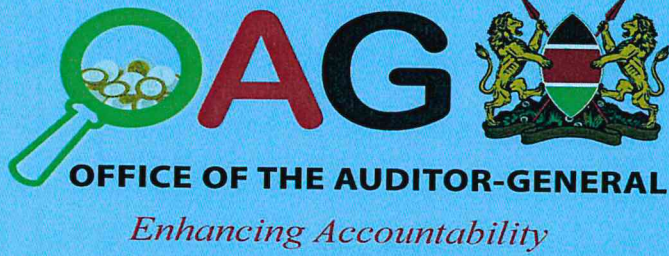



REPUBLIC OF KENYA



REPORT

OF

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 17 AUG 2021 Tuesday	
TABLED BY:	WOM Hon. Annas Kimunya
CLERK-AT THE-TABLE:	Moses Lemuna

ON

AUCTIONEERS LICENSING BOARD

FOR THE YEAR ENDED
30 JUNE, 2019



AUCTIONEERS LICENSING BOARD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING

JUNE 30 2019

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



Auctioneers Licensing Board
Annual Report and Financial Statements for The Financial Year Ending June 30, 2019

Table of Contents

	Page
KEY ENTITY INFORMATION AND MANAGEMENT	iii
(a) Background information	iii
(b) Principal Activities	iii
(c) Key Management	iii
(d) Fiduciary Management	iv
(e) Fiduciary Oversight Arrangements	iv
(f) Auctioneers Licensing Board Headquarters	v
(g) Auctioneers Licensing Board Contacts	v
(h) Auctioneers Licensing Board Bankers	v
(i) Independent Auditors	v
(j) Principal Legal Adviser	v
THE BOARD MEMBERS	vi
MANAGEMENT TEAM	xi
REPORT OF THE CHIEF EXECUTIVE OFFICER/BOARD SECRETARY	xiv
CORPORATE GOVERNANCE STATEMENT	xv
MANAGEMENT DISCUSSION AND ANALYSIS	xvii
REVENUE AND EXPENDITURE.....	xviii
REPORT OF THE DIRECTORS	xix
STATEMENT OF DIRECTORS' RESPONSIBILITIES	xxi
REPORT OF THE INDEPENDENT AUDITORS ON THE AUCTIONEERS LICENSING BOARD	xxii
I. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019	1
II. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019	2
III. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 TH JUNE 2019	3
IV. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019	4
V. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2019.....	5
NOTES TO THE FINANCIAL STATEMENTS.....	6
APPENDIX I: INTER-ENTITY TRANSFERS.....	19
APPENDIX II: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES	20



Auctioneers Licensing Board
Annual Report and Financial Statements for The Financial Year Ending June 30, 2019

KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Auctioneers Licensing Board is established under Section 3(1) of the Auctioneers Act Cap 1996 of the Laws of Kenya. The Auctioneers Licensing Board is domiciled in Kenya and has only one officer in Nairobi County. The object and purpose for which the Board is established are to exercise general supervision and control over the business and practice of Auctioneers. Executive Order 1 of 2018 placed the Auctioneers Licensing Board under the Office of the Attorney General (OAG) effective financial year 2018/2019.

(b) Principal Activities

The specific functions of the Board as stipulated under Section 4(2) of the Act.

- (1) The object and purpose for which the Board is established are to exercise general supervision and control over the business and practice of auctioneers.
- (2) Without prejudice to the generality of subsection (1) the Board shall—
 - (a) License and regulate the business and practice of auctioneers;
 - (b) Supervise and discipline licensed auctioneers;
 - (c) Develop and facilitate adequate training programs for licensed auctioneers;
 - (d) Conduct routine inspections and visits of auctioneer's premises;
 - (e) Set maintain and continuously improve the standards of learning professional competence and professional conduct for the provision of auctioneering services in Kenya;
 - (f) Determine maintain and enhance the standards of professional practice and ethical conduct and learning for the auctioneering profession in Kenya.

(c) Key Management

The *Auctioneers Licensing Board's* day-to-day management is under the following key organs:

- Board of Directors/ Council/ Management etc.;



Auctioneers Licensing Board

Annual Report and Financial Statements for The Financial Year Ending June 30, 2019

- Accounting Officer and the Board's Secretary and
- Management

(d) Fiduciary Management

Name of the Staff	Responsibility
Hon. Peter Gesora	Chairman
Hon. Kenneth Cheruiyot	CEO/ Secretary
John Mutugi / Tessah Nkatha	HR and Administration

The board draws its secretariat from the Judiciary. They include 2 secretaries 1 Executive officer 1 accountant 1 clerk and 1 messenger. Salaries and all other employment benefits are paid from the Judiciary. Mr. Mutungi retired within the service and his duties are being taken care of by Ms. Tessah Nkatha. One of the secretaries was recalled by the Judiciary and transferred to Ruiru Law Courts a new court that was recently opened. The Board, therefore, has a total of four (4) staff who represent the Secretariat.

(e) Fiduciary Oversight Arrangements

Name of the Committee	Members
Finance and Audit Committee	None- Finance procurement and audit committee are under The Office of the Attorney General.
Governance and Ethics Committee	None
Any other Committee	None



Auctioneers Licensing Board
Annual Report and Financial Statements for The Financial Year Ending June 30, 2019

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(f) Auctioneers Licensing Board Headquarters
P.O. BOX 30041-00100
Re-Insurance Plaza 4th Floor
TAIFA /Road/Highway
Nairobi KENYA.

(g) Auctioneers Licensing Board Contacts
Telephone: :(254) 725492786/020-2716504/2/3
E-mail: auctioneerslicensingboard@yahoo.com

(h) Auctioneers Licensing Board Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. BOX 60000
City Square 00200
Nairobi Kenya
2. Kenya Commercial Bank
Kencom Hse
P. O. Bo00 48400-00100 GPO
Nairobi

(i) Independent Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers University Way
P.O. Bo00 30084
GOP 00100
Nairobi Kenya

(j) Principal Legal Adviser

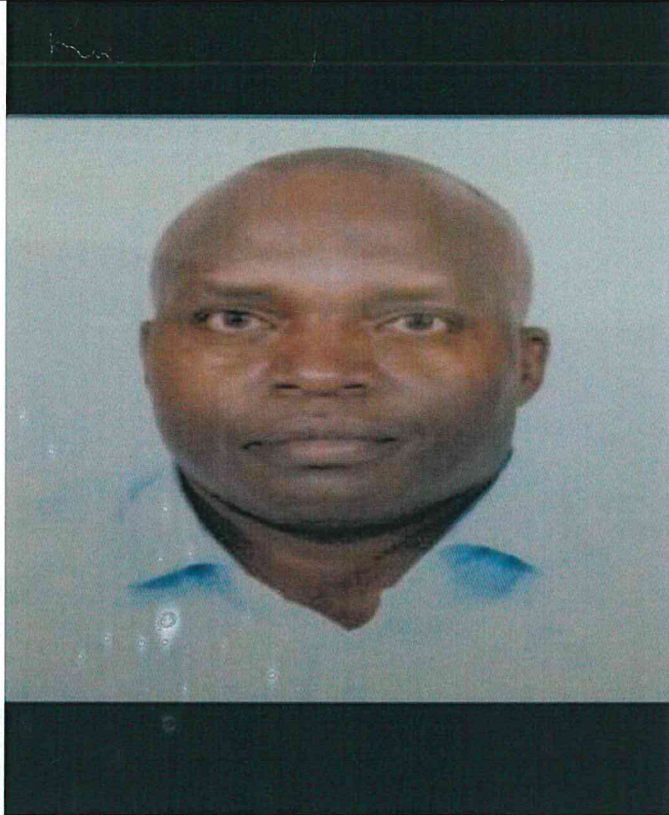
The Attorney General
State Law Office
Harambee Avenue
P.O. Bo00 40112
City Square 00200
Nairobi Kenya



Auctioneers Licensing Board

Annual Report and Financial Statements for The Financial Year Ending June 30, 2019

THE BOARD MEMBERS



Hon. Peter Gesora
Chairman Auctioneers Licensing Board

Peter Ngare Gesora is the current Chairman of the Auctioneers Licencing Board. He is also the Chief Magistrate at Milimani Commercial Court. He is a holder of a degree in law and a diploma from the Kenya School of Law.

Mr. Gesora joined the Judiciary in the year 2001 as a District Magistrate II (Prof). He then rose the rank to his current position.

He has served in various stations namely Thika Muranga Kangema Tawa Chuka Machakos and Naivasha. He brings on board vast experience to the Board. He has also served as a special magistrate in children cases anti-corruption cases and probate and administration cases.

He has attended many training seminars which have gone a long way to improve his skills. He has served the Judiciary in various technical committees.

IN EXERCISE of the powers conferred by section 3 (1) (a) of the Auctioneers Act the Chief Justice appointed him as Chairperson of the Auctioneers Board with effect from the 8th June 2017 for a term of three (3) years via gazette notice NO. 5740 Dated the 12th of June 2017.



Hon. Kenneth Cheruiyot
Secretary

Kenneth Cheruiyot is the Secretary at the Auctioneers Licencing Board. He is a Principal Magistrate at Milimani Criminal Magistrates' Court. He holds a degree in law and a diploma from the Kenya School of Law.

Mr. Cheruiyot joined the Judiciary in the year 2008 as a Resident Magistrate. He then rose through the ranks to his current position.

He served in Nyeri and Kerugoya as a magistrate and as Deputy Registrar in the High Court at Nyeri and Kerugoya and as Deputy Registrar in the Court of Appeal at Nyeri.

He has also served as a Judge Advocate in the Court Martial of the Kenya Defence Forces and as a special magistrate in children cases anti-corruption cases and probate and administration cases.



IN EXERCISE of the powers conferred by section 7 (1) and 3 (1) (g) of the Auctioneers Act the Chief Justice appointed him

to be a secretary of the Auctioneers Licensing Board for a period of three (3) years effective from 9th October 2017



Auctioneers Licensing Board

Annual Report and Financial Statements for The Financial Year Ending June 30, 2019

	<p>via GAZETTE NOTICE NO. 10382 dated the 16th October 2017</p>
 <p>Hon. Theresa Muriigi Member</p>	<p>Hon. Theresa Muriigi is the Chief Magistrate Thika Law Courts. She holds a degree in law and a diploma from the Kenya School of Law.</p> <p>M/s Muriigi joined the Judiciary as a District Magistrate II (Prof) and has risen through the ranks to her current position.</p> <p>M/s Muriigi brings on board vast experience to the Board. She has served in various stations. Before her current station, she served as the chief magistrate at Nairobi City Court.</p> <p>She has also served as a Judge Advocate in the Court Martial of the Kenya Defence Forces and as a special magistrate in children cases anti-corruption cases and probate and administration cases.</p> <p>Under section 3 of the Auctioneers Act, the Chief Justice appointed her as members of the Auctioneers Board with effect from 8th June 2017 for a term of three (3) years via Gazette notice no.5739 dated the 12th June 2017.</p>
 <p>Mr. D. J. Kasina Member</p>	<p>Mr. Dan Kasina is the Law Society of Kenya representative in the Board. He holds a degree in law and a diploma from the Kenya School of Law.</p> <p>He is the Sole Proprietor of Kasina & Associates Mr. Kasina. He has also been a Senior Associate in Musyoka Annan & Company Advocates a Legal Assistant at A.M. Mulekyo & Company Advocates</p> <p>He is a Member of the Law Society of Kenya Member Auctioneer's Licensing Board since March 2016 to date and a Member of Kenya Law Students Association (Nagpur chapter) and a Member of the university's moot court society. His term came to an end within the 3rd Quarter.</p>



Auctioneers Licensing Board

Annual Report and Financial Statements for The Financial Year Ending June 30, 2019



Catherine Nadida

Member

Ms. Nadida was appointed as the Head of Legal and Industrial Relations for the KBA in 2014.

She is responsible for the strategic deliverables in human resources legal and industrial relations for the banking industry in addition to in house services of HR and legal for the Secretariat. She also leads the Human Resources and Ethics Committee and the Legal Affairs and Compliance Committee of the KBA. Besides

She offers the secretarial functions of the Governing Council and the General Body meetings. She has more than 13 years of combined experience in human resources and legal services in the private sector.

She is a representative of the Kenya Bankers Association on the Board. She also exited the board her term has come to an end.

IN EXERCISE of the powers conferred by section 3 of the Auctioneers Act the Chief Justice appointed her as members of the Auctioneers Board with effect from 8th June 2017 for a term of three (3) years via Gazette notice no.5739 dated the 12th June 2017.



Belinda Kamar

Member

She is an advocate of the High court of Kenya with over 10 years' experience currently working with the Kounah & Company Advocates

IN EXERCISE of the powers conferred by section 3 of the Auctioneers Act the Chief Justice appointed her as members of the Auctioneers Board with effect from 6th December 2017 for a term of three (3) years via Gazette notice no.11934 dated the 7th December 2017.



Mr. Felix Apollo Owuor
Member

He was appointed as a Board member of the Auctioneers Licensing Board on the 15th March 2013.




He is currently the director of Victoria Blue Auctioneers Services Harmony Insurance Brokers Ltd Cranes Tours and Travels Ltd and the National Chairman of the National Association of Kenya Auctioneers.

He represents auctioneer's associations in the Board however his term ended by the close of Quarter three of financial year 2018/2019.



Auctioneers Licensing Board

Annual Report and Financial Statements for The Financial Year Ending June 30, 2019

 <p>Ms. M. Anindo Member</p>	<p>Ms. Margaret Anindo She was appointed as a Board member of the Auctioneers Licensing Board on the 15th March 2013. She has been an Auctioneer for over 20 years. Currently, she is a Senior Partner at Igare Auctioneers.</p> <p>Currently, M/s Anindo is the Vice National Chairman of the National Association of Kenya Auctioneers. She is the Patron of the Ladies Auctioneers Welfare Kenya and the Uplift Women Centre Kenya. She is also the Patron of Rift Valley Auctioneers Chapter. She represents auctioneer's associations on the Board. Her term has since then ended and its yet to be renewed.</p>
 <p>Mr. D. M. King'oti Member</p>	<p>Mr. Matei Kingoti was appointed as a Board member since 15th March 2014. He has been the Principal Proprietor of Machete Investment (Auctioneers) since 2003. He is currently the National Chairman for Kenya Society for Profession Auctioneers (KENSAP). He represents auctioneer's associations on the Board.</p>
 <p>Ms. G. K. Mutisya Member</p>	<p>Ms. Gladys Mutisya was appointed as a member of the Board on 1st March 2016 by the National Association of Kenya Auctioneers. She is the proprietor of Trophy Auctioneers which is based in the coast region. Her term was further renewed with effect from 20th March 2019 for 3 years via Gazette Notice no. 3038 of 21st March 2019.</p> <p>She represents Auctioneer's associations on the Board.</p>



Auctioneers Licensing Board

Annual Report and Financial Statements for The Financial Year Ending June 30, 2019



Judy Kirichu
Member

She holds a Bachelor of Laws (LLB) degree from the University of South Africa (UNISA) and a Diploma from Kenya School of Law. In 2011 she was admitted to the Roll of Advocates of the High Court of Kenya.

Since the year 2010 to date, she has been working as a Legal Officer in the Ministry of Interior and Coordination of National Government.

She represents the Principal Secretary for the Ministry of Interior and Coordination of National Government in the Board.



Herman Kasili
Member

Revered Herman Kasili is 46 years old. He holds a degree in theology and a diploma in sales and marketing as well as journalism.

Apart from chairing Bungoma Kenya National Chambers of Commerce & Industry (KNCCI) chapter Revered Kasili has served in the national office as director in charge of human resource and administration. He represents the Chamber of Commerce and Industry in the Board.

He currently a member of the County Budget and Economic Forum in Bungoma County. Previously he was a member of the Nzoia Water Service Board among other boards and community empowerment projects.

Revered Kasili represents KNCCI on the Board.

IN EXERCISE of the powers conferred by section 7 (1) and 3 (1) (g) of the Auctioneers Act the Chief Justice appointed him

to be a member of the Auctioneers Licensing Board for a period of three (3) years effective from 9th October 2017 via GAZETTE NOTICE NO. 10382 dated the 16th October 2017



Eric Theuri
Member

He joined the Board with effect from 20th March 2019 for 3 years via Gazette Notice no. 3038 of 21st March 2019.

He is an advocate of the High court of Kenya with over 10 years' experience. He practices law in the style of Makallah Theuri & co. Advocates.



Auctioneers Licensing Board

Annual Report and Financial Statements for The Financial Year Ending June 30, 2019



Raimond Saya Molenje

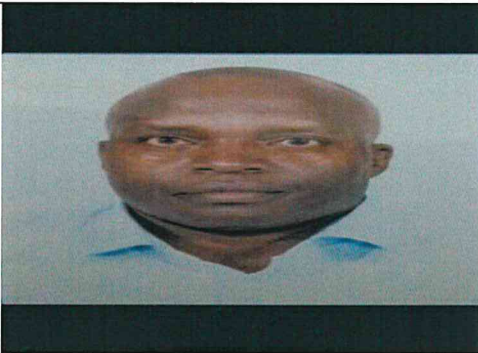
Member

He is an advocate of the High court of Kenya with over 10 years' experience currently working with the Kenya Bankers Association.

Raimond is Legal and Human Resources Advisory Expertise in Legal Human Capital organization & development; Employee Relations business advisory & regulatory matters; staff training and development.

He joined the Board with effect from 20th March 2019 for 3 years via Gazette Notice no. 3038 of 21st March 2019.

MANAGEMENT TEAM



Hon. Peter Gesora
Chairman

Chief Magistrate at Milimani Commercial Court. He is a holder of a degree in law and a diploma from the Kenya School of Law.

Mr. Gesora joined the Judiciary in the year 2001 as a District Magistrate II (Prof).

He's the AIE holder of the Board and responsible for all financial matters of the Board.



Hon. Kenneth Cheruiyot

Board's Secretary

Kenneth Cheruiyot is the Secretary at the Auctioneers Licencing Board. He is a Principal Magistrate at Milimani Criminal Magistrates' Court. He holds a degree in law and a diploma from the Kenya School of Law. His role as a secretary to the Board is as per section 3 of the Auctioneers Act.

He is an alternate signatory to the Board's Bank account.



Auctioneers Licensing Board

Annual Report and Financial Statements for The Financial Year Ending June 30, 2019

CHAIRMAN'S STATEMENT

The Auctioneers Licensing Board (hereinafter referred to as the Board) is a creature of statute established by the Auctioneers Act no.5 of 1996 as a body corporate. The object and purpose for which the Board is established are to exercise general supervision and control over the business and practice of auctioneers.

The Board is composed of the following members;

- i. Chairman a person qualified to be a judge of the High Court or Court of Appeal.
- ii. Two Advocates representing the Law Society of Kenya.
- iii. A Chief magistrate
- iv. A representative of the Permanent Secretary in the Office of the President for the time being responsible for matters relating to National Security.
- v. Four auctioneers of not less than five years' standing.
- vi. A representative of the National Chamber of Commerce and Industry.
- vii. A representative of the Kenya Bankers Association.

The functions of the Board are as follows;

- i. License and regulate the business and practice of auctioneers.
- ii. Supervise and discipline licensed auctioneers.
- iii. Develop and facilitate adequate training programs for licensed auctioneers.
- iv. Conduct routine inspections and visits to auctioneer's premises.
- v. Set maintain and continuously improve the standards of learning professional competence and professional conduct for the provision of auctioneering services in Kenya.
- vi. Determine maintain and enhance the standards of professional practice and ethical conduct and learning for the auctioneering profession in Kenya.

KEY ACTIVITIES

In fulfilling its mandate the Board carries out key activities that include;- conducting disciplinary hearings on matters touching on the conduct of auctioneers; setting and administering and marking entry examinations for auctioneers; licensing the auctioneers to carry out business within the Republic of Kenya; conducting inspections of the auctioneers offices and yards within the country; facilitating workshops and trainings for the auctioneers within their regions which are divided into four namely; Nairobi Mount Kenya and Lower Eastern; Coast; Rift valley and Nyanza and Western.

SUCSESSES

In my tenure as the Chairman Board has improved service delivery to its members in the following ways.

- i. Hearing dates. The Board has been issuing hearing and mention dates while in session. This has streamlined the hearing and conclusion of cases before the Board.
- ii. Compliance culture. The Board carried out countrywide inspections and noted that most of the auctioneers are complying with standards set by the Board.
- iii. Licensing. The Board has ensured that most of the applications received are processed within 30 days to ensure that all auctioneers are licensed on time.
- iv. Email. The Board has started using email communication to send notices to the parties. In the past, the Board only used snail mail that either was not received on time or not received at all.

CHALLENGES

Office space

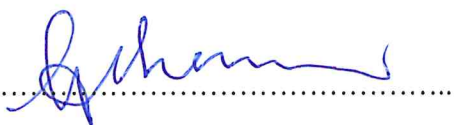
Office space is a challenge in two ways first in 2018 the Board vide an executive order number 1 of 2018 was moved from being a Board under the Judiciary to the Office of the Attorney General. The offices in which house the Board belongs to the Judiciary. The judiciary gave the Board notice to move out as they need to occupy the space.

Secondly, the Board which sits monthly to conduct disciplinary hearings uses the judiciary board room. This has become a challenge in the past few months as there have been competing meetings sometimes forcing the Board to conclude meetings prematurely. It has resulted in compromising the Board's work.

WAY FORWARD AND FUTURE OUTLOOK OF THE BOARD

In the light of the above the Board in catching up with technology and streamlining training licensing and disciplinary processes is planning to undertake two major projects;

- i. Curriculum development. The Board is in discussions with Kabete Training Institute to support the development of a curriculum for auctioneers training. This is mainly to help streamline the practice and enhance knowledge considering that this is a purely apprentice trade. This will also help the board to have a proper training framework for future auctioneers.
- ii. Automation of the licensing process. The Board would like to automate the licensing process. This will go a long way in supporting the licensing and disciplinary functions. On transparency, it will help the members of the public at the click of a button to know the status of and auctioneer jurisdiction and registered office.



Hon. Peter N. Gesora (Mr.)
Chief Magistrate
Chairman Auctioneers Licensing Board.



Auctioneers Licensing Board
Annual Report and Financial Statements for The Financial Year Ending June 30, 2019

REPORT OF THE CHIEF EXECUTIVE OFFICER/BOARD SECRETARY

The Auctioneer Licensing Board is established under the Auctioneers Act to license and regulate the business and practice of auctioneers. Section 3(1) of the Act provides that the Board shall consist of the following as members: -

- a. One person qualified for appointment as a Judge of the High Court or the Court of Appeal who shall be chairman;
- b. The Permanent Secretary in the Office of the President for the time being responsible for matters relating to security;
- c. One Chief Magistrate;
- d. Two advocates of not less than 10 years standing nominated by the council of the Law Society;
- e. Four auctioneers of not less than 5 years standing nominated by the Auctioneers Association;
- f. One person nominated by the Kenya Bankers Association; and
- g. The Secretary to the Board.

The Chief Justice makes all appointments to the Board in the Kenya Gazette. The following are the current members;

1. Hon. Peter Gesora
2. Hon. Theresia Wairimu Mwirigi
3. Mr. Dan Joshua Kasina
4. Ms. Belinda Kamar
5. Mr. Dickson Matei
6. Ms. Gladys Mutisya
7. Mr. Eric Njeru Theuri
8. Mr. Raymon Molenje
9. Ms. Judy Kirichu
10. Rev. Herman Kasili
11. Hon Kenneth Cheruiyot

Two of the Auctioneers representatives in the Board namely Mr. Felix Awour and Ms. Margaret Anindo served their second and final terms until the 26th of January 2019. The Auctioneer's Association which is their nominating body has forwarded their replacements to the Honourable the Chief Justice for approval and appointment in the Kenya Gazette.

Hon. Kenneth Cheruiyot
Secretary to the Board

Auctioneers Licensing Board



Auctioneers Licensing Board
Annual Report and Financial Statements for The Financial Year Ending June 30, 2019

CORPORATE GOVERNANCE STATEMENT

The year 2018/2019 began with the transfer of the affairs and functions of the Auctioneers Licensing Board from the Judiciary to the Office of the Attorney General and Department of Justice by Executive Order No. 1 of June 2018.

During the period as a seamless change was taking place the Board trained its energies and resources on delivering on its mandate; to exercise general supervision and control over the business and practice of auctioneers.

As its name suggests one of the key functions of the Auctioneers Licensing Board is to license and regulate the business and practice of auctioneers. The Board examined and licensed over one hundred and fifty (150) new applicants for auctioneer's license conducted three hundred and twenty-nine (329) applications for renewal of licenses and enhanced forty-five (45) class A license holder to class B.

As part of the board's role to supervise and discipline licensed auctioneers Board Seventy-two (72) disciplinary cases were registered out of which 68 cases were heard and determined. Eighteen (18) of these cases were solved through alternative dispute resolution whereas Four (4) cases remained pending.

The Board is also tasked with ensuring routine inspections and visits of auctioneer's premises and storage yards to ensure that properties belonging to clients and third parties are safeguarded. Inspection of auctioneers' premises and storage yards could only be done to the extent the funds available could allow. Though not all auctioneers were reached many were visited. Currently and harmonization of the report of the Board's finding is ongoing.

As part of its mandate to develop and facilitate adequate training programs for licensed auctioneers the Board conducted 10 workshops and training seminars facilitated by eminent Judges public officers scholars and practitioners in a variety of relevant subjects.

Also to set maintain and continuously improve the standards of learning professional competence and professional conduct for the provision of auctioneering services in Kenya the Board has been receiving and evaluating various offers for a partnership to develop a suitable curriculum for training and eventual certification of auctioneers in Kenya.

First among these is Kabete National Polytechnic which has so far engaged the Board industry players and stakeholders to develop a curriculum that is now undergoing the validation process guided by relevant experts.

According to the Act the expenses of the Board shall be defrayed out of monies provided by Parliament for that purpose. The Board, as usual, has expended monies entrusted to it prudently under public finance laws policies and guidelines. All fees, fine and other monies received by the Board continued to be paid into the Consolidated Fund during the year.

The Board has continued to keep a register of licensed auctioneers as required under the law that is reliable authentic and verifiable and a record of pending and concluded disciplinary cases against auctioneers. Public and private institutions and individuals continue to be provided with information on licensed auctioneers from this record.



Auctioneers Licensing Board
Annual Report and Financial Statements for The Financial Year Ending June 30, 2019

At the close of the financial year, the Board had albeit with the challenges of inadequate funds lack of office accommodation and staff faithfully kept and maintained an open transparent and predictable schedule of activities to score success.

A handwritten signature in blue ink, appearing to read 'Kenneth Cheruiyot', written over a dotted line.

Hon. Kenneth Cheruiyot

Secretary to the Board

Auctioneers Licensing Board



Auctioneers Licensing Board
Annual Report and Financial Statements for The Financial Year Ending June 30, 2019

MANAGEMENT DISCUSSION AND ANALYSIS

1. SITTINGS & Training

- i. Board sittings Calendar for August-December 2018
- ii. Training Workshops calendar for August -December 2018
- iii. The inspection was done in Mombasa and its environments North rift Nairobi and Nyanza /Western regions towards the end of the Financial year.

2. LICENSING

a]	Number of applications for renewal both Class 'A' and 'B'	-	311
b]	Total number of new applications for Class 'A' license	-	66
c]	Total number of new applicants who passed written examinations and invited	-	14
d]	Number of Auctioneers who passed written examination for oral interview and invited	-	9
e]	Total number of licensed Auctioneers both Class 'A' and 'B'	-	387

3. DISCIPLINARY MATTERS

Status of disciplinary cases

a]	Cases brought forward from previous years	-	72
b]	Resolved cases 2016/2017	-	69
c]	Total cases pending	-	123
d]	Backlog (i.e. any case over one-year-old)	-	72
e]	Number of disqualified Auctioneers	-	2
f]	Number of suspended Auctioneers	-	5

4. CONSTRAINTS/CHALLENGES

(I) Office Space

The Board Secretariat was initially housed on the fourth floor of the Milimani Commercial Courts. It moved out to pave way for the Employment Labour and Relations Court and occupied two rooms. Later it moved out to pave way for Judges and occupied one room at Milimani Law Courts 1st Floor which we considered inadequate. It then moved out from the Milimani Law Courts to the Podium Floor of the Re-Insurance Plaza where it was housed temporarily awaiting to move out of the same floor to pave way for the Judicial Service Commission. Currently, the Board Secretariat is housed at the Re-Insurance Plaza 4th Floor still temporarily.

(ii) Lack of motor – vehicle

One of the key functions of the Board under the Act is to regulate and supervise the business and practice of Auctioneers. The Board endeavors to achieve this through inspection visits at the offices of individual Auctioneers which are spread throughout the country. The Board, however, has no motor – vehicle/van at its disposal to enable it to carry out the above mandate. It relies on the availability of the Judiciary van which also serves other sectors of the Institution.

It is recommended that the Board be assigned a motor – vehicle for ease of planning and implementing its programs.

(iii) Inadequate Funding

Over the years we have always received allocation less than our budget estimates which have forced the Board to cut down its activities. The Board has not been able to completely fund training Workshops Retreats carry out inspections for Auctioneers. It cannot even cater to Secretarial retreats team buildings or any other activity.



Auctioneers Licensing Board
Annual Report and Financial Statements for The Financial Year Ending June 30, 2019

SECTION B

Auctioneers Licensing Board's compliance with statutory requirements

Auctioneers Licensing Board has to a great extent of complied with under Section 83 of the PFM Act. The board has endeavoured to implement all internal and external audit recommendations. No contingent liabilities have arisen as a result of this. This has shielded the Auctioneers Licensing Board from potential risks in the cause of its operations.

SECTION C

Key projects and investment decisions the Auctioneers Licensing Board is planning/implementing

Auctioneers Licensing Board has no projects or did not implement any capital project as of 30 June 2019

SECTION D

Major risks facing the Auctioneers Licensing Board

Lack of enough funding may result in the non-implementation of the entity's main activities.

SECTION E

REVENUE AND EXPENDITURE

The expenses of the Board shall be defrayed out of amounts of money provided by Parliament for that purpose. All fees and other amounts of money received by the Board shall be paid into the Consolidated Fund. In this case, the ALB fees and fines are paid to the consolidated funds and accounted for by the Milimani Commercial Courts through the Chief Registrar of the Judiciary (CRJ).



Auctioneers Licensing Board
Annual Report and Financial Statements for The Financial Year Ending June 30, 2019

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2019, which show the state of the *Auctioneers Licensing Board's* affairs.

Principal activities

The principal activities of the Board are stipulated under Section 4(2) of the Act. The object and purpose for which the Board is established are to exercise general supervision and control over the business and practice of auctioneers. Without prejudice to the generality of subsection (1) the Board shall—

- (a) License and regulate the business and practice of auctioneers;
- (b) Supervise and discipline licensed auctioneers;
- (c) Develop and facilitate adequate training programs for licensed auctioneers;
- (d) Conduct routine inspections and visits of auctioneer's premises;
- (e) Set maintain and continuously improve the standards of learning professional competence and professional conduct for the provision of auctioneering services in Kenya;
- (f) Determine maintain and enhance the standards of professional practice and ethical conduct and learning for the auctioneering profession in Kenya.

Results

The results of the Auctioneers Licensing Board for the year ended June 30, 2019, are set out on page 17

Directors

The members of the Board of Directors who served during the year are shown on the page (5) to (9). During the year 2018/2019 three (3) directors retired/ resigned and 2 was appointed with effect from April 2019.

Dividends/Surplus remission

Under Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The Auctioneers Licensing Board did not make any surplus during the year (FY 2018 /2019) and hence no remittance to the Consolidated Fund.



Auctioneers Licensing Board
Annual Report and Financial Statements for The Financial Year Ending June 30, 2019

Auditors

The Auditor-General is responsible for the statutory audit of the *Auctioneers Licensing Board* under Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year/period ended June 30, 2019

By Order of the Board

A handwritten signature in blue ink, appearing to read 'Kenneth Cheruiyot', written over a dotted line.

Kenneth Cheruiyot
Board's Secretary
Nairobi

Date: 14th February 2020



Auctioneers Licensing Board
Annual Report and Financial Statements for The Financial Year Ending June 30, 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act 2012 require the Directors to prepare financial statements in respect of that *Auctioneers Licensing Board* which give a true and fair view of the state of affairs of the *Auctioneers Licensing Board* at the end of the financial year/period and the operating results of the *Auctioneers Licensing Board* for that year/period. The Directors are also required to ensure that the *Auctioneers Licensing Board* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *Auctioneers Licensing Board*. The Directors are also responsible for safeguarding the assets of the *Auctioneers Licensing Board*.

The Directors are responsible for the preparation and presentation of the *Auctioneers Licensing Board's* financial statements which give a true and fair view of the state of affairs of the *Auctioneers Licensing Board* for and as at the end of the financial year (period) ended on June 30, 2019. 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 Auctioneers Licensing Board; (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 *Auctioneers Licensing Board*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the *Auctioneers Licensing Board's* financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with International Public Sector Accounting Standards (IPSAS) and the manner required by the PFM Act 2012 and the Auctioneers Act Cap 1996. The Directors believe that the *Auctioneers Licensing Board's* financial statements give a true and fair view of the state of *Auctioneers Licensing Board's* transactions during the financial year ended June 30, 2019, and of the *Auctioneers Licensing Board's* financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the *Auctioneers Licensing Board* which have been relied upon in the preparation of the *Auctioneers Licensing Board's* financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the *Auctioneers Licensing Board* 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 *Auctioneers Licensing Board's* financial statements were approved by the Board on 14th February 2020 and signed on its behalf by:

Chairman

Secretary to the Board



Auctioneers Licensing Board
Annual Report and Financial Statements for The Financial Year Ending June 30, 2019

REPORT OF THE INDEPENDENT AUDITORS ON THE AUCTIONEERS LICENSING BOARD

REPUBLIC OF KENYA

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HEADQUARTERS
Anniversary Towers
Monrovia Street
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON AUCTIONEERS LICENSING BOARD FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Auctioneers Licensing Board set out on pages 1 to 18, which comprise the statement of financial position as at 30 June, 2019, and the statement of financial performance, statement of changes in equity, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects the financial position of Auctioneers Licensing Board as at 30 June, 2019, 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 Auctioneers Act, 1996 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Conference Costs

The statement of financial performance reflects general expenses of Kshs.1,749,221 which, as disclosed in Note 12 to the financial statements, included conference costs totalling to Kshs.400,000 being cost of two three-day workshops held in Kisumu, a three-day workshop in Machakos and a one-day workshop in Kisii. However, attendance registers for the four workshops were not provided for audit verification. In addition, the justification for payment of a flat rate of Kshs. 100,000 for each workshop was not provided given that the Kisii workshop was for one day.

In the circumstances, the accuracy and propriety of the conference costs of Kshs.400,000 could not be confirmed.

2. Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.1,101 being the reconciled cashbook balance for the current account held at Kenya Commercial Bank (KCB). However, the bank reconciliation statement for the account reflected a balance as per bank statement of Kshs.910,352 as at 30 June, 2019. However, Management did not provide the bank balance confirmation certificate in support of the balance of Kshs.910,352 reflected in the bank reconciliation statement.

In the circumstances, the accuracy of the cash and cash equivalents balance of Kshs.1,101 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Auctioneers Licensing Board Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis of Conclusion

Backlog of Cases

As highlighted under the Management Discussion and Analysis section of the annual report at page xvii, the Board had a total of 123 cases pending determination as at 30 June, 2019, out of which 72 were brought forward from 2017/2018 and earlier years. Since these cases involved members of the public, auctioneers and businesses, delay in

resolving the cases may result in economic consequences to the parties involved. Evidence of action taken to clear the backlog of cases was not provided.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Lack of Segregation of Duties

The accounting function had only one staff member managing the finance unit and performing all the duties including vote book control (budget) voucher preparation, examination and authorization, cashbook maintenance and bank reconciliations. This posed a risk of errors and misstatements in the accounting records and was contrary Regulation 23(1)(c) of the Public Finance Management (National Government) Regulation, 2015 which requires an Accounting Officer to maintain effective systems of internal controls and put measures to ensure that they are effective.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Board's ability to continue sustaining services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the Management is aware of the intention to terminate the Board or to cease operations.

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.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Board's financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit

the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

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

-
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities of the Board to express an opinion on the financial statements.
 - Perform such other procedures as I consider necessary in the circumstances.

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

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



Nancy Gathungu
AUDITOR-GENERAL

Nairobi

22 July, 2021



Auctioneers Licensing Board
Annual Report and Financial Statements for The Financial Year Ending June 30, 2019

**I. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30
JUNE 2019**

	Notes	2018-2019
		Kshs
Revenue from non-exchange transactions		
Transfers from other governments –	9	26,950,000
		26,950,000
Revenue from exchange transactions		
Total revenue		26,950,000
Expenses		
Remuneration for Directors	10	20,119,738
Employee Costs	11	5,080,000
General Expenses	12	1,749,221
Total expenses		26,948,959
Other gains/(losses)		-
Surplus before tax		-
Surplus/(deficit) for the period/year		1,040
Remission to National Treasury		-
Net Surplus for the year 2018/2019		1,040
Balance B/F		61
Surplus for the year C/D		1,101

The notes set out on pages 6 to 20 form an integral part of these Financial Statements



Auctioneers Licensing Board
Annual Report and Financial Statements for The Financial Year Ending June 30, 2019

II. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Notes	2018-2019 Kshs
Assets		
Current assets		1,101
Cash and cash equivalents	13	1,101
Non-current assets		-
Property plant and equipment		-
Total assets		1,101
Liabilities		
Current liabilities		
Trade and other payables from exchange transactions		-
		-
Non-current liabilities		
Non-current employee benefit obligation		-
Total liabilities		-
Net assets		-
Reserves		-
Accumulated surplus		1,101
Capital Fund		-
Total net assets and liabilities		1,101

The Financial Statements set out on pages 1 to 20 were signed on behalf of the Board by:

Secretary to the Board-
Hon. Kenneth Cheruiyot
Dated 14th February 2020

Mr. George Arrum Accountant State Law office ICPAK no. 20487
Dated 14th February 2020

Chairman of the Board- Hon. Peter G. Gesora
Dated 14th February 2020



Auctioneers Licensing Board
Annual Report and Financial Statements for The Financial Year Ending June 30, 2019

**III. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE
2019**

	Note	capital	Revaluation	Surplus	Total
		KSh	KSh	KSh	KSh
At 1st July 2018		-	-	61	61
Profit/(loss) for the year		-	-	1,040	1,040
Revaluation		-	-	-	-
At 30th June 2019		-	-	<u>1,101</u>	<u>1,101</u>



Auctioneers Licensing Board
Annual Report and Financial Statements for The Financial Year Ending June 30, 2019

IV. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

**AUCTIONEERS LICENSING BOARD
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019**

	2018/2019
Cash flows from operating activities	Ksh
Profit / (Loss) before taxation	1,040
<i>Adjustments for:</i>	
Interest paid	-
Net cash from operating activities	1,040
Cash flows from investing activities	
Business acquisitions net of cash acquired	-
Purchase of property plant and equipment	-
Purchase of intangible assets	-
Proceeds from the sale of equipment	-
Proceeds from the sale of intangibles	-
Acquisition of investments	-
Investment income	-
Net cash used in investing activities	-
Cash flows from financing activities	
Proceeds from issue of share capital	-
Net cash used in financing activities	-
Net increase in cash and cash equivalents	1,040
Cash and cash equivalents at beginning of period 1st July 2018	61
Cash and cash equivalents at end of period 30th June 2019	1,101



Auctioneers Licensing Board
Annual Report and Financial Statements for The Financial Year Ending June 30, 2019

V. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2019

	Original budget 2018/2019	Adjustments 2018/2019	Final budget 2018/2019	Actual on comparable basis 2018/2019	Performance difference 2018/2019
	2018-2019	2018-2019	2018-2019	2018-2019	2018-2019
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs
Government grants and subsidies	27,500,000	(550,000)	26,950,000	26,950,000	-
Total income	27,500,000	(550,000)	26,950,000	26,950,000	-
Expenses					
Remuneration for Directors	20,530,345	(412,500)	20,117,845	20,119,738	(1,893)
Employee Costs	5,182,155	(101,750)	5,080,405	5,080,000	404
General Expenses	1,787,500	(35,750)	1,751,750	1,749,221	2,529
Total expenditure	27,500,000	(550,000)	26,950,000	26,948,959	1,040
Surplus for the period	-	-	-	1,041	(1,040)

Budget notes

During the second quarter of the year 2018/19, there was a budget cut and the Auctioneers Licensing Board's budget was reduced by ksh. 550,000/-



Auctioneers Licensing Board

Annual Report and Financial Statements for The Financial Year Ending June 30, 2019

NOTES TO THE FINANCIAL STATEMENTS

1) GENERAL INFORMATION

Auctioneers Licensing Board is established by and derives its authority and accountability under Section 3(1) of the Auctioneers Act Cap 1996 of the Laws of Kenya. The Auctioneers Licensing Board is wholly owned by the Government of Kenya and is domiciled in Kenya. The Auctioneers Licensing Board's principal activity is to exercise general supervision and control over the business and practice of Auctioneers.

2) STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis. The preparation of financial statements conforms with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the *Auctioneers Licensing Board's* accounting policies. The areas involving a higher degree of judgment or complexity or where assumptions and estimates are significant to the financial statements are disclosed in Note 1 to 19.

The financial statements have been prepared and presented in Kenya Shillings which is the functional and reporting currency of the *Auctioneers Licensing Board*.

The financial statements have been prepared under the PFM Act the Auctioneers Act Cap 1996 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3) ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2019

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.

Standard	Effective date and impact:
IPSAS 41: Financial	Applicable: 1st July 2018:



Auctioneers Licensing Board

Annual Report and Financial Statements for The Financial Year Ending June 30, 2019

Instruments	<p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the timing and uncertainty of the amount of an Auctioneers Licensing Board's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29 by:</p> <ul style="list-style-type: none">• Applying a single classification and measurement model for financial assets that consider the characteristics of the asset's cash flows and the objective for which the asset is held;• Applying a single forward-looking expected credit loss model that applies to all financial instruments subject to impairment testing; and• Applying an improved hedge accounting model that broadens the hedging arrangements in the scope of the guidance. The model develops a strong link between an Auctioneers Licensing Board's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	<p>Applicable: 1st July 2018</p> <p>The objective of this Standard is to improve the relevance of faithful representativeness and comparability of the information that a reporting Auctioneers Licensing Board provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ul style="list-style-type: none">(a) The nature of such social benefits provided by the Auctioneers Licensing Board;(b) The key features of the operation of those social benefit schemes; and(c) The impact of such social benefits provided on the Auctioneers Licensing Board's financial performance financial position and cash flows.



Auctioneers Licensing Board

Annual Report and Financial Statements for The Financial Year Ending June 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2019

iii. Early adoption of standards

The Auctioneers Licensing Board did not early – adopt any new or amended standards in the year 2019.



Auctioneers Licensing Board

Annual Report and Financial Statements for The Financial Year Ending June 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions IPSAS 23

Fees taxes and fines

The Board recognizes revenues from fees taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. 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 entity 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 entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realized in the statement of comprehensive income over the useful life of the assets that have been acquired using such funds



Auctioneers Licensing Board

Annual Report and Financial Statements for The Financial Year Ending June 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions IPSAS 9

Rendering of services

The Board recognizes revenue from rendering of services by license fees fines on completion of cases and penalties imposed on auctioneers in the process of disciplining when the event occurs or by reference to the stage of completion when the outcome of the transaction can be estimated reliably.

Where the contract outcome cannot be measured reliably revenue is recognized only to the extent that the expenses incurred are recoverable.

Interest income

The Board operates one (1) current bank account with the Kenya Commercial Bank (KCB). The Board does not expect to receive any future cash receipts from the current account.

b) Budget information IPSAS 24

The original budget for FY 2018-2019 was approved by the National Assembly. Subsequent revisions or additional appropriations were made to the approved budget following specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals to conclude the final budget. Accordingly, the Auctioneers Licensing Board recorded additional appropriations on the 2018-2019 budget following the governing body's approval.

The Board's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on an accrual basis using a classification based on the nature of expenses in the statement of financial performance whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts prepared on a comparable basis to the approved budget is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.



Auctioneers Licensing Board

Annual Report and Financial Statements for The Financial Year Ending June 30, 2019

c) Taxes

Sales tax

Expenses and assets are recognized net of the amount of sales tax except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable
- When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from or payable to the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Property plant and equipment IPSA 17

All property plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property plant and equipment are required to be replaced at intervals the entity 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 on the year of acquisition.

The Annual depreciation rates in use are;

Computer Equipment	33.33%
Software	33.33%
Officer Equipment	20.0%
Motor Vehicles	20%
Furniture & Fittings	12.5%

The Board did not have any Property Plant and Equipment category of assets for depreciation purposes since they were taken over from the Judiciary and their value could not be ascertained.



Auctioneers Licensing Board

Annual Report and Financial Statements for The Financial Year Ending June 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Nature and purpose of reserves

The Auctioneers Licensing Board creates and maintains reserves in terms of specific requirements.

f) Changes in accounting policies and estimates

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

g) Employee benefits

Retirement benefit plans

The Auctioneers Licensing Board did not provide retirement benefits for its employees and directors. This is because directors are only entitled to sitting allowances whereas its employees are drawn and paid from the Judiciary.



Auctioneers Licensing Board

Annual Report and Financial Statements for The Financial Year Ending June 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Related parties

The Auctioneers Licensing Board 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 Auctioneers Licensing Board or vice versa. Members of key management are regarded as related parties and comprise the directors of the CEO and senior managers.

i) Cash and cash equivalents

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



Auctioneers Licensing Board

Annual Report and Financial Statements for The Financial Year Ending June 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Comparative figures

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

k) Subsequent events

There have been no events after the financial year-end with a significant impact on the financial statements for the year ended June 30, 2019.

**5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY
IPSAS 1**

The preparation of the Auctioneers Licensing Board'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

i) 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 Auctioneers Licensing Board 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 Auctioneers Licensing Board. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

ii) 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:

- The condition of the asset based on the assessment of experts employed by the Auctioneers Licensing Board
- The nature of the asset its susceptibility and adaptability to changes in technology and processes.



Auctioneers Licensing Board

Annual Report and Financial Statements for The Financial Year Ending June 30, 2019

- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market with the asset



Auctioneers Licensing Board
Annual Report and Financial Statements for The Financial Year Ending June 30, 2019

SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY
(Continued)

iii) Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

6. NATURE OF RELATED PARTY RELATIONSHIPS

Entities and other parties related to the Auctioneers Licensing Board include those parties who can exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel their associates and close family members.

i) Government of Kenya

The Government of Kenya is the principal shareholder of the *Auctioneers Licensing Board* holding 100% of the *Auctioneers Licensing Board's* equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Auctioneers Licensing Board both domestic and external.

ii) Other related parties include:

- i) The National Government;
- ii) The Office of the attorney general department of justice and
- iii) The Judiciary

7. ULTIMATE AND HOLDING ENTITY

The Auctioneers Licensing Board is a Semi-Autonomous Government Agency under the Office of the Attorney General Department of Justice. Its ultimate parent is the Government of Kenya.

8. Currency

The financial statements are presented in Kenya Shillings (Kshs).



Auctioneers Licensing Board
Annual Report and Financial Statements for The Financial Year Ending June 30, 2019

9. TRANSFERS FROM MINISTRIES DEPARTMENTS AND AGENCIES

Name of the entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	The amount deferred under deferred income KShs	Amount recognized in capital fund.	Total grant income during the year	2018-2019
			KShs	KShs	KShs
Office of the Attorney General Department of Justice	26,950,000	-	-	26,950,000	26,950,000
Total	26,950,000	-	-	26,950,000	26,950,000

The details of the reconciliation have been included under APPENDIX

10. REMUNERATION OF DIRECTORS

Description	2018-2019
	KShs
Directors emoluments	16,070,000
Judicial officers' allowances	1,360,000
Daily subsistence Allowances & Travel costs	2,233,000
Mileage Allowances	456,738
Total director emoluments	20,119,738

11. EMPLOYEE COSTS

Description	2018-2019
	KShs
Secretariat allowances	2,940,600
Daily Subsistence & Travel Costs	2,139,400
Total	5,080,000

12. GENERAL EXPENSES

Description	2018-2019
	KShs
office Expenses	701,935
Air tickets costs	644,490
Conference costs	400,000
Bank Charges	2,796
Total	1,749,221



Auctioneers Licensing Board

Annual Report and Financial Statements for The Financial Year Ending June 30, 2019

13. CASH AND CASH EQUIVALENTS

Description	2018-2019
	KShs
Current account	1,101
On-call deposits	-
Fixed deposits account	-
Staff car loan/ mortgage	-
Total cash and cash equivalents	1,101



Auctioneers Licensing Board
Annual Report and Financial Statements for The Financial Year Ending June 30, 2019

APPENDIX I: INTER-ENTITY TRANSFERS

AUCTIONEERS LICENSING BOARD				
Break down of Transfers from the State Department of Justice Office of the Attorney General				
FY 2018/2019				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		24/08/2018	6875000	2018/2019
		01/11/2018	6.325000	2018/2019
		19/02/2019	6875000	2018/2019
		29/04/2019	6875000	2018/2019
		Total	26950000	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			0000	
			0000	
			0000	
		Total	00	
c.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			0000	
			0000	
			0000	
		Total	00	
d.	Donor Receipts			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			0000	
			0000	
			0000	
		Total	00	

The above amounts have been communicated to and reconciled with the Office of the Attorney General.



Auctioneers Licensing Board

Annual Report and Financial Statements for The Financial Year Ending June 30, 2019

APPENDIX II: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized	
	as per bank statement			Statement of Financial Performance	Capital Fund
State Law Office of the Attorney General	24/08/2018	Recurrent	6,875,000	6,875,000	-
	01/11/2018	Recurrent	6,325,000	6,325,000	-
	19/02/2019	Recurrent	6,875,000	6,875,000	-
	29/04/2019	Recurrent	6,875,000	6,875,000	-
		Development	-	-	-
Total			26,950,000	26,950,000	-

