

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
INSTITUTE OF HUMAN RESOURCE
MANAGEMENT (IHRM)

FOR THE YEAR ENDED
30 JUNE 2017

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 12 SEP 2019

DAY

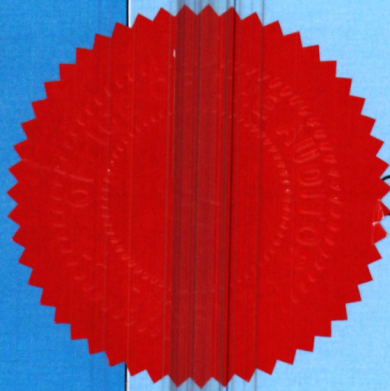
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The Professional Body of HR Practitioners in Kenya



THE INSTITUTE OF HUMAN RESOURCE MANAGEMENT
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2017



Table of Content

Page

- I. INSTITUTE INFORMATION 1
- II. REPORT OF THE COUNCIL..... 7
- III. STATEMENT OF COUNCIL’S RESPONSIBILITIES ON THE FINANCIAL STATEMENTS 8
- IV. REPORT OF THE INDEPENDENT AUDITORS ON THE INSTITUTE..... 9
- V. FINANCIAL STATEMENTS 10
 - STATEMENT OF FINANCIAL PERFORMANCE 10
 - STATEMENT OF FINANCIAL POSITION..... 11
 - STATEMENT OF CHANGES IN NET ASSETS 12
 - STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS 14
- VI. NOTES TO THE FINANCIAL STATEMENTS..... 15



I. INSTITUTE INFORMATION

(a) Background information

The Institute of Human Resource Management (IHRM) is a statutory professional body established under section 3 of the Human Resource Management Professionals (HRMP) Act No. 52 of 2012 herein after referred to as the Act.

(b) Primary Objective of IHRM

Its mandate among others is to regulate the Human Resource Practice in Kenya.

(c) Functions of IHRM

The Human Resource Management Professionals Act No. 52 of 2012, Laws of Kenya, prescribes the following functions for the Institute;

- Establish, monitor and publish the standards of professional competence and practice amongst human resource professionals;
- Register persons who meet the required professional and ethics standards;
- Promote research in human resource practice and related matters,
- Publish books, periodicals, journals and articles on human resource;
- Provide a medium for communication and exchange of information, knowledge and ethical standards for those persons engaged in the field of human resources management;
- Network with regional and international related bodies to promote and develop progressive human resource management practices;
- Hold examinations and prescribe tests of competency deemed appropriate to qualify for membership and certification by the Institute;
- Advise the Examinations Board on matters relating to examination standards and policies;
- Advise the Registration Committee on matters relating to registration;
- Regulate the practice, competence and professional conduct of human resource professionals;
- Promote and protect the welfare and interests of the human resources profession;
- Promote inter-professional collaboration with other professional bodies; and
- Carry out any other functions prescribed under any of the provisions of HRMP Act of 2012.

Vision and Mission

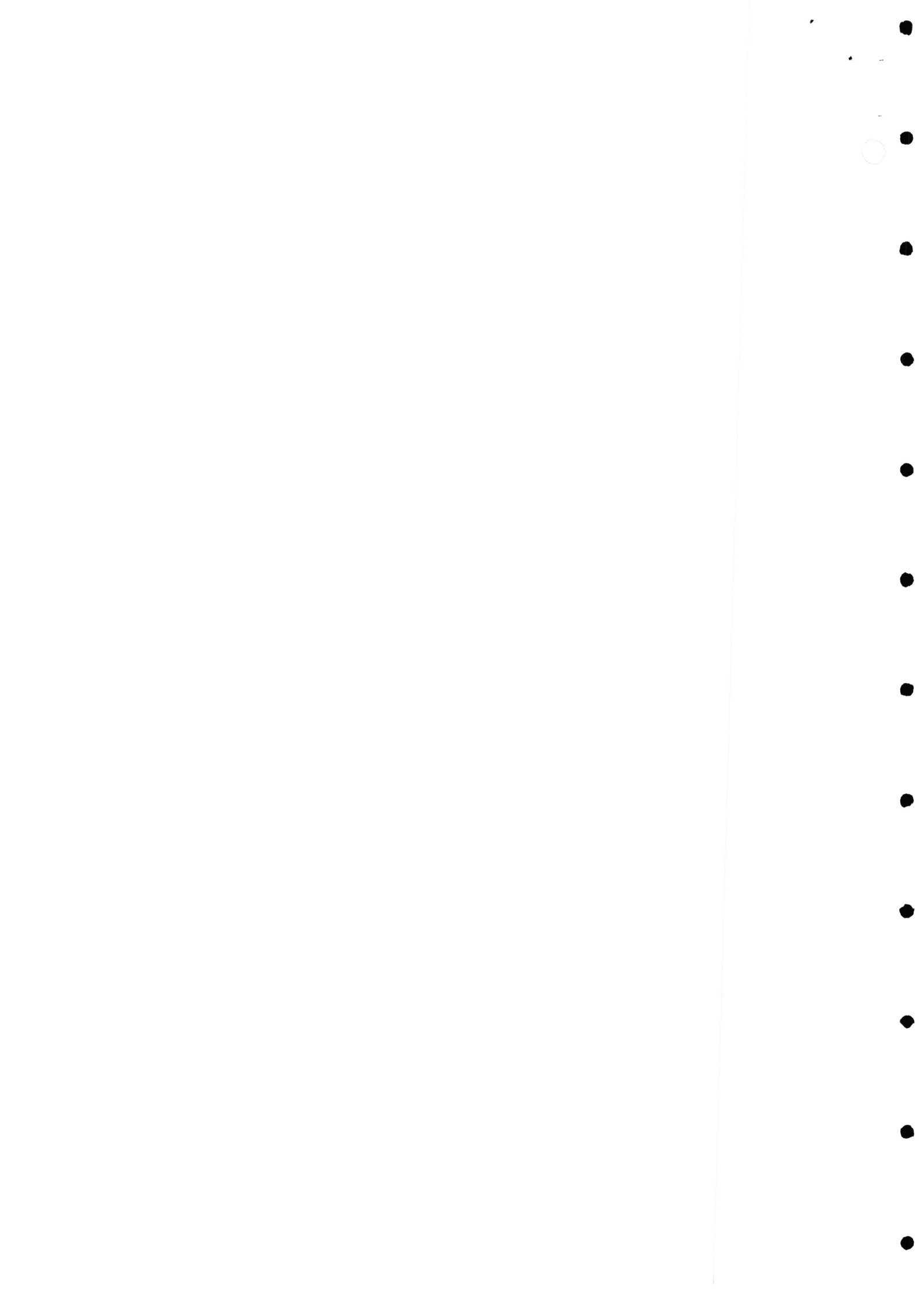
Vision

“To be a globally recognized Human Resource Professional body”

Mission

“To regulate, develop and promote recognized Human Resource Profession in Kenya through:

- Enhancing competence and capabilities of Human Resource Professionals whilst serving public interest.
- Supporting innovative and transformative Human Resource Practices and Standards.
- Building Sustainable Institutional Capacity and Collaborations.
- Human Resource Research, Publication and Knowledge Development



Credo:

Transformed; Connected; Impactful

Core Values

- Transparency and Accountability;
IHRM will be accountable and transparent in the provision of regulatory services and related activities.
- Professionalism;
IHRM will uphold high standards of professionalism, integrity and excellence in our service delivery.
- Innovation;
IHRM will continuously embrace innovation, creativity and transformation while leveraging on Technology in execution of our operations.
- Compliance and Green Practices;
IHRM will endeavour to be compliant with the Law and adopt emerging green practices.
- Business Acumen;
IHRM will strive to acquire and apply business acumen initiatives in Human Resource practices

(d) Governance Structure**Structure of the Institute**

IHRM Council

Committees of The Council

Finance and HR

CPD Training

Registration

(e) Institute Headquarters

P.O. BOX 6132 - 00300
Cardinal Otunga Plaza
Cardinal Otunga Road
Nairobi, Kenya

(f) Institute Contacts

Telephone: (254) 202213745
E-mail: info@ihrm.or.ke
Website: www.ihrm.or.ke

(g) Institute Bankers

1. Barclays Bank of Kenya
Harambee Avenue Branch
P.O. Box 30120 - 00100
GPO.
Nairobi, Kenya
2. Kenya Commercial Bank
Kipande House Branch
P.O. Box 30012 - 00100
GPO
Nairobi, Kenya

(h) Independent Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O.Box 30084
GOP 00100
Nairobi, Kenya

(i) Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya



MEMBERS OF THE COUNCIL

1	Mr. Elijah Sitimah		Chairman
2	Mr. Stephen K. Malakwen		Vice Chairman
3	Mr. Ahmed Diriye		Member
4	Mr. Gilbert Nyandiga		Member
5	M/s Miriam Mwangi		Member
6	Dr. Sammy Nyambari		Member
7	Mr. John Gecaga		Member
8	Dr. Amani Komora		Member
9	CHRP Dorcas Wainaina, OGW		Member

REPORT OF THE CHAIRMAN

The Institute of Human Resource Management of Kenya (IHRM) was established in December 31st 2012 through The Human Resource Management Professionals' Act (HRMP) No. 52 of 2012. It is now in its seventh (6) year. My sincere thanks to the IHRM pioneer council members and successive leadership for steering and engineering the Institute from a nondescript entity in 2012 to a prominent professional titan in 2017. It is my great pleasure to present my first Chairman's statement to you the members of the Institute. On behalf of the Council members, I also present the Annual Report and Audited Financial statements for the Financial Year ended on 30th June 2017.

The economic climate has been turbulent over the past few months, with depressed investment and trade. This is largely attributed to the prolonged electoral process in 2017. This impacted negatively on several fronts including but not limited to slowed economic activities, and delayed economic and financial decisions. Additionally, the country continues to grapple with a myriad of challenges such as mismanagement of public funds at the two levels of government, simmering tension between Executive and the Judiciary, famine, drought, unemployment, and ballooning public debt. Notwithstanding, in 2017 the Institute managed to navigate these turbulence to remain a veritable human resource management Institute guided by credibility, professionalism and accountability in dealing with Institute's Council Affairs.

The Council confirmed CHRP Dorcas Wainaina as a substantive Executive Director in February 2017. We are confident that CHRP Wainaina will lead the institute to greater heights and success in 2017 and beyond.

On behalf of the Council, I would like to congratulate and thank the Institute's Management and Staff on their diligence and dedication during 2017 that have resulted in an impressive result. I would also like to acknowledge the invaluable support I continue to receive from my colleagues in the Council which has helped steer the Institute's business activities and strategies successfully throughout 2017. I wish to recognize with gratitude, the vital support, loyalty and trust that we have continued to receive from our members, clients and other stakeholders within the industry.

Thank you



Elijah Teyah Sitimah

Council Chairman

Report of the Executive Director

We value the wonderful input from so many of our members and these contributions together with the hard work of our staff have again resulted in many achievements and exciting progress. We continue to grow with over 1,200 members. This signifies our advancing profession and our interest in and commitment to upholding public interest on behalf of our people and nation. It also reflects that IHRM Council is strongly committed to providing valuable and sought-after member services, support, resources and leadership.

In a rapidly changing environment, CPD is the mechanism to ensure that human resource practitioners are up to date in their field. At IHRM, central to our current strategy is our commitment to ensuring the relevance and competitiveness of skill sets in the human resource workforce in Kenya. In 2017, the training team delivered a total of 29 scheduled training events, with thousands of human resource practitioners engaging in structured CPD trainings. IHRM diversified courses and seminars significantly in 2017 in response to the outcomes of members' feedback. The expansion of our training programme has seen the introduction of a number of well received topics and courses. Supported by the Training Department, the CPD programme continues to meet the needs of our diverse membership.

The institute is in the process of installing an ERP system to improve the technological platform and address all the departments' performance. It is expected to be fully operational by end of financial year 2018-2019.

Like any other organization, to ensure our continued survival and representation of the profession, a healthy financial position is required. I am pleased to note that despite the turbulence experienced during the year, the Institute recorded notable achievements. This was made possible by dedicated work force and guided by Finance and HR committee and the Council.

IHRM regulatory role has been designed to benchmark our professional competence with the best in the world. The employers are urged to continue engaging our duly registered members. They should take comfort in the fact that, IHRM members operate under a regulated environment, hence the Institute is obligated by law (the human resource professionals Act.) to step in and take remedial disciplinary action in case of professional misconduct by any of our members.

I would like to sincerely thank the Institute's Secretariat for their hard work and dedication, often above and beyond their limit. Their passion for the human resource profession is to be admired and it has been my distinct pleasure to serve with them. Our sponsors are crucial to the successful delivery of our services - they richly deserve the gratitude of the whole human resource community. I further express my gratitude to our volunteer members for freely giving up their time to serve on council, committees and branches. I would like to sincerely thank you all on behalf of IHRM and the human resource profession.



**CHRP DORCAS WAINAINA OGW
EXECUTIVE DIRECTOR**



II. REPORT OF THE COUNCIL

The Council submit its report and the audited financial statements for the year ended 30th June, 2017 which show the state of the Institute's affairs.

Incorporation

The Institute of Human Resource Management of Kenya is a body corporate established in 2008 as a company limited by guarantee, enacted under the provisions of the HRMP Act No. 52 of 2012 the Laws of Kenya and is domiciled in Kenya. The address of the registered office is set out on page 2.

Principal activities

The principal activities of the Institute are to promote standards of professional competence and practice amongst members of the Institute; to promote research into the subject of Human Resource and related matters, and the publication of books, periodicals, journals and articles in connection therewith; to promote international recognition of the Institute and the CHRP brand; advise the Human Resource Management Professional Examination Board (HRMPEB) on matters relating to examinations standard and policies; and to advise the Minister responsible for public Service on matters relating to Human Resource in all sectors of the economy

Results

The total Comprehensive Income for the year ended 30th June 2017

2016/2017	2015/2016
Kshs.	Kshs.
<u>41,870,504</u>	<u>37,760,939</u>

Governing Council

The members of the Council who served during the year are shown on page

Auditors

The Auditor General is responsible for the statutory audit of the Institute in accordance with the Section 39. (2) Of the HRMP Act No. 52 of 2012.

The Auditor General office will carry out the audit of the Institute's financial statements for the year ended June 30, 2017.

By Order of the Council



CHRP Dorcas K. Wainaina.
Executive Director and Secretary to the Council

III. STATEMENT OF COUNCIL'S RESPONSIBILITIES ON THE FINANCIAL STATEMENTS

The HRMP Act No. 52 of 2012 read together with ISA 580 (par 8) require the Council to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Institute as at the end of the financial year and of its operating results for the year. It also requires the Council to ensure that the Institute keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Institute. The Council is also responsible for safeguarding the assets of the Institute.

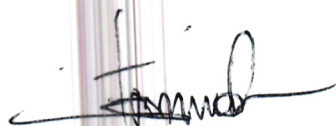
The Governing Council is responsible for the preparation and presentation of the Institute's financial statements, which give a true and fair view of the state of affairs of the Institute for and as at the end of the financial year ended on 30th June, 2017. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Institute; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Institute; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Council accepts responsibility for the Institute's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS). The Council is of the opinion that the Institute's financial statements give a true and fair view of the state of Institute's transactions during the financial year ended June 30, 2017, and of the Institute's financial position as at that date. The Council further confirm the completeness of the accounting records maintained for the Institute, which have been relied upon in the preparation of the Institute's financial statements as well as the adequacy of the systems of internal financial control.

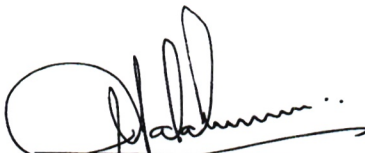
Nothing has come to the attention of the Council to indicate that the Institute will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Institute's financial statements were approved by the Council on _____ 2019 and signed on its behalf by:



Chairman



Member

Member

REPUBLIC OF KENYA

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Fax: +254-20-311482
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NAIROBI



OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON THE INSTITUTE OF HUMAN RESOURCE MANAGEMENT (IHRM) FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Disclaimer of Opinion

I have audited the accompanying financial statements of the Institute of Human Resource Management set out on pages 10 to 27, which comprise the statement of income and expenditure, statement of financial position, statement of changes in equity, statement of cash flows and statement of changes in accumulated funds 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 do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1.0 Late Submission of Financial Statements

Section 81(3) and (4) (a) of the Public Finance Management Act, 2012 explicitly provides that the accounting officer of an entity shall prepare the financial statements in a form that complies with the relevant accounting standards prescribed and published by the Public Sector Accounting Standards Board from time to time and that not later than three (3) months after the end of each financial year (30th September), the accounting officer for the entity shall submit the entity's financial statements to the Auditor-General for audit. However, the Management of the Institute of Human Resource Management submitted the Financial Statements for the financial year ended 30 June 2017 on 19th December 2018 resulting to noncompliance.

2.0 General Presentation of Financial Statements

2.1 Income

The statement of financial performance reflects a balance of Kshs.153,808,578 as total revenue for the year ended 30 June 2017 as disclosed under note 1 to the financial statements which includes Kshs.20,136,974 as disclosed on note 4 to the financial statements. However, the analysis of the list of members provided for audit verification indicated the annual subscription fee as Kshs.59,422,000 as detailed below:

Report of the Auditor-General on the Financial Statements of the Institute of Human Resource Management (IHRM) for the year ended 30 June 2017

Category	Number	Subscription Rate	Total Expected Kshs.
Associates	7,364	4,000	29,456,000
Fellow	39	7,000	273,000
Full members	3,350	4,500	15,075,000
HR firms	199	10,000	1,990,000
Practising members	1,804	7,000	12,628,000
Total	12,756		59,422,000

The reported annual subscription fees for the financial year 2016/2017 as disclosed in note 4 to the financial statements shows a figure of Kshs.20,136,794 which differs with the expected figure of Kshs.59,422,000 resulting to an unexplained and unreconciled variance of Kshs.39,285,206.

Further, although the financial statements have been prepared on accrual basis, the revenue recognition system only captures amount that have been receipted in the accounts system and does not recognize any credit sales.

Consequently, it has not been possible to confirm the accuracy and completeness of the total revenue of Kshs.153,808,578 for the year ended 30 June 2017.

2.2 Expenditure

The statement of financial performance reflects a balance of Kshs.111,938,074 as expenses for the financial year 2016-2017 which differs with the ledger balance of Kshs.104,891,464 leading to an unexplained variance of Kshs.7,046,610.

Further, review of the expenditure ledgers revealed variances between the ledger and the financial statements as shown in the table below:

Category of Expenditure	Financial Statement Figure (Kshs.)	Ledger Figure (Kshs.)	Variance (Kshs.)
Staff costs	28,026,295	8,801,950	19,224,345
Printing and stationery	3,775,863	1,637,378	599,516
Hotel charges	-	6,009,323	(6,009,323)
Annual Nairobi	-	385,000	(385,000)
Annual Nyanza	-	346,621	(346,620)
Annual Coast	-	37,500	(37,500)
Insurance cover	1,412,716	356,422	1,056,294
Part-timers	-	1,049,692	(1,049,692)
Membership refunds	-	77,500	(77,500)
Per diems administrative staff	-	733,050	(733,050)
Hotel charges – hotel forums	-	2,362,014	(2,362,014)

Category of Expenditure	Financial Statement Figure (Kshs.)	Ledger Figure (Kshs.)	Variance (Kshs.)
Service charge – park office utilities	-	50,430	(50,430)
Regional expenses	-	1,304,595	(1,304,595)
Partner expenses	-	193,000	(193,000)
Unfair dismissal expenses	-	181,882	(181,882)

Under the circumstances, the accuracy and completeness of the total expenses as per the statement of financial performance of Kshs.111,938,074 for the year ended 30 June 2017 could not be ascertained.

2.3 Suspense Account

The statement of financial performance and note 10 to the financial statements reflects administration and operating expenses of Kshs.58,565,705 which includes suspense account balance of Kshs.4,131,341 as at 30 June 2018. This clearly indicates the financial records do not accurately capture the financial transactions of the Institute. As a result, the accuracy and reliability of the financial statements for the year ended 30 June 2017 cannot be ascertained.

2.4 Variances Between the Ledgers and Statement of Financial Position

The following balances reflected on the statement of financial position do not agree with the supporting ledgers:

Account Name	Balance as per Financial Statements (Kshs.)	Balance as per Ledger (Kshs.)	Difference (Kshs.)
Investment in subsidiary	11,233,627	-	11,233,627
Cash and bank	51,476,778	-	51,476,778
Treasury bills	50,213,563	-	50,213,563
Prepayments	193,630	-	193,630
Debtors	29,849,494	26,376,760	3,472,734
Trade and other payables	23,009,473	-	23,009,473

The variances have not been reconciled or explained.

2.5 Accuracy of Information

The financial statements as at 30 June 2017 include comparative information as at 30 June 2016 and which is expected to form the opening balance as at 1 July 2016. However, the balances were not audited by the Auditor-General neither was the Auditor purported to have audited the figures appointed by the Auditor-General in line with Section 23 of the

Public Audit Act, 2015. Consequently, the accuracy and validity of the opening balances and by extension the closing balances for the year ended 30 June 2017 could not be confirmed.

In view of the foregoing, the presentation and disclosure, accuracy and completeness of the financial statements as at 30 June 2017 could not be confirmed.

3.0 Council Expenses

The statement of financial performance and note 10 to the financial statements indicates Council expenses totaling Kshs.2,223,645 as at 30 June 2017. However,

- i. The governing council charter which directs how it conducts business has not been availed for audit review. Further, the charter governs how the council conducts its meetings, the number of times it is supposed to hold meetings, frequency, how special council meeting are called for and held hence justification and support for the expenditure of Kshs.2,223,645 reported in the statement of income and expenditure.
- ii. The expenditure has been disclosed as administrative expenditure which is not in line with the pronouncements of the public Sector Accounting Standards Board that require Board expenditure to be disclosed on the face of statement of financial performance.

In consequence, it has not been possible to confirm the accuracy, completeness and propriety of the Council expenditure of Kshs.2,223,645 for the year ended 30 June 2017.

4.0 Statement of Financial Position

The Statement of financial position as at 30 June 2017 reflects total assets amounting to Kshs.159,275,624.

4.1 Cash and Cash Equivalents

The cash and bank balance figure of Kshs.51,476,778 was not supported by any cashbook, bank reconciliations statements and board of survey certificate and bank balance confirmation certificate to support the reported balance.

Consequently, the accuracy and completeness of the cash and cash equivalents balance of Kshs.51,476,778 could not be confirmed.

4.2 Investment in Subsidiary

The financial statements reflects a balance of Kshs.11,233,627 as disclosed under note 3 to the financial statements relating to investment in subsidiary whose details have not been provided for audit verification.

As a result, the nature, accuracy, existence and supporting documentation and the fair value statement of the reported investment could not be confirmed.

4.3 Trade Receivables

The statement of financial position and note 16 to the financial statements reflects a trade receivables balance of Kshs.35,509,600 which includes a balance of Kshs.5,219,124 relating to rent and other deposits for which no supporting documentation was provided for audit verification. Further, the balance of deposits was not supported by any documentation or explanation to show the nature and value of the investments. In addition, the statement of financial position reflects a balance of Kshs.35,509,600 in respect of Trade receivables which differs with the ledger balance of Kshs.32,036,866 leading to unexplained difference of Kshs.3,472,734.

In the circumstance, the nature, accuracy, existence and supporting documentation and fair value statement of the reported trade receivables balance of Kshs.35,509,600 could not be confirmed.

4.4 Trade and Other Payables

The statement of financial position reflect a balance of Kshs.22,804,333 in respect of trade and other payables as disclosed under note 18 to the financial statements. However, no analysis or any form of documentation has been provided in support of the balance.

In the circumstances, the accuracy, validity and completeness of the balance for trade and other payables balance of Kshs.22,804,333 could not be confirmed.

5.0 Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.14,202,705 as disclosed under note 12 to the financial statements which includes additions totaling Kshs.5,378,271 relating to partitions. The partitions additions include an amount of Kshs.2,490,490 which has not been supported with requisite documentation such as contract document between the contractor and the Institute, bills of quantities, and procurement procedure applied in sourcing of the service provider among others. As a result, the accuracy and existence of the property, plant and equipment balance of Kshs.14,202,705 as at 30 June 2017 could not be confirmed.

6.0 Training and Seminars Expense

The statement of financial performance reflects a figure of Kshs.43,506,383 under training and seminar expenses as disclosed under note 7 of the financial statement. The amount includes Kshs.15,788,603 relating to annual HRM conference expenses that has an expenditure of Kshs.5,014,200 relating supply of conference bags. However, this expenditure has not been supported with relevant documentation such as contract document between the contractor and the Institute and evidence on procurement procedure applied in sourcing of the service provider and user requisitions. Further, delivery notes, or any evidence of items being taken on charge in stores and inspection and acceptance certificates. In consequence, the propriety of the expenditure of Kshs.5,014,200 could not be ascertained.

7.0 Unauthorized Operations – Non Compliance with the Human Resource Management Professionals (HRMP) Act No. 52 of 2012

The statement of financial performance for the year ended 30th June 2017 shows total revenue of Kshs.153,808,578 and total expenditure of Kshs.111,938,074. Information made available for audit verification indicated that the budget was never approved by the Council neither has there been any subsequent ratification after the implementation. This implies the entire expenditure and the collection of incomes were not approved nor controlled in any way.

8.0 Non Compliance with the IHRM Finance Policies and Procedures Manual

The institution has not complied with its internal manual on the finance management and policies which was formulated, passed and revised in 2012 hence inability to rely on the financial statements submitted for audit as follows;

- i. The Institute lacks a fixed asset register as required under Section 1.3 of the manual.
- ii. Section 1.4 of the manual states that depreciation should be on reducing balance basis of accounting but analysis of the property, plant and equipment schedule shows that the Institute depreciated the assets on a straight line basis.
- iii. Examination of the payment vouchers shows that all the payment vouchers sampled for audit review were not stamped paid as required in the finance manual, with "PAID STAMP. Further, most of the payment vouchers are not fully supported with the requisite documentation.
- iv. The institute does not maintain a cashbook as required under Section 2 of the manual.
- v. The Institute does not keep petty cash records hence the amount of petty cash issued and reimbursed cannot be ascertained.

In view of the foregoing, the accuracy and completeness of the financial statements for the Institute for the year ended 30 June 2017 could not be confirmed.

9.0 Non Compliance with the Institute of Human Resource Management Procurement Manual

The institution has not complied with the Procurement Manual which was formulated passed and revised in 2014 hence inability to rely on the payment vouchers submitted for audit as follows;

- i. There were no requisitions from the user departments as required in the manual attached in support of the payments.
- ii. The annual procurement plan was not availed for audit verification.

- iii. During the year under review, the institute did not maintain and apply an approved list of prequalified suppliers. As a result, it was not possible to confirm the method of procurement the institute applied during the year under review.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of in accordance with ISSAI 30 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 qualified opinion.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

I do not express a conclusion on the lawfulness and effectiveness in the use of public resources as required by Article 229(6) of the Constitution. Because of the significance of the matters described in the Basis for [Conclusion on Lawfulness and Effectiveness in Use of Public Resources/ Disclaimer of Opinion] section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit 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 INTERNAL CONTROLS EFFECTIVENESS, GOVERNANCE AND RISK MANAGEMENT SYSTEMS

Conclusion

I do not express a conclusion on the effectiveness of internal controls, risk management and governance as required by Section 7 (1) (a) of the Public Audit Act, 2015. Because of the significance of the matters described in the Basis for [Conclusion of Internal Controls, Risk Management and Governance /Disclaimer of Opinion] section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. 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 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 Those Charged with Governance

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

In preparing the financial statements, management is responsible for assessing the ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the Council or to cease operations, or have no realistic alternative but to do so.

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

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the entity 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 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 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.

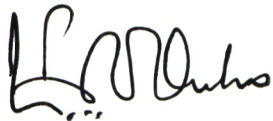
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- 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 going concern 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 ability to continue as a going concern or 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 Institute to cease to continue as a going concern or 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 Institute 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.



FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

14 August 2019

V. FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 30 June 2017

						2016/2017	2015/2016
						Actual	Audited
Incomes				Notes		Kshs.	Kshs.
Training Fees				3		102,182,368	75,218,465
Membership & Subscriptions fees				4		39,778,811	20,239,750
Consultancy				5		5,629,900	13,088,904
Other incomes				6		6,217,498	2,612,770
Total Revenue						153,808,578	111,159,889
Expenditure							
				Notes			
Training Materials & expenses				7		43,506,383	33,311,316
Consultancy Expenses				8		2,388,703	5,341,918
Membership Expenses				9		3,827,244	1,128,990
Admin/Operating Expenses				10		58,565,705	32,012,368
Depreciation				11		3,650,039	1,604,358
Total Expenses						111,938,074	73,398,950
Operating Surplus (Deficit) before finance cost						41,870,503	37,760,939
Operating Surplus (Deficit) After finance cost						41,870,503	37,760,939

The notes set out on pages 21 to 27 form an integral part of the Financial Statements

STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Notes	2016/2017 Actual Kshs.	2015/2016 Audited Kshs.
ASSETS			
Non - Current Assets			
Property, Plant and equipment	12	14,202,705	9,557,485
Investment Property	13	19,443,685	19,443,685
Investment in Subsidiary	14	11,233,627	11,233,627
		44,880,017	40,234,797
Current Assets			
Treasury bills	15	50,213,563	42,151,606
Debtors	16	35,509,600	23,189,411
Cash & Bank	17	51,476,778	18,689,000
		137,199,941	84,030,017
Current Liabilities			
Trade and other payables	18	22,804,333	7,859,694
		22,804,333	7,859,694
Net Current Assets		114,395,607	76,170,323
NET TOTAL ASSETS		159,275,624	116,405,120
Financed By			
General/Accumulated Fund	19	159,275,624	117,405,120
Revaluation Reserve		-	-
		159,275,624	117,405,120

The Financial Statements set out on pages 10 to 12 were signed on behalf of the Council by:

Executive Director

Date.....

Chairman of the Council

Date.....

STATEMENT OF CHANGES IN NET ASSETS
For the year ended 30 June 2017

STATEMENTS OF CHANGES IN ACCUMULATED FUNDS

	Accumulated Funds
	Kshs
Year Ended 30th June 2016	
At 1st July	81,248,539
Surplus for the Year	36,156,581
At 30th June 2016	<u>117,405,120</u>
Period Ended 30th June 2017	
At 1st July 2016	117,405,120
Adjusted Accumulated Funds	117,405,120
Surplus for the Year	41,870,504
Balance C/F At 30th June 2017	<u>159,275,624</u>



STATEMENT OF CASHFLOWS

	2017	2016
	Kshs	Kshs
Cash flows from Operating Activities		
Surplus for the Year	41,870,504	36,156,581
Adjustments for:		-
Depreciation on Property, Plant and Equipment	3,650,039	1,604,358
Investment income	(2,133,504)	-
Rental income	148,679	-
Operating Profit before Working Capital	43,535,718	37,760,939
(Increase)/Decrease in Trade and Other Receivables	(13,042,841)	(1,328,249)
Increase in Advances	-	70,000
Increase in Treasury Bills	(8,061,957)	(30,268,442)
Treasury Bills Redeemed	-	-
Increase/(Decrease) in Trade & Other Payables	14,944,639	2,578,455
Increase in related party	1,962,635	(4,344,306)
Cash Generated from Operations	39,338,194	4,468,397
Change in Pension Fund	-	-
Net Cash Generated from Operating Activities	39,338,194	4,468,397
Cash Flows from Investing Activities		
Disposal Proceeds	-	956,250
Rental income	148,679	-
Investment income	2,133,505	-
Purchase of Property, Plant and Equipment	(8,833,783)	(2,541,002)
Cash Generated from Investing Activities	(6,551,599)	(1,584,752)
Net (Decrease) in Cash and Cash Equivalents	32,786,595	2,883,645
Short Term Government Treasury Bills	50,213,563	-
Cash and Cash Equivalents at 1st July	18,689,000	15,805,355
Cash and Cash Equivalents at 30th June 2017	101,689,158	18,689,000

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Budgeted	Actual	Performance
	2016-2017	2016-2017	Variance
	2016-2017	2016-2017	2016-2017
Revenue	Kshs.	Kshs.	Kshs.
Training Fees	68,542,400	102,182,368	(33,639,968)
Membership & Subscriptions fees	22,200,560	39,778,811	(17,578,251)
Consultancy	16,985,350	5,629,900	11,355,450
Other incomes	3,686,674	6,217,498	(2,530,824)
			-
Total Revenue	111,414,984	153,808,577	(42,393,593)
			-
Expenses			
Training Materials & expenses	39,856,250	43,734,191	(3,877,941)
Consultancy Expenses	4,420,301	2,388,703	2,031,598
Depreciation/Amortization	2,800,000	3,650,039	(850,039)
Membership	-	3,827,244	(3,827,244)
Admin/Operating Expenses	39,767,666	58,337,895	(18,570,229)
			-
Total Expenses	86,844,217	111,938,072	(25,093,855)
			-
Operating Surplus	24,570,767	41,870,505	(17,299,738)

VI. NOTES TO THE FINANCIAL STATEMENTS

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

A. Statement of compliance and basis of preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *Institute's* accounting policies.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Institute* and all values are rounded to the nearest thousand (Kshs'000).

The financial statements have been prepared in accordance with the HRMP Act, and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented.

B. Revenue recognition

Revenue is recognised to the extent that it is probable that future economic benefits will flow to the *Institute* and the revenue can be reliably measured. Revenue is recognised at the fair value of consideration received or expected to be received in the ordinary course of the *Institute's* activities, net of value-added tax (VAT), where applicable, and when specific criteria have been met for each of the *Institute's* activities as described below.

- a. **Revenue from the sale of goods and services** is recognised in the year in which the *Institute* delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.
- b. **Finance income** comprises interest receivable from bank deposits and investment in securities, and is recognised in profit or loss on a time proportion basis using the effective interest rate method.
- c. **Dividend income** is recognised in the income statement in the year in which the right to receive the payment is established.
- d. **Rental income** is recognised in the income statement as it accrues using the effective lease agreements.
- e. **Other income** is recognised as it accrues.

C. In-kind contributions

In-kind contributions are donations that are made to the *Institute* in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the *Institute* includes such value in the statement of comprehensive income both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.



D. Property, plant and equipment

All categories of property, plant and equipment are initially recorded at cost less accumulated depreciation and impairment losses.

Certain categories of property, plant and equipment are subsequently carried at re-valued amounts, being their fair value at the date of re-valuation less any subsequent accumulated depreciation and impairment losses. Where re-measurement at re-valued amounts is desired, all items in an asset category are re-valued through periodic valuations carried out by independent external valuers.

Increases in the carrying amounts of assets arising from re-valuation are credited to other comprehensive income. Decreases that offset previous increases in the carrying amount of the same asset are charged against the revaluation reserve account; all other decreases are charged to profit or loss in the income statement.

Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from the disposal with the net carrying amount of the items, and are recognised in profit or loss in the income statement.

E. Depreciation and impairment of property, plant and equipment

Depreciation on property, plant and equipment is recognised in the income statement on a straight-line basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use are:

Office Equipment	12.5%
Motor vehicles,	25%
Computers and related equipment	30%
Office equipment, furniture and fittings	12.5%

A full year's depreciation charge is recognised both in the year of asset purchase and in the year of asset disposal.

Items of property, plant and equipment are reviewed annually for impairment. Where the carrying amount of an asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

F. Intangible assets

Intangible assets comprise purchased computer software licences, which are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful life of the intangible assets from the year that they are available for use, usually over three years.

G. Amortisation and impairment of intangible assets

Amortisation is calculated on the straight-line basis over the estimated useful life of computer software of three years.

All computer software is reviewed annually for impairment. Where the carrying amount of an intangible asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.



H. Investment property

Buildings, or part of a building (freehold or held under a finance lease) and land (freehold or held under an operating lease) held for long term rental yields and/or capital appreciation, and which are not occupied by the *Institute*, are classified as investment property under non-current assets. Investment property is carried at fair value, representing open market value determined periodically by independent external values. Changes in fair values are included in profit or loss in the income statement.

I. Finance and operating leases

Leases which confer substantially all the risks and rewards of ownership to the *Institute* are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments, and the asset is subsequently accounted for in accordance with the accounting policy applicable to that asset.

All other leases are treated as operating leases and the leased assets are recognised in the statement of financial position to the extent of prepaid lease rentals at the end of the year. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

J. Fixed interest investments (bonds)

Fixed interest investments refer to investment funds placed under Central Bank of Kenya (CBK) with the intention of earning interest income upon disposal or maturity. These are measured at fair value through profit or loss.

K. Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories comprises purchase price, import duties, transportation and handling charges, and is determined on the moving average price method.

L. Trade and other receivables

Trade and other receivables are recognised at fair values less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off after all efforts at recovery have been exhausted.

M. Taxation

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted as at the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

N. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Barclays Bank of Kenya, M-PESA and at Kenya Commercial bank 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 authorised officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

O. Trade and other payables

Trade and other payables are non-interest bearing and are carried at amortised cost, which is measured at the fair value of contractual value of the consideration to be paid in future in respect of goods and services supplied, whether billed to the *Institute* or not, less any payments made to the suppliers.

P. Retirement benefit obligations

The Institute operates a defined contribution scheme for all full-time employees. The scheme is administered by the ICEA Lions Insurance Company Ltd and is funded by contributions from both the company and its employees. The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time.

Q. Provision for staff leave pay

Employees' entitlements to annual leave are recognised as they accrue at the employees. A provision is made for the estimated liability for annual leave at the reporting date.

R. Exchange rate differences

The accounting records are maintained in the functional currency of the primary economic environment in which the *Institute* operates, Kenya Shillings. Transactions in foreign currencies during the year/period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

S. Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

T. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2017.

2) Significant Judgements and Key Sources of Estimation Uncertainty

In the process of applying the accounting policies adopted by the Institute, the Council makes certain judgements and estimates that may affect the amounts recognized in the financial statements. Such judgements and estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. However, actual results may differ from those estimates. The judgements and estimates are reviewed at each financial reporting date to ensure that they are still reasonable under the prevailing circumstances based on the information available, and any revisions to such judgements and estimates are recognized in the year in which the revision is made.

Significant judgements in applying the entity's accounting policies

In the process of applying the Institute's accounting policies, the Council has made judgements in determining:

- Whether assets are impaired
- The classification of financial assets
- Whether the investment property valuation fairly reflects current market value.

Risk Management Objectives and Policies

a) Financial risk management

The Institute's activities expose it to a variety of financial risks including credit, liquidity and market risks.

Risk Management policies focus on the unpredictability of changes in the business environment and seek to minimize the potential adverse effects of such risks on the Institute's performance by setting acceptable levels of risk. The Institute has not hedged against any risks in the current year.

i) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from cash and cash equivalents, as well as credit exposures to customers, including outstanding receivables.

Credit risk on trade receivables is managed by ensuring that credit is extended to customers with an established credit history. The credit history is determined by taking into account the financial position, past experience and other relevant factors. Credit is managed by setting the credit limit and the credit period for each customer.

The past due debtors are not impaired and continue to be paid. The institute does not hold any collateral against the past due or impaired receivables. Management continues to actively follow up past due and impaired receivables.

The utilization of the credit limits and the credit period is monitored by management on a monthly basis.

ii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents to meet obligations as they fall due. The management ensures that adequate cash reserves are maintained to pay off liabilities as they crystallize. Financial assets are held in short-term Securities maturing within 3 and 12 months.

iii) Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market price and comprises three types of risks: currency risk, interest rate risk and other price risk.

iv) Interest Rate Risk

The Institute's interest rate risk arises from short term bank deposits because of changes in market interest rates.

v) Currency risk

Currency risk arises on financial instruments that are denominated in foreign currency.

The Institute has no trade receivables, nor trade payables, nor borrowings which are denominated in foreign currency as at the reporting date.

b) Capital management

The Institute's objective in managing its equity is to ensure that it supports the development of its business and is able to continue as a going concern. The Institute is not subject to any external equity or capital requirements.

3) TRAINING FEES

3.0	TRAINING FEES	2016/2017	2015/2016
		Kshs.	Kshs.
	ANNUAL RIFT VALLEY CONVENTION	235,000	-
	TRAINING SEMINARS	58,703,876	75,218,465
	LUNCHEON	227,800	-
	ANNUAL HR CONGRESS	25,485,241	-
	ANNUAL NATIONAL HRM CONFERENCE	2,094,500	-
	EMPLOYMENT OF CASUALS	56,000	-
	HR BUSINESS PARTNERSHIPS	583,800	-
	EMPLOYMENT ON CONTRACT TERMS	557,120	-
	EMPLOYEE RELATIONS PRACTICES	168,000	-
	PRACTICAL CBA SKILLS	417,200	-
	HR BLUE OCEAN STRATEGY	27,550	-
	EFFECTIVE DISCIPLINE MANAGEMENT	1,114,050	-
	HR METRICS & ANALYTICS	1,969,500	-
	COMPETENCY BASED INTERVIEWING SKILLS	1,086,800	-
	COMMUNICATION & PRESENTATION SKILLS	340,100	-
	KENYAN LABOUR LAWS & COMPLIANCE NBI	3,034,715	-
	COMPETENCY BASED TALENT MGT WORKSHOP	1,885,100	-
	COUNSELLING SKILLS AT WORKPLACE	60,000	-
	COACHING SKILLS AT WORKPLACE	60,000	-
	CORPORATE REORGANIZATION & CHANGE MGT	756,000	-
	ANNUAL NYANZA/WESTERN HR CONVENTION	384,566	-
	ANNUAL NRBI/CTRL/N EAST HR CONVENTION	452,200	-
	EXECUTIVE CERT IN LABOUR LAWS	175,000	-
	EXEC CERT IN ORGANIZATION DEVT & CHANGE	70,000	-
	CERTIFICATE IN HR METRICS & ANALYTICS	28,000	-
	EXEC CERT IN HUMAN RESOURCE MNGT	35,000	-
	MT. KENYA REGION HR FORUM	51,000	-
	NYANZA/WESTERN REGION HR FORUMS	26,000	-
	NRTH RIFT REGION HR FORUMS	25,000	-
	COAST REGION HR FORUMS	16,000	-
	NAIROBI REGION HR FORUMS	16,000	-
	CERTIFIED HR CONSULTANT COURSE	260,000	-
	CERTIFIED PROFESSIONAL TRAINER COURSE	60,000	-
	KENYAN LABOUR LAWS & COMPLIANCE - ELDORET	1,541,250	-
	KENYAN LABOUR LAWS & COMPLIANCE - MOMBASA	180,000	-
	TRAINING SEMINARS	102,182,368	75,218,465

4.0	Membership Subscriptions	2016/2017	2015/2016
		Kshs.	Kshs.
	MEMBER APPLICATIONS & UPGRADES	16,106,517	11,098,775
	ANNUAL SUBSCRIPTIONS	20,136,794	9,140,975
	PRACTICING LICENCE	3,613,000	-
	MEMBERSHIP REFUND	(77,500)	-
	NET MEMBERSHIP INCOME	39,778,811	20,239,750



		2016/2017	2015/2016
		Kshs.	Kshs.
5.0	CONSULTANCY	5,629,900	13,088,904

6.0 Other Incomes		2016/2017	2015/2016
		Kshs.	Kshs.
	RENT INCOME - PARK OFFICE SUITES	#	
	LESS: SERVICE CHARGE - PARK OFFICE SUITES	# 98,249	1,097,844
	SUNDRY INCOME	1,467,073	42,500
	TREASURY BILL INTEREST	2,133,504	581,407
	HRMPEB Incomes - Note 6.a)	2,518,672	-
Total: Other Incomes		6,217,498	1,721,751

6 a) HRMPEB - Breakdown		2016/2017	2015/2016
		Kshs.	Kshs.
	SALE OF CHRP SYLLABUS BOOKS	66,000	-
	HRMPEB EXAMINATION CENTRE ACCREDITATION	135,000	-
	HRMPEB STUDENT REGISTRATION FEES	3,681,706	-
	HRMPEB STUDENT IDENTIFICATION CARD	2,500	-
	HRMPEB EXEMPTION FEES	6,561,550	-
	HRMPEB EXAMINATION FEES	1,915,000	-
Total HRMPEB Incomes		12,361,756	-

		Kshs.	Kshs.
	HRMPEB EXAM BOARD OFFICE RENT	3,046,369	-
	EXAM BOARD EXPENSES/ALLOWANCES	1,063,013	-
	HRMPEB OFFICE EXPENSES	1,412,948	-
	HRMPEB STAFF EXPENSES	616,230	-
	HRMPEB OFFICE STATIONERY	754,732	-
	HRMPEB OUTREACH EXPENSES	341,340	-
	HRMPEB EXAMINATION EXPENSES	2,390,072	-
	HRMPEB TRAVEL EXPENSES	218,380	-
HRMPEB Expenses		9,843,084	-

HRMPEB Surplus Income		2,518,672	-
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7.0 Training & Seminars Expense		2016/2017	2015/2016
		Kshs.	Kshs.
	ANNUAL HR CONGRESS EXPENSES	10,286,955	-
	TRAINING SEMINARS	4,315,987	33,311,316
	HOTEL CHARGES(SEMINAR)	6,009,324	-
	ANNUAL NRBI/CENTRAL/N EAST HR CONVENTION EXPENSES	385,000	-
	ANNUAL NYANZA/WESTERN HR CONVENTION EXPENSES	346,621	-
	ANNUAL COAST HR CONVENTION EXPENSES	37,500	-
	ANNUAL HRM CONFERENCE EXPENSES	15,788,603	-
	LUNCHEON/DINNER/BREAKFAST	962,680	1,128,990
	EXECUTIVE CERT EXPENSES	387,125	-
	UNFAIR DISMISSAL EXPENSES	181,882	-

EMPLOYMENT OF CASUAL EXPENSES		362,571	-
HR BUSINESS PARTNER EXPENSES		193,000	-
EMPLOYMENT ON CONTRACT EXPENSES		161,611	-
PRACTICAL CBA SKILLS EXPENSES		47,500	-
EFFECTIVE DISCIPLINE MGT EXPENSES		444,754	-
HR METRICS EXPENSES		722,341	-
COMPETENCY BASED INTERVIEW EXPENSES		326,861	-
COMMUNICATION & PRESENTN SKILLS EXPENSES		57,000	-
KENYAN LABOR LAWS EXPENSES - NBI		1,672,807	-
COMPETENCY BASED TALENT W/SHOP EXPENSES		957,070	-
KENYAN LABOR LAWS EXPENSES - ELDORET		87,000	-
Training & Seminars Expense - Total		43,734,191	34,440,306

		2016/2017	2015/2016
		Kshs.	Kshs.
8.0	CONSULTANCY EXPENSES	2,388,703	5,341,918
		2,388,703	5,341,918

9.0	Membership Expenses	2016/2017	2015/2016
		Kshs.	Kshs.
	HOTEL CHARGES(HR FORUMS/TALKS)	2,362,014	-
	NYANZA/WESTERN REGION EXPENSES	207,900	-
	NAIROBI REGION FORUM EXPENSES	703,482	-
	NORTH RIFT REGION EXPENSES	34,600	-
	SOUTH RIFT REGION EXPENSES	49,500	-
	COAST REGION EXPENSES	178,329	-
	CENTRAL KENYA REGION EXPENSES	130,785	-
	BRANCH CHAIR'S SUMMIT EXPENSES	160,635	-

Membership Expenses

3,827,244

10.0	OPERATING/ADMIN COSTS	2016/2017	2015/2016
		Kshs.	Kshs.

The following are included in Admin/Operating Expenses:

COUNCIL EXPENSES/DIRECTORS ALLOWANCES - (Note 10a.)		2,223,645	332,000
STAFF COSTS PLUS MEDICAL		28,026,295	18,320,417
OFFICE TEL, INTERNET, FAX AND POSTAGE		1,103,182	862,115
PRINTING & STATIONERY	#		
ADD: Books & Seals adjusted to Printing	#	3,775,863	2,307,517
OFFICE RENT		3,679,553	3,522,661
TRAVEL - OFFICE EXPENSES		353,087	
CHRM BEST STUDENT SPONSORSHIP		15,000	
PETTY CASH - IHRM		56,734	
MISCELLANEOUS EXPENSES		30,000	
IHRM COMPLIANCE		166,000	
HR FORUMS - OTHER ADMIN EXPENSES		109,591	
ADVERTISING & PUBLICITY		2,979,553	
ACCOUNTING FEES		694,610	459,200

LEGAL FEES	270,000	173,960
COMPUTER REPAIRS & ACCESSORIES	26,750	-
NEWSPAPERS, PUBLICATIONS	304,690	86,540
ENTERTAINMENT & MEALS	147,175	
LICENCES & PERMITS	115,600	90,000
INSURANCE COVER	1,412,716	543,972
SOFTWARE MAINTAINANCE	82,484	63,500
OFFICE EXPENSES - GENERAL	2,084,464	828,600
EQUIP REPAIRS & MAINTENANCE	629,385	198,970
MOTOR VAN/FUEL	1,216,276	1,391,430
IHRM CHARTER	332,500	520,000
ELECTRICITY - OFFICE EXPENSE	321,957	316,104
TRAVEL , ENTERTAINMENT & PARKING - (Note 10.b)	2,518,779	2,808,248
PERDIUMS POCKET ALLOWANCES ON TRAINING - OTHERS	821,000	
DONATIONS		585,000
SUBSCRIPTIONS		41,100
DEBT COLLECTION EXPENSES - METROPOL	484,298	-
BANK CHARGES	225,366	165,392
SUSPENSE ACCOUNT W/OFF	4,131,342	
	58,337,895	33,616,726

	2016/2017	2015/2016
10. a) Council Expenses	Kshs.	Kshs.
COUNCIL/COMMITTEES ALLOWANCE	755,750	
COUNCIL/COMMITTEE HOTEL CHARGES	407,124	
COUNCIL/COMMITTEE AIR FARE	801,465	
COUNCIL COMMITTEE MILEAGE CLAIMS	259,306	
	2,223,645	
10. b) TRAVEL , ENTERTAINMENT & PARKING		
TAXI ON OFFICIAL DUTY	953,500	
TAXI ON SEMINAR TRAINING	462,970	
TRAVEL - AIR TICKETS	1,050,370	
BUS FARE	51,939	
TRAVEL , ENTERTAINMENT & PARKING	2,518,779	
11.0 Depreciation and amortization expense	2016/2017	2015/2016
Property, plant and equipment	Kshs.	Kshs.
	4,136,131.0	1,604,358
Total depreciation and amortization	4,136,131.0	1,604,358



12.0 Property, Plant and Equipment

Asset	Land & Buildings	Furniture & Equipment	Partitions	Computers & Printers	Motor vehicle	Books & Seals	Totals
Rate of Depreciation	2.50%	12.50%	12.50%	30%	25%	%	
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
At Cost							
At 1st July 2016	-	5,499,989	4,183,620	2,493,796	1,850,000	599,514	14,626,919
Disposal/under valuation	-	-	-	-	-	-	-
Addition/Revaluation	-	733,928	-	347,603	-	-	1,081,531
Addition - HRMPEB	-	2,008,860	5,378,271	365,121	-	-	7,752,252
Adjusted - Book Donations to CHRM	-	-	-	-	-	(599,514)	(599,514)
At 30th June 2017 at Cost	-	8,242,777	9,561,891	3,206,520	1,850,000	-	22,861,188
DEPRECIATION							
At 1st July 2016 - Accumulated	-	1,209,089	1,302,205	1,866,632	630,518	60,990	5,069,434
Disposal	-	-	-	-	-	-	-
Adjusted - w/off to P&L	-	-	-	-	-	(60,990)	(60,990)
Charge for the Year end 2017	-	1,030,347	1,195,236	961,956	462,500	-	3,650,039
Accum Depreciation 30th June 2017	-	2,239,436	2,497,441	2,828,588	1,093,018	-	8,658,483
NET BOOK VALUE							
At 30th June 2017	-	6,003,341	7,064,450	377,932	756,982	-	14,202,705
At 30th June 2016	-	4,290,900	2,881,415	627,164	1,219,482	538,524	9,557,485

For The Period Ended 30th June 2016

12.0 Property, Plant and Equipment

Asset	Land & Buildings	Furniture & Equipment	Partitions	Computers & Printers	Motor vehicle	Books & Seals	Totals
Rate	%	12.50%	12.50%	30%	25%	%	
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
At Cost							
At 1st July 2015	-	3,390,240	4,183,620	2,425,796	3,550,000	236,261	13,785,917
Disposal	-	-	-	-	1,700,000	-	-1,700,000
Additions	-	2,109,749	-	68,000	-	363,253	2,541,002
At 30th June 2016	-	5,499,989	4,183,620	2,493,796	1,850,000	599,514	14,626,919
DEPRECIATION							
At 1st July 2015 - Accumulated	-	611,990	894,001	1,593,538	1,094,531	14,766	4,208,826
Disposal	-	-	-	-	(743,750)	-	(743,750)
Charge for the Year end 2016	-	597,099	408,204	273,094	279,737	46,224	1,604,358
Accum Depreciation 30th June 2016	-	1,209,089	1,302,205	1,866,632	630,518	60,990	5,069,434
NET BOOK VALUE							
At 30th June 2016	-	4,290,900	2,881,415	627,164	1,219,482	538,524	9,557,485
At 30th June 2015	-	2,778,250	3,289,619	832,258	2,455,469	221,495	9,577,091

13 Investment Property	2016/2017		2015/2016	
	Kshs.		Kshs.	
Investment Property		19,443,685		19,443,685
Additions		-		-
Investment Property C/F		<u>19,443,685</u>		<u>19,443,685</u>

Investment property balances are carried forward from previous audit balances and no additional acquisition has been made in the current financial year

14 Investment in Subsidiary	2016/2017		2015/2016	
	Kshs.		Kshs.	
Investment in Subsidiary B/F		11,233,627		11,233,627
Additions		-		-
Investment in Subsidiary C/F		<u>11,233,627</u>		<u>11,233,627</u>

15 Treasury Bills	2016/2017		2015/2016	
	Kshs.		Kshs.	
Treasury bills B/F		42,151,606		42,151,606
Additional T - Bills		8,061,957		-
Treasury Bills C/F		<u>50,213,563</u>		<u>42,151,606</u>

16 Trade Receivables	2016/2017		2015/2016	
	Kshs.		Kshs.	
Trade receivables		24,662,778		17,922,461
Rent and other deposits		5,219,124		2,689,851
Prepaid Insurance		193,630		230,227
Other receivables		5,168,918		1,956,250
Salary advances		265,150		115,000
Trade Receivables		<u>35,509,600</u>		<u>22,913,788</u>

17 Cash and Bank	2016/2017		2015/2016	
	Kshs.		Kshs.	
KCB		9,482,478		-
Mpesa		1,050,350		-
Barclays		40,943,950		14,986,521
Cash and Bank Balances		<u>51,476,778</u>		<u>14,986,521</u>



18 Trade and other payables**2016/2017****2015/2016**

	Kshs.	Kshs.
NHIF	20,250	9,400
NSSF	32,400	17,280
Paye	556,657	284,911
WHT 5% taxes	63,515	-
Elimusacco	13,877	80,670
Education plan	3,000	-
Stimasacco	49,500	77,500
Tax Accrued - PAYE & VAT	1,012,155	-
Pension scheme	298,568	214,760
Accrued expenses - Suppliers	7,557,197	333,500
Accrued Terminal Dues	5,035,457	-
Amounts due to related parties	-	4,032,050
VAT control	8,161,758	1,471,018
Trade and other payables	<u>22,804,333</u>	<u>6,521,089</u>

