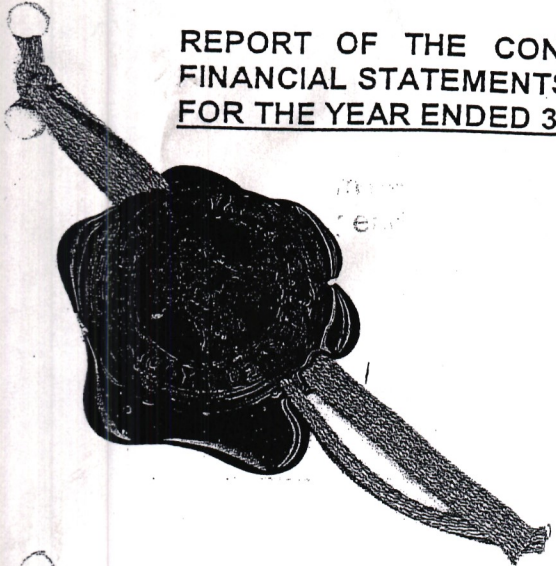


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REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF STATE CORPORATIONS APPEAL TRIBUNAL FOR THE YEAR ENDED 30 JUNE 2002



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**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE
FINANCIAL STATEMENTS OF STATE CORPORATIONS APPEAL TRIBUNAL
FOR THE YEAR ENDED 30 JUNE 2002**

I have examined the financial statements of State Corporations Appeal Tribunal for the year ended 30 June, 2002 in accordance with the provisions of Section 29 of the Exchequer and Audit Act, (Cap 412). I have obtained all the information and explanations required for the purpose of the audit. Proper books of account have been kept and the financial statements which have been prepared under the historical cost convention are in agreement therewith and comply with the State Corporations Act (Cap 446).

Except for the reservations set out below, in my opinion, the financial statements when read together with the notes thereon, present fairly the financial state of affairs of the Tribunal as at 30 June, 2002 and of its surplus and cash flow for the year then ended.

1. EMPLOYMENT OF SUPPORT STAFF

During the year ended 30 June, 2002 the Appeal Tribunal hired an accountant, a secretary, a driver and a receptionist and consequently spent a total of Kshs.740,000 in salaries and other allowances. The hiring of support staff outside the Civil Service was contrary to recommendations by the Permanent Secretary/Director of Personnel Management and the Parent Ministry which required the Tribunal to source for support staff from the Civil Service. The hiring of support staff from outside the civil service and resultant expenditure of Kshs.740,000 was therefore irregular. Under the circumstances, it has not been possible to confirm the propriety of the expenditure incurred.

2. TRIBUNAL SITTING EXPENSES

The State Corporations Appeal Tribunal applied to the Directorate of Personnel Management for approval to pay sitting allowance to its Chairman, Members and Secretary at the rates of Kshs.30,000 and Kshs.20,000 respectively. However, in April, 2002, the DPM approved the sitting allowances at the rates of Kshs.10,000 per sitting for the Chairman and Kshs.7,500 for members and Tribunal Secretary. But the Tribunal, apparently in its effort to enhance the rates of sitting allowances approved by the DPM, defined the Tribunal sitting duration to be 1½ hours session and paid sitting allowances based on that duration. Consequently, the Tribunal sittings ranged from 1 to 7 per day instead of one sitting per day. As a result the Tribunal incurred expenditure totalling Kshs.2,450,000 in the form of allowances paid to the Chairman and members for the period between 1 July, 2001 and 30 June, 2002. As a result the Tribunal overpaid the chairman and

members a total of Kshs.1,425,000 during the period. The overpayment has not been recovered.



E.N. MWAI
CONTROLLER AND AUDITOR GENERAL

Nairobi

30 August, 2004

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STATE CORPORATIONS APPEAL TRIBUNAL No.

INCOME & EXPENDITURE
FOR THE YEAR ENDED 30TH JUNE 2002

REGISTRY
ANNIVERSARY TOWERS, NAIROBI

	Note	2001/2002	2000/2001
INCOME			
			KSHS
EXCHEQUER RECEIPTS		8,400,000.00	18,200,000
INTEREST	2	285,537.65	198,458
TOTAL INCOME		8,685,538	18,398,458
EXPENDITURE			
TRIBUNAL MEMBERS EXPENSES	3	785,000	1,665,000
STAFF SALARIES, BENEFITS & TRAINING	4	693,020	530,400
OFFICE SUPPLIES & EXPENSES	5	261,993	470,597
TRANSPORT & TRAVEL EXPENSES	6	270,192	163,945
PR & STAFF RECRUITMENT EXPENSES	7	-	111,713
UTILITIES	8	316,574	275,317
OFFICE RENT & OFFICE SERVICES	9	2,063,979	2,214,991
PROFESSIONAL & OTHER SERVICES	10	175,150	6,225
DEPRECIATION CHARGES	11	1,459,332	1,459,332
TOTAL EXPENDITURE		6,025,240	6,897,520
SURPLUS/(DEFICIT) FOR THE YEAR		2,660,298	11,500,938

STATE CORPORATIONS APPEAL TRIBUNAL

BALANCE SHEET

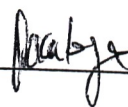
AS AT 30TH JUNE 2002

	Notes	2002 KSHS	2001 KSHS
NET FIXED ASSETS	1(c) & 11	<u>6,636,273</u>	<u>7,348,743</u>
CURRENT ASSETS			
Debtors			
Sundry Debtors and Deposi	12	.	.
Short Term Deposits	13	3,057,847	4,000,000
Bank Balances	14	4,752,301	1,275,375
Cash at hand		2,566	8,560.00
		<u>7,812,713</u>	<u>5,283,935</u>
CURRENT LIABILITIES			
Miscellaneous Filing Fees	15	287,750	281,740
Accruals-Unpaid Fees		.	850,000
		<u>287,750</u>	<u>1,131,740</u>
NET CURRENT ASSETS		<u>7,524,963</u>	<u>4,152,195</u>
NET ASSETS		<u>14,161,236</u>	<u>11,500,938</u>
FINANCED BY:-			
GENERAL FUND:			
SURPLUS FOR THE YEAR		2,660,298	11,500,938
BALANCE B/F		11,500,938	.
		<u>14,161,236</u>	<u>11,500,938</u>

The notes on pages 4 to 6 form an integral part of this financial statements.



Tribunal Secretary



Tribunal Chairman

STATE CORPORATIONS APPEAL TRIBUNAL
CASHFLOW STATEMENT
FOR THE PERIOD ENDED 30TH JUNE 2002

	Note	2002	2001
		KSHS	KSHS
Cashflow From Operating Activities:			
Net Surplus from Operations		2,660,298	11,500,938
Adjustments:			
Depreciation		1,459,332	1,459,332.0
Operating Surplus Before working capital changes		<u>4,119,630</u>	<u>12,960,270</u>
Increase/(Decrease) in Debtors			
Increase in Sundry Debtors			
Increase/(Decrease) in Creditors		6,010	281,740
Increase/(Decrease) in Accruals		(850,000)	850,000
Cash generated from Operations		<u>3,275,640</u>	<u>14,092,010</u>
Investing Activities:			
Purchase of Fixed Assets		(746,862)	(8,808,075)
Net Cash Outflow from Investing Activities		<u>(746,862)</u>	<u>(8,808,075)</u>
Net Increase in Cash & Cash equivalents		2,528,778	5,283,935
Cash & Cash Equivalents at the Beginning of the Period		5,283,935	
Cash & Cash Equivalents at the end of the Period	18	<u>7,812,713</u>	<u>5,283,935</u>

Notes to the Accounts

1. Significant Accounting Policies

(a) Basis of Accounting

The Accounting statements are prepared in accordance with and comply with International Accounting Standards.

The Accounts have been prepared under the historical cost convention

(b) Income Recognition

Income is recognised when received.

(c) Fixed Assets and Depreciation

Fixed Assets are stated at cost less accumulated Depreciation.

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

The Depreciation rates used are as follows:

Motor vehicle	25%
Furniture & Fitting	12.5%
Computer Equipment	30%
Equipment	12.5%

(d). Taxation

No provision has been made for Income Tax.

An application for exemption from taxation will be made under section 13 of the Income Tax Act (CAP 470).

There is every likelihood that the exemption will be granted.

(e) Retirement Benefits

(f) Cash and cash equivalents

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

(g) Comparatives

	2001 Kshs	2000 Kshs
2. Interest Income		
Interest on Short Term Deposits	285,537.65	198,458.00
Current Account		
	<u>285,537.65</u>	<u>198,458.00</u>
3. Board Expenses		
Allowances	785,000	815,000
Travel & Accomodation	.	.
Others	.	.
	<u>785,000</u>	<u>815,000</u>
4. Staff Salaries & Benefits		
Salaries	590,400	530,400
Pension Contribution	.	.
Medical	.	.
Insurance	.	.
Training & Capacity Building	74,780	.
Other	27,840	.
	<u>693,020</u>	<u>530,400</u>

Number of Employees	3	3			
5. Office Supplies & Expenses					
Stationery, Postage & Supplies	112,796	194,887			
Office Tea & Expenses	107,317	204,363			
Newspapers, Books & Periodicals	41,880	61,450			
Insurance Office Furniture & equipment					
	<u>261,993</u>	<u>460,700</u>			29,500
6. Transport & Travel Expenses					
Transport & Travel	6,063	-			
Vehicle Repair & Service	71,794	120,000.00			
Vehicle Insurance & Licenses	192,335	190,192			
	<u>270,192</u>	<u>310,192</u>			
7. Public Relations & Consumer Services					
Advertising	-	81,713			
Seminars/Workshops	-	-			
Media Announcements	-	-			
	<u>-</u>	<u>81,713</u>			
8. Utilities					
Telephone & E-Mail	316,574.00	233,056.80			
Water	-	27,392.00			
	<u>316,574.00</u>	<u>260,448.80</u>			
9. Office Rent & Office Service					
Rent	1,917,534	2,101,244			
Security	-	-			
Office Cleaning	48,120	8,000			
Repair & Service-Office Equipment	98,325	29,500			
Other	-	76,247			
	<u>2,063,979</u>	<u>2,214,991</u>			
10. Consultancy & Other Charges					
Honararia	164,250	50,000			
Bank Charges	10,900	5,925			
	<u>175,150</u>	<u>55,925</u>			
11. Fixed Assets & Depreciation					
	Motor Vehicles	Computer Equipment & Software	Furniture & Fittings	Equipment	Total
Cost:	Kshs	Kshs	Kshs	Kshs	Kshs
As at 1st July, 2001	1,806,713	757,050	4,705,584	1,538,728	8,808,075
Additions During the year	-	692,700	-	54,162	746,862
As at 30th June 2002	<u>1,806,713</u>	<u>1,449,750</u>	<u>4,705,584</u>	<u>1,592,890</u>	<u>9,554,937</u>
Depreciation:					
As at 1st July, 2001	451,678	227,115	588,198	192,341	1,459,332
Charge for the Year	451,678	227,115	588,198	192,341	1,459,332
As at 30th June, 2002	<u>903,357</u>	<u>454,230</u>	<u>1,176,396</u>	<u>384,682</u>	<u>2,918,665</u>
Net Book Value:					

As at 30th, June 2002	903,357	995,520	3,529,188	1,208,208	6,636,273
As at 30th June 2001	1,355,035	529,935	4,117,386	1,346,387	7,348,743

12. Sundry Debtors & Deposits

Staff Advances

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13. Short Term Deposits

Short term deposits are held with the following bank:

National Bank of Kenya	3,057,846.60	4,000,000.00
	<u>3,057,846.60</u>	<u>4,000,000.00</u>

14. Bank Balances

The amounts below were being held in current account

National Bank of Kenya-Main Account	4,470,091	
National Bank of Kenya-Filing Fees	282,210	1,254,939
	<u>4,752,301</u>	<u>1,254,939</u>

15. Accruals/Payables

	2001 Kshs	2000 Kshs
Staff	0	49,200
Honoraria	0	20,000
Miscellaneous Filing Fees	287,750	277,040
	<u>287,750</u>	<u>346,240</u>

	2002 Kshs	2000 Kshs
15. Cash & Cash equivalents		
Petty cash	2,566	8,560
Bank Balances	4,752,301	279,390
Short Term Deposits	3,057,847	4,000,000
	<u>7,812,713</u>	<u>4,287,950</u>

16. Retirement Benefit Obligation.

The Tribunal has not yet set up a retirement benefits scheme

17. Incorporation

The Tribunal is a state corporation established under Section 22 of the State Corporations (Act CAP 446 of the Laws of Kenya)

18. Currency

This Accounts are presented in Kenya Shillings (Kshs)