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NAIROBI

# KENYA NATIONAL AUDIT OFFICE

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE  
FINANCIAL STATEMENTS OF STATE CORPORATIONS APPEAL TRIBUNAL  
FOR THE YEAR ENDED 30 JUNE 2005

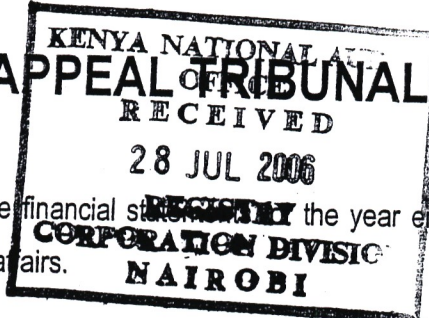
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STATE CORPORATIONS  
APPEAL TRIBUNAL  
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# STATE CORPORATIONS APPEAL TRIBUNAL



## REPORT OF THE MEMBERS

The Members submit their report together with the financial statements for the year ended 30th June, 2005, which show the state of the Tribunal's affairs.

## INCORPORATION

The Tribunal is a statutory body established under section 22 of the State Corporations Act (CAP 446 of the Laws of Kenya).

## PRINCIPAL ACTIVITIES

The principal activity of the Tribunal is to consider and determine appeals under section 21 of the State Corporations Act.

## RESULTS

The financial results of the Tribunal are on page 3 of this report.

## MEMBERS

The Members who served during the year are as follows:

- |                    |   |          |
|--------------------|---|----------|
| Mr. Nzamba Kitonga | - | Chairman |
| Ms Judith Guserwa  | - | Member   |
| Mr. Sammy Onyango  | - | Member   |

## AUDITORS

The Tribunal's accounts are audited by Controller and Auditor General as provided for by the Exchequer and Audit Act (CAP 412).

By Order of the Tribunal

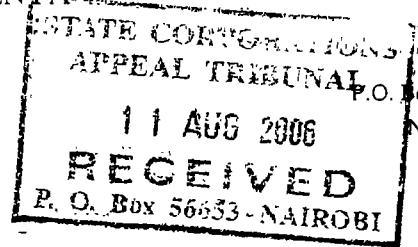
**Ms Roselyne Amadi**  
Secretary

21<sup>TH</sup> SEPTEMBER 2005.









## KENYA NATIONAL AUDIT OFFICE

### REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF STATE CORPORATIONS APPEAL TRIBUNAL FOR THE YEAR ENDED 30 JUNE 2005

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I have audited the financial statements of State Corporations Appeal Tribunal for the year ended 30 June 2005 in accordance with the provisions of 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. The financial statements are in agreement with the books of account.

#### **Respective Responsibilities of the Directors and the Controller and Auditor General**

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As set out in the statement of the directors responsibilities, the directors are responsible for the preparation of financial statements which give a true and fair view of the Tribunal's state of affairs and of its operating results. My responsibility is to express an independent opinion on the financial statements based on my audit.

#### **Basis of Opinion**

The audit was conducted in accordance with the International Standards on Auditing. Those standards require that the audit be planned and performed with a view to obtaining reasonable assurance that the financial statements are free from material misstatement. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of the accounting policies used and significant estimates made by the directors, as well as an evaluation of the overall presentation of the financial statements. I believe my audit provides a reasonable basis for my opinion.

#### **Comments.**

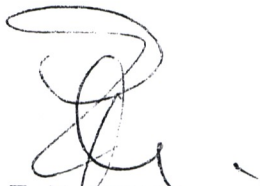
##### **Directors Expenses**

During the year, directors expenses amounted to Kshs.3,945,181 (2003/04 – Kshs.2,118,500), an increase of Kshs.1,826,681 (86%). The increase is attributed mainly to irregular payments of sitting allowance totalling Kshs.1,100,000 to the 3 Tribunal board members. This amount includes monthly payments of Kshs.40,000 and Kshs.20,000 to the chairman and members

respectively totaling Kshs.960,000 besides sitting allowance paid in respect of 33 scheduled board meetings totalling Kshs.2,120,000. In addition, a total of Kshs.140,000 sitting allowance was paid to the 3 members in respect of board meetings where no evidence of the meetings taking place was availed for audit verification. The expense also include Kshs.984,000 paid to the Secretary of the Appeal Tribunal contrary to the Treasury Circular Ref. No.ZZ. 253/1 dated 9 February 2004 which stipulates that a Secretary, being a public officer in receipt of a salary and benefits, should be paid Kshs.6,000 per sitting only on scheduled meeting days. Accordingly the Secretary was entitled to Kshs.198,000 sitting allowance on 33 scheduled meetings thus an over-payment of Kshs.786,000. Consequently, the expenditure of Kshs.1,886,000 incurred on the directors expenses was irregular and not properly chargeable to Public Funds.

### **Opinion**

In my opinion, except for the above comment, proper books of account have been kept and the financial statements give a true and fair view of the state of the financial affairs of the Appeal Tribunal as at 30 June 2005 and of its deficit and cash flows for the year then ended and comply with State Corporations Act Cap. 446.



**E. N. MWAI**  
**CONTROLLER AND AUDITOR GENERAL**

Nairobi

11 July 2006

**STATE CORPORATIONS APPEAL TRIBUNAL**  
**INCOME & EXPENDITURE**  
**FOR THE YEAR ENDED 30TH JUNE 2005**

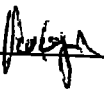
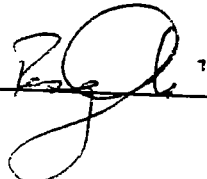
	Note	2005	2004
		<u>KSHS</u>	<u>KSHS</u>
<b>INCOME</b>			
Government grants		8,000,000	5,000,000
Miscellaneous income		260	
Interest	2	33,396	6,289
<b>TOTAL INCOME</b>		<b><u>8,033,656</u></b>	<b><u>5,006,289</u></b>
<b>EXPENDITURE</b>			
Directors expenses	3	3,945,181	2,118,500
Staff costs	4	919,511	1,276,204
Office supplies and expenses	5	360,707	347,149
Transport and travel expenses	6	222,668	216,886
Utilities	7	477,567	490,342
Office rent and office services	8	1,845,712	2,237,434
Professional and other charges	9	217,125	197,785
Depreciation charges	10	1,042,047	1,541,602
<b>TOTAL EXPENDITURE</b>		<b><u>9,030,519</u></b>	<b><u>8,425,901</u></b>
<b>( DEFICIT)/SURPLUS FOR THE YEAR</b>		<b><u>(996,862)</u></b>	<b><u>(3,419,612)</u></b>

**STATE CORPORATIONS APPEAL TRIBUNAL  
BALANCE SHEET**

AS AT 30TH JUNE 2005

	Notes	2005 KSHS	2004 KSHS
<b>PROPERTY &amp; EQUIPMENT</b>	10	<u>2,748,420</u>	<u>3,604,342</u>
<b>CURRENT ASSETS</b>			
Sundry debtors & deposits	11	863,928	85,390
Bank balance-filing fees	12	486,781	363,170
Short term deposits	13	1,000,000	1,000,000
Bank and cash balances		392,403	799,683
		<u>2,743,112</u>	<u>2,248,243</u>
<b>CURRENT LIABILITIES</b>			
Payables	14	1,485,854	973,656
Filing fees	12	486,781	363,170
		<u>1,972,635</u>	<u>1,336,826</u>
<b>NET CURRENT ASSETS</b>		<u>770,477</u>	<u>911,417</u>
<b>NET ASSETS</b>		<u>3,518,896</u>	<u>4,515,759</u>
<b>FINANCED BY:-</b>			
<b>GENERAL FUND:</b>			
Deficit for the year		(996,862)	(3,419,612)
Balance b/f		4,515,759	7,935,371
		<u>3,518,896</u>	<u>4,515,759</u>

The notes on pages 6 to 8 form an intergral part of this financial statements.  
The financial statements were approved for issue by the Tribunal on 21<sup>TH</sup> SEPTEMBER 2005 and signed on its behalf by:

 Tribunal Chairman  Tribunal Secretary

# STATE CORPORATIONS APPEAL TRIBUNAL

## CASHFLOW STATEMENT

FOR THE PERIOD ENDED 30TH JUNE 2005

	Note	2005	2004
		KSHS	KSHS
<b>Cash flows from operating activities:</b>			
Deficit from operations		(996,862)	(3,419,613)
Adjustments:			
Depreciation		1,042,047	1,541,602
Net loss realised on retirement of stolen GSM lines			73,500
Operating deficit before working capital changes		<u>45,185</u>	<u>(1,804,511)</u>
(Increase) in sundry debtors		(778,538)	(68,944)
(Decrease)/increase in payables		512,198	578,641
Cash used in operations		<u>(221,155)</u>	<u>(1,294,814)</u>
Investing activities:			
Purchase of fixed assets		(186,125)	(64,999)
Net cash outflow from investing activities		<u>(186,125)</u>	<u>(64,999)</u>
Net decrease in cash & cash equivalents		(407,280)	(1,359,813)
Cash & cash equivalents at the beginning of the period		1,799,683	3,159,496
Cash & cash equivalents at the end of the period	15	<u>1,392,403</u>	<u>1,799,683</u>

# State Corporations Appeal Tribunal

## Notes to the Accounts for the Financial Year 2004/2005

### 1. Significant accounting policies

#### (a) Basis of accounting

The accounting statements are prepared in accordance with and comply with International Financial Reporting Standards.

The Accounts have been prepared under the historical cost convention

#### (b) Income recognition

Income from the Government (G.O.K) grants is recognised when received.  
Interest income is recognised on an accrual basis.

#### (c) Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation.

Depreciation is calculated on the cost of the fixed assets on a straight line basis, at annual rates estimated to write off the the cost of these assets over their expected useful lives.

The Depreciation rates used are as follows:

Motor vehicle	25%
Furniture & fitting	12.5%
Computer equipment	30%
Equipment	12.5%

#### (e) Retirement benefits

The Tribunal does not employ any permanent staff and therefore does not operate any retirement benefit scheme.

#### (f) Cash and cash equivalents

For the purposes of the cashflow statements ,cash and cash equivalents comprise cash on hand and deposits held at call.

#### (g) Comparatives

Comparatives for previous years have been adjusted where necessary as a result of reclassification of an item.

#### (i) Currency

These Accounts are presented in Kenya Shillings (Kshs)

	2005 Kshs	2004 Kshs
<b>2. Interest income</b>		
Interest on short term deposits	<u>33,396</u>	<u>6,289</u>
	<u>33,396</u>	<u>6,289</u>
<b>3. Directors expenses</b>		
Monthly Honoraria	360,000	-
Allowances	3,446,500	2,118,500
Seminars, travel & accomodation	<u>138,681</u>	-
	<u>3,945,181</u>	<u>2,118,500</u>
<b>4. Staff costs</b>		
Salaries	521,300	471,000
Medical	25,380	13,778
Facilitation allowances	317,000	754,306
Training & capacity building	31,831	17,500
Other-allowances & benefits	<u>24,000</u>	<u>19,620</u>
	<u>919,511</u>	<u>1,276,204</u>
Number of employees	<u>No. 3</u>	<u>No. 3</u>

# State Corporations Appeal Tribunal

## Notes to the Accounts for the Financial Year 2004/2005

	2005 Kshs	2004 Kshs			
<b>5. Office supplies &amp; expenses</b>					
Stationery ,postage, & supplies	96,042	108,154			
Office tea & general office expenses	111,347	101,244			
Newspapers,books & periodicals	37,642	42,742			
Official entertainment	115,676	95,009			
	<u>360,707</u>	<u>347,149</u>			
<b>6. Transport &amp; travel expenses</b>					
Travelling & accomodation	3,430	2,220			
Vehicle repair,service&fuel	152,373	183,807			
Vehicle insurance & other charges	66,865	30,859			
	<u>222,668</u>	<u>216,886</u>			
<b>7. Utilities</b>					
Telephone	338,367	339,342			
Internet & e-mail	139,200	151,000			
	<u>477,567</u>	<u>490,342</u>			
<b>8. Office rent &amp; office service</b>					
Rent	1,442,158	1,935,242			
Service charge -provision	77,404	152,558			
Insurance -property	72,698	14,780			
Office cleaning	32,187	56,524			
Repair & service-office equipment	221,265	78,330			
	<u>1,845,712</u>	<u>2,237,434</u>			
<b>9. Professional &amp; other charges</b>					
Consultancy	-	15,000			
Bank charges	17,125	9,285			
Audit fees	200,000	100,000			
Loss on write off of GSM lines	-	73,500			
	<u>217,125</u>	<u>197,785</u>			
<b>10. Property &amp; equipment</b>					
	Motor Vehicles	Computer Equipment & Software	Furniture & Fittings	Equipment	Total
Cost:	Kshs	Kshs	Kshs	Kshs	Kshs
As at 1st July,2004	1,806,713	1,513,898	4,715,944	1,730,373	9,766,927
Additions during the year	-	-	43,060	143,065	186,125
As at 30th June 2005	<u>1,806,713</u>	<u>1,513,898</u>	<u>4,759,004</u>	<u>1,873,438</u>	<u>9,953,052</u>
Depreciation:					
As at 1st July,2004	1,806,713	1,211,159	2,354,087	790,627	6,162,585
Charge for the year	-	227,054	589,492	225,501	1,042,047
As at 30th June,2005	<u>1,806,713</u>	<u>1,438,213</u>	<u>2,943,579</u>	<u>1,016,127</u>	<u>7,204,632</u>
Net Book Value:					
As at 30th, June 2005	-	75,685	1,815,425	857,310	2,748,420
As at 30th June 2004	-	302,739	2,361,857	939,746	3,604,342