

REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE

**REPORT OF
THE**

AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENT OF



KENYA INSTITUTE OF CURRICULUM DEVELOPMENT

**FOR THE YEAR ENDED
30 JUNE 2016**

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

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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background Information

The Kenya Institute of Curriculum Development (KICD) is a State Corporation established by an Act of Parliament the KICD Act No. 4 of 2013. The Institute's core function is to conduct research and develop curricular for all levels of education below the university. The Institute also develops print and electronic curriculum support materials, initiates and conducts curriculum based research, organizing and conducting in service and orientation programmes for curriculum implementers.

(b) Principal Activities

The Institute is mandated through KICD Act No. 4 of 2013 to develop curriculum and curriculum support materials informed by research for basic and tertiary education and training. The Institute's vision is "A world class centre for dynamic and competitive curricula" while mission is "To provide research based Curricula and Curriculum Support Materials Responsive to the Needs of the Society".

(c) Key Management

The Institute's day-to-day management is under the following key organs:

- (i) Council
- (ii) Senior Management
- (iii) Management

(d) Fiduciary Management

The Senior Management personnel who held office during the financial year ended 30th June, 2016 and who had direct fiduciary responsibility were:

Designation	Name	Date of Appointment	Date of Exit
Director/Chief Executive Officer	Julius Ouma Jwan, PhD	12 th November, 2014	
Senior Deputy Director – Corporate Services	Mr. Charles Mugambi		
Senior Deputy Director – Media & Extension Services	Mr. John Kimotho		
Senior Deputy Director – Curriculum and Research Services	Ms. Mercy Karogo		1 st April, 2016

(e) Fiduciary Oversight Arrangements.

The Council provides oversight arrangements through various Council Committees.

The Committees include:

i) Academic Committee.

The Academic Committee keeps under constant review the curricula and curriculum support materials and ensure that the educational programmes developed by the Institute are of the right quality. The Committee also coordinates and guides the activities of the subject and course panels. They review policies relating to curriculum and recommend for approval by the Council all education programmes and curricula developed or vetted by the Institute.

ii) The Finance Committee.

The Committee advises the Council on all matters of finance. Specifically the Committee makes recommendations on issues related to finance for consideration by the Full Council.

iii) **The Audit Committee.**

The Committee act and on behalf of the Council oversees the audit function and internal controls of the Institute. This include and not limited to the reviewing of the systems, workplans to ensure sound public financial management and internal controls as well as compliance with policies, laws, regulations, procedures, plans and ethics.

iv) **The Human Resource and Integrity Committee.**

The Committee advises the Council on all matters of Human Resource and Integrity issues of the Institute. The issues range from recruitment, discipline, code of conduct, terms and conditions of service and any other as directed by the Council. The Committee makes recommendations for consideration by the Full Council.

v) **NACECE Resource Centre Committee.**

The Committee has supervisory role over the operational and finance functions of the Resource Centre.

vi) **Building and Development Committee.**

This Committee was established by the Council of the Institute to oversee building and development projects within the Institute and file quarterly reports to the Council.

vii) **Resource Mobilization Committee.**

The Committee was established by the Council to enhance the resource base of the Institute to enable it support the development demands of the Institute.

viii) **Board of Trustee Committee (BoT).**

The Committee performs the duties as stipulated in the Defined Contributory scheme of KICD -Staff Retirement Benefits Scheme.

- (f) **Headquarters**
Kenya Institute of Curriculum Development,
P.O Box 30231-00100,
Desai Road, Off Murang'a Road,
Nairobi, Kenya.
- (g) **Contacts**
Kenya Institute of Curriculum Development
Telephone : (020) 3749900-3
Email: info@kicd.ac.ke
Website: www.kicd.ac.ke
- (h) **Bankers**
Kenya Commercial Bank,
Moi Avenue Branch,
P.O.Box 30081-00100,
Nairobi, Kenya.
- Co-operative Bank of Kenya,**
Stima Plaza Branch,
P.O.Box 48231-00100,
Nairobi, Kenya.
- Equity Bank Limited,**
Ngara Branch,
P.O.Box 33080-00600,
Nairobi, Kenya.
- (i) **Independent Auditors**
Auditor General,
Anniversary Towers, University Way,
P.O.Box 30084-00100,
Nairobi, Kenya.
- (j) **Attorney General,**
P.O.Box 40112-00100,
Nairobi, Kenya.

II. COUNCIL MEMBERS



PROF. KINYANJUI
CHAIRMAN KICD COUNCIL

Appointed on 13th July, 2011

Exited on 20th May, 2016

Prof. Kinyanjui (1940) is the Chairman of the KICD Council. Prof. Kinyanjui is a renowned Educationist who has made significant contributions in the Education Sector. He holds BA, London, MA Syracuse University, New York, USA. He also holds a Doctorate in Education (Honoris Causa) MGSUUF. Prof. Kinyanjui is an Honorary Fellow of the Commonwealth of Learning in recognition of his contribution to the field of Distance Education, most notably in Africa.

JULIUS OUMA JWAN, PhD
DIRECTOR/CHIEF EXECUTIVE OFFICER

Appointed on 12th November, 2014



Dr. Jwan (1965) is the current Director/Chief Executive Officer of Kenya Institute of Curriculum Development.

Qualifications: Bachelors of Education degree and Master of Philosophy Degree in English language/linguistics from Moi University, Master of Philosophy Degree (MPhil) in Education Communication and Management from NLA-Bergen, Norway, and Master of Science (MSc) Degree in Educational Research Methods and PhD Degree in Educational Leadership and Management from UK.

**PROF. AGNES M.W. GATHUMBI
MEMBER**

Appointed on 20th May, 2011

Exited on 20th May, 2016



Prof. Gathumbi (1952) is a full Professor in the department of Educational Communication and Technology, Kenyatta University (KU). She is also the Director, Center for International Programmes and Collaborations, as well as a member of the senate, KU. She graduated with a Bachelor of Education (Bed.) degree from University of Nairobi, a Postgraduate Diploma in Curriculum Development (PGDCD) from Kenyatta University, and a Master of Education (Med.) degree in Curriculum Development from University of Leeds, United Kingdom. She later continued with her studies and graduated with PhD from the University of Reading, United Kingdom.

Prof. Gathumbi specializes in teaching Applied Linguistics, Language Teacher Education, General Instructional Methods, and Research Methods, at both undergraduate and post-graduate levels. She has led as a Principal Investigator (PI) successfully in donor funded research projects.



**MR. JOHN K. MATONDA
MEMBER**

Appointed on 20th May, 2011

Exited on 20th May, 2016

Mr. Matonda (1947) is a retired Chief Principal with Teachers Service Commission. He is a graduate with Bachelor of Arts and Diploma in Education from the University of Dar-esalaam. He has a lot of experience in education matters having served in various capacities with Teachers Service Commission (TSC) and Kenya National Union of Teachers (KNUT).

**MRS. PURITY KARABAI MBABU
MEMBER**

Appointed on 1st July, 2011
Exited on 20th May, 2016



Mrs. Mbabu (1968) is a practicing lawyer and an Advocate of the High Court of Kenya. and Commissioner for Oaths and Notary Public. She graduated with LLB Degree from UoN. She also has a Diploma in Law at Kenya School of Law. She previously worked as a State Counsel at the Attorney General Chambers.



**MATANO MWALIMU NDARO
MEMBER**

Appointed 20th May, 2011
Exited on 20th May, 2016

Mr. Matano (1967) is the Director Competition, Tariffs and Market Analysis (CAK). He graduated with Bachelor of Arts (UoN) and Executive MBA (JKUAT). He also holds Postgraduate Diploma in Telecommunications Regulation (University of West Minister, UK).

**MR. MUTINDA ALPHONSE MWAA, HSC
MEMBER (ALTERNATE)**

Appointed on 20th May, 2011
Exited on 20th May, 2016



Mr. Mwaa (1966) is an alternate member representing Principal Secretary, State Department of Science & Technology, Ministry of Education, Science & Technology. Mr. Mwaa is currently Acting Director Technical Accreditation and Quality Assurance at the Ministry of Education, Science and Technology, State Department of Education. He graduated with Bachelor of Science in Mechanical Engineering (UoN) and Master of Science in Building Services Engineering (Brunel University, UK). He has wide experience having served in various capacities in Office of the President (NYS Engineering Institute), Ministry of Roads and Public Works (KIHBT), Ministry of State for Defence (KAFTEC) and Ministry of Trade and Industry as well as Ministry of Industrialization.



**MR. NAFTAL ONTWEKA ONDERI
MEMBER (ALTERNATE)**

Appointed on 20th May, 2011
Exited on 20th May, 2016

Mr. Onderi (1958) is an alternate member representing Principal Secretary, The National Treasury. Mr. Onderi is currently the Acting Director of Budget at The National Treasury. He is widely trained in budgeting and management in public sector. He has wealth of experience having served for a span of 32 years in public service.

**DR. NICHOLAS KIBIWOT LETTING'
MEMBER**

Appointed on 20th May, 2011

Exited on 20th May, 2016



Dr. Letting' (1971), PhD (UoN), FCPA (K), MKIM, HSC, CPS (K) is currently the **Vice - Chancellor** of The Management University of Africa (MUA). He is also the **Chairman** of Institute of Certified Public Secretaries of Kenya and a Senior Lecturer at the University. Dr. Letting' has over 19 years of work experience in industry and academia in senior positions in the private sector mainly in Capacity Building, Finance, Human Resources and Governance.

He holds a Doctor of Philosophy (**PhD**) in Business Administration in Strategic Management, Master of Business Administration (**MBA**) in Strategic Management and a Bachelor of Commerce (**B.COM**) in Marketing.

Dr. Letting' is a member of Institute of Directors (**IoD**), Institute of Certified Public Secretaries of Kenya, **ICPS (K)**, Institute of Certified Public Accountants of Kenya, (**ICPAK**), Kenya Institute of Management (**KIM**) and the Institute of Human Resources Management, (**IHRM**).



**MRS. LEAH K. ROTICH, MBS
MEMBER (ALTERNATE)**

Appointed on 20th May, 2011

Exited on 20th May, 2016

Mrs. Rotich (1957) is an alternate member representing Principal Secretary, State Department of Education, Ministry of Education, Science & Technology. She holds Masters in Information Technology in Education. Mrs. Rotich is the Acting Education Secretary at the Ministry of Education, Science & Technology, State Department of Education. She has wide wealth of experience in education matters. She has served in various capacities in the Ministry as well as Education Attachee, Kenya High Commission, London.



**DR. JOSEPH KIVILU
MEMBER**

Appointed on 1st July, 2014

Dr. Kivilu (1959), Chief Executive Officer, KNEC holds a PhD in Educational Psychology (Assessment, Tests and Measurement) from the University of Alberta, Edmonton, Canada. He also holds a Master's degree in Educational Psychology (Assessment, Tests and Measurement) from Kenyatta University, and a Bachelor of Education (Hons.) (Science) degree in Double Mathematics from the University of Nairobi (Kenyatta University College). Dr. Kivilu, has a post-doctoral fellowship in applications of ICT in large scale assessment programmes from the Centre for Research in Applied Measurement and Evaluation (CRAME) –University of Alberta, Canada. Dr. Kivilu hold certificates in Project management; Corporate Governance and Disciplinary processes in the workplace.

Dr. Kivilu previously worked as a teacher of Mathematics in various schools in Kenya and as lecturer of Test, Measurement, Statistics and Research Methods at Kenyatta University. Dr. Kivilu has also worked as Senior Research Specialist climbing to become a Research Director in charge of educational assessment in the Education Research Division of the Human Sciences Research Council based in Pretoria south Africa.

He was a member of the statistics committee of national body responsible for examinations in South Africa, known as Umalusi (South Africa Examination Board). Currently, he is a member of the Psychological Society of South Africa (PSYSSA), and the Association of Educational Assessment of Africa (AEAA).

KICD Council Ethnic Distribution

S/NO	ETHNIC GROUP	MALE	FEMALE	TOTAL	%
1	KALENJIN	2		2	20
2	KAMBA	2		2	20
3	KIKUYU	2	1	3	30
4	KISII	1		1	10
5	LUO	1		1	10
6	MERU		1	1	10
	Total	8	1	10	100

III. SENIOR MANAGEMENT TEAM

JULIUS OUMA JWAN, PhD
DIRECTOR/CHIEF EXECUTIVE OFFICER

Appointed on 12th November, 2014



Dr. Jwan (52 years) Director/Chief Executive Officer of Kenya Institute of Curriculum Development.

Qualification: Bachelors of Education and Master of Philosophy Degree in English language/linguistics from Moi University, Master of Philosophy Degree (MPhil) in Education Communication and Management from NLA-Bergen, Norway, and Master of Science (MSc) Degree in Educational Research Methods and PhD Degree in Educational Leadership and Management from UK.



MS. MERCY KAROGO
SENIOR DEPUTY DIRECTOR
(CURRICULUM & RESEARCH SERVICES)

Ms. Karogo (61 years) was Senior Deputy Director (Curriculum and Research Services) KICD. She is currently Acting Chief Executive Officer, KNEC

Qualifications: BEd, (UoN), MSc. Entrepreneurship (JKUAT). She is currently pursuing PhD in Business Administration and Management at Dedan Kimathi University.

**MR. CHARLES MUGAMBI
SENIOR DEPUTY DIRECTOR
(CORPORATE SERVICES)**



Mr. Mugambi (58 years) is the Senior Deputy Director (Corporate Services).

Qualifications: BCOM (Acc.); EMBA; MA (PPM); PGDCDD; PGD (PPM); CPA (K); CPS



**MR. JOHN G. KIMOTHO
SENIOR DEPUTY DIRECTOR
(MEDIA AND EXTENSION SERVICES)**

Mr. Kimotho (55 years) is the Senior Deputy Director, Media and Extension Services.

Qualifications: Postgraduate Diploma in Leadership in ICT and Knowledge Society – Dublin City University. He also holds Masters Degree in Communication (Media Studies) and he is currently pursuing PhD in Communication at Daystar University. He is a member of the Engineers Registration Board and Africa’s representative at the Global Digital Literacy Council.

KICD Management Ethnic Distribution

S/NO	ETHNIC GROUP	MALE	FEMALE	TOTAL	%
1.	EMBU	0	2	2	6.45
2.	KAMBA	2	0	2	6.45
3.	KIKUYU	4	11	15	48.39
4.	KISII	1	0	1	3.23
5.	LUHYA	1	0	1	3.23
6.	LUO	3	2	5	16.13
7.	MERU	2	3	5	16.13
	Total	13	18	31	

KICD Other Staff Ethnic Distribution

S/NO	ETHNIC GROUP	MALE	FEMALE	TOTAL	%
1	ASIAN	0	1	1	0.27
2	EMBU	2	8	10	2.7
3	KALENJIN	10	6	16	4.32
4	KAMBA	23	18	41	11.08
5	KIKUYU	53	88	141	38.11
6	KISII	16	8	24	6.49
7	LUHYA	28	23	51	13.78
8	LUO	32	18	50	13.51
9	MAASAI	1	0	1	0.27
10	MERU	14	12	26	7.03
11	SOMALI	4	0	4	1.08
12	TAITA	3	2	5	1.35
	Total	186	184	370	

IV. CHAIRMAN'S STATEMENT

During the FY2015/2016, the Institute under the steership of the Council and in its endeavor to fulfill the mandate has made tremendous achievements. The Institute has continued to play a crucial role in the society by developing curricular for all levels of training below the University. During the FY2015/2016, the Institute signed Performance Contract (PC) and developed (2015/16-2019/20) Strategic Plan. The Institute has achieved the set targets in PC and started implementing the strategic plan. In addition, the Institute continued with the construction of the Education Resource Centre (ERC) phase one. The ERC is expected to help in curriculum reform and in revolutionizing curriculum development not only in Kenya but in the region.

During the FY2015/2016 the Council initiated the review of KICD organization structure and staffing levels. The exercise is being undertaken by the Directorate of Pubic Service. This meant to support the Management and promote continuous growth of the Institute as well as positive professional growth of staff. In turn, the the Council expects the management to be innovative and focused, mentors of other members of staff, and multi-skilled to enhance team-work.

Finally, I wish to thank the Government of Kenya for the support it has accorded to the Institute during the 2015/2016 financial year.



PROF. ERASTUS KINYANJUI
CHAIRMAN

Date: 22 september, 2016
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V. REPORT OF THE CHIEF EXECUTIVE OFFICER

The Kenya Institute of Curriculum Development is a service delivery state corporation charged with the critical mandate of developing curricular. The Institute heavily relies on the Government grant to support its activities. The grant is mostly used to cater for staff salaries and undertaking core activities. The provision has been decreasing in recent years making it impossible to undertake all of the major activities some of which are core. This has made it difficult to achieve the target set in the Institute's Performance Contract.

The enactment of the Kenya Institute of Curriculum Development Act No. 4 of 2013 gave authority to the Institute to engage in Income generating activities in a bid to supplement the grant. The amount of income to be generated cannot be predetermined and this has made it difficult to plan and offer better services.

During the FY2015/2016 the Institute initiated collaborations and partnerships with the Teachers Media International, Korean Embassy, DCI, BKA, Confucius Institute, National Council of People with Disabilities and IJRC. These collaborations were aimed at supporting the curriculum issues.

In regard to performing its core mandate of curriculum development; the Institute developed curriculum and curriculum support materials (print and electronic). The curricula developed were based on client needs. The curriculum support materials were radio lessons, television, digital content and various handbooks in different subjects. During this period the Institute orientated teachers in different counties on the issues of curriculum implementation. The Institute also carried out curriculum based research in various areas.

In the FY2015/2016 curriculum reform process activities were undertaken to assist in the development of a competency based curriculum. In January 2016 the Institute in collaboration with MOE developed a curriculum policy which provides direction on all the areas for curriculum reforms. The Institute carried out a needs assessment survey and a report was compiled in April 2016 at a national conference. The Institute in collaboration with MOE carried out stakeholder's engagements for various groups. The Institute has developed a comprehensive basic education framework to actualise the curriculum reforms.

The framework is expected to play a critical role in catalysing achievement of the dictates of Vision 2030. The Framework has been disseminated to various stakeholders and their inputs have been incorporated into the document.

The Institute has been engaged in assisting the refugees' teachers at Dadaab by developing a teacher competency framework and also trained teachers on effective pedagogical methods to prepare them to deliver learning.

During the same period the Institute was actively involved in the Digital Literacy Programme (DLP). A curriculum for teachers on integration of ICT was developed and it is being used to train teachers. The Institute packaged the standard one and two digital content in the HTML format so that it can be universally used in different devices for learning. The digital content was installed in the learners and teacher tablets which were piloted in 150 schools, three schools per county and special needs institutions. The digital content was also adapted for special needs children. The Institute has been involved in capacity building of teachers so that they utilise ICT in the delivery of learning in various subjects.



JULIUS OUMA JWAN, PhD

Date: 22 September, 2016

VI. CORPORATE GOVERNANCE STATEMENT

The adoption of good corporate governance practice is integral in helping the Institute interact with both internal and external stakeholders. Corporate governance entails the processes and structures used to direct and manage the Institute affairs, the respective roles of the Council and management and the framework of internal controls. The Council and the management of the Institute regard corporate governance as pivotal to the success of the Institute and are committed to ensuring that good corporate governance is practiced by the Institute.

The Institute achieves this by using a risk based approach to establish a system of internal controls and by reviewing the effectiveness of the system of internal controls on a regular basis. The Kenya Institute of Curriculum Development has formulated and applies sound internal corporate governance guidelines which address the responsibilities of management, the Council and its composition.

The Council has established Committees to assist in the implementation of its policy guidelines and strategy. These Committees meet regularly and are chaired by non-executive Council members. The Committees submit their report to the Full Council for adoption and approval. All the non executive Council members are independent of management and free from any business or other relationship which could materially interfere with the exercise of their judgment.

The Council meets regularly and has a formal schedule of its matters. Currently, the Council comprises of eleven (11) non-executive members and the Director/Chief Executive Officer. The Full Council meets at least four times each year.

VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The Kenya Institute of Curriculum Development undertakes Corporate Social Responsibility (CSR) in order to enhance mutual relationship with stakeholders and the public by being involved in various activities.

Over the past, KICD has endeavoured to join hands with other partners and stakeholders to champion a cause that is likely to have a positive impact in the society. KICD has a responsibility to participate in community projects as well as maintain mutual relationship between the Institute and the public.

During the 2015/2016 financial year the Institute participated in the Mater Hospital Heart run and Beyond Zero Campaign activities which were held in Nairobi County.

VIII. REPORT OF THE COUNCIL

The Council submit their report together with the financial statements for the year ended June 30, 2016 which show the state of the Institute's affairs.

Principal activities

The Principal activities of the Institute are to develop curriculum and curriculum support materials informed by research for basic and tertiary education and training.

Results

The results of the entity for the year ended June 30, 2016 are set out on page 22.

Council Members

The members of the Council who served during the year are shown on pages 5 to 10.

Auditors

The Auditor General is responsible for the statutory audit of the Institute.



Prof. Peter Erastus Kinyanjui
Chairman Kenya Institute of Curriculum Development, Council
Nairobi

Date: 23 September, 2016

IX. STATEMENT OF COUNCIL'S RESPONSIBILITIES

Section 14 of the State Corporations Act require the Institute to prepare financial statements in respect of the Institute, which give a true and fair view of the state of affairs of the Institute at the end of the year and the operating results of the Institute for that year. The Council is also required to ensure that the Institute keeps proper accounting records which disclose with reasonable accuracy the financial position of the Institute. The Council is also responsible for safeguarding the assets of the Institute.

The 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 year ended on June 30, 2016. 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 accept 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 Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Council are 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, 2016, 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 controls.

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 KICD Council term expired in May 2016 and a new council was appointed and gazetted on 15th September 2016. The new council is yet to be officially inaugurated. The Institute's financial statements were approved by the KICD Senior Management on 21st September, 2016 and signed on its behalf by:



Director/ Chief
Executive Officer



Senior Deputy Director
Media & Extension Services

X. REPORT OF THE INDEPENDENT AUDITORS ON THE KENYA INSTITUTE OF CURRICULUM DEVELOPMENT

REPUBLIC OF KENYA

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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON KENYA INSTITUTE OF CURRICULUM DEVELOPMENT FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Kenya Institute of Curriculum Development set out on pages 25 to 43, which comprise the statement of financial position as at 30 June 2016, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

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

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

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. The audit was conducted in accordance with International Standard of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

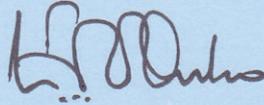
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or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

and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institutes's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Institute of Curriculum Development as at 30 June 2016, and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with Kenya Institute of Curriculum Development Act, 2013 and Education Act Cap 211.



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

Nairobi

26 April 2017

XI. STATEMENT OF FINANCIAL PERFORMANCE
For the year ended 30 June 2016

	Note	2016 Kshs '000	2015 (Restated) Kshs '000
Revenue from non-exchange transactions			
Funding from Donors/Partners	3	119,483	96,059
Transfers from other Governments –	4	<u>803,725</u>	<u>712,440</u>
		923,208	808,499
Revenue from exchange transactions			
Net surplus from NRC	5	42,879	54,435
Rental revenue from staff quarters	6	1,733	1,738
Finance income - external investments	7	40,546	21,232
Other income	8	67,662	47,082
		<u>152,820</u>	<u>124,487</u>
Total revenue		1,076,028	932,986
Expenses			
Employee costs	9	555,903	531,465
Expenses of the Council	10	6,725	5,726
Depreciation and amortization	11	49,179	62,882
Repairs and maintenance	12	14,518	16,190
Programme Areas services	13	55,816	113,293
Donors/partners expenditure	14	119,483	96,059
General expenses	15	143,328	153,852
Total expenses		<u>944,952</u>	<u>979,467</u>
(Deficit)/Surplus for the period		<u>131,076</u>	<u>(46,481)</u>

The notes set out on pages 27 to 40 form an integral part of the Financial Statements.

XII. STATEMENT OF FINANCIAL POSITION
As at 30th June, 2016

Assets		2016	2015
Current assets		Kshs,000	(Restated) Kshs,000
Cash and cash equivalents	16	722,099	460,660
Receivables from exchange transactions	17	417,494	76,219
		1,139,593	536,879
Non-current assets			
Property, plant and equipment	18	1,752,038	1,588,266
Intangible assets	19	564	2,256
		1,752,602	1,590,522
Total assets		2,892,195	2,127,401
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	20 a	120,894	50,797
Payables from Non-Exchange Transactions	20 b	40,427	35,816
Refundable deposits from customers	21	12,314	9,272
Deferred income – Donors/partners	22	530,502	207,254
Total liabilities		704,137	303,139
Net assets			
Capital Reserves	25	1,701,313	1,468,593
Accumulated surplus	26	486,745	355,669
		2,188,058	1,824,262
Total Net assets and liabilities		2,892,195	2,127,401

The Financial Statements set out on pages 22 to 26 were signed on behalf of the Council by:



Director/Chief Executive Officer
Julius Ouma Jwan, PhD

Date: 22 September 2016
.....



Chairman of the Council
Prof. Peter Erastus Kinyanjui

Date: 23 September 2016
.....

XIII. STATEMENT OF CHANGES IN NET ASSETS
For the year ended 30 June 2016

	Notes	Capital reserve Kshs '000	Accumulated surplus Restated Kshs '000	Total Kshs '000
Balance as at 30 June 2014		1,309,751	437,967	1,747,717
Restated tax expense	20		(35,816)	(35,816)
Surplus/(deficit) for the period		-	(46,481)	(46,481)
Capital Grant- ERC		114,000	-	114,000
Development Grant- Digital Literacy Program		<u>44,842</u>	=	<u>44,842</u>
Balance as at 30 June 2015		<u>1,468,593</u>	<u>355,669</u>	<u>1,824,262</u>
Surplus/(deficit) for the period		-	131,076	131,076
Capital Grant - ERC		232,000	-	232,000
Development Grant- Digital Literacy program		720	-	720
Balance as at 30 June 2016		<u>1,701,313</u>	<u>486,745</u>	<u>2,188,058</u>

XIV. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	<u>Kshs. '000'</u>	(Restated) <u>Kshs. '000'</u>
Cashflows from Operating Activities		
(Deficit) Surplus for the year	131,076	(46,481)
Add back Depreciation- Note 11	55,679	67,374
Operating surplus before working capital changes	186,755	20,892
Working Capital Adjustments		
Decrease/ (Inc) in Receivables from Exchange Transactions	(341,275)	(5,715)
Increase/(Decrease) in Deferred Income	323,249	61,963
(Decrease)/Increase in Payables from Exchange Transactions	110,523	21,315
Increase in refundable deposits from customers	3,042	1,997
Net cashflows from operating activities	95,539	79,563
Cashflow from Investing Activities		
Work In Progress (ERC)	(187,257)	(185,701)
Purchase of property, Plant and Equipment	(30,676)	(65,210)
Purchase of property, Intangible Assets	-	-
property plant & Equipment (Recovery)	174	
Prior year adjustment	(35,816)	
Net Cashflows from investing activities	(253,575)	(250,911)
Cash from Financing Activities		
Development Grant for ERC	232,000	114,000
Assets Financed from Digital grant	720	44,842
Net Cashflows from Financing Activities	232,720	158,842
Net Increase	261,439	8,386
Cash and cash equivalents at the beginning of the Year	460,660	452,274
Cash and cash equivalents at the end of the year	<u>722,099</u>	<u>460,660</u>

XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2015-2016	2015-2016	2015-2016	2015-2016	2015-2016
	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000
Revenue					
Funding from Donors /Partners	200,000	-	200,000	119,483	(80,517)
Government grants and subsidies	803,725	-	803,725	803,725	-
Income Generating Activities	<u>105,000</u>	-	<u>105,000</u>	<u>152,820</u>	<u>47,820</u>
Total income	1,108,725	-	1,108,725	1,076,028	(32,696)
Expenses					
Compensation of employees	561,600	-	561,600	555,903	5,697
Expenses of the Council	6,500	-	6,500	6,725	(225)
Repairs and Maintenance	16,200	-	16,200	14,518	1,682
Programme Areas	58,140	-	58,140	55,816	2,324
Depreciation and amortization	50,000	-	50,000	49,179	821
General Expenses	151,510	-	151,510	143,328	8,282
Grants and subsidies paid-Donor	200,000	-	200,000	119,483	80,517
Total expenditure	1,043,950	-	1,043,950	944,952	98,998
Surplus for the period	64,775	-	64,775	131,076	66,302

XVI. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1. Statement of compliance and basis of preparation

The Institute's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Institute and all values are rounded to the nearest thousand (Ksh000). The accounting policies have been consistently applied to all the years presented.

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

2. Summary of significant accounting policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Institute and can be measured reliably.

ii) Revenue from exchange transactions

Rendering of services

The Institute recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Notes to the Financial Statements (continued)

Income from NRC

Revenue from the NRC operations is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the service and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the Institute.

Interest income

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

b) Budget information

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

c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred.

d) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and

Notes to the Financial Statements (continued)

accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

e) Provisions

Provisions are recognized when the Institute has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Institute expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

The Institute effects specific and general provisions on doubtful debts. A specific provision for bad debts shall be made when the debtor is deceased, declared bankrupt, untraced debtors or the debt is outstanding for more than two years. A general provision of 5% of the remaining debtors shall be made.

f) Depreciation

Depreciation is calculated using the straight line method to write down the cost or the valued amount of each asset to its residual value over its estimated useful life using the following annual rates. Work-in-progress is not subjected to depreciation.

Asset	Depreciation Rate (%)
Buildings	2.5%
Motor Vehicles	25%
Furniture and Fittings	20%
Computers and Printers	30%
Studio Equipments	5%
Digital Equipment	10%
Hotel Equipments	10%
Tools and Equipment	20%
Office Equipment	20%
Printing Machinery	5%
Generators	10%

Notes to the Financial Statements (continued)

g) Amortisation

Amortisation is calculated using straight-line method to write down the cost of each licence or item of software to its residual value over its estimated useful life using an annual rate of 30%.

h) Nature and purpose of reserves

The Institute creates and maintains reserves in terms of specific requirements. The Institute maintains Revenue reserve and Capital reserves. The revenue reserves are made up of the accumulated surpluses and deficits carried forward over the period of time. The revenue reserves consists of development grant received for the construction of Education Resource Centre and the valuation amounts of fixed assets when the Institute valued the assets in 2011.

i) Changes in accounting policies and estimates

The Institute recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

j) Employee benefits

Retirement benefit plans

The Institute provides Defined contribution retirement benefits plans for its employees. This is post employment benefit plans under which the Institute pays fixed contributions into a separate entity(a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The Institute and the employees contribute 20% and 10% of the basic pay respectively. It also contributes to the statutory National Social Security Fund (NSSF) whose rates are determined by Kenyan statutes.

The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

k) Gratuity

Entitlements to gratuity are recognized when they accrue to qualifying employees at 31 % of the basic pay.

Notes to the Financial Statements (continued)

l) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Closing balance of bank account held in foreign currency is reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the translation of the closing bank balance at rate different from those at which transactions were initially recorded during the period, is recognized as income or expense in the period in which they arise.

m) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash book balances, 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.

n) Comparative figures

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

o) Significant judgments and sources of estimation uncertainty

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Institute based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Institute. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Notes to the Financial Statements (continued)

Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by the Institute.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset.

Provisions

Provisions were raised and management determined an estimate based on the information available.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

p) **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, 2016.

3. **Funding from Donors/Partners**

MOE/Partners of Curriculum Reform
MOE -Digital Literacy Program
Other Donors/Partners
Total Funding from Donors/Partners

	2016	2015
	Shs 000	Shs 000
	214,315	-
	200,000	88,700
	29,460	68,279
	443,775	156,979
Reconciliation of public contributions and donations		
Balance unspent at beginning of year	206,210	145,290
Current year receipts	443,775	156,979
Conditions met - transferred to revenue	(119,483)	(96,059)
Conditions to be met - remain liabilities	530,502	206,210

Notes to the Financial Statements (continued)

4. Transfers from governments

	2016 Shs 000	2015 Shs 000
Unconditional grants		
Operational grant	803,725	712,440
Total government grants and subsidies	803,725	712,440

5. Income from NRC

Surplus from Operations of NRC	42,879	54,435
Total revenue from NRC	42,879	54,435

6. Rental revenue from Staff quarters

Rent receipts	1,733	1,738
Total rentals	1,733	1,738

7. Finance income - external investments

Interest on Fixed Deposit Receipts	37,771	17,839
Interest on Call and Current Account	2,775	3,393
Total finance income – external investments	40,546	21,232

8. Other income

Sale of Curriculum support Materials	51,152	43,477
Royalties	1,180	957
Sale of Tenders	192	158
Printing/Photocopying Services	6,765	352
Miscellaneous Revenue	505	434
Consultancy	6,802	1,189
Gain from Foreign Exchange/Disposal	1,051	331
Decease in provision for Doubtful debts	15	184
Total other income	67,662	47,082

The comparative for this note has been adjusted by decrease in provision for doubtful debts which was in year 2014-15 accounted under General expenses.

Notes to the Financial Statements (continued)

9. Employee costs

	2016 Shs 000	2015 Shs 000
Employee related costs - salaries and wages	319,519	312,097
Employee related costs - contributions to pensions	61,141	61,896
Medical Cover	35,777	33,480
Commuter Allowances	30,484	32,346
Leave allowances	3,565	2,654
Housing benefits and allowances	99,754	80,729
Exgratia	1,000	717
Gratuity	1,657	1,685
Travelling Expenses	3,006	5,861
Employee costs	555,903	531,465

10. Expenses of the council

Honoraria	880	960
Sitting Allowance	3,920	4,022
Travel and Accommodation	1,765	336
Training	100	348
Airtime	60	60
Total Councils' Remuneration	6,725	5,726

11. Depreciation and Amortization

Property, plant and equipment	53,987	65,021
Intangible assets	1,692	2,353
Total depreciation and amortization	55,679	67,374
Property, plant and equipment-Accounted under note 23	(6,500)	(4,492)

Depreciation and amortization for KICD

49,179	62,882
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12. Repairs and maintenance

Property	4,037	3,158
Equipment	8,239	10,518
Vehicles	2,242	2,514
Total repairs and maintenance	14,518	16,190

Notes to the Financial Statements (continued)

13. Programme Areas services

	2016 Shs 000	2015 Shs 000
Basic education	7,548	20,881
Corporate Communication	959	2,075
Technical, Vocational, Entrepreneurship Training	3,409	7,187
Educational Resources	6,170	3,495
Electronic and Emerging Media	11,537	28,176
Text Book Evaluation	24,340	46,899
Research Monitoring and Evaluation	1,853	4,580
Total Programme Areas services	55,816	113,293

14. Donors/Partners expenditure

MOEST -Curriculum Reform	38,072	-
MOEST -Digital Literacy Program	50,101	43,084
Other Donor/ Partners expenses	31,310	52,975
Total Donors/Partners Expenditure	119,483	96,059

15. General expenses

The following are included in general expenses:

Advertising	2,786	1,179
Admin Expenses	17,785	19,580
Audit fees	928	928
Computer Expenses and Software Licence	15,840	12,713
Library Expenses	61	-
Electricity	6,103	7,148
Fuel and oil	6,886	7,790
Insurance	4,221	4,860
Legal expenses	513	101
Corporate Social Responsibility	209	448
Fungicides	1,067	1,007
Water	86	11
Postage	-	14

Notes to the Financial Statements (continued)

	2016 Shs 000	2015 Shs 000
Printing and stationery	11,792	12,869
School Broadcast	41,298	43,485
Maintenance of VCT Services	882	887
Artist Fees	493	1,143
KICD Broadcasting Channel	17,151	22,625
Purchase of Supplies for Production	4,936	5,273
Bank Charges	67	360
Telecommunication	3,292	3,541
Training	5,172	6,612
Others	1,760	1,278
Total general expenses	143,328	153,852

16. Cash and cash equivalents

Cash and Bank Balance	269,874	176,125
Petty Cash	-	-
Short-term deposits	452,225	284,535
Total cash and cash equivalents	722,099	460,660

17. Receivables from exchange and non exchange transactions

Current receivables		
Exchange Debtors	61,585	63,154
Non Exchange Debtors	334,131	-
Staff Imprest	-	1,418
Staff Advances	-	17
Bank Guarantee	5,522	5,521
Prepayments	16,475	5,300
Deposits	474	474
Donor Receivables	-	1,044
Less: Provisions for doubtful debts	(693)	(708)
Total current receivables	417,494	76,219

Notes to the Financial Statements (continued)

18. Property, Plant and Equipment

	LAND	BUILDINGS	FURN & FITTINGS	MOTOR VEHICLES	COMPUTERS	STUDIO EQUIP	DIGITAL EQUIP	HOTEL EQUIP	TOOLS & EQUIP	OFFICE EQUIP	PRINTING MACHINE	GENERATORS	WIP	TOTAL
	Shs. 000	Shs. 000	Shs. 000	Shs. 000	Shs. 000	Shs. 000	Shs. 000	Shs. 000	Shs. 000	Shs. 000	Shs. 000	Shs. 000	Shs. 000	Shs. 000
COST 2014/2015														
As at 1st July 2014	416,000	456,584	25,856	47,194	32,816	141,375	11,728	19,085	12,176	7,885	103,068	9,765	276,524	1,560,055
Additions	0	4,155	5,135	8,876	20,815	24,524	1,513	192	-	-	-	-	185,702	250,911
As at 30th June 2015	416,000	460,739	30,990	56,070	53,631	165,900	13,241	19,277	12,176	7,885	103,068	9,765	462,225	1,810,966
Depreciation and Impairment 2013/2014														
As at 1st July 2014	0	33,534	13,540	33,396	27,544	14,160	2,657	4,391	6,812	3,686	15,030	2,930	-	157,679
Deprec charge	0	10,911	5,199	14,017	15,908	8,295	1,076	365	1,581	1,538	5,153	976	-	65,021
As at 30th June 2015	0	44,445	18,739	47,413	43,452	22,455	3,734	4,756	8,393	5,223	20,184	3,906	-	222,700
Net Book Value 2014/2015														
As at 30th June 2015	416,000	416,294	12,251	8,657	10,179	143,445	9,508	14,521	3,783	2,662	82,885	5,859	462,225	1,588,266
COST 2015/2016														
As at 1st July 2015	416,000	460,738	30,990	56,070	53,631	165,899	13,241	19,277	12,176	7,884	103,068	9,765	462,225	1,810,966
Disposal	-	-	-	1,970	174	-	-	-	-	-	-	-	-	2,144
Additions	0	8,486	1,947	-	2,308	-	9,080	8,809	-	46	-	-	187,257	217,932
As at 30th June 2016	416,000	469,224	32,937	54,100	55,763	165,899	22,321	28,086	12,176	7,930	103,068	9,765	649,482	2,026,754
Depreciation and Impairment 2015/2016														
As at 1st July 2015	-	44,445	18,739	47,413	43,452	22,455	3,734	4,756	8,393	5,223	20,184	3,906	-	222,700
Disposal	-	-	-	1,970	-	-	-	-	-	-	-	-	-	1,970
Deprec charge	-	11,731	6,587	4,219	8,001	8,295	2,232	2,809	2,435	1,547	5,153	976	-	53,987
Acc. Depreciation	-	56,176	25,326	49,662	51,453	30,750	5,966	7,565	10,828	6,770	25,337	4,882	-	274,716
Net Book Values 2015/2016														
As at 30th June 2016	416,000	413,048	7,611	4,438	4,310	135,149	16,355	20,521	1,348	1,160	77,731	4,883	649,482	1,752,038

Notes to the Financial Statements (continued)

19. Intangible assets - software

	Kshs'000'
Cost 2014/2015	
As at 1 July 2014	12,247
Additions	-
As at 30 June 2014	12,247
Amortization and impairment 2014/2015	
As at 1 July 2014	7,638
Amortization	2,353
As at 30 June 2015	9,991
Net book value as at 30 June 2015	2,256
Cost 2014/2016	
As at 1 July 2015	12,247
Additions	-
As at 30 June 2016	12,247
Amortization and impairment 2015/2016	
As at 1 July 2015	9,991
Amortization during the year	1,692
As at 30 June 2016	11,683
Net book values as at 30 June 2016	564

20. Trade and other payables from exchange and non exchange transactions

	2016 Shs 000	2015 Shs 000
Trade payables from exchange transactions	88,795	38,755
Retention	13,086	6,657
Provisions for gratuity	3,565	2,860
Third-party payments	13,412	514
Continental Credit bank (under Receivership)	2,011	2,011
Staff payables	24	-
A. Total payables from exchange transactions	120,894	50,797
B. payables from non-exchange transactions	40,427	35,816
Total trade and non-exchange payables	161,321	86,613

The amount of Sh 2,011,475 owing to Continental Credit bank was an overdraft on KICD current Account held with the bank which is under receivership. The payable from non exchange transactions of ksh 40,427,475 is a tax assessment from 2012 to 2015 issued by KRA to the Institute. Tax liability of Ksh 35,816,485 has been treated as prior year expense while Ksh 4,610,990 has been treated as the Current year expense.

Notes to the Financial Statements (continued)

21. Refundable deposits from customers

	2016	2015
	Shs 000	Shs 000
Customer deposits	12,314	9,272
Total refundable deposits	12,314	9,272

22. Deferred income: Donors/partners

Curriculum Reform	175,203	-
MOE-Digital Literacy Program	318,970	169,071
Donors/ Partners	36,329	38,183
Total deferred income	530,502	207,254

23. Segment information

The Institute operates National Resource Centre (NRC) to generate income. Income from NRC operations in the Statement of Financial Performance were arrived as follows:

Revenues

Accommodation	39,341	38,972
Hiring	3,398	6,365
Food and Beverages	112,994	121,141
Business Centre	582	2,251
Other Incomes	100	434
	<u>156,415</u>	<u>169,163</u>
Less. Expenditure		
Staff Cost	9,626	9,979
Administration Expenses	9,245	7,810
Tax Expense	2,964	-
Board expenses	-	25
Operating Expenses	77,681	85,123
Provision for bad debts	7,739	7,620
Depreciation charge	6,500	4,492
Total Operating Expenses	<u>113,755</u>	<u>115,049</u>
Operating Surplus	<u>42,660</u>	<u>54,113</u>
Interest Income	219	321
Net Income	<u>42,879</u>	<u>54,435</u>

Notes to the Financial Statements (continued)

24. Related party disclosure

The Institute does not have related parties and therefore there was neither control nor related party transactions that took place.

25. Capital Reserve

	2016 Shs 000	2015 Shs 000
Opening balance	1,468,593	1,309,751
Development Grant	232,000	114,000
Assets Capitalised	720	44,842
Total Capital Reserve	1,701,313	1,468,593

26. Accumulated Surplus

	2016 Shs 000	2015 Shs 000
Opening Balance	355,669	437,967
Restated – Tax Expense	-	(35,816)
Surplus/(Deficit) for the year	131,076	(46,481)
Total Accumulated Surplus	486,745	355,669