

PAPER 118  
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# KENYA ACCOUNTANTS AND SECRETARIES NATIONAL EXAMINATIONS BOARD

KASNEB HEAD OFFICE  
KASNEB TOWERS  
HOSPITAL ROAD

MINISTRY  
OF KENYA  
LIBRARY

ANNUAL ACCOUNTS  
FOR THE YEAR  
ENDED 30 JUNE  
1997

7-3  
KASNEB

# **Report of the Auditor-General (Corporations) on the Accounts of Kenya Accountants and Secretaries National Examinations Board for the year ended 30 June 1997**

I have examined the accounts of Kenya Accountants and Secretaries National Examinations Board for the year ended 30 June 1997 in accordance with Section 29 (2) of the Exchequer and Audit Act, (Cap 412). I have obtained all the information and explanations that I have required for the purpose of the audit. Proper books of account have been kept by the Board and the accounts are in agreement therewith and comply with the Accountants Act, (Cap 531).

Except for the reservation set out herebelow, in my opinion, the accounts when read together with the notes thereon, give a true and fair view of the state of financial affairs of the Board as at 30 June 1997 and of its surplus and Cash Flow Statement for the year ended on that date.

In my reports for the years 1994/95 and 1995/96, I made reference to increase in salaries, allowances and benefits to staff and Board members which had not been approved by the Government. As a result of the increases, expenditure on salaries and wages increased by Kshs. 8,096,029 or 86% from Kshs. 9,394,601 in 1993/94 to Kshs. 17,490,630 in 1994/95. The same increased by Kshs. 1,875,383 or 11% from Kshs. 17,490,630 in 1994/95 to Kshs. 19,366,013 in 1995/96. During the year under review a further increase was effected again without Government approval and as a result of which expenditure on salaries and wages increased from Kshs. 19,366,013 in 1995/96 to Kshs. 20,706,869 in 1996/97 an increase of Kshs. 1,340,833. No evidence has been provided to confirm that the Government has since approved these increases.

**W.K. Kemei**  
**Auditor-General (Corporations)**

30 March, 1998.

KENYA NATIONAL ASSEMBLY  
Accession: 10012911

Call No: 657-3 KASNEB



**Kenya Accountants and Secretaries  
National Examinations Board**  
BALANCE SHEET AS AT 30 JUNE 1997

|   | <b>1996<br/>Sh.</b> |
|---|---------------------|
| General Fund                            | 31,058,488          |
| Long term loan (Note 5)                 | 17,194,652          |
|   | <hr/>               |
|   | 48,253,140          |
|   | <hr/> <hr/>         |
| <b>REPRESENTED BY:</b>                  |                     |
| <b>FIXED ASSETS (Note 7)</b>            | 59,011,453          |
|   | <hr/>               |
| <b>CURRENT ASSETS</b>                   |                     |
| Sundry debtors and prepaid expenses     | 1,320,812           |
| Staff Pension Fund (Note 6)             | 6,568,019           |
| Term deposits                           | 587,909             |
| Balance at bank                         | 931,276             |
| Cash in hand                            | 99,752              |
|   | <hr/>               |
|   | 9,507,768           |
|   | <hr/>               |
| <b>CURRENT LIABILITIES</b>              |                     |
| Sundry creditors and accrued expenses   | 13,698,062          |
| Staff Pension Fund (Note 6)             | 6,568,019           |
|   | <hr/>               |
|   | 20,266,081          |
|   | <hr/>               |
| <b>NET CURRENT ASSETS/(LIABILITIES)</b> | (10,758,313)        |
|   | <hr/>               |
|   | 48,253,140          |
|   | <hr/> <hr/>         |

**CHAIRMAN:** R.K.A. SIELE

**SECRETARY:** E.K. GITAU

**DATE:** 27 March, 1998.

# Kenya Accountants and Secretaries National Examinations Board

## INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30 JUNE 1997

|   | 1997<br>Sh.           | 1996<br>Sh.        |
|---|-----------------------|--------------------|
| <b>INCOME FROM OPERATIONS</b>                             |                       |                    |
| Examination entry fees                                    | 51,529,201            | 39,872,028         |
| Registration fees   | 15,793,774            | 9,947,560          |
| Annual registration renewal fees                          | 18,154,516            | 8,310,241          |
| Exemption fees  | 2,515,417             | 1,268,922          |
| Sale of past question papers                              | 487,862               | 536,651            |
|   | <u>88,480,770</u>     | <u>59,935,402</u>  |
| (a)   |                       |                    |
| <b>EXPENDITURE ON OPERATIONS</b>                          |                       |                    |
| Examiners' and invigilators' honoraria                    | 12,395,963            | 9,347,962          |
| Examination prizes  | 59,000                | 79,500             |
| Rent of examination halls                                 | 486,900               | 264,450            |
| Data processing expenses                                  | 598,333               | 654,082            |
| Printing and stationery                                   | 8,766,263             | 8,455,082          |
| Local travelling & transport expenses                     | 1,934,055             | 1,784,151          |
| Long distance travelling & transport expenses             | 1,280,169             | 1,177,413          |
| Postage and telephone                                     | 1,530,196             | 1,334,870          |
| Salaries and Wages  | 20,706,869            | 19,366,013         |
| Pension and benefits                                      | 1,738,368             | 1,577,657          |
| Education and training                                    | 912,822               | 179,206            |
| Repairs and renewals                                      | 413,411               | 73,725             |
| Auditors remuneration                                     | 80,000                | 80,000             |
| Insurance   | 491,503               | 481,428            |
| Sundry expenses   | 1,344,161             | 967,592            |
| Bank charges  | 321,624               | 428,052            |
| Honoraria to members                                      | 1,024,368             | 672,152            |
| Publicity and promotion                                   | 1,189,829             | 698,606            |
| Professional journals to students                         | 1,960,000             | 904,125            |
| Legal expenses  | -                     | 48,688             |
| Office rent and rates - paid                              | 41,705                | 338,742            |
| Office rent - notional                                    | 3,371,436             | 2,839,104          |
|   | <u>60,646,975</u>     | <u>51,752,600</u>  |
| (b)   |                       |                    |
| <b>Surplus (deficit) from operations (a - b)</b>          | (c) <u>27,833,795</u> | <u>8,182,802</u>   |
| <b>INCOME FROM OTHER SOURCES</b>                          |                       |                    |
| Student identity card fees                                | 1,606,000             | -                  |
| Interest earned   | 1,342,382             | 63,021             |
| Rental income - other tenants                             | 1,584,366             | 1,439,202          |
| Rental income - notional                                  | 3,371,436             | 2,839,104          |
| Capital reserve written back                              | -                     | 952,919            |
| Sub-total   | (d) <u>7,904,184</u>  | <u>5,294,246</u>   |
| <b>EXPENDITURE ON OTHER ITEMS</b>                         |                       |                    |
| Student identity card expenses                            | 1,606,000             | -                  |
| Interest on loan; and finance charges                     | 4,552,851             | 5,804,785          |
| Insurance and maintenance of Kasneb Towers                | 1,662,680             | 1,499,452          |
| Depreciation  | 3,768,404             | 4,176,305          |
| Donations   | -                     | 144,000            |
| Sub-Total   | (e) <u>11,589,935</u> | <u>11,624,542</u>  |
| <b>Surplus (deficit) from other sources (f) = (d - e)</b> | <u>(3,685,751)</u>    | <u>(6,330,296)</u> |
| <b>Excess of income over expenditure (g) = (c + f)</b>    | <u>24,148,044</u>     | <u>1,852,506</u>   |
| <b>GENERAL FUND BALANCE</b>                               |                       |                    |
| Excess of income over expenditure                         | 31,058,488            | 29,205,982         |
|   | <u>24,148,044</u>     | <u>1,852,506</u>   |
|   | <u>55,206,532</u>     | <u>31,058,488</u>  |

**Kenya Accountants and Secretaries  
National Examinations Board**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 1997**

|   |        | <b>1997<br/>Sh.</b> | <b>1996<br/>Sh.</b> |
|---|--------|---------------------|---------------------|
| Cash inflow (outflow) from operations                                     | (i)    | 24,148,044          | 1,852,506           |
| <b>Adjustment for:</b>  |        |                     |                     |
| Capital reserve written back  | (ii)   | -                   | (952,919)           |
| Depreciation  | (iii)  | 3,768,204           | 4,176,305           |
| Operating surplus (deficit) before working capital changes (i + ii + iii) | (iv)   | 27,916,448          | 5,075,892           |
| Increase in sundry debtors and prepaid expenses                           | (v)    | (657,691)           | (88,691)            |
| Decrease in sundry creditors and accrued expenses                         | (vi)   | (6,006,791)         | (2,607,705)         |
| <b>NET CASH INFLOW FROM OPERATING ACTIVITIES (iv + v + vi)</b>            | (vii)  | <b>20,551,966</b>   | <b>2,379,496</b>    |
| <b>Investment activities</b>  |        |                     |                     |
| Purchase of fixed assets  | (viii) | (3,450,874)         | (520,865)           |
| Loan repayment – HFCK   | (ix)   | (5,280,960)         | (894,240)           |
| <b>INCREASE IN CASH AND CASH EQUIVALENTS (vii + viii + ix)</b>            | (x)    | <b>11,830,723</b>   | <b>964,391</b>      |
| <b>CASH AND CASH EQUIVALENTS</b>  |        |                     |                     |
| Increase in cash and cash equivalents                                     |        | 11,830,723          | 964,391             |
| Cash and cash equivalent at the beginning of the year                     |        | 1,618,937           | 654,546             |
| Cash and cash equivalent at the end of the year                           | (xi)   | 13,449,660          | 1,618,937           |
| <b>The closing balance of item No. (xi) is represented by:</b>            |        |                     |                     |
| Term deposits   |        | 8,414,113           | 587,909             |
| Balance at bank   |        | 4,373,198           | 931,276             |
| Cash in hand  |        | 662,349             | 99,752              |
|   |        | <b>13,449,660</b>   | <b>1,618,937</b>    |

# Kenya Accountants and Secretaries National Examinations Board

## NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 1997

### 1. ESTABLISHMENT

The Board is established under Section 14(1) of the Accountants Act (Cap. 531) of the Laws of Kenya.

### 2. INCOME TAX

The income of the Board is exempt from tax by virtue of Legal Notice No. 116/1975.

### 3. ACCOUNTING POLICIES

(a) **Accounting convention**

The accounts are prepared under the historical cost convention.

(b) **Fixed assets and depreciation**

Fixed assets are stated at cost less depreciation.

Depreciation is calculated on the straight line basis at annual rates estimated to write off each asset over the term of its useful life.

The annual rates are:

|       |                                      |      |
|-------|--------------------------------------|------|
| (i)   | Electronic data processing equipment | 25%  |
| (ii)  | Partitions and fittings              | 20%  |
| (iii) | Office furniture and desks & chairs  | 20%  |
| (iv)  | Machinery and office equipment       | 20%  |
| (v)   | Motor vehicles                       | 25%  |
| (vi)  | Leasehold land and building          | 2.5% |

(c) Examination fees are accounted for in the year in which the relevant examination takes place. No value is placed on stocks of past examination papers.

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

(e) Interest income is accounted for on accrual basis.

### 4. CAPITAL RESERVE – SH. 952,919

The capital reserve amounting to Sh. 952,919 (Shillings nine hundred and fifty two thousand nine hundred and nineteen only) was written back during the year ended 30 June 1996. The necessary authority was granted by the Finance and General Purposes Committee on 6 December 1996. Consequently the said sum of Sh. 952,919 is not reflected in the accounts for the year ended 30 June 1997.

5. **LONG TERM LOAN**

This is a long term loan for 10 years between 1994 and 2004.

It is a commercial loan for Sh. 18 million, which was granted by HFCK Ltd. in respect of the official office building of the Board – Kasneb Towers.

6. **STAFF PENSION FUND AND SCHEME MONEYS – SH. 6,568,019**

The sum of Sh. 6,568,019 (Shillings six million five hundred and sixty eight thousand and nineteen only) belonged to the Kasneb Staff Pension Fund and Scheme. The moneys were held in trust by the Board, following the placing of the Kenya National Assurance Co. (KNAC) Ltd. under liquidation.

Prior to its placement under liquidation, the KNAC Ltd. was responsible for the management and administration of the Kasneb Staff Pension Fund. The sum of Sh. 6,568,019 was transferred to Barclaytrust Investment Services Ltd. in December 1996, following the appointment of Barclaytrust Investment Services Ltd. as the fund managers of Staff Pension Fund.

The necessary authority was granted by the Finance and General Purposes Committee on 6 December 1996. A report on the implementation of the transfer is recorded in the minutes of the Finance and General Purposes Committee meeting of 19 March 1997.

7. FIXED ASSETS

| Cost                      | Sh.               | Leasehold<br>Land and<br>Building | Electronic Data<br>Processing<br>Equipment | Partitions<br>and<br>Fittings | Office Furniture<br>and Desks &<br>Chairs | Machinery<br>and Office<br>Equipment | Motor<br>Vehicles | Total             |
|---------------------------|-------------------|-----------------------------------|--|-------------------------------|---|--------------------------------------|-------------------|-------------------|
|                           | Sh.               |                                   |  |                               |   |                                      |                   | Sh.               |
| At 1 July 1996            | 59,287,438        |                                   | 5,316,092                                  | 3,354,267                     | 620,332                                   | 501,981                              | 4,606,368         | 73,686,408        |
| Additions during the year | 1,069,822         |                                   | 1,147,125                                  | 134,788                       | -   | 1,098,539                            | -                 | 3,450,274         |
| <b>Gross Book Value</b>   | <b>60,357,260</b> |                                   | <b>6,463,147</b>                           | <b>3,489,055</b>              | <b>620,332</b>                            | <b>1,600,520</b>                     | <b>4,606,368</b>  | <b>77,136,682</b> |
| <b>Depreciation:</b>      |                   |                                   |  |                               |   |                                      |                   |                   |
| At 1 July 1996            | 4,320,977         |                                   | 5,017,042                                  | 2,012,559                     | 349,971                                   | 191,838                              | 2,782,568         | 14,674,955        |
| Charge for the year       | 1,509,000         |                                   | 424,330                                    | 697,813                       | 124,066                                   | 101,795                              | 911,400           | 3,768,404         |
| Accumulated depreciation  | 5,829,977         |                                   | 5,441,372                                  | 2,710,372                     | 474,037                                   | 293,633                              | 3,693,968         | 18,443,359        |
| <b>Net Book Value</b>     |                   |                                   |  |                               |   |                                      |                   |                   |
| at 30 June 1997           | <b>54,527,283</b> |                                   | <b>1,021,775</b>                           | <b>778,683</b>                | <b>146,295</b>                            | <b>1,306,887</b>                     | <b>912,400</b>    | <b>58,693,323</b> |