

REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE

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*Paper laid by Hon. Metito
(Majority Whip) on 15.04.2015
(Afternoon) Mmw*



REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
NATIONAL ENVIRONMENT TRIBUNAL**

FOR THE YEAR ENDED

30 JUNE 2014



National Environmental Tribunal
Annual Report and Financial Statements



NATIONAL ENVIRONMENT TRIBUNAL

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2014**

Prepared in accordance with the Cash Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)

National Environmental Tribunal
Annual Report and Financial Statements

Table of Contents

Page

I. KEY ENTITY INFORMATION AND MANAGEMENT	2
II. KEY MANAGEMENT	3
III. THE NATIONAL ENVIRONMENT TRIBUNAL MEMBERS	4
IV. REPORT OF THE SECRETARY	7
V. CORPORATE GOVERNANCE STATEMENT	7
VI. CORPORATE SOCIAL RESPONSIBILITY STATEMENT	7
VII. STATEMENT OF FINANCIAL PERFORMANCE	8
IIX. STATEMENT OF FINANCIAL POSITION	9
IX. STATEMENT OF CHANGES IN NET ASSETS	10
X. STATEMENT OF CASH FLOWS	11
XI. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS	12
XII. NOTES TO THE FINANCIAL STATEMENTS.....	13

NATIONAL ENVIRONMENT TRIBUNAL (NET)

I. KEY ENTITY INFORMATION AND MANAGEMENT

Background Information

The National Environment Tribunal (NET) is created under Section 125 of the Environmental Management and Coordination Act (EMCA) of 1999. The National Environment Tribunal is represented by the Cabinet Secretary for Environment, Water and Natural Resources who is responsible for the general policy and strategic direction of the Tribunal.

Principal Activities of the Tribunal

Its principal function is to hear and determine appeals arising from administrative decisions of NEMA on issuance, denial, revocation and conditions attached to EIA licenses issued to project proponents. Similarly under the Forests Act, No. 7 of 2005, appeals from the Forests Service Board come to the National Environment Tribunal.

Mission Statement

To provide accessibility to environmental justice that is expeditious and inexpensive.

Vision Statement

Increased compliance with the law for sustainable environmental management.

Functions of the Tribunal

The functions of the Tribunal are to consider appeals against the following:

- a. The refusal to grant a licence or to transfer a licence under the Act;
- b. The imposition of any condition, limitation or restriction on a licence issued under the Act;
- c. The revocation, suspension or variation of a licence issued under the Act;
- d. The amount of money required under the Act;
- e. The imposition of an environmental restoration order or environmental improvement order issued under the Act; and
- f. Any other action of the Director General, the Authority or its committee under the Act.

II. KEY MANAGEMENT

The Tribunal's day-to-day management is under the following members pursuant to section 125 of EMCA:

- a. A chairman nominated by the Judicial Service Commission- and is a person qualified to be appointed a High Court judge;
- b. An advocate of the High Court of Kenya nominated by the Law Society of Kenya;
- c. A lawyer with professional qualifications in environmental law appointed by the Minister; and
- d. Two persons who have demonstrated exemplary academic competence in the field of environmental management appointed by the Minister.
- e. Management staff seconded from the Ministry of Environment, Water and Natural Resources, State Department of Environment and Natural Resources.

Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2014 were:

	Designation	Name
1.	Chairman	Donald Kaniaru upto 31/12/2013
2.	Secretary/ Admin.	Jashon K. Awuor

National Environment Tribunal Headquarters

P.O. Box 74772-00200,
Popo Road, DRSRS Compound, Ministry of Mining, South C, Bellevue Area
NAIROBI.

Tribunal Contacts

Telephone: (254) 6003729
E-Mail: tribunal@net.or.ke
Website: www.net.or

National Environment Tribunal Banker

Kenya Commercial Bank,
KICC Branch,
Account Number: 1102293830

Principal Legal Advisor

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

Independent Auditors

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

III. THE NATIONAL ENVIRONMENT TRIBUNAL MEMBERS

The Tribunal is a quasi-judicial organ created under Section 125 of EMCA and therefore falls under Semi-Autonomous Government Agencies (SAGAs). It therefore has members appointed under the Act and lean staff posted from the Ministry of Environment, Water and Natural Resources, State Department of Environment.

 Dr. Dwasi Jane-Chairperson	<p>Date of birth: 31/5/1967</p> <p>Key Qualification: PhD (Judicial Sciences (S.J.D) Environmental and Natural Resource Law.</p> <p>Experience; 25 Years</p>
 Prof. Francis D.P. Situma- Member	<p>Date of Birth: 20/08/1954</p> <p>Key Qualification; Professor of Environmental Law (UoN)</p> <p>Experience: 37 years</p>
 Maureen W. Mathenge-Member	<p>Date of Birth: 20/04/1983</p> <p>Key Qualification: Master of Laws Degree (Water Regulations)</p> <p>Experience: 7 Years</p>
 Jashon K. Awuor-Secretary	<p>Date of Birth: 10/4/1969</p> <p>Key Qualification: MBA (Strategic Management)</p> <p>Experience: 19 Years</p>
 Prof. Tom Ojienda - Member	<p>Date of Birth: 1969</p> <p>Key Qualification: Professor of Law</p> <p>Experience: 12 Years</p>

III. CHAIRMAN'S STATEMENT

The National Environment Tribunal is a quasi-judicial body created under Section 125 of the Environmental Management and Coordination Act (EMCA) No. 8 of 1999. The principal function of the Tribunal is to hear appeal arising from NEMA's administration of the Act.

The spirit behind creation of the Tribunal was to dispense justice to those aggrieved by commissions or omissions of NEMA in the administration process of the Act, more so with regard to environmental impact assessment (EIA) and environmental audit (EA) processes in an expeditious and inexpensive manner.

To this end, the Tribunal has always endeavoured, since inception in 2002, to hear and determine appeals filed before it within the shortest time possible.

Though constituted in 2002, the Tribunal received the first appeal in the year 2005, and to date, a total of 132 appeals have been filed. During the year under review, 10 appeals were filed and 8 others were carried forward from previous year. Below are the appeals received during the year and their status:

1. **NET/119/2013:** Was filed by Muthaiga North Residents Association on 8th July 2013. They were aggrieved by NEMA's decision to grant an EIA licence to Karura Investments Ltd for construction of 183 residential units consisting of ground floor and first floor on L.R. No. 12422/21 located in Muthaiga North, Nairobi County without following the laid down legal procedures and processes. **The matter is in progress.**
2. **NET/120/2013:** Was filed by MED 25 International – Kenya on 24th July 2013 through the Law Firm of Otieno Ogola & Co. Advocates. They were aggrieved by NEMA's refusal to grant them an EIA licence for construction of a mortuary in Kirindo village, Mbita district.

Before the matter was listed for hearing, the appellant's Counsel filed a notice of intention to withdraw the whole appeal on 22nd August 2013.

The parties agreed on out of court settlement, and therefore, the matter has been marked settled before the Tribunal.
3. **NET/121/2013:** Was filed by Seaquarium Limited Mombasa on 30th August 2013. They were aggrieved by NEMA decision not to issue them with an EIA licence for construction of a Whale Shark conservation project in Kwale County. **Hearing in progress.**
4. **NET/122/2013:** The appeal was filed by Geoffrey Arasa T/A Size Bar and Restaurant on 11th October 2013 through the Law Firm of Munyao Muthama & Kashindi Advocates. He was aggrieved by NEMA's issuance of a restoration order against him without following laid down procedures. **Hearing in progress.**
5. **NET/123/2013:** The appeal was filed by Van De Berg (K) Ltd through the Law Firm of Odhiambo & Odhiambo Co. Advocates on 15th October 2013. He was aggrieved by

NEMA's issuance of a restoration order to him despite fulfilling all the conditions.
Hearing in progress.

6. **NET/124/2013:** The appeal was filed by Bernard K. Njau, Godfrey J. Mugo and Biogas Africa on 12th October 2013. They were aggrieved by NEMA's failure to take action against Kenya Power Company for illegal construction of a power sub-station in Kimathi estate which has become a killer sub-station and also constructed on part of estate's children playing ground. **Hearing process has commenced.**
7. **NET/125/2014:** The appeal was filed by Bernard Nyamanya Mogaka on 16th April 2014, and amended on 28th May 2014. He was aggrieved by NEMA's failure to enforce its own restoration order issued to Kisii bottlers Ltd for discharge of raw effluent into the appellant's private land. **Hearing in progress.**
8. **NET/126/2014:** The appeal was filed by the County Government of Kakamega on 9th July 2014 through the law firm of Munyao, Muthama and Kashindi Advocates. The Governor was aggrieved by NEMA's failure to ensure compliance with conditions of approval to an EIA licence issued to Jupiter Oil Company Ltd for construction and operation of a petrol station. **Hearing in progress.**
9. **NET/127/2014:** The appeal was filed by Issa Muslim and Dona Dona Investment Ltd through the law firm of Munyao, Muthama and Kashindi Advocates on 9th July 2014. They were aggrieved by NEMA's failure to enforce its own conditions attached to an EIA licence issued to Fatma Abdulkadir Mohamud for construction of a multi-dwelling storey unit in Nyali area, Mombasa County. **Hearing in progress.**
10. **NET/128/2014:** The appeal was filed by filed by Wilson M. Munguti and 3 others on 10th July 2014. They were aggrieved by NEMA's decision to grant an EIA licence to Kenya Agricultural Research Institute (KARI) working in conjunction with National Irrigation Board (NIB), Water Resources Management Authority (WARMA) and Kiboko River Water Resource Users Association to carry out a project dubbed "**Rehabilitation and Expansion of Kiboko Irrigation Development Project**" in total disregard to all procedures. **Hearing in progress.**

CONCLUSION

The Tribunal has made significant strides in carrying out its mandate, not only during the year under review, but since its inception. Given the fact that it started hearing appeals in mid-2005; the achievements realized so far are far from modest. If the few challenges are comprehensively addressed, Kenya, without doubt can claim pioneer status in the establishment and institutionalization as an environmental disputes arbitrator.

IV. REPORT OF THE SECRETARY

As already stated above, the National Environment Tribunal has endeavoured to perform its mandate as stipulated in the Act (EMCA) OF 1999.

It should be understood that the jurisdiction of the Tribunal is appellate, and thus dealing only with matters arising from NEMA's administration of the Act. Therefore, NEMA is always a respondent in all the appeals filed before the Tribunal

V. CORPORATE GOVERNANCE STATEMENT

The National Environment Tribunal is not a body corporate in the true definition of the word. It is a quasi-judicial agency created under EMCA with specific and limited mandate.

VI. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

During its formative years, the Tribunal used to conduct awareness creation workshops to sensitize the public on their right to clean and healthy environment, and what actions to take should they come across any form of environmental degradation. This has since been stopped due to lack of adequate funding.

REPUBLIC OF KENYA

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KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON NATIONAL ENVIRONMENT TRIBUNAL FOR THE YEAR ENDED 30 JUNE 2014

REPORT ON THE FINANCIAL STATEMENT

I have audited the accompanying financial statements of National Environment Tribunal set out on pages 8 to 19, which comprise the statements of financial position as at 30 June 2014, and the statement of financial performance, statement of changes in net assets and statement of cash flows for the year then ended, and 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 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.

Responsibility of the Auditor General

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 of the Public Audit Act, 2003, and submit the report in compliance with Article 229 (7) of the Constitution of Kenya. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatements.

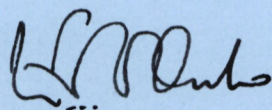
The audit involves performance procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depended on the auditor's judgement, including the assessments of the risk of

material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Tribunal's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and 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 opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects the financial position of the Tribunal as at 30 June 2014, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards and comply with the Environment Management Coordination Act, 1999.



Edward R. O. Ouko, CBS
AUDITOR- GENERAL

Nairobi

4 March 2015

VII. STATEMENT OF FINANCIAL PERFORMANCE
For the year ended 30 June 2014

	Note	2013-2014 Kshs	2012-2013 Kshs
Governments grants	3	<u>37,080,000</u>	<u>19,872,000</u>
Total Revenue		<u>37,080,000</u>	<u>19,872,000</u>
Expenses			
Tribunal costs	4	7,188,963	19,335,556
Depreciation	5	2,897,037	327,397
Repairs and maintenance	6	1,239,766	441,907
General expenses	7	5,919,444	3,838,243
Finance costs	8	<u>12,178</u>	<u>12,430</u>
Total expenses		<u>17,257,388</u>	<u>23,992,991</u>
Surplus/Deficit before tax		19,822,612	(4,120,991)
Taxation		-	-
Surplus/Deficit for the period		19,822,612	(4,120,991)
Surplus/Deficit attributable to owners of the controlling entity		<u>19,822,612</u>	<u>(4,120,991)</u>

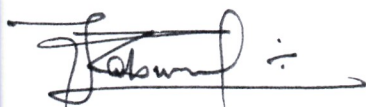
The notes set out on pages 13 to 19 form an integral part of the Financial Statements

IX. STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Note	2013-2014 Kshs	2012-2013 Kshs
Assets			
Current assets			
Cash and cash equivalents	9	17,476,527	5,567,643
Receivables from non-exchange transactions		358,864	-
Non-current assets			
Property, plant and equipment	10	<u>8,911,368</u>	<u>1,356,504</u>
Total assets		<u>26,746,759</u>	<u>6,924,147</u>
Net assets			
Accumulated surplus		-	-
Total net assets and liabilities		<u>26,746,759</u>	<u>6,924,147</u>

The Financial Statements set out on pages 8 to 11 were signed on behalf of the Board of Directors by:



Jashon K. Awuor
SECRETARY

Date... 29th Jan. 2015



ABEL OKEMWA
FOR: CHAIRMAN

Date... 29th Jan. 2015

IX. STATEMENT OF CHANGES IN NET ASSETS
For the year ended 30 June 2014

National Environmental Tribunal
Annual Report and Financial Statements

**Attributable to the owners of the
controlling entity**

	Accumulated Surplus Kshs	Total Kshs
Balance as at 30 JUNE 2012	11,045,138	11,045,138
Surplus/(deficit) for the period	<u>(4,120,991)</u>	<u>(4,120,991)</u>
Transfers to/from accumulated surplus		
Balance as at 30 JUNE 2013	<u>6,924,147</u>	<u>6,924,147</u>
Surplus for the period	19,822,612	19,822,612
Transfers to/from accumulated surplus		
Balance as at 30 JUNE 2014	<u>26,746,759</u>	<u>26,746,758</u>

X. STATEMENT OF CASH FLOWS

	Note	2013-2014 Kshs	2012-2013 Kshs
<u>Cash flows from operating activities</u>			
Receipts			
Government grants		<u>37,080,000.00</u>	<u>19,872,000.00</u>
Payments			
Compensation of Tribunal Expenses		7,188,963.00	19,335,556.00
Goods and services		7,159,210.00	4,317,608.00
Finance cost		<u>12,178.00</u>	<u>12,430.00</u>
		<u>14,360,351.00</u>	<u>23,665,594.00</u>
<u>Net cash flows from operating activities</u>	11	<u>22,719,649.00</u>	<u>(3,793,594.00)</u>
<u>Cash flows from investing activities</u>			
Increase in receivables		(358,864.00)	-
Purchase of property, plant, equipment		<u>(10,451,902.00)</u>	<u>(225,000.00)</u>
<u>Net cash flows used in investing activities</u>		<u>(10,810,766.00)</u>	<u>(225,000.00)</u>
<u>Cash flows from financing activities</u>			
<u>Net cash flows used in financing activities</u>		Nil	Nil
<u>Net increase/(decrease) in cash and cash equivalents</u>		<u>11,908,883.00</u>	<u>4,018,594.00</u>
Cash and cash equivalents at 1 July		5,567,643.00	9,586,237.00
Cash and cash equivalents at 30 June	9	<u>17,476,527.00</u>	<u>5,567,643.00</u>

XI. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	<u>Original budget</u>	<u>Adjustments</u>	<u>Final budget</u>	<u>Actual on comparable basis</u>	<u>Performance difference</u>
	<u>2013-2014</u>	<u>2013-2014</u>	<u>2013-2014</u>	<u>2013-2014</u>	<u>2013-2014</u>
	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>
Revenue					
Government grants and subsidies	<u>42,000,000</u>	-	<u>42,000,000</u>	<u>37,080,000</u>	<u>4,920,000</u>
Total income	<u>42,000,000</u>	-	<u>42,000,000</u>	<u>37,080,000</u>	<u>4,920,000</u>
Expenses					
Compensation of Tribunal costs	18,700,000	-	18,700,000	7,188,963	11,511,037
Goods and services	8,285,000	-	8,285,000	7,159,210	1,125,790
Finance cost	15,000	-	15,000	12,178	2,822
Other payments	<u>15,000,000</u>	-	<u>15,000,000</u>	<u>2,897,037</u>	<u>12,109,963</u>
Total expenditure	<u>42,000,000</u>	-	<u>42,000,000</u>	<u>17,257,388</u>	<u>24,742,612</u>
Surplus for the period	<u>0</u>	<u>0</u>	<u>0</u>	<u>19,822,612</u>	<u>-19,822,612</u>

XII. NOTES TO THE FINANCIAL STATEMENTS

1. Statement of compliance and basis of preparation – IPSAS 1

The NET 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 Tribunal. 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.

2. Summary of significant accounting policies

a) Revenue recognition

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 entity and can be measured reliably.

b) Property, plant and equipment – IPSAS 17

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 significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, 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. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

c) Changes in accounting policies and estimates – IPSAS 3

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.

d) Cash and cash equivalents

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

e) Comparative figures

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

f) Significant judgments and sources of estimation uncertainty – IPSAS 1

The preparation of the Entity'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, and the disclosure of contingent 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 Entity 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 Entity. 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 Entity
- 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

g) Subsequent events – IPSAS 14

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, 2014.

3. Transfers from other governments – gifts and services-in-kind

	2014	2013
	Shs	Shs
Unconditional grants		
Operational grant - recurrent	22,500,000	19,872,000
Operational grant - development	<u>14,580,000</u>	<u>-</u>
Total	<u>37,080,000</u>	<u>19,872,000</u>

4. Tribunal costs

Employee related costs - salaries and wages	450,000	960,000
Travel, motor car, accommodation, subsistence and other allowances	6,738,463	18,375,556
Total	7,188,963	19,335,556

5. Depreciation

Property, plant and equipment	2,897,037	327,397
Total	2,897,037	327,397

6. Repairs and maintenance

Property	1,003,750	314,650
Equipment	22,300	47,400
Vehicles	213,716	79,850
Total repairs and maintenance	<u>1,239,766</u>	<u>441,900</u>

National Environmental Tribunal
Annual Report and Financial Statements

7. General expenses	2014	2013
	Shs	Shs
The following are included in general expenses:		
Airtickets	1,224,905.00	1,026,770.00
Airtime	159,500.00	-
Catering	35,708.00	-
Fuel	802,984.00	911,366.00
Insurance	97,373.00	57,930.00
Newspapers	32,922.00	3,665.00
Office Tea	215,720.00	-
Printing	120,000.00	25,000.00
Postages	750.00	-
Sanitation	65,595.00	176,570.00
Staff Uniforms	102,300.00	-
Stationery	2,994,499.00	1,428,908.00
Taxi Services	62,642.00	7,850.00
Telephone	19,000.00	
Towing	-	9,742.00
Video coverage	-	28240.00
Miscellaneous	-	74,702.00
Show Expenses	-	<u>87,500.00</u>
Total general expenses	<u>5,933,898.00</u>	<u>3,838,243.00</u>

National Environmental Tribunal
Annual Report and Financial Statements

8. Finance Costs	2014	2013
	Shs	Shs
Bank Charges	<u>12,178</u>	<u>12,430</u>

9. Cash and cash equivalents

Bank - Recurrent	12,373,247	5,542,042
Bank - Development	4,869,993	-
Cash-on-hand and in transit	<u>233,287</u>	<u>25,601</u>
Total cash and cash equivalents	<u>17,476,527</u>	<u>5,567,643</u>

10. Property, plant and equipment Schedule

DETAILS	MOTOR VEHICLES Kshs. 25%	FURNITURE FITTINGS& EQUIP Kshs. 12.5%	COMPUTERS & PRINTERS Kshs. 33.3%	TOTAL Kshs.
DEPRECIATION RATES				
COST/VALUATION				
As at 1 st July 2013	2,825,560	3,405,479	3,369,840	9,600,879
Addition during the year:	<u>9,710,007</u>	<u>131,050</u>	<u>610,845</u>	<u>10,451,902</u>
As at 30th June, 2014	<u>12,535,567</u>	<u>3,536,529</u>	<u>3,980,685</u>	<u>20,052,781</u>
Accumulated Depreciation				
As at 1 st July, 2013	2,666,442	2,497,952	3,079,982	8,244,376
Charge for the year	<u>2,467,281</u>	<u>129,822</u>	<u>299,934</u>	<u>2,897,037</u>
As at 30th June, 2014	<u>5,133,723</u>	<u>2,627,774</u>	<u>3,379,916</u>	<u>11,141,413</u>
NET BOOK VALUE AS AT:				
As at 30th June, 2014	<u>7,401,844</u>	<u>908,755</u>	<u>600,768</u>	<u>8,911,367</u>
As at 30 th June, 2013	<u>159,118</u>	<u>907,527</u>	<u>289,858</u>	<u>1,356,504</u>

Assets are valued on historical cost basis. A full year's depreciation is charged in the year of purchase. Depreciation is on reducing balance method and the rates shown above have been applied.

National Environmental Tribunal
Annual Report and Financial Statements

11. Cash generated from operations

	2014	2013
	Shs	Shs
Surplus for the year before tax	19,822,612	4,120,991
Adjusted for:		
Depreciation	2,897,037	327,397
Working capital adjustments:	-	-
Net cash flows from operating activities	22,719,649	4,448,338

12. Events after the reporting period

There are no material non-adjusting events after the reporting date.