

REPUBLIC OF KENYA

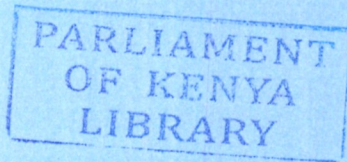


*Paper laid by the
Leader of Majority
on 06/06/2018
@humbi*

OFFICE OF THE AUDITOR-GENERAL



REPORT



OF

THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR
ENDED 30 JUNE 2017**

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT



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THE FINANCIAL STATEMENTS OF
STATE CORPORATIONS APPEAL
TRIBUNAL

FOR THE YEAR
ENDED 30 JUNE 2017

OFFICE OF THE AUDITOR GENERAL
P. O. Box 20084 - 00100 NAIROBI

11 APR 2018

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STATE CORPORATIONS APPEAL TRIBUNAL

ANNUAL REPORT & FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30 2017**

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

STATE CORPORATIONS APPEAL TRIBUNAL
ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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STATE CORPORATIONS APPEAL TRIBUNAL

I. KEY TRIBUNAL INFORMATION AND MANAGEMENT

a) Background information

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

b) Principal Activities

The functions of the Tribunal are to:-

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

c) Key Management

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

Mr. Tom Odede -Tribunal Secretary

Ms. Trizah Mwasi-Senior Human Resource Officer

Ms. Naomi Mwai –Senior Accountant

Mr. Collins Okello -Legal Clerk

d) Fiduciary Management

The Board Members of the Tribunal who held office during the financial year ended 30th June 2017 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chairman	Mr. Joseph Kimani
2.	Secretary	Mr. Tom Odede

e) Tribunal`s Headquarters

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

f) Tribunal`s Contacts

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

g) Tribunal Bankers

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

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

h) Independent Auditors



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

i) Principal Legal Adviser


The Attorney General
State Law Office
Harambee Avenue
P.o Box 40112 00200
NAIROBI.

STATE CORPORATIONS APPEAL TRIBUNAL

II. LIST OF BOARD MEMBERS

 <p>MR. JOSEPH KIMANI Holds Bachelor in Law (LLB) from the UON, and a postgraduate Diploma from the Kenya School of Law.</p>	<p>CHAIRMAN</p> <p>Mr.Kimani is a lawyer by profession, he is the managing partner at J.M.Kimani & Co.Advocates, He is currently the Chairman of the Tribunal.</p> <p>He is a member of Law Society of Kenya (LSK).</p> <p>D.O.B: 15.11.1965</p>
 <p>MR.TOM ODEDE Holds a Bachelor in laws (LLB) from the University of Ailahabad, India and a post graduate diploma in law from the Kenya School of Law.</p>	<p>TRIBUNAL SECRETARY</p> <p>Mr.Tom Odede is a lawyer by profession and an advocate of the High Court of Kenya; He is currently working at the State Law Office as a State Counsel and Secretary to the Tribunal.</p> <p>He is a member of Law Society of Kenya (LSK).</p> <p>D.O.B :1976</p>

III. MANAGEMENT TEAM

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



MS. TRIZAH MWASI

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

SENIOR HUMAN RESOURCE OFFICER

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



MR. COLLINS OKELLO

Holder of Diploma in law from Nairobi Institute Business Studies, Certificate in Purchasing and Supplies Management and Certificate in computer maintenance.

LEGAL CLERK

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

STATE CORPORATIONS APPEAL TRIBUNAL

IV. CHAIRMAN'S STATEMENT

The Chairman of the Tribunal acknowledges good financial performance in the Financial year 2016/17.

The achievements during the year include;

- The Tribunal was able to transit to Judiciary smoothly though some challenges were faced in the process.
- The Tribunal has initiated the process of purchasing a spacious office space for the Tribunal.
- The Tribunal was able to develop and align its Financial Policy and Procedures Manual with Judiciary, awaiting adoption.
- The Tribunal's proposal to expand its mandate to encapsulate arbitration of disputes between Government owned entities and between such entities and third parties is provided for Under The Government Owned Entities Bill.

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

- The Tribunal did not receive any cases from the Inspectorate of State Corporations attributed to the vacancy in office of the Inspector of Corporations.
- The enabling legislation does not provide any clarity as to the corporate status of the Tribunal.
- The Tribunal Board was not fully constituted after the term of the two Board members expired without replacement, hence the Tribunal was grounded in its operations.
- The public and State Corporations lack awareness about the activities of the Tribunal.
- No clear directions were given to enable smooth transit to Judiciary.

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


Joseph Kimani

CHAIRMAN

Date: 25th September, 2017.

STATE CORPORATIONS APPEAL TRIBUNAL

V. REPORT OF THE TRIBUNAL SECRETARY

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


The Tribunal is fully funded by the Government. In the financial year, the Tribunal was allocated Kshs. 16,490,000 for recurrent expenditure.

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

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

- The Tribunal Board was not fully constituted after the term of the two Board members expired without replacement, hence the Tribunal was grounded in its operations.
- The Tribunal did not receive any cases from the Inspectorate of State Corporations.
- The Tribunal was faced with a financial constraint as it was not properly funded hence it was not able to implement its annual workplan.
- There exists an unclear grading structure and structural organization for which prevents the Tribunal from effectively implementing the welfare of the staff including filling necessary positions and effecting promotions.
- Staff capacity gaps as the Tribunal has not been able to fill all necessary positions due to unclear grading structure and structural organization that exists at the Tribunal.
- Lack of clarity as to the corporate status of the Tribunal.

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


Tom Odede

TRIBUNAL SECRETARY

Date. 25th September, 2017.

STATE CORPORATIONS APPEAL TRIBUNAL

VI. CORPORATE GOVERNANCE STATEMENT

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

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

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

Board Members

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

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

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

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

Board Meetings

The Board holds meetings on a regular basis while special meetings are called when it is deemed necessary to do so. In the financial year under audit the Tribunal Board was not fully constituted and hence there were no Board Meetings held. However, the Chairman and the Secretary held five (5) meetings in their endeavor to lobby for Board members, cases from inspectorate and streamline the staffing issues.

STATE CORPORATIONS APPEAL TRIBUNAL

VII.CORPORATE SOCIAL RESPONSIBILITY STATEMENT

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

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

VISION

To be a model Tribunal in dispute resolution.

MISSION

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

CORE VALUES

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

In the financial year 2016/17 the Tribunal was not able to participate in any activity as part of corporate social responsibility due to limited resources.

STATE CORPORATIONS APPEAL TRIBUNAL

VIII.REPORT OF THE TRIBUNAL BOARD MEMBERS'

The Board Members submit their report together with audited financial statements for the year ended June 30,2017 which show the state of the Tribunal`s affairs.

Principal activities

The principal activities of the Tribunal are;

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

Results

The results of the Tribunal for the year ended June 30, 2017 are set out on page 1-5.

Directors

During the financial year 2016/17 there were no Directors. The positions of the two Board Members fell vacant as follows:-Mr Samuel Onyango expired on 31st March 2014, and that of Ms. Judith Guserwa expired on 2nd July 2015,

Auditors

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

The Tribunal was audited by the auditors from the Auditor General's office for the year ended June 30, 2016.



Tom Odede
Tribunal Secretary

STATE CORPORATIONS APPEAL TRIBUNAL

IX. STATEMENT OF MANAGEMENT RESPONSIBILITIES

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

The members are responsible for the preparation and presentation of the Tribunal's financial statements, which give a true and fair view of the state of affairs of the Tribunal for and as at the end of the financial year ended June 30, 2017. This responsibility includes:

- i. maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- ii. maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Tribunal;
- iii. designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- iv. safeguarding the assets of the Tribunal;
- v. selecting and applying appropriate accounting policies; and
- vi. making accounting estimates that are reasonable in the circumstances.

The members accept responsibility for the Tribunal's financial statements which have been prepared using appropriate accounting policies supported by reasonable judgments and estimates, in conformity with the International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The members are of the opinion that the Tribunal's financial statements give a true and fair view of the Tribunal's transactions during the financial year ended June 30, 2017, and of the Tribunal's financial position as at that date.

STATEMENT OF MANAGEMENT RESPONSIBILITIES contin.....

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

Nothing has come to the attention of the members to indicate that the Tribunal will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Tribunal's financial statements were approved by the Chairman and the Secretary on 25th September, 2017.



Mr. Joseph Kimani
CHAIRMAN



Mr. Tom Odede
SECRETARY

STATE CORPORATIONS APPEAL TRIBUNAL

X. REPORT OF THE INDEPENDENT AUDITORS ON THE TRIBUNAL

REPUBLIC OF KENYA

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



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON STATE CORPORATIONS APPEAL TRIBUNAL FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of State Corporations Appeal Tribunal, set out on pages 1 to 18, which comprise the statement of financial position as at 30 June 2017, and the statement of financial performance, statement of changes in net assets, statement of cash flows 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 and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of State Corporations Appeal Tribunal as at 30 June 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the State Corporations Act, Cap 446 Laws of Kenya.

In addition, as required by Article 229(6) of the Constitution, based on the procedures performed, I confirm that, except for the matter described in the Other Matter section of my report, nothing has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

Basis for Qualified Opinion

Staff Advances Written Off

As reported in the previous year and as reflected in note 13 to the financial statements, no recoveries were made for the staff advances of Kshs.4,479,440 that had been written off in the year 2015/2016. However, the approval for the write off by the Cabinet Secretary of the National Treasury as required by Section 69 of the Public Finance Management Act, 2012 was still not availed for audit during the year under review. The write off of Kshs.4,479,440 in the previous year therefore remains irregular and not conforming to the requirement of the Public Finance Management Act 2012.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of State Corporations Appeal Tribunal in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance

Report of the Auditor-General on the Financial Statements of State Corporations Appeal Tribunal for the year ended 30 June 2017

with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matter described in the Basis for Qualified Opinion section of my report, I have determined that there are no Key Audit Matters to communicate in my report.

Other Matter

The Tribunal underwent a categorization transition where its functions were transferred from The National Treasury to the Judiciary. The Government grants to the Tribunal were made through the Judiciary and whereas the Tribunal had received grants totalling Kshs.54,70,040 in the preceding financial year 2015/2016 which formed the basis for the 2016/2017 budget of Kshs.53,682,470, only Kshs.16,490,000 (31%) was disbursed to the Tribunal's bank account through the Judiciary. It was further explained by Management that a total of Kshs.4,238,127 was paid on behalf of the Tribunal by the Judiciary. This amount is not part of the amount disbursed to the Tribunal bank account. However, the amount was not supported by payment vouchers and other supporting documents.

Responsibilities of Management and those Charged with Government 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.

In preparing the financial statements, management is responsible for assessing the Tribunal's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Government intends to cease operations of the Tribunal, or has no realistic alternative but to do so.

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

Those charged with governance are responsible for overseeing the Tribunal's financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with

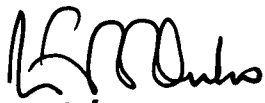
Article 229(7) of the Constitution of Kenya. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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



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

Nairobi

10 May 2018

STATE CORPORATIONS APPEAL TRIBUNAL

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017

		<u>2017</u> <u>Kshs</u>	<u>2016</u> <u>Kshs</u>
Revenue	Note		
Revenue from non-exchange transactions			
Government Grants	3(i)	16,490,000	54,709,040
		<u>16,490,000</u>	<u>54,709,040</u>
Revenue from exchange transactions			
Other revenue	3(ii)	5,033,228	7,727,470
		<u>5,033,228</u>	<u>7,727,470</u>
Total Revenue		<u>21,523,228</u>	<u>62,436,510</u>
Expenses			
Employee costs	4	14,783,266	11,012,863
Board Expenses	5	4,511,018	8,284,090
Depreciation expenses	6	493,534	610,331
Repairs and maintainance	7	213,082	118,361
General Expenses	8	15,487,873	8,397,242
Provision for bad and doubtful debts	13	-	4,479,440
Total Expenses		<u>35,488,773</u>	<u>32,902,327</u>
Loss on disposal	9	0	(91,998)
Surplus(Deficit) for the year		<u>(13,965,544)</u>	<u>29,442,185</u>

The notes set out on pages 7 to 18 form an integral part of the Financial Statements

STATE CORPORATIONS APPEAL TRIBUNAL

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

ASSETS	Note	2017	2016
		Kshs	Kshs
Current Assets			
Cash and cash equivalents	10	118,161,205	135,067,642
Receivables from exchange transactions	11	3,117,198	2,639,005
Receivables from non-exchange transaction	13a	-	68,000
		<u>121,278,403</u>	<u>137,774,647</u>
Non-current assets			
Property, Plant & Equipment	12	2,062,176	1,131,861
Long term receivables from non-exchange t	13	-	0
		<u>2,062,176</u>	<u>1,131,861</u>
Total Assets		<u>123,340,579</u>	<u>138,906,508</u>
LIABILITIES			
Current liabilities			
Trade and other Payables from non-exchang	14		1,586,000
Trade and other payables from exchange transac	15	-	14,384
Provision for audit fees	16	232,000	232,000
Total liabilities		<u>232,000</u>	<u>1,832,384</u>
NET ASSETS			
Accumulated Surplus		123,108,579	137,074,125
Net Assets		<u>123,108,579</u>	<u>137,074,125</u>
Total Net Assets and Liabilities		<u>123,340,579</u>	<u>138,906,508</u>

The financial statements set on page 1 to 18 were approved by the Chairman and Secretary on 25/9/2017 and were signed on behalf of the Board by:



Tom Odede
Tribunal Secretary
Date: 25th September 2017



Joseph Kimani
Chairman
Date: 25th September 2017

STATE CORPORATIONS APPEAL TRIBUNAL

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2017

	Accumulated Surpluses
	Kshs
Balance as at 1st July, 2015	107,631,942
Surplus for the year	29,442,185
Balance as at 30th June, 2016	<u>137,074,125</u>
Balance as at 1st July, 2016	137,074,125
Surplus for the year	(13,965,544)
Balance as at 30th June, 2017	<u>123,108,579</u>

STATE CORPORATIONS APPEAL TRIBUNAL

STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 KSHS	2016 KSHS
Cash flows From Operating Activities:			
Receipts			
Government Grants	3(i)	16,490,000	54,709,040
Other Revenues	3(ii)	5,033,228	7,727,470
Decrease/ (Increase) in current receivables	11	(478,193)	(174,420)
Decrease/ (Increase) in current receivables-salary advance	13a	68,000	(68,000)
		<u>21,113,034</u>	<u>62,194,089</u>
Payments			
Employee costs	4	14,783,266	11,012,863
Board of Directors expenses	5	4,511,018	8,284,090
Rent paid		3,565,015	4,539,661
Other payments	8	12,135,940	8,455,383
(Decrease)/ Increase in trade and other payables		1,600,384	39,633
		<u>36,595,623</u>	<u>32,331,630</u>
Net cashflows from operating activities		<u>(15,482,588)</u>	<u>29,862,459</u>
Cashflow from investing activities			
Purchase of property,plant and equipment	12	(1,423,849)	0
Proceeds on Disposal of equipments	12	-	-
Increase in non current receivable	13	0	4,479,440
Net cash outflow from investing activities		<u>(1,423,849)</u>	<u>4,479,440</u>
Net increase in cash and cash equivalents		(16,906,437)	34,341,900
Cash and cash equivalents at the beginning of the period		135,067,642	100,725,742
Cash and cash equivalents at the end of the period	10	<u>118,161,205</u>	<u>135,067,642</u>

STATE CORPORATIONS APPEAL TRIBUNAL

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

For the year ended 30th June 2017

	Original Budget	Adjsutments	Final Budget	Actual on comparable basis	Performance Difference
	2016-2017 Kshs`000	2016-2017 Kshs`000	2016-2017 Kshs`000	2016-2017 Kshs`000	2016-2017 Kshs`000
Revenue					
Government grants	53,682,470	(37,192,470)	16,490,000	16,490,000	-
Other Revenue	1,486,000	-	-	5,033,228	(5,033,228)
Total Revenue	55,168,470	(37,192,470)	16,490,000	21,523,228	(5,033,228)
Expenses					
Employee costs	14,148,000	-	14,148,000	14,616,753	(468,753)
Board Expenses	11,805,814	-	11,805,814	4,511,018	7,294,796
Finance cost	40,000	-	40,000	12,700	27,300
Rent paid	4,920,148	-	4,920,148	3,565,015	1,355,133
Other Expenses	24,254,508	-	24,254,508	13,397,840	10,856,668
Total Expenditure	55,168,470	-	55,168,470	36,103,326	19,065,144
Surplus for the period	-		(38,678,470)	(14,580,098)	14,031,916
Surplus b/f				29,442,185	
Surplus for the year				14,862,087	

STATE CORPORATIONS APPEAL TRIBUNAL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1. General information

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

2. Statement of compliance and basis of preparation

The entity's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity. The accounting policies have been consistently applied to all the years presented.

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

3. Adoption of new and revised standards

i. Relevant new standards and amendments to published standards effective for the year ended 30-Jun-17

Standards	Impact
IPSAS 33: First time adoption of Accrual basis	(Effective for annual periods beginning on or January 1, 2017) SCAT adopted IPSAS in the year ended 30 June 2014 and therefore provisions of first time adoption of accrual basis does not apply to the entity.
IPSAS 34: Separate Financial statements	SCAT does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply/SCAT is a parent company and has prepared consolidated financial statements and therefore the standard does not apply.
IPSAS 35: Consolidated Financial Statements.	SCAT does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply.
IPSAS 36: Investments in Associates and Joint Ventures	SCAT does not have investments in associates or joint ventures.
IPSAS 37: Joint ventures	SCAT does not have an interest in a joint arrangement and therefore the standard does not apply.
IPSAS 38: Disclosure of interests in other entities	SCAT does not have interests in other entities and therefore the standards does not apply.

STATE CORPORATIONS APPEAL TRIBUNAL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017.

Contd.....

ii. Early adoption of standards

The entity did not early-adopt any new or amended standards in year 2017.

4. Summary of significant accounting policies.

a) Revenue Recognition

i) Revenue from non-exchange transactions- IPSAS 23

The Tribunal operations are financed by Government Grants. The grants are accounted for on cash basis.

ii) Transfers from other government entities

Revenue from non exchange transactions with other government entities are measured at fair value and recognised on obtaining control of the asset. During the year the Tribunal received a transfer of Ksh. 16,490,000 from Judiciary which was free from conditions and its economic benefits can be measured reliably.

ii) Revenue from exchange transactions.

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

iii) Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

The method applies this yield to the principal outstanding to determine interest income each period.

Interest of the Fixed deposit relate to term deposits held at KCB during the year which had matured and as at 30 June 2017. The average interest rate during the year was 7%.

b) Budget information -IPSAS 24

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

(c) Property, plant and equipment - IPSAS 17

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets.

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

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

STATE CORPORATIONS APPEAL TRIBUNAL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017.

Contd.....

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

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

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

d).Provisions -IPSAS 19

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

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

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

Contingent Liabilities

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

e). Changes in accounting policies and estimates

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

g). Foreign currency transactions

Transactions in foreign currencies are intially 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 intially recorded during the period,are recognised as income or expenses in the period in which they arise.

STATE CORPORATIONS APPEAL TRIBUNAL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017.

h). Related parties

SCAT regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the entity, or vice versa. Judiciary, Members of key management at SCAT are regraded as related parties and comprise the Board Members, the CEO and senior managers.

i). Cash and Cash Equivalents.

Cash and cash equivalents comprise cash on hand and cash at bank, short term deposits on call and highly liquid investments with original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

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

f). Comparative figures

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

j). Financial instruments -IPSAS 29

Financial assets

Initial recognition and measurement

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

k). Receivables

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

l). Held-to-maturity

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

STATE CORPORATIONS APPEAL TRIBUNAL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017.

m). Impairment of financial assets

The entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated useful future cashflows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

The debtors or a 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 cashflows (e.g. changes in arrears or economic conditions that correlate with defaults)

n). Taxation

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

o) Incorporation

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

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION

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

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

a) Critical judgements in applying accounting policies.

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

b). Key sources of estimation uncertainty

Property, plant and equipment

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

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

STATE CORPORATIONS APPEAL TRIBUNAL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017.

FINANCIAL RISK MANAGEMENT POLICIES

The Tribunal's financial risk management objectives and policies are detailed below:

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 1 to the financial statements.

Financial risk management objectives

The Tribunal activities expose it to a variety of financial risks including credit risk, liquidity risks and the effects of changes in foreign currency rates. The Tribunal's overall risk management programme focuses on unpredictability of changes in the operating environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptance levels of risk.

Credit risk management

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

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

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

The credit risk on grants receivable is limited because designated funds are sourced from credible sponsors and ministries within the Tribunal.

The credit risk on liquid funds with financial institutions is as low, because the counter parties are banks with credit ratings.

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

Liquidity risk management

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

5. SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

STATE CORPORATIONS APPEAL TRIBUNAL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017.

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 the next financial year, are described below. The entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control SCAT. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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

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

Subsequent events

The transition to Judiciary process was a challenging one which had some significant impact on financial statements for the year ended June 30, 2017. SCAT's funds were transferred to Judiciary according to the transfer letter which transferred Kshs. 54.8 million to Judiciary for SCAT but the amount was not received by SCAT. This had an impact on the operations of the Tribunal.

3 (i). Revenue from non-exchange transactions

	2017	2016
Government Grants		
1st Quarter	-	13,677,260
2nd Quarter	-	13,677,260
3rd Quarter	-	13,677,260
4th Quarter	-	13,677,260
4th Quarter	16,490,000	
	<u>16,490,000</u>	<u>54,709,040</u>

3(ii). Transfers from Other Government departments

Name of sending entity	Amount in comprehensive income	Amount deferred	Amount recognised in capital fund	Total grants
The Judiciary	16490000			16,490,000

STATE CORPORATIONS APPEAL TRIBUNAL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017.

3 (ii). Revenue from exchange transactions

Interest on Fixed Deposit Investmer	5,033,228	7,727,470
	5,033,228	7,727,470

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

27/10/2016	interest earned	1,574,801
02/03/2017	interest earned	1,656,747
13/6/2017	interest earned	1,801,680
	Total interest ear	5,033,228

	2017	2016
	Kshs	Kshs
4 Employee Costs		
Salaries	2,389,308	2,638,376
House Allowances	1,284,348	866,792
Commuter Allowance	384,000	368,000
Leave Allowance	10,000	22,000
Pension/Gratuity	0	0
NSSF	12,000	15,200
Staff Medical and GPA	1,584,409	1,227,296
Facilitation allowances	163,400	-
Training & capacity building	8,685,651	5,651,087
Other-allowances & benefits	270,150	224,112
	14,783,266	11,012,863

	No.	No.
Number of employees	7	7

5 Board Expenses

Honoraria	320,000	960,000
Sitting Allowances	26,000	628,000
Board Meetings	-	26,000
Extraneous Allowances	320,000	960,000
Subsistence Allowance	156,645	670,110
Training and Seminars	3,688,373	5,039,980
	4,511,018	8,284,090

6 Depreciation Expense

Property, plant and equipment	493,534	610,331
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STATE CORPORATIONS APPEAL TRIBUNAL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017.

7 Repairs and Maintenance	2017	2016
Office Equipment	186,941	95,820
Vehicles	26,141	22,541
	<u>213,082</u>	<u>118,361</u>

8 General Expenses	2017	2016
	Kshs	Kshs
Printing and stationery	33,200	220,789
Postage	14,660	10,510
Consumables	309,587	470,103
Newspapers, books and periodicals	187,000	27,660
Official entertainment	502,600	447,858
General office travelling	549,800	40,614
Fuel & Oil	30,000	40,000
Vehicle insurance & other charges	54,316	52,271
Property insurance costs	55,898	41,491
Telephone expenses-Board	181,283	505,351
Telephone expenses-secretariat	240,666	-
Internet and email	21,919	-
Computer Antivirus	48,828	78,880
Rent	3,565,015	4,539,661
Service charge expense	-	179,820
Office cleaning	43,959	8,960
Consultancy fees	-	244,910
Audit fees-current year	232,000	232,000
Strategic Plan 5 years	-	1,109,634
Corporate Social Responsibility	-	112,000
Development of a financial manual	1,867,704	-
Human Resource manual retreat	1,505,700	-
IPPD workshop	651,000	-
Retreat on review of workplan	1,744,750	-
Alignment of Financial manual with	2,344,288	-
GHRIS retreat	1,291,000	-
Bank charges	12,700	34,730
Total General Expenses	<u>15,487,873</u>	<u>8,397,242</u>

9 Loss on disposal		
Loss on disposal of ipads and mobile phones	-	91,998
	<u>0</u>	<u>91,998</u>

STATE CORPORATIONS APPEAL TRIBUNAL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017.

10 Cash and Cash Equivalents	2017	2016
	Kshs	Kshs
Bank	118,161,205	135,007,642
Cash-on- hand	-	60,000
	<u>118,161,205</u>	<u>135,067,642</u>

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

Financial Institution Account number

Current Account

National Bank of K	100100911400	5,717,341	26,009,455
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Savings Account

National Bank of K	1285000911400	100,000	100,000
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KCB Bank	1143251776	112,343,864	108,898,187
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	<u>118,161,205</u>	<u>135,007,642</u>
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11 Receivables from Exchange Transactions

	2017	2016
	Kshs	Kshs
Telephone and rent deposits	905,639	905,639
Prepaid rent and insurance	2,211,559	1,733,366
	<u>3,117,198</u>	<u>2,639,005</u>

STATE CORPORATIONS APPEAL TRIBUNAL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017.

12 Property, Plant and Equipments

	Motor Vehicles	Computer Equipment & Software	Furniture & Fittings	Equipment (Telephone, Fax, Other)	Total
2015/2016	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Cost					
At 1st July, 2015	3,048,000	6,421,760	5,095,695	2,877,992	17,443,447
Additions during the year	-	-	-	-	-
Write offs		(191,000)	-	(261,358)	(452,358)
At 30 June 2016	<u>3,048,000</u>	<u>6,230,760</u>	<u>5,095,695</u>	<u>2,616,634</u>	<u>16,991,089</u>
2015/2016					
At 1st July, 2016	3,048,000	6,230,760	5,095,695	2,616,634	16,991,089
Additions	-	1,179,854	171,000	72,995	1,423,849
At 30 June 2017	<u>3,048,000</u>	<u>7,410,614</u>	<u>5,266,695</u>	<u>2,689,629</u>	<u>18,414,938</u>
Depreciation:					
At 1 July, 2015	3,048,000	5,727,474	4,946,653	1,887,128	15,609,255
Charge for the year	-	301,355	53,586	255,390	610,331
Elimination on Disposal	-	-	-	-	-
Elimination on write off		(191,000)	-	(169,360)	(360,360)
At 30 June, 2016	<u>3,048,000</u>	<u>5,837,829</u>	<u>5,000,240</u>	<u>1,973,158</u>	<u>15,859,226</u>
As at 1 July, 2016	3,048,000	5,837,829	5,000,240	1,973,158	15,859,226
Charge for the year	0	229,595	53,586	210,353	493,534
Elimination on write off		0	-	0	0
As at 30 June 2017	<u>3,048,000</u>	<u>6,067,424</u>	<u>5,053,826</u>	<u>2,183,511</u>	<u>16,352,760</u>
N.B.V:30.6.2017	<u>-</u>	<u>1,343,190</u>	<u>212,868</u>	<u>506,118</u>	<u>2,062,176</u>
N.B.V :30.6.2016	<u>-</u>	<u>392,931</u>	<u>95,454</u>	<u>643,476</u>	<u>1,131,861</u>

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

STATE CORPORATIONS APPEAL TRIBUNAL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

13 Long term receivables from non-exchange transactions

Staff advances	-	4,479,440
provision for bad and doubtful debt:	0	(4,479,440)
	<u>0</u>	<u>0</u>

13 a. Short term receivables from non exchange transactions

staff advances	<u>0</u>	<u>68,000</u>
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14 Trade and other payables from non-exchange transactions

Filing Fees	<u>-</u>	<u>1,586,000</u>
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15 Trade and other payables from exchange transactions

	2017	2016
Telephone	-	0
Others	-	14,384
Rent-service charge	-	-
	<u>-</u>	<u>14,384</u>

16 Provisions

Audit fees	<u>232,000</u>	<u>232,000</u>
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17 There were no contingent liabilities as at June 30,2017

STATE CORPORATIONS APPEAL TRIBUNAL
NOTES TO THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL

i. Other Revenue

In the financial year under audit the Tribunal had investments in the fixed deposit which earned an interest of Kshs. 5,033,228.

ii. Board Expenses (Surplus Kshs. 7,294,796)

The surplus in board expenses was as a result of the budget allowances for two Board Mmembers of the Tribunal whose term expired and has not yet been replaced. There were also funds for hearing allowances for the members but the Tribunal received nil cases in the year under audit.

iii. Other payments

The Tribunal had budgeted for Kshs. 24. million being money for operational expenses We were only able to use Kshs. 13.3 as we received Kshs. 16.490 million as AIE which was received two months to close of the financial year.

iv. Deficit of Kshs.13,965,544

The Tribunal financial statements show a deficit of Kshs, 13.965,544. This was due to transition which we were facing as we transited to Judiciary. According to Treasury letter dated 10th may, 2017, Ref no RES 1071/15/1/01/A(54), The Tribunal was transferred to Judiciary with Kshs.54.7 million. However, this was not the case according to Judiciary, we only received an AIE of Kshs. 16.49 million in the forth quarter. There were some expenditures that were met by Judiciary in the first to third quarter.