

Vol. 1

REPUBLIC OF KENYA

Paper used

11.2.2014



KENYA NATIONAL AUDIT OFFICE



**REPORT OF
THE
AUDITOR-GENERAL**

ON

**THE FINANCIAL STATEMENTS
OF SALARIES AND REMUNERATION
COMMISSION FOR THE YEAR
ENDED 30 JUNE 2013**



Salaries & Remuneration
Commission
Rewarding productivity

***ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR
ENDED 30TH JUNE 2013***

ANNUAL REPORT AND FINANCIAL STATEMENTS THE YEAR ENDED 30 JUNE, 2013

45

94

SALARIES AND REMUNERATION COMMISSION

Table of contents

| | |
|--|---------|
| General Information----- | 1 |
| Members of the Commission----- | 2 |
| Management Team----- | 3 |
| Core business and Mandate----- | 4 |
| Statement of Corporate Governance----- | 5 |
| Chairperson's Report----- | 6 |
| Chief Executive Officer's Report----- | 8 |
| Statement of Commission's Responsibility----- | 9 |
| Report of the Independent Auditors----- | |
| Statement of the Financial Position----- | 10 |
| Statement of Comprehensive Income----- | 11 |
| Statement in Changes of Accumulated Funds----- | 12 |
| Statement of Cash Flow----- | 13 |
| Notes to the Financial Statements----- | 14 - 21 |

SALARIES AND REMUNERATION COMMISSION

General Information

Physical Address Williamson House, 4th Ngong Avenue
6th Floor
P.O box 43126-00100
NAIROBI, KENYA
Tel: +254-020-2710071/73
Email SRC @ Kenya .go.ke
Website: www.src.go.ke

Bankers Central Bank Of Kenya
Central Bank of Kenya Building
Haile Selassie Avenue
P. O Box 60000-00200
NAIROBI

Auditors Kenya National Audit Office
Anniversary Towers, 4th Floor
P. O Box 30084-00100
NAIROBI

SALARIES AND REMUNERATION COMMISSION

MEMBERS OF THE COMMISSION

| | | | Date of Appointment |
|-------------------------------------|---|------------------|---------------------|
| 1. Mrs. Sarah Serem, EBS., | - | Chairperson | Dec 16, 2011 |
| 2. Mr. Daniel Ogutu | - | Vice Chairperson | Dec 16, 2011 |
| 3. Mr. Jason Namasake | - | Member | Dec 16, 2011 |
| 4. Hon. Peter Oloo Aringo, EGH., | - | Member | Dec 16, 2011 |
| 5. Mrs. Ann Elizabeth Owuor | - | Member | Dec 16, 2011 |
| 6. Mrs. Jacqueline Mugo, OGW., | - | Member | Dec 16, 2011 |
| 7. Mr. Isaiah Kubai | - | Member | Dec 16, 2011 |
| 8. Brig. (Rtd) Samwel Kirugi, MBS., | - | Member | Dec 16, 2011 |
| 9. Mrs. Sellestine Kiuliku | - | Member | Dec 16, 2011 |
| 10. Mrs. Serah Kinyua | - | Member | Dec 16, 2011 |

SALARIES AND REMUNERATION COMMISSION

SENIOR MANAGEMENT STAFF

1. Mrs. Grace A. Otieno, MBS - Commission secretary /CEO
2. Mrs. Anne R. Gitau - Deputy Commission secretary
3. Mrs. Rose K. Masya, HSC - Director, Remuneration Analysis
4. Mr. Nicodemus Odongo - Director, Research, Compliance Policy and Planning
5. Mrs. Janet Mabwa - Director, Corporate Governance
6. Mr. Wycliff Wasike - Deputy Director Finance

SALARIES AND REMUNERATION COMMISSION

CORE BUSINESS AND MANDATE

Salaries and Remuneration Commission was established by the Constitution of Kenya 2010; under Article 230 and is a body corporate with perpetual succession and a seal with the constitutional mandate to:

- i) Set and regularly review the remuneration and benefits of all state officers; and
- ii) Advise the National and County Governments on the remuneration and benefits of all other public officers.

Guiding Principles

Article 230(5), provides the principles to be taken in to account In performing the Commission's functions as follows:-,

- I. The need to ensure that the total public compensation bill is fiscally sustainable;
- II. The need to ensure that public services are able to attract and retain the skills required to execute their functions;
- III. The need to recognize productivity and performance; and
- IV. Transparency and fairness;

Functions of the Commission

Besides the functions set under Article 230 (4) in the Constitution of Kenya, the Salaries and Remuneration Commission Act, 2011 states the following functions:

- i) Inquire into and advise on the salaries and remuneration to be paid out of public funds;
- ii) Keep under review all matters relating to the salaries and remuneration of Public Officers;
- iii) Advise the national and county governments on the harmonization, equity and fairness of remuneration for the attraction and retention of requisite skills in the public sector;
- iv) Conduct comparative surveys on the labour markets and trends in remuneration to determine the monetary worth of the jobs of Public Officers;
- v) Determine the cycle of salaries and remuneration review upon which Parliament may allocate adequate funds for implementation;
- vi) Make recommendations on matters relating to the salary and remuneration of a particular State or Public Officer;
- vii) Make recommendations on the review of pensions payable to holders of Public Offices; and
- viii) Perform such other functions as may be provided by the Constitution or any other written law.

The Commission under the Act Section 12 is further compelled to comply with the principle of equal remuneration to persons for work of equal value.

SALARIES AND REMUNERATION COMMISSION

STATEMENT OF CORPORATE GOVERNANCE

Besides the objects and authority provided in the Constitution of Kenya, 2010 under Article 249, the Commission is also accountable at all times to the public and all the stakeholders for ensuring that the Commission complies with the highest standards of corporate governance and operation ethics.

The commission believe in embracing corporate governance through creation of the right corporate culture and values. The Commission exercises the most reasonable care to ensure that the management of the Commission is carried out in the best interest of the government and the public at large. The overall affairs of the Commission are the responsibility of the Members of the Commission who are appointed by the President following approval by Parliament. The Members of the Commission and management possess a range of requisite skills, qualifications and experience to manage the Commission and work in compliance with the provision of Chapter Six of the Constitution of Kenya 2010.

W

ST

SALARIES AND REMUNERATION COMMISSION

THE CHAIRPERSON'S REPORT

I wish to present the Salaries and Remuneration Commission Annual Report on for the Financial Year 2012/2013. The report is on its performance and audited financial statements. During the period, both the national and county governments became operational following the 4th March, 2013 general elections in accordance with the Constitution of Kenya. The two levels of government ushered in new State Offices, and created several non-state offices especially in the county government. This has expanded the public service and therefore, has posed several remuneration challenges.

On 1st March, 2013, the Commission after conducting the job evaluation for State officers set the remuneration and benefits structure for the State officers, to ensure that as the elected State Officers took office there was a clear remuneration and benefits structure for the positions. This was in compliance with the provisions of the Constitution and other legal instruments. The Commission has also continuously advised on remuneration and benefits for other public officers in order to promote fairness, minimize disparities, harmonize remuneration system and thus, establishing equal pay for work of equal value.

In setting and advising on the remuneration and benefits structures, the Commission was guided by the principles provided within the Constitution and other written laws. Key among these principles is 'ensuring the fiscal sustainability of the total public compensation bill'. The principle was considered key as the Commission was constituted at a time when all sustainability parameters of the Kenyan wage bill were already beyond the generally acceptable limits. It is important to note that the implementation of the Constitution increases the wage bill. Consequently, wage sustainability problems will have to be addressed by all institutions from a central point and in holistic manner. It is against this background that the Commission rationalized and set remuneration and benefits structures for State officers and advised on the remuneration and benefits for all other public officers during the year 2012/2013, as a step towards addressing wage bill sustainability..

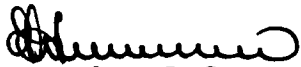
As the Commission undertook to implement its Constitutional Mandate, it faced a number of challenges, which included non-compliance, resistance to change, expansion of the public service and thus, additional increase in the wage bill, institutional pressures to industrial unrests, lack of productivity and performance measurement tools, and high vertical and horizontal disparities and inequities in remuneration levels among others. The Commission is nevertheless working with all stakeholders to ensure that these challenges are addressed in the most effective and acceptable manner.

It is the duty of every Kenyan to individually and collectively play a role in transforming the public sector wage bill management in order to promote sustainable social and economic development. In the discharge of it's mandate, the Commission placed a high premium on the principle of public participation and is committed to continuous engagement with all its stakeholders in seeking sustainable reforms in the public sector wage bill management in a fair and transparent manner. The people of Kenya and other stakeholders have been supportive as the Commission undertook its mandate. This was evidenced in the responses to the newspaper adverts including participation in.

SALARIES AND REMUNERATION COMMISSION

public fora. I therefore, take this opportunity to congratulate the people of Kenya for exercising their right by providing invaluable input to key decisions of the Commission.

I wish to assure all Kenyans that the Commission remain fully committed to undertaking it's mandate in the best interest of this Country and for quality service delivery to all. The Commission is indeed indebted to the people of Kenya, the National and County Governments, the National Parliament, the Senate, various state organs, Development Partners and all other stakeholders' who have directly or indirectly played a role in the period under review and looks forward to continued support in achieving it's mandate.



**Sarah J. C. Serem (Mrs.) EBS.,
CHAIRPERSON**

Date 03/12/2013

SALARIES AND REMUNERATION COMMISSION

THE CHIEF EXECUTIVE OFFICER'S REPORT

The Salaries and Remuneration Commission has made progressive efforts and has had strong commitment in operationalizing its mandate since inception. The Commission established a competent and dedicated team of Secretariat Staff who have continued to provide solid support in the management and coordination of its activities. The Commission has continued to strengthen its Secretariat through capacity building, targeted training and skills development of its human resources in strategic areas critical to its technical and administrative objectives.

The policy achievements of the Commission so far has been a result of numerous processes that became successful premised on the dedication of the Commission members, staff, stakeholders and members of the public. The Commission undertook a Comparative Study to provide empirical evidence on wage differentials between the public and private sector as a baseline for sound policy formulation and wages in the country. The Commission then conducted a job evaluation exercise for State officers. This enabled the Commission understand the job worth of state offices and informed the development of a remuneration and benefits structure for State officers. An extensive international study on comparable: worth of State officers' jobs; wage sustainability parameters; and compression ratios was carried out to support the decisions of the Commission and inform in the setting of remuneration levels.

The Commission has continued to engage with other key stakeholders in order to marshal more support in the form of technical assistance in the review of relevant policies, development of Commission documents, budgetary support and the implementation of the Strategic Plan. The technical support received through the National Treasury by the Commission enhanced the Commission's ability to undertake its mandate.

The Commission is therefore, greatly indebted to the various levels and arms of Government, State agencies, Stakeholders, Development Partners and all the people of Kenya who supported the Commission during this period. Without their financial, technical and moral support, the strides made in the period would not have been achieved.



**G. A. Otieno (Mrs.), MBS
CHIEF EXECUTIVE OFFICER**

Date 3rd DECEMBER 2013

SALARIES AND REMUNERATION COMMISSION


STATEMENT OF COMMISSION'S RESPONSIBILITY


Salaries and Remuneration Commission Act, 2011 requires that Salaries and Remuneration Commission (SRC) prepares financial statements for each financial year which shows a true and fair view of the state of affairs of the Commission for the year and of the operating results for the year.

Management is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Commission. It's also responsible for safeguarding the assets of the Commission. The Management is also responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and the manner required by the SRC Act, the Constitution of Kenya, and for such internal control as Commission determines is necessary, to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

The Management accepts the responsibility of the Annual Financial Statements which should be prepared using appropriate accounting policies supported by reasonable and prudent judgment and estimates, inconformity with International Financial Reporting Standards and the requirements of SRC Act and the Constitution. The Management is of the opinion that the financial statements give a true and fair view of the state of financial affairs of the Commission and of its surplus. The Management further accepts responsibility for maintenance of accounting records which may be relied upon in the preparation of the financial statements, as well as adequate systems of internal control.

Nothing has come to the attention of the Commission to indicate that the Commission will not remain a going concern for at least 12 months from the date of these statements


Sarah J. C. Serem, (Mrs.) EBS.,
CHAIRPERSON


G. A. Otieno (Mrs.) MBS.,
CHIEF EXECUTIVE OFFICER



KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON SALARIES AND REMUNERATION COMMISSION FOR THE YEAR ENDED 30 JUNE 2013

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Salaries and Remuneration Commission set out on pages 10 to 21, which comprise the statement of financial position as at 30 June 2013, and the statement of comprehensive income, statement of changes in revenue reserves and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards 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 20 of the Public Audit Act, 2003.

Auditor-General's Responsibility

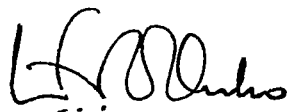
My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15(2) of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. The audit was conducted in accordance with International Standards 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 Commission'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 audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Commission as at 30 June 2013, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Salaries and Remuneration Commission Act, 2011.



Edward R.O. Ouko, CBS
AUDITOR-GENERAL


Nairobi

11 December 2013

SALARIES AND REMUNERATION COMMISSION

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE, 2013

| ASSETS | Note | 2012/2013 |
|--------------------------------------|------|---------------------------|
| NON CURRENT ASSETS | | |
| Kshs | | |
| Property Plant & Equipment | 7 | 77,762,768 |
| Intangible Assets | 7(a) | 852,057 |
| Total Non-Current Assets | | <u>78,614,825</u> |
| CURRENT ASSETS | | |
| Trade and other Receivables | 8 | 5,895,766 |
| Cash & Bank balances | 9 | 176,722,748 |
| Total Current Assets | | <u>182,618,514</u> |
| TOTAL ASSETS | | <u>261,233,339</u> |
| ACCUMULATED FUND | | |
| Revenue Reserves | | 251,620,114 |
| Total accumulated funds | | <u>251,620,114</u> |
| CURRENT LIABILITIES | | |
| Trade and other Payables | 10 | 9,613,225 |
| Total Current Liabilities | | <u>9,613,225</u> |
| TOTAL FUNDS & LIABILITIES | | <u>261,233,339</u> |



Sarah J. Serem (Mrs.) EBS.,
CHAIRPERSON



G. A. Otieno (Mrs.) MBS.,
CHIEF EXECUTIVE OFFICER

Date 03/12/2013

Date 3rd/12/013

SALARIES AND REMUNERATION COMMISSION

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE, 2013

| INCOME | Note | 2012/2013 |
|----------------------------|-------------|---------------------------|
| | | Kshs |
| Government Grants | 3(a) | 516,000,000 |
| Other Income | 3(b) | 675,240 |
| Total | | <u>516,675,240</u> |
| EXPENDITURE | | |
| Staff Emoluments | 4 | 76,086,721 |
| Operating Expenses | 5 | 134,432,358 |
| Commissioners Expenses | 6 | 48,752,829 |
| Depreciation Expenses | 7(b) | 5,283,218 |
| Audit Fees | | 500,000 |
| Total Expenditure | | <u>265,055,126</u> |
| Net Surplus/Deficit | | <u>251,620,114</u> |

WKS

SALARIES AND REMUNERATION COMMISSION

STATEMENT OF CHANGES IN REVENUE RESERVES FOR THE YEAR ENDED 30 JUNE 2013

| | 2012/2013 Kshs |
|--|---------------------------|
| As At 1 st July 2012 | - |
| Surplus for the year | 251,620,114 |
| As at 30th June 2013 | <u>251,620,114</u> |

W/S

W/S

SALARIES AND REMUNERATION COMMISSION

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2013

| | Note | 2012/2013 Kshs |
|--|----------|----------------------------|
| Cash flow from Operating Activities | | |
| Surplus for the period | | 251,620,114 |
| Adjust for - Depreciation | 7(b) | 5,283,218 |
| | | <u>256,903,332</u> |
| Working Capital Changes | | |
| Increase in Receivables | | (5,895,766) |
| Increase in Payables | | 9,613,225 |
| | | <u>260,620,791</u> |
| Investing Activities | | |
| Acquisition of Property, Plant & Equipment | 7 | (83,021,666) |
| Acquisition of Intangible Assets | 7(a) | (876,377) |
| | | <u>(83,898,043)</u> |
| Financing Activities | | |
| | | |
| Net Increase (Decrease) in Cash & Cash Equivalent | | 176,722,748 |
| Cash & Cash Equivalents as at 1.07.2012 | | - |
| Total Cash & Cash equivalents as at 30 .06.2013 | 9 | <u>176,722,748</u> |

Wko

SALARIES AND REMUNERATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:-

a) Basis of preparation

The Financial Statements are prepared in compliance with International Financial Reporting Standards (IFRS). They are presented in functional currency, Kenya Shillings (Ksh) and are prepared in accordance with the measurement prescribed by IFRSs and on historical cost basis.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions. It also requires management to exercise its judgment in the process of applying the Commission's policies

b) Revenue Recognition

Revenue is recognized upon receipt of cash for all sources

c) Fixed Assets

Property, plant and equipment are stated at acquisition costs less depreciation and impairment losses.

d) Work in Progress

Work in progress constitute the Office partition exercise that commenced in the current year and was in progress by the close of the financial year. The details are as follows

| | |
|---------------------------|---------------------|
| Total contract amount | 46,479,024 |
| Amount certified and paid | <u>(37,291,495)</u> |
| Works outstanding | <u>9,187,529</u> |

WAS



SALARIES AND REMUNERATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

e) Depreciation

Depreciation is calculated on a straight line basis over the expected useful life of the asset. Where an asset is acquired during the year, depreciation is applied on a prorata basis over the number of days to the end of the financial year of purchase.

f) Asset

| | Depreciation Rate (%) |
|-------------------------------|-----------------------|
| Plant and Machinery | 12.5 |
| Motor Vehicles | 25.0 |
| Furniture, Fittings | 12.5 |
| Computers Hardware & Software | 33.3 |
| Office Equipment | 33.3 |

g) Computer Software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized on the basis of the expected useful lives.

h) Current liabilities

Current liabilities are those to be settled within the Commission's normal operating cycle or due within twelve months or those held for trading or those which the Commission does not have unconditional right to defer payment beyond 12 months.

i) Provisions

Provisions are recognized when the Commission 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 will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

j) Retirement benefit costs

The Commission runs a defined contribution pension scheme. The assets of the scheme are held in a separate trustee administered fund, which is funded by contributions from both the commission at 20% and employees at 10% of basic salary. During the year, the scheme was managed by Jubilee Insurance. The CEO and the Deputy CEO are on gratuity at 31% of their basic salary payable at the end of their contract period. The amount has been accrued in the financial Statements.

SALARIES AND REMUNERATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

The Commission and its employees also contribute to the National Social Security Fund, a statutory defined contribution pension scheme.

The Commission's contributions in respect of retirement benefit costs are charged to the profit and loss in the year to which they relate.

k) Provision for staff leaves pay

The monetary value of the unutilized annual leave by staff at year end is carried in the accruals as a payable and the movement in the year is debited/credited to the statement of comprehensive income.

l) Exchequer Releases

The Exchequer releases have been recognized under the Income approach (IAS 20) in which they have been treated as income and dealt with in the statement of comprehensive income.

m) Reporting currency

The Financial Statements are presented in Kenya Shillings, which is the Commission's functional and reporting currency. Foreign transactions during the year are converted into Kenya Shillings at rates ruling at the transaction dates. Assets and liabilities at the reporting date, which are expressed in foreign currencies, are translated into Kenya Shillings at rates ruling at that date. The resulting differences from conversion and translation of foreign currencies are dealt with in the Statement of comprehensive income foreign Currency Translation Reserve.

SRC does not have any foreign operations.

n) Operation Period

Salaries and Remuneration Commission was established by the Constitution of Kenya 2010, under Article 230 and enacted by the parliament through Salaries and Remuneration Act in July 2011. The members of the Commission were appointed on the 16th of December 2012. The Commission operated under the Ministry of State for Public Service until 30th June 2012. It became fully operational from July 1, 2012. As such, this being the 1st year of operations, there were no comparative figure.

2. Statement of Compliance

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) and interpretation of those standards.

SALARIES AND REMUNERATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

3 (a). GOK Grants

The Commission relies on exchequer grants to fund its operations. The funds are received as itemized budget line upon request by the commission.

| | Date | 2012/2013 Kshs |
|-------------------------|------------|---------------------------|
| 1 st Quarter | 24/08/2012 | 169,000,000 |
| 3 rd Quarter | 20/03/2013 | 347,000,000 |
| Total Government Grant | | <u>516,000,000</u> |

| (b) Other Incomes | Kshs |
|-------------------------|-----------------------|
| Sale of Tender | 661,000 |
| Commission on check off | 14,240 |
| TOTAL | <u>675,240</u> |

4. Personnel Emoluments

| | Kshs |
|----------------------------------|--------------------------|
| Basic Salaries | 38,725,149 |
| House Allowance | 9,405,131 |
| Responsibility Allowance | 103,500 |
| Entertainment Allowance | 1,305,000 |
| Commuter Allowance | 3,411,263 |
| Extraneous Allowances | 4,682,938 |
| Domestic servant | 280,800 |
| Leave Travel Allowance | 675,000 |
| Salary Arrears | 5,925,110 |
| Pension | 3,925,962 |
| Top up salary for seconded staff | 4,444,005 |
| Gratuity | 3,202,863 |
| Total | <u>76,086,721</u> |

Wko

SALARIES AND REMUNERATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

5. Operating Expenses

| | 2012/2013 |
|-----------------------------------|---------------------------|
| | Kshs |
| Catering services | 1,832,947 |
| Security services | 732,000 |
| Vehicle expenses | 3,316,419 |
| Bank Service Charges | 100 |
| Dues and subscriptions | 531,860 |
| Insurance Expenses | 1,423,605 |
| Meals and Entertainment | 2,756,015 |
| Cleaning Expenses | 1,087,103 |
| Office Stationery | 3,700,282 |
| Office supplies | 442,010 |
| Postage and delivery | 284,870 |
| Printing and reproduction | 5,184,122 |
| Repairs and Maintenance | 512,307 |
| Telephone | 4,396,459 |
| Utilities | 10,400 |
| Other Staff Costs | 13,560,147 |
| Computer Expenses | 640,644 |
| Conference and Seminar facilities | 9,729,891 |
| Training Expenses | 5,300,507 |
| Foreign Travelling | 4,208,141 |
| Local travelling | 2,933,025 |
| Advertising and promotion | 34,496,399 |
| Professional fees | 12,400,146 |
| Rent and Rates | 24,952,960 |
| TOTAL | <u>134,432,358</u> |

6. Commissioners Expenses

| | Kshs |
|-------------------------|--------------------------|
| Sitting Allowances | 36,370,000 |
| Commuter Allowance | 2,640,000 |
| Meal Allowance | 342,000 |
| Mobile phone Allowances | 1,591,296 |
| Subsistence Allowance | 3,301,874 |
| Travel Expenses | 4,507,659 |
| Total | <u>48,752,829</u> |

SALARIES AND REMUNERATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

7. Property plant and Equipment

| Cost/Valuation | Furniture & Fittings | | Office Equip | Motor Vehicles | Computer Equip | WIP | Total |
|-------------------------------|----------------------|-----------|--------------|----------------|----------------|------------|------------|
| | Ksh | Ksh | Ksh | Ksh | Ksh | Ksh | Ksh |
| Balance as at 1 July 2012 | - | - | - | - | - | - | - |
| Additions | 17,305,135 | 6,005,650 | 22,419,385 | - | 37,291,496 | 83,021,666 | - |
| Disposals | - | - | - | - | - | - | - |
| Balance as at 30 June 2013 | 17,305,135 | 6,005,650 | 22,419,385 | - | 37,291,496 | 83,021,666 | 83,021,666 |
| Depreciation | | | | | | | |
| Accum dep as at 1 July, 2012 | - | - | - | - | - | - | - |
| Charge for the year | 721,047 | 334,216 | 4,203,635 | - | - | - | 5,258,898 |
| Disposals | - | - | - | - | - | - | - |
| Accum Depr as at 30 June 2013 | 721,047 | 334,216 | 4,203,635 | - | - | - | 5,258,898 |
| NBV as at 30 June 2013 | 16,584,088 | 5,671,434 | 18,215,750 | - | 37,291,496 | 77,762,768 | 77,762,768 |

7a) Intangible Assets

2012/2013

Kshs

Cost/Valuation

876,377

Ammortization

(24,320)

Net book Value as at 30 June, 2013

852,057

SALARIES AND REMUNERATION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| | 2012/2013 Kshs |
|---------------------------------|-------------------------|
| 7b) Depreciation Expense | |
| Property Plant and Equipment | 5,258,898 |
| Amotization on Intangible Asset | 24,320 |
| TOTAL | <u>5,283,218</u> |

8. Trade and other Receivables

| | |
|------------------------|-------------------------|
| Staff Debtors/Advances | 502,324 |
| Prepayments | 5,353,442 |
| Deposit | 40,000 |
| TOTAL | <u>5,895,766</u> |

9. Cash and Bank Balances

| | |
|------------------------------|---------------------------|
| Central Bank Current Account | 175,448,028 |
| Cash at hand | 1,274,720 |
| Total | <u>176,722,748</u> |

10. Trade and other Payables

| | |
|-------------------------|-------------------------|
| Trade Creditors | 301,817 |
| Retention costs | 2,323,952 |
| Provisions and accruals | 6,987,456 |
| Total | <u>9,613,225</u> |

11. Employees

The total number of staff in the Commission on permanent basis as at 30th June was 40

12. Revaluation Reserves

No reserves were revalued during the year.

13. Related Party Transactions

The Commission did not have any related party transactions during the year.

WKS



SALARIES AND REMUNERATION COMMISSION

14. Tax Status

The Commission is a Government agency, fully funded by the Government and is therefore tax exempt

WKS

91