



United Nations
Educational, Scientific and
Cultural Organization



Kenya National
Commission for UNESCO
(KNATCOM)

**KENYA NATIONAL COMMISSION
FOR UNESCO**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2015

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

REPORTING ENTITY

a) Background information

The *Kenya National Commission for UNESCO (KNATCOM)* was established as a state corporation on 25th January 2013, following the enactment of the Kenya National Commission for UNESCO Act, 2013.

The Kenya National Commission for UNESCO (KNATCOM) was established as a department under the Ministry of Education through a Cabinet Decision no. 170 of 1964. This establishment was subsequent to Kenya's Membership to UNESCO in April 7, 1964 as 73rd Member and in line with UNESCO Constitution of 1945.

Over the years, KNATCOM has grown to be a Department with a large profile that not only coordinates UNESCO's activities at the national level, but also contributes and often times leads initiatives of significance to Kenya's development. At the same time, KNATCOM has become the point of contact and coordination for the African Union, Association for Development of Education for Africa (ADEA) and the Commonwealth. Initiatives of significance include the Education for All End of Decade Assessment among other research undertakings that have informed policy nationally and internationally.

To enhance its efficiency and effectiveness in service delivery in line with its mandate, KNATCOM was transformed into a state corporation from a department of the Ministry of Education on 25th January 2013 following the enactment of the Kenya National Commission for UNESCO Act 2013. This transformation was consistent with Article VII of the 1945 Constitution of UNESCO and provisions of the 1978 Charter of National Commissions for UNESCO which clearly defines the responsibilities vested in a national commission, the member state, and the conditions governing its operations.

According to the Constitution of UNESCO and the Charter of National Commissions, Member States are required to provide their national commissions with sufficient autonomy, structure, authority and resource mobilization capacity, to enable them to efficiently carry out the functions specified in the Constitution of UNESCO, the Charter for National Commissions and KNATCOM Act, 2013.

b) Principal Activities

KNATCOM's mission is to *“promote building of peace, eradication of poverty, sustainable development and intellectual dialogue through education, sciences, culture, communication and information.”*

c) Key Management

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

- Chief Executive Officer/Secretary General
- Director of finance and administration/Deputy Secretary General
- Director of Technical Programmes/Deputy Secretary General
- Heads of Programmes and Departments

d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2014 and who had direct fiduciary responsibility were:

Sno	Designation	Name
1.	Chief Executive Officer/Secretary General	Dr. Evangeline Njoka
2.	Director of finance and administration/Deputy Secretary General	Mr. John Mireri
3.	Director of Technical Programmes/Deputy Secretary General	
4.	Director Education Programme	Mrs. Tabitha Kamau
5.	Ag. Deputy Director Social and Human Sciences Programme	Mr. Joel Ongoto
6.	Director Communication and information Programme	Christine Maingi
7.	Head of Finance	David Otiato
8.	Head of Human Resource	David Looremata

e) Fiduciary Oversight Arrangements

The Commission has an Audit and finance committee that provides oversight on all financial matters.

f) Entity Headquarters

P.O. Box 72107 00100
National Bank Building
Harambee Avenue
Nairobi, Kenya

g) Entity Contacts

Telephone: (+254) 229053/4
E-mail: sg@knatcom.unesco.go.ke
Website: www.unesco.go.ke

h) Entity Bankers

1. Kenya Commercial Bank
KICC Branch
P O Box 30081-00100
Nairobi
2. National Bank of Kenya
Harambee Avenue Branch
P.O BOX 72866-00200
Nairobi

i) Independent Auditors

Auditor General
Office of the Auditor General
Anniversary Towers, University way
P O Box 30084-00100
Nairobi

j) Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P O Box 40112-00200
Nairobi



Mr. Noah M.O Sanganyi, HSC

Born: 1962

Education: Pursuing PhD in Sociology(MKU)
M.A Sociology (UON)
B.A Social Work

Work experience

Child Protection Specialist for
27 years now at the Department of Children's Services
under the Ministry of Labor, East African Affairs.
He has participated in management and programmatic
courses both in the country and outside Kenya.
GOK Counterpart for GTZ, JICA and USAID for 12
years. Board member of Regional Psychosocial
Initiative (REPSSI)



Prof. Frederick Gravenir

Born: 10th July 1947

Education: PhD , MA

Work experience:

- 38 years of teaching and administration at the university.
- Served as the dean of faculty of education at Maseno University College.
- Director , board of postgraduate studies at Kenyatta University.
- Currently serving as Deputy Vice Chancellor, Research , Innovation and Outreach, Kenyatta University

Mrs. Mary Rotich

Date of birth: 16th August 1962

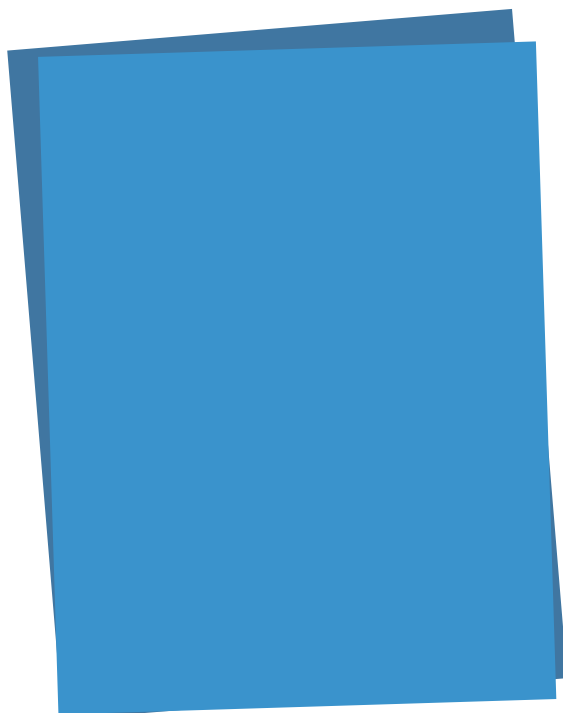
Education: B.Ed. M.Ed

Key qualifications

Management and Policy Studies, Strategic Leadership and ICT Integration Education

Work experience

- Served in the employment of the Teacher Service Commission for 27 years with 17 years at management level at the TSC headquarters
- Currently serving in the position of Senoir Deputy Director responsible for the implementation of Teacher Management functions:
 - Recruitment , deployment, promotion, maintanece of professionalism and teaching standards and monitoring of the conduct and performance of teachers.
- Involved in the current reforms of Teacher Professional Development(TPD) in ICT integration and coordinating the capacity building of teachers under the laptop project.
- Development of regulatios and guidelines to realign the Commission's funtions to the constitution.



Chistopher Kariuki

Born: 1961

Education: B.Ed. (Econ and Business studies) ,
MBA Finance

Work experience:

Over 20 years experience in public financial management. Worked in Teacher's Service Commission and various ministries in civil service.

Currently, Financial Officer in the Ministry of Education.



Mrs. Esther Wanjiru

Born: 27th April 1965

Education: Bsc. Mathematics & Computer Science(UON)
Msc. Management and Information Systems -
University of Manchester

Work experience:

Over 25 years experience in the civil service.

1990: National Treasury as an ICT officer then moved to the directorate of personnel management in the same capacity.

Worked in the Ministry of Foreign Affairs and Ministry of Information, Communication & Technology as head of ICT.

2009:Moved to the department of information in the same ministry.

2015:Appointed as Deputy Director of Information.



Ms. Joyce Ndege Sabari

Born: 1975

Education: B.Ed. - Kenyatta University
M.Ed , Measurement and Evaluation (UON)

Key Qualification: Strategic Leadership ,Research Methodology and Assessment.s

Work experience:

Served in Kenya National Examinations Council for 17 years.

Currently serving as the Deputy Director, Research and Quality Assurance Division.

Responsible for research , monitoring of learner achievement initiatives and quality assurance of key activities related to examination processes



Mr. Wenslas S.A Onga'yo, OGW

Born: 2nd June 1958

Education: B.A Political Science(UoN)

Work experience:

The director of Administration- Ministry of Sports, Culture and Arts from 2012 to date.

Served as Regional Commissioner Upper North Eastern, Wajir from 2010 - 2012.

August 2009- September 2010:

Appointed Regional Commissioner, Upper Eastern Region, Isiolo.

August 2008 - July 2009:

Deployed as Deputy Provincial Commissioner
Eastern Province - Embu
Alternate director, Mt. Kenya Pilot Project.
Alternate Director, TARDA
Member, CAB

August 2006 - July 2008:

Deployed as Deputy Provincial Commissioner , Central Province - Nyeri.

Served as Deputy Secretary in the Ministry of Lands in July 2005 to July 2006

Served as Deputy Secretary in the Office of the President from 2004 to June 2005

Served as undersecretary in the Office of the President (Police Headquarters) from 1991 to 2003

Served as District Officer from 1983-1998



Mr. George Kariuki

Born: October 1969

Education: Bsc. Statistics and Computer Science

Accredited Fellow of the Macroeconomics and
Financial Management Institute of Eastern and
Southern Africa (MEFMI)

Work experience:

1997-2001

Ministry of Environment, Forestry department responsible for the management of forestry information system(FIS)

2001-2004

Ministry of Finance, Fiscal and Monetary Affairs department with responsibilities of managing pre-shipment inspection data and other budgetary processes.

2004-2008

Debt management department as a database administrator for the National Debt Database.





Dr. Evangeline Njoka, Phd, M.Ed, B. Ed

Accounting Officer / CEO



Mr. John Mireri, , M.Ed ongoing, B. Ed

Deputy Secretary General- Corporate Affairs
Culture programme



Mrs. Tabitha Kamau, Phd ongoing, M. Ed. B.Ed

Education Programme



Mr. Joel Ongoto, Phd ongoing, M. Ed. B.Ed

Social and Human science programme



Mrs. Christine Maingi, M.Ed ongoing, B.Ed
Communication and Information programme



Mr. David Looremata, MA, BA,
Higher National Diploma in Human Resource
Human Resources



Mr. David Otiato, MBA, BA, CPA(K)
Finance and Accounts

IV. CHAIRMAN'S STATEMENT

Once again, I present the Commission's Annual Report and Financial Statements for the Year Ended 30th June 2015, during which we recorded fairly good performance despite a range of operational and financial challenges. For the second year running, the financial statements have been prepared in full compliance with International Public Sector Accounting Standards (IPSAS)

The board remains fully focused in supporting the management to attract, develop and retain the right talent. The board is also fully committed to maximizing stakeholder's value and maintaining our leadership in Kenya National Commission for UNESCO as well as in the region.

UNESCO has been playing a key role in Kenya's development through the five areas of competency.

Collaboration between UNESCO Headquarters, the Kenya permanent delegation to UNESCO, the Nairobi regional office for Eastern African in Nairobi, the Kenya National Commission for UNESCO and other government agencies has led to the implementation of many programmes in Kenya.

In both global and regional levels, several perspective and approaches have emerged in all UNESCO programmatic sectors, which have recently been the focus of emerging policy debates, research and foresight. Kenya has been reflecting on the merging post 2015 scenarios and other global development patterns including the possible impacts they might have to the economic development of the country.

The Kenya National Commission has a central role to play and is the key link with the government in all UNESCO matters. KNATCOM has made every effort to inform its stakeholders about the emerging issues and opportunities available in UNESCO for Kenya within the formal cooperation framework provided, which has led to enormous improvement in the reporting year.

Some of the achievements the Commission has recorded include; coordination of the KNATCOM youth forum where the youth from various organization meet to network and learn from each other; coordinated the first ever Forum for Ministers of Social Development for Eastern African Countries held in Nairobi February 2015; The Commission celebrated its 50 year anniversary partnership with UNESCO in last five decades, with mutual benefits in the year of reporting. The fifty year celebrations were marked with Kenya cultural week in Paris which is held every two years. The event is meant to showcase the rich and varied cultures of the people of Kenya in the promotion of tourism. The commission provides free library services to Kenyans to access information. Plans are underway to expand and modernize the library.

KNATCOM has continued to invest in the youth by building their capacity. In the reporting year the Commission held a capacity building of youth on development of mobile application for sustainable development in the areas of UNESCO competence. The Kenya National Commission for UNESCO also launched its strategic plan that sets out its road map for a five year period. The Commission has set out a monitoring and Evaluation Framework. The framework will enable us to measure the progress towards planned objectives and implementation of strategies and expected outputs within the strategic period. Mobilization of adequate resources remains critical to successful implementation of the five year plan. The Commission will strive to work with its stakeholders and partners in this endeavor.

GoK Performance contract

We continued to perform exceptionally well in our GoK performance contract. The Commission achieved its performance contract targets as set out with the government of Kenya by attaining its operational, financial and strategic goals. The commission retained a very good rating during the government appraisal of all government agencies

Conclusion and Appreciation

The Board remains fully focused in supporting the management to attract, develop and retain the right talent. The Board is also fully committed to governance and accountability.

I take this opportunity to sincerely express my gratitude and appreciation to all stakeholders, my fellow Board members, staff, the Government, and development partners, for their continued support, which has contributed to our good performance.

Mr. Noah Sanganyi

Ag Chairman

V. SECRETARY GENERAL'S REPORT

Kenya National Commission for UNESCO has a unique role to play in strengthening the foundation of lasting peace, equitable and sustainable development by advancing cooperation in education, the sciences, culture, communication and information.

Optimizing on talents

The commission during the period under review focused on maximizing on the talents amongst staff for better results in-order to realize the overall objective of the Commission. There was an increased emphasis on aptitude assessment for existing staff as a mean of appropriate placements and deployment. All these efforts are geared towards maximizing productivity of the human capital, taking cognizance of the overall functional analysis of the commission. In managing our talent, our key focus was to restructure the key areas and to live within reduced staff numbers and still deliver the objectives. Key to this was development of the Human resource manual and functional analysis.

Control of cost

For KNATCOM, the last one year has been a period of self-analysis and deliberation action, including a comprehensive examination of our processes and practices, a disciplined focus on cost reduction and optimizing resource. We never lost sight of the fact that we are spending taxpayers money. This means that we have an obligation of efficiency and accountability.

Major achievements per programme

KNATCOM in liaison with Ministry of education Science and technology and UNESCO regional office for Eastern African in Nairobi undertook a national Education for all (EFA) 2015 review whose objective were; Asses progress towards the achievement of the six EFA goals; review the implementation of national strategies to achieve the six EFA goals and determine current educational challenges and the future education agenda. The review findings will be used to accelerate actions to complete the unfinished EFA tasks as well as inform the discussion on the Education agenda 2015.

KNATCOM in liaison with the National Environmental Management (NEMA), the Ministry of Education and UNESCO regional office for Eastern Africa in Nairobi has been implementing ESD activities through advocacy and vision building ; consultancy and ownership; partnership and networks, capacity building and training ; research and innovations; use of ICT; and monitoring and evaluation. KNATCOM undertook capacity building for Education officers, principles of secondary schools and primary head teachers through sensitization workshops.

Culture is globally recognized as an enable and driver of sustainable development, peace and economic growth. The emergence of creative industry demonstrates its relevance for the economic and social well-being to our country Kenya. There's need to direct our energies towards the preservation and protection of our heritage (tangible and intangible). The same is faced with myriad of challenges with respect to conservation and preservation for posterity, the economic potentials notwithstanding.

Peace and security remains the key challenges to our nation as they threaten the fragile economic development progress the country has achieved so far. The factors of sustainability, continuity and resilience are paramount in this regard. KNATCOM works to advance and promote science in the interests of peace, sustainable development. Strong linkage between science, technology and innovation (STI), access to knowledge and sustainable development are crucial to the socio-economic advancement of the country.

ICT has created numerous possibilities of accessing information and knowledge. At a time when the world is looking for new ways to build peace and sustainable development, encouraging innovation and creativity of youth is vital to effectively address this. It is for this reason that the Kenya National Commission for UNESCO embarked on building capacity of youth on mobile applications development. This initiative aimed at empowering the youth with the high level skills and confidence to create mobile apps that are locally relevant and contribute to the reduction of youth unemployment.

The KNATCOM also sponsored the journalist of the Year Award, organized in partnership with the Medial Council of Kenya, to honor journalists who are promoting high level standards of journalism. KNATCOM believes that the standards set by the winning journalists will be emulated by other journalist and by so doing; freedom of expression, access to knowledge and media development will be enhanced in the country.

The 1st Forum of Ministers of Social Development for Eastern Africa was held in 2015, organized under the auspices of United Nations Educational, Scientific and Cultural Organization's (UNESCO) Management of Social Transformations (MOST) Programme, and hosted by the Government of Kenya in February 2015 with the adoption of the Nairobi Declaration on Global Justice, by Ministers (or their representatives) from 13 Eastern Africa countries (Burundi, Comoros, Djibouti, Eritrea, Kenya, Madagascar, Mauritius, Seychelles, Somalia, South Sudan, Sudan, Tanzania and Uganda). The forum was opened by Hon. William Ruto, Deputy President of the Republic of Kenya as the Chief Guest.

The Nairobi Declaration, a concrete outcome from the Forum, committed the Eastern Africa countries to a wide range of measures to be undertaken, individually and collectively, to tackle the challenges of injustice and inequalities, including a strong and urgent call on "the international community to place poverty eradication and the reduction of inequalities at the heart of the Sustainable Development Goals (SDGs), which are expected to form a key

component of the Post-2015 Development Agenda.” A four member bureau comprising Kenya (President), Tanzania (Vice President), Djibouti (Rapporteur) and South Sudan (Vice Rapporteur) was elected.

Internal Control and Financial Risk Management

The primary objective of the Commission’s internal control framework is to continuously put in place measures to attain accountability, programmatic and organizational objective within an evolving organization and meet stakeholder’s expectations.

The commission is accountable for maintaining a sound system of internal control to ensure the accomplishment of established objectives and goals for operations; the economic use of resources; the reliability and integrity of information; compliance with policies, plans procedures, rules and regulations and the safeguarding of assets.

Internal controls are designed to reduce and manage rather than eliminate the risk of failure to achieve the organizations aims, objectives and related policies. Therefore it can only provide reasonable and not absolute assurance of effectiveness. It is based on the ongoing process designed to identify the principle risks, evaluate the nature and extent of those risks, and manage them efficiently, effectively and economically.

Appreciation

I extend my appreciation to the government including National Treasury, Ministry of Education Science and technology, Ministry of Devolution, Ministry of Culture and Ministry of Environment for their continued support and insights. I would also wish to thank the KNTACOM Board and the committee of experts.

Finally, I extend my sincere thanks to all KNATCOM employees who have made it possible to be where we are. Over the year the commission will rely on this highly talented team to use all the skills and resources at our disposal to ensure that we meet our targets.

Dr. Evangeline Njoka

Secretary General

VI. CORPORATE SOCIAL RESPONSIBILITY

The Commission's social responsibility provides services in respect to environment, human rights and diversity, education and sports and culture

Kenya national Commission is involved at the community level through the UNESCO youth forum.

The youth forum members are involved in community initiatives such as working with the disabled, community sports activities, volunteer work, HIV Aids campaigns and entertainment. Note also that KNATCOM reaches out to the community through the youth forum as a youth empowerment institution. Youth are supported to attend UNESCO international meetings in order to build their leadership potential.

VII. STATEMENT OF CORPORATE GOVERNANCE

The Commission is guided by its core values of integrity, professionalism, team spirit and safety culture which underpin the Commissions health and decision-making processes. KNATCOM has at all times endeavored in its functions to take cognizance of the need for compliance with the relevant legal principles and the highest ethical standards. The Board recognizes its mandate to direct and be held accountable for the short and long-term sustainable Plans of the Commission in the promotion of peace and sustainable development as outlined in Kenya Constitution and UNESCO Constitution.

This Statement of Corporate Governance has been established by the Commissions Board and is intended, in conjunction with the Commissions Act and other corporate governance documents and all applicable laws, to be a flexible framework within which the Board may conduct its business.

The Board of Directors

The Board establishes broad corporate policies for the Commission and sets the strategic direction for the management with a focus on enhancing the interests of stockholders. The Board is also responsible for the corporate governance of the Commission.

Board Composition

The Board consists of eight (8) members led by a non-executive and independent Chairman, the Principal Secretary responsible for education and training, Principal Secretary responsible for Culture, Principal Secretary responsible for Gender Youth, Children and social development, Principal Secretary responsible for information and Technology, Principal Secretary responsible to the National Treasury and three members comprising representatives of the organization specified in the First Schedule of the KNATCOM Act 2013 and appointed by the Cabinet Secretary from amongst three persons nominated by the organization.

Board Diversity

The board members comprise of: Accounts, Finance, Educationist, Administration, Human resource Management expert, Child Protection Specialist and Information specialists.

Meetings of the Board

Regular meetings of the Board shall be held at such times and places as determined by the Board and special meetings shall be held at other times as the Board may determine is appropriate.

Board Meeting Materials

To the extent practicable, the Directors shall be provided with appropriate materials in advance of each meeting to permit prior review by the Directors.

Responsibility of Board members

The responsibilities of members of the Board are clearly spelt out in KNATCOM Act 2013. The Board sets the strategic intent of the Commission, its objectives, and values. It ensures that the procedures and practices and guidelines are in place to protect the commission's assets and reputation. The Board reviews the strategic direction and adopts plans proposed by management, reviews processes for delivering them and management of core business of the commission and compliance with key regulatory and legal provisions.

The Board retains full and effective control over the commission, and monitors managements implementation of plans and strategies, ensures ethical behavior and compliance with relevant law and regulations, audit and accounting principles, corporate policies and procedures and the code of conduct and ethics. It strives to act above and beyond the minimum requirements and benchmark the performance against the best international practices.

In accordance with the principles of good corporate governance, each board member undertakes always act in the best interest for the commission and exercise his/her power in the execution of duties in good faith and act with care and prudence

Each Board member is fully aware that the Board is responsible for determining the Commissions Vision, mission and values, deciding its strategic objectives, ensuring effective control over the Commission and accounting to its stakeholders and the public.

Director Access to Management and Independent Advisors

The Board receives operating and financial reports of the Commission and has access to senior management at Board and Committee meetings. The Board shall have the authority to retain, terminate and determine the fees and terms of consultants, legal counsel and other advisors to the Board as the Board may deem appropriate.

Ethical Standards

The Board and Management recognize that a strong ethical culture is very important in our vision to provide world class power that delights our customers. The Code of Ethics is a public statement that clarifies our expectations and holds us accountable for our business conduct. The Standards of Professional Conduct will confirm the Commission's policy to conduct its affairs in compliance with all applicable laws and regulations and observe the highest standards of professional ethics. This is communicated to all employees of the commission. The Standards of Professional Conduct deal with the following main areas:

- Commission's assets and information:
 - (a) Commission's funds and property;
 - (b) Commissions records and accounting;
 - (c) Confidential and proprietary information;
 - (d) Legal disputes;

- Conflicts of interest;
- Dealings with others:
 - (a) Government officials;
 - (b) Business hospitality;
 - (c) Prohibited payments;

Equal opportunity and unlawful harassment; Safety of the workplace and environmental protection; and Relationships with stakeholders, Anti-bribery and anti-corruption; Improper benefit; financial records and public communications; and political activities and lobbying.

Employees are encouraged to raise any matters of concern with their supervisor or the Board. The Standards of Professional Conduct also apply to ensure accountability at a senior management level for compliance.

Board Committees

Three standing committees of the Board assist to effectively discharge various business functions and responsibilities. Ad hoc committees are constituted to deal with pertinent issues as they arise. Each committee operates within the ambit of defined terms of reference assigned to it by the Board. The committees submit reports of their activities to the Board.

The Board has established the following committees in accordance with Section 13 of the Act.

- a) Finance and General Purposes
- b) Audit and Risk Management Committee.
- c) Policy and Strategy Committee

Finance and General Purposes Committee

The functions of this Committee will entail: -

1. To inquire into and advise the Board on any matter concerning;
 - i. financial management
 - ii. human resource management and development
 - iii. procurement
 - iv. administrative functions
2. To exercise the powers and perform on behalf of the Board the following functions;
 - i. ensure that the annual operating budgets are developed;
 - ii. approve the budget within the finance and general purpose committee;
 - iii. monitor adherence to the budget;
 - iv. ensure approved financial, procurement and human resource policies and procedures are being followed;
 - v. create and update (as necessary) policies that help ensure the finances, assets and staff of the organization are protected and well managed;

- vi. consider and make recommendations to the full board on financial, material and human resources goals, proposals and reports; and
- vii. Perform any other duties as may be assigned to it by the board.

Audit and Risk Management Committee

The Committee's mandate is to ensure that the Commission's assets are safeguarded and that there exists adequate operating and control processes for this purpose. The Committee regularly invites the CEO, Finance Manager and the Internal Audit Manager to its meetings. The Audit Committee is charged with the following responsibilities:

- a) examining quarterly, half-year and annual financial statements,
- b) discussing audit plan with the external auditors before commencement of the annual audit,
- c) consideration of audit findings by the external auditors,
- d) recommending to the Board engagement of external auditors and their audit fees,
- e) reviewing the function, independence, operations and findings of the Internal Audit Department,
- f) reviewing risks affecting the Commission and management strategies in addressing them, and
- g) Ensuring adherence with the code of ethics and integrity in financial transactions of the Commission.
- h) perform any other duties as may be assigned to it by the board

Policy and Strategy Committee

The mandate of the Policy and Strategy Committee is to advise the Board on Policies and strategies to enhance performance of the Commission.

The functions of this Committee will entail: -

1. To inquire into and advise the Board on any matter concerning;
 - i. UNESCO programmes and activities management
 - ii. Partnerships, protocols and agreements
 - iii. Programme and Expert Committees affairs
2. To exercise the powers and perform on behalf of the Board the following functions;
 - i. ensure annual programmes and work plans are developed;
 - ii. approve the programmes and work plans within the committee;
 - iii. monitor adherence to the programmes, work plans, strategic plans and performance contracts;
 - iv. to consider and make recommendations to the full board on received proposals, reports and submissions related to UNESCO policies, legislations, programmes, projects and activities; and
 - v. Perform any other duties as may be assigned to it by the board.

Communication with Third Parties.

The Board believes that it is, in general, the responsibility of the Secretary General/CEO to speak for the Commission in communications to outside parties (e.g. stakeholders and the press). The board should only engage in such communications at the request of or after consultation with management.

Board Members Tenure and Retirement

Subject to the provisions of KNATCOM for UNESCO Act 2013, the Chair person and Members of the Board shall hold office for a term of four years and shall be eligible for re-appointment for one further and final term.

VIII. REPORT OF THE BOARD

The members submit their report together with the audited financial statements for the year ended June 30, 2015 which show the state of the *Commission's affairs*.

Principal activities

In line with the mandate of UNESCO to its Member states and the Kenya National Commission for UNESCO Act, 2013, KNATCOM's main functions are to:

- a) ensure permanent presence of UNESCO in Kenya;
- b) involve in UNESCO's activities the relevant line ministries, departments, agencies, organizations and individuals dealing in UNESCO's areas of competence;
- c) implement UNESCO activities and budgeted programs;
- d) disseminate information and innovations on the activities of UNESCO;
- e) foster liaison between UNESCO and State agencies and organs concerned with Education, Science, Culture, Communication and Information;
- f) collaborate with other national commissions in UNESCO member states, UNESCO headquarters and field offices;
- g) coordinate participation in international meetings on education, science, culture, and communication and information;
- h) disseminate information on UNESCO prizes and awards to potential candidates and ensure their participation;
- i) disseminate information on UNESCO fellowships and study grants to potential applicants and facilitate their participation;
- j) co-ordinate ratification of UNESCO related conventions and protocols;
- k) coordinate capacity building in education, science, culture and communication;
- l) participate in the formulation of UNESCO's programmes and activities;
- m) participate in mobilization of resources for implementation of UNESCO programmes and activities; and
- n) Provide expert advisory service to the government in education, science, culture, and communication and information.

These functions are all geared towards promoting Kenya's development agenda.

Results

The results of the Commission for the year ended June 30, 2015 are set out on page 28.

Board Members

The members of the Board who served during the year are shown on page V and VI in accordance with the Commission's Act. They serve for one term of four years and are eligible for the second term which is final.

Auditors

The Auditor General is responsible for the statutory audit of the *Commission* in accordance with the Public Finance Management (PFM) Act, 2012.

IX. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 84 of the Public Finance Management Act, 2012 and section 15 of the State Corporations Act, require the Board to prepare financial statements in respect of Kenya National Commission for UNESCO, which give a true and fair view of the state of affairs of the *Commission* at the end of the financial year and the operating results of the *Commission* for that year. The Board is also required to ensure that the *Commission* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *Commission*. The Board is also responsible for safeguarding the assets of the *Commission*.

The Board is responsible for the preparation and presentation of the *Commission's* financial statements, which give a true and fair view of the state of affairs of the *Commission* for and as at the end of the financial year ended on June 30, 2015. 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 Commission; (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 Commission; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Board accepts responsibility for the *Commission'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 2012 and the State Corporations Act. The Board is of the opinion that the *Commission's* financial statements give a true and fair view of the state of *Commission's* transactions during the financial year ended June 30, 2015, and of the *Commission's* financial position as at that date. The Board further confirm the completeness of the accounting records maintained for the *Commission*, which have been relied upon in the preparation of the *Commission's* financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board to indicate that the *Commission* 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 *Commission's* financial statements were approved by the Board on **30TH September 2015** and signed on its behalf by:

Board Member


Board Member

Board Member

X. AUDITORS OPINION

REPUBLIC OF KENYA

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



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

**REPORT OF THE AUDITOR-GENERAL ON KENYA NATIONAL COMMISSION
FOR UNESCO FOR THE YEAR ENDED 30 JUNE 2015**

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Kenya National Commission for UNESCO set out on pages 28 to 54, which comprise the statement of financial position as at 30 June 2015, 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 of Kenya and Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

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 13 of the Public Audit Act, 2003.

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 15(2) of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). 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

Kenya National Commission for UNESCO – Annual Report and financial statements for the year ended 30 June 2015

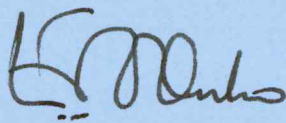
Promoting Accountability in the Public Sector

material misstatement of the financial statement, 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 circumstance, but not for the purpose of expressing an opinion on the effectiveness of the Commission'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 the Commission as at 30 June 2015, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with Kenya National Commission for UNESCO Act, 2013.



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

Nairobi

11 March 2016

XI. STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 30 June 2015

		2014-2015	2013-2014
	Notes	Kshs	Kshs
Revenue from Non-Exchange Transactions			
Transfers from governments	4	221,000,000	52,674,552
Transfers from UNESCO	5	10,872,650	17,343,450
Total Grant		231,872,650	70,018,002
Revenue from Exchange Transactions			
Other Income	6	1,979,550	436,000
Total Revenue from Exchange		1,979,550	436,000
Total Revenue		233,852,200	70,454,002
Expenses			
Employee cost	7	36,290,456	14,177,842
Repairs and Maintenance	8	159,159	167,138
Contracted services	9	2,301,380	224,000
Training Expenses	10	34,012,428	11,197,124
Finance Cost	11	218,070	47,130
General expenses	12	105,422,265	21,627,938
Subscription Fees	13	6,953,124	4,137,045
Board expenses	14	8,563,116	1,000,000
Depreciation	17	4,695,726	2,068,927
Amortizations	18	74,072	92,590
Provision of Audit fees	19	650,000	-
Total expense		199,339,796	54,739,734
Surplus for the period		34,512,404	15,714,268

The notes set out on pages 33 to 54 form an integral part of the Financial Statements

XII. STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Notes	2014/2015	2013/2014
		KShs.	KShs.
ASSETS			
Non-Current Assets			
Property Plant and equipment	17	15,926,284	7,537,913
Intangible assets.	18	296,288	370,360
Total Fixed Assets		16,222,572	7,908,273
Current Assets			
Cash at bank and in hand	15	37,071,355	10,919,995
Inventory	16	796,400	742,900
Total Current Assets		37,867,755	11,662,895
TOTAL ASSETS		54,090,327	19,571,168
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Deferred Revenue	20	2,965,655	3,724,900
Accounts Payable.	19	898,000	132,000
Total Current Liabilities		3,863,655	3,856,900
Total Liabilities		3,863,655	3,856,900
Capital and Reserves			
Accumulated Fund		50,226,672	15,714,268
Shareholder funds		50,226,672	15,714,268
TOTAL LIABILITIES & EQUITY		54,090,327	19,571,168

The Financial Statements set out on pages 28 to 32 were signed on behalf of the Board by:

Dr. Evangeline Njoka - Secretary General Date

Mr. Noah Sanganyi, HSC - Ag. Board Chairman Date

XIII. STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2015

	Accumulated Funds KES	Revaluation Surplus KES	Total equity KES
Balance at 1 July 2013	-		-
Changes in accounting policy			-
Restated balance	-		-
Changes in equity for the year 2013/2014			
Issue of share capital			-
Income for the year	15,714,268		15,714,268
Balance at 30th June 2014	15,714,268		15,714,268
Changes in equity for 2014/2015			
Surplus for the year	34,512,404		34,512,404
Balance at 30 June 2015	50,226,672		50,226,672

XIV. STATEMENT OF CASH FLOWS

For the year ended 30 June 2015

	Notes	2014-2015 Kshs	2013-2014 KShs
OPERATING ACTIVITIES			
Surplus for the year		34,512,404	15,714,268
Adjustments to reconcile Net Income to net cash provided by operations:			
Depreciation	17	4,695,727	2,068,927
Amortization	18	74,072	92,590
Increase in Accounts payable	19	766,000	132,000
Increase in Inventory	16	(53,500)	(742,900)
Deferred revenue	20	(759,245)	3,724,900
Net cash provided by Operating Activities		39,235,458	20,989,785
INVESTING ACTIVITIES			
Purchase of Property Plant and Equipment	17	(13,084,098)	(9,606,840)
Purchase of Intangible Assets	18	-	(462,950)
Net cash provided by Investing Activities		(13,084,098)	(10,069,790)
Increase in Cash and Cash equivalents		26,151,360	10,069,790
Cash and cash equivalents at 1 JULY		10,919,995	-
Cash and cash equivalents at 30 JUNE		37,071,355	10,919,995

KENYA NATIONAL COMMISSION FOR UNESCO

XV. STATEMENT OF COMPARISONS OF BUDGET AND ACTUAL AMOUNTS

	B	C	D	E	F
	Original	Final budget	Actual on	Performance	Note
	Budget		comparable basis	difference	
	2014-2015	2014-2015	2014-2015	2014-2015	
	Kshs	Kshs	Kshs	Kshs	
Revenue					
Gok Grant	145,000,000	221,000,000	-	-	
Sale of tender	-	59,000	-	-	
Other income	-	1,920,550	-	-	
Donor - UNESCO	10,872,650	10,872,650	-	-	
Total income	155,872,650	233,852,200	199,339,769	34,512,359	21
Expenses					
Compensation of employees	39,262,936	39,262,936	36,290,456	2,972,480	21
Travel and Accommodation cost	22,101,567	41,808,528	39,718,775	2,089,753	21
Repairs and Maintenance	1,415,415	1,415,415	159,159	1,256,256	21
Training	30,132,945	35,294,250	34,012,429	1,281,821	21
Contracted Services	2,376,294	2,376,294	2,301,380	74,914	21
Subscription to fees	10,000,000	10,000,000	6,953,124	3,046,876	21
General Expenses	50,283,493	102,635,352	79,686,376	22,948,976	21
Finance cost	300,000	300,000	218,070	81,930	21
Total expenditure	155,872,650	77,220,305	199,339,769	34,512,404	
Surplus for the period	-	-	-	34,512,404	

KENYA NATIONAL COMMISSION FOR UNESCO

XVI. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2015

1. Statement of compliance and basis of preparation

The entity'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 Commission. 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 direct method. The financial statements are prepared on accrual basis.

The preparation of financial statements in conformity with IPSAS requires the use of certain critical accounting estimates. It also requires KNATCOM management to exercise its judgment in the process of applying accounting policies.

2. Summary of significant accounting policies

a) Revenue recognition

i) Revenue from exchange transactions

Fees-Tender receipts

The entity recognizes from sale of tender when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay that amount, differed income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

ii) 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 Commission and can be measured reliably.

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 Commission. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or Commission 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.

Additions

The cost of an item of PP&E is recognized as an asset if it is probable that future economic benefits or service potential associated with the item will flow to Commission and the cost of the item can be measured reliably. In most instances, an item of PP&E is recognized at its cost. When an asset is donated, it is recognized at fair value as at the date of acquisition. KNATCOM applies thresholds when considering whether to capitalize PP&E additions.

Disposals

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset, and are included in the Statement of Financial Performance.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalized only when it is probable that future economic benefits or service potential associated with the item will flow to KNATCOM and the cost of the item can be measured reliably.

Depreciation

Depreciation is provided on a straight-line basis on all PP&E, at rates that will write off the cost of the assets over their useful lives. The useful lives of major classes of assets have been estimated as follows:

Office Equipment	-12.5%
Furniture and fittings	-12.5%
Computer and other IT equipment	-30%
Motor Vehicle	-25%

Impairment

The carrying values of fixed assets are reviewed for impairment if events or changes in circumstances indicate that the book value of the asset may not be recoverable. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss if any. Any provision for impairment is included in the Statement of Financial Performance.

d). Intangible assets

Intangible assets are carried at cost less accumulated amortization and impairment. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

Amortization

Amortization is provided on a straight-line basis on all intangible assets of finite life, at rates that will write off the cost or value of the assets over their useful lives.

e). Research and development costs

The Commission expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Commission can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

f). Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

g). Provisions

Provisions are recognized when the Entity 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 Entity 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.

Contingent liabilities

The Entity does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent assets

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

h). Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. Entity to the state reserves maintained and appropriate policies adopted.

i) Changes in accounting policies and estimates

The Entity 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

Short-term employee benefits

Short-term employee benefits are expected to be settled within 12 months of the reporting date and are measured at their nominal values based on accrued entitlements at current rates of pay. Short-term employee benefits comprise of regular monthly benefits (wages, salaries, allowances) compensated absences (annual leave, sick leave, and maternity/paternity/adoption leave). These are treated as current liabilities. Some elements of normally short-term benefits may not be expected to be settled within 12 months of the reporting date. This may be the case with some annual leave entitlements. These elements which are expected to be settled more than 12 months after the end of the reporting date are treated as non-current liabilities and are measured at the present value of the estimated future cash flows if the payments and the impact of discounting are considered to be material.

Post-employment benefits

Post-employment benefits include pension plans, post-employment medical care, repatriation grants and other lump-sums payable after the completion of employment. Post-employment benefit plans are classified as either defined contribution or defined benefit plans. For defined contribution post-employment plans, the obligation for each period is determined by the amounts to be contributed for that period, and no actuarial assumptions are required to measure the obligation or the expense. Post-employment benefits under defined benefit plans are measured at the present value of the defined benefit obligation adjusted for unrecognized actuarial gains and losses and unrecognized past service cost.

The entity provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an entity 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 employee benefits relating to employee service in the current and prior periods. The contribution to fund obligations for the payment of retirements benefits are charged against income in the year in which they become payable.

k) Leases

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term. The Commission has signed a lease agreement with National Bank of Kenya Harambee Avenue where they occupy two floors and rent is paid quarterly.

l) Financial instruments

Financial assets

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit, loans and borrowings as appropriate. The Entity determines the classification of its financial assets at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction cost.

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Commission determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in surplus or deficit.

m) Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the entity, or vice versa. Members of key management are regarded as related parties and comprise the Secretary General, Head of programmes and senior managers.

n) Service concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular where a private party contributes an asset to the arrangement, the entity recognizes that asset when, and only when, it controls or regulates the service the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than ‘whole-of-life’ assets, it controls, through ownership, beneficial entitlement or otherwise-any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

o) 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 by bank at the end of the financial year. For the purpose of these financial statements, cash and cash equivalents also include short term cash imprest and advances to authorized public officers and /or institutions which were not surrendered or accounted for at the close of the financial year.

p) Comparative figures

Comparative figures for the previous financial year are included in the financial statements.

q) Segment reporting

The entity does not have any branches/reporting segments. All the operations of the entity are managed from the registered office. The core business of KNATCOM is to continue to promote building of peace, eradication of poverty, sustainable development and intellectual dialogue through education, sciences, culture, communication and information together with other mandates as stipulated in the Act.

r) 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, 2015.

s) Nature and purpose of reserves

The Commission creates and maintains reserves in terms of specific requirements. Commission to state the reserves maintained and appropriate policies adopted.

3. Significant judgments and sources of estimation uncertainty

The preparation of the Commissions' financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertain 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.

Judgments, estimates and assumptions made include:

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 Commission 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 Commission. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

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 Commission.
- The nature of the asset, its susceptibility and capability to changes in technology and processes.
- The nature of the process in which the asset is deployed.
- Availability of funding to replace the asset.

- Changes in the market in relation to the asset.

Provisions and contingent liabilities

The Commission is exposed to various contingent liabilities in the normal course of business which may include pending legal cases. The directors evaluate the status of these exposures on a regular basis to assess the probability of the Commission incurring related liabilities. However, provisions are only made in the financial statements where, based on the director's evaluation, a present obligation has been established

Provisions are measured at the management 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.

The increase in the rehabilitation provision due to passage of time is recognized as finance cost in the statement of financial performance.

4. Transfers from governments	2014-2015	2013-2014
	Kshs.	Kshs.
Unconditional grants		
Operational grant – R- July 2014	9,000,000	-
Operational grant- R - 2014/2015	207,000,000	-
Operational grant – D - 2014/15	5,000,000	52,674,522
Total	221,000,000	52,674,522
5. Transfers from UNESCO	2014-2015	2013-2014
	Kshs.	Kshs.
UNESCO funds for projects	10,746,160	
Exchange gain	126,490	17,343,450
Total	10,872,650	17,343,450
6. Other income	2014-2015	2013-2014
	Kshs.	Kshs.
Deferred Income	759,245	-
Sale of Tenders	59,000	436,000
Revenue from Kenya @50 celebrations	1,161,305	-
Total other income	1,979,550	436,000

7. Employee costs

	2014-2015 Kshs.	2013-2014 Kshs.
Employee related costs-salaries and wages	20,361,688	7,985,170
Transport allowance	2,390,788	1,513,633
Responsibility allowance	1,349,333	80,000
Extraneous allowance	996,000	601,460
Entertainment allowance	780,000	314,000
House Allowance	5,939,752	3,296,097
Domestic Servant	187,200	62,400
Leave Expenses	600,000	325,082
Pension	2,648,779	-
Gratuity	768,148	-
Special duty allowance	268,768	-
Employee costs	36,290,456	14,177,842

8. Repairs and maintenance

	2014-2015 Kshs.	2013-2015 Kshs.
Routine Maintenance - Other Assets	23,500	-
Motor Vehicle	135,659	167,138
Total repairs and maintenance	159,159	167,138

9. Contracted services

	2014-2015 Kshs.	2013-2014 Kshs.
Audit fees	650,000	-
Event Organizers	812,000	-
Legal fees	354,380	-
Consultancy fees	485,000	224,000
Total contracted services	2,301,380	224,000

10. Training Expense

	2014-2015 Kshs.	2013-2014 Kshs.
Travel Cost	3,642,912	-
Conferences Facilities	10,421,376	1,909,700
Accommodation.	9,509,132	-
Hospitality and supplies	-	235,629
Capacity Building	10,439,009	9,051,795
Total	34,012,429	11,197,124

11. Finance costs

	2014-2015 Kshs.	2013-2014 Kshs.
Bank Charges	218,070	47,130
Total finance costs	218,070	47,130

12. General Expense	2014-2015	2013-2014
	Kshs.	Kshs.
Fuel and Lubricants	1,655,000	305,000
Office & and general supplies	4,572,321	591,800
Newspapers Periodicals	199,360	246,720
Printing and Stationery	3,524,923	7,482
Specialized material and supplies	1,894,252	1,171,890
Travel and Accommodation	39,718,667	12,583,140
Rent and rates	8,307,120	4,021,718
Telephone Services	1,314,704	1,126,000
Postage and delivery	169,074	6,960
Internet services	453,420	45,000
Advertisement	5,003,970	1,514,506
Hospitality and Supplies	22,857,226	-
Committee Allowances	10,833,829	-
Insurance	4,918,399	-
Exchange loss	-	7,722
Total	105,422,265	21,627,938

13. Subscription Fees

Local subscriptions
 UNESCO membership fee

2014-2015
 Kshs.

2013-2014
 Kshs.

498,500

-

6,454,624

4,137,045

6,953,124

4,137,045

14. Board Expenses

Travel and Accommodation
 Sitting Allowance
 Travel Insurance
 Telephone

2014-2015
 Kshs.

2013-2014
 Kshs.

7,203,281

1,342,000

15,595

2,240

1,000,000

-

-

Total

8,563,116

1,000,000

15. Cash and cash equivalents

Cash at Bank NBK Kshs.
 Cash at Bank NBK Dollar.
 Cash at Bank KCB
 Cash-on-hand KCB
 Cash-on-hand NBK

2014-2015
 Kshs.

2013-2014
 Kshs.

2,503,343

3,663,655

30,753,982

133,835

16,540

8,769,834

148,327

1,975,637

26,167

Total cash and cash equivalents

37,071,355

10,919,995

16. Inventory

Consumable stores

2014-2015

2013-2014

Kshs.

Kshs.

796,400

742,900

Totals

796,400

742,900

17 (a). Property, Plant And Equipment-2013/2014

	Office Equipmen t	Furniture and fittings	Computer and other IT equipment's	Motor vehicle	Total
Cost					
As at 1 st July 2013	-	-	-	-	-
Additions	2,047,000	1,168,000	1,381,840	5,010,000	9,606,840
Disposals	-	-	-	-	-
At 30 June 2014	2,047,000	1,168,000	1,381,840	5,010,000	9,606,840
At 30 June 2013	-	-	-	-	-
Depreciation	255,875	146,000	414,552	1,252,500	2,068,927
Disposals	-	-	-	-	-
At 30 June 2014	1,791,125	1,022,000	967,288	3,757,500	7,537,913
Net book values					
At 30 June 2014	1,791,125	1,022,000	967,288	3,757,500	7,537,913
At 30 June 2013					

17 (b). Property, plant and equipment-2014-2015

Cost

At 1st July 2014	2,047,000	1,168,000	1,381,840	5,010,000	9,606,840
Addition	1,464,598	-	531,500	11,088,000	13,084,098
Disposal	-	-	-	-	-
Total at 30th June 2015	3,511,598	1,168,000	1,913,340	16,098,000	22,690,938
Depreciation					
Accumulated Dep. At 1st July 2014	255,875	146,000	414,552	1,252,500	2,068,927
Charge for the year	406,965	127,750	449,636	3,711,375	4,695,727
Accumulated Dep. At 30th June 2015	662,840	273,750	864,188	4,963,875	6,764,654
Net Book Values					
At 30th June 2015	2,848,758	894,250	1,049,152	11,134,125	15,926,284
At 30th June 2014	1,791,125	1,022,000	967,288	3,757,500	7,537,913

18. Intangible Assets

Cost

At 1st July 2014

462,950

462,950

Additions

-

-

At 30th June 2015

462,950

462,950

Amortizations and Impairment

Accumulated Amortization at 1st July 2014

92,590

-

Charge for the year

74,072

92,590

Accumulated impairment at 30th June 2015

166,662

92,590

Net book values

As 30th June 2015

296,288

-

As 30th June 2014

370,360

19. Account Payables

	Kshs.	Kshs.
Provision of Audit fees	650,000	-
Committee of expert members	248,000	132,000
Total	<u>898,000</u>	<u>132,000</u>

20. Deferred Income

	Computers	Office Equipment	Consumables	Totals
As at 1 July 2014	935,000	2,047,000	742,900	3,724,900
Amortization for the year	<u>280,500</u>	<u>255,875</u>	<u>222,870</u>	<u>759,245</u>
As at 30 June 2015	<u>654,500</u>	<u>1,791,125</u>	<u>520,030</u>	<u>2,965,655</u>

21. Comparisons between budget and actual

The original budget of the commission was Shs.136 million including Development budget of Kshs.5 Million. This was revised to Shs.212 million in the revised budget. During the year under review the commission had grant payable amounting to Kshs.9 Million arising from the revised budget of 2013/2014. The Commission received Shs,59,000 from sale of tenders and Kshs1,161,305 from Kenya @50 celebrations. The Commission also received Kshs.6.9 Million from UNESCO for projects.

The Commission development budget of KShs.5 Million was not utilized since it was below the engineer estimates for partitioning the office. The other balance was realized due to cost savings measures.

22. Financial risk management disclosure

The Commission's financial risk management objectives and policies are detailed below:

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 1 to the financial statements.

Financial risk management objectives

The Commission's activities expose it to a variety of financial risks including credit risk, and liquidity risks. The Centre's overall risk management programme focuses on unpredictability of changes in the operating environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk.

Credit risk management

The Commission's credit risk is primarily attributable to its bank balances. The credit risk on liquid funds with financial institutions is also low, because the counter parties are banks with high credit-ratings.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Management, who has built an appropriate liquidity risk management framework. The Commission manages liquidity risk by maintaining enough required funds for its operations through continuous monitoring of forecast and actual cash flows.

Exchange risk

The Entity receives project funds through a foreign currency hence it is exposed to exchange risks.

Interest rate risk

The interest rate risk exposure arises mainly from interest rate movements on the Commission's cash balances.

23. Events after the reporting period

The management is not aware of any event that can have an impact on the financial statements.



Sacred Mijikenda Kaya Forest
Inscribed in 2008



Sceneries of L. Nakuru World Heritage Site with flamingoes
Inscribed in 2011



The 'Bird of Peace' (enyanmuchera) represents UNESCO's key objective - to build peace in the minds of men and was gift to UNESCO Headquarters by a Kenyan sculptor - Helkanah Ong'esa.



Proposed Geopark in Bartabwa in Baringo County



UNESCO/UNITWIN Chair, University of Nairobi Project in Makeni County on Water Harvesting for Sustainable Environment, Food Security and Community Development Project



Youth in a training session on development of mobile applications



Dr. Evangeline Njoka, Secretary General KNATCOM addressing the 1st Management of Social Transformation Forum at Hilton Hotel, 2015



Japan's Ambassador to Kenya, Mr. Tatsushi Terada, former CS for Education Prof. Jacob Kai-menyi, Mr. Mohamed Djelid Director, UNESCO Regional Office for Eastern Africa and Dr. Evangeline Njoka, Secretary General /CEO The Kenya National Commission for UNESCO join the Deputy President Hon. William Ruto in cutting the cake to mark UNESCO's 50 years in Kenya.



The Deputy President H.E Hon. William Rito addressing the 1st Management of Social Transformation(MOST) Ministerial Forum for Ministers of Social Development at Hilton Hotel,Nairobi in February 2015.



County Executive Committee Members of Culture meeting held at Hilton Hotel to plan the implementation of the 1st UNESCI Cultural Celebrations in Kenya 2014.