



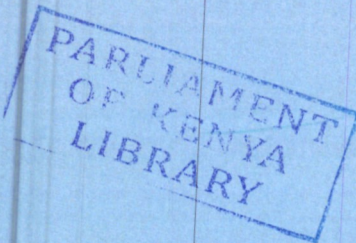
REPUBLIC OF KENYA



Paper Laid
By Hon. Aiden Duab, MP
(Lohm) on 12.10.2017 (PM)
[Signature]



OFFICE OF THE AUDITOR-GENERAL



REPORT

OF

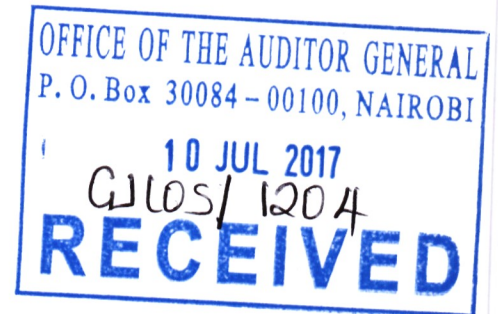
THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE 2016**

THE KENYA SCHOOL OF LAW



**THE KENYA SCHOOL OF LAW
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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

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FOR THE YEAR ENDED 30 JUNE 2016**

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KEY KENYA SCHOOL OF LAW INFORMATION AND MANAGEMENT

Background information

The School was established in 1963, following the recommendations of the Denning Commission on Legal Education in Africa to the effect that the Country needed practical and professional legal training for practitioners in addition to the basic academic content being offered by various Universities and Colleges.

The School as re-established in 1995 is a public institution – a Semi-Autonomous Government Agency (SAGA) - mandated under schedule II of the Council of Legal Education Act 16A of the Laws of Kenya to dispense practical legal training for and on behalf of the Government of Kenya. The School's first programme was the Advocates Training Programme (ATP) undertaken to train lawyers for admission as advocates of the High Court of Kenya and this remains the School's flagship programme.

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

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

The School's training portfolio has been enlarged further, in view of the promulgation of two Bills separating the functions of the Council of Legal Education (CLE) from those of KSL. The Legal Education Act No. 27 of 2012 tasks CLE with policy, oversight and regulation responsibilities; while the Kenya School of Law Act No. 26 of 2012 makes KSL responsible for legal training at all levels, including Advocates and Para-legal training and Continuing Professional Development service delivery in the areas of training and continuing legal education. The two Acts were assented on 21st September, 2012 and commenced on 15th January, 2013.

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

Vision of Kenya school of law

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

KSL Mission

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

Core functions of the School

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

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Values

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

(a) Key Management

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

(b) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2016 and who had direct fiduciary responsibility were:

No.	Designation		Name
1.	Secretary/Chief Executive Officer	-	Prof. PLO Lumumba
2.	Deputy Director	-	Prof. Morris Kiwinda Mbondenyei
3.	Asst. Director, Finance & Admin	-	Mr. Amos K. Mwangi
4.	Asst. Director, ATP & PS	-	Hon (rtd) Judge Richard Kuloba
5.	Asst. Director, CPD, P&R	-	Mr. Charles B.G Ouma
6.	Human Resource & Admin Officer	-	Mrs. Lucia Lulu
7.	Finance Manager	-	Mr. Frank Were
8.	Procurement Manager	-	Mr. Maurice Jackinda
9.	Internal Audit Manager	-	Mrs. Maria Aridi
10.	Academic Services Manager	-	Mr. Fredrick Muhia
11.	Legal Clinics Manager	-	Mr. Albert Simiyu
12.	Paralegal Studies Programme Coordinator	-	Ms. Anastacia Otieno
13.	Librarian	-	Ms Agnes Mwai
14.	PA/Senior Legal Officer	-	Ms Brenda Kiberenge

(c) Fiduciary Oversight Arrangements

The Audit, Governance and Risk Management Committee is responsible for evaluating the adequacy of management procures with regard to risk management, control and governance. The committee reviews internal and external audit findings and recommendations and propose the preventive actions. The committee meets quarterly.

(d) The Kenya School of Law

Headquarters

Langata South Road, Karen

P.O. Box 30369 - 00100

Nairobi, Kenya

(e) The Kenya School of Law

Contacts

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

Fax : +254-20-8891722

E-mail: lawschool.ac.ke

Website: www.ksl.ac.ke

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DROPPING ZONE

141 Revlon Professional Plaza
Tubman Road, Nairobi

(f) The Kenya School of Law

Bankers

- 1) National Bank of Kenya
Hill Plaza
P.O. Box 45219
City Square 00100
Nairobi, Kenya

- 2) Barclays Bank of Kenya
Corporate Branch
Barclays Plaza
P.O BOX 4661 – 0100
Nairobi, Kenya

- 3) Equity Bank of Kenya
Supreme Branch
Karen
Nairobi, Kenya

(g) The Kenya School of Law

Independent Auditors

Auditor - General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084 GPO 00100
Nairobi, Kenya

(h) The Kenya School of Law

Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

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Kenya School of Law Main Administration Block



Kenya School of Law Students coming from the Lecture Theatre

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THE KENYA SCHOOL OF LAW BOARD MEMBERS

Board Member's passport-size photograph, name, and role	Date of birth, Key qualifications and work experience
 <p style="text-align: center;">Prof. Patricia Kameri-Mbote, EBS, SC Chairperson Kenya School of Law Board</p>	<ul style="list-style-type: none"> ❖ DOB: 19th March, 1963 ❖ Dean, School of Law, University of Nairobi ❖ Professor of Law University of Nairobi ❖ Doctorate in Juridical Sciences (JSD) ❖ LLM, Postgraduate Dip. In Law, LLB ❖ Chair – Advisory Board, Strathmore Law School ❖ Member – Kenya National Academy of Sciences
 <p style="text-align: center;">Hon. Lady Justice Pauline Nyamweya Member Representing the Chief Justice, Republic of Kenya</p>	<ul style="list-style-type: none"> ❖ DOB: 1966 ❖ Resident Judge, Machakos High Court ❖ Lecturer - Faculty of Law, University of Nairobi ❖ Secretary – The Capital Markets Tribunal ❖ LLM (University of Cambridge, UK), Postgraduate Dip. In Law, LLB ❖ Member – Central Depository Settlement Corporation
 <p style="text-align: center;">Mr. James Aggrey Mwamu Member Representing the Law Society of Kenya</p>	<ul style="list-style-type: none"> ❖ DOB: 6th September, 1966 ❖ Senior partner, Mwamu and Co. Advocates ❖ Secretary General – East Africa Law Society (2008-2010) ❖ Vice Chair – Law Society of Kenya (2007-2010) ❖ President – East Africa Law Society ❖ LLM (University of Liverpool), Post graduate Diploma in Law (Kenya School of Law), LLB (University of Nairobi)

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Mrs. Emily Chweya
Member
Representing Office of the Attorney General and
Department of Justice

- ❖ DOB: 30th November, 1965
- ❖ Chief State Counsel, OAG & DOJ
- ❖ LLB (University of Nairobi)
- ❖ Post graduate Diploma in Law from Kenya School of Law.



Mr. Arthur Nduati
Member
Representing the National Treasury

- ❖ DOB: 12th May, 1976
- ❖ MBA, CPA(K), ICPAK Member
- ❖ Senior Assistant Director of Budget - The National Treasury



Prof. Leah Njambi Wanjama
Member
Representing Curriculum Experts

- ❖ DOB: 18th March, 1953
- ❖ PHD – Gender and Education Management
- ❖ MA – Planning
- ❖ B.ED Arts
- ❖ Director – Institute of Executive Education & Consultancy, Inoorero University



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

- ❖ DOB: 17th July, 1962
- ❖ Director and Chief Executive Officer of the Kenya School of Law
- ❖ PHD – Public Law
- ❖ Advocate, High Courts of Kenya and Tanzania
- ❖ Founding Dean, Kabarak University School of Law
- ❖ CPS (K) and member of Kenya Institute of Management





**KENYA SCHOOL OF LAW
ANNUAL REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

Board Committees






Name of Committee	Members and their roles										
Finance and General Purpose Committee	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1. Mr. James Aggrey Mwamu</td> <td style="width: 20%;">Chairperson</td> </tr> <tr> <td>2. Hon. Lady Justice Pauline Nyamweya</td> <td>Member</td> </tr> <tr> <td>3. Mr. Arthur Nduati</td> <td>Member</td> </tr> <tr> <td>4. Mrs. Emily Chweya</td> <td>Member</td> </tr> <tr> <td>5. Prof. P.L.O. Lumumba</td> <td>Secretary</td> </tr> </table>	1. Mr. James Aggrey Mwamu	Chairperson	2. Hon. Lady Justice Pauline Nyamweya	Member	3. Mr. Arthur Nduati	Member	4. Mrs. Emily Chweya	Member	5. Prof. P.L.O. Lumumba	Secretary
1. Mr. James Aggrey Mwamu	Chairperson										
2. Hon. Lady Justice Pauline Nyamweya	Member										
3. Mr. Arthur Nduati	Member										
4. Mrs. Emily Chweya	Member										
5. Prof. P.L.O. Lumumba	Secretary										
Academic Affairs Committee	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1. Mrs. Emily Chweya</td> <td style="width: 20%;">Chairperson</td> </tr> <tr> <td>2. Hon. Lady Justice Pauline Nyamweya</td> <td>Member</td> </tr> <tr> <td>3. Prof. Leah Njambi Wanjama</td> <td>Member</td> </tr> <tr> <td>4. Mr. James Aggrey Mwamu</td> <td>Member</td> </tr> <tr> <td>5. Prof. P.L.O. Lumumba</td> <td>Secretary</td> </tr> </table>	1. Mrs. Emily Chweya	Chairperson	2. Hon. Lady Justice Pauline Nyamweya	Member	3. Prof. Leah Njambi Wanjama	Member	4. Mr. James Aggrey Mwamu	Member	5. Prof. P.L.O. Lumumba	Secretary
1. Mrs. Emily Chweya	Chairperson										
2. Hon. Lady Justice Pauline Nyamweya	Member										
3. Prof. Leah Njambi Wanjama	Member										
4. Mr. James Aggrey Mwamu	Member										
5. Prof. P.L.O. Lumumba	Secretary										
Audit and Risk Management Committee	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1. Prof. Leah Njambi Wanjama</td> <td style="width: 20%;">Chairperson</td> </tr> <tr> <td>2. Mr. Arthur Nduati</td> <td>Member</td> </tr> <tr> <td>3. Hon. Lady Justice Pauline Nyamweya</td> <td>Member</td> </tr> <tr> <td>4. Internal Audit Manager</td> <td>Member</td> </tr> </table>	1. Prof. Leah Njambi Wanjama	Chairperson	2. Mr. Arthur Nduati	Member	3. Hon. Lady Justice Pauline Nyamweya	Member	4. Internal Audit Manager	Member		
1. Prof. Leah Njambi Wanjama	Chairperson										
2. Mr. Arthur Nduati	Member										
3. Hon. Lady Justice Pauline Nyamweya	Member										
4. Internal Audit Manager	Member										

**KENYA SCHOOL OF LAW
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MANAGEMENT TEAM

Key manager's passport-size photograph, name and key professional/academic qualifications	Responsibility
<p>1. Prof. PLO Lumumba, CPS(K), LLD, MKIM</p>  <p>Doctor of Law LL.D, Master of Law, Postgraduate Diploma in Law, Bachelor of Laws, CPSK</p>	<p>Director/Chief Executive & Secretary, Kenya School of Law Board</p>
<p>2. Prof. Morris Kiwinda Mbondenyei</p>  <p>Doctor of Laws LL.D, Masters of Law, Postgraduate Diploma in Law, Bachelor of Laws</p>	<p>Deputy Director</p>
<p>3. Mr. Amos Kabue Mwangi</p>  <p>MBA Strategic Management, B.Com Accounting Option, CPA-K, CPS</p>	<p>Ass. Director, Finance and Administration</p>
<p>4. Hon. (rtd) Justice Richard Kuloba</p>  <p>Masters of Law, Postgraduate Diploma in Law Bachelor of Laws</p>	<p>Ag. Ass. Director, Advocate Training Programme/Paralegal Studies</p>

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<p>5. Mr. Charles B. G. Ouma</p>  <p>Masters of Law and Business, Postgraduate Diploma in Law, Bachelor of Laws</p>	<p>Ass. Director, Continuing Professional Development /Projects & Research</p>
<p>6. Ms Lucia Lulu</p>  <p>MBA (HRM), BSC International Business Administration</p>	<p>Human Resource & Administration Officer</p>
<p>7. Mr. Frank Were</p>  <p>CPA Part II</p>	<p>Finance Manager</p>
<p>8. Mrs. Maria Aridi</p>  <p>MBA (Finance), Bsc. Member of IIA (Kenya).</p>	<p>Internal Audit Manager</p>
<p>9. Mr. Maurice Jackinda</p>  <p>MBA, Dip in Supplies Management</p>	<p>Procurement Manager</p>

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<p>10. Mr. Fredrick Muhia</p>  <p>MBA, Bachelors of Business Administration, Diploma in Technical Education, Diploma in Personnel Mgt & Industrial Relations</p>	<p>Academic Services Manager</p>
<p>11. Mr. Albert Simiyu</p>  <p>Masters of Law, Postgraduate Diploma in Law, Bachelor of Laws</p>	<p>Legal Clinics Manager</p>
<p>12. Ms Anastasia Otieno</p>  <p>Masters of Law in Women Law, Postgraduate Diploma in Law, Bachelor of Laws,</p>	<p>Paralegal Studies Programme Coordinator</p>
<p>13. Ms Agnes Mwai</p>  <p>Masters in Library & Information Science, Bachelor of Education (Art)</p>	<p>Librarian</p>
<p>14. Ms Brenda Kiberenge</p>  <p>LLM (Human Rights), Post Graduate Diploma in Law, Bachelor of Laws</p>	<p>Personal Assistant to the CEO/ Senior Legal Officer</p>

**KENYA SCHOOL OF LAW
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CHAIRMAN'S STATEMENT

I am delighted to present the Twelfth Annual Report and Accounts of the Kenya School of Law (herein after referred to as the "School") for the period ending 30th June, 2016. This is the Twelfth formal Financial Report that the Kenya School of Law is publishing since its re-establishment as a Semi-Autonomous Government Agency (SAGA) in 2001.

GOVERNANCE OF THE BOARD

The School operations are governed by the Kenya School of Law Act No. 26, 2012. Section 6 (2) of the Act establishes membership of the Board to serve for a re-nomination period of four (4) years. The Board delivers its mandate through three committees namely: The Finance and General Purpose committee, Academic Affairs Committee and Audit and Risk Management Committee. These committees meet at least once every quarter. During the year, the School continued to embrace its role in provision of legal training in the East African Region and beyond.

CORPORATE STRATEGIC PLAN

The School's strategic directive is guided by 2015-2018 strategic plan which has five strategic objectives namely; first: provision of legal training, continuing legal education and professional development, secondly: improvement of the financial sustainability of the School, third: harnessing of human capital and enhancement of capacity for ICT, forth: provision of adequate financial resources for the capital development and lastly formulation of information, education and communication (IEC) strategy. Guided by these strategic objectives, the School provides a unique stakeholder value proposition and is the only institution in Kenya that offers practical legal training to graduates of law in the region. The visionary leadership of the School and the commitment of its staff have been responsible for the successes and excellent reputation enjoyed today. The School has developed programmes that resonate with the country's development agenda and priorities.

To assist the School in implementing its strategic objectives, a number of initiatives have been put in place. These include developing the School's change management plan with a view to aligning it with the external and internal environment. The change management plan combines the three elements of change: structural, technological and people change. Secondly, to serve her customers better during this era of technological change, the School plans to improve the workforce performance in line with Gemba Kaizen principles. Thirdly, to enhance performance measurement through flexible balanced score card and Integrated Performance Management System while managing stakeholder relationships.

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DEVELOPMENT PROJECTS

During the period under review the School continued to receive Government support for the development of planned projects and expansion of existing physical infrastructure to accommodate and cater for exponential increase in student population which currently stands at two thousand (2000), including development of Information Communication Technology (ICT) infrastructure and Management Information System (MIS). Further, the School has embarked on construction of the Ultra-Modern Library in preparation for the envisaged increase in Student population. The project is 25% complete.

THE WAY FORWARD

The School Board will continue to play critical and primary role of providing leadership and oversight function in ensuring that the School is adequately facilitated to effectively and efficiently deliver on its mandate of offering quality services and support the reform initiative. During the 2015/2016 financial year, it has been exciting for me to witness the School grow in all spheres to the current level of a formidable institution. Despite many challenges emanating from emerging new developments and changing environment, School has continued to revamp the Advocates Training Programme (ATP) which to date remains the flagship training programme. The growth in student enrolment is a testament of the confidence the students have in the School.

APPRECIATION

I take this opportunity to thank the Management for their efforts in ensuring funds allocated to the School are diligently and prudently applied in executing plans to improve the quality of service delivery to our clients and other stakeholders. I thank the Government and development partners for financial and technical support. I also thank my colleagues at the School for policy direction and the management for an active and consultative management approach that has not only significantly improved the School's outlook but has provided immense contribution to the national agenda of legal training in Kenya. I conclude by thanking each and every Board Member for their prompt and regular attendance and well informed contributions made during deliberations towards the successful policy formulation and guidance of School.



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

**KENYA SCHOOL OF LAW
ANNUAL REPORT & FINANCIAL STATEMENTS
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REPORT OF THE CHIEF EXECUTIVE OFFICER

It is my pleasure to present the Annual Report and Financial Statements of the Kenya School of Law (hereafter referred to as the "School") for the financial year ended 30th June, 2016. This is the Twelfth Annual Report and Accounts since its re-establishment as a Semi-Autonomous Government Agency (SAGA) in 2001. During the year, the School acting within its mandate, successfully executed its planned programmes, projects and new initiatives with a view of delivering quality legal services to its clients.

REVENUE

During the year the School received **Kshs 100.8 Million** against **Kshs 102.9 Million** in 2014/2015 financial year as Government subvention being revenue from non-exchange transactions. This represented 21.4% of the total income. **Kshs 370 Million** representing 78.6% was raised from internal sources. This accounted for revenue from exchange transactions. The development grant from Government was **Kshs 80 Million** compared to **Kshs 109.6 Million** in 2014/2015 financial year. There was a marginal reduction in School fees revenue from **Kshs 295.8 Million** in 2014/2015 to **Kshs 294.9 Million** in 2015/2016.

The concerted efforts of the School to diversify internal sources of revenue in its quest to achieving financial self-sustainability led to an increase in revenue base from exchange transaction from **Kshs 329.6 Million** in 2014/2015 to **Kshs 370 Million** in 2015/2016

PERFORMANCE REVIEW

The Schools' total assets grew to **Kshs 2.05 Billion** in 2015/2016 from **Kshs 1.31 Billion** in 2014/2015, while Non-Current Assets rose from **Kshs 1 Billion** in 2014/2015 to **Kshs 1.89 Billion** in 2015/2016. This was mainly attributed to revaluations of both land and buildings. Capital Fund increased to **Kshs 1.9 Billion** in 2015/2016 from **Kshs 1.1 Billion** in 2014/2015.

On the expenditure side, the total recurrent expenses incurred were **Kshs 487.2 Million** compared to **Kshs 390.9 Million** in 2014/2015. Of these expenses employee costs comprised of **Kshs 190 Million** (39%) of total compared to **Kshs 150.6 Million** in 2014/2015. The increase is partly attributed to the basic salary increment given to staff from November 2015 and normal staff annual salary increments. Administrative costs increased from **Kshs 167.6 Million** in 2014/2015 to **Kshs 190.4 Million** in 2015/2016. This was partly due to correct recognition of VAT as an expense which resulted to general increase in all expense classes. The operational costs increased to **Kshs 74.4 Million** in 2015/2016 from **Kshs 70 Million** in 2014/2015. Board members expenses increased from **Kshs 2.6 Million** in 2014/2015 to **Kshs 3.3 Million** in 2015/2016. During the year 2015/2016, the School recorded a deficit of **Kshs 16.2 Million** compared to a surplus of **Kshs 41.6 Million** in 2014/2015; this being mainly attributed to treatment of VAT and employee costs.

The Financial Statements are extracts from the books of Kenya School of Law as audited by Office of the Auditor General the appointed auditors. The Auditor-General issued an "except for" opinion on the 2014/2015 School Financial Statements.

CHALLENGES:

The School experienced a number of challenges during the year. These included: reduction in exchequer funding especially the development grants. This reduction has slowed the pace of implementation of development budget. Whereas the School has experienced an increase in the exchange transactions revenue, this needs to be sustained so as to enable the School to attain financial self-sufficiency. For the School to effectively offer its services to the stakeholders, the human resource capacity needs to be enhanced particularly in technical areas.

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STRATEGIC DIRECTION

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

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

IMPLEMENTATION OF THE PERFORMANCE CONTRACT

I am pleased to report that the School implemented most of its performance contracting objectives. Notably: during the year under review, the School was ISO 9001:2008 recertified and carried out the following activities in relation to the re-certification process: invited the certification body (Kenya Bureau of Standards) to conduct one surveillance audit and two internal audits, trained two ISO internal auditors and two lead auditors and conducted management review meetings.

On automation of services, the School hired a Senior ICT Officer and built the capacity of the existing ICT staff. The internet bandwidth was increased from 15 to 20, to meet the needs of our increased student and staff population. The School continually strives to support the youth. On this note, twelve internship positions were filled, while the projects and programmes had a component of transferring skills to the youth. Security within the School was enhanced through contracting of a security firm to screen persons entering its premises. In addition, the staffs were sensitized on counter terrorism issues.

Regarding Vision 2030 flagship projects / programs, the School managed to review curriculum for Para-legal studies programme, built capacity for trainers and conducted customer focused courses through the CPD/PR Department. The School established itself as the leader in legal audit consultancy, providing the consultancy to most MDAs. The School continued to enhance the operations and reach of the legal clinic and increased the accredited pupillage centres.

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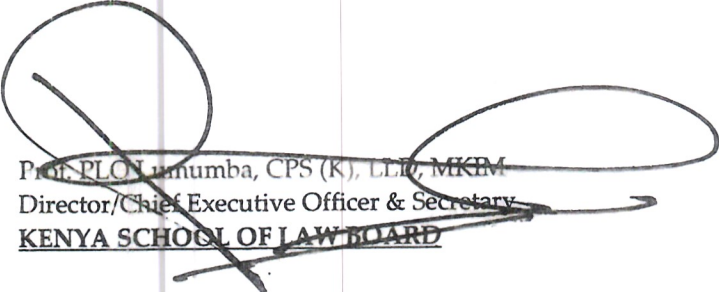
Briefing session during a legal clinic visit at Embu Prison

WAY FORWARD

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

VOTE OF THANKS

Finally, on my own behalf and of the Management team and the entire staff of the School, I would like to thank all our Stakeholders and partners for supporting Legal Education training initiatives being undertaken. With your continued commitment and support the School commits itself to continued and sustained improvement which will remain our encouragement and inspiration in our future endeavours.


Prof. PLO Liumba, CPS (K), LLB, MKEM
Director/Chief Executive Officer & Secretary
KENYA SCHOOL OF LAW BOARD

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FOR THE YEAR ENDED 30 JUNE 2016**

CORPORATE GOVERNANCE STATEMENT

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

MEMBERS OF THE BOARD

The members of the Board comprise of appointees of the Principal Secretary of the Ministry for the time being responsible for legal education; the Principal Secretary of the Ministry for the time being responsible for National Treasury; the Attorney-General; the Chief Justice; a representative of the Law Society of Kenya nominated by its Council; two others persons appointed by the Cabinet Secretary of whom—(i) one shall be a person who teaches law in Kenya, nominated by the Universities; and (ii) one shall be a curriculum expert who teaches education in a University in Kenya; and the Director.

The School Board under the law meets at least four times a year with additional meetings held on a need basis. The Chief Executive Officer and Secretary of the KSL Board and management are delegated by the Board to run the day to day affairs of the School.

The School Board operates three (3) standing committees to which it has delegated various responsibilities. Each Committee meets at least four times a year under the terms of reference set by the Board Charter.

FINANCE AND GENERAL PURPOSES COMMITTEE

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

- | | |
|--|-----------|
| i) Mr. James Aggrey Mwamu | Chairman |
| ii) Hon. Lady Justice Pauline Nyamweya | Member |
| iii) Mrs. Emily Chweya | Member |
| iv) Mr. Arthur Nduati | Member |
| v) Prof. P.L.O Lumumba | Secretary |

ACADEMIC AFFAIRS COMMITTEE

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

- | | |
|--|--------------|
| i) Mrs. Emily Chweya | Chair Person |
| ii) Hon. Lady Justice Pauline Nyamweya | Member |
| iii) Prof. Leah Njambi Wanjama | Member |
| iv) Mr. James Aggrey Mwamu | Member |
| v) Prof. P.L.O. Lumumba | Secretary |

AUDIT AND RISK MANAGEMENT COMMITTEE

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

- | | |
|---|-------------|
| i) Prof. Leah Njambi Wanjama | Chairperson |
| ii) Mr. Arthur Nduati | Member |
| iii) Hon. Lady Justice Pauline Nyamweya | Member |
| iv) Internal Audit Manager | Secretary |

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

OTHER STATUTORY COMMITTEES

THE KENYA SCHOOL OF LAW CORRUPTION PREVENTION COMMITTEE

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

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

- i) The Anti-Corruption and Economic Crimes Act, 2003
- ii) The Kenya School of Law Act 27 of 2012
- iii) The Public Officers Ethics Act, 2003
- iv) The State Corporations Act, Cap 446 and the Regulations
- v) The Public Procurement and Disposal Act, 2015 and Regulations 2016
- vi) The Public Financial Management Act, 2012

The composition of committee is as follows:

- i) The Director/C.E.O – Chairman
- ii) Deputy Director
- iii) Assistant Director, ATP/PS
- iv) Assistant Director, Finance & Administration – Secretary
- v) Assistant Director, CPD Projects and Research
- vi) Finance Manager
- vii) Procurement Manager
- viii) Librarian
- ix) ICT Manager
- x) Human Resources Manager
- xi) Internal Auditor

In compliance with the requirements of the Public Procurement and Disposals Act 2015, the School appoints Ad hoc evaluation committees for independent tender evaluations.

EMOLUMENTS TO BOARD MEMBERS

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

**KENYA SCHOOL OF LAW
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FOR THE YEAR ENDED 30 JUNE 2016**

BOARD COMMITTEE MEETINGS

Name of Committee	Members	Number of meetings held										
Finance and General Purpose Committee	<table style="width: 100%; border: none;"> <tr> <td style="width: 60%;">1. Mr. James Aggrey Mwamu</td> <td style="width: 40%;">Chairperson</td> </tr> <tr> <td>2. Hon. Lady Justice Pauline Nyamweya</td> <td>Member</td> </tr> <tr> <td>3. Mr. Arthur Nduati</td> <td>Member</td> </tr> <tr> <td>4. Mrs. Emily Chweya</td> <td>Member</td> </tr> <tr> <td>5. Prof. P.L.O. Lumumba</td> <td>Secretary</td> </tr> </table>	1. Mr. James Aggrey Mwamu	Chairperson	2. Hon. Lady Justice Pauline Nyamweya	Member	3. Mr. Arthur Nduati	Member	4. Mrs. Emily Chweya	Member	5. Prof. P.L.O. Lumumba	Secretary	4
1. Mr. James Aggrey Mwamu	Chairperson											
2. Hon. Lady Justice Pauline Nyamweya	Member											
3. Mr. Arthur Nduati	Member											
4. Mrs. Emily Chweya	Member											
5. Prof. P.L.O. Lumumba	Secretary											
Academic Affairs Committee	<table style="width: 100%; border: none;"> <tr> <td style="width: 60%;">6. Mrs. Emily Chweya</td> <td style="width: 40%;">Chairperson</td> </tr> <tr> <td>7. Hon. Lady Justice Pauline Nyamweya</td> <td>Member</td> </tr> <tr> <td>8. Prof. Leah Njambi Wanjama</td> <td>Member</td> </tr> <tr> <td>9. Mr. James Aggrey Mwamu</td> <td>Member</td> </tr> <tr> <td>10. Prof. P.L.O. Lumumba</td> <td>Secretary</td> </tr> </table>	6. Mrs. Emily Chweya	Chairperson	7. Hon. Lady Justice Pauline Nyamweya	Member	8. Prof. Leah Njambi Wanjama	Member	9. Mr. James Aggrey Mwamu	Member	10. Prof. P.L.O. Lumumba	Secretary	4
6. Mrs. Emily Chweya	Chairperson											
7. Hon. Lady Justice Pauline Nyamweya	Member											
8. Prof. Leah Njambi Wanjama	Member											
9. Mr. James Aggrey Mwamu	Member											
10. Prof. P.L.O. Lumumba	Secretary											
Audit and Risk Management Committee	<table style="width: 100%; border: none;"> <tr> <td style="width: 60%;">1. Prof. Leah Njambi Wanjama</td> <td style="width: 40%;">Chairperson</td> </tr> <tr> <td>2. Mr. Arthur Nduati</td> <td>Member</td> </tr> <tr> <td>3. Hon. Lady Justice Pauline Nyamweya</td> <td>Member</td> </tr> <tr> <td>4. Internal Audit Manager</td> <td>Member</td> </tr> </table>	1. Prof. Leah Njambi Wanjama	Chairperson	2. Mr. Arthur Nduati	Member	3. Hon. Lady Justice Pauline Nyamweya	Member	4. Internal Audit Manager	Member	4		
1. Prof. Leah Njambi Wanjama	Chairperson											
2. Mr. Arthur Nduati	Member											
3. Hon. Lady Justice Pauline Nyamweya	Member											
4. Internal Audit Manager	Member											

**KENYA SCHOOL OF LAW
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CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The School recognises its obligations to act responsibly, ethically and with integrity in its interactions with all stake holders be they, staff, and customers, suppliers, Government and public as a whole.
To this end:

The School is an equal opportunity employer which promotes diversity and does not differentiate on grounds of gender, ethnicity, religion, sexual orientation or physical disability.

The School is committed to providing a safe, fair and stimulating work environment that empowers employees to make a meaningful contribution to the organisations performance development, and offers challenging and rewarding opportunities for personal and professional growth. The school recognises the importance of attracting and retaining the best staff.

The School is committed to achieving service levels that meets the expectations of our client. The school undertakes to institute programmes that will ensure that clients receive quality consistence and reliable services. School will implement processes to manage client complaints and provide feedback promptly and sensitivity.

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

During the year, the School participated in legal clinic visits and provided legal aid to a number of prisons in the Country.



Kenya School of Law students providing Legal Aid to inmates at Nairobi Remand Prison

**KENYA SCHOOL OF LAW
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REPORT OF THE BOARD OF DIRECTORS

The Board submits this report together with the financial statements for the year ended June 30, 2016 which show the state of the School's affairs.

PRINCIPAL ACTIVITIES OF THE SCHOOL

The School is mandated to carry out the following training functions:

- (i) Training of advocates for entry into the legal profession,
- (ii) Continuing professional legal development,
- (iii) Provision of Para-legal training,
- (iv) Provision of specialized and customized legal training in the public service, and
- (v) Offering consultancy and research services

RESULTS

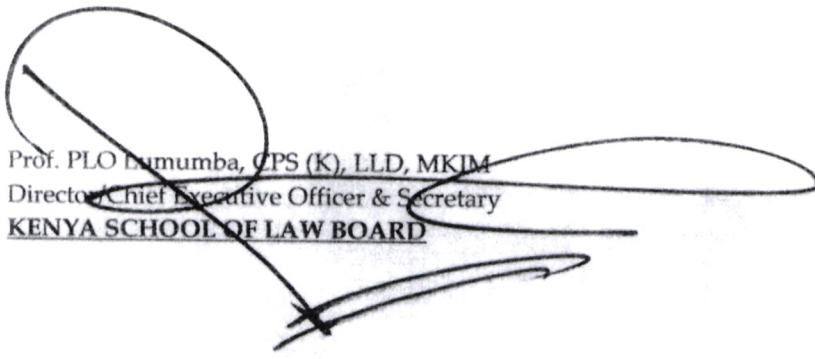
The results of the School for the year ended June 30, 2016 are set out on page 24 to page 29.

DIRECTORS

The members of the Board of Directors who served during the year are shown on pages 6 and 7 in accordance with Section 6(2) of the Kenya School of Law Act, No. 26 of 2012.

AUDITORS

The Auditor-General is responsible for the statutory audit of the School in accordance with the Public Audit Act 2015, which empowers the Auditor-General to audit Kenya school of Law Financial Statements.


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

**KENYA SCHOOL OF LAW
ANNUAL REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

STATEMENT OF BOARD'S RESPONSIBILITIES

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

The Board is responsible for the preparation and presentation of the school's financial statements, which give a true and fair view of the state of affairs of the School for and as at the end of the financial year (period) ended on June 30, 2016. This responsibility includes:

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

The Board accepts responsibility for the school's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS) and in the manner required by the PFM Act and the State Corporations Act. The Board is of the opinion that the Kenya School of Law's financial statements give a true and fair view of the state of School's transactions during the financial year ended June 30, 2016, and of the Kenya School of Law's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the School, which have been relied upon in the preparation of the Kenya School of Law's financial statements as well as the adequacy of the systems of internal financial control.

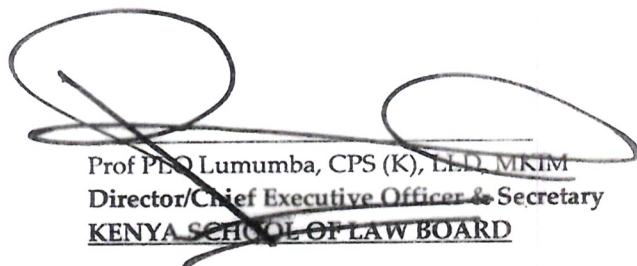
Nothing has come to the attention of the Board to indicate that the School will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Kenya School of Law's financial statements were approved by the Board on 23/9/ 2016 and signed on its behalf by:



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



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

**KENYA SCHOOL OF LAW
ANNUAL REPORT & FINANCIAL STATEMENTS
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REPORT OF THE AUDITOR – GENERAL

Auditor – General
Nairobi

Date _____



OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON KENYA SCHOOL OF LAW FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Kenya School of Law set out on pages 24 to 45, which comprise the statement of financial position as at 30 June 2016, and the statement of financial performance, statement of cash flows, statement of changes in net assets 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.

Management's Responsibility for the Financial Statements

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

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

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 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's

preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

1. Loss of Kenya School of Law Property on Plot No.LR 2009/6238-HG613- Official Residence of the School Principal in Kilimani Area

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

The matter was reported to the then Kenya Anti-Corruption Commission who on 26 January 2007 made an application to the High Court Order 56 of the Anti-Corruption and Economic Crimes Act, 2003.

The Court ordered for preservation of the property and restrained the respondents from selling, disposing off, wasting or in any other way dealing with the property for six months. This matter has been pending before the High Court in Nairobi under miscellaneous application No.42 of 2007 awaiting determination. No effort appears to have been made by the School to have the case expeditiously dispensed with and the property reverted to the School.

2. Plot in Embakasi Area

The statement of financial position reflects non-current assets of Kshs.1,890,995,007 as at 30 June 2016. However, as previously reported, in a letter dated 9 April 1991, the Commissioner of Lands forwarded an approved plan No.268 for a plot in Embakasi near the School of Aviation measuring 6.18 hectares under departmental reference No.42/14/90/1 of 3 January 1990 which was reserved for future development of the Kenya School of Law. Although all the fees and charges amounting to Kshs.6,122 were paid vide cheque No.019198 dated 8

September 1999, no title deed was issued despite numerous reminders which were not responded to.

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

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

Despite the resolution to relinquish its interest on the property which is referred to as LR.No.29/5651 in the correspondences, the School again changed the decision to relinquish interest and wrote to the National Land Commission requesting a review of the matter. In a letter referenced KSL/PR/CONF/IC/VOI.III (257), the School requested the National Land Commission to cancel title deeds of plot No.LR.209/5651-Embakasi. There is no evidence of any action that has been taken by the National land Commission on the School's request.

It is not clear why the Council for Legal Education resolved to relinquish its rights to the plot instead of pursuing and safeguarding public property.

Further, the identity of the third parties now occupying the land measuring 6.18 hectares has not been disclosed nor has the School disclosed the size and value of the land in its books of accounts.

Consequently, the accuracy and completeness of the non-current asset of Kshs.1,890,995,007 as at 30 June 2016 could not be confirmed.

Qualified Opinion

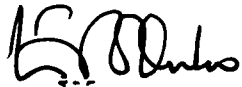
In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Kenya School of Law as at 30 June 2016, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Kenya School of Law Act, 2012 and the Public Finance Management Act, 2012.

Other Matter

Internal Control Weakness

Although risk management and Information Communication Technology (ICT) policies were prepared during the 2014/2015 financial year, they had not been formally approved and implemented as at 30 June 2016.

Further, although a disaster recovery plan is in place, data is not backed offsite as required and in the event of a disaster, recovery might be difficult.



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

Nairobi

12 June 2017

**KENYA SCHOOL OF LAW
ANNUAL REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2016


	Note	2016 Kshs	2015 Kshs
Revenue from non-exchange transactions			
National Treasury	3	100,825,000	102,960,000
		<u>100,825,000</u>	<u>102,960,000</u>
Revenue from exchange transactions			
School Fees Income	4	294,932,559	295,857,000
Hospitality income	5	39,274,318	3,110,377
Finance Income	6	11,726,109	46,851
Other income	7	24,220,866	30,647,394
		<u>370,153,852</u>	<u>329,661,622</u>
Total revenue		<u>470,978,852</u>	<u>432,621,622</u>
Expenses			
Employee costs	8	190,059,617	150,645,094
Board of Directors expenses	9	3,335,897	2,627,400
Administrative Costs	10	190,444,759	167,664,893
Operational costs	11	74,449,383	70,023,424
Hospitality Costs	12	27,382,876	-
Finance costs	13	1,555,151	200
Total expenses		<u>487,227,683</u>	<u>390,961,011</u>
Surplus for the period		<u>(16,248,831)</u>	<u>41,660,611</u>

**KENYA SCHOOL OF LAW
ANNUAL REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**


STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2016

Assets	Note	2016 Kshs	2015 Kshs
Current assets			
Consumable stocks	14	7,414,913	6,223,999
Accounts Receivables and Prepayments	15	114,778,238	119,883,854
Other Current Assets	16	156,838	269,375
Cash and Bank Balances	17	35,683,040	172,510,718
Total Current Assets		158,033,028	298,887,946
Non-current assets			
Property ,plant and equipment	19	1,890,995,007	1,009,484,992
Total no - current assets		1,890,995,007	1,009,484,992
Total assets		2,049,028,035	1,308,372,938
Liabilities			
Current liabilities			
Payables & Accruals	18	46,552,671	14,538,016
Other Current Liabilities	18	110,835,367	194,107,315
Total current liabilities		157,388,037	208,645,331
Total liabilities		157,388,037	208,645,331
Capital Fund	-	1,891,639,997	1,099,727,605
Total net assets and liabilities		2,049,028,035	1,308,372,936

The financial statements set out on pages 24 to 29 were signed on behalf of Kenya School of Law by:


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

Date 29/3/17.


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

Date 29/3/2017

**KENYA SCHOOL OF LAW
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STATEMENT OF CHANGES IN NET ASSETS

	Note	Accumulated Deficit Kshs	Revaluation Reserve Kshs	Capital Fund Kshs	Total Kshs
At 1st July 2014		(187,799,613)	15,720,875	1,120,545,732	948,466,994
GoK Development Grant				109,600,000	109,600,000
Surplus/(Deficit) for the year		41,660,611		-	41,660,611
As at 30th June, 2015		(146,139,002)	15,720,875	1,230,145,732	1,099,727,605
At 1st July 2015		(146,139,002)	15,720,875	1,230,145,732	1,099,727,605
CLE Examination Fees				(70,548,500)	(70,548,500)
Prior year adjustment of VAT	22			(32,328,608)	(32,328,608)
Bad debts adjustment	10			3,481,072	3,481,072
GoK Development Grant				80,000,000	80,000,000
Freehold Land and Buildings	19		827,557,300		827,557,300
Surplus / (Deficit) for the year		(16,248,831)		-	(16,248,831)
As at 30th June 2016		(162,387,833)	843,278,175	1,210,749,697	1,891,639,997

**KENYA SCHOOL OF LAW
ANNUAL REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30TH JUNE 2016

	Notes	2016 Kshs	2015 Kshs
CASHFLOWS FROM OPERATING ACTIVITIES			
Net Surplus/ (Deficit) for the year		(16,248,831)	41,660,611
Adjustments for:-			
Depreciation		41,033,815	25,923,876
		-	
Surplus / (Deficit) before working capital changes		24,784,984	67,584,487
(Increase)/ Decrease in Receivables		5,218,153	(16,178,282)
(Increase)/ Decrease in Consumable Stocks		(1,190,914)	(204,864)
Increase/(Decrease) in Payables		(51,257,293)	20,730,474
Net cash flows from operating activities		(22,445,070)	71,931,815
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(94,986,570)	(46,240,451)
Net cash flows from investing activities		(94,986,570)	(46,240,451)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital fund		80,000,000	109,600,000
Bad debts		3,481,072	
CLE Examinations fees		(70,548,500)	
Prior year adjustment on VAT		(32,328,608)	
Net Cash flow from Financing Activities		- 19,396,035	109,600,000
Net Increase in Cash and Cash Equivalents		- 136,827,675	135,291,364
Cash and Cash Equivalents as at 1st July 2015		172,510,715	37,219,351
Cash and Cash Equivalents as at 30th June 2016	17	35,683,040	172,510,715

**KENYA SCHOOL OF LAW
ANNUAL REPORT & FINANCIAL STATEMENTS
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STATEMENT OF BUDGET AND ACTUAL COMPARISON

a) Recurrent budget

	Actual - Cumulative to date 2015/2016 Kshs	Budget - Cumulative to date 2015/2016 Kshs	Variance Kshs	Percentage Change %	Explanat ion of material variance s above 10%
Revenue					
GoK Grants - Recurrent	100,825,000	108,960,000	(8,135,000)	-8%	
School Fees Income	294,932,559	336,600,000	(41,667,441)	-14%	a
Hospitality Income	39,274,318	43,650,000	(4,375,682)	-11%	b
Finance Income	11,726,109	-	11,726,109	100%	c
Other Incomes	<u>24,220,866</u>	<u>32,900,004</u>	<u>(8,679,138)</u>	<u>-36%</u>	d
Total Income	<u>470,978,852</u>	<u>522,110,004</u>	<u>(51,131,152)</u>	<u>-11%</u>	
Expense					
Administrative Costs	190,444,759	196,442,286	5,997,527	3%	
Employee Costs	190,059,617	222,017,722	31,958,105	17%	e
Finance Costs	1,555,151	-	(1,555,151)	-100%	f
Hospitality	27,382,876	24,150,000	(3,232,877)	-12%	g
Operational Cost Board of Directors expenses	<u>3,335,897</u>	<u>7,000,000</u>	<u>3,664,103</u>	<u>110%</u>	h
Total Expense	<u>487,227,683</u>	<u>522,110,004</u>	<u>34,882,321</u>	<u>7%</u>	
Surplus/(Deficit) for the Year	<u>(16,248,831)</u>	<u>-</u>	<u>(16,248,831)</u>	<u>100%</u>	

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STATEMENT OF BUDGET AND ACTUAL COMPARISON

b) Capital/ Development budget

Asset class	Actual - Cumulative to date 2015/2016 Kshs	Budget - Cumulative to date 2015/2016 Kshs	Variance Kshs	Percentage Change %	Explanat ion of material variances above 10%
Capital works in progress	67,271,870	51,300,000	(15,971,870)	-24%	i
Plant and Equipment / Office Equipment	2,526,640	2,600,000	73,360	3%	
Computer Equipment	10,555,992	11,000,000	444,008	4%	
Library books	9,544,170	10,000,000	455,830	5%	
Furniture and fittings	<u>5,087,858</u>	<u>5,100,000</u>	<u>12,142</u>	<u>0%</u>	
Total	<u>94,986,570</u>	<u>80,000,000</u>	<u>(14,986,530)</u>	<u>-16%</u>	

EXPLANATION OF VARIANCES ABOVE 10%

- a) Variance is due to examination aspect taken over by Council of Legal Education from Kenya School of Law and refund of Pre bar fees due to a court order.
- b) Reduction of seminars and conferences due to austerity measures by Government and cash flow management.
- c) Fixed interest income which had not been factored in the budget. This arose from prudent financial management measures.
- d) Reduction in CPD workshops
- e) Delayed implementation of house allowances and recruitment to meet the School's staff establishment.
- f) Withholding tax on fixed deposits not provided for in the budget.
- g) Fluctuations in food stuff prices.
- h) Consolidation of board meetings.
- i) Utilization of carry forward development funds from 2014/2015 financial year.

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NOTES TO THE FINANCIAL STATEMENTS

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

The school's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the School. The accounting policies have been consistently applied to all the years presented except when reporting hospitality costs where the School has adopted to report hospitality costs separately from hospitality income contrary to the previous year when the costs were netted off from the income. This approach enables the School to account separately for any surplus or deficit from hospitality activities.

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

2. Summary of significant accounting policies

a) Revenue recognition

i) Revenue from exchange transactions – IPSAS 9

The School recognizes revenue from School fees, hospitality activities, short term investments, Continuous Professional Development and other revenue from various services including rental income, photocopying, hire of grounds, laundry and parking. These are recognized when the service has been rendered – when earned. For School fees income, this is recognized and apportioned to the year that it relates since most of the fees is paid in January for the entire academic year and pupillage of the Advocates Training Programme.

ii) Revenue from non-exchange transactions – IPSAS 23

Non exchange transactions revenue is mainly from Government grants which are split into recurrent and development. They are recognized on receipt. In cases where the receipt is after year end, the School still recognizes the revenue to the year it applies to and records the same as income receivable.

b) Budget information – IPSAS 24

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

c) Taxes – IAS 12

The School is exempted from Taxation under First Schedule to the income Tax Act (CAP470)

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NOTES TO THE FINANCIAL STATEMENTS

d) Property, plant and equipment – IPSAS 17

(i) All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the School recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. Depreciation on assets is charged on a straight-line basis over the useful life of the asset. Depreciation is charged at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life. Full depreciation is charged of the year of acquisition.

The depreciation applied on straight line are as follows:

The annual depreciation rates in use are:

Computer Equipment and Software	33.3%
Office Equipment	30.0%
Motor Vehicles	25.0%
Library books	20.0%
Furniture and Fittings	12.5%
Buildings	2.5%

e) Inventories – IPSAS 12

Inventories are stated at the lower of cost and Net Realisable Value. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories purchased by the School are expensed immediately to the various expense classes. At the end of the year, a stock take is carried out to establish the remaining consumable stock.

As at the closure of 2015/2016 financial year the School had consumable stock valued at Kshs.7, 414,913. This represented an increase of Kshs. 1,190,914 compared to the closing stock of previous year. This increase had a resultant effect of increasing the retained earnings since it reduced the expenses.

f) Provisions – IPSAS 19

Provisions are recognized when the School has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. During the financial year, the School made a general debtor provision of 5% amounting to Kshs 4,265,893.

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g) Contingent assets

As at the time of preparing the 2015/2016 Annual Report and Financial Statements, the status of the Two parcels of land at Embakasi and the plot along the Bishops Road on which the principal house Stands were as follows:

- (i) Embakasi Plot: The matter is at the desk of the Commissioner of Lands.
- (ii) Land on the Bishops' Road: There is "a stay of Execution" in the Court. The value of the two has not been included in the financial statements pending final determination.

h) Changes in accounting policies and estimates – IPSAS 3

Estimates and Judgements are continually evaluated on the basis of historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

In compliance with IPSAS 1, the School separated hospitality services expenses from revenue so as to ascertain the efficiency of running these services. In 2014/2015 these expenses were netted off from revenue.

Prior year adjustments effected by the School included the re-computation of 5% bad debtor provision of general debtors on incremental basis instead of consolidated total debtor balances which had overstated the bad debtor provision. The School also adjusted the retained earnings with the VAT expense. In 2014/2015 the expenses had been understated by the VAT amounts.

i) Employee benefits – IPSAS 25

Retirement benefit plans

The School operates a defined contribution benefit scheme for all its employees. The scheme is administered by Alexander Forbes Financial Services and operates according to provisions of the Retirement Benefits Act (1997). The assets of the scheme are held in a separate trustee administered fund that is funded by both the School and its Employees.

The School also contributes to a statutory defined contribution scheme, The National Social Security Fund (NSSF). The contributions are determined by the National Social Security Fund Act (CAP258).

The School's contribution to this scheme is charged to the income statement in the year to which they relate.

j) Related parties – IPSAS 20

Members of key management are regarded as related parties. Key management of the School have been disclosed on pages 9 to 11 of these financial statements.

k) Cash and cash equivalents

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

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l) Receivables

Trade receivables are recognised and carried at original invoice amounts less an allowance for the uncollectable amounts. A provision of 5% Non- Fees accounts receivable is made. Bad debts are written off as incurred.

m) Payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid of goods and services received whether or not billed to the school.

n) Subsequent Events – IPSAS 14

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2016.

o) Financial Risk Management Objectives and Policies

The School's Activities expose it to a variety of financial risks including credit risk and liquidity risk. There exists an audit and risk management committee of the Board charged with overall responsibility of reviewing the risk profile and establishing mitigating measures to manage risks. The school's overall risk management programme focuses on the unpredictability in the markets and seeks to minimize adverse effects on its financial performance.

The School regularly reviews its risk management policies and systems to reflect emerging best practises. Risk management is carried out by the management under the supervision of Board of Directors.

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

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

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

- (i) The condition of the asset based on the assessment of the School's management.
- (ii) The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- (iii) The nature of the processes in which the asset is deployed
- (iv) Availability of funding to replace the asset
- (v) Changes in the market in relation to the asset

Credit risk Management

Credit risk refers to the risk that counter party will default on its contractual obligations resulting in financial loss to the School. Most of the credit facilities offered by the School are in relation to the Continuous Professional Development courses.

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Credit risk arises from bank balances, trade receivables and amounts due from related parties. The school's management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by Board. The utilisation of credit limits is regularly monitored.

Accounts receivable from exchange transactions are as follows:

	As at 30 th June 2016	As at 30 th June 2015
Accounts Receivables	Kshs 104,778,238	Kshs 119,737,857

Reduction in accounts receivable from exchange transactions is mainly attributed to review of VAT receivable which had previously been overstated.

Liquidity Risk Management

Liquidity risk is the risk that the school will not be able to meet its financial obligations when they fall due. The school's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring un acceptable losses or at the risk of damaging the School's reputation. This is done by phasing the Schools activities in line with the timing of receipt of Government subventions and School fees revenue.

The School ensures that it has sufficient cash on demand to meet expected operational expenses. This is done by ring fencing funds for mandatory expenses including employee emoluments and academic related expenses. All liquidity policies and procedures are subject to review and approval by board of directors. All capital investments are funded by Grants from Government.

Accounts payables from exchange transactions are as follows:

	As at 30 th June 2016	As at 30 th June 2015
Accounts payables	Kshs 46,552,671	Kshs 14,538,016

The increase in accounts payable is partly attributed to delayed release of development funds by the Government.

3. Revenue from non-exchange transactions

	2016	2015
	Kshs	Kshs
Name of the Entity sending the grant		
National Treasury	100,825,000	102,960,000
Total	100,825,000	102,960,000

4. School fees

	2016	2015
	Kshs	Kshs
Application/Registration Fee	4,694,400	4,390,000
Examination Fees	36,921,618	105,597,000
Library Fees	8,590,585	6,943,750
Pupilage Supervision	9,069,500	7,014,000
Tuition Fees	235,656,457	171,912,250
Total	294,932,559	295,857,000

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5. Hospitality income

	2016	2015
	Kshs	Kshs
Staff Catering	301,950	-
Seminars/Conferences/Accommodation	29,205,971	3,110,377
Hire of Grounds	913,883	-
Sports Facilities	2,271,200	-
Transport Students	-	-
Students Cafeteria Income	3,458,815	-
Hostel Fees - Students	3,122,500	-
Total	<u>39,274,318</u>	<u>3,110,377</u>

6. Finance income

	2016	2015
	Kshs	Kshs
Interest Income	11,726,109	46,851
Total	<u>11,726,109</u>	<u>46,851</u>

7. Other income

	2016	2015
	Kshs	Kshs
CPD Workshops	17,371,130	26,745,640
Rent Income	2,417,000	2,691,895
Miscellaneous Income	682,465	-
Photocopy Services	52,371	-
Tender Documents	13,400	-
Graduation Income	1,116,200	-
Other Income	443,300	1,209,859
Endowment Fund	2,125,000	-
Total	<u>24,220,866</u>	<u>30,647,394</u>

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8. Employee costs

	2016	2015
	Kshs	Kshs
Basic Salaries	101,810,992	80,687,299
Casual wages - Other	2,028,304	1,582,725
House Allowance	24,453,292	22,422,839
Leave Allowance	3,129,527	2,475,614
Meal Allowances	7,736,086	6,500,633
Medical Employer Contributions	16,279,139	11,456,713
NSSF Employer Contributions	343,880	312,920
Pension Employer Contributions	17,673,230	14,042,760
Responsibility Allowance	297,403	249,012
Special duty	827,011	557,599
Gratuity Contribution	5,342,901	1,300,080
Commuter Allowance	10,137,853	9,056,900
Total	<u>190,059,617</u>	<u>150,645,094</u>

9. Board of Directors Expenses

	2016	2015
	Kshs	Kshs
Chairman's Honoraria	960,000	960,000
Directors allowances	2,375,897	1,667,400
Total	<u>3,335,897</u>	<u>2,627,400</u>

10. Administration costs

	2016	2015
	Kshs	Kshs
Advertising & Publicity	6,019,151	4,596,687
Official Entertainment	1,189,143	353,027
Newspapers & Journals	861,030	1,133,588
Printing & Stationery	19,530,697	25,218,887
Cleaning services & Materials	13,564,309	11,239,960
Security Services	8,109,875	6,745,760
Travel & accommodation Expenses	11,591,977	7,247,190
Fuel	5,295,729	6,539,918
Bank Service Charges	790,662	256,289
Insurance Expenses	2,291,195	1,333,888
Postage and Delivery	55,704	116,665
Telephone & Faxes	3,501,582	3,215,882
Electricity	9,251,085	8,495,671

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	2016	2015
	Kshs	Kshs
Water & Sewerage	6,521,509	7,023,607
Office Flower Arrangements	-	44,640
Other Taxes, Levies & Penalties.	83,750	1,612,918
Depreciation expense	41,033,815	25,923,876
Bad Debts	(2,490,255)	3,481,072
Internet & E-mail	4,107,775	3,895,582
Web Hosting	1,561,940	1,099,951
Vehicle Repairs & Maintenance	3,167,395	3,170,567
Building Repairs	26,143,451	22,386,191
Computer Repairs	2,104,145	947,087
Equipment Repairs	2,422,131	7,288,006
Audit Fees	580,000	500,000
Professional Fees	2,802,761	1,241,433
Conferences & Workshops	6,276,222	2,580,000
Recruitment Costs	244,550	-
Staff Uniforms	1,314,927	825,698
Staff Welfare	7,596,656	5,763,874
Training & Development	4,921,848	3,386,978
Total	190,444,759	167,664,893

11. Operational costs

	2016	2015
	Kshs	Kshs
Hire of Facilities & Equipment	5,231,880	4,680,482
Continuing Legal Education Expenses	17,907,481	22,171,243
Examination Expenses	5,397,534	13,586,377
Library Expenses	22,500	34,217
Library Online Subscriptions	2,452,606	1,965,559
Part Time, Guest Lecturers Cost	20,059,450	17,280,189
Pupilage Super & Legal Clinics	10,536,802	6,817,392
Students Welfare	3,951,414	3,487,964
Accreditation Expense	450,000	-
Graduation expense	8,439,716	-
Total	74,449,383	70,023,424

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12. Hospitality costs

	2016	2015
	Kshs	Kshs
Gas	1,014,406	-
Foodstuffs & Drinks	16,761,691	-
Kitchen & Hostel Expenses	6,759,860	-
Swimming Pool/Sports Expenses	1,674,120	-
Club House Expenses	1,172,800	-
Total	27,382,876	-

13. Finance costs

	2016	2015
	Kshs	Kshs
Withholding tax on fixed deposit	1,555,151	200
Total	1,555,151	200

14. Consumable stocks

	2016	2015
	Kshs	Kshs
Stationery	3,381,786	2,455,496
Cleaning materials	2,103,257	1,292,259
Electrical materials	1,929,870	2,476,244
Total	7,414,913	6,223,999

15. Accounts Receivables and Prepayments

	2016	2015
	Kshs	Kshs
School Fees Receivable	19,780,099	20,729,578
CPD Receivable	11,440,755	-
Hospitality Receivable	7,867,970	-
Non-School Fees Receivables - Other	66,009,143	69,621,448
Staff Receivables	1,064,722	3,467,084
Development Grants Receivable	10,000,000	-
Provision for Doubtful Debts	(4,265,893)	(10,237,222)
VAT Control	2,881,442	36,302,966
Total	114,778,238	119,883,854

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16. Other current assets

	2016	2015
	Kshs	Kshs
Staff advances	(83,162)	29,375
Deposits	240,000	240,000
Total	156,838	269,375

17. Cash and bank balances

	2016	2015
	Kshs	Kshs
Un deposited Funds	157	0
Bank A/C 0100131599700	659,358	280,500
Bank A/C 0100131599701	20,656,147	2,046,750
Bank A/C 0100131599702	3,266,103	3,255,603
Bank A/C 0100132090200	570,649	570,649
BBK 2022099224- Collection a/c	81,457	2,755,905
BBK 2022029110 - Payments a/c	292,533	77,288
BBK 2022099240	3,985,622	3,007,554
Equity 1630263144477	286,248	516,468
Short term deposits	5,884,767	160,000,000
Total Cash at bank and in hand	35,683,040	172,510,718

The short term deposits comprise of:

- a) Kshs 3,300,000 being 12months fixed deposit of gratuity funds in Barclays Bank to mature on 12th September 2016.
- b) Kshs 2,584,767 being 6 months fixed deposit of endowment fund in Equity Bank to mature on 9th December 2016.

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NOTES TO THE FINANCIAL STATEMENTS

18. Payables and accruals

	2016	2015
	Kshs	Kshs
Accounts Payable	46,552,671	14,538,016
Prepayment School Fees Receivable	2,525,917	-
Prepayment by CPD	2,921,925	-
Prepayment by Hospitality	1,084,953	-
Prepayment by Non-School Fees - Other	4,664,242	4,767,446
Prepayment by Staff	1,670	-
Bank Loans (Staff)	0	384,787
HELB Payable	(1)	(1,545)
Insurance Recoveries	-	171,690
Net Pay Payable	46,322	75,603
NHIF Payable	-	58,810
NSSF Payable	-	70,340
Other Salary Recoveries	-	257,706
PAYE Payable	21,009	763,900
Pension Payable	-	(586,798)
Saccos Control	-	(1,260,493)
Sheria Sacco Payable	-	985,842
Withholding Tax Payable	2,175,593	864,331
Gratuity Payable	6,538,141	1,188,605
Contract Retentions	28,917,068	22,716,064
Provisions for audit fees	580,000	580,000
Fees Paid in Advance	61,358,528	163,071,027
Total	157,388,037	208,645,331

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19. Property, plant and Equipment Schedule

	Leasehold Land	Buildings	Capital Work in Progress	Office Equipment	Computer Equipment	Library Books	Motor Vehicles	Furniture & Fittings	Total
	Kshs	2.50% Kshs	0.00% Kshs	30.00% Kshs	33.33% Kshs	20.00% Kshs	25.00% Kshs	12.50% Kshs	Kshs
As at 1st July 2014	84,000,000	413,442,700	555,547,788	17,238,039	21,067,988	11,362,372	14,878,448	41,687,587	1,159,224,922
Additions	-	-	40,698,114	2,883,555	-	321,900	150,575	2,186,307	46,240,451
As at 30th June 2015	84,000,000	413,442,700	596,245,902	20,121,594	21,067,988	11,684,272	15,029,023	43,873,894	1,205,465,373
Depreciation									
As at 1st July 2014	-	100,849,671	-	11,973,106	19,562,893	5,455,990	14,690,948	17,523,897	170,056,505
Charge for the year	-	10,336,067	-	6,036,478	1,505,095	2,336,854	225,144	5,484,238	25,923,876
As at 30th June 2015	-	111,185,738	-	18,009,584	21,067,988	7,792,844	14,916,092	23,008,135	195,980,381
NET BOOK VALUE									
As at 1st July 2014	84,000,000	312,593,029	555,547,788	5,264,933	1,505,095	5,906,382	187,500	24,163,690	989,168,417
As at 30th June 2015	84,000,000	302,256,962	596,245,902	2,112,010	-	3,891,428	112,931	20,865,759	1,009,484,992
COST/VALUATION									
As at 1st July 2015	84,000,000	413,442,700	596,245,902	20,121,594	21,067,988	11,684,272	15,029,023	43,873,894	1,205,465,373
Additions	-	-	67,271,870	2,526,640	10,555,992	9,544,170	-	5,087,858	94,986,570
Revaluation Adjustment	626,000,000	201,557,300	-	-	-	-	-	-	827,557,300

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As at 30th June 2016	710,000,000	615,000,000	663,517,772	22,648,234	31,623,980	21,228,442	15,029,023	48,961,752	2,128,009,243
DEPRECIATION									
As at 1st July 2015	-	111,185,738	-	18,009,584	21,067,988	7,792,844	14,916,092	23,008,135	195,980,381
Charge for the year	-	15,375,000	-	4,638,650	10,541,327	4,245,688	112,931	6,120,219	41,033,815
As at 30th June 2016	-	126,560,738	-	22,648,234	31,609,315	12,038,532	15,029,023	29,128,354	237,014,196
NET BOOK VALUE									
As at 1st July 2015	84,000,000	302,256,962	596,245,902	2,112,010	-	3,891,428	112,931	20,865,759	1,009,484,992
As at 30th June 2016	710,000,000	488,439,262	663,517,772	-	14,665	9,189,910	-	19,833,398	1,890,995,007

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20. Related parties transactions

The following transactions were carried out with related parties:

	2016	2015
	Kshs	Kshs
Key Management Compensation (Salaries)	7,534,240	7,487,000
Board of Directors Expenses	3,335,897	2,627,400

21. Events after the reporting period

There are no material non-adjusting events after the reporting date.

22. Prior years adjustments of VAT

VAT expense had been understated in prior years leading to an overstatement of retained earnings and understatement of VAT payable liability. The breakdown is below:

<u>Year</u>	<u>Amount – Kshs</u>
2012/2013	4,645,661
2013/2014	14,936,414
2014/2015	<u>12,746,533</u>
Total	<u>32,328,608</u>

23. Currency

The financial statements are presented in Kenya Shillings.

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MANAGEMENT DISCUSSION AND ANALYSIS

A) The School's operational and financial performance:

The operational and financial performance of the School is set out on page 24 to page 29.

B) School's compliance with statutory requirements:

During the 2015/16 financial year, the School met all its statutory obligations (PAYE, NSSF, NHIF, VAT)

C) Key projects and investment decisions the School is planning/implementing

The School is currently undertaking construction of a Library which is about 25% complete and is financed through grants from the Government. The construction of the Library was severely affected by the budget cuts from Government and in the 2016/17 budget the Government has not allocated funds for the same. In addition, the School is exploring viable investments to supplement the reducing Government Support.

D) Major risks facing the entity:

Operationally, the School has monopoly of offering the Advocates Training Program and this is the main source of revenue. This might not be sustained in the foreseeable future. To mitigate this risk, the School is in the process of developing a Capital Development Plan so as to diversify the revenue base.

The School is currently experiencing competition in both Continuing Professional Development program and Para legal courses. To mitigate this, the School has planned to market its facilities and courses offered so as to sensitize the public and other stakeholders.

Continual reduction and occasional delay in submission of Government subvention especially for development projects poses a liquidity risk to the School. This risk is being mitigated by preparing adequate operations and projects justifications.

E) Material arrears in statutory/financial obligations:

During the year the School was up to date with remittance of statutory obligations. The School had no material arrears in financial obligations.

F) The School's financial probity and serious governance issues

During the 2015/16 financial the School did not experience any issues relating to fraud or non-compliance with governance requirements.

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PROGRESS ON FOLLOW – UP OF AUDITORS RECOMMENDATIONS

The following is the summary of outstanding paragraphs raised by the external auditor and their resolution status.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status:	Timeframe:
				(Resolved / Not Resolved)	(Put a date when you expect the issue to be resolved)
Loss of Kenya School of Law Property on plot number LR 2009/6238-HG613 – Official residence of the School Principal in Kilimani Area (2014/2015 Financial Year audit)	Loss of property	The matter was filed in court by Ethics and Anti-corruption Commission in January 2007 and is still in pending. Management have escalated the issue to the Attorney General's Office to liaise with the National Lands Commission to get the title that was fraudulently allocated to third parties cancelled.	D/CEO	Not Resolved	Indeterminate
6.18 Hectares plot in Embakasi Area (2014/2015 Financial Year audit)	Loss of property	The issue was escalated to the National Lands Commission and the Attorney General's Office is representing the School towards recovery, and issuance of the title deed.	D/CEO	Not Resolved	Indeterminate
Internal control weaknesses – Risk management and ICT policies and disaster recovery plan	Policies had not been formally approved and implemented. Data not backed offline.	Both risk management and ICT policies were approved by the Board. The risk registers are in place and ICT policy is being implemented. The disaster recovery plan is in place and offsite backing up of data is taking place.		Resolved	