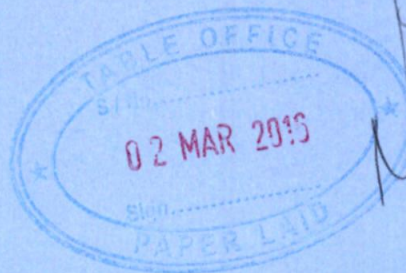




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*Paper laid by Deputy
Majority Whip on 2/3/2016*

REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
STATE CORPORATIONS APPEAL TRIBUNAL**

**FOR THE YEAR ENDED
30 JUNE 2015**





KENYA NATIONAL AUDIT OFFICE
P. O. Box 30084 - 00100, NAIROBI

22 JAN 2015

RECEIVED

STATE CORPORATIONS APPEAL TRIBUNAL

ANNUAL REPORT & FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30 2015**

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 2015

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STATE CORPORATIONS APPEAL TRIBUNAL

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:

Ms.Stella Munyi-Tribunal Secretary (Retired on 30.6.2015, replaced by Mr.Tom Odede)

Ms.Trizah Mwasi-Human Resource Officer

Ms.Naomi Mwai -Accountant

Mr.Collins Okello -Legal Clerk

d) Fiduciary Management

The Board Members of the Tribunal who held office during the financial year ended 30th June 2015 and who had direct fiduciary responsibility were:

No.	Designation	Name
1	Chairman	Mr. Joseph Kimani
2	Member	Ms. Judith Guserwa
3	Secretary	Ms. Stella Munyi (Retired on 30.6.2015, replaced by Mr. Tom Odede)

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

II. LIST OF BOARD MEMBERS

 <p>MR. JOSEPH KIMANI Holds Bachelor in Law (LLB) from the UON, and a postgraduate Diploma from the Kenya School of Law.</p>	<p>CHAIRMAN</p> <p>Mr.Kimani is a lawyer by profession, he is the managing partner at J.M.Kimani & Co.Advocates, He is currently the Chairman of the Tribunal.</p> <p>He is a member of Law Society of Kenya (LSK).</p> <p>D.O.B: 15.11.1965</p>
 <p>MS. JUDITH GUSERWA Holds masters in Law (LLM) from University of Nairobi MBA Executive from Moi university, Bachelor of Law, Degree from UON and a post graduate diploma from the Kenya School of Law.</p>	<p>MEMBER</p> <p>Ms. Guserwa is a lawyer by profession; She is a private legal practitioner at M/S J.A. Guserwa & Co Advocates. She holds a position of a Board Member at the Tribunal.</p> <p>She is a member of the Law Society of Kenya (LSK).</p> <p>Retired from the Tribunal on 2.6.2015.</p> <p>D.O.B : 20.3.1959</p>



MS.STELLA MUNYI

Holds a Bachelor in laws (LLB) from the UON,MBA (Human Resource & Strategic Management) from the UON and a diploma in law from the Kenya School of Law.

TRIBUNAL SECRETARY

Ms. Munyi is a lawyer by profession and an advocate of the High Court of Kenya; She is currently the Chief Litigation Counsel at the State Law Office and Secretary to the Tribunal.

She is a member of Law Society of Kenya (LSK) ,FIDA Kenya and Certified Public Secretaries (CPS).

Retired from the Tribunal on 30.6.2015, replaced by Mr.Tom Odede from 1.7.2015

D.O.B :6.9.1968



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.

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).

Replaced Ms. Stella Munyi with effect from 1.7.2015

D.O.B :1976

III. MANAGEMENT TEAM

NAME AND KEY QUALIFICATIONS, ACADEMIC QUALIFICATIONS	KEY QUALIFICATIONS AND WORK EXPERIENCE
 <p>MS. STELLA MUNYI Holds a Bachelor in laws (LLB) from the UON, MBA (Human Resource & Strategic Management) from the UON and a diploma in law from the Kenya School of Law</p>	<p>TRIBUNAL SECRETARY(RETIRED) She is the Accounting officer of 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. Retired on 30.06.2015, replaced by Mr.Tom Odede.</p>
 <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 (CURRENT) 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>



MS. 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.

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 and cashbooks, payroll accounting and petty cash management.



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.

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 Diploma in law from Nairobi Institute

Business Studies, Certificate in Purchasing and Supplies Management and Certificate in computer maintenance.

LEGAL CLERK

He is the Legal Clerk to the Tribunal. Responsible for receiving, drafting and production of necessary legal and court documents, serving legal process, drawing and drafting Tribunal orders, decrees and various correspondences and diarizing all Tribunal hearings.

STATE CORPORATIONS APPEAL TRIBUNAL

IV. CHAIRMAN'S STATEMENT

The Chairman of the Tribunal acknowledges good financial performance in the Financial year 2014/15.

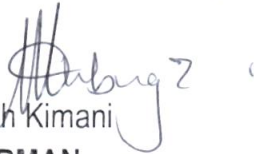
The achievements during the year include;

- The Tribunal adopted a five year strategic plan for the Tribunal covering the period 2013 to 2018.
- The Tribunal has initiated the process of purchasing a spacious office space for the Tribunal .
- The Tribunal procured key office assets intended for optimum operational use. i.e two computers,3 laptops, a scanner and a laminating machine.

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 Tribunal experiences weak legal and institutional framework which limits the mandate of the Tribunal to hearing only surcharge cases from the Inspectorate of State Corporations.
- The enabling legislation does not provide any clarity as to the corporate status of the Tribunal.
- There exists an unclear grading structure and structural organization for which prevents the Tribunal from effectively implementing the welfare of the staff including filling necessary positions and effecting promotions.
- The public and State Corporations lack awareness about the activities of the Tribunal.

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


Joseph Kimani

CHAIRMAN

Date: 21/8/2015

STATE CORPORATIONS APPEAL TRIBUNAL

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, 2003.

The Tribunal is fully funded by the Government. In the financial year, the Tribunal was allocated Kshs. 54,709,039 which amount included Kshs. 25,000,000 as capital expenditure and Kshs.29,709,039 as 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 did not receive any cases from the Inspectorate of State Corporations attributed to the vacancy in office of the Inspector of Corporations.
- The Tribunal experiences weak legal and institutional framework which limits the mandate of the Tribunal to hearing only surcharge cases from the Inspectorate of State Corporations.
- There exists an unclear grading structure and structural organization for which prevents the Tribunal from effectively implementing the welfare of the staff including filling necessary positions and effecting promotions.
- The public and State Corporations lack awareness about the activities of the Tribunal.
- Staff capacity gaps as the Tribunal has not been able to fill all necessary positions due to unclear grading structure and structural organization that exists at the Tribunal.
- Lack of clarity as to the corporate status of the Tribunal.

The Tribunal has developed a strategy on how to clear with these challenges in order to move forward.



Tom Odede

TRIBUNAL SECRETARY

Date. 21st 2015

STATE CORPORATIONS APPEAL TRIBUNAL

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. The Board held nine (9) regular and five (5) special meetings during the year under review.

STATE CORPORATIONS APPEAL TRIBUNAL

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 when the Tribunal Court was set up and started receiving appeals from persons surcharged. The Tribunal was established to deal with the increased cases of surcharge in State Corporations and also provide an avenue for redress to those who felt aggrieved from decision of surcharge made by the Inspector of State Corporations. Specifically, 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;

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 2014/15 the Tribunal participated in the annual mater heart run as part of its corporate social responsibility.

STATE CORPORATIONS APPEAL TRIBUNAL

VIII. REPORT OF THE TRIBUNAL BOARD MEMBERS'

The Board Members submit their report together with audited financial statements for the year ended June 30, 2015 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, 2015 are set out on page 1-5.

Directors

The members of the Board who served during the year are shown on page v & vi. The contract for one member, Mr Samuel Onyango expired on 31st March 2014, and that of Ms. Stella Munyi expired on 30th June 2015, Mr Tom Odede took over from Ms. Stella Munyi with effect from 1st July 2015.

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, 2015.



Tom Odede
Tribunal Secretary

STATE CORPORATIONS APPEAL TRIBUNAL

IX. STATEMENT OF BOARD MEMBERS' 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, 2015. This responsibility includes:

- i. maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- ii. maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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, 2015, and of the Tribunal's financial position as at that date.

STATEMENT OF MEMBERS' 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 Board on21/8/2015

By order of the Board



Mr. Joseph Kimani
CHAIRMAN



Mr. Tom Odede
SECRETARY

STATE CORPORATIONS APPEAL TRIBUNAL

X. REPORT OF THE INDEPENDENT AUDITORS



OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON STATE CORPORATIONS APPEAL TRIBUNAL FOR THE YEAR ENDED 30 JUNE 2015

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of State Corporations Appeal Tribunal, set out on pages 1 to 13, which comprise the statement of financial position as at 30 June 2015, and the statement of financial performance, statement of changes in net assets, statement of comparison of budget and actual amounts and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

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

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 13 of the Public Audit Act, 2003.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15(2) and (3) of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial

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

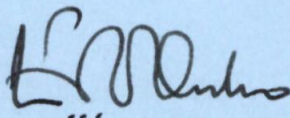
I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

Note 13 to the financial statements shows that the staff advances remained the same as the balance brought forward of Kshs.4,479,440.00, an indication that no recoveries were made during the year 2014/2015. Although recoverability of the amount is doubtful, no provision has been made for bad and doubtful debts. The accuracy of long term receivables from non-exchange transactions balance of Kshs.4,479,440.00 as at 30 June 2015 can not be confirmed under the circumstances.

Qualified Opinion

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of State Corporations Appeal Tribunal as at 30 June 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the State Corporations Act, Cap 446 Laws of Kenya.



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

Nairobi

12 February 2016

STATE CORPORATIONS APPEAL TRIBUNAL

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

		<u>2015</u> <u>Kshs</u>	<u>2014</u> <u>Kshs</u>
Revenue	Note		
Revenue from non-exchange transactions			
Government Grants	3(i)	54,709,039	49,709,039
		<u>54,709,039</u>	<u>49,709,039</u>
Revenue from exchange transactions			
Other revenue	3(ii)	5,325,898	3,178,739
		<u>5,325,898</u>	<u>3,178,739</u>
Total Revenue		<u>60,034,937</u>	<u>52,887,778</u>
Expenses			
Employee costs	4	6,332,455	5,490,082
Board Expenses	5	10,951,532	3,556,129
Depreciation expenses	6	722,259	1,658,144
Repairs and maintenance	7	151,512	146,598
General Expenses	8	8,540,493	7,869,383
Total Expenses		<u>26,698,252</u>	<u>18,720,336</u>
Loss on disposal	9	(162,395)	-
Surplus for the year		<u>33,174,290</u>	<u>34,167,442</u>

The notes set out on pages 7 to 13 form an integral part of the Financial Statements

STATE CORPORATIONS APPEAL TRIBUNAL

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

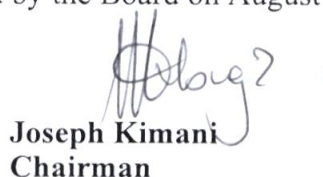
ASSETS	Note	2015	2014
		Kshs	Kshs
Current Assets			
Cash and cash equivalents	10	100,725,742	68,430,856
Receivables from exchange transactions	11	2,464,585	1,368,221
		<u>103,190,327</u>	<u>69,799,077</u>
Non-current assets			
Property, Plant & Equipment	12	1,834,192	2,254,666
Long term receivables from non-exchange t	13	4,479,440	4,479,440
		<u>6,313,633</u>	<u>6,734,107</u>
Total Assets		<u>109,503,959</u>	<u>76,533,184</u>
LIABILITIES			
Current liabilities			
Trade and other Payables from non-exchang	14	1,476,545	1,489,955
Trade and other payables from exchange transac	15	163,472	285,577
Provisions	16	232,000	300,000
Total liabilities		<u>1,872,017</u>	<u>2,075,532</u>
NET ASSETS			
Accumulated Surplus		107,631,942	74,457,652
Net Assets		<u>107,631,942</u>	<u>74,457,652</u>
Total Net Assets and Liabilities		<u>109,503,959</u>	<u>76,533,184</u>

The financial statements set on page 1 to 13 were approved by the Board on August 21, 2015 and were signed on behalf of the Board by:



Tom Odede
Tribunal Secretary

Date: 21/8/2015



Joseph Kimani
Chairman

Date: 21/8/2015

STATE CORPORATIONS APPEAL TRIBUNAL

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2015

	Accumulated Surpluses
	Kshs
Balance as at 1st July, 2013	40,290,210
Surplus for the year	34,167,442
Balance as at 30th June, 2014	<u><u>74,457,652</u></u>
Balance as at 1st July, 2014	74,457,652
Surplus for the year	33,174,290
Balance as at 30th June, 2015	<u><u>107,631,942</u></u>

STATE CORPORATIONS APPEAL TRIBUNAL

STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 KSHS	2014 KSHS
Cash flows From Operating Activities:			
Receipts			
Government Grants	3(i)	54,709,039	49,709,039
Other Revenues	3(ii)	5,325,898	3,178,739
Decrease/ (Increase) in current receivables	11	(1,096,364)	769,501
		<u>58,938,573</u>	<u>53,657,279</u>
Payments			
Employee costs	4	6,332,455	5,490,082
Board of Directors expenses	5	10,951,532	3,556,129
Rent paid		4,423,019	3,985,556
Other payments	8	4,268,986	4,030,425
(Decrease)/ Increase in trade and other payables		203,515	(341,562)
		<u>26,179,507</u>	<u>16,720,630</u>
Net cashflows from operating activities		<u>32,759,066</u>	<u>36,936,649</u>
Cashflow from investing activities			
Purchase of property,plant and equipment	12	(526,684)	(412,499)
Proceeds on Disposal of equipments	12	62,505	-
Decrease in non current receivable	13	-	60,212
Net cash outflow from investing activities		<u>(464,179)</u>	<u>(352,287)</u>
Net increase in cash and cash equivalents		32,294,887	36,584,362
Cash and cash equivalents at the beginning of the period		68,430,856	31,846,494
Cash and cash equivalents at the end of the period	10	<u>100,725,742</u>	<u>68,430,856</u>

STATE CORPORATIONS APPEAL TRIBUNAL

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

For the year ended 30th June 2015

	Original Budget	Adjsutments	Final Budget	Actual on comparable basis	Performance Difference
	2014-2015 Kshs`000	2014-2015 Kshs`000	2014-2015 Kshs`000	2014-2015 Kshs`000	2013-2014 Kshs`000
Revenue					
Government grants	54,709,039	-	54,709,039	54,709,039	-
Other Revenue	-	-	-	5,388,403	5,388,403
Total Revenue	54,709,039	-	54,709,039	60,097,442	5,388,403
Expenses					
Employee costs	8,231,801	-	8,231,801	6,332,455	1,899,346
Board Expenses	10,198,722	-	10,198,722	10,951,532	(752,810)
Finance cost	16,000	-	16,000	29,889	(13,889)
Rent paid	4,300,000	-	4,300,000	4,423,019	(123,019)
Other payments	31,962,516	-	31,962,516	5,022,794	26,939,722
Total Expenditure	54,709,039	-	54,709,039	26,759,689	27,949,350
Surplus for the period	-	-	-	33,337,753	-

STATE CORPORATIONS APPEAL TRIBUNAL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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

The Tribunal'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 statement is prepared using the direct method. The financial statements are prepared on accrual basis.

2. 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 cash basis.

ii) Revenue from exchange transactions.

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

iii) 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.

Interest of the Fixed deposit relate to term deposits held at KCB during the year which had matured and as at 30 June 2015. The average interest rate during the year was 9.7%.

b) Budget information -IPSAS 24

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

(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.

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

Contd.....

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%

During the Financial Year ending June 2015, the Tribunal expensed Ipads and mobile phones from the asset register and the same was effected in the financial statements.

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.

When 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.

e). 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.

f). Comparative figures

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015.**(g). Taxation**

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

(h) Incorporation

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

i) 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 30,2015.

3 (i). Revenue from non-exchange transactions

	2015	2014
Government Grants		
1st Quarter	13,677,260	12,427,260
2nd Quarter	13,677,260	12,427,260
3rd Quarter	13,677,260	12,427,260
4th Quarter	13,677,259	12,427,259
4th Quarter	-	
	<u>54,709,039</u>	<u>49,709,039</u>

3 (ii). Revenue from exchange transactions

Fees on prequalification/tender fee	-	198,000
Interest on Fixed Deposit Investmer	5,325,898	2,980,739
	<u>5,325,898</u>	<u>3,178,739</u>

	2015	2014
	Kshs	Kshs
4 Employee Costs		
Salaries	2,317,032	2,337,889
House Allowances	714,000	817,500
Commuter Allowance	396,000	423,000
Leave Allowance	36,000	30,000
Pension/Gratuity	0	31,500
NSSF	32,200	1,400
Staff Medical and GPA	971,627	956,363
Facilitation allowances	10,500	31,500
Training & capacity building	1,264,430	294,610
Other-allowances & benefits	590,666	566,320
	<u>6,332,455</u>	<u>5,490,082</u>
	No.	No.
Number of employees	<u>7</u>	<u>7</u>

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

5 Board Expenses

Honoraria	960,000	960,000
Sitting Allowances	452,000	1,116,000
Board Meetings	644,000	540,000
Extraneous Allowances	2,136,000	240,000
Subsistence Allowance & Accomod	392,000	126,015
Subscriptions to Health Club	176,000	-
Training and Seminars	6,191,532	574,114
	<u>10,951,532</u>	<u>3,556,129</u>

6 Depreciation Expense

Property, plant and equipment	<u>722,259</u>	<u>1,658,144</u>
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7 Repairs and Maintanance

Office Equipment	46,360	92,650
Vehicles	105,152	53,948
	<u>151,512</u>	<u>146,598</u>

8 General Expenses

	2015	2014
	Kshs	Kshs
Printing and stationery	200,531	149,582
Postage	11,380	-
Consumables	459,304	421,714
Newspapers, books and periodicals	48,492	29,360
Official entertainment	353,214	126,671
General office travelling	190,970	153,864
Fuel & Oil	360,000	380,000
Vehicle insurance & other charges	54,046	67,696
Property insurance costs	52,674	49,167
Telephone expenses	470,709	430,926
Computer Antivirus	28,420	-
Rent	4,423,019	3,985,556
Service charge -provision	163,472	267,885
Office cleaning	63,298	66,297
Advertising	-	119,480
Audit fees-current year	164,000	300,000
Strategic Plan 5 years	1,457,074	1,306,200
Corporate Social Responsibility	10,000	-
Bank charges	29,889	14,985
Total General Expenses	<u>8,540,493</u>	<u>7,869,383</u>

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

9 Loss on disposal

Gain on disposal of laptop	(62,505)	
Loss on disposal of ipads	224,900	-
	<u>162,395</u>	

10 Cash and Cash Equivalents

	2015	2014
	Kshs	Kshs
Bank	100,685,742	12,442,392
Cash-on- hand	40,000	40,000
Short term deposits	-	55,948,464
	<u>100,725,742</u>	<u>68,430,856</u>

11 Receivables from Exchange Transactions

	2015	2014
	Kshs	Kshs
Telephone and rent deposits	648,198	648,198
Prepaid rent and insurance	1,816,387	720,023
	<u>2,464,585</u>	<u>1,368,221</u>

STATE CORPORATIONS APPEAL TRIBUNAL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

12 Property, Plant and Equipments

	Motor Vehicles	Computer Equipment & Software	Furniture & Fittings	Equipment (Telephone, Fax, Other)	Total
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
2013/2014					
Cost					
At 1st July, 2013	3,048,000	6,197,522	5,095,695	3,002,441	17,343,658
Additions during the year	-	346,000	-	66,499	412,499
At 30 June 2014	<u>3,048,000</u>	<u>6,543,522</u>	<u>5,095,695</u>	<u>3,068,940</u>	<u>17,756,157</u>
2014/2015					
At 1st July, 2013	3,048,000	6,543,522	5,095,695	3,068,940	17,756,157
Additions during the year	-	517,684	-	9,000	526,684
Disposals during the year	-	(69,450)	-	-	(69,450)
Write offs	-	(569,996)	-	(199,948)	(769,944)
At 30 June 2015	<u>3,048,000</u>	<u>6,421,760</u>	<u>5,095,695</u>	<u>2,877,992</u>	<u>17,443,447</u>
Depreciation:					
At 1 July, 2013	2,222,501	5,174,404	4,839,481	1,606,961	13,843,347
Charge for the year	762,000	598,311	53,586	244,247	1,658,144
Elimination on Disposal	-	-	-	-	-
At 30 June, 2014	<u>2,984,501</u>	<u>5,772,715</u>	<u>4,893,067</u>	<u>1,851,208</u>	<u>15,501,491</u>
As at 1 July, 2014	2,984,501	5,772,715	4,893,067	1,851,207	15,501,490
Charge for the year	63,499	369,305	53,586	235,869	722,259
Elimination on Disposal	-	(69,450)	-	-	(69,450)
Elimination on write off	-	(345,096)	-	(199,948)	(545,044)
As at 30 June 2015	<u>3,048,000</u>	<u>5,727,474</u>	<u>4,946,653</u>	<u>1,887,128</u>	<u>15,609,255</u>
N.B.V:30.6.2015	<u>-</u>	<u>694,286</u>	<u>149,042</u>	<u>990,865</u>	<u>1,834,192</u>
N.B.V :30.6.2014	<u>63,499</u>	<u>770,807</u>	<u>202,628</u>	<u>1,217,733</u>	<u>2,254,666</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

13 Long term receivables from non-exchange transactions

Staff advances	<u>4,479,440</u>	<u>4,479,440</u>
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14 Trade and other payables from non-exchange transactions

Filing Fees	<u>1,476,545</u>	<u>1,489,955</u>
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15 Trade and other payables from exchange transactions

	2015	2014
Telephone	-	4,352
Others	-	13,340
Rent-service charge	<u>163,472</u>	<u>267,885</u>
	<u>163,472</u>	<u>285,577</u>

16 Provisions

Audit fees	<u>232,000</u>	<u>300,000</u>
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17 There were no contingent liabilities as at June 30,2015.

NOTES TO THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL

i. **Other Revenue**

In the financial year under audit the Tribunal had investments in the fixed deposit which earned an interest of Kshs. 5,325,898 and Kshs. 62,505 was paid by Insurance company as a compensation for the lost laptop Kshs. 224,900 was declared as loss on disposal arising from the assets expensed from the asset register which had a net book value of Kshs. 224,900.

ii. **Employee costs**

There was a surplus of Kshs. 1,899,346 on employee costs, this surplus refers to the difference of proposed salaries that were budgeted for and which the Tribunal was waiting for approval from Salary Remuneration Commission.

iii. **Board Expenses**

The deficit in board expenses was as a result of underfunding in the vote as the Tribunal had budgeted for Kshs. 17,120,000 and was funded with Kshs. 10,198,722

iv. **Rent paid**

The rent relating to the year under audit was paid in full, however there was a deficit which arose as a result of increment in rent by the landlord which was not budgeted for.

v. **Other payments**

This includes money allocated to the Tribunal for purchase of an office space the money has not been utilized and it is being invested at the fixed deposit account as we search for an office space to purchase.

vi. **Surplus**

In the year under audit the Tribunal had a surplus of Kshs. 33,337,763. Out of this is Kshs. 25 million for purchase of an office space and Kshs. 8,337,763 being surplus from recurrent expenditure.

The surplus was as a result of:

a. Kshs. 6 million budgeted for purchase of a motor vehicle had not been utilised by the close of the financial year since the transfer of the exchequer for the 4th quarter to the Tribunal account was received when it was very late and we were unable to finalise the process.

b. The Tribunal budgeted for staff salaries using AT scales but paid using the Civil Service scales as we were waiting for clarification on the status of the Tribunal.

c. The Tribunal had budgeted for retreat for the staff on human resource manual which was postponed to August 2015, an expenditure which has now been covered.