

REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE



Paper Laid
By Hon. A. Diale, MP (Lom)
on Tuesday, 21.04.2015.
KLW

REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
KENYA SCHOOL OF LAW**

**FOR THE YEAR ENDED
30 JUNE 2014**



REPUBLIC OF KENYA

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



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON KENYA SCHOOL OF LAW FOR THE YEAR ENDED 30 JUNE 2014

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Kenya School of Law set out on pages 18 to 39, which comprise the statement of financial position as at 30 June 2014, and the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya, Section 14 of the Public Audit Act, 2003 and the Kenya School of Law Act 2012. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

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

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

Auditor-General's Responsibility

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

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

1. Cash and Cash Equivalents

The cash and cash equivalents balance reflected in the statement of financial position as at 30 June 2014 is Kshs.67,881,796.62. However, the balance includes payments in bank not in cashbook in respect of account numbers 0100131599700, 0100131599701 and 20220992224 of Kshs.8,926,365.50, Kshs.3,662,694.55 and Kshs.201,577.00 respectively. Further, account number 20220992224 reflects un-credited cheques totalling to Kshs.1,124,106.00 and direct debits of Kshs.1,457,040.00 which have been outstanding without being cleared or reconciled. Consequently, the accuracy of the cash and cash equivalents balance of Kshs.67,881,796.62 could not be confirmed as at 30 June 2014.

2. Current Assets and Liabilities

The statement of financial position as at 30 June 2014 reflect current assets amounting to Kshs.177,875,878 compared to current liabilities of Kshs.219,292,775.00 resulting to a negative working capital of Kshs.41,416,897.00 (2013:Kshs.48,368,067.27). Further, the school had an unapproved outstanding bank overdraft balance of Kshs.30,662,446.00 as at 30 June 2014. Hence, the school was using borrowed funds to operate.

In the circumstances, the going concern/service sustainability of the school of law is doubtful and depends on continued Government funding.

3. Unremitted Pay As You Earn (PAYE)

The statement of financial position as at 30 June 2014 reflects payroll liabilities of Kshs.17,468,203.00 which includes Kshs.14,884,011.93 in respect of PAYE deductions which had not been remitted to the Commissioner of Domestic Taxes as required. The failure to remit the PAYE was attributed to liquidity challenges during the year but Kshs.11,500,000.00 was remitted on 24 November 2014, leaving a balance of Kshs.3,384,011.00. The unremitted amounts are likely to attract penalties and interest under the provisions of the Income Tax Act which are avoidable.

4. Loss of Kenya School of Law Property

Plot No.LR 209/6238-HG613 - Official Residence of the School Principal in Kilimani Area

Evidence available indicate that Plot No.LR 209/6238 measuring 0.3890 hectares along Bishops Road – Kilimani area had an institutional house No. HG/613 which was reserved by the Government as the official residence of the school principal. However, on 3 November 1997, a grant of lease was purportedly issued to M/s Rockville Limited whose directors included a former principal of the school by the commissioner of lands, vide allotment Ref. No. 34250 and thereafter a title deed issued and registered as Grant No. LR.74856. The property was later sold to M/s Standard Assurance (K) Ltd on 12 June 2002 at a consideration of Kshs.50,000,000.00 who then charged it to Diamond Trust Kenya Ltd.

This matter was reported to the then Kenya Anti-Corruption Commission who on 26 January 2007 made an application in court under order 56 of the Anti-Corruption and Economic Crimes Act, 2003. The court ordered the preservation of the property and restrained the respondents from selling, disposing off, wasting or in any other way dealing with the property for six months. This matter has been pending before the High Court in Nairobi under miscellaneous application No. 42 of 2007 awaiting determination. No effort appears to have been made by the school of law to have the case expeditiously dispensed with and the property reverted to the School despite the close connection between the school of law and the Judiciary.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Kenya School of Law as at 30 June 2014, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Kenya School of Law Act, 2012 and the Public Finance Management Act, 2012.

Other Matter

(i) Weak Internal Controls

Although a risk management and an ICT policy were prepared during 2013/2014, they had not been formally approved and implemented. In addition, although a disaster recovery plan is in place, data is not backed offsite as required and in the event of a disaster, data recovery might be difficult.

(ii) 6.18 Hectares Plot in Embakasi Area

In a letter dated 9 April 1991 the commissioner of lands forwarded an approved plan No.268 for a plot in the Embakasi near the School of Aviation measuring 6.18 hectares under departmental reference No.42/14/90/1 of 3 January 1990 which was reserved for the future development of the Kenya School of Law. Although all the fees and charges

amounting to Kshs.6,122.00 were paid vide cheque No.019198 dated 8 September 1999, no title deed was issued despite numerous reminders which were not responded to.

In a turn of events, there was communication between the Director/Chief Executive and Secretary, Council for Legal Education and the former Permanent Secretary Ministry of Lands, that the Council for Legal Education had resolved to relinquish its interest in the property and that the plot should revert to the commissioner of lands for reallocation. The Council further sought a refund of fees and charges paid in the process of acquiring title to the property.

An audit physical inspection carried out on 12 April 2002 revealed that the Plot was still intact but a small portion had been alienated and fenced off by third parties. Despite informing the commissioner of lands that the plot was in the process of being grabbed through Management Letter Ref. CLE/201/1999/2000/(5) dated 12 April, 2002, no action was taken. The school is said to have been subsequently allocated another plot in Karen where it now sits.

Despite the resolution to relinquish its interest on the property which is referred to as LR No.209/5651 in the correspondences, the School again changed the decision to relinquish interest and wrote to the National Land Commission requesting a review of the matter. In letter reference KSL/PR/CONF/IC/VOLIII (257), "the school asks the National Land Commission to cancel title deeds of plot No.LR.209/5651 – Embakasi". There is no evidence of any action that has been taken by the National Land Commission on the school's request.

It is not clear why the Council for Legal Education resolved to relinquish its rights to the plot instead of pursuing and safeguarding public property. Further, the identity of the third parties now occupying the land measuring 6.18 hectares has not been disclosed nor has the School of Law disclosed the size of the land in its books of accounts. My opinion is not qualified on these matters.



Edward R.O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

26 March 2015

THE KENYA SCHOOL OF LAW



ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2014

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

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KEY KENYA SCHOOL OF LAW INFORMATION AND MANAGEMENT

Background information

The Kenya School of Law was established in 1963, following the recommendations of the Denning Commission on Legal Education in Africa to the effect that the country needed practical and professional legal training for Council of Legal Education (CLE) practitioners in addition to the basic academic content being offered by various universities and colleges.

The School as re-established in 1998 is a public institution – a Semi-Autonomous Government Agency (SAGA) - mandated under schedule II of the Council of Legal Education Act 16A of the Laws of Kenya to dispense practical legal training for and on behalf of the Government of Kenya. The School's first programme was the Advocates Training Programme (ATP) undertaken to train lawyers for admission as advocates of the High Court of Kenya and this remains the School's flagship programme.

The "School" is further mandated to provide Continuing Professional Development (CPD) training (Section 6 of the Council of Legal Education Act Cap 16A). The training is practice-oriented and is intended to enhance legal competencies and skills in the delivery of legal services in the country. CPD programme targets legal professionals engaged in the administration of justice, legal practitioners in the public and private sectors, as well as other professionals whose duties involve interpretation, administration and enforcement of law.

The mandate of the "School" was further reinforced by the report of the Ministerial Task Force on the Development of a Policy and Legal Framework for Legal Education and Training (2005), which recommended inter alia, the "setting up of an independent and autonomous public training institution with the sole responsibility of training in various aspects of law as well as training for the private sector and collaborating with international agencies to discharge their mandate".

The "School's" training portfolio has been enlarged further, in view of the promulgation of two Bills separating the functions of the Council of Legal Education (CLE) from those of KSL. The Legal Education Act No. 27 of 2012 tasks CLE with policy, oversight and regulation responsibilities; while the Kenya School of Law Act No. 26 of 2012 makes KSL responsible for legal training at all levels, including Advocates and Para-legal training and Continuing Professional Development service delivery in the areas of training and continuing legal education. The two Acts were assented on 21st September, 2012 and commenced on 28th September, 2012.

The School is governed by the Board which is responsible for the general policy and strategic direction.

Principal Activities

Vision of Kenya school of law

A preferred centre of excellence in professional legal training in East African Region and beyond

KSL Mission

To offer quality and practical training in law and other related disciplines for the professional development of lawyers and other actors in legal sector

Core functions of the School

- Training of advocates for entry into the legal profession,
- Continuing professional legal development,
- Provision of Para-legal training,
- Provision of specialized and customized legal training in the public service, and
- Offering consultancy and research services

Values

- Integrity
- Excellence
- Client orientation
- Teamwork and partnership
- Competence and professionalism
- Transparency and accountability

(a) Key Management

The School's day-to-day management is under the Director/Chief Executive Officer and Secretary, Kenya School of law Board.

(b) Fiduciary Management

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

No.	Designation	Name
1.	Secretary/Chief Executive Officer	Prof. PLO Lumumba, CPS(K), LLD,MKIM
2.	Deputy Director	Mrs. Margaret W. Muigai
3.	Asst. Director, Finance & Admin	Mr. Amos K. Mwangi
4.	Asst. Director, ATP & PS	Mr. Anthony W. Munene
5.	Asst. Director, CPD, P&R	Mr. Charles B.G Ouma
6.	Human Resource & Admin Manager	Ms. Jennifer Murgor
7.	Finance Manager	Mr. Frank Were
8.	Procurement Manager	Mr. Maurice Jackinda
9.	Internal Auditor	Mrs. Maria Aridi
10.	Academics Manager	Mr. Fredrick Muhia
11.	Legal Clinics Manager	Mr. Albert Simiyu
12.	Ag. ICT Manager	Mr. Teddy Inzahari
13.	Ag. Town Campus Coordinator	Ms. Anastacia Otieno
14.	Ag. Librarian	Mr. Elphas Ngaira

(c) Fiduciary Oversight Arrangements

The Audit, Governance and Risk management committee is responsible for evaluating the adequacy of management procures with regard to risk management, control and governance. The committee reviews the internal and external audit findings and recommendations and proposing the preventing actions necessary. The committee meets at least quarterly in scheduled meetings.

(d) The Kenya School of Law

Headquarters

Langata South Road, Karen

P.O. Box 30369 - 00100

Nairobi, Kenya

(e) The Kenya School of Law

Contacts

Telephone: (254) 020 – 2699581/1/2/3/4/5/6. ISDN: (020) – 8896000

Fax : +254-20-8891722

E-mail: lawschool.ac.ke

Website: www.ksl.ac.ke

DROPPING ZONE

141 Revlon Professional Plaza

Tubman Road, Nairobi

(f) The Kenya School of Law

Bankers

- 1) National Bank of Kenya

Hill Plaza

P.O. Box 45219

City Square 00100

Nairobi, Kenya

- 2) Barclays Bank of Kenya

Corporate Branch

Barclays Plaza

P.O BOX 4661 – 0100

Nairobi, Kenya

(g) The Kenya School of Law

Independent Auditors

Auditor - General

Kenya National Audit Office

Anniversary Towers, University Way

P.O. Box 30084GPO 00100

Nairobi, Kenya

(h) The Kenya School of Law

Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

THE KENYA SCHOOL OF LAW BOARD MEMBERS

Board Member's passport-size photo and name, and key Professional/Academic qualifications	Provide a concise description of each Director's date of birth, key qualifications and work experience
 Prof. Patricia Kameri-Mbote, SC Chairperson Kenya School of Law Board	❖ Professor of Law University of Nairobi ❖ Dean School of Law, University of Nairobi ❖ Doctorate in Juridical Sciences (JSD) ❖ LLB, LLM ❖ Chair – Advisory Board, Strathmore Law School ❖ Member – Kenya National Academy of Sciences
 Hon. Justice Joel Ngugi Member Representing Chief Justice	
 Prof. David Some Member Representing Commission for University Education	
 Mr. James Aggrey Mwamu Member Representing Law Society of Kenya	❖ Senior partner, Mwamu and Co. Advocates ❖ Secretary General – East Africa Law Society (2008-2010) ❖ Vice Chair – Law Society of Kenya (2007-2010) ❖ President – East Africa Law Society

Mrs. Emily Chweya Member	
 Dr. Indeje Wanyama Member Representing National Treasury	❖ PHD in Management Science ❖ Msc in Economic Policy Analysis ❖ BA Economics ❖ Economist – Ministry of Education (1994 – 2004) ❖ Senior Finance Officer – Ministry of Finance ❖ Assistant Director of Budget - Treasury
 Prof. Leah Njambi Wanjama Member Representing Commission for University Education	❖ PHD – Gender and Education Management ❖ MA – Planning ❖ B.ED Arts ❖ Director – Institute of Executive Education & Consultancy, Inoorero University
 Prof. PLO Lumumba, CPS(K), LLD, MKIM Director/Chief Executive Secretary Kenya School of Law Board	

MANAGEMENT TEAM

Insert each key manager's passport-size photo and name, and key profession/academic qualifications	Indicate the main area of responsibility – without details
1. Prof. PLO Lumumba, CPS(K), LLD, MKIM	Director/Chief Executive & Secretary, Kenya School of Law Board
2. Mr. Amos Kabue Mwangi	Ass. Director, Finance and Administration
3. Mr. Anthony Wambugu Munene	Ass. Director, ATP/PS
4. Mr. Charles B. G. Ouma	Ass. Director, CPD/PR
5. Ms. Jennifer Murgor	Human Resource & Admin Manager
6. Mr. Frank Were	Finance Manager
7. Ms. Maria Aridi	Internal Auditor
8. Mr. Maurice O. Jackinda	Procurement Manager
9. Mr. Fredrick Muhia	Academics Manager
10. Mr. Albert Simiyu	Legal Clinics Manager
11. Mr. Teddy Inzahari	Ag. ICT Manager
12. Ms Anastasia Atieno	Ag.Town Campus coordinator
13. Mr. Elphas Ngaira	Ag.Librarian
Note: The CEO and the Company Secretary will feature both under the 'Board' and 'Management'.	

CHAIRMAN'S STATEMENT

I am delighted to present the Tenth Annual Report and Accounts of the Kenya School of Law (herein after referred to as the "School") for the period ending 30th June, 2014. This is the tenth formal Financial Report that the Kenya School of Law is publishing since its re-establishment as a Semi-Autonomous Government Agency (SAGA) in 2001.

GOVERNANCE OF THE BOARD

The "School" operations continue to be governed by the Kenya School of Law Act No. 26, 2012, Cap 16A Laws of Kenya. Section (8) of the Act establishes membership of the Board to serve for a re-nomination period of four (4) years. During the year, the "School" continued to embrace its role in provision of legal training in the East African Region and beyond. KSL has continued to undergo transformation by reviewing its policy framework on Legal Education and training. I am alive to the fact that implementation of the recommendations of the Ministerial Task Force Report on the development of a Policy and Legal Framework for Legal Education and Training in Kenya is on-going. The "School" is actively engaged in this process to ensure high standards and international best practices in legal training are upheld.

I am also aware that during the year, the School was de-linked both financially and administratively with the Council of Legal Education. The transition period went on smoothly thereby setting the two institutions to operate independently effectively 1st July, 2013.

CORPORATE STRATEGIC PLAN

In 2012/2013, the "School" reviewed its policy framework on legal education leading to publication of two bills (CLE/KSL) which sought to separate the Council of Legal Education from the Kenya School of Law, so that the later be re-established as the public post university training institution for professional legal development and former be re-established as the overall regulator of legal education and training in Kenya.

Based on this process, the "School" was able to develop viable and rational policies with a focused strategic direction to steer the "School" to higher horizons. The 2012-2017 "School" Strategic Plan and Policy Framework Report are the two sets of documents that have continued to be our source of inspiration in the re-alignment of our policies and mandate and implementing various programmes and planned projects to institutionalize the reform agenda as aligned to the government policy priority in the Medium Term Plan 2008-2012 (MTP) of the Kenya Vision 2030. During the period under review, "School" reviewed its Strategic Plan (2012-2017) with a view to re-aligning the resources available with planned priorities, activities and programme in terms of their contribution to the efficient and effective management of the "School".

DEVELOPMENT PROJECTS

During the period under review the “School” continued to receive Government support for the development of planned projects and expansion of existing physical infrastructure to accommodate and cater for exponential increase in student population which currently stands at over one thousand (1000), including development of Information Communication Technology (ICT) infrastructure and Management Information System (MIS). Further, the “School” has embarked on construction of the Ultra-Modern Library in preparation for the envisaged increase in Student population. The project is 50% complete.

I take this opportunity to thank the Management for their efforts in ensuring funds allocated to the “School” are diligently and prudently applied in executing plans to improve the quality of service delivery to our clients and other stakeholders.

During the period under review, it has been exciting for me to witness the “School” grow in all spheres to the current level of a formidable institution. I am aware that in the past ten years despite many challenges emanating from emerging new developments and changing environment, “School” continued to revamp the Advocates Training Programme (ATP) which to date remains the flagship training programme at the School. I am also aware that in the period under review, the “School” recorded unprecedented growth in terms of Student enrolment. However, the School experienced a high staff turnover leading to an acute shortage of technical staff. A growth in Budget and Infrastructure enabled us to achieve priorities as outlined in the Kenya School of Law Strategic Plan (2007-2012) thus contributing to the envisaged goals of Vision 2030.

PERFORMANCE CONTRACTING

During the year under review the “School” underwent Performance Contracting process for the Seventh year running and obtained “Good” category position. I have no doubt that the “School” can improve on this rating in their quest to become a *Centre of Excellence in Professional Legal Training in the East African Region and beyond*. The “School’s” 2014/2015 Performance Contract is yet to be signed.

THE WAY FORWARD

The KSL Board will continue to play critical and primary role of providing leadership and oversight function in ensuring that the “School” is adequately facilitated to effectively and efficiently deliver on its mandate of offering quality services and support the reform initiative.

APPRECIATION

May I take this opportunity to thank the Government and development partners for financial and technical support, my colleagues at the School for policy direction, Management for an active and consultative management approach that has not only significantly improved the School's outlook but has provided immense contribution to the national agenda of Legal Reform and legal training in Kenya.

May I conclude by thanking each and every one of you for your prompt and regular attendance and well informed contributions you made during our deliberations towards the successful policy formulation and guidance of School during this period.

Prof. Patricia Kameri-Mbote, SC,
CHAIRPERSON
KENYA SCHOOL OF LAW BOARD

REPORT OF THE CHIEF EXECUTIVE OFFICER

It is my pleasure to present the Annual Report and Financial Statements of the Kenya School of Law (hereafter referred to as the "School") for the financial year ended 30th June, 2014. This is the Tenth Annual Report and Accounts since its re-establishment as a Semi-Autonomous Government Agency (SAGA) in 2001. During the year, the "School" acting within its mandate, successfully executed its planned programmes, projects and new initiatives with a view of delivering quality legal services to its clients.

During the year under review, the "School", with the unwavering support of the State Law Office and the enabling KSL policy that provides for properly constituted and committed committees which guide Management on the operations of the School enabled the achievement of various reform initiatives taking place at the School.

RESOURCE MOBILIZATION

During the year 2013/2014 the "School" received **Kes. 114.1 Million** representing 30% of the total income whereas **Kes. 272,763,957** representing 70%, was raised from internal sources.

The Financial statements for the year show that Development Expenditure from Government Capital Grant decreased significantly from the **Kes. 91,000,000** in 2012/2013 to **Kes. 47,880,000** in 2013/2014, while the Government Recurrent Grant reduced to **Kes. 114,075,849** in 2013/2014 from **Kes. 162,005,600** in 2012/2013.

The "School" continued to diversify internal sources of Revenue in its quest to achieving financial self-sustainability hence increase in Revenue base from **Kes. 270,287,563** in 2012/2013 to **Kes. 273,375,956** in 2013/2014.

PERFORMANCE REVIEW

The "Schools' total assets grew to **Kes. 1.167 Billion** in 2013/2014 from **Kes. 1.136 Billion** in 2012/2013, while Non-Current Assets rose from **Kes. 977 Million** in 2012/2013 to **Kes. 989 Million** in 2013/2014. Capital Fund increased to **Kes. 948.5 Million** in 2013/2014 from **Kes. 928 Million** in 2012/2013.

Total Operating Income went up from **Kes. 238 Million** in 2012/2013 to **Kes. 239 Million** in 2013/2014 while Staff Emoluments and Benefits cost decreased to **Kes. 143.9 Million** in 2013/2014 from **Kes. 155.9 Million** in 2012/2013. The decrease is attributed to the secondment of staff to CLE. Operating costs rose from **Kes. 47.9 Million** in 2012/2013 to **Kes. 53.7 Million** in 2013/2014. The increase is attributed to the relocation of the Para-legal programme to the Central Business District (CBD), while Administration costs decreased to **Kes. 146.5 Million** in 2013/2014 from **Kes. 153.6 Million** in 2012/2013. This was due to decreased infrastructure maintenance costs. "Board" members' allowances reduced from **Kes. 5.01 Million** in 2012/2013 to **Kes. 3.1 Million** in 2013/2014.

During the year 2013/2014, "School" recorded a surplus of **Kes. 77,409.48** compared to a Surplus of **Kes. 27.5 Million** in 2012/2013. The decrease in surplus was as a result of "budget cuts" amounting **Kes. 14 Million** during Supplementary budget. As at 30th June, 2014 "School" Accrued Deficit/Revenue Reserve stood at negative **Kes. 187.7 Million** compared to negative **Kes. 187.8 Million** in 2012/2013.

The Financial Statements are extracts from the books of Kenya School of Law as audited by Kenya National Audit Office (KENAO) the appointed auditors. The Auditor-General issued qualified opinion on the 2012/2013 "School" Financial Statements.

CHALLENGES: These were institutional and operational.

- Perennial "budget cuts" – In the last three successive financial years, the "School" continued to suffer "budget cuts" thereby occasioning budgetary constraints on the planned projects and programmes.

- Inadequate funding coupled with slow disbursements of Government of Kenya Funds.
- Unsteady and irregular income requiring enhanced diversification of sources of revenue for financial self-sufficiency.
- Transitional challenges during de-linkage process.
- Human Resource Capacity - Need to grow staff levels particularly in the technical areas. During the year, the School had the highest staff turnover due to low personnel emoluments related issues. We recruited but did not attract suitable candidates.

STRATEGIC DIRECTION

The "School" continued to implement its Strategic Plan with a view to strengthening its policy framework on Legal Education and training, and improving the quality of Legal Education and Training as a strategy to attaining financial self-sustenance. In an effort to achieve its strategic objectives, the "School" continued to implement the following specific programmes;

- (i) Advocates Training Programme (ATP) including Pupillage Supervision and sensitization of Pupil Master and the establishment of Legal Clinics and Moot Courts.
- (ii) Introduced new innovations to modernize Advocates Training Programme to make it more practical.
- (iii) Continuing Legal and Professional Development Programme (CPD) for the advocates in Private practice and Public Sector
- (iv) Para-legal Training for support Legal Services with a view to bridging the existing gap in the middle cadre of the legal profession.
- (v) Enhanced physical infrastructure to improve the learning environment and expand facilities to accommodate additional training programmes and the increased student population.

WAY FORWARD

The "School" looks forward to continuing execution of its mandate with a view to delivering quality legal training services to its customers, stakeholders and the public. It is also envisaged that "School" will continue to uphold the principle of ensuring openness, accountability, transparency, and integrity in managing its affairs. As an institution, the school will achieve this dream by clearly implementing the set legal education training guidelines as defined in the Legal Education Policy Framework and by empowering Staff through capacity building for best practices. Both Management and 'Board' will continue to diversify sources of Revenue with a view to achieving self-financial sustainability.

VOTE OF THANKS

Finally, on my own behalf and of the Management team and the entire staff of the "Kenya School of Law", I would like to thank all our Stakeholders and partners for supporting legal education training initiatives the "School" undertook during the last ten years of its re-establishment. With your continued commitment and support "School" commits itself to continued and sustained improvement which will remain our encouragement and inspiration in our future endeavours.

Prof. PLO Lumumba, CPS (K), LLD, MKIM
 Director/Chief Executive Officer & Secretary
KENYA SCHOOL OF LAW BOARD

CORPORATE GOVERNANCE STATEMENT

The Board is responsible for appropriate strategic advice and direction to the School and accountable to the Government, Stakeholders and the Kenyan Public at large through the Attorney-General's Office. The Legal Education policies and strategies in place aim at achieving the goals of the corporation as stated in the Vision and Mission statements comply with the law and demonstrate high standards of best practice in corporate governance and ethics.

MEMBERS OF THE BOARD

The members of the Board comprise of appointees of Chief Justice and Attorney-General, Representatives of Law Society of Kenya, Principal Secretary, Ministry of Finance, Principal Secretary Ministry of Education, Deans of Faculties of Law – UoN and Moi University, Secretary Commission of University Education and Director/CEO and Secretary, KSL. The Board comprises of the Chairman, Secretary and six members. The School under the law meets at least four times a year with additional meetings held on a need basis. The Chief Executive Officer and Secretary, KSL and management are delegated by the Board to run the day to day affairs of the School.

The School operates four (4) standing committees and two sub-committees to which it has delegated various responsibilities. Each Committee meets at least four times a year under the terms of reference set by the Board in preparing for Board meetings.

THE EXECUTIVE COMMITTEE

This committee is responsible for the emergency matters and immediate direction on policy issues that cannot wait for the full Board's meeting without causing detriment to the performance of the corporation. The committee is responsible to the Board for all business transacted on its behalf. The committee comprises:

- | | |
|------------------------------------|-------------|
| i) Prof. Patricia Kameri-Mbote, SC | Chairperson |
| ii) Mr. James Aggrey Mwamu | Member |
| iii) Prof. P.L.O. Lumumba | Secretary |

FINANCE AND GENERAL PURPOSES COMMITTEE (INCLUDES STAFF AFFAIRS)

This committee is charged with the responsibilities of budgetary planning, budget approval or procurement plans and to provide policy guidance on implementation of Finance, Human Resources and Information strategies. The committee is composed of:

- | | |
|------------------------------------|-----------|
| i) Mr. James Aggrey Mwamu | Chairman |
| ii) Dr. Indeje Wanyama | Member |
| iii) Hon. Justice Prof. Joel Ngugi | Member |
| iv) Mrs. Emily Chweya | Member |
| v) Prof. P.L.O. Lumumba | Secretary |

ACADEMIC AFFAIRS COMMITTEE

The committee's responsibilities are to develop legal training policy and programme to meet domestic market and also comply with international best practices, develop policies and strategies for managing Kenya School of Law examinations, provide guidelines and advice the government on matters pertaining to legal training. The Academic Affairs Committee comprises:

- | | |
|------------------------------------|-----------|
| i) Prof. David Some | Chairman |
| ii) Mrs. Emily Chweya | Member |
| iii) Hon. Justice Prof. Joel Ngugi | Member |
| iv) Prof. Leah Njambi Wanjama | Member |
| v) Mr. James Aggrey Mwamu | Member |
| vi) Prof. P.L.O. Lumumba | Secretary |

AUDIT AND RISK MANAGEMENT COMMITTEE

Audit, Governance and Risk Management Committee is a statutory committee under the Act. The committee comprises of:

- | | |
|------------------------------------|---------------|
| i) Dr. Leah Njambo Wanjama | Chairperson |
| ii) Dr. Indeje Wanyama | Member |
| iii) Hon. Justice Prof. Joel Ngugi | Member |
| iv) Prof. P.L.O Lumumba | On invitation |
| v) Internal Auditor | Secretary |

The committee's responsibilities include evaluating the adequacy of the existing Governance and Risk management systems, management procedures and processes with regard to Governance and Risk management to ensure sound financial accountability.

OTHER STATUTORY COMMITTEES

THE KENYA SCHOOL OF LAW TENDER COMMITTEE

This is a statutory function whose role is to verify and ascertain legality and the propriety of all procurement and disposal activities and to award contracts on behalf of the School. Kenya School of Law Tender Committee is established under Schedule 2 of Section 10 of the Public Procurement Act, 2006.

The Tender Committee comprises:

- | | |
|--|-------------|
| i) Deputy Director | Chairperson |
| ii) Finance Manager | |
| iii) Human Resources Manager | |
| iv) Administration Officer – Hospitality | |
| v) Procurement Manager – Secretary | |

THE KENYA SCHOOL OF LAW PROCUREMENT COMMITTEE

Is responsible for adjudication of all Kenya School of Law procurement and disposal activities. The committee is limited to adjudicate procurement within the threshold of between **Kes. 30,000** and **Kes. 500,000**.

THE KENYA SCHOOL OF LAW CORRUPTION PREVENTION COMMITTEE

The committee's responsibility is to effectively address corruption related issues in the institution and to provide oversight function. Kenya School of Law Anti-Corruption Policy provides the guiding framework for prevention, detection, investigation and reporting of corruption to the Kenya School of Law.

The committee implements its mandate and operations guided by legal instruments and statutory policies such as:

- ❖ The Anti-Corruption and Economic Crimes Act, 2003
- ❖ The Kenya School of Law Act 27 of 2012
- ❖ The Public Officers Ethics Act, 2003
- ❖ The State Corporations Act, Cap 446 and the Regulations
- ❖ The Public Procurement and Disposal Act, 2005 and Regulations
- ❖ The Government Financial Management Act, 2004 and
- ❖ The Performance Contract Act

The composition of committee is as follows:

- i) The Director/C.E.O – Chairman
- ii) Deputy Director
- iii) Assistant Director, Finance & Administration – Secretary
- iv) Assistant Director, CPD Projects and Research
- v) Finance Manager
- vi) Procurement Manager

- vii) Librarian
- viii) ICT Manager
- ix) Human Resources Manager
- x) Internal Auditor

The committee is responsible to the Kenya School of Law

EMOLUMENTS TO BOARD MEMBERS

The emoluments paid to the members of the Board are as provided for in the Government Guidelines on the Terms and Conditions of Service for State Corporations and the provisions of the Kenya School of Law Act 27 of 2012 of the Laws of Kenya.

REPORT OF THE MEMBERS OF THE BOARD

The members of the Board submitted their report and audited financial statements for the year ended 30th June, 2014 which reflect the Financial State of Affairs of Kenya School of Law.

CORE FUNCTIONS

The following are the KSL core functions:-

- To promote best practices in Advocates Training Programme
- To promote quality legal education training for entry into the legal profession
- To provide continuing legal education and short courses in areas of law
- To provide para-legal training
- To provide specialized legal training and consultancy services on emerging legal issues
- To undertake research on legal issues

RESULTS

The financial results for the year ended 30th June, 2014 are set out on pages 1 to 10

MEMBERS OF THE BOARD

The members who served on the Kenya School of Law Board during the year of this report are shown on pages 3 and 4.

AUDITORS

Under Section 14 of the Public Audit Act, 2003, the Auditor-General is responsible for the statutory audit of the books of accounts for Kenya School of Law.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Kenya school of Law recognises its obligations to act responsibly, ethically and with integrity in its interactions with all stake holders be they, staff, and customers, suppliers, Government and public as a whole.

To this end:

- I. The school is an equal opportunity employer which promotes diversity and does not differentiate on grounds of gender, ethnicity, religion, sexual orientation or physical disability.
- II. The school is committed to providing a safe, fair and stimulating work environment that empowers employees to make a meaningful contribution to the organisations performance development, and offers challenging and rewarding opportunities for personal and professional growth. The school recognises the importance of attracting and retaining the best staff.
- III. The school is committed to achieving service levels that meets the expectations of our client. The school undertakes to institute programmes that will ensure that clients receive quality consistency and reliable services. School will implement processes to manage client complaints and provide feedback promptly and sensitivity.

- IV. The school commits to being open and transparent in the interests of promoting best practice in the financial resources for the public good.

REPORT OF THE BOARD MEMBERS

The Board submits this report together with the financial statements for the year ended June 30, 2014 which show the state of the *school's* affairs.

Principle activities

The principle activities of the School are (continue to be)

- Training of advocates for entry into the legal profession,
- Continuing professional legal development,
- Provision of Para-legal training,
- Provision of specialized and customized legal training in the public service, and
- Offering consultancy and research services
- Undertake Research on legal issues

Results

The results of the entity for the year ended June 30, 2014 are set out on page

Directors

The members of the Board of Directors who served during the year are shown on page 5. In accordance with Regulation Six (6) of the *School's* Articles of Association.

Auditors

The Auditor-General is responsible for the statutory audit of the School in accordance with the Section 81 of the Public Finance Management (PFM) Act, 2012, which empowers the Auditor-General to Audit Kenya school of Law Financial Statements.

By Order of the Board.

Prof PLO Lumumba, CPS (K), LLD, MKIM
Director/Chief Executive Officer & Secretary
KENYA SCHOOL OF LAW BOARD

STATEMENT OF BOARD'S RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and Section 446, of the Kenya School of Law Act No. 26 of 2012, require the Board to prepare financial statements in respect of Kenya school of Law, which give a true and fair view of the state of affairs of the school at the end of the financial year/period and the operating results of the *school* for that year/period. The Board is also required to ensure that the Kenya school of law keeps proper accounting records which disclose with reasonable accuracy the financial position of the school. The members are also responsible for safeguarding the assets of the School.

The Board is responsible for the preparation and presentation of the school's financial statements, which give a true and fair view of the state of affairs of the "School" for and as at the end of the financial year (period) ended on June 30, 2014. 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 entity;
- (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 *School*;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) making accounting estimates that are reasonable in the circumstances.

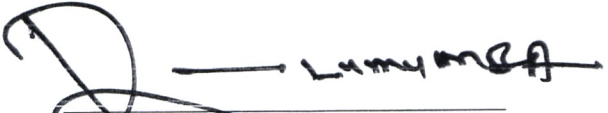
The Board accepts responsibility for the school's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Public Sector Accounting Standards (IPSAS) and in the manner required by the PFM Act and the State Corporations Act. The Board is of the opinion that the *Kenya School of Law's* financial statements give a true and fair view of the state of *School's* transactions during the financial year ended June 30, 2014, and of the *Kenya School of Law's* financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the *school*, which have been relied upon in the preparation of the *Kenya School of Law's* financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board members to indicate that the *Kenya School of Law* 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 Kenya School of Law's financial statements were approved by the Board on _____ 2014 and signed on its behalf by:

Prof. Patricia Kameri-Mbote, SC
Chairperson
KENYA SCHOOL OF LAW BOARD



Prof. N.O. Lumumba, CPS (K), LL.D, MKIM
Director/Chief Executive Officer & Secretary
KENYA SCHOOL OF LAW BOARD

**KENYA SCHOOL OF LAW
FINANCIAL STATEMENTS**

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2014

	Notes	2013 - 2014 Kes.	2012 - 2013 Kes.
Revenue from non-exchange transactions			
Accreditation fees	3		2,250,000.00
Transfers from government		114,075,849.00	162,005,600.00
		114,075,849.00	164,255,600.00
Revenue from exchange transactions			
Fees income	2	239,338,741.63	238,470,416.32
Continuous Professional Development fees	3	27,848,145.97	27,974,823.00
Rent income	3	2,650,000.00	2,450,900.00
Interest income	3	11,236.30	70,504.20
conferences & sports facilities	3	1,651,593.58	(1,807,646.20)
Other income	3	1,264,238.67	878,566.69
		272,763,956.15	268,037,564.01
Total revenue		386,839,805.15	432,293,164.01
EXPENSES			
Administration expenses	6	146,550,916.49	153,600,223.20
Staff emoluments and benefits	4	143,933,842.00	155,922,739.15
Board allowances	7	8,190,457.00	5,052,052.20
Depreciation	12	33,733,176.76	41,616,243.15
Operating expenses	5	53,774,003.46	47,967,748.09
Audit fees		580,000.00	580,000.00
Total Expenses		386,762,395.60	404,739,005.79
Surplus/Deficit for the period		77,409.48	27,554,158.22
Surplus/Deficit attributable to owners of the controlling entity		77,409.48	27,554,158.22
		77,409.48	27,554,158.22

The notes set out on page 24 form an integral part of financial statements.

KENYA SCHOOL OF LAW
STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2014

		2013 - 2014	2012 - 2013
	Notes	Kes.	Kes.
Assets			
Current Assets			
Cash and cash equivalents	10	67,881,796.62	40,863,501.29
Receivables and Prepayments	8	74,371,112.93	89,163,305.48
VAT Refunds	8	29,603,833.15	22,129,025.89
Inventories		6,019,135.36	6,019,135.36
Short-Term deposits	10	-	1,736,787.09
		177,875,878.06	159,911,755.11
Non-current Assets			
Property, plant and equipment	12	989,168,416.81	977,011,808.65
Total Assets		1,167,044,295.00	1,136,923,563.76
Liabilities			
Accounts payables	9	46,052,059.52	33,807,423.47
Fees received in advance	9	107,676,083.56	103,446,250.19
Contract retentions	9	17,468,203.06	17,574,884.02
Payroll liabilities	9	16,718,510.00	10,930,027.67
Bank overdraft	10	30,662,445.98	42,521,237.03
Non-current Liabilities		218,577,302.10	208,279,822.38
Total Liabilities		218,577,302.10	208,279,822.38
Net Assets			
Capital reserves		1,120,545,732.00	1,100,219,890.00
Accumulated surplus/Deficit		(187,799,614)	(187,877,022.98)
Revaluation reserves		15,720,875.00	15,720,875.00
Total Net Assets and Liabilities		1,167,044,295.00	1,136,343,564.40

The Financial Statements set out on pages 17 to 23 were signed on behalf of Kenya School of Law by;


Director/Chief Executive Officer & Secretary
Kenya School of Law Board
Date.....9/12/2019

Chairperson
Kenya School of Law Board

Date.....

KENYA SCHOOL OF LAW
STATEMENT OF
CHANGES IN NET
ASSETS
For the year ended 30 June
2014

	Reserves	revaluation reserve	Accumulated surplus/Deficit	
	Capital reserve	Kes.	Kes.	Total
	Kes.			Kes.
Balance as at 30 JUNE 2012	1,009,219,890.00	15,720,875.00	(215,431,181.00)	809,509,584.00
Deferred Income (GoK Grant Dev.)	91,000,000.00	-	(44,702.00)	91,000,000.00
Surplus/(deficit) for the period		-	-	(44,702.00)
Transfers to/from accumulated surplus	-	15,720,875.00	(187,877,022.98)	-
Balance as at 30 JUNE 2013	1,100,219,890.00			928,063,742.00
Deferred Income (GoK Grant Dev.)	47,880,000.00	-	77,409.00	47,880,000.00
Surplus for the period		-	-	77,409.00
Transfers to/from accumulated surplus	(27,554,157.91)	15,720,875.00	(187,799,614.00)	(27,554,157.91)
Balance as at 30 JUNE 2014	1,120,545,732.09	15,720,875.00	(187,799,614.00)	948,466,993.09

**KENYA SCHOOL OF LAW
STATEMENT OF CASHFLOW FOR THE YEAR
ENDED 30TH JUNE, 2014**

	June 2014	June 2013
	Kes	Kes
Notes		
CASHFLOWS FROM OPERATING ACTIVITIES		
Net surplus for the year	77,409.00	27,554,157.91
Adjustments for:-		
Depreciation	33,733,177.00	41,616,243.15
Profit on sale of Motor vehicle	-	(27,500.00)
Discount Received		
Interest Income		-
Surplus before working capital changes	33,810,586.00	69,142,901.06
Increase in Receivables	7,317,385.00	24,855,496.92
Decrease in Consumable Stocks	-	867,737.00
Increase in Payables	21,576,271.00	(34,585,366.84)
Net cash flows from operating activities	62,704,242.00	60,280,768.14
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(45,889,786.00)	(160,641,243.09)
Proceeds from Sale of Motor vehicle		290,000.00
Discount Received		
Interest received	-	-
Net cash flows from investing activities	(45,889,786.00)	(160,351,243.09)
CASH FLOWS FROM FINANCING ACTIVITIES		
Surplus for 2013 to cater for Cle Expenses	(27,554,158.00)	-
Grant from GOK	47,880,000.00	91,000,000.00
Net Cash flow from Financing Activities	20,325,842.00	91,000,000.00
Net Increase in Cash and Cash Equivalents	37,140,299.00	(9,070,474.95)
Cash and Cash Equivalents as at 1st July 2013	79,052.00	9,149,527.00
Cash and Cash Equivalents as at 30th June 2014	10 37,219,351.00	79,052.00

KENYA SCHOOL OF LAW
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS 2013/2014

INCOME ESTIMATES	Original Budget	Adjustments	Final Budget	Actual on Comparable basis	Performance Difference
	Kes.	Kes.	Kes.	Kes.	Kes.
Ordinary Income/Expense					
8010001 · GoK Grants - Recurrent	158,384,000.00	44,308,151.00	114,075,849.00	114,075,849.00	0.00
8020001 · School Fees					0.00
8020002 · Application/Registration Fee	3,400,000.00		3,400,000.00	1,524,000.00	1,876,000.00
8020003 · Examination Fees	49,500,000.00		49,500,000.00	79,428,994.00	-30,540,994.00
8020004 · Hostel Fees - Students	2,928,000.00		2,928,000.00	3,814,292.00	-886,292.00
8020005 · Library Fees	7,200,000.00		7,200,000.00	3,839,046.65	3,360,953.35
8020006 · Proficiency Exams Fee	2,000,000.00		2,000,000.00	0.00	2,000,000.00
8020007 · Pupilage Supervision	5,500,000.00		5,500,000.00	6,310,999.98	-810,999.98
8020008 · Tuition Fees	166,500,000.00		166,500,000.00	148,235,701.00	18,264,299.00
Total 8020001 · School Fees	237,028,000.00		237,028,000.00	243,153,033.63	-6,737,033.63
8030001 · Staff Catering	1,068,000.00		1,068,000.00	295,090.00	772,910.00
8030002 · Seminars/Conferences/Accommod	30,240,000.00		30,240,000.00	22,272,877.14	7,967,122.86
8030003 · Hire of Grounds	960,000.00		960,000.00	927,672.42	32,327.58
8030004 · Hire of tents and chairs	0.00		0.00	0.00	0.00
8030005 · Sports Facilities	1,120,000.00		1,120,000.00	1,057,043.14	62,956.86
8030006 · Students Cafeteria Income	3,680,000.00		3,680,000.00	3,532,955.00	147,045.00
8040001 · Rent Income	2,688,000.00		2,688,000.00	2,650,000.00	38,000.00
8050001 · Miscellaneous Income				431,965.00	-431,965.00
8050002 · Photocopy Services	350,000.00		350,000.00	256,601.83	93,398.17
8050003 · Tender Documents	800,000.00		800,000.00	15,000.00	785,000.00
8050005 · Transport-Students				403,216.50	-403,216.50
8050007 · Interest Income				11,236.30	-11,236.30
8050008 · Other Income	1,500,000.00		1,500,000.00	123,055.34	1,376,944.66
8060000 · CPD Workshops	30,000,000.00		30,000,000.00	27,848,145.97	2,151,854.03
8060003 · Discount received				34,400.00	-34,400.00
Total Income	467,818,000.00	44,308,151.00	423,509,849.00	417,700,141.27	5,809,707.73
RECURRENT EXPENDITURE					
9010001 · Advertising & Publicity	10,000,000.00	4,800,000.00	5,200,000.00	5,092,368.77	107,631.23
9010003 · Official Entertainment	100,000.00	400,000.00	500,000.00	505,856.93	-5,856.93
9010006 · Hire of Facilities & Equipment	3,500,000.00	800,000.00	4,300,000.00	4,285,169.72	14,830.28
9010008 · Newspapers & Journals	1,020,000.00	980,000.00	2,000,000.00	1,864,227.76	135,772.24
9010009 · Printing & Stationery	18,000,000.00	2,000,000.00	20,000,000.00	22,446,665.27	-2,446,665.27
9010010 · Cleaning services & Materials	7,800,000.00	1,700,000.00	9,500,000.00	10,593,455.89	-1,093,455.89
9010012 · Security Services	5,500,000.00	1,000,000.00	6,500,000.00	6,887,264.27	-387,264.27
9010014 · Travel & accommodation Expenses	6,850,000.00	1,000,000.00	5,850,000.00	5,733,376.32	116,623.68
9010016 · Fuel	8,000,000.00	400,000.00	8,400,000.00	8,361,065.40	38,934.60
9010017 · Bank Service Charges	2,000,000.00	1,500,000.00	3,500,000.00	3,557,143.55	-57,143.55

9010019 · Insurance Expenses	4,500,000.00	2,200,000.00	2,300,000.00	2,244,452.00	55,548.00
9010021 · Postage and Delivery	321,339.00	221,339.00	100,000.00	70,310.00	29,690.00
9010022 · Telephone & Faxes	5,000,000.00	1,500,000.00	3,500,000.00	3,388,840.23	111,159.77
9010024 · Electricity	8,000,000.00	1,000,000.00	9,000,000.00	8,830,605.83	169,394.17
9010025 · Gas	1,900,000.00	900,000.00	1,000,000.00	989,940.83	10,059.17
9010026 · Water & Sewerage	5,000,000.00	5,000,000.00	10,000,000.00	9,277,426.51	722,573.49
9010028 · Office Flower arrangements	350,000.00	100,000.00	250,000.00	202,044.00	47,956.00
9010031 · Other Taxes, Levies & Penalties.	500,000.00	0.00	500,000.00	964,927.05	-464,927.05
9020001 · Depreciation Expense	30,000,000.00	0.00	30,000,000.00	33,733,177.00	-3,733,177.00
9020002 · Bad Debts		-3,000,000.00	3,000,000.00	3,373,252.70	-373,252.70
9030002 · Internet & E-mail	2,500,000.00	2,500,000.00	5,000,000.00	4,890,070.51	109,929.49
9030004 · Web Hosting	1,500,000.00	500,000.00	1,000,000.00	978,871.03	21,128.97
9040002 · Vehicle Repairs & Maintenance	6,000,000.00	2,900,000.00	3,100,000.00	3,027,648.31	72,351.69
9040003 · Repairs & Maintenance		0.00			0.00
Building Repairs	10,000,000.00	12,000,000.00	22,000,000.00	21,802,703.95	197,296.05
Computer Repairs	3,500,000.00	1,300,000.00	2,200,000.00	2,143,029.41	56,970.59
Equipment Repairs	7,000,000.00	500,000.00	7,500,000.00	7,273,483.40	226,516.60
9050001 · Continuing Legal Education	5,000,000.00	0.00	5,000,000.00	17,614,010.31	-12,614,010.31
9050002 · Examination Expenses	3,500,000.00	4,300,000.00	7,800,000.00	6,967,152.76	220,847.24
9050003 · Games & Sports		0.00		843,816.83	-843,816.83
9050004 · Library Expenses		0.00		73,066.72	-73,066.72
9050005 · Library Journals	400,000.00	300,000.00	100,000.00	0.00	100,000.00
9050006 · Library Online Subscriptions	4,000,000.00	1,900,000.00	2,100,000.00	2,026,983.40	73,016.60
9050008 · Part Time, Guest Lectures Costs	8,000,000.00	5,000,000.00	13,000,000.00	12,868,570.00	131,430.00
9050009 · Pupilage supervision & Legal Clinics	8,000,000.00	1,000,000.00	7,000,000.00	6,932,463.72	67,536.28
9050010 · Students Welfare	3,000,000.00	800,000.00	2,200,000.00	2,162,770.00	37,230.00
9050011 · Accreditation Expense		0.00		0.00	0.00
9060001 · Audit Fees	500,000.00	100,000.00	600,000.00	580,000.00	20,000.00
9060002 · KSL Board Expenses	7,000,000.00	3,500,000.00	3,500,000.00	3,109,950.00	390,050.00
9060004 · Professional Fees	3,500,000.00	500,000.00	4,000,000.00	3,947,373.41	52,626.59
9070002 · Foodstuffs & Drinks	21,155,802.95	844,197.05	22,000,000.00	22,017,503.84	-17,503.84
9070003 · Kitchen & Hostel Expenses	1,500,000.00	3,000,000.00	4,500,000.00	4,381,287.52	118,712.48
9070004 · Laundry Expenses	1,500,000.00	900,000.00	600,000.00	555,977.32	44,022.68
9070005 · Swimming Pool/Sports Expenses	1,100,000.00	0.00	1,100,000.00	1,736,511.61	-636,511.61
9070007 · Club House Expenses	900,000.00	300,000.00	600,000.00	567,115.00	32,885.00
9080001 · Basic Salaries	117,257,679.00	32,257,679.00	85,000,000.00	83,426,380.20	1,573,619.80
9080003 · Casual wages - Other	1,270,000.00	30,000.00	1,300,000.00	1,248,654.10	51,345.90
9080004 · Conferences & Workshops	8,000,000.00	5,500,000.00	2,500,000.00	2,442,229.24	57,770.76
9080005 · House Allowance	35,103,600.00	10,000,000.00	25,103,600.00	23,031,762.50	2,071,837.50
9080006 · Leave Allowance	3,224,585.00	724,585.00	2,500,000.00	2,399,860.37	100,139.63
9080007 · Meal Allowances	6,300,000.00	1,000,000.00	5,300,000.00	5,047,191.58	252,808.42
9080008 · Medical Employer Contributions	7,035,460.00	3,449,560.00	10,485,020.00	10,867,575.85	-382,555.85
9080009 · NSSF Employer Contributions	418,320.00	31,680.00	450,000.00	435,440.00	14,560.00
9080011 · Pension Employer Contributions	23,439,985.00	5,939,985.00	17,500,000.00	16,631,513.00	868,487.00
9080013 · Responsibility Allowance	500,000.00	300,000.00	200,000.00	132,529.00	67,471.00
9080014 · special duty	400,003.05	0.00	400,003.05	409,467.50	-9,464.45
9080015 · Staff Uniforms	3,000,000.00	2,000,000.00	1,000,000.00	655,568.96	344,431.04
9080016 · Staff Welfare1	3,500,000.00	1,000,000.00	2,500,000.00	2,257,130.00	242,870.00
9080018 · Training & Development	10,000,000.00	6,000,000.00	4,000,000.00	3,739,525.79	260,474.21
9080019 · Other Staff Benefits	26,471,226.00	3,000,000.00	23,471,226.00	0.00	23,471,226.00

9080020 Gratuity Contribution		0.00		1,018,941.00	-1,018,941.00
Land Rent	500,000.00	500,000.00			0.00
Hospitality Expenses	1,500,000.00	1,000,000.00	500,000.00		500,000.00
Recruitment costs	2,000,000.00	1,000,000.00	1,000,000.00		1,000,000.00
9080021 - CLE Expenses				5,080,507.00	-5,080,507.00
Total Recurrent Budget	467,818,000.00	44,308,151.00	423,509,849.05	417,726,205.10	5,171,643.88
Surplus/Deficit	0.00	0.00	-0.05	79,052.00	638,063.00

DEVELOPMENT BUDGET

	Original Budget	Adjustments	Final Budget	Actual on Comparable basis	Performance Difference
Sources of Funds					
GoK Grant	182,000,000.00	134,120,000.00	47,880,000.00		47,880,000.00
Total	182,000,000.00	134,120,000.00	47,880,000.00		47,880,000.00

DEVELOPMENT EXPENDITURE

Purchase of Plant & Equipment	2,000,000.00	-	2,000,000.00	1,056,635.00	943,365.00
Motor Vehicles & 2 Motorbikes	8,000,000.00	-	8,000,000.00		8,000,000.00
Computer Equipment & Software	15,000,000.00	-	15,000,000.00	1,786,746.00	13,213,254.00
E -learning Pilot Programme	1,000,000.00	-	1,000,000.00		1,000,000.00
Electronic resource centre	2,500,000.00	-	2,500,000.00		2,500,000.00
Library security system	6,000,000.00	-	6,000,000.00		6,000,000.00
Business centre	900,000.00	-	900,000.00		900,000.00
Furniture, Fixtures & Fittings	10,000,000.00	-	10,000,000.00	1,493,678.00	8,506,322.00
Library Books (Stock)	5,600,000.00	-	5,600,000.00	1,327,146.00	4,272,854.00
Sinking of Bore hole for water supply	6,000,000.00	-	6,000,000.00		6,000,000.00
Construction of Library	110,000,000.00	-	110,000,000.00	42,215,795.00	67,784,205.00
Re-organizing sewerage system *	15,000,000.00	-	15,000,000.00		15,000,000.00
Ablution Block *	-	-			-
Total Development expenditure	182,000,000.00	-	182,000,000.00	47,880,000.00	134,120,000.00

NOTES TO THE FINANCIAL STATEMENTS

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

The school'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 School. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

2. Summary of significant accounting policies

a) Revenue recognition

i) Revenue from non-exchange transactions – IPSAS 23

Fees, taxes and fines

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

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the School and can be measured reliably.

ii) Revenue from exchange transactions – IPSAS 9

Rendering of services

The School recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the School.

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.

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the entity's right to receive payments is established.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

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 School. 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 the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

c) Taxes – IAS 12

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the School operates and generates taxable income.

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit.

Deferred tax items are recognized in correlation to the underlying transaction in net assets.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Investment property – IPSAS 16

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

e) Property, plant and equipment – IPSAS 17

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. Depreciation on assets is charged on a straight-line basis over the useful life of the asset. Depreciation is charged at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life. Full depreciation is charged of the year of acquisition.

The depreciation applied on straight line are as follows:

The annual depreciation rates in use are:

Computer Equipment and Software	33.3%
Library books	20.0%
Office Equipment	20.0%
Motor Vehicles	20.0%
Furniture and Fittings	12.5%

f) Leases – IPSAS 13

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) Intangible assets – IPSAS 31

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

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

i) Research and development costs

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

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

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

h) 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 financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized 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. Losses arising from impairment are recognized 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 amortized 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 recognized 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 an 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 future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

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

ii) Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

IPSAS 29.65

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.

i) Inventories – IPSAS 12

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

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

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

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

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

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

j) Provisions – IPSAS 19

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the School expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

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

Contingent liabilities

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

Contingent assets

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

k) Nature and purpose of reserves

The School creates and maintains reserves in terms of specific requirements. Entity to state the reserves maintained and appropriate policies adopted. In order to finance capital expenditure from internal sources, amounts are transferred from the accumulated surplus to the capital reserves. The following provisions are set for the creation and utilization of the capital reserve:

- Whenever an asset is purchased out of the capital reserves, an amount equal to the cost price of the asset is transferred from the capital reserve and the accumulated surplus is credited by corresponding amount.
- Capital reserve may only be utilized for purchasing capital items and may not be used for their maintenance.

l) Changes in accounting policies and estimates – IPSAS 3

The School recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

m) Employee benefits – IPSAS 25

Retirement benefit plans

The School 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.

The School and its employees also contribute to the National Social Security Fund, a statutory defined contribution pension scheme. The School's contributions in respect of retirement benefit are charged as expenses in the year to which they relate.

Short Term Employee Benefits

The cost of short term employee benefits, such as leave pay, is recognized during the period in which the employee renders related services.

n) Foreign currency transactions – IPSAS 4

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 recognized as income or expenses in the period in which they arise.

o) Borrowing costs – IPSAS 5

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized 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.

p) Related parties – IPSAS 20

The School regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the councillors, the executive mayor, mayoral committee members, the city manager, deputy city manager and senior managers.

q) Service concession arrangements – IPSAS 32

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

r) Cash and cash equivalents

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

s) Comparative figures

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

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

The preparation of the School's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The School based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the School. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

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

Provisions

Provisions were raised and management determined an estimate based on the information available.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date.

u) Subsequent Events – IPSAS 14

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2014.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE, 2014

	June 2014	June 2013
	Kes	Kes
2 FEES INCOME		
Tuition Fees	148,235,701	159,415,417
Examination Fees	79,428,994	65,464,000
Application/Registration Fees	1,524,000	2,759,000
Pupilage Supervision	6,311,000	5,337,000
Library Fees	3,839,047	5,495,000
Total	239,338,742	238,470,416
3 OTHER INCOME		
Conference & Sports Facilities (4)	1,651,594	(1,807,646)
Rent Income	2,650,000	2,450,900
Interest Income	11,236	70,504
Continuing Professional Development	27,848,146	27,974,823
Accreditation Income	-	2,250,000
Other Income	1,264,239	878,567
Total	33,425,215	31,817,148
Income from conference facilities is net of direct expenses totaling Kes. 30,248,336.12 (2012/2013 was KShs 31,315,575.14)		
4 STAFF EMOLUMENTS AND BENEFITS		
Salaries & Wages	84,675,034	89,125,649
House Allowance	23,031,763	25,436,878
Retirement Benefits	16,934,981	17,345,738
Other Allowances	6,024,628	9,188,159
Leave Allowance	2,399,860	2,439,492
Medical Expenses	10,867,576	12,386,824
Total	143,933,842	155,922,739
5 OPERATING EXPENSES		
Library expenses	2,100,050	998,186
Pupilage Supervision	6,932,464	7,398,812
Part-time Lecturers	12,868,570	10,963,250
Accreditation Expenses	-	3,437,188
Examinations Expenses	6,967,153	3,863,902
Students Welfare	3,006,587	4,454,111
Continuing Professional Development	17,614,010	12,728,819
Hire of Facilities	4,285,170	4,123,480
Total	53,774,003	47,967,748

6	ADMINISTRATION EXPENSES		Kes.	Kes.
	Traveling and Accommodation		5,733,376	9,987,787
	Postage & Delivery		70,310	192,719
	Telephone Expenses		3,388,840	4,395,503
	Official Entertainment		505,857	421,315
	Electricity		8,830,606	7,093,119
	Water and Sewerage		9,277,427	5,343,128
	Printing & Stationery		22,446,665	24,789,790
	Advertising and publicity		5,092,369	7,052,292
	Computer Costs		8,011,971	4,460,686
	Bank Charges		3,557,144	7,626,238
	Conferences & Workshops		2,442,229	3,771,128
	Bad Debts		3,373,253	3,383,707
	Other Expenses		3,031,199	2,089,532
	Motor Vehicle Running Expenses		11,388,714	11,341,547
	Cleaning		10,593,456	10,616,600
	Repairs & Maintenance		29,076,187	31,251,307
	Insurance Expenses		2,244,452	1,260,416
	Security services		6,887,264	3,647,805
	Professional Fees		3,947,373	4,149,041
	Training and Development		3,739,526	6,178,763
	Staff Welfare & Uniforms		2,912,699	4,547,800
	Total		146,550,916	153,600,223
7	Board Members Allowances			
	Cle Expenses		5,080,507	-
	Ksl Board Expenses		3,109,950	5,052,052
	Total		8,190,457	5,052,052
8	RECEIVABLES AND PREPAYMENTS			
	Non- Fees Debtors	67,465,057		
	Less provision for Bad & Doubtful debts	6,756,149		
	Net Non- Fees Debtors		60,708,908	64,275,037
	Fees Debtors		10,657,409	20,403,495
	Staff Receivables		2,000,557	3,692,082
	Prepayments & Deposits		986,141	792,691
	VAT Receivables		29,603,833	22,129,026
	Salary control		14,648	-
	Staff advances		3,450	-
	Total		103,974,946	111,292,331
9	PAYABLES AND ACCRUALS			
	Non- Fees Debtors		4,464,531	8,031,067
	Fees Paid in Advance		107,676,084	103,446,250
	Accounts Payables		38,837,392	24,454,931
	Bank Loans		184,764	191,145
	HELB payable		-	-
	Rent receivable		34,500	-
	Withholding Tax Payable		1,950,873	1,130,280
	Contract Retentions		17,468,203	17,574,884
	Payroll Liabilities		16,718,510	10,930,028
	Provision for Audit Fees		580,000	580,000
	Total		187,914,856	166,338,585

10 CASH AND CASH EQUIVALENT

	Kes.	Kes.
Cash and Bank Balances		
Cash in Hand	216,300	25,006
Bank A/C 0100131599701	61,024,221	29,211,616
Bank A/C 0100131599702	3,255,603	3,255,603
Bank A/C 0100132090200	570,649	570,649
BBK A/C 2022099110		1,452,403
BBK A/C 2022099224	2,617,752	6,348,224
BBK 2022099240	197,271	-
Total	67,881,797	40,863,501
 Bank Overdraft		
Bank A/C 0100131599700	(30,445,209)	(42,521,121)
BBK 2022099240	-	(116)
BBK A/C 2022099110	(217,237)	-
	(30,662,446)	(42,521,237)
 Short-term Deposit	-	1,736,787
Total	37,219,351	79,051

11. DISCLOSURE ON THE ASSETS OF THE KENYA SCHOOL OF LAW

As at the time of preparing the 2013/2014 Annual Report and Financial Statements, the status of the two parcels of land at Embakasi and the plot along the Bishops Road on which the principal house stands was as follows:

- (i) Embakasi Plot: The matter is at the desk of the Commissioner of Lands.
- (ii) Land on the Bishops' Road: There is "a stay of Execution" in the Court.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30TH JUNE, 2014

12. PROPERTY & EQUIPMENT SCHEDULE

	Leasehold Land	Buildings	Capital Work in Progress	Office Equipment	Computer Equipment	Library Books	Motor Vehicles	Furniture & Fittings	Total
	Kes	2.50% Kes	0.00% Kes	30.00% Kes	33.33% Kes	20.00% Kes	25.00% Kes	12.50% Kes	Kes
As at 30th June 2013	84,000,000	413,442,700	515,322,208	26,242,070	34,377,512	16,022,666	14,878,448	40,193,909	1,144,479,513
Additions	-	-	40,225,580	1,056,635	1,786,746	1,327,146	-	1,493,678	45,889,786
Revaluation Adjustment	0	0	0	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Adjustments	-	-	-	(10,060,666)	(15,096,270)	(5,987,440)	-	-	(31,144,376)
Transfers	-	-	-	-	-	-	-	-	-
As at 30th June 2014	84,000,000	413,442,700	555,547,788	17,238,039	21,067,988	11,362,372	14,878,448	41,687,587	1,159,224,923
DEPRECIATION									
As at 30th June 2013	-	90,513,603	-	16,862,360	27,636,500	9,170,956	10,971,336	12,312,950	167,467,705
Eliminated Depreciation	-	-	-	(10,060,666)	(15,096,270)	(5,987,440)	-	-	(31,144,376)
Charge for the year	-	10,336,067	-	5,171,412	7,022,663	2,272,474	3,719,612	5,210,948	33,733,177
As at 30th June 2014	-	100,849,670	-	11,973,106	19,562,893	5,455,990	14,690,948	17,523,898	170,056,506
NET BOOK VALUE									
As at 30th June 2013	84,000,000	322,929,096	515,322,208	9,379,710	6,741,012	6,851,711	3,907,112	27,880,960	977,011,809
As at 30th June 2014	84,000,000	312,593,029	555,547,788	5,264,934	1,505,095	5,906,382	187,500	24,163,688	989,168,417

PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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 (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

Prof. PLO Lumumba, CPS (K), LLD, MKIM
Director/Chief Executive Officer & Secretary
Kenya School of Law Board

Prof. Patricia Kameri-Mbote, S.C
Chairperson
Kenya School of Law Board

Date.....

Date.....