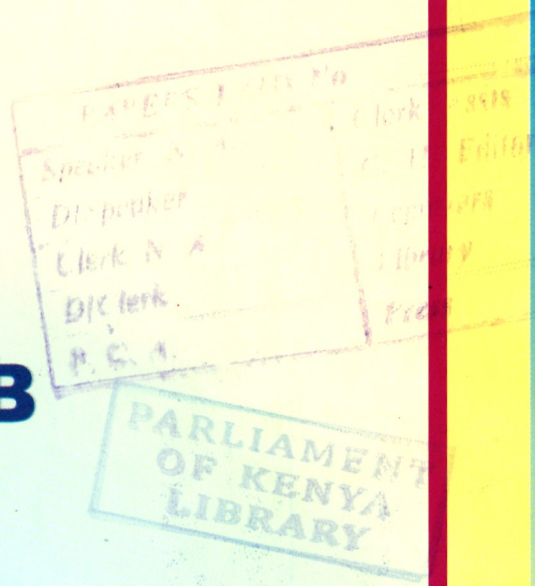
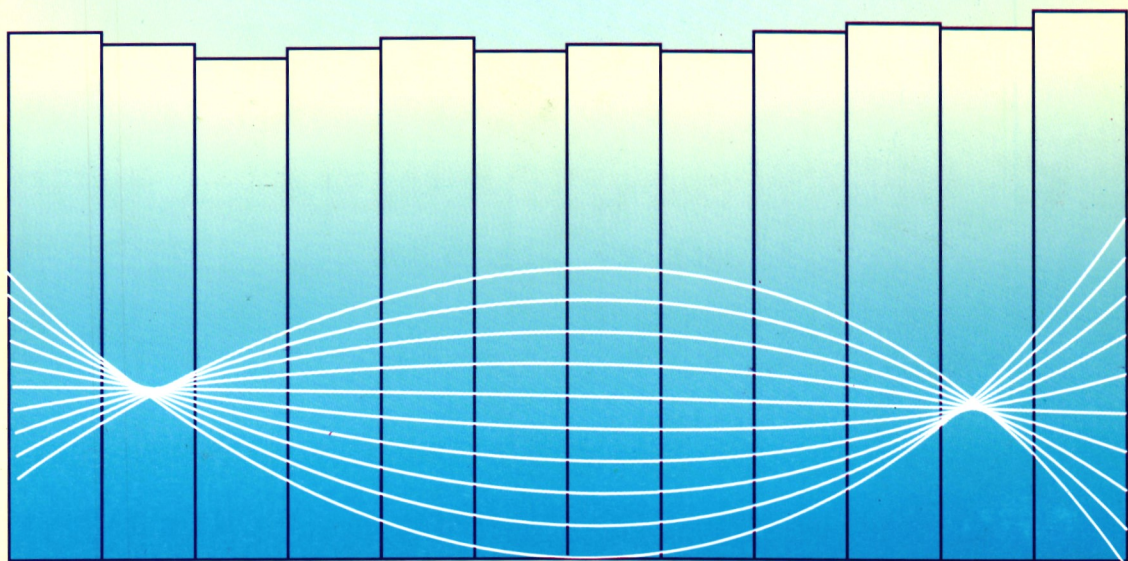




KASNEB



**ANNUAL REPORT
AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2009**



Providing Professional and Skilled Human Capital Worldwide

Examinations of KASNEB



Providing Professional and Skilled Human Capital Worldwide

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CORPORATE INFORMATION

1. Location and Principal Place of Business

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

Telephone: 2712640/2712828

Fax: 2712915

Website: www.kasneb.or.ke

Email: info@kasneb.or.ke

2. Principal bankers

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

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

3. Auditors

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

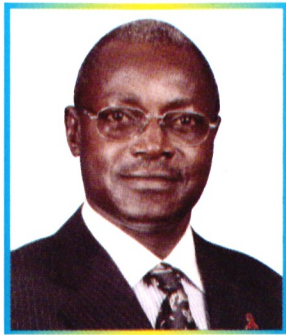
4. Secretary and Chief Executive

Pius M. Nduatih
P.O. Box 41362-00100
NAIROBI

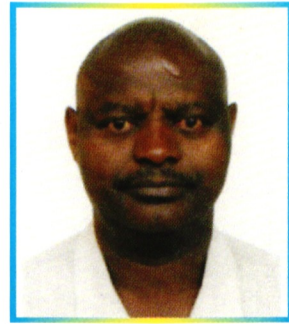
MEMBERS OF THE BOARD AS AT 30 JUNE 2009

1. Prof. Wanyama Kulundu-Bitonye - **Chairman**
Office of the Attorney General
2. Mr. Kariithi M. Murimi - **Vice-Chairman**
Federation of Kenya Employers
3. Prof. George I. Godia
Ministry of Education
4. Mr. Enos O. Oyaya
Ministry of Education
5. Mr. Michael M. Gatimu
Ministry of Finance
6. Njoki Kahiga (Ms)
Ministry of State for Public Service
(Directorate of Personnel Management)
7. Mrs. Angeline A. Hongo
Ministry of Local Government
8. Dr. Margaret Kobia
Kenya Institute of Administration
9. Mr. Frederick F. Odhiambo
Ministry of Co-operative Development
10. Mr. Stephen Lualaba
Institute of Certified Public Accountants of Kenya (ICPAK)
11. Mrs. Caroline J. Kigen
Institute of Certified Public Accountants of Kenya (ICPAK)
12. Mrs. Rosemary W. Njogu
Institute of Certified Public Secretaries of Kenya (ICPSK)
13. Mr. Sam G. Ogutha
Institute of Certified Public Secretaries of Kenya (ICPSK)

MEMBERS OF THE BOARD



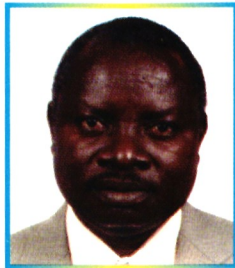
Prof. Wanyama Kulundu-Bitonye
Chairman



Mr Kariithi M. Murimi
Vice-Chairman



Prof. George I. Godia



Mr Enos O. Oyaya



Mr Michael M. Gatimu



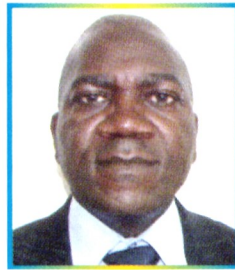
Ms Njoki Kahiga



Mrs Angelina A. Hongo



Dr. Margaret Kobia



Mr Stephen Lugalia



Mrs Caroline J. Kigen



Mr Fredrick F. Odhiambo



Mrs Rosemary W. Njogu



Mr Sam G. Ogutha



Mr Pius M. Nduatih
Secretary and Chief Executive

CORPORATE GOVERNANCE STATEMENT

The members of the Board of KASNEB are responsible for the overall management of KASNEB and are accountable to the Government and the people of Kenya through the Ministry of Finance. The members are also responsible for ensuring that appropriate policies and strategies are put in place and comply with the law and the highest standards of best practices in corporate governance and business ethics.

Members of the Board

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

Committees of the Board

The Board has established four standing committees to which it has delegated certain responsibilities. Each committee meets at least four times in a year under the terms of reference set by the Board.

Examinations Committee

The Examinations Committee comprises Mr Stephen Lugalia (Chairman), Prof. Wanyama Kulundu-Bitonye, Mr Kariithi M. Murimi, Prof. George I. Godia, Mr Enos O. Oyaya, Mrs Rosemary W. Njogu, Mr Sam G. Ogutha, Mrs Caroline J. Kigen, Mr Vincent O. Kamasara, Mr Joe M. Mbuthia, Mr Yonah O. Okidia, Mr Jonah K. Aiyabei and Mr Sammy M. Muriu.

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

Syllabuses Review and Implementation Sub-Committee

The Syllabuses Review and Implementation Sub-Committee is a permanent Sub-Committee of the Examinations Committee. Its principal responsibility is dealing with technical issues on examination matters and syllabuses as delegated by the Examinations Committee from time to time. The membership of the Sub-Committee comprises Prof. George I. Godia (Chairman), Mrs Caroline J. Kigen, Mr Daniel M. Ndonge, Mr Joe M. Mbuthia, Mr Vincent O. Kamasara, Mr John N. Walubengo, Mr George O. Wakah and Mr Patrick K. Kairu.

Finance and General Purposes Committee

The membership of the Finance and General Purposes Committee comprises Ms Njoki Kahiga (Chairman), Mr Kariithi M. Murimi, Mr Enos O. Oyaya, Mr Stephen Lugalia, Mr Sam G. Ogutha, Mr Michael M. Gatimu and Mrs Rosemary W. Njogu.

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

The Committee is also in charge of the performance contracting process.

Planning and Business Development Committee

The Planning and Business Development Committee comprises Dr. Margaret Kobia (Chairman), Prof. George I. Godia, Mrs Rosemary W. Njogu, Mr Frederick F. Odhiambo and Mrs Angeline A. Hongo.

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

Audit, Governance and Risk Management Committee

The Audit, Governance and Risk Management Committee membership comprises Mrs Caroline J. Kigen (Chairman), Mr Michael M. Gatimu, Dr. Margaret Kobia and Mr Frederick F. Odhiambo.

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

The head of Internal Audit and heads of divisions are ex-officio members of the Committee.

Code of Ethics

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

Emoluments to members

The emoluments paid to the members of the Board are approved by the Minister for Finance in accordance with the guidelines issued by the government from time to time.

The aggregate amount of emoluments paid to the members for services rendered during the financial year 2008/2009 are disclosed in the notes to the financial statements.

Corporate social responsibility

KASNEB acknowledges its responsibilities to the community. KASNEB donated foodstuffs and other items on a regular basis to children homes during the financial year ended 2008/2009.

REPORT OF THE MEMBERS OF THE BOARD

The members of the Board submit their report and audited financial statements for the year ended 30 June 2009 which show the state of affairs of KASNEB.

1. **Principal Activities**

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

2. **Results for the Year**

The results for the year are set out on pages 15 to 24.

3. **Members of the Board of KASNEB**

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

4. **Auditors**

The Controller and Auditor-General is responsible for the statutory audit of the books of account of KASNEB in accordance with Section 14 of the Public Audit Act, 2003.

By order of the Board



PIUS M. NDUATHI
SECRETARY

18 September 2009

CHAIRMAN'S STATEMENT

It is my pleasure to present the annual report and financial statements of KASNEB for the financial year ended 30 June 2009.

We have continued to successfully execute our mandate of developing syllabuses, conducting professional and technician examinations and certifying candidates in finance, accountancy, management, information communication technology among other disciplines and promoting the qualifications nationally and internationally. KASNEB is a not-for-profit making organisation whose main source of income is modest fees charged to students. Through prudent management of the resources of KASNEB, the Board was able to fund its operations and realise some surplus during the year.



The Accountants Act, No.15 of 2008

The operations of the Board of KASNEB are governed by the Accountants Act and the Certified Public Secretaries of Kenya Act. The Accountants Act, Cap 531 of 1977 was repealed and replaced by the Accountants Act, No.15 of 2008 which received presidential assent on 24 December 2008 and commenced on 30 December 2008.

The new Act besides elaborating the functions of KASNEB also empowered KASNEB to accredit training institutions offering training in subjects examinable by KASNEB in liaison with the Ministry of Education. The accreditation process is set to commence in 2010.

Under the provisions of Section 15(1) of the Act, the Board of KASNEB shall consist of eleven (11) members appointed by the Minister for Finance. The current members of the Board were appointed on 1 January 2008 to serve for a period of three (3) years. Section 17(4) of the Act confers on the Board authority to establish such committees as the Board considers necessary for the purpose of exercising and performing its functions. The Board meets at least four times every year.

Major review of the examination syllabuses

KASNEB completed a major review of its examination syllabuses during the year. The revised syllabuses were approved by the Board on 13 March 2009 and will be examined for the first time in December 2009. The review of the syllabuses followed a comprehensive, consultative and intensive stakeholder driven process. The syllabuses were further benchmarked with international standards and international best practice, besides taking into account relevant emergent and emerging issues which included but not limited to:

- The growing importance of information communication technology as a key driver of the global economy.
- The increased societal expectations on good governance and ethical conduct by professionals.
- The emerging importance of communication and other soft skills for professional competency.
- The increased public awareness of investment opportunities in the capital and money markets and the need for professional guidance in making optimal investment decisions.
- The liberalisation of the credit market and the need for deeper understanding and awareness of the principles and practice of prudent lending and credit management.
- The global market revolution and the emerging and emergent issues therefrom.
- Pronouncements by relevant international bodies.

KASNEB will continue to administer the examinations within Kenya and in foreign countries twice yearly in May/June and November/December every year.

Revised organisation structure

The organisation structure of KASNEB was revised and approved by the Board on 13 March 2009. I am confident that the revised organisation structure will effectively drive our corporate strategy and facilitate the achievement of our vision *“to be the preferred world-class professional examinations body in finance, accountancy, management, information technology and related disciplines”*.

Review of the Corporate Strategic Plan (2007-2012)

The third Corporate Strategic Plan (2007-2012) was approved by the Board on 20 June 2007. The implementation of the plan commenced thereafter effective from 1 July 2007. However, a number of significant events took place in the financial year 2007/2008 and 2008/2009 which dictated a review of the strategic plan. Key among these events were the global financial crisis and the post 2007 general election events, both which had an adverse impact on the country's economic growth.

The plan was therefore revised to: firstly, align it with the objectives of the Kenya Vision 2030 strategy and the medium term plan (MTP) for 2008-2012, secondly, harmonise it with the provisions of the newly enacted Accountants Act No.15 of 2008 and thirdly, take into account the impact of the global financial crisis, among other things.

The alignment of the plan with the Kenya Vision 2030 strategy was aimed at ensuring that the objectives of KASNEB contribute effectively to the achievement of the national vision and in particular the vision for the education sector for 2030 which is *“to have globally competitive quality education, training and research for sustainable development”*.

The revised third Corporate Strategic Plan (2007-2012) was approved by the Board on 24 June 2009 for implementation with effect from 1 July 2009. The revised plan will act as the reference point in planning and managing the business of KASNEB for the five year plan period.

Development of the third Strategic Marketing Plan (2009-2012)

The second Strategic Marketing Plan (2004-2009) expired on 30 June 2009. It was therefore imperative to develop a successor plan to continue to guide the marketing objectives of KASNEB. Consequently, the Board developed and eventually approved the third Strategic Marketing Plan (2009-2012) on 24 June 2009 for implementation with effect from 1 July 2009. The term of the strategic marketing plan was harmonised with that of the corporate strategic plan so that both plans will expire on 30 June 2012.

The development of the third Strategic Marketing Plan (2009-2012) took cognisance of the rapid technological change and emerging challenges thereof and, in particular, the continuous challenges brought about by the global market revolution.

The thrust of the plan is to increase the market share in the national, regional and international markets. This will be achieved through improving the quality of customer service delivery and customer perception, intensifying market research and promoting strategic linkages, and aggressively and effectively marketing the revised examination syllabuses.

The implementation of the plan will be driven by creativity, innovation and greater use of new technology to not only achieve a competitive advantage but also meet and surpass the expectations of the customer.

Performance contracting

The performance contract for the financial year 2008/2009 was implemented successfully. The Board promptly presented the annual performance contract report to the Inspector General-Corporations for evaluation. The results for the performance contract had not been released at the time of preparing this report. The Board is implementing the performance contract for the financial year 2009/2010 which was signed on Wednesday, 29 July 2009.

The way forward

We shall continue to ensure that our examinations remain globally competitive and responsive to global trends and changes while also addressing the national aspirations and development objectives and, in particular, the Kenya vision 2030 education sector target of globally competitive quality education, training and research for sustainable development.

We shall increase the investment in information communication technology in order to enhance the quality of service delivery to the students, candidates and other stakeholders. The examination management and processing system will be overhauled and modernised to deliver quality examination service under the revised syllabuses. We shall further continue to pursue ISO 9001:2008 certification of the quality management systems.

Appreciation

I wish to thank my fellow members of the Board and its Committees and members of staff for their commitment and excellent performance. I thank the graduates of our examinations for being good ambassadors of KASNEB and Kenya by providing excellent and exemplary service to the organisations and countries that they serve both within and outside Kenya. I specially appreciate our students for their loyalty and confidence in the examinations of KASNEB.

I further thank the parents, sponsors, trainers, examiners and other stakeholders and well wishers for their unwavering support.

Finally, many thanks to the Ministry of Finance for the continued guidance and support.



PROFESSOR WANYAMA KULUNDU-BITONYE
CHAIRMAN

STATEMENT OF BOARD MEMBERS' RESPONSIBILITIES

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

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

The members of the Board and management accept responsibility for the financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgment and estimates and in conformity with the International Financial Reporting Standards. The members are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Board as at 30 June 2009 and of its surplus for the year then ended. The members and management further accept responsibility for the maintenance of accurate and complete accounting records which have been relied upon in the preparation of the financial statements as well as on the adequacy of the systems of internal financial controls.

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



PROFESSOR WANYAMA KULUNDU-BITONYE
CHAIRMAN



PIUS M. NDUATHI
SECRETARY AND CHIEF EXECUTIVE

REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE

**REPORT
OF
THE CONTROLLER
AND AUDITOR-GENERAL**

ON

**THE FINANCIAL STATEMENTS
OF KENYA ACCOUNTANTS AND
SECRETARIES NATIONAL
EXAMINATIONS BOARD FOR
THE YEAR ENDED 30 JUNE 2009**

REPUBLIC OF KENYA

Telephone: +254-20-342330
 Fax: +254-20-311482
 E-mail: cag@kenao.go.ke
 Website: www.kenao.go.ke



P. O. Box 30084-00100
 NAIROBI

Date.....

KENYA NATIONAL AUDIT OFFICE

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF KENYA ACCOUNTANTS AND SECRETARIES NATIONAL EXAMINATIONS BOARD FOR THE YEAR ENDED 30 JUNE 2009

I have audited the financial statements of Kenya Accountants and Secretaries National Examinations Board set out at pages 15 to 24 which comprise the statement of financial position as at 30 June 2009, the income statement, the statement of changes in equity and the statement of cash flows for the year then ended together with a summary of significant accounting policies and other explanatory notes in accordance with the provisions of Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Board's Responsibility for the Financial Statements

The Board is responsible for the preparation of the financial statements which give a true and fair view of the Board's state of affairs and its operating results in accordance with the International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Responsibility of the Controller and Auditor General

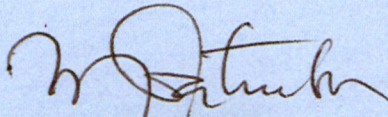
My responsibility is to express an independent opinion on the financial statements based on the audit. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed with a view to obtaining reasonable assurance that the financial statements are free from material misstatement.

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

procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial statements. I believe the audit provides a reasonable basis for my opinion.

Opinion

In my opinion, proper books of account have been kept and the accompanying financial statements give a true and fair view of the financial position of the Board as at 30 June, 2009 and of its surplus and cash flows for the year then ended in accordance with the International Financial Reporting Standards and comply with the Accountants Act, 2008.



A. S. M. Gatumbu
CONTROLLER AND AUDITOR GENERAL

Nairobi

3 December 2009

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2009

ASSETS	Note	2009 Sh.	2008 Sh.
Non current assets			
Property and equipment	9(a)	107,815,432	112,845,487
Prepaid operating lease rentals	9(b)	<u>5,783,882</u>	<u>5,849,607</u>
		<u>113,599,314</u>	<u>118,695,094</u>
Current assets			
Government securities	10	432,876,235	330,622,935
Receivables	11	22,200,362	13,124,508
Cash and bank balances	12	<u>73,044,857</u>	<u>55,544,518</u>
		<u>528,121,454</u>	<u>399,291,961</u>
Total assets		<u>641,720,768</u>	<u>517,987,055</u>
EQUITY AND LIABILITIES			
Equity		616,859,597	475,478,706
Current liabilities			
Payables	13	<u>24,861,171</u>	<u>42,508,349</u>
Total equity and liabilities		<u>641,720,768</u>	<u>517,987,055</u>

The financial statements on pages 15 to 24 were approved by the Board on 18 September 2009 and were signed on its behalf by:



PROFESSOR WANYAMA KULUNDU-BITONYE
CHAIRMAN



PIUS M. NDUATIH
SECRETARY AND CHIEF EXECUTIVE

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 Sh.	2008 Sh.
Income from operations	2	520,231,266	392,983,065
Income from other sources	3	<u>11,922,532</u>	<u>10,791,842</u>
		<u>532,153,798</u>	<u>403,774,907</u>
Operating expenses	4	(386,860,774)	(340,950,585)
Administration costs	5	<u>(49,000,506)</u>	<u>(31,241,153)</u>
Operating surplus		96,292,518	31,583,169
Finance income	7	<u>45,088,373</u>	<u>30,026,758</u>
Surplus for the year		<u>141,380,891</u>	<u>61,609,927</u>

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009	2008
		Sh.	Sh.
Balance at 1 July		475,478,706	413,868,779
Surplus for the year		<u>141,380,891</u>	<u>61,609,927</u>
Balance at 30 June		<u>616,859,597</u>	<u>475,478,706</u>

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009	2008
		Sh.	Sh.
Cash flows from operating activities			
Cash generated from operations	8(a)	91,305,136	59,552,425
Interest received		<u>37,347,531</u>	<u>30,026,758</u>
Net cash generated from operating activities		<u>128,652,667</u>	<u>89,579,183</u>
Cash flows from investing activities			
Proceeds from disposal of property and equipment		755,700	633,102
Purchase of property and equipment		<u>(9,654,728)</u>	<u>(21,618,818)</u>
Net cash utilised in investing activities		<u>(8,899,028)</u>	<u>(20,985,716)</u>
Net increase in cash and cash equivalents		<u>119,753,639</u>	<u>68,593,467</u>
Cash and cash equivalents at beginning of year		386,167,453	317,573,986
Cash and cash equivalents at end of year	8(b)	<u>505,921,092</u>	<u>386,167,453</u>
Net increase in cash and cash equivalents		<u>119,753,639</u>	<u>68,593,467</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

ESTABLISHMENT

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

1 SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions. It also requires management to exercise its judgment in the process of applying the Board's policies. The areas involving a higher level of judgment or where estimates are significant to the financial statements are disclosed in note (d) below.

(b) Revenue recognition

Examination fees is accounted for in the financial year in which the relevant examination takes place. No value is placed on stocks of examination stationery and past examination papers.

Other fees income is accounted for as it is received by the Board. Refunds are accounted for in the year in which they are made to students and candidates.

(c) Investment income

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

(d) Critical accounting estimates and judgment

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

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

Property and equipment

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (continued)

(e) Depreciation

Depreciation is calculated on the straight-line basis to write off the cost of property and equipment over their estimated useful lives.

The annual rates of depreciation in use are:

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

(f) Leasehold land

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

(g) Financial instruments

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

(h) Retirement benefits

KASNEB operates a staff retirement benefits scheme for its employees. The scheme, which was established on 1 January 1980, operates according to the provisions of the Retirement Benefits Authority Act (1997). The assets of this scheme are held in a separate trustee administered fund that is funded by contributions from both the employees and KASNEB as the sponsor. The scheme is fully compliant with the provisions of the Retirement Benefits Act, 1997.

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

2	2009	2008
	Sh.	Sh.
INCOME FROM OPERATIONS		
Examination entry fees	321,203,039	229,875,148
Registration fees	101,408,522	75,154,071
Annual registration renewal fees	79,903,420	70,223,962
Exemption fees	17,202,690	17,065,584
Sale of past question papers	<u>513,595</u>	<u>664,300</u>
	<u>520,231,266</u>	<u>392,983,065</u>
3		
INCOME FROM OTHER SOURCES		
Students' identity card fees	8,774,980	8,404,136
Rental income - Other tenants	348,602	495,558
Miscellaneous income	<u>2,798,950</u>	<u>1,892,148</u>
	<u>11,922,532</u>	<u>10,791,842</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (continued)

4	OPERATING EXPENSES	2009	2008
		Sh.	Sh.
	Examinations and invigilation	80,994,837	64,332,697
	Examination prizes	3,605,904	1,807,500
	Rent of examination halls	4,203,000	3,303,812
	Data processing	4,689,471	3,101,004
	Printing and stationery	18,726,040	18,362,083
	Local travel and transport	7,468,415	7,103,495
	Long distance travel and transport	6,863,007	5,032,654
	Postage and telephone	9,324,408	7,625,159
	Staff emoluments and benefits	199,311,075	179,352,482
	Repairs and renewals	837,937	1,311,779
	Auditors' remuneration	474,000	424,000
	Insurance	1,153,736	1,173,157
	Sundry expenses	2,388,021	1,768,995
	Bank charges	2,661,675	1,599,443
	Board expenses	9,429,414	9,750,503
	Publicity, promotion, marketing and communication	17,082,615	18,477,229
	Students journal - KASNEB Newslite	11,723,168	11,292,208
	Legal expenses	1,441,000	683,475
	Ground rent and land rates	531,280	797,020
	Office Provisions	<u>3,951,771</u>	<u>3,651,890</u>
		<u>386,860,774</u>	<u>340,950,585</u>
4.1	SUNDRY EXPENSES		
	KASNEB end of year and annual anniversary expenses	1,502,114	1,097,245
	Staff uniforms and laundry expenses	547,107	628,950
	Subscription expenses	<u>338,800</u>	<u>42,800</u>
		<u>2,388,021</u>	<u>1,768,995</u>
4.2	BOARD EXPENSES		
	Board and committees attendance allowances	6,162,600	6,567,380
	Board and committees meeting and transport expenses	<u>3,266,814</u>	<u>3,183,123</u>
		<u>9,429,414</u>	<u>9,750,503</u>
4.3	LEGAL EXPENSES		
	Legal expenses relate to payments made to a firm of advocates hired by KASNEB in a civil case regarding the access road to KASNEB premises. KASNEB is the plaintiff in the civil suit.		
5	ADMINISTRATION COSTS	2009	2008
		Sh.	Sh.
	Student identity cards	2,497,417	1,507,236
	Insurance and maintenance of KASNEB Towers	8,323,980	6,846,063
	Social responsibility	25,000	402,324
	Strategic planning expenses	-	942,600
	Website development and maintenance	985,495	447,521
	Library books and resource material	477,618	-
	Review and development of syllabuses	21,652,305	7,590,026
	Miscellaneous expenses	420,801	269,874
	Other non - recurrent expenses	345,000	311,090
	Depreciation	14,207,165	12,858,694
	Operating lease rentals	<u>65,725</u>	<u>65,725</u>
		<u>49,000,506</u>	<u>31,241,153</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (continued)

6	STAFF EMOLUMENTS AND BENEFITS	2009	2008
		Sh.	Sh.
	Staff salaries and wages	163,116,623	145,274,331
	Pension and benefits	30,199,686	27,032,202
	Education and training	<u>5,994,766</u>	<u>7,045,949</u>
		<u>199,311,075</u>	<u>179,352,482</u>
7	FINANCE INCOME		
	Finance income comprises the following:		
	Interest earned from government securities	35,751,020	29,134,336
	Interest receivable from government securities	7,740,842	-
	Interest earned from bank balances	997,428	622,226
	Interest earned from advances to staff	<u>599,083</u>	<u>270,196</u>
		<u>45,088,373</u>	<u>30,026,758</u>
8	NOTES TO THE STATEMENT OF CASH FLOWS		
(a)	Reconciliation of operating surplus to cash generated from operations		
	Operating surplus	96,292,518	31,583,169
	Adjustments for:		
	Depreciation	14,207,165	12,858,694
	Amortisation of prepaid lease rentals	65,725	65,725
	Interest receivable from government securities	7,740,842	-
	Library books reclassified to recurrent expenditure	477,618	-
	(Gain) / loss on disposal of property and equipment	<u>(755,700)</u>	<u>(633,102)</u>
	Operating surplus before working capital changes	<u>118,028,168</u>	<u>43,874,486</u>
	Changes in working capital		
	(Increase) / Decrease in receivables	(9,075,854)	(6,273,410)
	Increase / (Decrease) in payables	<u>(17,647,178)</u>	<u>21,951,349</u>
	Cash generated from operations	<u>91,305,136</u>	<u>59,552,425</u>
(b)	Cash and cash equivalents at the end of the year		
	Treasury bills and bonds	432,876,235	330,622,935
	Cash and bank balances	<u>73,044,857</u>	<u>55,544,518</u>
		<u>505,921,092</u>	<u>386,167,453</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (continued)

9 (a) PROPERTY AND EQUIPMENT

	Building	Information Communication Technology Equipment	Furniture and Fittings	Machinery and Office Equipment	Motor Vehicles	Library Books	Total
	Sh.	Sh.	Sh.	Sh.	Sh.	Sh.	Sh.
COST							
At 1 July 2008	113,878,164	36,934,125	17,174,996	7,302,911	37,202,569	464,618	212,957,383
Additions	1,790,460	3,975,260	2,063,168	1,812,840	-	13,000	9,654,728
Transfers	-	-	-	-	-	-	-
Disposals**	-	(788,406)	(63,905)	(350,926)	(2,343,900)	(477,618)	(4,024,755)
At 30 June 2009	115,668,624	40,120,979	19,174,259	8,764,825	34,858,669	-	218,587,356
DEPRECIATION							
At 1 July 2008	25,136,442	30,637,353	13,672,060	5,894,104	24,771,937	-	100,111,896
Charge for the year	2,891,716	5,372,844	1,584,828	644,329	3,713,448	-	14,207,165
Eliminated on disposals **	-	(788,406)	(63,905)	(350,926)	(2,343,900)	-	(3,547,137)
At 30 June 2009	28,028,158	35,221,791	15,192,983	6,187,507	26,141,485	-	110,771,924
NET BOOK VALUE							
At 30 June 2009	87,640,466	4,899,188	3,981,276	2,577,318	8,717,184	-	107,815,432
At 30 June 2008	88,741,722	6,296,772	3,502,936	1,408,807	12,430,632	464,618	112,845,487

** The amount of Sh. 477,618 eliminated on disposal of library books relates to cost incurred on purchase of library books. Expenditure incurred in acquisition of library books and resource materials was reclassified to recurrent expenditure during the financial year ended 30 June 2009. The amount of Sh. 477,618 is included in administration costs and disclosed in note 5 under notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (continued)

	2009 Sh.	2008 Sh.
9(b) PREPAID OPERATING LEASE RENTALS		
Leasehold land		
Cost	<u>6,112,507</u>	<u>6,112,507</u>
At 1 July 2008	262,900	197,175
Amortisation charge for the year	<u>65,725</u>	<u>65,725</u>
	<u>328,625</u>	<u>262,900</u>
Net book value	<u>5,783,882</u>	<u>5,849,607</u>
10 GOVERNMENT SECURITIES		
Treasury bills		
	155,464,600	142,832,730
Maturing within 91 days		
Maturing after 91 days	<u>118,994,080</u>	<u>52,772,450</u>
	<u>274,458,680</u>	<u>195,605,180</u>
Treasury bonds		
Maturing within one year	35,137,375	5,000,000
Maturing between 1-3 years	35,735,930	35,893,175
Maturing after 3 years	<u>87,544,250</u>	<u>94,124,580</u>
	<u>158,417,555</u>	<u>135,017,755</u>
	<u>432,876,235</u>	<u>330,622,935</u>
<p>The weighted average effective interest rate on Treasury bills was 7.74 % (2008 : 7.25 %). The weighted average effective interest rate on Treasury bonds was 11.1% (2008 : 10.8 %).</p>		
11 RECEIVABLES		
Prepayments	2,122,194	2,068,680
Interest receivable from government securities	7,740,842	-
Receivable from tenants	697,037	681,565
Staff receivables	<u>11,640,289</u>	<u>10,374,263</u>
	<u>22,200,362</u>	<u>13,124,508</u>
12 CASH AND BANK BALANCES		
Cash in hand	1,867,405	2,492,840
Bank balances	<u>71,177,452</u>	<u>53,051,678</u>
	<u>73,044,857</u>	<u>55,544,518</u>
<p>The bank balances represent cash held in the two current accounts maintained with National Bank of Kenya Ltd. and Barclays Bank of Kenya Ltd. The balances include Treasury bills which matured on 29 June 2009.</p>		
13 PAYABLES		
Examinations and invigilation expenses	10,195,670	7,411,950
Accruals	10,575,873	27,259,490
Prepaid examination fees	3,318,800	5,955,350
Other payables	<u>770,828</u>	<u>1,881,559</u>
	<u>24,861,171</u>	<u>42,508,349</u>
14 TAXATION		

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

SERVICE CHARTER

Preamble

KASNEB was inaugurated on 24 July 1969.

The Accountants Act, Cap. 531 of laws of Kenya which was enacted in July 1977, gave KASNEB retroactive recognition since its inception in 1969. The Accountants Act Cap. 531 was repealed and replaced by the Accountants Act No. 15 of 2008.

The Certified Public Secretaries of Kenya Act (Cap 534) reaffirms KASNEB as the examining body for the Certified Public Secretaries examination.

KASNEB's corporate strategic plan has been formulated with the objective of ensuring production of globally competitive professionals in the areas of finance, accountancy, management, information technology and related disciplines.

The corporate strategic plan of KASNEB has outlined the performance measures necessary for the realisation of its vision and mission and the achievement of set objectives. Consequently, this service charter outlines the quality of service that our customers can expect to receive from us. The aim of the service charter is to increase public awareness of the mandate, values and activities of KASNEB and to give assurance on the quality of its products and services.

1. Vision

To be the preferred world-class professional examinations body in finance, accountancy, management, information technology and related disciplines.

2. Mission

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

3. Mandate

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

4. Functions

The functions of KASNEB are outlined under Section 17 of the Accountants Act No. 15 of 2008.

The following is a summarised position of the functions:

- (a) Preparation of syllabuses for finance, accountancy, management, information technology and other related disciplines, arrangement and conduct of examinations and issue certificates to successful candidates.
- (b) Promotion of recognition of its examinations nationally and internationally.
- (c) Accreditation of institutions offering training in subjects examinable by KASNEB.
- (d) Promote and carry out research and publication of books and other materials relevant to its examinations.
- (e) Consultation with partner institutions and other stakeholders for purposes of exercising and performing its functions.

5. Our products

Currently our products comprise the following examinations:

(a) Professional examinations:

- (i) Certified Public Accountants (CPA) examination
- (ii) Certified Public Secretaries (CPS) examination
- (iii) Certified Information Communication Technologists (CICT) examination
- (iv) Certified Securities and Investment Analysts (CSIA) examination
- (v) Certified Credit Professionals (CCP) examination.

(b) Technician examinations:

- (i) Accounting Technicians Certificate (ATC) examination
- (ii) Information Communication Technology Technicians (ICTT) examination
- (iii) Investment and Securities Technicians (IST) examination
- (v) Credit Management Technicians (CMT) examination.

6. Core values

We commit ourselves to the following core values:

- (i) Honesty and integrity.
- (ii) Competence and professionalism.
- (iii) Excellence and meritocracy.
- (iv) Accountability and transparency.
- (v) Equal opportunity and fair play.
- (vi) Social responsibility.
- (vii) Team-work.

7. Our customers

KASNEB recognises the key roles played by both the internal and external customers in the attainment of its objectives. KASNEB will continue to enlist the support of the customers and nurture the existing cordial and friendly relations. The customers of KASNEB include:

- (a) Staff
- (b) Members of the Board and Committees
- (c) Students:
 - Current; both active and inactive
 - Potential
- (d) Parents/guardians/sponsors
- (e) Partner institutions:
 - (i) Statutory bodies such as Registration and Quality Assurance Committee, Registration of Certified Public Secretaries Board, ICPAK and ICPSK.
 - (ii) Other bodies including the Institute of Investment Professionals of Eastern Africa (IIP-EA) and the Institute of Credit Management Kenya [ICM (K)].
- (f) Relevant professional bodies such as:
 - (i) Eastern, Central and Southern African Federation of Accountants (ECSAFA)
 - (ii) International Federation of Accountants (IFAC)
 - (iii) International Federation of Company Secretaries (IFCS)
- (g) Other regional bodies such as:
 - (i) East African Community (EAC)
 - (ii) Common Market for Eastern and Southern Africa (COMESA)
- (h) Government
 - (i) Public
- (j) Employers
- (k) Relevant professional firms.
- (l) Training institutions
- (m) Trainers
- (n) Examiners
- (o) Invigilators
- (p) Suppliers
- (q) Publishers
- (r) Authors
- (s) Media

8. Expectations of our customers

Our customers should expect the following from us:

- (a) High quality examinations.
- (b) Examinations processes that are of high standards and are conducted in a transparent manner.
- (c) Graduates who are able to perform duties with competence and professionalism and espouse ethical standards and self discipline.

- (d) Graduates who are competitive in the market place both nationally and internationally.
- (e) Quality and efficient service without discrimination or favour.
- (f) Courtesy and timely response to requests and enquiries.

9. Our expectations from customers

We expect our customers to:

- (a) Observe our rules and regulations relating to examinations.
- (b) Pay the required fees and charges.
- (c) Treat our staff with courtesy and respect.
- (d) Provide us with the relevant information as appropriate.
- (e) Expect high quality service from us.
- (f) Give us feedback on our service delivery.

10. Our commitment to service delivery

We pledge to our customers to:

- (a) Hold examinations at the appointed time.
- (b) Issue examinations timetables (authority to sit examinations) to candidates three weeks before the examination date.
- (c) Issue students' identification cards within two months of the application.
- (d) Release examinations results to candidates within two months from the date of the examinations.
- (e) Issue certificates to all successful candidates within one year from the date of the examination.
- (f) Attend to all customers within the same day.
- (g) Respond to written correspondence within fourteen calendar days from the date of receipt.
- (h) Publish and circulate the KASNEB Newline quarterly.
- (i) Enhance the operations of the customer relations office and maintain a complaints and suggestion box.
- (j) Keep the KASNEB website updated with relevant information.
- (k) Procure goods and services in accordance with the established procurement rules and regulations.
- (l) Make payment for goods supplied and services rendered within two weeks of receipt of valid invoice.

11. Feedback mechanisms

Our customers are encouraged to make compliments, suggestions, genuine criticisms and complaints to the Secretary in person, by post, telephone, fax or e-mail.

12. Review of the charter

In consultation with our customers and stakeholders we undertake to review the service charter on annual basis in order to continuously enhance service delivery to our customers.

13. Official working hours are 8.00 a.m. to 5.00 p.m. during weekdays except public holidays.

14. Physical address

We are located at KASNEB Towers off Hospital Road, Upper Hill Area, Nairobi.

15. Contact address

P.O. Box 41362-00100
Nairobi, Kenya

Telephone : 2712640/2712828
Fax : 254-020-2712915
E-mail : info@kasneb.or.ke
Cellphone : 0722-201214/0734-600624
Website : www.kasneb.or.ke

Under the new syllabuses which will be examined for the first time in December 2009, KASNEB will administer the following five professional examinations and four technician examinations. The examinations are administered both within Kenya and outside Kenya twice every year in May/June and November/December. The examinations are benchmarked with International Standards and best practice.

PROFESSIONAL EXAMINATIONS

Minimum requirement: Mean grade KCSE C+ with C+ in English and Mathematics or equivalent



CPA
CERTIFIED PUBLIC
ACCOUNTANTS EXAMINATION

The gateway to exciting and fulfilling careers in accountancy and finance



CPS
CERTIFIED PUBLIC
SECRETARIES EXAMINATION

The springboard to a distinguished career in company secretarial practice and corporate management



CICT
CERTIFIED INFORMATION
COMMUNICATION
TECHNOLOGISTS
EXAMINATION

Fulfilling the professional demands of the dynamic ICT environment



CSIA
CERTIFIED SECURITIES
AND INVESTMENT ANALYSTS
EXAMINATION

The key to establishing a professional niche in financial analysis, capital and money markets



CCP
CERTIFIED CREDIT
PROFESSIONALS EXAMINATION

Preparing professionals for the fast unfolding opportunities in credit analysis and control

TECHNICIAN EXAMINATIONS

Minimum requirement: Mean grade KCSE D+ or equivalent



ATC
ACCOUNTING
TECHNICIANS
CERTIFICATE
EXAMINATION



ICTT
INFORMATION
COMMUNICATION
TECHNOLOGI
TECHNICIANS
EXAMINATION



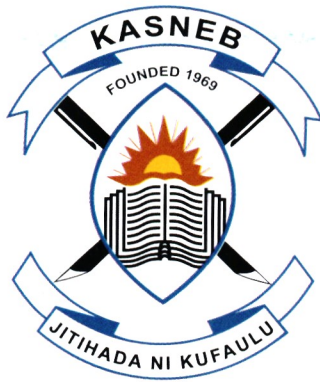
IST
INVESTMENT AND
SECURITIES
TECHNICIANS
EXAMINATION



GMT
CREDIT
MANAGEMENT
TECHNICIANS
EXAMINATION

SAVOUR THE BENEFITS

- International recognition
- International mobility
- Membership to professional institutes of repute
- Credit retention
- Credit transfers with institutions of higher learning
- High rating by employers
- Competitive advantage



Corporate vision

To be the preferred world-class professional examinations body in finance, accountancy, management, information technology and related disciplines.

Mission statement

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- (v) Equal opportunity and fair play.
- (vi) Social responsibility.
- (vii) Team-work.

A NEW DAWN

40 years of providing professional and skilled human capital worldwide



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