

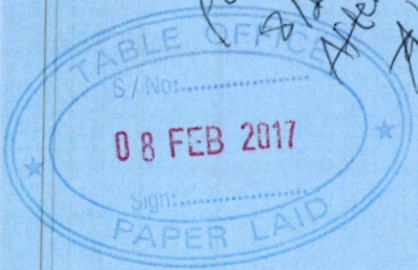
REPUBLIC OF KENYA



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*Paper laid by
Leader of Majority
Party Wednesday
8/2/2017
Afternoon sitting*



REPORT

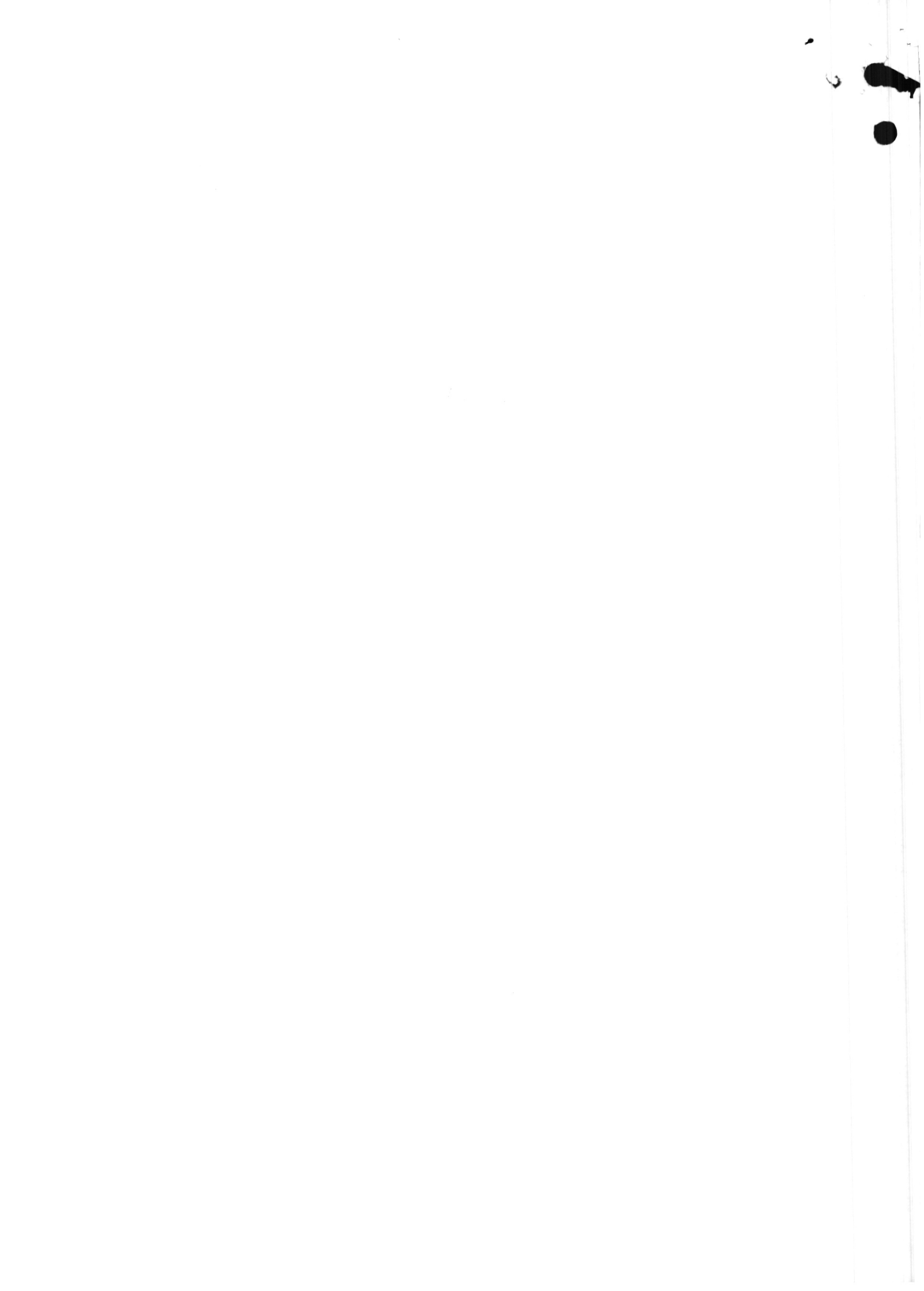
OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
ENERGY REGULATORY COMMISSION**

**FOR THE YEAR ENDED
30 JUNE 2016**





Energy Regulatory Commission

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2016**

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

ENERGY REGULATORY COMMISSION
FINANCIAL STATEMENT FOR THE YEAR 2015/2016

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ENERGY REGULATORY COMMISSION
FINANCIAL STATEMENT FOR THE YEAR 2015/2016

I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The *Energy Regulatory Commission* (ERC) was formed under the Energy Act, No. 12 of 2006.

(b) Principal Activities

The principal activity/mission of the *ERC* is to regulate the Energy Sector with responsibility for economic and technical regulation of electric power, renewable energy, and downstream petroleum sub sectors. Its functions include tariff setting and review, licensing, enforcement, dispute settlement and approval of power purchase and network services contracts.

(c) Key Management

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

The Commissioners

The Commissioners who served during the year and up to the date of this report are:-

- | | | |
|----|--------------------------|--|
| 1 | Mr. Joshua Oigara | - Chairperson (Appointed 18 th March 2016) |
| 2 | Eng. Joseph Nganga | - Director General |
| 3 | Eng. Joseph Njoroge, MBS | - Principal Secretary, Ministry of Energy and Petroleum |
| 4 | Eng. Titus Ndonga Gitahi | - Alternate to the Principal Secretary |
| 5 | Mr. Kenneth W. Akide | - Commissioner (Retired 21 st August 2015) |
| 6 | Eng. Samuel Mugo | - Commissioner |
| 7 | Eng. Eric Nyamunga | - Commissioner |
| 8 | Dr. Mary Mwiandi | - Commissioner (Retired 2 nd October 2015) |
| 9 | Mrs. Dinah Chelal | - Commissioner (Retired 2 nd October 2015) |
| 10 | Dr. Sellah Kebenei | - Commissioner (Appointed 2 nd October 2015) |
| 11 | Mr. Peter N. Mwangi | - Commissioner (Appointed 2 nd October 2015) |
| 12 | Mr. Nixon L. Lenaiyara | - Commissioner (Appointed 2 nd October 2015) |

ENERGY REGULATORY COMMISSION
FINANCIAL STATEMENT FOR THE YEAR 2015/2016

(d) Fiduciary Management

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

	Designation	Name
1	Director General	Eng. Joseph Nganga
2	Ag. Commission Secretary	Mr. Robert Mahenia
3	Ag. Director Petroleum	Mr. Edward Mwirigi
4	Director Electricity	Eng. Joseph Oketch
5	Director Renewable Energy	Mr. Pavel Oimeke
6	Director Economic Regulation	Dr. Frederick Nyang
7	Senior Manager, HR & Administration	Ms. Elizabeth Njau
8	Senior Manager, Finance and Strategic Planning	Mr. James Kilonzo
9	Senior Manager, Comm. & Public Affairs	Mrs. Antoinette Kamau
10	Procurement Manager	Ms. Loise Thuge
11	Internal Auditor	CPA. Rosalind Murithi

(e) Fiduciary Oversight Arrangements

The Commission

The Commission is chaired by a non-Executive Chairperson (Mr. Joshua Oigara) appointed by the President. All Commissioners have extensive business and administrative experience in private and/or public sectors that is applied in the management of the ERC. Commission meetings are held regularly to review the ERC's performance against set targets and business plans as well as to formulate and implement strategy. Various committees whose chair-persons report to the Commission supplement the functions of the Commission.

Commission Finance and Administration Committee

The Commission Finance and Administration Committee is chaired by a non-Executive Commissioner and meets at least on quarterly basis. The members are Eng. Eric Nyamunga (Chair), Eng. Titus Ndonga Gitahi, Dr. Sellah Kebenei and Eng. Joseph Ng'ang'a. The Committee's responsibilities are ensuring sound financial reporting, internal system controls, business plans and budgets, procurement, ICT, Public Relations, administration and staff matters.

ENERGY REGULATORY COMMISSION
FINANCIAL STATEMENT FOR THE YEAR 2015/2016

Commission Audit & Risk Committee

The Audit Committee is chaired by a non-executive Commissioner and the members are non-Executive Commissioners. The members are Eng. Samuel Maugo (Chair), Advocate Peter Mwangi Njenga and Eng. Nixon Lenaiyara. The responsibilities of the committee are to review the financial information of the Commission, monitoring the effectiveness of management information and internal control systems, deliberate on significant findings arising from both internal and external audits, and review the overall risks facing the Commission.

Commission Technical Committee

The Technical Committee is chaired by a non-Executive Commissioner and meets at least on quarterly basis. The members are, Dr. Sellah Kebenei (Chair), Eng. Samuel Maugo, Eng. Titus Ndonga Gitahi, Eng. Eric Nyamunga and Eng. Joseph Ng'ang'a. The committee's responsibilities are to provide strategic technical direction of ERC and to approve technical plans, activities, reports and budgets.

(f) Commission Headquarters

Eagle Africa Centre,
Longonot Road,
Upperhill,
P.O. Box 42681-00100
Nairobi, Kenya

(g) Commission Contacts

Telephone: (254) 2002847200
E-mail: info@erc.go.ke
Website: www.erc.go.ke

ENERGY REGULATORY COMMISSION
FINANCIAL STATEMENT FOR THE YEAR 2015/2016

(h) Commission Bankers

Kenya Commercial Bank

Moi Avenue Branch

P.O. Box 48400

GPO 00100

Nairobi, Kenya

National Bank of Kenya

Harambee Avenue Branch

P.O. Box 41862

GPO 00100

Nairobi, Kenya

Commercial Bank of Africa

Upper Hill, Mara / Ragati Road

P. O. Box 30437

GPO 00100

Nairobi, Kenya

(i) Independent Auditors

Auditor General

Kenya National Audit Office

Anniversary Towers, University Way

P. O. Box 30084

GPO 00100

Nairobi, Kenya

(j) Principal Legal Adviser

Mwaura Wachira

Blue Violets Plaza

Kindaruma Road, Kamburu Drive

P.O. Box 51667-00200

Nairobi, Kenya

ENERGY REGULATORY COMMISSION
FINANCIAL STATEMENT FOR THE YEAR 2015/2016

II. THE COMMISSIONERS

	<p>Joshua Oigara was appointed Chairman of the Energy Regulatory Commission on 18th March 2016. He brings to the Commission valuable experience in business and management, having held senior positions at various organizations across Africa. He is the Group Chief Executive Officer at KCB Bank Group and Managing Director, Kenya. He was appointed the Chairman of Kenya Bankers Association Governing Council for a second term and appointed by H.E. President Uhuru Kenyatta to serve as a Board Director in Kenya Vision 2030. In September 2015, Mr. Oigara was named among the top 100 youngest and most influential economic leaders in Africa by the Paris-based <i>Institut Choiseul</i>, an independent French research center.</p>
<p>Mr. Joshua Oigara Chairperson</p>	<p>Date of Birth: 9th November, 1975</p>
	<p>Eng. Ng'ang'a has over three decades of experience in the energy sector. He started out as a drilling engineer with the Kenya Power and Lighting Company at Olkaria at a time when geothermal power generation in Kenya was at its infancy. Over the years, Eng. Ng'ang'a served in various technical and management positions in Kenya Power and Kenya Electricity Generating Company (KenGen). He had risen to Deputy Managing Director at KenGen by the time he exited to join ERC.</p>
<p>Eng. Joseph Ng'ang'a MBA, BSc (Mech. Eng.), P. Eng., MIEK, ACI Arb.</p>	<p>Date of Birth: 22nd November 1955</p>
	<p>Eng. Dr. Joseph K Njoroge has wide experience in power engineering and management. He joined KPLC in 1980 and rose through the ranks to become Managing Director in June 2007. Eng. Njoroge holds a Bachelor of Science degree in electrical engineering and Master of Business Administration with a major in strategic management. He is a Chartered Electrical Engineer, a member of the Institution of Engineering and Technology, UK, a Registered Consulting Engineer, and is also a Fellow of the Institution of Engineers of Kenya. He is also Chairman of the MBA Chapter of University of Nairobi Alumni Association.</p>
<p>Eng. Joseph Njoroge Principal Secretary, Ministry of Energy and Petroleum</p>	<p>Date of Birth: 16th June 1958</p>

ENERGY REGULATORY COMMISSION
FINANCIAL STATEMENT FOR THE YEAR 2015/2016

 <p>Eng. Titus Ndonga Gitahi Alternate to the Principal Secretary</p>	<p>Eng. Ndonga Gitahi holds a Bachelor of Science in Mechanical Engineering from University of Nairobi, and a Master of Science in Environmental Engineering from University of South Bank, London</p> <p>Eng. Gitahi worked with the Ministry of Public Works from 1983 to 2010, rising through the ranks to a senior engineer position where he was in charge of Design and Supervision of Mechanical Engineering Works in Government Building and Institutions.</p> <p>In 2010, Eng. Gitahi joined the Ministry of Energy and Petroleum. He has attended several short courses both locally and abroad. Some of the courses attended include Electrical Power Systems Engineering (Tokyo, Japan), Energy Policy Development for Developing Countries (Beijing, China), Power Engineering & Management, Seoul, S. Korea), Environmental Impact Assessment of Projects. He is a Registered Engineer (R. Eng.) and is a Member of the Institution of Engineers of Kenya (MIEK)</p> <p>Date of Birth: 12th June, 1958</p>
 <p>Dr. Kebenei J. Sellah Commissioner</p>	<p>Dr. Kebenei, a senior academician at Kabarak University, has conducted extensive research in the field of chemistry. She began her academic career at the University of Nairobi in 1981, where she graduated with a Bachelor in Science degree with a major in chemistry. She subsequently did a Masters of Philosophy degree at the Moi University followed by a Doctor of Philosophy (Chemistry) also at Moi University.</p> <p>Date of Birth: 28th February, 1961</p>
 <p>Eng. Eric Nyamunga Commissioner</p>	<p>Eng. Nyamunga has 25 years experience in Engineering. He holds a Bachelor of Science degree in Electrical Engineering. He has previously served as the Managing Director and Chief Executive of Kenya Railways. Eng. Nyamunga is currently the Director of Syldon and Partners Consulting Engineers.</p> <p>Date of Birth: 23rd September, 1946</p>

ENERGY REGULATORY COMMISSION
FINANCIAL STATEMENT FOR THE YEAR 2015/2016



Mr. Peter Njenga
Mwangi
Commissioner

Mr. Mwangi is an advocate of the High Court of Kenya with close to 30 years experience practicing law. Further to being an advocate, Mr. Mwangi has experience as a company secretary and project manager. He has contributed towards various bills including the Micro Finance Bill and the Pyrethrum Authority Act. Mr. Mwangi is involved in human rights, having handled several cases in the Rift Valley and conducting research on the causes of social conflict, including the Rwanda genocide. Mr. Mwangi is pursuing a Masters degree in International Studies at the University of Nairobi.

Date of Birth: 20th September, 1960



Eng. Samuel Nyachama
Maugo
Commissioner

Eng. Maugo holds a Masters degree in Structural Engineering from Concordia University, Montreal, Canada as well as a Bachelor of Science degree in Civil Engineering from Nairobi. He has a wide range of experience, from a Design/Project Engineer in Kennard and Lapworth Ltd to Managing Director of MultiScope Consulting Engineering Ltd

Date of Birth: 1st January 1955




Eng. Nixon L. Lenaiyara
Commissioner



Eng. Lenaiyara is a technology consulting expert with eight years experience in ICT systems implementation in banking and insurance sectors. He has a Masters of Science in Telecommunications Engineering from the Czech Technical University (Prague) where he graduated in 2010. Prior to that, Eng. Lenaiyara was awarded a Bachelor of Science degree in Electrical Engineering and Informatics at the same university

Date of Birth: 10th September, 1984

ENERGY REGULATORY COMMISSION
FINANCIAL STATEMENT FOR THE YEAR 2015/2016

 <p>Ms. Mueni Mutung'a - Commission Secretary</p>	<p>Mueni holds a Masters in Business Administration and a Bachelor of Laws degree both from the university of Nairobi, and a diploma in legal practice from the Kenya School of Law. She has also trained extensively in Good Corporate Governance and is a member of the Institute of Directors. She is also an advocate of the High Court of Kenya And a member of the Chartered Institute of Arbitrators.</p> <p>She started her career as an advocate and worked with the law firm of Robson Harris & Co advocates. She later moved to Total Kenya Ltd where she worked as a legal officer. She worked as the Corporation Secretary of Kenya Wildlife Service prior to taking up her current appointment as the Commission Secretary.</p> <p>Date of Birth: 28th February, 1964</p>
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III. MANAGEMENT TEAM

 <p>Eng. Joseph Ng'ang'a MBA, BSc (Mech. Eng.), R. Eng., MIEK</p>	<p>Director General: Commissioner and Chief Executive Officer of the Commission.</p>
 <p>Dr. Frederick Nyang PhD (Economics)</p>	<p>Director Economic Regulation: Heading the Economic Regulation function of the Commission</p>

ENERGY REGULATORY COMMISSION
FINANCIAL STATEMENT FOR THE YEAR 2015/2016



Ms. Mueni Mutung'a -
Commission Secretary

Commission Secretary: Secretary to the Commission and Head of the Legal function of the Commission



Eng. Joseph Oketch
MBA, BSc (Elec. Eng.), R.
Eng., MIEK

Director Electricity: Heading the electricity subsector regulation function of the Commission



Edward Kinyua
B.Tech (Mech. & Prod.
Eng) - MU

Ag. Director Petroleum Regulation: Heading the downstream petroleum regulation function of the Commission.

ENERGY REGULATORY COMMISSION
FINANCIAL STATEMENT FOR THE YEAR 2015/2016



Pavel Oimeke
B.Tech (Chem. Eng) – MU

Director Renewable Energy: Heading the renewable energy regulation function of the Commission.



Mrs. Antoinette Kamau
MA(Communication),
BED(Hons)

Senior Manager, Communication & Public Affairs: Heading Communication, public affairs and Corporate social responsibility functions of the Commission



Ms. Elizabeth Njau
MBA(HR), BA(Hons),
Dip.(Business Mgt)

Senior Manager, Human Resources & Administration: Heading the Human Resources and Administrative functions of the Commission.

ENERGY REGULATORY COMMISSION
FINANCIAL STATEMENT FOR THE YEAR 2015/2016



CPA James Kilonzo
MBA(MU), Bcom(UoN),
CPA(K), CISA

Senior Manager, Finance and Strategic Planning: Heading the finance, ICT, Strategic planning and Performance Contracting functions of the Commission.



CPA Rosalind Murithi
MBA, Bcom, CPA(K),
CISA, CISM

Internal Auditor: Providing value added services in controlling risks, compliance monitoring and continuously improving internal control systems



Ms. Loise Thuge
(Msc JKUAT),BA(UoN)
MCIPS(UK),MKISM)

Procurement Manager: Heading the supplies and procurement functions of the Commission.

ENERGY REGULATORY COMMISSION
FINANCIAL STATEMENT FOR THE YEAR 2015/2016

IV. CHAIRPERSON'S STATEMENT

It is with great pleasure that I present the Energy Regulatory Commission's 2015-2016 Annual Report and Financial Statements. The Commission was established in 2007 to regulate Kenya's energy sector, in particular, the electricity subsector (generation, transmission and supply of electricity), downstream petroleum subsector (importation, transport, storage and retailing) and the renewable energy subsector (solar, wind and biomass).

Kenya's energy sector is attracting investment from both domestic and foreign sources. Oil and gas exploration is an ongoing activity in preparation for commercial production. Alongside this, the energy sector has a roadmap of increasing electricity generation capacity by 5,000MW through a mix of renewable energy, liquefied natural gas and coal. Electricity transmission and distribution systems are also being expanded and upgraded accordingly.

According to the 2016 Economic Survey, in 2015, the energy sector witnessed a steady rise in global crude oil and other liquid inventories. But Murban crude prices decreased to an average of USD 52.53 per barrel in 2015, from an average of USD 99.45 per barrel in 2014. The volume of petroleum product imports increased marginally from 4,409.0 thousand tonnes in 2014 to 4,431.7 thousand tonnes in 2015. However, the total import bill for petroleum products declined by 32.6 per cent to KES 226.1 billion during the same period.

In addition, the total installed electricity generation capacity increased by 6.3 per cent to 2,333.6 MW, while total electricity generation expanded by 4.1 per cent to 9,514.6 GWh in 2015. Demand for electricity increased from 7,415.4 million kWh to 7,826.4 million kWh during the same period. The number of customers connected under the Rural Electrification Programme (REP) rose by 33 per cent to stand at 703,190 customers as at July 2015, up from 528,552 as at July 2014. In 2015, Rural Electrification Authority financed electricity supply to a total of 21,487 public primary schools, 17,809 on grid power and 3,678 on solar.

The Commission will continue to monitor the Macroeconomic situation in the country and pass any accruing benefits to energy consumers and investors.

In November 2013, the Commission introduced new retail tariffs for electricity that will apply in the next 3 years. The tariff reviews took account of the commissioning of new electricity generating plants, especially geothermal, that will be less reliant on fossil fuel. Besides, the Commission is continuously exploring ways to reduce tariffs in order to lower the costs of living, while ensuring

ENERGY REGULATORY COMMISSION
FINANCIAL STATEMENT FOR THE YEAR 2015/2016

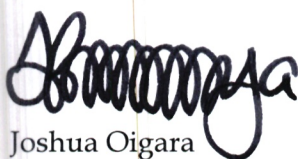
the tariffs remain attractive to investors. That aside, there is marked progress in laying a solid foundation for competition in the electricity supply industry. This will initially be through bilateral agreements at the regional level. But it is anticipated that the shift will attract investors who will set the stage for competition for and in the market. This will in turn lower prices.

On the other hand, the country continues to record growth in the downstream petroleum sector as a result of the increased demand for products and services both locally and regionally. As a consequence, plans have been put in place to ensure that the current petroleum infrastructure is expanded to cope with rising demand. The country has in the recent past experienced increased interest by developers in the development of Liquefied Petroleum Gas (LPG) infrastructure. This has been buoyed by a growth in LPG consumption as more Kenyans enter the middle class and abandon traditional biomass cooking fuels. On this account, the Commission is encouraging adoption of cleaner and modern cooking fuels such as LPG through fiscal and regulatory incentives. That aside, the Commission continues to monitor the quality of petroleum fuels used in the country through a national marking and monitoring program. The program ensures that consumers are protected from adulterated fuels and hence safeguards their vehicles from damage. The program also protects the country's tax revenue by preventing dumping of tax exempt export bound petroleum products into the local market.

At a policy level, the Commission participated in preparation of the national energy policy and Bill. The National Energy Bill and National Energy Policy that currently are before Parliament will align the energy sector with the Constitution of Kenya 2010 and the country's Vision 2030.

The Commission remains focused on its mandate, in particular on the role it plays in protecting consumers of energy products and services, and in maintaining a competitive business environment.

In this regard, the Commission appreciates the support it has received from both the national and county governments, the energy sector players and from all Kenyans in general. Finally, I take this opportunity to commend the Commission's staff, management and my fellow Commissioners for the conclusion of yet another successful year.



Joshua Oigara
CHAIRPERSON

ENERGY REGULATORY COMMISSION
FINANCIAL STATEMENT FOR THE YEAR 2015/2016

V. REPORT OF THE DIRECTOR GENERAL

Energy is a key driver of the economy. However, investments in the sector are both capital intensive and of a long-term nature. Accordingly, a rigorous planning process is necessary for an efficient and effective sector. But being the entity that coordinates this process, the Commission is persuaded that the proposed energy infrastructure and development strategy is robust and adequate to meet the requirements of Vision 2030. On this account, the petroleum sector has seen a lot of growth and competition with the entrance of many Oil Marketing Companies following the discovery of oil in Lokichar basin in Turkana County. We believe the future of the sector is bright.

At the same time, the Commission has been involved in the expansion plans of the electricity subsector through approval of power purchase agreements under the project 5000MW+. This is to boost expected demand surge from Vision 2030 projects and the impact of devolution to the 47 counties. Under project 5000MW+, the Commission had committed to review Power Purchase Agreements (PPA) in 30 days. This is a significant reduction from the statutory 90 days stipulated in the Energy Act. This enables investors to save time and, of course, money in the project preparatory phase.

The Commission has continued to diligently involve all stakeholders in the development of regulations which has seen the sector regulated in fair, transparent and predictable manner, especially in the renewable energy sector. More regulations will continue to be developed to curtail illegal activities and to streamline the industry.

Internally, we have increased our human resource capacity in line with our mandate. As articulated in our Strategic Plan for the period 2012-2015, the Commission is on a path of excellence and continual improvement.

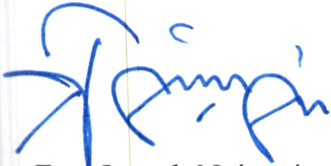
In the year under review, the Commission collected KES.473 million from the Petroleum Levy compared to KES.293 million the previous year, an increase of 61%. On the other hand, the Electricity Levy increased by 4% from KES.225 million in 2014/15 to KES.233 million in 2015/16.

Government transfers decreased by 19% from KES.63 million in 2014/15 to KES.51 million in 2015/16. In total, revenue went up by 31% from KES.588million in 2014/15 to KES.770 Million in 2015/16. The total recurrent expenditure increased by 34% from KES.512 million in 2014/15 to KES.687 million in 2015/16.

ENERGY REGULATORY COMMISSION
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The Commission's total asset base increased by 28% from KES. 332 million in the previous period to KES.426 million in 2015/16. Non-current assets went up by 28% to KES.176 million up from KES.138 million. Current assets went up by 29% to KES.250 million from KES.194 million.

Current liabilities increased by 26% to KES.144 million up from KES.114 million in the 2015/16 financial year. Further, total equity increased by 29% from KES.218 million to KES.282 million in 2015/16.



Eng. Joseph Ng'ang'a
DIRECTOR GENERAL

ENERGY REGULATORY COMMISSION
FINANCIAL STATEMENT FOR THE YEAR 2015/2016

VI. CORPORATE GOVERNANCE STATEMENT

Introduction

Corporate governance is the process by which companies are directed and controlled. The concept of corporate governance has gained prominence and is enshrined in codes of best practice developed by the Organization for Economic Co-operation and Development (OECD), Commonwealth Association of Corporate Governance (CACG) and the Centre for Corporate Governance in Kenya.

The Commissioners recognize the need to conduct the business and operations of the ERC with integrity and in accordance with generally accepted corporate practice and endorse internationally developed principles of corporate governance. The Commissioners will continue to focus their attention on maintaining the highest standards of corporate governance and business ethics in the ERC's operations.

The Commission

The Commission is chaired by a Non Executive Chairperson (Mr. Joshua Oigara) appointed by the President. All Commissioners have extensive business and administrative experience in private and/or public sectors that is applied in the management of the ERC. Commission meetings are held regularly to review the ERC's performance against set targets and business plans as well as to formulate and implement strategy. Various committees whose chair-persons report to the Commission supplement the functions of the Commission.

Commission Finance and Administration Committee

The Commission Finance and Administration Committee is chaired by Non Executive Commissioner and meets at least on quarterly basis. The members are Eng. Eric Nyamunga (Chair), Eng. Titus Ndonga Gitahi , Dr. Sellah Kebenei and Eng. Joseph Ng'ang'a. The Committee's responsibilities are ensuring overall sound financial reporting, internal system of controls, business plans and budgets, procurement, ICT, Public Relations, administration and staff affairs.

Commission Audit & Risk Committee

The Audit Committee is chaired by a non executive Commissioner and the members who are Non Executive Commissioners. The members are Eng. Samuel Mugo (Chair), Mr. Peter Mwangi Njenga and Eng. Nixon Lenaiyara. The responsibilities of the committee are to review the financial

ENERGY REGULATORY COMMISSION
FINANCIAL STATEMENT FOR THE YEAR 2015/2016

information of the Commission, monitoring the effectiveness of management information and internal control systems, deliberate on significant findings arising from both internal and external audits, and review the overall risks facing the Commission.

Commission Technical Committee

The Technical Committee is chaired by a Non Executive Commissioner and meets at least on quarterly basis. The members are, Dr. Sellah Kebenei (Chair), Eng. Samuel Mugo, Eng. Titus Ndonga Gitahi, Eng. Eric Nyamunga and Eng. Joseph Ng'ang'a. The committee's responsibilities are to provide technical strategic direction of ERC and approve technical plans, activities, reports and budgets.

Delegation of Responsibilities

The preparation of ERC's financial statements is a role that has been delegated to management. These financial statements have been prepared in accordance with internationally accepted accounting practice based on appropriate accounting policies consistently applied and supported by reasonable judgment and estimates.

Management ensures that adequate internal financial control systems are developed to provide reasonable certainty in respect of:

- The completeness and accuracy of accounting records;
- The integrity and reliability of the ERC's annual financial statements and
- The safeguarding of ERC's assets.

The responsibility for the integrity, reliability and objectivity of the ERC's financial statements lies with the Commissioners. The external auditors are responsible for independently examining and expressing an opinion on the reasonableness of the financial statements based on their audit.

Statement of Risk Management and Internal Control

The Commission has recognised its responsibility to manage both internal and external risks as a key component of good corporate governance and is committed to embedding risk management into the daily operations of the Commission; from the setting of objectives, to financial planning towards achieving the set objectives, through to departmental processes established to aid provision

ENERGY REGULATORY COMMISSION
FINANCIAL STATEMENT FOR THE YEAR 2015/2016

of service by the Commission. It is believed that effective risk management shall help the Commission to achieve its corporate objectives and provide better services. The Commission has developed and is implementing an Institutional Risk Management Policy Framework (IRMPF)

Responsibility

Risk management is one of the most important activities of the Commission. The Commission through the Audit and Risk Committee has a responsibility for overseeing risk management within ERC by determining that appropriate risk management strategies and policies are in place, and that processes established are adequate and effective. The Commission defines ERC's overall level of risk tolerance and ensuring that there are adequate tools and resources for managing risks.

The Commission has assigned responsibility for risk management to the Director General; hence the management ensures that sound risk management processes are in place and functioning effectively. The costs and resources involved in risk management are in proportion to the obtainable benefits.

Internal Controls

Internal controls are designed to support the Commission in achieving its objectives. The risks related to the achievement of objectives need to be identified and evaluated in order to manage them. Thus, identification and assessment of risks is a prerequisite for internal control in ERC. The continuity of operations is ensured by safeguarding critical functions and essential resources.

VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

ERC defines its Corporate Social Responsibility as the sense of responsibility towards environmental stewardship and contribution towards a better community internally and externally. Further, ERC's CSR policy is anchored on four pillars namely; **Corporate Governance and Ethical business practices, Environment Rehabilitation, Responsibility for Communities and, Promoting Energy Efficiency**. The Commission has been at the forefront in supporting several CSR initiatives in the community and successfully coordinated these CSR events and gained media coverage:

- i. Participation in the Mater heart run
- ii. Nyeri Hospice Golf tournament ERC to support cancer patients in Nyeri County
- iii. First lady's "beyond zero" marathon

ENERGY REGULATORY COMMISSION
FINANCIAL STATEMENT FOR THE YEAR 2015/2016

- iv. Lions sight Golf tournament to support the blind
- v. St. Georges Ruiru Autism unit support to autistic children in Ruiru County
- vi. Rehabilitation of Eburru afforestation project-

VIII. REPORT OF THE COMMISSIONERS

The Commissioners submit their report together with the audited financial statements for the year ended June 30, 2016 which show the state of the *Commission's* affairs.

Principal activities

The principal activities of the Commission are: -

1. To regulate: -
 - i. Importation, exportation, generation, transmission, distribution, supply and use of electrical energy;
 - ii. Importation, exportation, transportation, refining, storage and sale of petroleum and petroleum products;
 - iii. Production, distribution, supply and use of renewable and other forms of energy;
2. Protect the interests of consumer, investor and other stakeholder.

Results

The results of the Commission for the year ended June 30, 2016 are set out on page 1

Commissioners

The members of the Board of Commissioners who served during the year are shown on page v. The Commissioners are appointed in line with Section 10 of the Energy Act 2006.

ENERGY REGULATORY COMMISSION
FINANCIAL STATEMENT FOR THE YEAR 2015/2016

Auditors

The Auditor General is responsible for the statutory audit of the *Commission* in accordance with the Section 22 (4) of the Energy Act 2006.

By Order of the Commission


Mueni Mutunga
Commission Secretary

NAIROBI

Date: ...12/01/2017

ENERGY REGULATORY COMMISSION
FINANCIAL STATEMENT FOR THE YEAR 2015/2016

IX. STATEMENT OF COMMISSIONERS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012, section 21 of the Energy Act 2006 and section 9 of the State Corporations Act, require the Commissioners to prepare financial statements in respect of that *Commission*, which give a true and fair view of the state of affairs of the *Commission* at the end of the financial year/period and the operating results of the *Commission* for that year/period. The Commissioners are also required to ensure that the *Commission* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *Commission*. The Commissioners are also responsible for safeguarding the assets of the *Commission*.

The Commissioners are responsible for the preparation and presentation of the *Commission's* financial statements, which give a true and fair view of the state of affairs of the Commission for and as at the end of the financial year (period) ended on June 30, 2015. 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 Commission; (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 *Commission*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

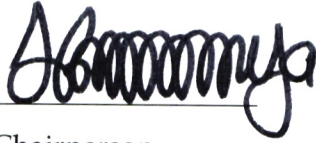
The Commissioners accept responsibility for the *Commission's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner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

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

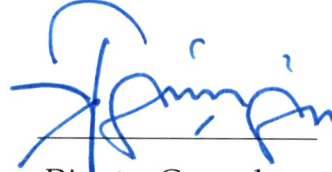
ENERGY REGULATORY COMMISSION
FINANCIAL STATEMENT FOR THE YEAR 2015/2016

Approval of the financial statements

The *Commission's* financial statements were approved by the Commission on 08/09 2016
and signed on its behalf by:



Chairperson



Director General

REPUBLIC OF KENYA

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E-mail: oag@oagkenya.go.ke
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P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON ENERGY REGULATORY COMMISSION FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Energy Regulatory Commission set out on pages 1 to 30, which comprise the statement of financial position as at 30 June 2016, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Commissioners' Responsibility for the Financial Statements

Commissioners are 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 Commissioners are 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

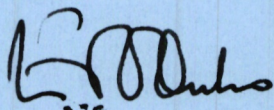
Report of the Auditor-General on Financial Statements of Energy Regulatory Commission for the year ended 30 June 2016

that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Energy Regulatory Commission 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 Energy Act, 2006.



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

Nairobi

16 January 2017

ENERGY REGULATORY COMMISSION
FINANCIAL STATEMENT FOR THE YEAR 2015/2016

XI. STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 30 June 2016

		2015-2016 KES	2014-2015 KES
Revenue from non-exchange transactions	Note		
Electricity Levy	3	233,067,172	224,796,380
Petroleum Levy	4	472,636,427	292,754,565
Transfers from government entities	5	50,909,630	62,710,176
		<u>756,613,230</u>	<u>580,261,121</u>
Revenue from exchange transactions			
Finance income - external investments	6	13,118,763	7,860,388
		<u>13,118,763</u>	<u>7,860,388</u>
Total Revenue		<u>769,731,993</u>	<u>588,121,509</u>
Expenses			
Commission Costs	7	22,124,438	11,624,403
Employee Costs	8	275,372,140	191,287,568
Training and other personnel costs	9	73,687,998	61,634,548
Office supplies	10	12,512,893	11,532,414
Transport and travel	11	49,134,324	30,232,987
Public relations and consumer services	12	66,280,097	59,640,944
Utilities	13	3,144,858	2,842,844
Information & communication technology	14	13,328,720	12,813,803
Office rent and office services	15	47,747,352	29,310,113
Consultancy & other professional services	16	92,702,892	67,474,870
HIV/ AIDS prevention	17	2,929,506	1,058,459
Depreciation	24	24,804,254	23,622,909
Amortization	26	1,543,145	6,504,389
Contingency and other expenses	18	<u>2,000,000</u>	<u>2,000,000</u>
Total expenses		<u>687,312,616</u>	<u>511,580,251</u>
Surplus / (Deficit) from operating activities		82,419,376	76,541,258
Other Gains/Losses			
Gain / (Loss) on disposal	19	163,729	476,998
Surplus before tax		82,583,106	77,018,256
Provision of surplus funds to National Treasury	20	(18,337,656)	(43,739,762)
Surplus for the period		64,245,450	33,278,494

The notes set out on pages 6 to 24 form an integral part of the Financial Statements

ENERGY REGULATORY COMMISSION
FINANCIAL STATEMENT FOR THE YEAR 2015/2016

XII. STATEMENT OF FINANCIAL POSITION

For the year ended 30th June, 2016

ASSETS	Note	2015-2016 KES	2014-2015 KES
Current assets			
Cash & cash equivalents	21	182,324,948	148,667,911
Receivables from exchange transactions	22	17,046,878	6,362,983
Receivables from non-exchange transactions	23	51,114,188	39,265,926
		250,486,014	194,296,820
Non-current assets			
Property, plant and equipment	24	109,073,758	79,318,744
Investments	25	57,843,425	55,049,356
Intangible assets	26	9,025,779	3,707,134
		175,942,961	138,075,234
Total Assets		426,428,975	332,372,054
LIABILITIES			
Current Liabilities			
Trade & other payables from exchange transaction	27	106,646,858	61,909,509
Provisions	28	26,827,095	45,525,515
Employee benefits obligation	29	10,648,018	6,875,476
		144,121,971	114,310,500
Total Liabilities		144,121,971	114,310,500
Net Assets			
Reserves (Sinking Fund)		55,000,000	55,000,000
Accumulated Surplus		227,307,004	163,061,554
Total net assets		282,307,004	218,061,554
Total net assets and liabilities		426,428,975	332,372,054

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Commission's financial statements were approved on08/09...2016 and signed by:

Director General

Chairperson

ENERGY REGULATORY COMMISSION
FINANCIAL STATEMENT FOR THE YEAR 2015/2016

XIII. STATEMENT OF CHANGES IN NET ASSETS

For the year ended 30th June, 2016

	Reserves (Sinking Fund) KES	Accumulated Surplus KES	Total Reserves KES
Balance as at 1 st July, 2014	55,000,000	129,783,060	184,783,060
Net surplus/loss for the period	-	77,018,256	77,018,256
Transfer to/from Sinking Fund	-	-	-
Surplus to Exchequer	-	(43,739,762)	(43,739,762)
Balance as at 30th June, 2015	55,000,000	163,061,554	218,061,554
Balance as at 1 st July, 2015	55,000,000	163,061,554	218,061,554
Net surplus/loss for the period	-	82,583,106	82,583,106
Transfer to/from Sinking Fund	-	-	-
Surplus to Exchequer	-	(18,337,656)	(18,337,656)
Balance as at 30 June, 2016	55,000,000	227,307,004	282,307,004

ENERGY REGULATORY COMMISSION
FINANCIAL STATEMENT FOR THE YEAR 2015/2016

STATEMENT OF CASH FLOW

For the year ended 30th June, 2016

		2015-2016 Ksh	2014-2015 Ksh
Receipts	Notes		
Levy		661,402,940	492,117,441
Transfers from government entities		46,009,600	64,653,597
Other Miscellaneous Receipts		50,807	4,426,016
Total Receipts		707,463,347	561,197,054
Payments			
Commissioners expenses		21,674,666	11,052,117
Employee Costs		272,312,270	192,051,871
Training and other personnel costs		72,757,905	61,634,548
Office supplies and expenses		11,659,061	11,532,414
Transport and travel		48,446,540	30,234,942
Public relations and consumer services		57,956,993	56,188,944
Utilities		2,700,638	2,842,844
Information and communication technology expenses		10,698,420	12,813,803
Office rent and office services		35,417,657	29,310,113
Consultancy and other professional services		72,217,517	65,020,395
HIV/ AIDS prevention related expenses		2,929,506	1,058,459
Increase in Provisions		16,194,564	5,483,939
		624,965,737	479,224,389
Net Cash Flow from Operating Activities	30	82,497,610	81,972,665
Investing activities:			
Purchase of fixed assets		(62,207,933)	(28,204,320)
Proceeds of Sale of fixed assets		248,596	588,800
Interest received		13,118,763	7,415,260
Net Cash outflow from investing activities		(48,840,574)	(20,200,260)
Net Increase (Decrease) in cash & cash equivalents		33,657,036	61,772,405
Cash & cash equivalents at the beginning of the period		148,667,911	86,895,506
Cash & cash equivalents at the end of the period		182,324,947	148,667,911
Represented by:			
Short term deposits		30,000,000	50,000,000
Bank balances		29,739,375	49,180,717
Petty cash		100,000	100,000
Mortgage & Car Loan		122,485,572	49,387,194
Total		182,324,947	148,667,911

ENERGY REGULATORY COMMISSION
FINANCIAL STATEMENT FOR THE YEAR 2015/2016

XIV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

For the year ended 30th June, 2016

	Original Budget 2015-2016 KES	Adjustments 2015-2016 KES	Final Budget 2015-2016 KES	Actual on Comparable Basis 2015-2016 KES	Performance Difference 2015-2016 KES	
Revenue						
ERB Levy	233,027,788	-	233,027,788	233,067,172	10,039,384	a)
Petroleum Levy	448,890,145	-	448,890,145	472,636,427	23,746,282	b)
Transfers from other government entities	61,700,000	-	61,700,000	50,909,630	(10,790,370)	c)
Other operating revenue	9,422,500	-	9,422,500	13,118,763	3,696,263	d)
Total revenue	753,040,433		753,040,433	769,731,993		
Expenses						
Board expenses	19,724,000	8,000,000	27,724,000	22,124,438	5,599,562	e)
Personnel emoluments	294,345,856	(9,163,440)	285,182,416	275,372,140	9,810,276	f)
Training and other personnel costs	71,266,714	(900,000)	73,366,714	73,687,998	(321,284)	g)
Office supplies and expenses	23,056,240	(7,500,000)	15,556,240	12,512,893	3,043,347	h)
Transport and travel	43,896,163	(500,000)	43,396,163	49,134,324	(5,738,161)	i)
Public relations and consumer services	63,151,800	1,866,667	65,018,467	66,280,097	(1,261,630)	j)
Utilities	3,840,000	1,500,000	5,340,000	3,144,858	2,195,142	k)
Information and comm. Tech. expenses	14,574,855	1,246,135	13,328,720	13,328,720	0	l)
Office rent and office services	43,991,904	-	43,991,904	47,747,352	(3,755,448)	m)
Consultancy & other professional services	98,186,800	(12,666,929)	85,519,871	92,702,892	(7,183,021)	n)
HIV/ AIDS prevention related expenses	4,000,000	-	4,000,000	2,929,506	1,070,494	o)
Depreciation / Amortization	33,500,000	-	34,000,000	26,347,399	7,652,601	p)
KEEP	2,000,000	-	2,000,000	2,000,000	0	q)
Total expenses	715,534,332		698,424,495	687,312,617		
Surplus from operating expenses	37,506,101		54,615,938	82,419,376		

I. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS (CONTINUED)

Notes on the significant variances

- a) The Electricity levy realised to date is well within the budget.
- b) The Petroleum levy realised to date is above the budget by KES23.75M. This is attributed to the fact that the lower petroleum prices resulted in an increase in consumption.
- c) Transfers from Government are below budget by KES10.79 M. This was the training (WB Support) that was occasioned late in the year.
- d) Interest income is above budget by KES3.70 M as a result of favourable rate from the sinking fund than earlier anticipated.
- e) Expenditure on this item is below the budget by KES5.6M. This was as a result of the Commissioners not attending training planned for due to a packed calendar of events.
- f) The expenditure is below the budget by KES9.8M due to treasury directive on hiring of staff.
- g) The expenditure is above the budget by KES0.3M due to exchange rate fluctuations.
- h) The expenditure is below the budget by KES3.04M due to treasury directive on hiring of staff and other management deliberate cost saving measures.
- i) The expenditure is above the budget by KES5.74M. This is as a result of exchange rate fluctuations.
- j) The expenditure is above the budget by KES1.26M. This is as a result of member subscription to regional body being revised upwards during the year.
- k) The expenditure is below the budget by KES2.19M due to treasury directive on hiring of staff and other management deliberate cost saving measures.
- l) No variance.
- m) The expenditure is above the budget by KES3.8M due to an increase in the deposit paid for the 4th floor.

- n) The above expenditure is above the budget by KES7.18M. This is because a downward adjustment of 8M was auctioned on the legal fees budget but which materialized towards the year end and had not been anticipated.
- o) The expenditure is below budget by KES1.01M due to some programmes not taking off as planned.
- p) Depreciation is below the budget by KES7.65M. Most assets were procured in the 4th quarter and did not attract full depreciation.
- q) No variance.

ENERGY REGULATORY COMMISSION
FINANCIAL STATEMENT FOR THE YEAR 2015/2016

II. NOTES TO THE FINANCIAL STATEMENTS

1. Statement of compliance and basis of preparation

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

The Commission adopted IPSAS in the year 2014 following the gazettment of the Public Sector Accounting Standards Board (PSASB), which was established by the Public Financial Management Act (PFM) No. 18 of 24th July 2012. PSASB issued financial reporting standards and guidelines to be adopted by all state organs and public sector entities, which the Commission complies with.

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

The accounts are presented in Kenya Shillings (KES)

2. Summary of significant accounting policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Electricity and Petroleum Levies

The Commission recognizes revenues from Electricity and Petroleum levies when the event occurs and the asset recognition criteria are met. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Commission and the fair value of the asset can be measured reliably.

Transfers from other government entities

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

ENERGY REGULATORY COMMISSION
FINANCIAL STATEMENT FOR THE YEAR 2015/2016

ii) Revenue from exchange transactions

Miscellaneous Revenue

Miscellaneous revenue from exchange transactions comprise of sale of stores, tenders and surplus goods.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

b) Budget information

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 Commission. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or Commission 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) Taxation/Transfer to treasury

No provision has been made for Income Tax. The Commission does not operate for gain. Its income is therefore not subject to tax. However, a provision is made for transfer of surplus funds to Treasury in line with Public Financial Management Act No. 18 of 2012 Regulation 219 (2) that states that a regulatory authority established by an Act of Parliament and referred to under regulation 211 (4) shall remit into Consolidated Fund, Ninety percent of its surplus funds reported in the audited financial statements after the end of each financial year. Regulation 219 (3) further states that "a regulatory authority to which this section applies shall be exempt from the income tax".

The surplus funds are net of capital investments acquired in the year and sinking fund established within the year.

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is

ENERGY REGULATORY COMMISSION
FINANCIAL STATEMENT FOR THE YEAR 2015/2016

incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

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

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

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

e) Property, plant and equipment

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 Commission 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.

Fixed assets are stated at cost less accumulated depreciation.

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

The depreciation rates used are as follows;

- | | |
|--------------------------|-------|
| • Motor Vehicles | 25% |
| • Furniture and Fittings | 12.5% |
| • Computer Equipments | 30% |
| • Equipments | 12.5% |

ENERGY REGULATORY COMMISSION
FINANCIAL STATEMENT FOR THE YEAR 2015/2016

During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

i) Financial instruments

Financial assets and financial liabilities are recognised on the Commission's statement of financial position when the Commission has become party to the contractual provisions of the instrument.

Specific accounting policies adopted by the Commission for its financial instruments outstanding at year end are set out as follows:

Government securities

Government securities comprise treasury bonds which debt securities are issued by the Government of Kenya. Government securities are classified as held to maturity and are stated at amortised cost.

Short term deposits

Short term deposits are classified as held to maturity and are stated at amortised cost.

Trade receivables

Trade receivables are carried at anticipated realised value. An estimate is made for bad and doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off when all reasonable steps taken to recover them have failed.

Trade payables

Trade payables are not interest bearing and are stated at their fair value

j) Provisions

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

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

ENERGY REGULATORY COMMISSION
FINANCIAL STATEMENT FOR THE YEAR 2015/2016

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

k) Contingent liabilities

The Commission does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. There are no contingent liabilities at the moment.

l) Contingent assets

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

m) Nature and purpose of reserves

The Commission creates and maintains reserves in terms of specific requirements.

Accumulated Surplus

The Commission's capitals consist of the Accumulated reserves. The objectives when managing capital include:-

- To safeguard the Commission's ability to continue as a going concern so that it can continue to provide energy regulatory services to the nation.
- To match the profile of its assets and liability, taking account of the risks inherent in the business operation.
- To comply with the statutory requirements on provision for the renewal of depreciating assets

Sinking Fund Reserves

The sinking Fund reserves is money which the Commission set aside over time in order to renew depreciating assets.

ENERGY REGULATORY COMMISSION
FINANCIAL STATEMENT FOR THE YEAR 2015/2016

n) Changes in accounting policies and estimates

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

o) Employee benefits

Retirement benefit plans

The Commission provides retirement benefits for its employees. Defined contribution plans are post employment benefit plans under which the Commission pays fixed contributions into a separate Commission (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

p) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

q) Related parties

The Commission regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Commission. Members of key management are regarded as related parties and comprise Commission Members and senior managers (see further disclosures of related parties in note 29).

The Government (represented by Ministry of Energy and Petroleum) is also regarded as a related party. The Permanent Secretary in the Ministry or his representative is a member of the commission. The commission also receives some funding from the Government.

ENERGY REGULATORY COMMISSION
FINANCIAL STATEMENT FOR THE YEAR 2015/2016

r) Cash and cash equivalents

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

s) Comparative figures

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

t) Significant judgments and sources of estimation uncertainty

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

Estimates and assumptions

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

Useful lives and residual values

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

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

u) Subsequent events

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.

v) Incorporation

The Commission is a state corporation established under the Energy Act No. 12 of 2006

	2015-2016 KES	2014-2015 KES
3 Electricity Levy:		
Electricity Levy from Kenya Power (Legal Notice No. 148 of 1999)	233,067,172	224,796,380
4 Petroleum Levy:		
Petroleum Levy (Legal Notice No. 91 & 109 of 2008)	472,636,427	292,754,565
5 Transfers from Government:		
Consultancy-Drafting of regulations, codes and fuel marking	46,009,600	52,100,000
Capacity Building - World Bank	4,900,030	10,610,176
	50,909,630	62,710,176
6 Finance Income - External Investments		
Interest on investments	13,067,956	7,400,696
Miscellaneous Revenue	50,807	459,692
	13,118,763	7,860,388

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7	Commission Expenses:		
	Monthly fees/Honorarium	4,579,596	4,566,663
	Sitting Allowance-Commission Members	7,546,000	3,754,000
	Seminars, Travel and Accommodation	8,766,548	1,671,371
	Medical and GPA	247,044	398,984
	Meeting, Entertainment and Others	985,250	1,233,385
		<u>22,124,438</u>	<u>11,624,403</u>
8	Employee Costs:		
	Salaries	180,148,476	121,382,884
	House Allowance	41,859,731	32,725,333
	Car/Commuting Allowance	14,643,364	13,846,312
	Pension and Gratuity	32,300,952	19,433,402
	Special Duty/Acting Allowance	684,303	885,584
	Leave and Other Allowances	5,245,035	2,954,778
	Fringe Benefits	490,278	59,276
		<u>275,372,140</u>	<u>191,287,568</u>
9	Training and other Personnel Costs:		
	Medical	17,256,707	15,552,871
	Life and Accident Insurance	4,046,264	2,484,579
	Training and Capacity Building-ERC funded	43,698,103	29,219,293
	Training and Capacity Building -World Bank funded	4,900,030	11,057,360
	Subscriptions-club and professional associations	2,697,279	2,246,395
	Staff welfare and laundry	521,760	617,468
	Staff uniforms	567,855	456,582
		<u>73,687,998</u>	<u>61,634,548</u>
	Number of Employees	88	87
10	Office Supplies :		
	Stationary, postage and supplies	3,105,292	5,427,516
	Meetings, office tea and miscellaneous	8,111,401	4,211,172
	Newspapers, books and periodicals	1,296,201	1,893,727
		<u>12,512,893</u>	<u>11,532,414</u>
11	Transport and Travel :		
	Travel-Local and Surveillance Audits	24,400,021	14,250,479
	Travel-International	19,731,369	11,728,643
	Fuel	1,754,751	1,362,445
	Vehicle repair and service	1,713,738	1,408,770
	Vehicle insurance and licences	1,534,446	1,482,649
		<u>49,134,324</u>	<u>30,232,987</u>

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12	Public Relations and Consumer Services		
	Corporate subscriptions	3,662,967	3,065,150
	Corporate Social Responsibility (CSR)	4,108,241	3,234,675
	Advertisement and Public Relations	33,329,514	35,880,550
	Branding	3,489,923	3,849,284
	Public Seminars/Workshops	13,653,454	13,611,284
	PR Agency	8,035,998	
		66,280,097	59,640,944
13	Utilities		
	Telephone and fax	2,412,154	2,004,116
	ISDN Line & Disaster Recovery	732,704	838,729
		3,144,858	2,842,844
14	Information and Communication Technology :		
	Bandwidth	1,429,988	395,847
	Software licenses	11,898,732	12,417,956
		13,328,720	12,813,803
15	Office Rent and Office Services		
	Rent	41,779,377	24,443,679
	Security	1,570,128	990,000
	Office cleaning	2,200,989	1,678,300
	Repair and service-office equipment	1,310,196	1,214,549
	Insurance and other	886,662	983,585
		47,747,352	29,310,113
16	Consultancy & other professional services		
	Consultancy-ERC funded	91,158,255	66,428,541
	Consultancy - World Bank-GoK funded		-
	Bank charges	1,196,637	698,328
	Audit fees and expenses	348,000	348,000
		92,702,892	67,474,870
17	HIV/AIDS Prevention Related Expenses		
	Gender	410,656	-
	Drugs and substance abuse	683,550	283,684
	HIV/AIDS, Corruption, Disability and Safety	1,835,300	774,775
		2,929,506	1,058,459

These expenses relate to monies incurred in the implementation of intervention programmes that all government institutions are expected to participate in as per the performance contract guidelines in order to reduce prevalence of HIV/AIDS infections.

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18	Contingency and other expenses		
	Kenya Energy and Environmental Programme (KEEP)	2,000,000	2,000,000
		2,000,000	2,000,000

The Government Financial Management (Kenya Energy – Sector Environment and Social Responsibility Programme Fund) Regulations, 2007 established a fund where ERC amongst other institutions in the Energy Sector is expected to contribute monies. ERC is expected to contribute KES 2Million annually to the fund.

19	Gain (Loss) on disposal		
	Property, plant and equipment	163,729	476,998
20	Provision of surplus funds to National Treasury		
	Surplus for the year	82,583,106	77,018,256
	Less purchase of assets	(62,207,933)	(28,418,520)
	Realised surplus funds	20,375,173	48,599,736
	90% of realised surplus funds	18,337,656	43,739,762

21. Cash & Cash Equivalents

Banks

Name of the Bank	Bank Account No	Currency	2016 KES	2015 KES
Commercial Bank of Africa	6959370012	KES	77,375	82,740
National Bank of Kenya	01003003110800	KES	492,175	6,680,207
Kenya Commercial Bank	1107180198	KES	29,169,825	42,417,771
Total			29,739,375	49,180,717

Cash on hand and in transit

Form of Cash	2016 KES	2015 KES
Petty Cash	100,000	100,000
Total	100,000	100,000

Short term deposits

Name of Bank	Type and tenor of deposit	Currency	2016 KES	2015 KES
National Bank of Kenya	Fixed Deposit – 3 months	KES	0	20,000,000
Commercial Bank of Africa	Fixed Deposit – 3 months	KES	30,000,000	0

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Kenya Commercial Bank	Fixed Deposit - 3 months	KES	0	30,000,000
KCB / S & L Mortgage & Car Loan	Staff Mortgage % Car Loan Account	KES	122,485,572	49,387,194
Total			152,485,572	99,387,194

	2016	2015
Banks	29,739,375	49,180,717
Cash on hand	100,000	100,000
Short term deposits	<u>152,485,572</u>	<u>99,387,194</u>
	<u>182,324,948</u>	<u>148,667,911</u>
22 Receivables from exchange transactions		
Hospital, fuels and rent deposit***	14,999,770	5,045,472
Telephone-deposits	94,000	94,000
Investment interest	1,953,108	1,223,511
	<u>17,046,878</u>	<u>6,362,983</u>

***Rent deposit of KES 13,964,770 relates to deposit for 3 months for the 4 floors that ERC occupies at Eagle Africa Building. Hospital deposits of KES 650,000.00 are held with Gertrude's, Aga Khan and Nairobi Hospitals to facilitate staff who seek outpatient treatment as per the ERC medical policy. KES 385,000 is fuels deposit.

23 Receivables from non-exchange transactions		
Levies	44,300,659	38,151,402
Provision for WB Capacity building	4,900,030	
Staff advance	358,330	137,197
Staff imprest	1,555,169	977,327
Miscellaneous receivables		-
	<u>51,114,188</u>	<u>39,265,926</u>

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24. PROPERTY, PLANT, AND EQUIPMENT

	Motor Vehicles KES	Computers KES	Furniture & Fittings KES	Equipment KES	Total KES
Cost					
At 1 July 2014	30,846,607	29,344,604	98,636,759	9,971,140	168,799,110
Add: additions during the year	18,704,571	2,136,528	522,724	4,178,393	25,542,216
Less: disposals during the year	(1,691,095)	(657,100)	(185,930)	(311,495)	(2,845,620)
Adjustment		(214,200)			(214,200)
At 30 June 2015	47,860,083	30,609,832	98,973,553	13,838,038	191,281,506
Cost					
As at 1 st July 2015	47,860,083	30,609,832	98,973,553	13,838,038	191,281,506
Add: additions during the year	17,920,242	3,162,889	30,430,860	3,832,151	55,346,142
Less: disposals during the year		(2,018,000)	(109,601)	(301,990)	(2,429,591)
Adjustment					
At 30th June 2016	65,780,325	31,754,721	129,294,813	17,368,200	244,198,057
Depreciation					
At 1 July 2014	24,355,115	23,287,874	36,474,343	6,956,340	91,073,672
Adjustment					
Charge for the year	6,791,853	3,644,834	12,360,718	825,504	23,622,909
Disposal	(1,691,095)	(657,100)	(81,344)	(304,278)	(2,733,818)
At 30 June 2015	29,455,873	26,275,608	48,753,717	7,477,566	111,962,763
Depreciation					
At 1 st July 2015	29,455,873	26,275,608	48,753,717	7,477,566	111,962,763
Charge for the year	9,023,484	2,190,804	13,125,728	1,166,247	25,506,263
Disposal		(2,018,000)	(68,501)	(258,224)	(2,344,724)
At 30 June 2016	38,479,357	26,448,411	61,810,944	8,385,589	135,124,302
Net book value					
At 30 June 2016	27,300,968	5,306,310	67,483,869	8,982,610	109,073,757
At 30 June 2015	18,404,210	4,334,225	50,219,837	6,360,472	79,318,744

At 30 June 2016, property and equipment with cost amounting to Kes 55,965,668 were fully depreciated and Intangible Assets with Cost amounting to Kes 64,785,654 were fully amortized. **Depreciation of KES 702,009 relates to a donated MV which has been offset against Deferred Income and not on the statement of financial performance.**

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	KES	KES
25 Investment		
Treasury Bonds	55,049,356	55,167,776
Amortization Charge	(49,356)	(118,420)
Interest Capitalized	2,843,425	
	<u>57,843,425</u>	<u>55,049,356</u>
26 Intangible assets		
Cost	64,785,654	
At 1 July 2014	66,119,725	
Adjustment	-	
Add: Additions during the year	2,876,304	
Less: disposal during the year	-	
At 30 June 2015	<u>68,996,029</u>	
Cost		
At 1 st July 2015	68,996,029	
Adjustment	-	
Add: Additions during the year	6,861,790	
Less: disposal during the year	-	
At 30 th June 2016	<u>75,857,819</u>	
Amortization charge		
At 1 st July, 2014	58,784,506	
Adjustment		
Amortization charge	6,504,389	
Less disposal during the year	-	
At 30 June 2015	<u>65,288,895</u>	
At 1 st July, 2015	65,288,895	
Adjustment	-	
Amortization charge	1,543,145	
Less disposal during the year	-	
At 30 June 2016	<u>66,832,040</u>	
Net book value 30 June 2016	9,025,779	
Net book value at 30 June 2015	3,707,134	

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27	Trade & other Payables from Exchange Transactions		
	Suppliers	75,215,831	33,799,477
	Rural Electrification Authority (REA) contractors	124,245	72,100
	Year End accrual	20,786,674	22,783,674
	Commission Fees payable	32,500	598,683
	Staff Imprest		27,519
	Energy Act advances from energy sector stakeholders and others	4,029,655	4,628,056
	Deferred Income***	6,457,953	-
		106,646,858	61,909,509

***Deferred income relates to a donation of a Motor Vehicle from the United Nations which was valued at KES 7,159,961 and was depreciated by KES 702,009 as at year end.

28 Provisions

	Audit Fees	Withheld taxes and other statutory deductions	Amount due to consolidated fund	Total
Balance at the beginning of the year	348,000	1,437,753	43,739,762	45,525,515
Additional Provision raised	348,000	8,141,439	18,337,656	26,827,095
Provision utilized	(348,000)	(1,437,753)	(43,739,762)	(45,525,515)
Balance as at 30 th June 2016	348,000	8,141,439	18,337,656	26,827,095

29	Employee benefits obligation		
	Gratuity - Director General	4,160,200	1,736,000
	Gratuity - staff		0
	Other payroll benefits	6,487,818	5,139,476
		10,648,018	6,875,476

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30 Net Cash Flow from Operating Activities

Net Surplus (Deficit) from Operations	82,583,106	77,018,256
Less Adjustments		
Depreciation	24,804,254	23,622,909
Amortization for Intangible Assets	1,543,145	6,504,389
Amortization for Treasury Bond	49,356	118,420
Gain(Loss) on Revaluation	(163,729)	(476,998)
Total Adjustments	<u>26,233,026</u>	<u>29,768,720</u>
Operating Surplus before Working Capital Changes	103,916,102	106,786,976
Decrease (Increase) in Debtors	(22,532,157)	(19,262,935)
Increase (Decrease) in Creditors and Accruals	9,332,398	1,863,884
Net Change in Working Capital	7,769,317	(17,399,052)
Interest earned on investments	(13,118,763)	(7,415,260)
Cash generated from Operations	<u>82,497,610</u>	<u>81,972,665</u>

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32. Financial Risk Management Objectives and Policies

The commission activities expose it to a variety of financial risk: credit risk, liquidity risk and market risk. The commission's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

The commission regularly reviews its risk management policies and systems to reflect changes in markets and emerging best practices. Risk management is carried out by the management under the supervision of the Commissioners.

The Commissioners provides policies for overall risk management, as well as policies covering specific areas such as, interest rate risk, credit risk, use of non-derivative financial instruments and investing excess liquidity.

a) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the company.

Credit risk arises from bank balances, trade receivables and amounts due from related parties. The Commission's management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors.

Classification of credit risk bearing assets

The table below represents the commission's maximum exposure to credit risk at the balance sheet date is as follows:

	Fully performing	Past due	Impaired	Total
As at 30 th June 2016	KES	KES	KES	KES
Receivables from non-exchange transactions	17,046,878	-	-	17,046,878
Government securities	-	-	-	-
Bank balances	182,324,948	-	-	182,324,948
	199,371,826			199,371,826

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As at 30 th June 2015	Fully performing	Past due	Impaired	Total
	KES	KES	KES	KES
Receivables from non-exchange transactions	38,663,724	-	-	38,663,724
Government securities	55,049,356	-	-	55,049,356
Bank balances	148,667,911	-	-	148,667,911
	242,380,991			242,380,991

All the Commission's receivables are fully performing and are expected to be repaid.

The Government securities are from the Government of Kenya that has no history of default.

Bank balance includes cash in hand and deposits held with banks. Bank balances are not restricted to any use by the client.

b) Market risk management

Interest rate risk

The Commission's interest rate risk arises from investments in short term deposits and Government securities. These are fixed income instruments and would not be significantly affected by fluctuations in interest rates.

Foreign currency risk

Foreign exchange risk would arise where transactions or bank balances are denominated in foreign currency.

The commission does not hold any foreign currency denominated assets or liabilities and hence there is no exposure to foreign currency risk.

Price risk

The Commission does not hold investments that would be subject to price risk; hence this risk is not relevant.

c) Liquidity risk management

Liquidity risk is the risk that the commission will not be able to meet its financial obligations when they fall due. The Commission'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 unacceptable losses or at the risk of damaging reputation.

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The Commission ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted. All liquidity policies and procedures are subject to review and approval by the Commissioners.

The table below provides a contractual maturity analysis of the Commission's financial liabilities:

	1-6 months	06-12 months	Over 1 year	Total
	KES	KES	KES	KES
Trade & other payables from exchange transactions				
Employee benefits Obligation		3,772,542	6,875,476	10,648,018
Audit fees payable	348,000	0	0	348,000
Withheld tax and other statutory deductions	6,487,818	0	0	6,487,818
	6,835,818	3,772,542	6,875,476	17,483,836

33. Operating Lease Commitments

Operating lease commitments represent rentals payable by the Commission for rented office space.

The future minimum lease payments under operating leases are as follows:

	2015-2016	2014-2015
	KES	KES
Not later than one year	33,538,955	24,442,679
Later than 1 year and not later than 5 years	<u>134,324,122</u>	<u>134,324,122</u>
	<u>167,863,077</u>	<u>158,598,499</u>

The commissioners are of the view that future net revenues and funding will be sufficient to cover these commitments.

34. Related Party Transactions

The following transactions were carried out with related parties

Key management compensation

	2015-2016	2014-2015
	KES	KES
Key management compensation		
Salaries to senior Management	67,466,995	50,943,610
Other Allowances	<u>20,673,117</u>	<u>19,456,697</u>
	<u>88,140,111</u>	<u>70,400,307</u>

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Commission remuneration

Name	Monthly Fee & Honoraria	Sitting Allowance	Lunch	Total
Eng. Emma Kiilu	585,000	680,000	10,000	1,275,000
Mr. Kenneth Akide	100,000	100,000	2,000	202,000
Eng. Titus Gitahi	0	740,000	36,000	776,000
Dr. Mary Mwiandi	151,613	206,000	2,000	359,613
Eng. Samwel Maugo	600,000	1,240,000	38,000	1,878,000
Eng. Eric Nyamunga	600,000	1,280,000	46,000	1,926,000
Ms. Dinah Chelal	151,613	240,000	6,000	397,613
National Treasury	600,000	0	0	600,000
Mr. Nixon L. Lenaiyara	448,387	760,000	26,000	1,234,387
Dr. Sellah Kebenei	448,387	960,000	44,000	1,452,387
Mr. Peter Njenga Mwangi	448,387	1,120,000	38,000	1,606,387
Mr. Joshua Oigara	448,709	220,000	12,000	680,709
Total	4,582,096	7,546,000	260,000	12,388,096

Grants from GOK

	2015-2016	2014-2015
	KES	KES
Recurrent grant	46,009,600	62,710,176

