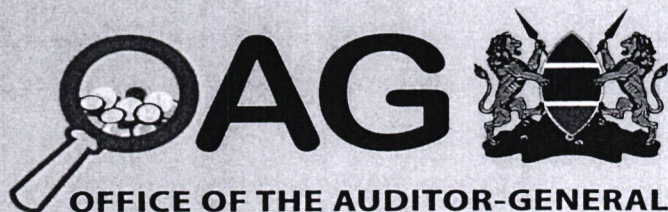


REPUBLIC OF KENYA



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CLERK AT THE TABLE	OF Lawrence Mose

THE AUDITOR-GENERAL

ON

**STATE CORPORATIONS APPEAL
TRIBUNAL**

**FOR THE YEAR ENDED
30 JUNE, 2019**

THE NATIONAL ASSEMBLY
PETERS LAYO

DATE: 25 MAR 2021



OFFICE OF THE AUDITOR GENERAL
P. O. Box 300 94 - 00100, NAIROBI
REGISTRY

04 FEB 2021

RECEIVED

STATE CORPORATIONS APPEAL TRIBUNAL

**ANNUAL REPORT
&
FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED
JUNE 30 2019**

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

STATE CORPORATIONS APPEAL TRIBUNAL
ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Table of Contents

	Page
Table of Contents-----	i
Key Tribunal Information and Management-----	ii-iv
Tribunal Members-----	v
Management Team-----	vi&vii
Chairman`s Statement-----	viii
Report by the Tribunal Secretary-----	ix
Corporate Governance Statement-----	x
Corporate Social Responsibility Statement-----	xi
Report by the Tribunal Members -----	xii
Statement of Members Responsibilities-----	xiii&xiv
Report of the Independent Auditors-----	xv
Statement of Financial Performance-----	1
Statement of Financial Position -----	2
Statement of Changes in Net Assets-----	3
Statement of Cash flows-----	4
Statement of Comparison of Budget and Actual Amounts-----	5
Notes to the Financial Statements -----	6-19

STATE CORPORATIONS APPEAL TRIBUNAL ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

I. KEY TRIBUNAL INFORMATION AND MANAGEMENT

a) Background information

The State Corporations Appeal Tribunal was established in 1987 under the State Corporations Act Cap. 446, section 22 (1) as a statutory regulatory body. It commenced operations in 2000 when the Tribunal Court was set up and started receiving appeals from persons surcharged.

b) Principal Activities

The functions of the Tribunal are to:-

- hear and determine appeals from those surcharged;
- make and deliver judgment on appeals;
- hear appeals from the Inspector of State Corporations in case of non-payment; and
- order investigations into the operations of those surcharged;

c) Key Management

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

Mr. Tom Odede -Tribunal Secretary

Ms. Trizah Mwasi-Senior Human Resource Officer

Ms. Naomi Mwai –Senior Accountant

Mr. Collins Okello -Legal Clerk

d) Fiduciary Management

There were no Board Members for the Tribunal during the financial year ended 30th June 2019 and it's only the Secretary to the Board who had direct fiduciary responsibility:

No.	Designation	Name
1.	Secretary	Mr. Tom Odede

**STATE CORPORATIONS APPEAL TRIBUNAL ANNUAL REPORT
AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
2019**

e) Tribunal's Headquarters

Re-Insurance Plaza, 7th floor,
Taifa Road.
P.O Box 56653 00200,
NAIROBI

f) Tribunal's Contacts

Tel: 0203318374/5/6
Email: info@scat.go.ke
Website: www.scat.go.ke

g) Tribunal Bankers

National Bank of Kenya Limited,
Harambee Avenue
P.O Box 72866 00200
NAIROBI

Kenya Commercial Bank,
K.I.C.C Branch.
P.O Box 46950 00100
NAIROBI

h) Independent Auditors

Auditor General,
Kenya National Audit Office
P.O Box 30084 00100
NAIROBI.

**STATE CORPORATIONS APPEAL TRIBUNAL ANNUAL REPORT
AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
2019**

i) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue


P.o Box 40112 00200

NAIROBI.

**STATE CORPORATIONS APPEAL TRIBUNAL ANNUAL REPORT
AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
2019**



II. LIST OF BOARD MEMBERS

	CHAIRMAN VACANT

 <p>MR. TOM ODEDE Holds a Bachelor in laws (LLB) from the University of Ailahabad, India and a post graduate diploma in law from the Kenya School of Law.</p>	TRIBUNAL SECRETARY Mr. Tom Odede is a lawyer by profession and an advocate of the High Court of Kenya; He is currently working at the State Law Office as a State Counsel and Secretary to the Tribunal. He is a member of Law Society of Kenya (LSK). D.O.B :1976
---	--

**STATE CORPORATIONS APPEAL TRIBUNAL ANNUAL REPORT
AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
2019**

III. MANAGEMENT TEAM

NAME AND KEY QUALIFICATIONS, ACADEMIC QUALIFICATIONS	KEY QUALIFICATIONS AND WORK EXPERIENCE
 <p>MR. TOM ODEDE Holds a Bachelor in laws (LLB) from the University of Ailahabad, India and a post graduate diploma in law from the Kenya School of Law.</p>	<p>TRIBUNAL SECRETARY He is the Accounting officer at the Tribunal. Responsible for carrying out day to day management of the Tribunal, developing of and recommending to the Board the long term strategy, operating budgets and establishing proper internal monitoring and control systems and procedures providing leadership to the employees, acting as spokesperson for the Tribunal and ensuring continuous achievement of the Tribunal's financial and operating goals and objectives. D.O.B :1976</p>
 <p>CPA NAOMI MWAI Holds a Bachelor of Business Management (Accounting) from Moi University and a holder of CPAK. Member, Institute of Certified Public Accountants of Kenya.</p>	<p>SENIOR ACCOUNTANT She is the Head of Finance Section. Responsible for preparing annual Financial Statements and General accounting work including book keeping, preparing the annual Tribunal budgets/work plans and cashbooks, payroll accounting and petty cash management.</p>

**STATE CORPORATIONS APPEAL TRIBUNAL ANNUAL REPORT
AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
2019**



MS. TRIZAH MWASI

Hold a Bachelor of Commerce (Human Resource Management) from KCA University, Diploma and Advanced Diploma in Business Management, Secretarial course and Diploma in sales & marketing. Member, The Association of Business Executives, Institute of Human Resource Management, The Kenya Institute of Management.

SENIOR HUMAN RESOURCE OFFICER

Head of Human Resource Section. Responsible for planning, controlling and co-ordinating all Human Resource Management activities, Implementing Human Resource Policies and Strategies.



MR. COLLINS OKELLO

Holder of Bachelor of Laws from Catholic University of Eastern Africa, Post Graduate Diploma from Kenya School of Law and Certificate in Purchasing and Supplies Management from JKUAT.

LEGAL CLERK

He is the Legal Clerk to the Tribunal. Responsible for receiving, drafting and production of necessary legal and court documents, assisting the Board with the research on cases, preparation of Tribunal orders/decrees and various correspondences and administration of Tribunal contracts.

STATE CORPORATIONS APPEAL TRIBUNAL ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

IV. CHAIRMAN'S STATEMENT

The Chairman of the Tribunal acknowledges good financial performance in the Financial year 2018/19.

The achievements during the year include;

- The Tribunal was able to develop and align its Financial Policy and Procedures Manual with Judiciary, awaiting adoption.
- The Tribunal's has developed its five year strategic plan which will run from 2019 to 2024 once it's adopted.
- The Tribunal was able to review the staff establishment and develop the salary structures which were submitted for approval by the Public Service Commission (PSC)

However, during the year we were faced with some challenges which included;

- The Tribunal did not receive any cases from the Inspectorate of State Corporations attributed to the vacancy in office of the Inspector of Corporations.
- The enabling legislation does not provide any clarity as to the corporate status of the Tribunal.
- The Tribunal Board was not able to discharge its statutory mandate as it was not fully constituted after the term of the Chairman and the two Board members expired without replacement.
- The public and State Corporations lack awareness about the activities of the Tribunal.
- Absence of a clear transitional policy or framework guiding the transfer of the Tribunal from the executive to the Judiciary so as to optimize its operations.

I take this opportunity to sincerely express my gratitude to the Government, Judiciary, the Tribunal Secretary, staff, our clients and auditors for their continued support, which has contributed to our good performance.

CHAIRMAN

Date: 20 August, 2019.

STATE CORPORATIONS APPEAL TRIBUNAL ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

V. REPORT OF THE TRIBUNAL SECRETARY

The Tribunal prepares its financial statements at the end of each financial year as required by the Public Audit Act, 2015.

The Tribunal is fully funded by the Government. In the financial year, the Tribunal was allocated Kshs. 39,700,000 for recurrent expenditure.

The Statement of financial performance in the financial statements (page 1) outlines how SCAT utilized this funding for efficient operation and achievement of its objectives.

However, during the year the Tribunal faced the following challenges:

- The Tribunal Board was not able to discharge its statutory mandate as it was not fully constituted after the term of the Chairman and the two Board members expired without replacement.
- The Tribunal did not receive any cases from the Inspectorate of State Corporations.
- Absence of a clear transitional policy or framework guiding the transfer of the Tribunal from the executive to the Judiciary so as to optimize its operations.
- Staff capacity gaps occasioned by the existing Tribunal grading structure and structural organization, which is currently under review. Lack of clarity as to the corporate status of the Tribunal.

The Tribunal has raised the above challenges with the relevant authorities for the purpose of improving its operations.


Tom Odede

SECRETARY

Date. 20 August, 2019.

STATE CORPORATIONS APPEAL TRIBUNAL ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

VI. CORPORATE GOVERNANCE STATEMENT

Corporate governance is the process and structure by which companies are directed, controlled and take into account cognizance of the interest of other stakeholders.

The Board members of the Tribunal are responsible for the governance of SCAT and is accountable to the stakeholders in ensuring that the Tribunal complies with the laws and the highest standards of business ethics and corporate governance.

Accordingly the Board attaches very high importance to the generally accepted corporate governance practices and has embraced the internationally developed principles and code of best practice of good corporate governance.

Board Members

The roles and functions of the Chairman and the Tribunal Secretary are distinct and their respective responsibilities are clearly defined within the Tribunal. The Board constitutes of the Chairman, two Board Members and Secretary.

The Board defines the Tribunal's strategies, objectives and values and ensures that procedures and practices are set in place to ensure effective control over strategic, financial, operational and compliance issues. The board members bring a wealth of experience and knowledge to the Board's deliberations.

Except for direction and guidance on general policy, the Board delegates authority of its day-to-day business to the Management through the Tribunal Secretary. The Board nonetheless is responsible for the stewardship of the Tribunal and assumes responsibilities for the effective control over the Tribunal. The Tribunal Secretary attends all meetings of the Board and advises the Board on all corporate governance matters as well as prevailing statutory requirements.

At the moment the Board doesn't have any committees of the board.

Board Meetings

The Board holds meetings on a regular basis while special meetings are called when it is deemed necessary to do so. In the financial year under audit the Tribunal Board was not fully constituted and hence there were no Board Meetings held.

STATE CORPORATIONS APPEAL TRIBUNAL ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The State Corporations Appeal Tribunal was established in 1987 under the State Corporations Act Cap. 446, section 22 (1) as a statutory regulatory body. It commenced operations in 2000. The Tribunal was established to deal with the increased cases of surcharge/disallowance in State Corporations and also provide an avenue for redress to those who felt aggrieved from decision of surcharge/disallowance made by the Inspector General of State Corporations. Specifically, the functions of the Tribunal are to:-

- hear appeals of surcharge/disallowance;
- make and deliver judgment on appeals;
- hear appeals from the Inspector of State Corporations in case of non-payment; and
- order investigations into the operations of those surcharged;

VISION

To be a model Tribunal in dispute resolution.

MISSION

To provide justice and improved governance in national and county corporations through a fair, expeditious, just and accessible dispute resolution mechanism.

CORE VALUES

- Fairness
- Justice
- Impartiality
- Transparency
- Integrity
- Professionalism

In the financial year 2018/19 the Tribunal was involved in workshop for Induction of Board Members of State Corporations, attended to its stakeholders at the Mombasa International trade fair, Mt. Kenya Central show, Kitale Show and at the Jamhuri International Trade Fair.

STATE CORPORATIONS APPEAL TRIBUNAL ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

VIII.REPORT OF THE TRIBUNAL BOARD MEMBERS'

The Board Members submit their report together with audited financial statements for the year ended June 30,2019 which show the state of the Tribunal's affairs.

Principal activities

The principal activities of the Tribunal are;

- hear and determine appeals from those surcharged;
- make and deliver judgment on appeals;
- hear appeals from the Inspector of State Corporations in case of non-payment; and
- order investigations into the operations of those surcharged;

Results

The results of the Tribunal for the year ended June 30, 2019 are set out on page 1-5.

Directors

During the financial year 2018/19 there were no Directors. The positions of the two Board Members fell vacant as follows:-Mr Samuel Onyango expired on 31st March 2014, that of Ms. Judith Guserwa expired on 2nd July 2015, and for the Chairman on 11th February 2018.

Auditors

The Auditor General is responsible for statutory audit of the Tribunal in accordance with the Section 68 (2) of Public Finance Management (PFM) Act, 2012 and Section 14 (3) of the State Corporations Act.

The Tribunal was audited by the auditors from the Auditor General's office for the year ended June 30, 2018.



Tom Odede
Secretary

STATE CORPORATIONS APPEAL TRIBUNAL ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

IX. STATEMENT OF MANAGEMENT RESPONSIBILITIES

Section 80 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, require the members to prepare financial statements in respect of the Tribunal, which give a true and fair view of the state of affairs of the Tribunal at the end of the financial year and the operating results of the Tribunal for that period. The members are also required to ensure that the Tribunal keeps proper accounting records which disclose with reasonable accuracy the financial position of the Tribunal. The members are also responsible for safeguarding the assets of the Tribunal.

The members are responsible for the preparation and presentation of the Tribunal's financial statements, which give a true and fair view of the state of affairs of the Tribunal for and as at the end of the financial year ended June 30, 2019. 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 Tribunal;
- 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 Tribunal;
- v. selecting and applying appropriate accounting policies; and
- vi. Making accounting estimates that are reasonable in the circumstances.

The members accept responsibility for the Tribunal's financial statements which have been prepared using appropriate accounting policies supported by reasonable judgments and estimates, in conformity with the International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The members are of the opinion that the Tribunal's financial statements give a true and fair view of the Tribunal's transactions during the financial year ended June 30, 2019, and of the Tribunal's financial position as at that date.

**STATE CORPORATIONS APPEAL TRIBUNAL ANNUAL REPORT
AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
2019**

STATEMENT OF MANAGEMENT RESPONSIBILITIES contin.....

The members further confirm the completeness of the accounting records maintained for the Tribunal, which have been relied upon in the preparation of the Tribunal's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the members to indicate that the Tribunal 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 Tribunal's financial statements were approved by the Secretary on 20th August , 2019.



Mr. Tom Odede
SECRETARY

**STATE CORPORATIONS APPEAL TRIBUNAL ANNUAL REPORT
AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
2019**

X. REPORT OF THE INDEPENDENT AUDITORS ON THE TRIBUNAL

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON STATE CORPORATIONS APPEAL TRIBUNAL FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of State Corporations Appeal Tribunal set out on pages 1 to 22 which comprise the statement of financial position as at 30 June, 2019, and statement of financial performance, statement of changes in net assets, statement of cash flows and the 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 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of State Corporations Appeal Tribunal as at 30 June, 2019, 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 the State Corporations Act and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the State Corporations Appeal Tribunal Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

Unresolved Prior Year Audit Matter - Staff Advances Written-Off

As reported previously, staff advances amounting to Kshs.4,479,440 were written off without the approval of the Cabinet as required under Section 69 (3) of the Public Finance Management Act, 2012 and Regulation 148 (8) of the Public Finance Management (National Government) Regulations, 2015. No evidence of the Tribunal having written back the advances and commenced recoveries from the affected staff was provided for audit.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Non-Compliance with Executive Order No. 1 of 2018

The Presidential Executive Order No.1 of 2018 transferred oversight of the State Corporations Appeal Tribunal to The National Treasury. However, as reflected in Note 6 to the financial statements, the Tribunal continued to receive its budgetary allocation (government grants) from the Judiciary.

The Tribunal was in breach of the Executive order to this extent.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance, I confirm that,

nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Non-Functional Board

As previously reported, the Tribunal operated without a functional board, as the Secretary was the sole person in office during the year. This is contrary to the provisions of Section 22 of the State Corporations Act, CAP 446 that established the Tribunal. Consequently, it has not been possible to confirm the Tribunal's effectiveness over controls, risk management and governance in absence of a functional board.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Tribunal's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless Management is aware of intention to terminate the Tribunal or to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the Tribunal monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and

systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution.

My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Tribunal's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Tribunal to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Tribunal to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

23 February, 2021

STATE CORPORATIONS APPEAL TRIBUNAL

Annual Reports and Financial Statements for the year ended 30 June 2019

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

	Note	<u>2019</u> <u>Kshs</u>	<u>2018</u> <u>Kshs</u>
Revenue			
Revenue from non-exchange transactions			
Government Grants	6(i)	<u>39,700,000</u>	<u>36,077,078</u>
		<u>39,700,000</u>	<u>36,077,078</u>
Revenue from exchange transactions			
Other revenue	6(ii)	<u>-</u>	<u>5,317,055</u>
		<u>-</u>	<u>5,317,055</u>
Total Revenue		<u><u>39,700,000</u></u>	<u><u>41,394,133</u></u>
Expenses			
Employee costs	7	13,226,712	11,183,358
Board Expenses	8	1,628,207	1,964,535
Depreciation expenses	9	890,101	835,528
Repairs and maintenance	10	559,582	137,352
General Expenses	11	27,026,547	25,069,424
Total Expenses		<u><u>43,331,149</u></u>	<u><u>39,190,197</u></u>
Surplus(Deficit) for the year		<u><u>(3,631,149)</u></u>	<u><u>2,203,936</u></u>
Refund of surplus for fy 2017/18		<u>(2,029)</u>	<u>(3,145,470)</u>
Net Surplus(Deficit) for the year		<u><u>(3,633,178)</u></u>	<u><u>(941,534)</u></u>

The notes set out on pages 7 to 19 form an integral part of the Financial Statements

STATE CORPORATIONS APPEAL TRIBUNAL

Annual Reports and Financial Statements for the year ended 30 June 2019

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

ASSETS	Note	2019	2018
		Kshs	Kshs
Current Assets			
Cash and cash equivalents	12	117,763,902	117,764,068
Receivables from exchange transactions	13	905,639	919,439
		<u>118,669,542</u>	<u>118,683,507</u>
Non-current assets			
Property, Plant & Equipment	14	2,108,448	2,998,549
		<u>2,108,448</u>	<u>2,998,549</u>
Total Assets		<u>120,777,990</u>	<u>121,682,056</u>
LIABILITIES			
Current liabilities			
Trade and other payables from exchange transac	15	3,517,574	624,462
Provision for audit fees	16	300,000	464,000
Total liabilities		<u>3,817,574</u>	<u>1,088,462</u>
NET ASSETS			
Accumulated Surplus		116,960,416	120,593,594
Net Assets		<u>116,960,416</u>	<u>120,593,594</u>
Total Net Assets and Liabilities		<u>120,777,990</u>	<u>121,682,056</u>

The financial statements set on page 1 to 19 were approved by the Chairman and Secretary on
and were signed on behalf of the Board by:


Secretary
Tom Odede

Date: 20 August 2019


Senior Accountant
Naomi Mwai

ICPAK M.no.10307
Date: 20 August 2019

Chairman

Date: 20 August 2019

STATE CORPORATIONS APPEAL TRIBUNAL

Annual Reports and Financial Statements for the year ended 30 June 2019

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2019

	Accumulated Surpluses
	Kshs
Balance as at 1st July, 2017	121,535,128
Surplus for the year 2017/18	(941,534)
Balance as at 30th June, 2018	<u>120,593,594</u>
Balance as at 1st July, 2018	120,593,594
Surplus for the year 2017/18	(3,633,178)
Balance as at 30th June, 2019	<u>116,960,416</u>

STATE CORPORATIONS APPEAL TRIBUNAL

Annual Reports and Financial Statements for the year ended 30 June 2019

STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 KSHS	2018 KSHS
Cash flows From Operating Activities:			
Receipts			
Government Grants	6(i)	39,700,000	36,077,078
Refund of surplus from previous Fy		(2,029)	(3,145,470)
Other Revenues	6(ii)	0	5,317,055
Decrease/ (Increase) in current receivables	13	13,800	2,197,759
		<u>39,711,771</u>	<u>40,446,421</u>
Payments			
Employee costs	7	13,226,712	11,183,358
Board of Directors expenses	8	1,628,207	1,964,535
Rent paid	11	5,105,981	5,088,881
Withholding VAT paid		420,008	0
Other payments	11	22,060,140	20,117,895
(Decrease)/ Increase in trade and other payables	15	(2,729,112)	(856,462)
		<u>39,711,936</u>	<u>37,498,207</u>
Net cashflows from operating activities		<u>(165)</u>	<u>2,948,214</u>
Cashflow from investing activities			
Purchase of property,plant and equipment	14	0	(1,771,900)
Net cash outflow from investing activities		<u>0</u>	<u>(1,771,900)</u>
Net increase in cash and cash equivalents		(165)	1,176,314
Cash and cash equivalents at the beginning of the period		117,764,068	116,587,754
Prior year adjustments			
Cash and cash equivalents at the end of the period	12	<u>117,763,902</u>	<u>117,764,068</u>

STATE CORPORATIONS APPEAL TRIBUNAL

Annual Reports and Financial Statements for the year ended 30 June 2019

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

For the year ended 30th June 2019

	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Performance Difference
	2018-2019	2018-2019	2018-2019	2018-2019	2018-2019
Revenue					
Government grants	39,700,000	-	39,700,000	39,695,900	4,100
Other Revenue	-	-	-	-	-
Total Revenue	<u>39,700,000</u>	-	<u>39,700,000</u>	<u>39,695,900</u>	4,100
Expenses					
Employee costs	14,148,000	-	14,148,000	13,226,712	921,288
Board Expenses	2,005,814	-	2,005,814	1,628,207	377,607
Depreciation expenses	-	-	0	890,101	(890,101)
Repairs and maintenance	463,028	-	463,028	559,582	(96,554)
General expenses	23,083,158	-	23,083,158	27,026,547	(3,943,389)
Total Expenditure	<u>39,700,000</u>	-	<u>39,700,000</u>	<u>43,331,149</u>	<u>(3,631,149)</u>
Surplus for the period	-		0	(3,635,249)	- 3,627,049
Surplus b/f					
Surplus for the year					

Notes.

SCAT was allocated Kshs.39.7 million in the financial year 2018/19 as per the printed estimates.

Adjustments

There was no adjustment in the budget during the year 2018/19.

Board Expenses

The term of the Chairman expired and was not renewed while that of the Secretary was renewed with effect from 1st October 2018 hence was paid for 9 months.

STATE CORPORATIONS APPEAL TRIBUNAL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. GENERAL INFORMATION

The State Corporations Appeal Tribunal is established by and derives its authority and accountability from the State Corporations Act, Cap 446. The Tribunal is wholly owned by the Government of Kenya. The Tribunal's principal activity is to consider and determine appeals emanating from decision of the Inspector General - State Corporations.

2. 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 entity. 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 cashflow is prepared using the direct method. The financial statements are prepared on accrual basis.

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended ended 30 June 2019.

Standards	Impact
IPSAS 40: Public Sector Combinations	Applicable :1 st January 2019 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non exchange transactions are covered purely under Public Sector combinations as amalgamations. <i>This IPSAS did not have any impact on the Tribunal</i>

STATE CORPORATIONS APPEAL TRIBUNAL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019.

Contd.....

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2019.

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable :1 st January 2022 The objective is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cashflows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29
IPSAS 42 Social Benefits	Applicable: 1st January 2022 SCAT does not have social benefits for now to report

iii. Early adoption of standards

SCAT did not early-adopt any new or amended standards in year 2019.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue Recognition

i) Revenue from non-exchange transactions- IPSAS 23

The Tribunal operations are financed by Government Grants. The grants are accounted for on accrual basis. During the Financial year the Tribunal received recurrent grants amounting to Kshs.39,700,000

Trasfers from other government entities

Revenue from non exchange transactions with other government entities are measured at fair value and recognised on obtaining control of the asset and its probable that the transfer is free from conditions and it is probable that the 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. Recurrent grants are recognised in the statement of comprehensive income. Development grants are recognised in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions.

Other sources of revenue are recognised to the extent that the related revenue can be reliably measured.

STATE CORPORATIONS APPEAL TRIBUNAL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019.

Contd.....

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period. There was no interest income during the year.

b) Budget information -IPSAS 24

SCAT's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section of these financial statements.

(c) 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 assets.

When significant parts of property, plant and equipment are required to be replaced at intervals, Tribunal recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

All other repair and maintenance costs are recognised in surplus or deficit as incurred.

When an asset is acquired in a non exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation is calculated on straight line basis at annual rates estimated to write off the carrying values of the assets over their useful lives. The annual depreciation rates used are as follows:

Motor vehicle	25%
Furniture & fitting	12.5%
Computers hardware & software	30%
Equipment	12.5%

STATE CORPORATIONS APPEAL TRIBUNAL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019.

d).Provisions -IPSAS 19

Provisions are recognised when the Tribunal has a present obligation 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 Tribunal expects some or all of a provision to be reimbursed ,e.g ,under an insurance contract, the reimbursement is recognised as a separate asset only when the reimbursement is virtually certain.

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

Contingent Liabilities

Tribunal 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

SCAT does not recognise a contingent asset, 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.

e). Changes in accounting policies and estimates

SCAT recognises the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective applications are impractical.

f). Employee benefits

Retirement benefit plans

SCAT 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 all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post employment benefit plans other than defined contribution plans. The defined benefits fund are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lumpsum payments or increased future contributions on proportional basis to all participating employers. The contributions and lumpsum payments reduce the post-employment benefit obligation.

STATE CORPORATIONS APPEAL TRIBUNAL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019.

g). Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognised as income or expenses in the period in which they arise.

h). Borrowing Costs

Borrowing costs are capitalised against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalised over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

i). Related parties

SCAT 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. Judiciary, Members of key management at SCAT are regraded as related parties and comprise the Board Members, the CEO and senior managers.

j). Service concession arrangements

SCAT 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, SCAT recognises that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In 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 recognised, SCAT also recognises a corresponding liability, adjusted by a cash consideration paid or received.

k). 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 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 at the National Bank of Kenya and Kenya Commercial Bank at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officer which was not accounted or surrendered at the end of the financial year.

l). Comparative figures

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

STATE CORPORATIONS APPEAL TRIBUNAL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019.

m). 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, 2019.

n). Financial instruments - IPSAS 29

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The entity determines the classification of its assets at initial recognition.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in active market. After initial measurement, such financial assets are subsequently measured at amortized using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognised in the surplus or deficit.

Held-to-maturity

Non derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the entity has the positive intention and ability to hold it to maturity. After initial measurement, held to maturity investments are measured at amortised cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognised in surplus or deficit.

Impairment of financial assets

The entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or a entity 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 useful future cashflows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- i. The debtors or a entity of debtors are experiencing significant financial difficulty
- ii. Default or delinquency in interest or principal payments
- iii. The probability that debtors will enter bankruptcy or other financial reorganization

Observable data indicates a measurable decrease in estimated future cashflows (e.g. changes in arrears or economic conditions that correlate with defaults)

Taxation

No provision has been made for income tax. The Tribunal's income is from the Government grants which are exempt from taxation.

STATE CORPORATIONS APPEAL TRIBUNAL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019.

Incorporation

Tribunal is a statutory body established under the State Corporations Act (Cap 446 of the Laws of Kenya)

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION

In the process of applying the entity's accounting policies, management is required to make judgements, estimates and assumptions about carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period or in the period of the revision and future periods if the revision affects current and future periods.

a) Critical judgements in applying accounting policies.

There are no critical judgements apart from those involving estimates (see (b) below), that the directors have made in the process of applying the entities accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

b). Key sources of estimation uncertainty

Property, plant and equipment

Critical estimates are made by directors in determining the useful lives and residual values to property, plant and equipment based on the intended use of the assets and the economic lives of those assets.

Subsequent changes in circumstances such as technological advances or prospective utilisation of the assets concerned could result in the actual useful lives or residual values differing from initial estimates.

FINANCIAL RISK MANAGEMENT POLICIES

The Tribunal'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 Tribunal activities expose it to a variety of financial risks including credit risk, liquidity risks and the effects of changes in foreign currency rates. The Tribunal'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 acceptance levels of risk.

Credit risk management

The Tribunal's credit risk is primarily attributable to its grants receivables, other receivables and bank balances.

STATE CORPORATIONS APPEAL TRIBUNAL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019.

Credit risk management. Continued.....

The amounts of receivables other than grants receivable presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Tribunal's management based on prior experience and their assessment of the current economic environment.

The amount of grants receivable presented in the statement of financial position relates to expenditure incurred in excess of designated funds received.

The credit risk on grants receivable is limited because designated funds are sourced from credible sponsors and ministries within the Tribunal. The credit risk on liquid funds with financial institutions is low, because the counter parties are banks with credit ratings.

The Tribunal has no loans hence no exposure to interest rate risk.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors who have built an appropriate liquidity risk management framework for the management of the Tribunal's short, medium and long-term funding and liquidity management requirements. The Tribunal manages liquidity risk by maintaining enough required funds for its operations through continuous monitoring of forecast and actual cashflows.

5. SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of SCAT's financial statements in conformity with IPSAS requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, asset 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 SCAT. 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:

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

STATE CORPORATIONS APPEAL TRIBUNAL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019.

Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the managements's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

6 (i). Revenue from non-exchange transactions

	2019	2018
Government Grants		
1st Quarter	9,925,000	13,675,000
2nd Quarter	9,925,000	6,750,000
3rd Quarter	9,925,000	6,750,000
4th Quarter	9,925,000	2,152,078
4th Quarter		6,750,000
	39,700,000	36,077,078

6(ii). Transfers from Other Government departments

Name of sending entity	Amount in comprehensive income	Amount recognised in		Total grants
		Amount deferred	capital fund	
The Judiciary				9,925,000
The Judiciary				9,925,000
The Judiciary				9,925,000
The Judiciary				9,925,000
The Judiciary				
				39,700,000

6 (iii). Revenue from exchange transactions	2019	2018
Interest on Fixed Deposit Investment	0	5,317,055
	-	5,317,055

This is interest arising from cash investment in fixed deposit during the year. The average percentage of interest earned was 7% during the year.

	interest earned	
	interest earned	
	interest earned	
	Total interest earned	0

STATE CORPORATIONS APPEAL TRIBUNAL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019.

	2019	2018
7 Employee Costs	Kshs	Kshs
Salaries	2,437,867	2,031,648
House Allowances	1,173,000	1,212,000
Commuter Allowance	288,000	308,000
Leave Allowance	0	22,000
Pension/Gratuity	170,208	7,910
NSSF	1,680	7,600
Staff Medical and GPA	-	693,548
Facilitation allowances	-	-
Training & capacity building	7,036,257	6,428,402
Other-allowances & benefits	2,119,700	472,250
	<u>13,226,712</u>	<u>11,183,358</u>
	No.	No.
Number of employees	<u>6</u>	<u>7</u>
8 Board Expenses	2019	2018
Honoraria	-	640,000
Sitting Allowances	-	-
Board Meetings	-	-
Extraneous Allowances	720,000	960,000
Subsistence Allowance	60,817	364,535
Training and Seminars	847,390	-
	<u>1,628,207</u>	<u>1,964,535</u>
9 Depreciation Expense		
Property, plant and equipment	<u>890,101</u>	<u>835,528</u>
10 Repairs and Maintenance	2019	2018
Office Equipment	559,582	21,700
Vehicles	-	115,652
	<u>559,582</u>	<u>137,352</u>

STATE CORPORATIONS APPEAL TRIBUNAL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019.

11 General Expenses	2019	2018
	Kshs	Kshs
Printing and stationery	1,458,286	956,896
Postage	11,008	25,948
Consumables	130,208	453,671
Newspapers, books and periodicals	6,360	19,666
Official entertainment	58,671	254,360
General office travelling	343,870	404,752
Fuel & Oil	22,960	43,000
Vehicle insurance & other charges	-	48,616
Property insurance costs	-	55,898
Telephone expenses-Board	144,777	392,819
Telephone expenses-secretariat	160,380	175,984
Internet and email	196,295	153,051
Computer Antivirus	42,300	72,000
Office suite 2010	-	130,000
Rent	5,105,981	5,088,881
Office cleaning	30,810	84,230
Audit fees-current year	300,000	232,000
Retreat on Public Procurement	2,981,438	-
Development of strategic plan retreat	1,310,265	1,188,884
Outreach programs (Mombasa & Ny	2,411,180	1,620,000
Staff establishment & org structure	2,972,300	2,713,400
Sensitization to Parastatals	2,917,560	4,907,350
Conference fees	2,044,596	6,024,570
IPPD workshop	616,700	-
Development of Salary structure	751,800	-
ITAX retreat	898,551	-
GHRIS retreat	949,700	-
PAS training	703,676	-
Withholding VAT	420,008	-
Bank charges	36,867	23,448
Total General Expenses	<u>27,026,547</u>	<u>25,069,424</u>

STATE CORPORATIONS APPEAL TRIBUNAL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019.

12 Cash and Cash Equivalents	2019	2018
	Kshs	Kshs
Bank	117,763,902	117,764,068
Cash-on- hand	-	-
	<u>117,763,902</u>	<u>117,764,068</u>

12 (a). Detailed analysis of the cash and cash equivalents

Financial Institution Account number

Current Account

National Bank of K 100100911400 4,164 4,330

Savings Account

National Bank of K 1285000911400 100,000 100,000

KCB Bank 1143251776 117,659,738 117,659,738

	<u>117,763,902</u>	<u>117,764,068</u>
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13 Receivables from Exchange Transactions

	2019	2018
	Kshs	Kshs
Telephone and rent deposits	905,639	905,639
Prepaid rent and insurance	-	13,800
	<u>905,639</u>	<u>919,439</u>

STATE CORPORATIONS APPEAL TRIBUNAL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

14 Property, Plant and Equipments

	Motor Vehicles	Computer Equipment & Software	Furniture & Fittings	Equipment (Telephone, Fax, Other)	Total
2018/2019	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Cost					
At 1st July, 2017	3,048,000	7,410,614	5,266,695	2,689,629	18,414,938
Additions during the year	-	469,500	-	1,302,400	1,771,900
At 30 June 2018	<u>3,048,000</u>	<u>7,880,114</u>	<u>5,266,695</u>	<u>3,992,029</u>	<u>20,186,838</u>
At 1st July, 2018	3,048,000	7,880,114	5,266,695	3,992,029	20,186,838
Additions during the year	-	-	-	-	-
At 30 June 2019	<u>3,048,000</u>	<u>7,880,114</u>	<u>5,266,695</u>	<u>3,992,029</u>	<u>20,186,838</u>
Depreciation:					
At 1 July, 2017	3,048,000	6,067,424	5,053,826	2,183,511	16,352,760
Charge for the year	-	520,918	59,492	255,118	835,528
At 30 June, 2018	<u>3,048,000</u>	<u>6,588,342</u>	<u>5,113,318</u>	<u>2,438,629</u>	<u>17,188,288</u>
At 1 July, 2018	3,048,000	6,588,342	5,113,318	2,438,629	17,188,288
Charge for the year	-	546,109	25,125	318,867	890,101
At 30 June, 2019	<u>3,048,000</u>	<u>7,134,451</u>	<u>5,138,443</u>	<u>2,757,496</u>	<u>18,078,389</u>
N.B.V:30.6.2018	<u>-</u>	<u>1,291,772</u>	<u>153,376</u>	<u>1,553,400</u>	<u>2,998,549</u>
N.B.V :30.6.2019	<u>-</u>	<u>745,663</u>	<u>128,252</u>	<u>1,234,533</u>	<u>2,108,448</u>

* The motor vehicle with a cost of Kshs.3,048,00 and N.B.V of Kshs. 0 is fully depreciated though still in running.

15 Trade and other payables from exchange transactions

	2019	2018
Others	3,517,574	624,462
	<u>3,517,574</u>	<u>624,462</u>

STATE CORPORATIONS APPEAL TRIBUNAL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

16 Provisions

Audit fees	<u>300,000</u>	<u>464,000</u>
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17 There were no contingent liabilities as at June 30,2019

STATE CORPORATIONS APPEAL TRIBUNAL
 PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS FOR FY 2017/18

1. APPENDICES

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS FOR FY 2017/18

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status (Resolved / Not Resolved)	Timeframe (Put a date when you expect the issue to be resolved)
1.	Effects of executive order no.1 of 2018.	<p>The President of the Republic of Kenya issued an Executive Order No.1 of 2018. This order therefore, reverses the previous categorization where the Tribunal was placed under the Judiciary. As it is the Executive Order has not yet been implemented.</p> <p>The Management has taken up the matter and we are doing a follow up with the appointing Authorities.</p>	Tom Odede Secretary	Not resolved	30.06.2020
2.	Lack of a functional board	<p>The lack of a functional board at the Tribunal, occasioned by the expiry of the terms of board members, is hampering the operations of the Tribunal as a whole.</p> <p>We have written letters to the Cabinet Secretary at the National Treasury as the relevant ministry responsible</p>	Tom Odede Secretary	Not resolved	1 year

STATE CORPORATIONS APPEAL TRIBUNAL
PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS FOR FY 2017/18

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>for implementation of the State Corporations Act but no action has been taken.</p> <p>We shall further take up the matter with the Cabinet Secretary noting that the Office of the President has issued a directive Ref no.SH/5/30/VOL.IV/ (39) dated 11th October 2018 for Cabinet Secretaries to immediately fill all vacant positions in the parastatals, including the Tribunal.</p>			
3.	Prior year audit matters- Staff Advances Written Off	<p>The Tribunal wrote to the Cabinet Secretary National Treasury vide a letter dated 21st June 2018 seeking approval to write off a staff advance of Kshs.4, 479,440.</p> <p>We wish to confirm that we are yet to receive a response from the National Treasury and we shall do a follow up on the same.</p>	Tom Odede Secretary	Not Resolved	1 year
4.	Appropriation of Tribunal	We undertake to draw the attention of the Judiciary to the above observations made by the auditors.	Tom Odede Secretary	Resolved	Immediate

STATE CORPORATIONS APPEAL TRIBUNAL
 PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS FOR FY 2017/18

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status (Resolved / Not Resolved)	Timeframe (Put a date when you expect the issue to be resolved)
	budget by Judiciary				



TOM ODEDE
 SECRETARY
 STATE CORPORATIONS APPEAL TRIBUNAL

Chairman of the Tribunal

Date 20 August, 2019

DATE.....

ITEM	NO.OF ITEM	TOTAL
TEA CUP		
MANDAZI,S		
SAUSAGES		
SAMOSA		
MAIZE		
NDUMA/SWEET POTATO		
MINERAI WATER		
SWEET POTATOES		
MINERAL WATER		
EGG		
CHAPATI(BROWN)		
CHAPATI(WHITE)		
BANANA		
COFFEE/ CHOCOLATE		

DEPARTMENT/NAME OF THE OFFICE.....
 NAME OF THE PERSON SERVED.....
 COLLECTED BY
 SIGN.....