

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

(g) Fiduciary management

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

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

(h) Fiduciary Oversight Arrangements

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

(i) Members of the Board

Dr. Nancy N. Muriuki	Chairman
Dr. Christopher Yegon	Vice-Chairman - Replaced in the Board by Joseph M. Kanyi on 20 November 2020 after term expired effective 6 August 2020
Jane Wacuka Njogu-Macharia	Member representing The National Treasury
Dr. Nyambura Koigi	Replaced in the Board by Joan A. Okello on 20 November 2020 after term expired effective 6 August 2020
Benrodgers M. Milaih	Member representing The Public Service Commission
Mary Njuya	Replaced in the Board by Dorcas Nyalwidhe on 20 November 2020 after term expired effective 6 August 2020
Julius W. Mwatu	Member representing ICPAK
Edwin N. Makori	Member representing ICPAK
Catherine Musakali	Replaced in the Board by Diana Sawe Tanui on 20 November 2020 after term expired effective 6 August 2020
Joe M. Mbuthia	Replaced in the Board by Nkirote Mworira Njiru on 20 November 2020 after term expired effective 6 August 2020
George O. Wakah	Member nominated by the Board
Dorcas Nyalwidhe	Appointed effective 20 November 2020
Diana Sawe Tanui	Appointed effective 20 November 2020
Nkirote Mworira Njiru	Appointed effective 20 November 2020
Joseph M. Kanyi	Appointed effective 20 November 2020
Joan A. Okello	Appointed effective 20 November 2020 - Has not reported

CORPORATE INFORMATION

(j) Senior Management

Secretary/Chief Executive Officer

Dr. Nicholas K. Letting', Ph.D

Heads of Divisions/Units

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

(k) Board Committees

The Board has established four standing committees and one sub-committee to which it has delegated certain responsibilities. Each Committee meets at least four times a year under the terms of reference approved by the Board. The following is the list of committees of the Board and membership during the financial year 2020/2021.

Examinations Committee	Examinations Technical Sub-Committee	Finance and General Purposes Committee	Planning and Business Development Committee	Audit and Risk Committee
Nancy N. Muriuki	Joe. M. Mbuthia	Christopher Yegon	Nyambura Koigi	Benrodders M. Milaih
Christopher Yegon	Edwin N. Makori	Nyambura Koigi	Mary Njuya	Julius W. Mwatu
Nyambura Koigi	Joseph M. Kanyi	Benrodders M. Milaih	Catherine Musakali	Jane W. N. Macharia
Mary Njuya	Jonah K. Aiyabei	George O. Wakah	Joe. M. Mbuthia	Dorcas Nyalwidhe
Catherine Musakali	Yonah O. Okidia	Edwin N. Makori	George O. Wakah	Nkirote Mworja Njiru
Joe. M. Mbuthia	Gillian W. Mwaniki	Jane W. N. Macharia	Julius W. Mwatu	Jason K. Mwangi
Benrodders M. Milaih	Dorcas M. Omukhulu	Diana Sawe Tanui	Edwin N. Makori	Joan A. Okello
George O. Wakah	David Mwangi		Jane W. N. Macharia	
Julius W. Mwatu	Dominic B. Omboto		Dorcas Nyalwidhe	
Edwin N. Makori	Geoffrey I. Injeni		Nkirote Mworja Njiru	
Jane W. N. Macharia	Mary Reba Chabeda			
Dorcas Nyalwidhe	Pius Kyambi			
Diana Sawe Tanui	Prof. Ismail A. Lukandu			
Nkirote Mworja Njiru				
Joseph M. Kanyi				
Joan A. Okello				
Jonah K. Aiyabei				
Yonah O. Okidia				
Geoffrey I. Injeni				
Mary Reba Chabeda				
Pius Kyambi				
Prof. Ismail A. Lukandu				



CHAIRMAN'S STATEMENT



Dr. Nancy N. Muriuki
Chairman

On behalf of the Board of kasneb, it gives me great pleasure to present to our stakeholders the annual report and financial statements for the financial year ended JUNE 30, 2021 and the outlook for the next financial year 2021/2022. The Board is responsible for the oversight and strategic stewardship of kasneb towards a sustainable future. During the year under review, the Board ensured that the mandate of kasneb was efficiently and effectively executed amidst the uncertainty and unpredictability of the COVID-19 global Pandemic which has continued to overwhelm economic, social and health care systems globally one year since its outbreak in the country was announced on 13 March 2020.

Governance

The operations of kasneb are governed by the Accountants Act, No. 15 of 2008; the Certified Public Secretaries of Kenya Act, Cap. 534 of 1988 and the Investment and Financial Analysts Act, No. 13 of 2015. Section 15 (1) of the Accountants Act provides for the appointment by the Cabinet Secretary,

National Treasury and Planning of eleven (11) members to serve on the Board for a period of three years.

Under the provisions of the Accountants Act no.15 of 2008, the Board has been given authority to establish any committees it considers necessary to help it realise the efficient and effective execution of its functions. The various committees established by the Board, their leadership, membership and their respective responsibilities are indicated on page 21 to 24 of the annual report and financial statements.

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

Corporate Strategic Plan (2017-2022)

The implementation of the fifth Corporate Strategic Plan (2017-2022) commenced on 1 July 2017 and was in the fourth year of implementation. The strategic plan is anchored on four (4) strategic pillars namely: competent professionals; customer experience; institutional capacity; and financial sustainability. This strategic plan is aligned to the sustainable development goals (SDGs), Africa Agenda 2063, Kenya Vision 2030, the third Medium Term Plan (2018-2022) and the "Big Four" Agenda.

A mid-term review of the Corporate Strategic Plan was undertaken and completed during the year under review. The review took cognisance of strategies to mitigate the COVID-19 Pandemic amongst other emergent issues. The reviewed Corporate Strategic Plan came into effect on 1 July 2020 and was expected to chart the way forward for the next two financial years until its expiry on 30 June 2022.

Developments Related to Examinations

During the year under review, kasneb concluded the major syllabuses review process. This process was inclusive and participatory. In particular, two (2) national stakeholder engagement forums were held in July 2020 and May 2021. The competence frameworks for Kasneb qualifications were adopted by stakeholders during the First National Stakeholders Conference held from Thursday, 23 July 2020 to Friday, 24 July 2020. The Second National Stakeholders Conference was successfully held virtually on Friday, 7 May 2021. The



CHAIRMAN'S STATEMENT

main objective of the conference was for stakeholders to consider and validate the detailed syllabuses content and occupational standards. Following the validation of the syllabuses, the syllabuses were duly approved by the Examinations committee on Thursday, 17 June 2021. The formal launch of the revised examinations syllabuses is scheduled for July 2021.

Due to the impact of the COVID-19 Pandemic, a combined May 2020 and November 2020 examination sitting was successfully undertaken in November 2020. The planned April 2021 examination sitting was successfully undertaken in May 2021. Both examinations were successfully conducted over a period of five (5) days in strict adherence to COVID-19 protocols. In addition, simultaneous marking of the certificate, diploma and professional examinations was undertaken thus hastening the marking process and realising significant cost savings.

Finally, kasneb conducted webinars for its students. These webinars were used to provide feedback to candidates who sat their examinations in November 2020. The response to these webinars was overwhelming and kasneb undertakes to conduct more of these in future for the benefit of students.

Ongoing Projects and Initiatives

Following the completion of the construction of kasneb Towers II and the extension of kasneb Towers I, the Multi-purpose hall in kasneb Towers II has been used in the administration and marking of kasneb examinations as well as Kasneb's other activities such as workshops, trainings and meetings thus saving kasneb expenses that would have been incurred in hiring facilities from external parties and also generating additional revenue. Of particular note is that other examination bodies have started taking an interest in the Multipurpose Hall. In particular, the Council of Legal Education hired the facility for the conduct of the June 2021 Bar examinations. In addition, some tenants have already leased space while others are at various stages of signing tenancy agreements. Though it had been envisaged that the building would be fully occupied by the end of the financial year 2020/2021, the lettable space has not yet been fully rented out mainly due to the dwindling demand for office space as organisations embrace virtual working. However, kasneb continues to engage potential tenants to take up the remaining space at subsidised rental rates taking cognisance of the downward pressure on market rental rates for office space as a result of the COVID-19 Pandemic.

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

With regard to Computer Based Examinations (CBEs), kasneb has partnered with the University of Nairobi Enterprises and Services (UNES) Ltd to spearhead the phased roll out of these examinations. The formal contract with UNES was signed on Thursday, 8 April 2021. Good progress has been made so far and the first computer based examinations are scheduled to be administered in December 2021.



CHAIRMAN'S STATEMENT

ISO Quality Management System and Information Security Management System

kasneb continued to implement the ISO 9001:2015 Quality Management System (QMS) following recertification effective from 25 August 2019. In addition, during the year, kasneb embarked on the implementation plan for the ISO/IEC 27001:2013 Information Security Management System (ISMS) with a view to enhancing business continuity. Currently, kasneb is in the process of operationalising the ISMS.

Marketing, Outreach and Public Communication

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

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

The Covid-19 Pandemic

The COVID-19 Pandemic continues affecting millions of people across the globe and negatively impacting on the global social, economic and health systems. The number of COVID-19 cases in Kenya has been fluctuating since the first positive case was reported on 13 March 2020. Since then, there have been three reported waves of new infections as at JUNE 30, 2021.

As a consequence, the Board of kasneb took the unprecedented decision to combine the May 2020 and November 2020 examination sittings. Following several postponements to July 2020 then to September 2020, the examinations were finally administered in November 2020. This difficult decision was taken having regard to the widespread disruption and the ensuing anxiety that was occasioned by both the global occurrence and spread of COVID-19.

kasneb continues to engage relevant government departments and agencies with a view to improving and sustaining appropriate COVID-19 prevention and containment measures during the administration of its examinations. Going forward, kasneb will partner with training institutions in order to help them to provide e-learning/distance learning solutions using various platforms. In the meantime, kasneb has taken cognisance of the full impact of COVID-19 and has put in place appropriate strategies to address the impact of the disruption caused by the COVID-19 Pandemic.

Way Forward

The Board is committed to continue supporting the President's Big Four Agenda having recognised kasneb's key role as an enabler to the achievement of the Big Four (4) agenda by providing the requisite skills and competencies required in all sectors of the economy. In this regard, kasneb will continue to offer market-driven quality examinations to empower professionals globally. This will be achieved through focused research and innovation, targeted capacity building of our staff and increased investment in ICT. Greater emphasis will be placed on quality assurance of our processes and enhanced customer experience.

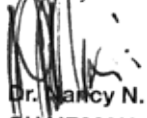


CHAIRMAN'S STATEMENT

Appreciation

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

Thank you and God bless you.



Dr. Nancy N. Muriuki, Ph.D
CHAIRMAN

REPORT BY THE SECRETARY/CHIEF EXECUTIVE OFFICER



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

The financial year 2020/2021 has been punctuated with uncertainties brought about by the COVID-19 pandemic. The financial year started at a time when the country was already under lockdown, with most activities at a standstill. The year also started against the backdrop of the postponed May 2020 examinations which were rescheduled initially to July 2020, thereafter to September 2020 and finally to November 2020 when the examinations were eventually conducted.

The recovery plans were however hampered by a second lockdown in March 2021 which affected at least five (5) counties including Nairobi where a majority of Kasneb students are based.

Financial Stewardship and Fiscal Discipline

Just as reported for the previous financial year 2019/2020 during which period the outbreak of COVID-19 was first reported in Kenya, the budgeted income targets for the financial year 2020/2021 were also not met due to the interruption in implementation of our key mandate and other strategies as a result of the pandemic. The prolonged closure of training institutions not

to mention the impact of the pandemic on the economy and job opportunities served to further reduce the candidature for kasneb examinations, which impacted negatively on financial performance.

Nevertheless, kasneb was able to conduct two examination sittings during the financial year, in November 2020 and May 2021 after receiving the requisite approvals from the Ministry of Interior and Coordination of National Government, Ministry of Education and Ministry of Health. These approvals were facilitated by our parent Ministry, The National Treasury and Planning. The administration of the two examinations was a positive development and signaled the commencement of a return to full recovery.

Although the budgeted income targets were not met, austerity measures continued to be instituted in order to address income shortfalls and meet the capital and recurrent expenditure commitments from internally generated revenue and retained earnings without recourse to the Exchequer. kasneb realised total income amounting to Sh 602 million compared to Sh 492 million recorded during the financial year ended 30 June 2020. This represents an increase of 22%. Further, the resumption of the two sittings in the financial year 2020/2021 had a positive impact on the bottom line, which witnessed a reduction in the reported deficit from Sh. 168 million in the financial year 2019/2020 to Sh 14 million in the financial year 2020/2021.

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

The Major Syllabuses Review Project

One of the key projects completed during the financial year 2020/2021 was the major review of the syllabuses, which commenced in the financial year 2019/2020. The project was completed in the month of June 2021 following the approval of the revised syllabuses by the Board.



The major syllabuses review witnessed a restructuring of the examinations of kasneb, with a focus on short (vocational) courses, certificate, diploma, professional and post-professional specialization courses. The review process also witnessed the engagement of key stakeholders including the Government, employers, professional institutes, practitioners, regulators, trainers and students, among others.

The revised syllabuses will be administered from the December 2021 examination sitting.

Customer Service Delivery

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

- Partnership with training institutions to facilitate virtual learning of Kasneb students through webinars.
- Additional students were enrolled to access e-learning resources to facilitate their preparations for the upcoming examinations.
- Release of results within four weeks of sitting the examinations as compared to six weeks in earlier sittings.
- Enhanced access to kasneb services through e-platforms which include email, website and e-kasneb application.
- Issuance of certificates for the November 2020 examination sitting.
- A virtual prize award ceremony was held in March 2021 combining the November 2020 and November 2019 examination sittings.
- Enhancement of the e-ticketing support system for e-kasneb.
- The Service Charter was revised to review timelines as part of enhancing customer experience.
- Members of staff were sensitized on customer complaints handling and the revised service charter.

Strategic Partnerships and Collaborations

The financial year witnessed the signing of a memorandum of understanding between Kasneb and the Kenya Bureau of Standards (KEBS) aimed at collaboration in the development and administration of a qualification for competent professionals.

Further, kasneb commenced discussions with the Public Relations Society of Kenya and the Marketing Society of Kenya with a view to signing a memorandum of understanding on administration of examinations by kasneb on behalf of the two institutions. In addition, kasneb progressed discussions with the Institute of Certified Public Accountants of Kenya and Institute of Certified Secretaries aimed at collaboration in strategic areas of mutual interest.

The Board also approved guidelines for partnership with the Technical and Vocational Education and Training Authority in the area of accreditation of training institutions. Other initiatives for collaboration with various universities and regulatory agencies such as the Kenya National Qualifications Authority (KNQA) were initiated. In addition, Kasneb continued to partner with various training institutions for agency marketing.

In addition, kasneb entered into a strategic collaboration with Nairobi Metropolitan Service (NMS) focusing on knowledge transfer and sharing. This is part of kasneb's contribution to the Big Four Agenda.

STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FINANCIAL YEAR 2020/2021

The implementation of the fifth Corporate Strategic Plan (2017-2022) commenced on 1 July 2017 and was in the fourth year of implementation in the financial year 2020/2021. The mid-term review of the corporate strategic plan (CSP) was undertaken during the financial year 2019/2020 and implementation of the revised CSP commenced 1 July 2020.

The revised Corporate Strategic Plan (2017-2022) is anchored on four (4) strategic pillars. These strategic pillars are:

- (i) Pillar 1: Provide competent business professionals to the global market.
- (ii) Pillar 2: Enhance customer experience
- (iii) Pillar 3: Strengthen institutional capacity to enhance operational effectiveness and efficiency.
- (iv) Pillar 4: Enhance financial sustainability.

The four (4) strategic pillars are supported by the following seven (7) strategic objectives. The strategic objectives are:

- (i) To provide competent professionals.
- (ii) To grow student registration and candidature by 10% and 8% per annum respectively.
- (iii) To enhance customer experience.
- (iv) To attract, develop and retain productive and motivated staff.
- (v) To enhance operational effectiveness and efficiency.
- (vi) To promote a positive corporate image.
- (vii) To increase income and net surplus by 10% and 12% per annum respectively.

The Corporate Strategic Plan (2017-2022) is implemented through annual work plans which are monitored quarterly through progress reports to ensure that implementation of the corporate strategic plan activities is on track. The reports are thereafter presented to the Senior Management, Planning and Business Development Committee (committee of the Board with oversight responsibilities for monitoring the implementation of the strategic plan) and the Board.

kasneb achieved its performance targets set for the financial year 2020/2021 period for its four (4) strategic pillars, as indicated in the diagram below:

Strategic Pillar	Strategic Objective(s)	Key Performance Indicators (%)	Activities (No.)	Achievements (%)
Competent professionals	To provide competent professionals	100	25	84.0
	To grow student registration and candidature by 10% and 8% per annum respectively	100	24	75.0
To enhance customer experience	To enhance customer experience	100	16	81.3



STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FINANCIAL YEAR 2020/2021

Strategic Pillar	Strategic Objective(s)	Key Performance Indicators (%)	Activities (No.)	Achievements (%)
To enhance institutional capacity	To attract, develop and retain productive and motivated staff	100	29	96.6
	To enhance operational effectiveness and efficiency	100	40	80.0
	To promote a positive corporate image	100	15	73.3
To enhance financial sustainability	To increase income and net surplus by 10% and 12% per annum respectively.	100	12	83.3

The Performance Contract (2020/2021) was aligned to the targets in the Corporate Strategic Plan (2017-2022). The performance evaluation for the Performance Contract for the financial year 2020/2021 was undertaken on Friday, 15 October 2021. Following the performance evaluation, a score of 2.939 (Very Good category) was awarded. This was an improvement by 4.3% from the prior year's score of 3.0195 (Good category).

Information Communication and Technology

The key focus in the financial year was automation of kasneb processes through adoption of Information Communication Technology. The key project under ICT was the development of an ERP system which was nearing completion by the end of the financial year. Various user acceptance tests (UATs) were in the final stages as plans to fully roll out the ERP system early in the financial year 2021/2022 were unveiled.

In addition, kasneb procured a software to enable adoption of new, more efficient technology for printing of examinations. A platform for conduct of virtual meetings was also acquired during the financial year.

Looking into the Future

Kasneb continues to steadily march into the future in spite of the ravages occasioned by Covid-19 pandemic. Among the commitments that kasneb is keen to achieve in the coming future include the following:

- (i) Implementation of the revised syllabuses.
- (ii) Administration of computer-based examinations for the Certificate in Accounting and Management Skills in the December 2021 sitting and subsequently for other courses from the April 2022 sitting.
- (iii) Commissioning of the ERP system.
- (iv) Development of study and reading materials in law, finance and other areas.



STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FINANCIAL YEAR 2020/2021

- (v) Completion of the consultancy project with OPC Burundi for development of a local accountancy qualification.
- (vi) Enhancing the quality and integrity of examination processes
- (vii) Diversifying income generating streams.
- (viii) Enhancing strategic partnerships and collaborations with various stakeholders nationally, regionally and globally.
- (ix) Focusing on costs containment and optimal utilisation of assets.
- (x) Continuously upgrade and enhance ICT systems for operational efficiency and effectiveness.
- (xi) Implementation of the placement service desk to assist kasneb students secure internships and jobs.

I wish to thank the Government of Kenya through the National Treasury and Planning for the support and guidance including facilitating approvals for the conduct of the November 2020 and May 2021 examinations, the Board for their dedication and visionary leadership, members of staff for their resilience and dedication during these challenging times, students and the various stakeholders from both the public and private sector for their continued contribution and trust in the qualifications of kasneb.

We believe that together, we shall continue to steer kasneb into achieving the vision of being a Global leader in examination and certification of business professionals. We are optimistic that the 2021/2022 financial year will witness continued recovery of the economy and resumption of normal operations even as we continue to adjust to the new-normal environment occasioned by Covid-19.

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

CORPORATE GOVERNANCE

WHO GOVERNS KASNEB?



Dr. Nancy N. Muriuki
Chairman

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

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

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



Dr. Christopher Yegon
Vice - Chairman

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

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

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

His term ended on 6 August 2020.



Jane Wacuka Njogu - Macharia

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

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

CORPORATE GOVERNANCE



Joseph Maina Kanyi

Joseph Maina Kanyi was appointed to the Board effective from 20 November 2020. He is a nominee of the Ministry of Education in accordance to Section (1) (b) of the Accountants Act, No. 15 of 2008

Joseph is a holder of Master of Science Degree in Entrepreneurship Development and a Technical Education Specialist in Technical and Entrepreneurial skills. Currently he is serving as a Deputy Director of Technical Education, in the Ministry of Education.

Joseph is an Entrepreneurship Development expert with over 16 years' experience in MSME Development in Kenya,



Dr. Nyambura Koigi

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

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

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

Her term ended on 6 August 2020.



Benrodgers M. Milaih

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

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

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



CORPORATE GOVERNANCE



Ms. Mary Njuya

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

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

Her term ended on 6 August 2020.



Ms. Dorcas Anyango Nyalwidhe

Dorcas Anyango Nyalwidhe was appointed to the Board effective from 20 November 2020. She is a nominee of the Attorney General in accordance with Section 15(1)(e) of the Accountants Act, No. 15 of 2008.

Dorcas is an Advocate of the High Court of Kenya and a holder of Bachelor of Laws (LLB) from University of Nairobi.

She has served in the Office of the Attorney General & Department of Justice from May 1996 and has a wealth of experience in Family Law and Mediation. She is the Chief State Counsel - Office of the Attorney General & Department of Justice and is also currently serving as Deputy Public Trustee and head of litigation section in the Department of Public Trustee.



FCPA Julius W. Mwatu

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

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

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

CORPORATE GOVERNANCE



CPA Edwin N. Makori

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

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

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



FCS Catherine Musakali

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

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

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

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

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



CORPORATE GOVERNANCE

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

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

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

Her term ended on 6 August 2020.



FCS Joe M. Mbuthia

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

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

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

His term ended on 6 August 2020.



CS Diana Sawe Tanui

Diana Sawe Tanui was appointed to the Board effective from 20 November 2020. She is a nominee of the Institute of Certified Secretaries (ICS) in accordance with Section 15(1)(g) of the Accountants Act, No. 15 of 2008.

Diana is a Certified Secretary, an Advocate of the High Court of Kenya, a Fellow of the Chartered Institute of Arbitrators and trained Governance Auditor. She has interests in corporate governance, regulatory affairs, compliance and alternative resolution of disputes.

Currently, she is the Corporation Secretary and Chief Manager Legal Affairs at the Insurance Regulatory Authority, a Council Member at the Institute of Certified Public Secretaries of Kenya, a Member of the Council of Legal Education and serves in various capacities in committees of various other professional bodies. She also served as a member of the Capital Markets Stewardship Code committee which developed the Kenya Capital Markets Stewardship Code for Institutional Investors, 2017.

Diana is a member of the Law Society of Kenya, the Institute of Directors (Kenya), the Chartered Institute of Arbitrators, the East Africa Law Society, the Women on Boards Network and is a Mentor with the Global Give Back Circle.

CORPORATE GOVERNANCE



FCS Nkirote Mworira Njiru

Nkirote Mworira Njiru was appointed to the Board effective from 20 November 2020. She is a nominee of the Institute of Certified Secretaries (ICS) in accordance with Section 15(1)(g) of the Accountants Act, No. 15 of 2008.

Nkirote is a governance practitioner, certified secretary, and lawyer with a passion for sound governance, policy making, standard setting, capacity building and setting up institutional systems that deliver exceptional value. In twenty years of governance and legal practice, she has worked in both the public and private sectors in Kenya in a wide range of activities involving setting up governance and legal structures; legislative and policy development; supervision and capacity building. She is a fellow of the Institute of Certified Secretaries of Kenya (FCS) where she has served to the position of Vice Chairman. She is also an active member of the Law Society of Kenya (LSK).

In addition, in keeping with her calling to set up governance systems that outlive her, she has undertaken responsibilities relating to the strengthening of the legislative and governance framework in Kenya and the East African region in the fields of corporate governance and financial sector regulation. In this regard, she was part of the eight (8) member team from ICPSK which worked with the State Corporations Advisory Committee (SCAC) to develop Mwongozo: The Code of Corporate Governance for State Corporations. Nkirote has also been involved in the development of the Code of Practice for Advertising Practitioners in Kenya, the ICPSK Code of Governance for Private Organizations in Kenya and the review of the framework for implementation of Governance Audits under the CMA Code of Governance for Issuers of Securities to the Public. She has been a Validator for accession to the International Association of Insurance Supervisors (IAIS) Multilateral Memorandum of Understanding (MMoU).

Nkirote is currently the UAP-Old Mutual Group Company Secretary /Legal Counsel and Company Secretary for Faulu Microfinance Bank Limited; responsible for twenty-two (22) companies in five (5) countries of operation and one (1) country of domicile.

Nkirote is certified by IFC as a Trainer of Trainers in Corporate Governance and she is a Certified Governance Auditor. She is also an AoEC Certified Executive Coach and exposure to various leadership programmes have been invaluable to her development as a commercially astute marketplace leader.

Capacity building and empowerment activities are passions she fulfils through engaging in various training undertakings, trust activities and networks. Being passionate about women in leadership, Nkirote mentors actively and is also a founder of the Women on Boards Network Kenya (WOBK).

Nkirote is committed to her family and her faith, a life-long learner and enjoys experiencing new places and people. She is married to Job and together they are raising two young ladies.



CORPORATE GOVERNANCE



FA Dr. George O. Wakah

Dr George O. Wakah was appointed to the Board effective from 15 September 2011. He is a nominee of the Board of kasneb in accordance with Section 15(1)(h) of the Accountants Act, No.15 of 2008. He was reappointed on 1 September 2018.

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

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



The tenth Board : Seated from left: CPA Edwin N. Makori, Dr. Nancy Muriuki (The Chairman), Dr. Nicholas K. Letting' (Secretary/Chief Executive Officer) and FCS Catherine Musakali. Standing from left: FCPA Julius W. Mwatu, Dr. Nyambura Koigi, FCS Joe M. Mbuthia, Mrs. Mary Njuya, Mr. Benrodgers M. Milaih and FA Dr. George O. Wakah

Current Board : Seated from left: FA Dr. George O. Wakah, Dr. Nancy Muriuki (The Chairman), Dorcas Anyango Nyalwidhe, CPA Jane Wacuka Njogu - Macharia and FCPA Julius W. Mwatu. Standing from left: Mr. Benrodgers M. Milaih, FCS Nkirote Mworio Njiru, CS Diana Sawe Tanui, Dr. Nicholas K. Letting' (Secretary/Chief Executive Officer), Joseph Maina Kanyi and CPA Edwin N. Makori



CORPORATE GOVERNANCE STATEMENT

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

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

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

COMPOSITION OF THE BOARD

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

BOARD CHARTER

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

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

ROLE OF THE BOARD

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

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



CORPORATE GOVERNANCE STATEMENT

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

BOARD MEETINGS

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

Attendance

During the financial year 2020/2021 the Board held twelve (12) meetings whose attendance was as follows:::

No.	Name	Meetings	
		Eligible	Attended
1	Nancy N. Muriuki	12	12
2	Christopher Yegon**	2	2
3	Nyambura Koigi**	2	2
4	Mary Njuya**	2	2
5	Catherine Musakali**	2	2
6	Joe. M. Mbuthia**	2	2
7	Benrodgers M. Milaih	12	10
8	George O. Wakah	12	10
9	Julius W. Mwatu	12	11
10	Edwin N. Makori	12	9
11	Jane W. N. Macharia	12	8
12	Dorcas Nyalwidhe*	6	6
13	Diana Sawe Tanui*	6	6
14	Nkrote Mworio Njiru*	6	6
15	Joseph M. Kanyi*	6	6
16	Joan A. Okello*	6	0

* Appointed effective 20 November 2020

** Term expired effective 6 August 2020

COMMITTEES OF THE BOARD

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



CORPORATE GOVERNANCE STATEMENT

Examinations Committee

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

- (a) Development of syllabuses which comply with international standards.
- (b) Development of strategies for management of examinations.
- (c) Receiving and considering examiners reports and guiding the release of results.
- (d) Advising the Board on matters incidental to good strategies for administration of examinations.
- (e) Accreditation of training institutions offering tuition for the qualifications of kasneb.
- (f) Promoting research and innovation.

Attendance

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

No.	Name	Meetings	
		Eligible	Attended
1	Nancy N. Muriuki	7	7
2.	Christopher Yegon**	1	1
3	Nyambura Koigi**	1	0
4	Mary Njuya**	1	1
5	Catherine Musakali**	1	1
6	Joe. M. Mbuthia**	1	1
7	Benroders M. Milaih	7	6
8	George O. Wakah	7	7
9	Julius W. Mwatu	7	7
10	Edwin N. Makori	7	7
11	Jane W. N. Macharia	7	6
12	Dorcas Nyalwidhe*	4	4
13	Diana Sawe Tanui*	4	3
14	Nkirote Mworio Njiru*	4	4
15	Joseph M. Kanyi*	4	4
16	Joan A. Okello*	4	0
17	Jonah K. Aiyabei	7	7
18	Yonah O. Okidia	7	3
19	Geoffrey I. Injeni	7	7
20	Mary Reba Chabeda	7	6
21	Pius Kyambi	7	6
22	Prof. Ismail A. Lukandu	7	6

* Appointed effective 20 November 2020.

** Term expired effective 6 August 2020



CORPORATE GOVERNANCE STATEMENT

Examinations Technical Sub-Committee

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

Attendance

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

No.	Name	Meetings	
		Eligible	Attended
1	Joe. M. Mbuthia**	2	2
2	Edwin N. Makori	5	5
3	Joseph M. Kanyi*	2	1
4	Jonah K. Aiyabei	5	5
5	Yonah O. Okidia	5	3
6	Gillian W. Mwaniki	5	5
7	Dorcas M. Omukhulu	5	5
8	David Mwangi	5	5
9	Dominic B. Omboto	5	4
10	Geoffrey I. Injeni	5	5
11	Mary Reba Chabeda	5	5
12	Pius Kyambi	5	5
13	Prof. Ismail A. Lukandu	5	2

* Appointed effective 20 November 2020

** Term expired effective 6 August 2020

Finance and General Purposes Committee

The principal responsibilities of the Committee are:

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



CORPORATE GOVERNANCE STATEMENT

Attendance

During the financial year the Committee held nine (9) meetings whose attendance was as follows:

No.	Name	Meetings	
		Eligible	Attended
1	Christopher Yegon**	1	1
2	Nyambura Koigi**	1	1
3	Benrodgers M. Milaih	9	9
4	George O. Wakah	9	8
6	Edwin N. Makori	9	9
7	Jane W. N. Macharia	9	6
8	Diana Sawe Tanui*	2	2

* Appointed effective 20 November 2020

** Term expired effective 6 August 2020

Planning and Business Development Committee

The principal responsibilities of the Committee are:

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

Attendance

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

No.	Name	Meetings	
		Eligible	Attended
1	Nyambura Koigi**	1	1
2	Mary Njuya**	1	1
3	Catherine Musakali**	1	1
4	Joe. M. Mbuthia**	1	1
5	George O. Wakah	4	4
6	Julius W. Mwatu	4	3
7	Edwin N. Makori	4	3
8	Jane W. N. Macharia	4	3
9	Dorcas Nyalwidhe*	1	1
10	Nkirote Mworio Njiru*	1	1

* Appointed effective 20 November 2020

** Term expired effective 6 August 2020



CORPORATE GOVERNANCE STATEMENT

Audit and Risk Committee

The principal responsibilities of the Committee are:

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

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

Attendance

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

No.	Name	Meetings	
		Eligible	Attended
1	Benrodgers M. Milaih	4	3
2	George O. Wakah	4	1
3	Julius W. Mwatu	4	4
5	Jane W. N. Macharia	4	3
6	Dorcas Nyalwidhe*	2	2
7	Nkirote Mworio Njiru*	2	2
8	Jason K. Mwangi	4	4
9	Joan A. Okello*	2	0

* Appointed effective 20 November 2020

** Term expired effective 6 August 2020



CEO AND HEADS OF DIVISIONS/UNITS



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

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

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

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

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



James G. Nduati
Finance Director

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

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

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

He retired on June 30, 2021

HEADS OF DIVISIONS/UNITS



Isaac M. Njuguna
Examinations Director

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

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



Marylucy A. Ajwang'
Human Capital and
Administration Director

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

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



Caroline W. Karia
Head of Planning and Strategy

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

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

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

HEADS OF DIVISIONS/UNITS

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



CPA Jason K. Mwangi
Head of Internal Audit
and Risk

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

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



Samuel M. King'oo
Head of Information
Communication Technology

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

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

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



Francis A. Okubo
Acting Head of Supply
Chain Management

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

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

HEADS OF DIVISIONS/UNITS



Hamida A. Mwilu
Acting Head of Marketing
and Communications

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

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



Joyce M. Afanda
Legal and Compliance
Officer

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

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



Sailot Keke
Acting Deputy Director Finance

Sailot Keke was appointed the Acting Deputy Director Finance effective 1 February 2021.

She holds a Bachelor of Commerce Accounting and a Master of Business Administration degree in Finance. She is a holder of the CPA, CISA and CS qualifications. She is an active member of the Institute of Certified Public Accountants of Kenya (ICPAK), Information and Systems Audit and Control Association (ISACA), Institute of Internal Auditors (IIA) and Association of Women Accountants in Kenya (AWAK).

The key responsibilities are overseeing the implementation of the Finance policy, preparation of the budgetary estimates, quarterly and annual financial statements, ensuring implementation of policies, systems and processing and authorisation of payments.

ENVIRONMENTAL AND SUSTAINABILITY REPORTING

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

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

During the financial year 2020/2021, kasneb contributed Sh.**619,097** (six hundred and nineteen thousand and ninety seven) only towards economic social governance. In addition, members of staff participated in related ESG activities. The following were the key ESG activity engagements:

Environmental activities

Kasneb sponsored and participated in the 2021 World Environment Day (WED) in Garissa County which is an ASAL county prone to frequent droughts, land degradation and desertification thus making it the best venue to celebrate WED 2021 and to launch the decade for ecosystem restoration. The tree planting exercise was organised by National Environment Management Authority (NEMA).

Educational activities

During the financial year ended June 30, 2021, kasneb paid school fees for four (4) orphaned students from Tunyai Childrens' Centre, Tharaka Nithi for 2020 second and third term and two (2) orphaned students in 2021 first term. Two (2) of the sponsored students completed their secondary education in March 2021. The students are in different secondary schools in Meru County.

Voluntary Community Service

During the financial year ended June 30, 2021, kasneb supported a community of fifteen (15) families/ genocide survivors who live in Bugesera district in the eastern province of Rwanda. This community is made up of some of the most vulnerable families who have no means to start any economic activity for livelihood sustainability. The families were given two (2) goats each for rearing, multiplying and selling as a way of making them economically self reliant.



STATEMENT OF THE MEMBERS OF THE BOARD

The members of the Board submit their report together with the audited financial statements for the year ended June 30, 2021 which disclose the state of affairs of kasneb.

PRINCIPAL ACTIVITIES

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

RESULTS

The results for the year are set out on pages 36 to 57.

MEMBERS OF THE BOARD

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

AUDITORS

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

By order of the Board

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

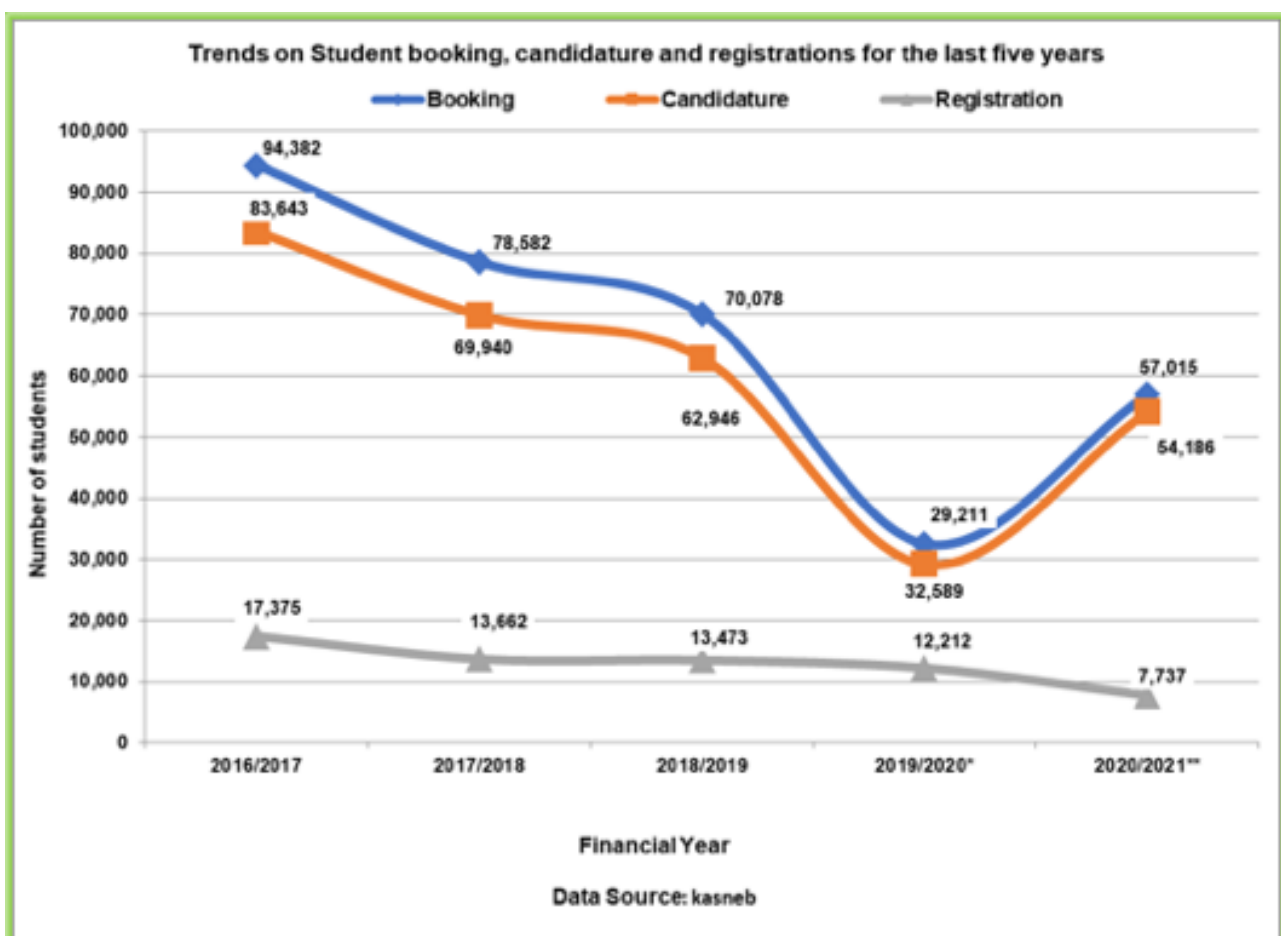
MANAGEMENT DISCUSSION AND ANALYSIS

SECTION A

Operational and Financial Performance

The performance for the financial year 2020/2021 saw slight improvement from the financial year 2019/2020 as a result of administration of two (2) examinations sittings in November 2020 and May 2021 while only one examination sitting was administered during the financial year 2019/2020 in November 2019. Consequently, there was big improvement in financial performance with deficit of Sh. 14.1 Million realised in the financial year 2020/2021 compared to deficit of Sh. 168 Million realised in previous financial year 2019/2020.

Nevertheless, there was decline in performance in student registration and candidature which are key kasneb revenue drivers. During the reporting period, student registration was 7,737 against a target of 6,717 resulting to a negative variance of 15%. The Performance Contract target for student registration for the Financial year 2020/2021 was revised downwards by 50% from 13,434 to 6,717 upon discussion with Public Service Performance Management Monitoring Unit (PSPMMU). The changes were informed by the impact of COVID-19 pandemic which affected secondary school calendar as well economic depression. The candidature was 54,186 against a target of 74,865 resulting to a negative variance of 28%. The critical review of five-year trends for the student registration, candidature and bookings depicted decline in performance from financial year 2016/2017 to financial year 2019/2020. However, there was improved performance from the financial year 2019/2020 to financial year 2020/2021 in terms of bookings and candidature as depicted below:



Note: (1) *Booking and Candidature for the financial year 2019/2020 was for one examination sitting in November 2019.

(2) **Booking and Candidature for the financial year 2020/2021 was for two examination sitting in November 2020 and May 2020



MANAGEMENT DISCUSSION AND ANALYSIS

The decline performance in student registration and candidature impacted negatively on financial performance where reported total income of Sh.599 million was realised for the twelve months ended June 30, 2021 against the budgeted income of Sh.625 million resulting to a shortfall of Sh.26 million, representing a negative variance of 4.1%.

The following are some of the global and national factors that affected the performance of kasneb during the financial year 2020/2021:

- (a) The impact of COVID-19, a global health pandemic that devastated all the sectors of the global and national economies since the first case which was reported in China on 31 December 2019 and in Kenya on 13 March 2020. The notable negative effects have been manifested by the decline in disposable incomes, loss of jobs, decline in demand for non-essential goods and services, and disruptions of learning due to frequent closure of learning institutions as one of the key government strategies to mitigate the spread of the pandemic. Consequently, the training institutions which are one of key kasneb stakeholders continued to experience low registrations of kasneb students aspiring to pursue kasneb qualifications due to the impact of COVID-19 pandemic, thereby affecting kasneb's registrations, bookings and candidature.
- (b) Low economic performance affecting the purchasing power as evidenced by the marginal performance of the key economic indicators in the calendar year 2020. This has impacted negatively on job creation and employment opportunities for kasneb graduates thereby affecting demand of kasneb qualifications by potential employers.
- (c) Competition from national and international professional examination bodies. Majority of national professional examination bodies, including kasneb target KCSE candidates for new student registrations aspiring to pursue their qualifications. Consequently, this reduces the kasneb's market share of the targeted KCSE candidature. On a global scene, many countries including Rwanda where kasneb has noticeable presence, have or are in the process of establishing their professional bodies especially for accountancy qualifications, hence they prefer to promote their qualifications at the expense of kasneb qualifications. This results in decline in kasneb students' registration and candidature.
- (d) The impact of major review of kasneb examinations syllabuses which commenced during the financial year 2019/2020 where the ongoing kasneb students awaiting the outcome of the review process which affects structure and content of kasneb examinations. This results in low student registrations and bookings since most students prefer to wait for syllabus changes and make decision whether to register and/or book kasneb examinations.
- (e) Despite year 2020 registering best performance in KCSE performance in comparison with previous four years (2016-2019) amidst COVID-19 pandemic, the KCSE students who score grade C+ and above students prefer to go to the universities and graduate before registering for professional qualifications offered by kasneb to benefit from exemptions. For instance, a total of 143,140 candidates out of 743,299 candidates (19%) who sat for 2020 KCSE examinations in March 2021 scored grade C+ and above, hence eligible for kasneb's professional qualifications as well as degree programmes in both public and private universities.
- (f) Competition from universities and colleges who also offered diploma courses to students with KCSE mean grade of C- (C minus) who subsequently progress to degree courses. This creates market demand perception of degree qualifications being superior to kasneb's professional qualifications hence potential



MANAGEMENT DISCUSSION AND ANALYSIS

students for kasneb's diploma qualifications preferring diploma programmes from universities and colleges as a pathway to their degree programmes. There is also a preference for students to undertake tertiary TVET institutions courses because of direct placement by KUCCPS and access to HELB loans. A total of 194,912 candidates out of 743,299 candidates (26%) who sat for 2020 KCSE examinations scored grades C-(minus) and C (plain), hence eligible for kasneb's diploma qualifications as well as diploma programmes in universities and colleges.

The aforementioned factors impacted negatively on the financial performance during the financial year 2020/2021 as evidenced by the negative income variance of Sh. 11 million. In order to improve financial performance, kasneb implemented the following austerity measures to manage operational costs and improve on savings, which were noted to be effective:

- (a) Automation and re-engineering business processes.
- (b) Adoption of e-kasneb student online payment platform to facilitate students to pay fees online as well as access services using the mobile phones and web portal. This contributed to cost saving due to efficiency and effectiveness in service delivery.
- (c) Suspension of mortgage facility and overtime to cut costs.
- (d) Use of online corporate taxi services to contain transport costs.
- (e) Engagement of interns under public service internship programme (PSIP) whose stipends are catered by the public service commission.
- (f) Use of kasneb Towers II as an examination and marking centre to reduce examination administration costs.
- (g) Introduction of flexible working environment including remote working to reduce operational expenses
- (h) Merging of examinations centres to reduce examinations administration costs.

Besides, kasneb implemented the following strategies to improve financial performance, in both medium- and long-term:

- (a) Development and implementation of COVID-19 mitigation strategies for business survival focusing on three phases, namely: Response Phase, Recovery Phase and Renewal Phase .
- (b) Major syllabuses review of kasneb examinations which will culminate in review of existing qualifications and introduction of the new qualifications, including short-term online courses for six months to boost financial performance. The first examinations under the revised syllabuses is slated to be administered in December 2021.
- (c) Introduction of computer-based examinations under the revised syllabuses which would allow students to book and undertake the examinations online. kasneb has partnered with University of Nairobi Enterprises and Services Ltd (UNES) to roll out computer-based examinations.
- (d) Extension of credit earned by one sitting for those students whose last attempt was May 2021.

2 Response phase: A relatively short period focusing on immediate actions to keep people safe and essential business operating;

Recovery Phase: Medium duration characterised by organised and co-ordinated effort to stabilise business operations; and

Renewal Phase: Extended period characterised by strategic and sustainable execution in the organisation, new lessons and forging a new foundation/new reality.



MANAGEMENT DISCUSSION AND ANALYSIS

- (e) Review of the fee structure under the revised syllabuses.
- (f) Review of examination policies to be favourable to students in view of increasing student registration and candidature. This includes abolition of “referral chances of five consecutive sittings” under the revised syllabuses which would encourage dormant students to finalise kasneb qualifications as well as ongoing students and potential students aspiring to pursue kasneb qualifications.
- (g) Operationalization of Kasneb Foundation which would offer bursaries and affordable loans to needy students aspiring to pursue kasneb qualifications. This will directly improve on student registration and candidature.
- (h) Administration of three examination sittings per year to reduce time lag in completion of kasneb qualifications and also to align our examinations with TVETA training calendar. This kasneb commitment has been buttressed in the revised service charter.
- (i) Adoption of Enterprise Resource Planning (ERP) system to re-engineer business processes to enhance efficiency and effectiveness in operations.
- (j) Collaboration with Kenya Universities and College Central Placement Service (KUCCPS), Technical and Vocational Education and Training Authority (TVETA), and Higher Education Loans Board (HELB) to recognise kasneb’s certificate and diploma qualifications in KUCCPS to facilitate kasneb students undertaking tuition in TVETA institutions to benefit from HELB loans and bursaries.
- (k) Availing free e-learning resources to students and examiners through the e-kasneb Library portal and conducting of Webinars to respond to students’ needs.
- (l) Adoption of digital marketing in line with the unique needs of the target market to promote kasneb qualifications.
- (m) Promotion of kasneb qualifications in foreign countries such as Rwanda, Burundi, Uganda, South Sudan and Cameroon. kasneb has operational office in Rwanda; and has partnered with ICPAK and Burundi to develop professional accountancy qualifications for Burundi with a view of promoting its qualification in Francophone countries through administration of examinations in French language



STATEMENT OF BOARD MEMBERS' RESPONSIBILITIES

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

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

The members of the Board accept responsibility for the financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates and in conformity with the International Public Sector Accounting Standards, Section 81 of the Public Finance Management Act, 2012 and the State Corporations Act, Cap 446. The members are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of kasneb as at June 30, 2021 and of its deficit for the year then ended. The members and management further accept responsibility for the maintenance of accurate and complete accounting records which have been relied upon in the preparation of the financial statements as well as on the adequacy of the systems of internal finance controls.

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

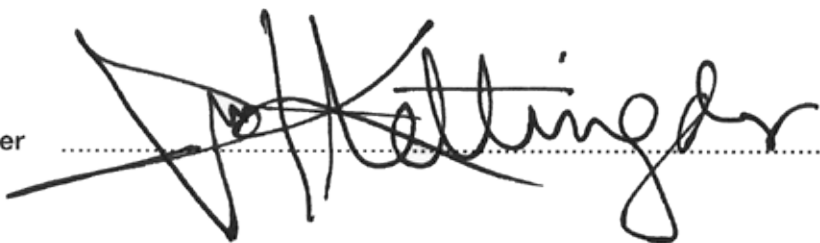
Approval of the financial Statements

The financial statements set out on pages to 1 to 27 were approved by the Board on 28 April 2022 and signed on its behalf by:

Dr. Nancy N. Muriuki, Ph.D
Chairman

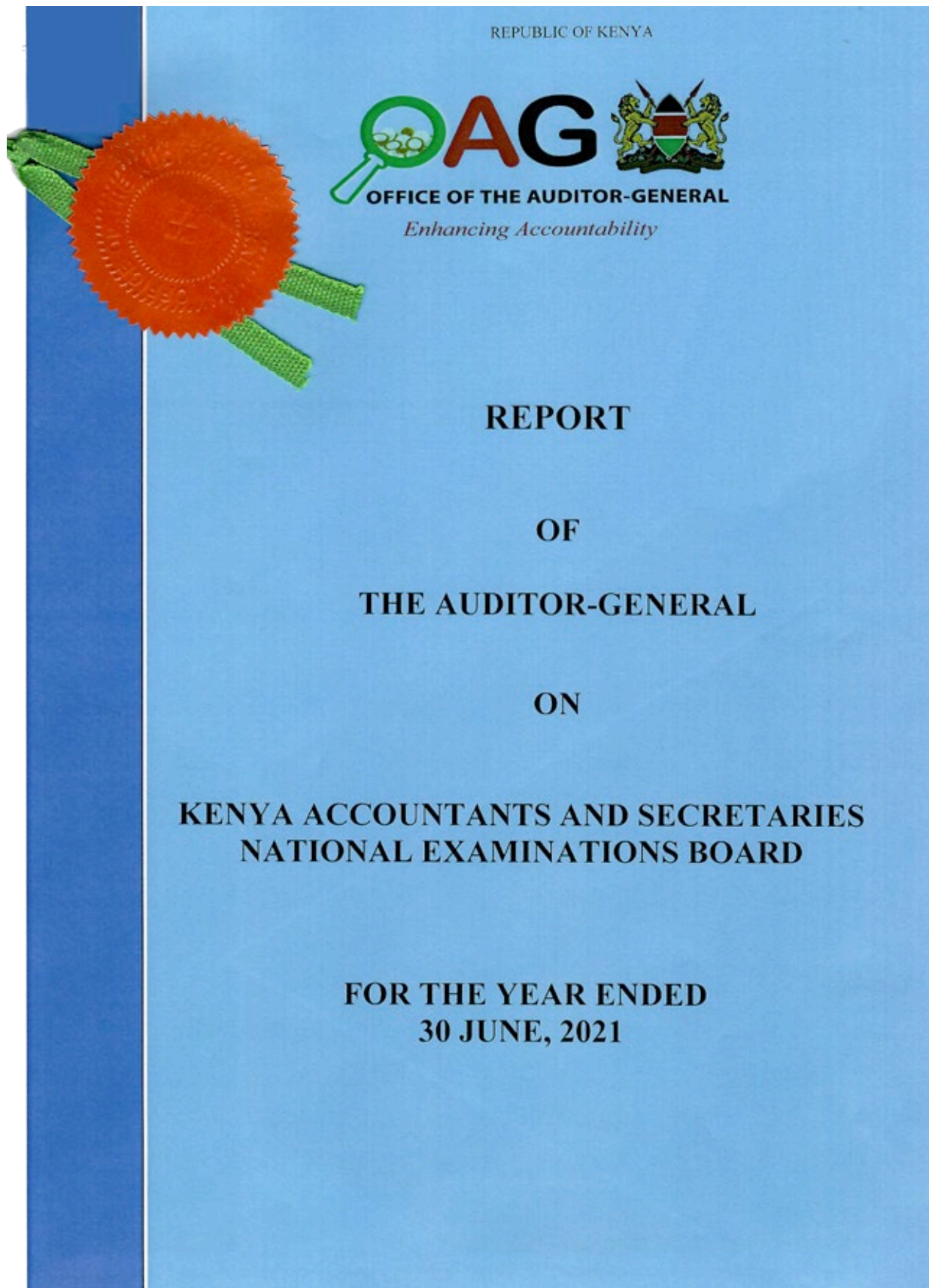


Dr. Nicholas K. Letting', Ph.D
Secretary/Chief Executive Officer



Sailot Keke
Acting Deputy Finance Director
ICPAK Member No. 7339





REPORT OF THE AUDITOR-GENERAL

REPUBLIC OF KENYA

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 E-mail: info@oagkenya.go.ke
 Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON KENYA ACCOUNTANTS AND SECRETARIES NATIONAL EXAMINATIONS BOARD FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

Report of the Auditor-General on Kenya Accountants and Secretaries National Examinations Board for the year ended 30 June, 2021



REPORT OF THE AUDITOR-GENERAL

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Accountants and Secretaries National Examinations Board (KASNEB) set out on pages 1 to 27, which comprise the statement of financial position as at 30 June, 2021, and statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Kenya Accountants and Secretaries National Examinations Board as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Accountants Act, 2008 and the Public Finance Management Act, 2012

Basis for Opinion

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Report of the Auditor-General on Kenya Accountants and Secretaries National Examinations Board for the year ended 30 June, 2021



REPORT OF THE AUDITOR-GENERAL

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**Conclusion**

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and The Board of Directors

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

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are

Report of the Auditor-General on Kenya Accountants and Secretaries National Examinations Board for the year ended 30 June, 2021



REPORT OF THE AUDITOR-GENERAL

in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

Report of the Auditor-General on Kenya Accountants and Secretaries National Examinations Board for the year ended 30 June, 2021



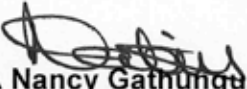
REPORT OF THE AUDITOR-GENERAL

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Board to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Board to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

21 June, 2022

Report of the Auditor-General on Kenya Accountants and Secretaries National Examinations Board for the year ended 30 June, 2021

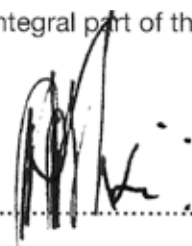


STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED JUNE 30, 2021

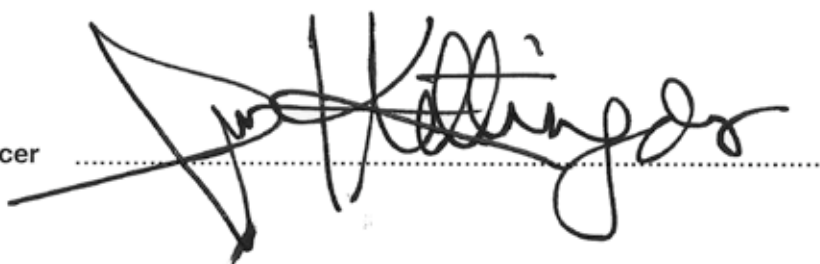
	Note	2020/2021	2019/2020
		Sh.	Sh.
Revenue from exchange transactions			
Income from exchange transactions	4	531,087,542	417,433,452
Income from non-exchange transactions	5	71,785,450	75,310,126
		602,872,992	492,743,578
Expenses			
Operating expenses	6	149,840,548	153,692,242
Employee costs	7	358,472,027	389,303,883
Board expenses	8	14,132,003	15,903,660
Administration costs	9	23,301,070	25,116,731
Repairs and maintenance	10	1,971,850	2,134,923
Contracted services	11	16,544,495	21,835,498
Depreciation and amortisation	12	52,421,161	53,456,420
		616,683,153	661,443,357
Surplus/(Deficit) for the period		(13,810,161)	(168,699,779)

The notes set out on pages 7 to 27 form an integral part of the Financial Statements.

Dr. Nancy N. Muriuki, Ph.D
Chairman



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



Sailot Keke
Acting Deputy Finance Director
ICPAK Member No. 7339




STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2021

ASSETS	Note	2020/2021	2019/2020
		Sh.	Sh.
Current assets			
Cash and bank balances	13	247,024,944	372,080,845
Held to maturity investments	14.1	72,705,000	101,780,030
Trade and other receivables	15	45,746,494	42,267,841
		365,476,438	516,128,716
Non current assets			
Property, plant and equipment	16(a)	1,281,501,611	1,325,888,084
Leasehold land	16(b)	365,000,000	365,000,000
Intangible assets	17	82,825,911	45,288,623
Held to maturity investments	18	107,365,800	129,400,100
		1,836,693,322	1,865,576,807
Total assets		2,202,169,760	2,381,705,523
LIABILITIES			
Current liabilities			
Trade and other payables	19	46,224,703	60,831,018
Provisions	20	55,826,881	42,752,647
Prepayments received in advance	21	5,501,550	165,820,070
Total liabilities		107,553,134	269,403,735
Net assets		2,094,616,626	2,112,301,788
			RESTATED
Revaluation reserve	22	391,509,314	398,694,314
Accumulated surplus	23	1,703,107,313	1,713,337,474
		2,094,616,627	2,112,301,788
Total net assets and liabilities		2,202,169,761	2,381,705,523

The financial statements on pages 1 to 27 were approved by the Board on 28 April 2022 and were signed on its behalf by:

Dr. Nancy N. Muriuki, Ph.D
Chairman

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

Sailot Keke
Acting Deputy Finance Director
ICPAK Member No: 7339



STATEMENT OF **CHANGES IN NET ASSETS** FOR THE YEAR ENDED JUNE 30, 2021

	Note	Revaluation reserves	Accumulated surplus	Total
		Sh.	Sh.	Sh.
Balance as at 30 June 2019		380,583,214	2,059,337,253	2,439,920,467
Depreciation/Amortisation charge for the year		(8,326,220)	-	(8,326,220)
Prior year adjustments-Leasehold land amortisation written back	16(b)	26,707,320	-	26,707,320
Dividends paid to the Government		-	(177,300,000)	(177,300,000)
Surplus/(Deficit) for the period		-	(168,699,779)	(168,699,779)
Balance as at 30 June 2020		398,964,314	1,713,337,474	2,112,301,788
Depreciation/Amortisation charge for the year	16(c)	(3,875,000)	-	(3,875,000)
Disposal	16(c)	(3,580,000)	3,580,000	-
Surplus/(Deficit) for the period		-	(13,810,161)	(13,810,161)
Balance as at June 30, 2021		391,509,314	1,703,107,313	2,494,616,627

Prior year adjustment

A prior year adjustment of Sh 26,707,320 on leasehold land has been effected to eliminate erroneous amortization of leasehold land which has been charged from the financial year 2014/2015 to the financial year 2019/2020.



STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2020/2021 Sh.	2019/2020 Sh.
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Revenue from operations	4	531,087,542	417,433,452
Prior year adjustment		-	5,168,491
Interest income	5.1	29,779,492	40,749,979
Revenue from other sources	5	42,005,958	34,560,147
Total receipts		602,872,992	497,912,069
Payments			
Operating expenses	6	(149,840,548)	(153,692,242)
Employee costs	7	(358,472,027)	(389,303,883)
Board expenses	8	(14,132,003)	(15,903,660)
Administration costs	9	(23,301,070)	(25,116,731)
Repairs and maintenance	10	(1,971,850)	(2,134,923)
Contracted services	11	(16,544,495)	(21,835,498)
Decrease in trade and other receivables		(3,478,652)	(1,249,410)
Increase/(Decrease) in payables, provisions and prepayments		(161,850,601)	167,429,616
Total payments		(729,591,246)	(441,806,731)
Net cash generated from operating activities		(126,718,254)	56,105,338
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	16 (b)	(9,533,176)	(49,013,906)
Purchase of intangible assets	17	(39,913,801)	(42,652,107)
Decrease/(Increase) in investments		22,034,300	42,831,600
Net cash utilised in investing activities		(27,412,677)	(48,834,413)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to the Government		-	(177,300,000)
Net increase/(decrease) in cash and cash equivalents		(154,130,931)	(170,029,075)
Cash and cash equivalents at beginning of the year	14	473,860,875	643,889,950
Cash and cash equivalents at the end of the year	14	319,729,944	473,860,875

Dr. Nancy N. Muriuki, Ph.D
Chairman

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

Sailot Keke
Acting Deputy Finance Director
ICPAK Member No: 7339



STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2020/2021	2020/2021	2020/2021	2020/2021	2020/2021
	Sh.	Sh.	Sh.	Sh.	Sh.
INCOME FROM EXCHANGE TRANSACTIONS					
Examinations booking fees	486,000,000	(112,800,000)	373,200,000	385,989,036	12,789,036
Registration fees	95,700,000	(24,700,000)	71,000,000	56,195,546	(14,804,454)
Annual registration renewal fees	76,900,000	(10,900,000)	66,000,000	48,022,767	(17,977,233)
Exemption fees	44,600,000	15,700,000	60,300,000	40,879,893	(19,420,107)
Sale of publications	700,000	(600,000)	100,000	300	(99,700)
Sub-Total	703,900,000	(133,300,000)	570,600,000	531,087,542	(39,512,458)
INCOME FROM NON-EXCHANGE TRANSACTIONS					
Interest earned	50,000,000	(25,000,000)	25,000,000	29,779,492	4,779,492
Rental income	55,000,000	(40,000,000)	15,000,000	24,799,319	9,799,319
Foreign exchange gain/(loss)				102,932	-
Gain on disposal of assets				1,806,000	-
Miscellaneous income	22,500,000	(7,500,000)	15,000,000	15,297,707	297,707
Sub-total	127,500,000	(72,500,000)	55,000,000	71,785,450	16,785,450
Total income	831,400,000	(205,800,000)	625,600,000	602,872,992	(22,727,008)
EXPENDITURE ON OPERATIONS					
Examinations and invigilation	98,000,000	(33,000,000)	65,000,000	75,229,668	(10,229,668)
Examination prizes	2,700,000	(200,000)	2,500,000	906,600	1,593,400
Hire of examination halls	4,800,000	-	4,800,000	3,964,058	835,942
Data processing	7,000,000	(500,000)	6,500,000	3,559,699	2,940,301
Printing and stationery	23,100,000	(3,100,000)	20,000,000	16,846,672	3,153,328
Local travel and transport	4,400,000	(1,200,000)	3,200,000	2,411,561	788,439
Long distance travel and transport	6,800,000	(4,300,000)	2,500,000	952,390	1,547,610
Postage and telephone	5,500,000	(500,000)	5,000,000	4,144,920	855,080
Salaries and wages	360,600,000	(40,600,000)	320,000,000	308,184,992	11,815,008
Pension and benefits	45,400,000	-	45,400,000	43,751,216	1,648,784
Education and training	23,800,000	(15,800,000)	8,000,000	6,535,819	1,464,181
Repairs and maintenance	2,900,000	(700,000)	2,200,000	1,971,850	228,150
Audit fees	1,000,000	-	1,000,000	1,000,000	-
Insurance	3,300,000	700,000	4,000,000	4,655,384	(655,384)
Sundry expenses	6,600,000	(5,100,000)	1,500,000	1,518,995	(18,995)
Bank charges	1,000,000	-	1,000,000	1,138,972	(138,972)
Board expenses	22,000,000	(7,000,000)	15,000,000	14,132,003	867,997
Marketing and communication	55,200,000	(30,200,000)	25,000,000	21,126,828	3,873,172



STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
kasneb Newslane	3,500,000	(1,000,000)	2,500,000	771,376	1,728,624
Legal expenses	2,500,000	-	2,500,000	214,550	2,285,450
Land rent and rates	700,000	-	700,000	648,080	51,920
Office provisions	6,600,000	(2,100,000)	4,500,000	1,881,981	2,618,019
Research and Innovation Centre	2,800,000	(300,000)	2,500,000	1,388,614	1,111,386
Examinations development and Research	1,000,000	19,000,000	20,000,000	7,480,200	12,519,800
Impairment of receivables	2,000,000	-	2,000,000	-	-
Sub-total	693,200,000	125,900,000	567,300,000	524,416,428	40,883,572
EXPENDITURE ON OTHER ITEMS					
Insurance and maintenance of office premises	9,600,000	(1,600,000)	8,000,000	10,089,496	(2,089,496)
Contracted services	17,500,000	(1,000,000)	16,500,000	16,544,495	(44,495)
Social responsibility	3,000,000	-	3,000,000	619,097	2,380,903
kasneb Foundation Bursary	5,500,000	(500,000)	5,000,000	5,000,000	-
Strategic planning	3,600,000	(2,600,000)	1,000,000	-	1,000,000
Website development and maintenance	7,500,000	(4,000,000)	3,500,000	749,974	2,750,026
Miscellaneous expenses	2,400,000	(900,000)	1,500,000	146,700	1,353,300
Other nonrecurrent expenses	15,800,000	(8,300,000)	7,500,000	6,695,803	804,197
Sub-total	64,900,000	(18,900,000)	46,000,000	39,845,565	6,154,435
Total expenditure	758,100,000	(144,800,000)	613,300,000	564,261,993	49,038,007
Surplus from operations	10,700,000	(7,400,000)	3,300,000	6,671,114	3,371,114
Surplus from other sources	62,600,000	(53,600,000)	9,000,000	31,939,885	22,939,885
Surplus before depreciation and amortisation	73,300,000	(61,000,000)	12,300,000	38,610,999	22,939,885
Depreciation and amortisation expenses	47,500,000	600,000	48,100,000	52,421,161	(4,321,161)
Surplus/(Deficit) for the year	25,800,000	(61,600,000)	(35,800,000)	(13,810,162)	21,989,838



EXPLANATION OF CHANGES BETWEEN ORIGINAL AND FINAL BUDGET (IPSAS 24.29)

During the financial year 2020/2021 there were no budget reallocation. The following is a brief explanation of the variances between original and final budget of income and expenditure.

Item	Original budget	Adjustments	Final budget	Percentage	Explanations of Variances between original and final budget
	Sh.	Sh.	Sh.	%	
Revenue from exchange transactions					
Examination booking fees	486,000,000	(112,800,000)	373,200,000	(23)	The revenue from exchange transactions is directly related to student numbers. The downward revision of the budget was as a result of decline in students registration fee, examination booking fees, annual renewal fees, exemption fees. It is worthwhile to note the financial year under review the Covid-19 pandemic had adverse effect on the operations of kasneb resulting to few students registering for kasneb courses or booking examinations which had been postponed during to the country lock down
Registration Fee	95,700,000	(24,700,000)	71,000,000	(26)	
Annual registration renewal fee	76,900,000	(10,900,000)	66,000,000	(14)	
Annual registration renewal fee	44,600,000	15,700,000	60,300,000	35	
Sale of publications	700,000	(600,000)	100,000	(86)	
Interest Earned	50,000,000	(25,000,000)	25,000,000	(50)	The revision of the budget was as a result of lack of surplus funds to invest due to decline in the number of students during the period.
Rental Income	55,000,000	(40,000,000)	15,000,000	(73)	The effects of Covid-19 pandemic which affected the demand for rental space and economic hardship to pay rental fee due to the resultant lockdown.
Miscellaneous income	22,500,000	(7,500,000)	15,000,000	(33)	
Expenditure on operations					
Examinations and invigilation's	98,000,000	(33,000,000)	65,000,000	(34)	The revision of the budget was as a result of reduced cost of administering the examinations due to few students who booked the examination during the year. The operation costs are directly related to the number of students during the period.
Examination prizes	2,700,000	(200,000)	2,500,000	(7)	The Virtual prize award ceremony was undertaken due to restrictions for in person meetings as was envisaged.
Data processing	7,000,000	(500,000)	6,500,000	(7)	Reduced number of candidature than projected reduced the need for data processing expenses.



EXPLANATION OF CHANGES BETWEEN ORIGINAL AND FINAL BUDGET (IPSAS 24.29)

Item	Original budget	Adjustments	Final budget	Percentage	Explanations of Variances above 10%
	Sh.	Sh.	Sh.	%	
Printing and stationery	23,100,000	(3,100,000)	20,000,000	(7)	Austerity measures applied, staff working remotely, communication through email and intranet..
Local travel and transport	4,400,000	(1,200,000)	3,200,000	(27)	
Long distance travel and transport	6,800,000	(4,300,000)	2,500,000	(63)	
Postage and telephone	5,500,000	(500,000)	5,000,000	(9)	
Salaries and wages	360,600,000	(40,600,000)	320,000,000	(11)	Delayed approval from SRC to expand salary bands.
Education and training	23,800,000	(15,800,000)	8,000,000	(66)	Austerity measures put on staff trainings and conferences.
Repairs and maintenance	2,900,000	(700,000)	2,200,000	(24)	Effects of working remotely
Insurance	3,300,000	700,000	4,000,000	21	Change of supplier for insurance services.
Sundry expenses	6,600,000	(5,100,000)	1,500,000	(77)	Staff working remotely reduced office provisions like teas, drinking water.
Board expenses	22,000,000	(7,000,000)	15,000,000	(32)	Board was not fully constituted during the year.
Marketing and communication	55,200,000	(30,200,000)	25,000,000	(55)	Austerity measures on marketing activities due to lock down.
Kasneb Newslines	3,500,000	(1,000,000)	2,500,000	(29)	Scaled down on number of copies printed.
Office provisions	6,600,000	(2,100,000)	4,500,000	(32)	Need for Milk, sugar drinking water in the office declined due to staff working from home and other austerity measures
Research and innovation Centre	2,800,000	(300,000)	2,500,000	(11)	Scaling down on purchase of library books and roll out of library services to students.
Examinations development and research	1,000,000	19,000,000	20,000,000	1,900	Introduction of Computer based Examinations to mitigate against effects of exogenous factors to administration of examinations.
Insurance and maintenance of office	9,600,000	(1,600,000)	8,000,000	(17)	Reduced costs related to running of the office as a result of scaled down operations.
Contracted services	17,500,000	(1,000,000)	16,500,000	(6)	Reduced costs related to running of the office as a result of scaled down operations.



EXPLANATION OF CHANGES BETWEEN ORIGINAL AND FINAL BUDGET (IPSAS 24.29)

Item	Original budget	Adjustments	Final budget	Percentage	Explanations of Variances between original and final budget
	Sh.	Sh.	Sh.	%	
Kasneb Foundation bursary	5,500,000	(500,000)	5,000,000	(9)	Austerity measure on donations employed due to re
Strategic planning	3,600,000	(2,600,000)	1,000,000	(72)	Planned activities in developing the CSP were postponed due to the Covid-19 pandemic and virtual meetings
Website development and maintenance	7,500,000	(4,000,000)	3,500,000	(53)	Website and internet services costs reduced by changing the service provider.
Miscellaneous expenses	2,400,000	(900,000)	1,500,000	(38)	Scaled down office operations.
Consultancies, Surveys and ISO expenses	15,800,000	(8,300,000)	7,500,000	(53)	ISO activities and consultancy services could not be undertaken due to scaled down of operations.
Surplus from operations	10,700,000	(7,400,000)	3,300,000	(69)	Reduction in income due to decline in student numbers. Expenditure was also reduced significantly through employment of austerity measures
Surplus from other sources	62,600,000	(53,600,000)	9,000,000	(86)	
Surplus before depreciation and amortization expenses	73,300,000	(61,000,000)	12,300,000	(83)	
Depreciation and amortization expenses	47,500,000	600,000	48,100,000	1	



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

1. GENERAL INFORMATION

Kasneb is established by and derives its authority from the and accountability from the Accountants Act, No. 15 of 2008 which repealed and replaced the Accountants Act, Cap 531 of 1977. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

The financial statement have been prepared in accordance with the Act, the State Corporation Act and International Private Sector Accounting Standards (IPSAS), the accounting policies adopted have been consistently applied to all the years presented.

3. ADOPTION OF NEW AND REVISED STANDARDS

(a) Relevant new standards and amendments to published standards with effect from the financial year ended 30 June 2021

IPSAS 33: First time adoption of Accrual Basis of IPSAS

kasneb adopted IPSAS in the financial year 2014.

IPSAS 34: Consolidated Financial Statements

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

IPSAS 35: Separate Financial Statements

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

IPSAS 36: Investments in Associates and Joint Ventures

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

IPSAS 37: Joint arrangements

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

IPSAS 38: Disclosure of Interests in Other entities

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

(b) Early adoption of Standards

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**(a) Revenue recognition**

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

Interest income

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

(b) Budget information

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

(c) Property, Plant and equipment

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

Depreciation

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

The annual rates of depreciation in use are:

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

(d) Intangible assets

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

(e) Leasehold land

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

(f) Financial instruments

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

Financial assets

Initial recognition and measurement

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

Impairment of financial assets

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

Financial liabilities

Initial recognition and measurement

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

(g) Provisions

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

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

Contingent assets

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

Contingent liabilities

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

(h) Changes in accounting policies and estimates

kasneb recognises the effects of changes in accounting policy retrospectively. The effects of



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

changes in accounting policy are applied prospectively if retrospective application is impractical.

(i) Employee retirement benefits

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

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

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

(j) Related parties and transactions

Kasneb regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over kasneb, or vice versa. Members of key management are regarded as related parties and comprise the members of the Board, the Chief Executive and heads of divisions and units. The total remuneration of senior management team for the financial year ended June 2021 were as follows:

	2020/2021	2019/2020
Number of senior management staff	11	13
Total remuneration (Sh.)	55,788,800	77,323,279

There were no other related party transactions during the financial year ended JUNE 30, 2021.

(k) Financial risk management

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

(i) Currency risk

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

(ii) Interest rate risk

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

(iii) Credit risk

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

(li) Cash and cash equivalents

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

(m) Comparative figures

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

(n) Significant judgments and sources of estimation uncertainty

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

Estimates and assumptions

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

Useful lives and residual values

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

(o) Subsequent events

There are no subsequent events to the financial year end with a significant impact on the financial statements for the year ended June 30, 2021.

4.	INCOME FROM EXCHANGE TRANSACTIONS	Note	2020/2021	2019/2020
			Sh.	Sh.
	Examination booking fees		385,989,036	215,673,364
	Registration fees		56,195,546	87,307,991
	Annual registration renewal fees		48,022,767	56,966,351
	Exemption fees		40,879,893	57,476,246
	Sale of publications		300	7,500
			531,087,542	417,431,452
5.	INCOME FROM NON-EXCHANGE TRANSACTIONS			
	Rental income		24,799,319	9,564,173
	Interest income	5.1	29,779,492	40,749,979
	Gain on Foreign exchange		102,932	-
	Gain on disposal of assets		1,806,000	-
	Miscellaneous income		15,297,707	24,995,974
			71,785,450	75,310,126
5.1	INTEREST INCOME			
	Interest income comprises the following:			
	Interest received from government securities		18,762,450	23,520,015
	Accrued interest from government securities/ mortgage		4,479,884	9,970,944
	Interest received from mortgage deposit		5,246,903	4,372,025
	Interest earned from bank balances		1,012,487	2,536,079
	Interest earned from advances to staff		277,768	350,916
			29,779,492	40,749,979
6.	OPERATING EXPENSES			
	Examinations and invigilation		75,229,668	48,303,371
	Examination prizes		906,600	1,287,500
	Hire of examination halls		3,964,058	1,909,700
	Data processing		3,559,699	5,992,678
	Printing and stationery		16,846,672	14,753,198
	Local travel and transport		2,411,561	2,969,771
	Long distance travel and transport		952,390	2,969,127
	Postage and telephone		4,144,920	4,065,530
	Audit fees		1,000,000	1,000,000
	Insurance		4,655,384	3,620,505



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	Note	2020/2021	2019/2020
		Sh.	Sh.
Sundry expenses	6.1	1,518,995	5,706,708
Bank charges		1,138,972	1,770,234
Marketing and communication		21,126,828	29,876,117
kasneb Newslane		771,376	1,658,790
Legal expenses		214,550	2,319,009
Land rent and rates		648,080	628,080
Office Provisions		1,881,981	3,826,556
Research and Innovation Centre		1,388,614	2,048,442
Examinations development and Research		7,480,200	18,986,926
		149,840,548	153,692,242
6.1 SUNDRY EXPENSES			
Staff uniforms, floral and laundry expenses		324,693	1,369,352
Other expenses		1,194,302	4,337,356
		1,518,995	5,706,708
7. EMPLOYEE COSTS			
Salaries and wages		166,927,176	169,349,460
Contributions to pension		43,751,216	42,483,914
Contributions to medical aid and benefits		28,910,289	37,251,513
Casual labour		3,958,641	4,935,438
Leave allowances		9,928,648	5,247,106
Commuter allowances		16,045,000	16,891,526
Education and training		6,535,819	11,072,113
Housing benefits and allowances		39,717,000	41,552,682
Overtime payments		1,608,958	13,386,291
Entertainment allowance		2,790,000	2,970,000
Examinations security allowance		32,100,000	33,655,875
Extraneous allowances		1,741,280	1,459,400
Telephone allowances		4,458,000	2,128,006
Performance reward and other bonuses		-	6,920,559
		358,472,027	389,303,883
8. BOARD EXPENSES			
Chairman's honoraria		960,000	960,000
Board and committees attendance allowances		9,976,874	13,741,018
Board Medical expenses		255,184	494,827
Board and committees workshops expenses		2,939,945	707,815
		14,132,003	15,903,660



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

9.

	Note	2020/2021	2019/2020
		Sh.	Sh.
ADMINISTRATION COSTS			
Insurance and maintenance of office premises		10,089,496	7,363,407
Social responsibility	9.1	619,097	2,879,513
kasneb Foundation - Bursary	9.2	5,000,000	2,030,000
Strategic planning		-	801,010
Website development and maintenance		749,974	3,735,240
Miscellaneous expenses		146,700	816,070
Other nonrecurrent expenses		6,695,803	7,491,491
		23,301,070	25,116,731
9.1 SOCIAL RESPONSIBILITY			
Donations to other institutions		502,032	745,008
School fees to needy students		117,065	134,505
Donations to covid-19 Response fund		.	2,000,000
		619,097	2,879,513
9.2 kasneb Foundation - Bursary			

Kasneb Foundation was established as charitable Trust under the Trustee (perpetual succession) Act CAP 164 with the main objective of providing bursary to the extremely needy cases as a way of giving back to the society. Besides kasneb funding, kasneb foundation will solicit funding from willing donors. Kasneb allocated Sh 5,000,000 to kasneb Foundation during the Financial year 2020/2021. However, only Sh 1,000,000 was disbursed and Sh 4,000,000 accrued to be disbursed in the subsequent year

10.

	Note	2020/2021	2019/2020
		Sh.	Sh.
REPAIRS AND MAINTENANCE		267,412	1,070,637
Machinery and office equipment		473,178	606,111
Motor vehicles		31,260	41,215
ICT equipment		1,200,000	416,960
Building repairs		1,971,850	2,134,923
11. CONTRACTED SERVICES			
Building management and maintenance		6,226,616	13,988,571
Security services		8,927,980	6,956,790
Lift service and maintenance		350,914	42,350
Sanitary services		387,716	361,682
Provision of bottled water		651,269	486,105
		16,544,495	21,835,498



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	Note	2020/2021 Sh.	2019/2020 Sh.
12. DEPRECIATION AND AMORTISATION			
Depreciation - Property, plant and equipment	16(c)	50,044,649	51,975,781
Amortisation - Intangible assets	17	2,376,512	1,480,640
		52,421,161	53,456,420
13. CASH AND BANK BALANCES			
Bank balances	13.1	41,067,160	191,069,618
Cash-on-hand and in transit		130,500	430,846
Fixed deposit		20,000,000	-
Mortgage deposit		185,827,284	180,580,381
		247,024,944	372,080,845
13.1 BANK BALANCES			
National Bank of Kenya Ltd. - Main account - A/C No. 01001031572600		4,773,879	8,375,652
National Bank of Kenya Ltd. - Fee collection account - A/C No. 01001031572601		9,120,951	2,434,397
Absa Bank of Kenya Ltd. - A/C No. 0708004502		895,090	117,700,128
Equity Bank Ltd.- A/C No. 0170299238025		3,525,886	11,374,146
Cooperative Bank of Kenya Ltd. A/C No. 01129128535900		3,028,324	7,048,772
Kenya Post Office Savings Bank (Postbank) - A/C No. 0744930009246		5,924,012	6,933,386
Kenya Commercial Bank Ltd.- Ksh. Account - A/C No. 1203681194		2,033,090	20,349,035
Kenya Commercial Bank Ltd.- Dollar Account - A/C No. 1123096465		11,580,143	16,677,239
UBA Kenya Bank Ltd. - A/C No. 55030160004156		185,785	176,863
		41,067,160	191,069,618
13.2	The mortgage deposit relates to Staff Mortgage Scheme administered as a revolving fund in an agreement between Kasneb and KCB bank. The contract mandates Kasneb to establish a fixed deposit account at KCB Mortgage Centre and maintain sufficient funds to enable KCB discharge all the obligations accruing under the scheme. Clause 21 of the agreement gives Kasneb the liberty to withdraw the funds provided sufficient levels are maintained at any given time.		
14. CASH AND CASH EQUIVALENT			
Cash and bank balances		247,024,944	372,080,845
Treasury Bills and Bonds maturing within one year	14.1	72,705,000	101,780,030
		319,729,944	473,860,875
14.1 TREASURY BILLS/BONDS MATURING WITHIN ONE YEAR			
Treasury Bills maturing within one year		72,705,000	101,780,030
Treasury Bonds maturing within one year		-	-
		72,705,000	101,780,030



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

16(c) SCHEDULE OF NON CURRENT ASSETS

PROPERTY, PLANT AND EQUIPMENT - 2020/2021

	Building	Investment property	Information Communication Technology Equipment	Furniture and Fittings	Machinery and Office Equipment	Motor Vehicles	Total
COST/ VALUATION	Sh.	Sh.	Sh.	Sh.	Sh.	Sh.	Sh.
At 1 July 2020	291,865,782	1,073,426,992	87,569,557	56,601,400	63,686,331	39,136,278	1,612,286,340
Additions	-	6,818,684	2,714,492	-	-	-	9,533,176
Disposal	-	-	-	-	-	(3,580,000)	(3,580,000)
At JUNE 30, 2021	291,865,782	1,080,245,676	90,284,049	56,601,400	63,686,331	35,556,278	1,618,239,516
DEPRECIATION							
At 1 July 2020	27,394,629	55,640,024	76,425,165	51,899,929	41,395,231	33,643,278	286,398,256
Charge for the year	3,421,645	27,006,142	6,908,137	2,556,450	7,405,774	2,746,500	50,044,649
Eliminated on disposal	-	-	-	-	-	(3,580,000)	(3,580,000)
Revaluation	3,875,000	-	-	-	-	-	3,875,000
At JUNE 30, 2021	34,691,274	82,646,165	83,333,302	54,456,379	48,801,005	32,809,778	336,737,905
NET BOOK VALUE							
At JUNE 30, 2021	257,174,508	997,599,510	6,950,747	2,145,021	14,885,326	2,746,500	1,281,501,611

PROPERTY, PLANT AND EQUIPMENT - 2019/2020

	Building	Investment property	Information Communication Technology Equipment	Furniture and Fittings	Machinery and Office Equipment	Motor Vehicles	Total
COST/ VALUATION	Sh.	Sh.	Sh.	Sh.	Sh.	Sh.	Sh.
At 1 July 2019	180,449,787	1,152,173,945	72,132,146	56,062,827	63,317,451	40,526,278	1,564,662,434
Additions	-	32,669,042	15,437,411	538,573	368,880	-	49,013,906
Disposal	-	-	-	-	-	(1,390,000)	(1,390,000)-
Transfer	111,415,995	(111,415,995)	-	-	-	-	-
At 30 June 2020	291,865,782	1,073,426,992	87,569,557	56,601,400	63,686,331	39,136,278	1,612,286,340
DEPRECIATION							
At 1 July 2019	20,097,984	28,804,349	69,166,159	48,325,150	33,257,055	32,286,778	231,937,475
Revaluation	3,875,000	-	-	-	-	-	3,875,000
Charge for the year	3,421,645	26,835,675	7,259,006	3,574,779	8,138,176	2,746,500-	51,975,781
Eliminated on disposa	-	-	-	-	-	(1,390,000)	(1,390,000)
At 30 June 2020	27,394,629	55,640,024	76,425,165	51,899,929	41,395,231	33,643,278	286,398,256
NET BOOK VALUE							
At 30 June 2020	264,471,153	1,017,786,968	11,144,392	4,701,471	22,291,100	5,493,000	1,325,888,084



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	Note	2020/2021	2019/2020
		Sh.	Sh.
15.	TRADE AND OTHER RECEIVABLES		
	Prepayments		
	Interest receivable	4,479,884	9,970,944
	Postal Corporation of Kenya (Postapay receipts) 6.3	25,000	25,000
	Web Tribe Ltd. (Jambopay receipts)	2,566,200	819,302
	Other receivables	29,476,533	13,141,587
	Staff receivables	9,198,877	18,311,008
		45,746,494	42,267,841
16 (a)	PROPERTY, PLANT AND EQUIPMENT (NET BOOK VALUES)		
	Building	257,174,508	264,471,153
	Investment property	997,599,510	1,017,786,968
	Information communication technology equipment	6,950,747	11,144,392
	Furniture and fittings	2,145,021	4,701,471
	Machinery and office equipment	14,885,326	22,291,100
	Motor vehicles	2,746,500	5,493,000
		1,281,501,611	1,325,888,084
			RESTATED
16 (b)	LEASEHOLD LAND		
	Cost/valuation	365,000,000	365,000,000
	As at 30 June	365,000,000	365,000,000
	AMORTISATION		
	Balance b/f	-	26,707,320
	Prior year adjustment	-	(26,707,320)
	As at 30 June	-	-
	Net book value as at 30 June	365,000,000	365,000,000
17.	INTANGIBLE ASSETS		
	Cost/valuation	77,040,344	34,388,237
	Additions - WIP	35,375,844	39,991,828
	Additions - Software	4,537,957	2,660,279
	As at 30 June	116,954,145	77,040,344
	Amortization and impairment		
	At 1 July	31,751,722	30,271,082
	Amortisation	2,376,512	1,480,640
	As at 30 June	34,128,234	31,751,721
	Net book value as at 30 June	82,825,911	45,288,623



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Note	2020/2021	2019/2020
	Sh.	Sh.

18. FINANCIAL INSTRUMENTS

The financial instruments in which kasneb has contracted are held to maturity as indicated in note 3 (f) and include Treasury bills and bonds. They are included in the financial statements under current and non-current investments. Treasury bonds maturing after one year are as follows:

Treasury bonds maturing after one year	<u>107,365,800</u>	<u>12,400,100</u>
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19. TRADE AND OTHER PAYABLES

Examinations and invigilation expenses	2,771,520	-
Accruals	43,453,183	60,831,018
	<u>46,224,703</u>	<u>60,831,018</u>

20. PROVISIONS

Leave days: brought forward	529,713	5,698,204
Increase/(Decrease) in provision:	4,884,518	(5,168,491)
Leave	5,414,231	529,713
Other-non recurrent expenses	4,950,000	-
Research and development	7,200,000	-
Gratuity	8,060,214	4,297,934
Provision for - ERP	25,717,436	35,000,000
Audit fee	2,000,000	1,000,000
Examination prizes	1,985,000	1,425,000
Students Newslane	500,000	500,000
Carried forward	<u>55,826,881</u>	<u>42,752,647</u>

21. PAYMENTS RECEIVED IN ADVANCE

Prepaid examination fees	<u>5,501,550</u>	<u>165,820,070</u>
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22. REVALUATION RESERVES

	<u>391,509,314</u>	<u>372,256,994</u>
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The revaluation reserve arose from a revaluation of land, building and motor vehicles in 2013/2014 by the following registered firms of valuers:

Land and buildings - NW Realite

Motor vehicles - Automobile Association (AA) of Kenya

23. ACCUMULATED SURPLUS

Balance as at 1 July	1,713,337,474	2,054,168,762
Transfer	-	(177,300,000)
Eliminated on Disposal	3,580,000	-
Prior year adjustment	-	5,168,491
Deficit for the year	(13,810,161)	(168,699,779)
	<u>1,703,107,313</u>	<u>1,713,337,474</u>



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

24.

Note	2020/2021	2019/2020
	Sh.	Sh.
RECONCILIATION OF NET INCOME TO CASH GENERATED FROM OPERATING ACTIVITIES		
Surplus/(Deficit) for the year	(13,810,161)	(168,699,779)
Adjustment for:		
Depreciation and amortisation	52,421,161	53,456,420
Prior year adjustment	-	5,168,491
Working capital adjustments:		
Increase in receivables	(3,478,653)	(1,249,410)
Increase in payables, provisions and prepayments	(161,850,601)	167,429,616
Net cash flow from operating activities	(126,718,254)	56,105,338

25.

MAJOR CAPITAL COMMITMENTS

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

The total project costs are as follows:

The total project costs are as follows:	Sh.
Construction works	1,080,245,676
Project design and consultancy services	124,686,522
Total	1,204,932,198

As at JUNE 30, 2021 a total of Sh.1,207,818,925 had been spent on certified works and consultancy services.

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

(a) JKUAT Enterprises Ltd.

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

(b) Dinesh Construction Ltd.

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

26. MORTGAGE DEPOSIT

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

27. TAXATION

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

28. EXPLANATORY NOTES ON VARIANCES IN THE FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDED JUNE 30, 2021

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

28.1 INCOME

The reported total income of Sh.602.8 million for the financial year ended June 30, 2021 was lower than the budgeted income of Sh.625.6 million by Sh.22.7 million representing a negative variance of 3.6%. The following is a brief analysis of the various major sources of income.

(a) Income from operations.

The reported income of Sh.531.1 million was lower than the budgeted income of Sh.570.6 million by Sh.39.5 million representing a negative variance of 6.9%. This is attributable to:

- (i) The lower number of students who registered during the financial year 2020/2021 which also resulted to lower exemption fees than the budgeted due to Covid-19 pandemic.
- (ii) The suspension of dormant student reactivation fees effected in October 2020.

(b) Income from non-exchange transactions

The reported income of Sh.71.8 million was higher than the budgeted income of Sh.55 million by Sh.16.8 million representing a positive variance of 30.5%.

This is attributable to:

- (i) Increase in certificates storage and confirmation of results fees payments.
- (ii) Increase in rental income following more uptake of space available for rent

28.2 EXPENDITURE

The total expenditure before depreciation of Sh.564.3 million for the year ended June 30, 2021 was lower than the budgeted expenditure of Sh.613.3 million by Sh.49 million representing a positive variance of 8.6%.

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

(a) Examinations and invigilation

The reported expenditure of 75.2 million was higher than the budgeted expenditure of Sh.65 million by Sh.10.2 million representing a negative variance of 13.6%.

This is attributable to costs incurred in adherence to Covid-19 protocol at the examination and marking centers such as fumigation, sanitizers, hand washing points, thermo guns and face masks during the November 2020 and May 2021 examinations.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

(b) Examination Prizes

The reported expenditure of Sh.0.9 million was lower than the budgeted expenditure of Sh.2.5 million by Sh.1.6 million representing a positive variance of 44%. This was attributable to savings realized from virtual examinations prize award ceremony during the year.

(c) Hire of examination halls

The reported expenditure of Sh.3.9 million was lower than the budgeted expenditure of Sh.4.8 million by Sh.0.9 million representing a positive variance of 17.4%. This was attributable to merging of examinations centers for May 2021 examinations sitting.

(d) Printing and stationery

The reported expenditure of Sh.16.9 million was lower than the budgeted expenditure of Sh.20 million by Sh.3.1 million representing a positive variance of 15.5%. This was attributable to:

- (i) Austerity measures on printing and general stationery.
- (ii) Adoption of ERP, digital communication and virtual conduct of meetings.

(e) Marketing and Communication

The reported expenditure of Sh.21.1 million was lower than the budgeted expenditure of Sh.25 million by Sh.3.9 million representing a positive variance of 15.5%. This is attributable to savings from the budgeted expenditure on:

- (i) Savings on promotional materials.
- (ii) Savings on career fairs, exhibitions and regional marketing that were deferred due to Covid-19 pandemic protocols,
- (ii) Savings on print and media advertising.

(f) Student journal- kasneb Newslines

The reported expenditure of Sh.0.7 million was lower than the budgeted expenditure of Sh.2.5 million by Sh.1.8 million representing a positive variance of 69%. This is attributable to austerity measures taken on printing hard copies of the newslines. The printing of Newslines for the third and fourth quarters were deferred.

(g) Legal expenses

The reported expenditure of Sh.0.2 million was lower than the budgeted expenditure of Sh.2.5 million by Sh.2.3 million representing a positive variance of 91.4%. This was attributable to the on going court cases relating to access road, Almon products Ltd. whose professional fee and contingency fee had not been raised by the kasneb advocates.

(h) Examination development and research

The reported expenditure of Sh.7.5 million was lower than the budgeted expenditure of Sh.20 million by Sh.12.5 million representing a positive variance of 62.7%. This is attributable to savings on planned workshops on syllabuses review and subject matter expert's reviews that were done virtually.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

(i) Insurance and maintenance of office premises

The reported expenditure of Sh.10.1 million was higher than the budgeted expenditure of Sh.8 million by Sh.2.1 million representing a negative variance of 26.1%. This is attributable to the cost of maintenance, repairs and the cost of enhancing hygiene and Covid-19 protocol within kasneb premises.

(j) Strategic planning expenses

There was no expenditure of the planned activities of Sh.1 million. This is attributable to the planned management review workshop, printing of the revised Corporate Strategic Plan (2017-2022) and processing of innovation ideas which was not undertaken during the financial year.

(k) Website development and maintenance

The reported expenditure of Sh.0.7 million was lower than the budgeted expenditure of Sh.3.5 million by Sh.2.8 million representing a positive variance of 78.5%. This is attributable to the cost of internet and Virtual Private Network that was projected to be incurred in the third and fourth quarters and was not undertaken.

(l) Capital expenditure

The reported expenditure of Sh.9.5 million was lower than the budgeted expenditure of Sh.134.5 million by Sh.125 million representing a positive variance of 92.9%. This is attributable to the implementation of coping strategies during and after Covid-19 pandemic in which procurement of capital items was suspended.

29. CURRENCY

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

APPENDIX

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external auditor Report	Issue/Observations from Auditor	Management comments	Status: (Resolved/ Not Resolved)	Time frame: (Put a date when you expect the issue to be resolved)
	<p>Compensation to Employees</p> <p>As disclosed in Note 7 to the financial statements, the statement of financial performance reflects employee costs of Kshs. 369,303,883; (2018 - Kshs. 407,627,717). The employee costs accounts for fifty-nine percent (59%) and seventy-nine percent (79%) of the total expenses and total revenue of Kshs. 661,443,357 and Kshs. 492,743,578 respectively. This exceeds the set limit under Regulations 26(a) of the Public Finance Management (National Government) Regulations, 2015 on fiscal responsibility principles, which provides that expenditure on the compensation to employees shall not exceed thirty five (35%) percent of the total revenue.</p> <p>The Board is in breach of law to this extent</p>	<p>The ratio of 59% is mainly due to declining student numbers which have impacted on income. Given that the employee costs are fixed; the ratio will gradually come down when the strategies put in place in the financial year 2019/2020 to address income growth achieve the intended outcome.</p> <p>It is also noted that the ERP was going to result into higher efficiency thus overtime cost will be minimal. In addition, some of the non-core activities such as cleaning of offices, will be out sourced thus resulting into lower employee costs</p> <p>The ongoing workload/workforce analysis being undertaken by the Kenya School of Government (KSG) will inform the appropriate establishment.</p>	Not Resolved	To be resolved gradually over time

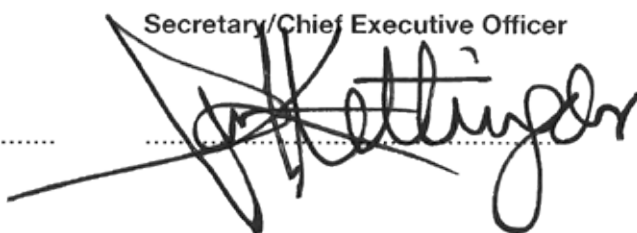
Dr. Nancy N. Muriuki, Ph.D

Chairman



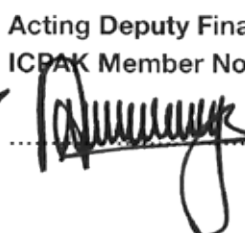
Dr. Nicholas K. Letting', Ph.D

Secretary/Chief Executive Officer



Sailot Keke

Acting Deputy Finance Director
ICPAK Member No. 7339







kasneb QUALIFICATIONS

PROFESSIONAL QUALIFICATIONS



Certified Public Accountants (CPA)

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



Certified Secretaries (CS)

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



Certified Investment and Financial Analysts (CIFA)

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



Certified Information Communication Technologists (CICT)

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



Certified Credit Professionals (CCP)

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

DIPLOMA QUALIFICATIONS



Accounting Technicians Diploma (ATD)

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



Diploma in Information Communication Technology (DICT)

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



Diploma in Credit Management (DCM)

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

CERTIFICATE QUALIFICATION

Certificate in Accounting and Management Skills (CAMS) examination

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





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