

REPUBLIC OF KENYA

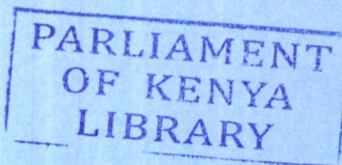


*Paper laid by  
Leader of Majority  
Party Treasury  
19/6/2018  
A.S.*

OFFICE OF THE AUDITOR-GENERAL



**REPORT**



**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
STATE DEPARTMENT FOR INVESTMENT  
AND INDUSTRY (VOTE 1172)**

**FOR THE YEAR ENDED  
30 JUNE 2017**



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**NATIONAL GOVERNMENT ENTITY**  
**MINISTRY OF INDUSTRY, TRADE AND CORPORATIVES**  
**STATE DEPARTMENT FOR INVESTMENT AND INDUSTRY**  
**REPORTS AND FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED**  
**30 TH JUNE, 2017**

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

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**I KEY ENTITY INFORMATION AND MANAGEMENT**

**a) Background Information**

The State Department for Investment & industry was established under the Executive Order No. 1/2016

of May, 2016, under the Ministry of Industry, Trade and Cooperatives. The Executive reorganized Parastatals putting sixteen (16) of them autonomous and semi-autonomous agencies and one (1) tribunal under the State department with eleven (11) of the agencies receiving funds in form of grants.

The Agencies and Tribunals undertake various functions supporting Industrial and Enterprise Development in the Country.

The Executive Order spells out the mandate of the Ministry as follows:-

- (i) Industrialization Policy and Planning.
- (ii) Kenya Property Rights Policy (Patent, Trade Marks, Service Marks and Innovation)
- (iii) Quality Control including Industrial Standards
- (iv) Leather Sector Development
- (v) Special Economic Zones and Industrial Parks.
- (vi) Investment Promotion Policy and Facilitation.
- (vii) Textile Sector Development.
- (viii) Ease of Doing Business.
- (ix) Industrial Training and Capacity Development.
- (x) Enterprise Development and Innovation.
- (xi) SME policy and Development.
- (xii) SME training.
- (xiii) Value addition/agro processing.

## **Reports and Financial Statements**

At the Cabinet level the Ministry is represented by a Cabinet Secretary who is responsible for the general policy formulation and provides strategic direction to the Ministry.

### **Vision**

Globally competitive and sustainable industrial sector.

### **Mission**

To create an enabling environment for a globally competitive and sustainable industrial sector.

### **Strategic Objectives:**

The Sub-sector focuses on the following strategic objectives to achieve its goals as outlined in the Kenya

Vision 2030, Second Medium Term Plan II (2013-2017) and Kenya Industrial Transformation Programme.

- i. To promote value addition and product diversification;
- ii. To promote standardization, metrology and product conformity;
- iii. To promote industrial research and development, innovation, technology adoption and skills development ;
- iv. To improve business environment for industrialization and enterprise development;
- v. Attract local and foreign direct investments;
- vi. To promote the growth of micro, small and medium enterprises;
- vii. To undertake policy, legal and institutional reforms for the development of the sub-sector and;
- viii. To enhance market access for Kenyan products and services at national, regional and global

### **(b) Principal Activities**

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The principal activity/mission of the Ministry is to create an enabling environment for a globally competitive, sustainable Industrial, Enterprise and Cooperative sector through appropriate policy, legal and regulatory framework.

**(c) Key Management**

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

- Cabinet Secretary
- Principal Secretary

**(d) Fiduciary Management**

The key management personnel who held office during the Financial Year ended 30th June, 2017 and who had direct fiduciary responsibility were:-

<b>S/No. Designation</b>	<b>Name</b>
1. Cabinet Secretary	Mr. Adan Mohamed
2. Principal Secretary	Mr. Betty Maina
3. Director of Administration	Mrs. Jophine A.A.Onunga

**(a) Entity Headquarters**

P.O. Box 30547-00100  
NSSF Building ,Block A  
Bishops Road ,Capital Hill  
Nairobi, KENYA

**Entity Contacts**

Telephone: 020-2731531-9  
E-mail: ps@industrialization.go.ke  
Website: wwwi.industrization.go.ke

**(b) Entity Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya
  
2. Kenya Commercial Bank  
...  
...  
...

**(c) Independent Auditors**

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

**(d) Principal Legal Adviser**

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

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## 1. FORWARD BY THE CABINET SECRETARY

### ACHIEVEMENTS STATUS

#### 1. Textile hub at Athi River, Machakos County

The project entailed construction of 46,000m<sup>2</sup> area of industrial warehouses, improvement of water supply and construction of 12km internal road for attracting investors in textile sector. As at February 2017 the following has been achieved:

##### **Construction of 120,000m<sup>2</sup> area of industrial warehouses**

**Large Warehouses: Cluster 024 large sheds (8600 M<sup>2</sup>)**

Overall Progress = 98%

Civil works – 50% all excavations and levels reduction done

Electrical works – 80% done (fittings remaining, cabling ongoing)

Mechanical works – 70% done (only sanitary fittings pending)

Roofing = 100% done including the rock fibre insulation

Finishes (floor) = All ceramic tiles for offices and wet areas 100% done

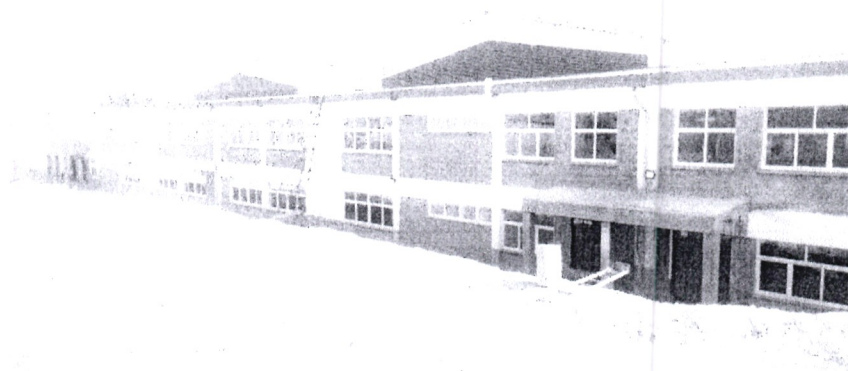
Windows = 100% done

Doors- 100% done and ongoing

Internal and external painting – 100% done and ongoing

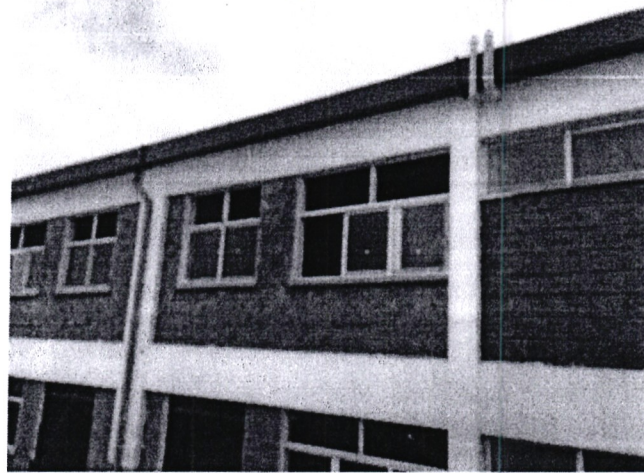
Ceiling – 100%

**Pending works:** Civil Works





Internal view of the cluster, (Mezzanine) Railing and steel doors in place



External view of the cluster, aluminum sliding Windows in place

**Large Warehouses: Cluster 03 (4 large sheds, 8600 M<sup>2</sup>)**

**Overall Progress = 97%**

**Builder's works 100% complete**

Civil works – 50% all excavations and levels reduction done

Electrical works – 90% done (fittings remaining and cabling pending)

Mechanical works – 100% done (only sanitary fittings pending)

Roofing = 100% done including the rock fibre insulation

Finishes (floor) = All ceramic tiles for offices and wet areas 100% done and grano

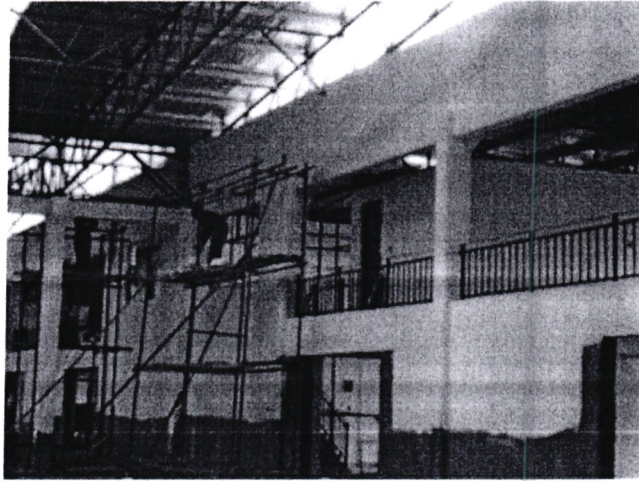
Laying 100% complete

Windows = 100% done, glazing pending

Doors- 100% done

Internal and external painting – 100% Ceiling

**Pending works, Civil works**



Internal view of the cluster 3, mezzanine view, finishes

**An area of 1,720m<sup>2</sup> comprising of 8 large warehouses is 98% complete since only civil works are remaining.**

**An area of 1,720m<sup>2</sup> comprising of 8 large warehouses are 65% complete since doors and windows, roofing, civil works, painting, floor finishes**

**Small Warehouses Incubators: set 01 (4 incubators of 4500 m<sup>2</sup>)**

**Overall Progress = 85% for 50 %**

Electrical works – 70% done for 50%

Mechanical works – 85% % done for 50%

Finishes (floor and wall)= 50%( only plaster works)

**Pending items: Doors and windows, roofing, civil works etc**



**Front view of 4 small warehouses at 85% complete**

**Small Warehouses Incubators: set 01(4 incubators of 4500m<sup>2</sup>)**

**Overall Progress = 50%**

Electrical works – 30% done

Mechanical works – 30% done

Finishes (floor and wall) = 30%

**Pending items: Doors and windows, roofing, civil works**



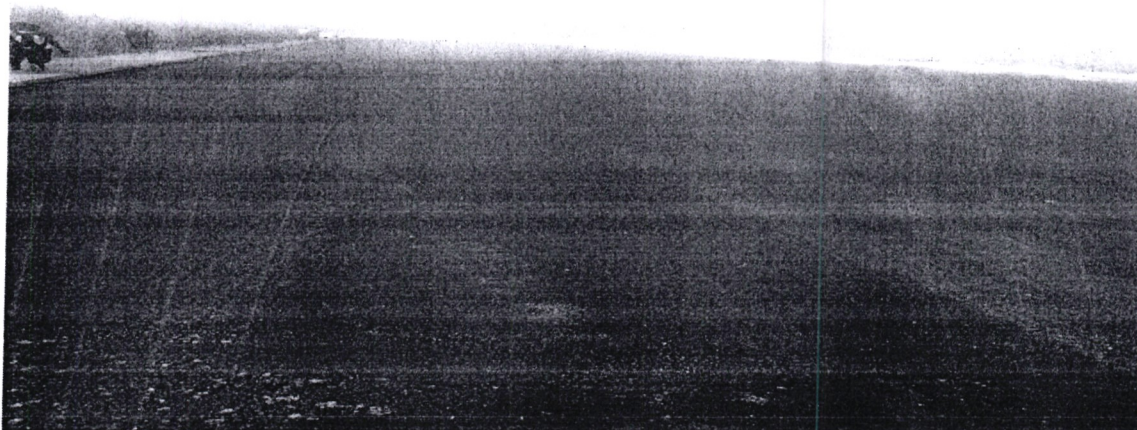
**Front view of 4 small warehouses at 50% complete**  
**Overall the construction of the textile manufacturing hub is at 80% complete**

**Road construction**

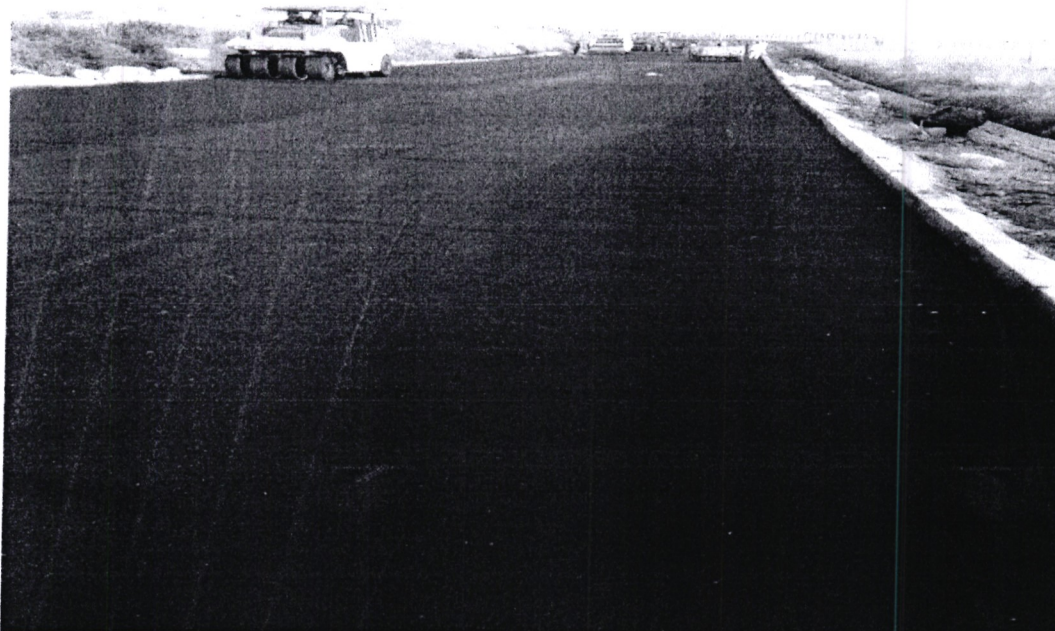
The 9km road net work around EPZA is 95% COMPLETE and what remains is completion of drainage, footpaths and straight lights which will be through by the end of this financial year



**Road networks been built at EPZA**



**Completed section of road at EPZA**

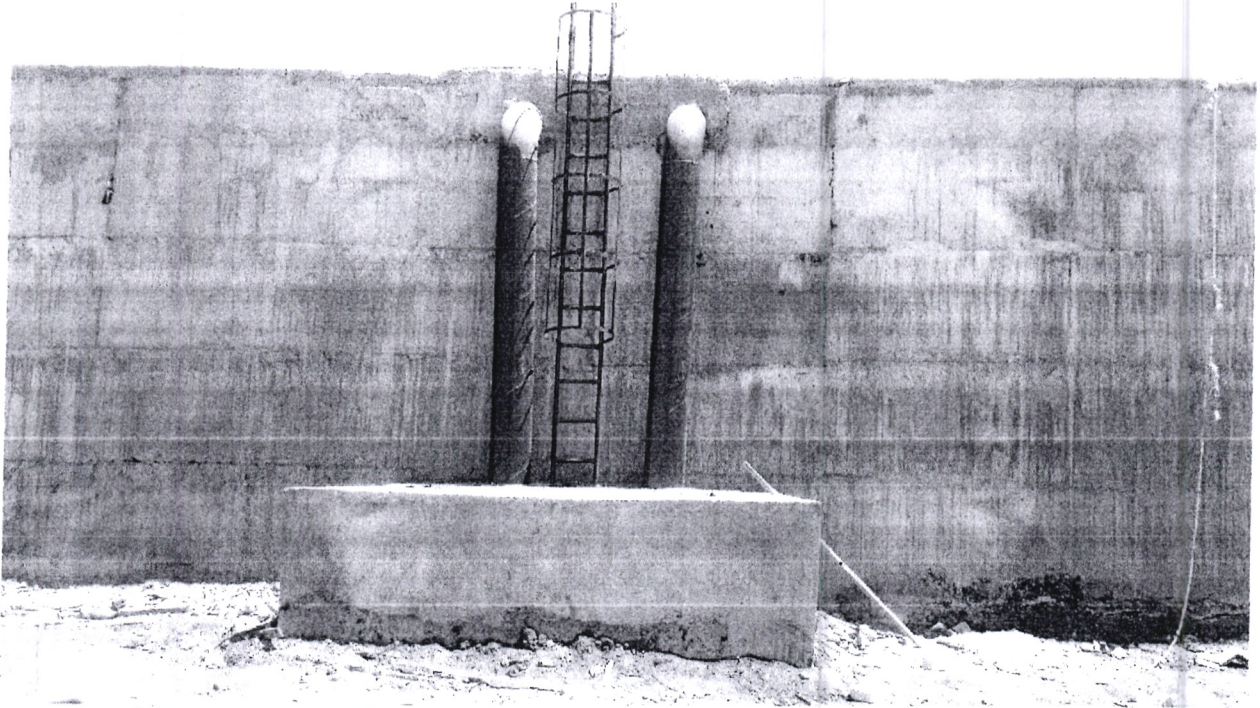


**Road networks been built at EPZA**

**Water supply improvement**

Construction of 6000m<sup>3</sup> water storage tank completed.

Water reticulation (distribution) to enhance the water supply completed.



**6000m<sup>3</sup> Water tank at Textile hub**

## **2. LEATHER INDUSTRIAL PARK AT KENAINE, MACHAKOS COUNTY**

Disludging and rehabilitation of the ponds at the industrial park completed. Drilling of the 3 boreholes and 3 elevated storage tanks each of 50m<sup>3</sup> completed and functioning. Design of the main waterline is being undertaken by consultant. Feasibility study, Design and Bid documents are complete and tender already awarded at Kshs 2.25 Billion and works will commence before 30th March, 2017 for Common Effluent Treatment Plant (Primary and Secondary) and Internal sewer reticulation The fencing of the 5.5km concrete wall is 80% complete. The gate and small administration block are also done already. Internal murrum roadworks are 70% complete. The three phase power has been connected to the park but the industrial power supply is not yet.



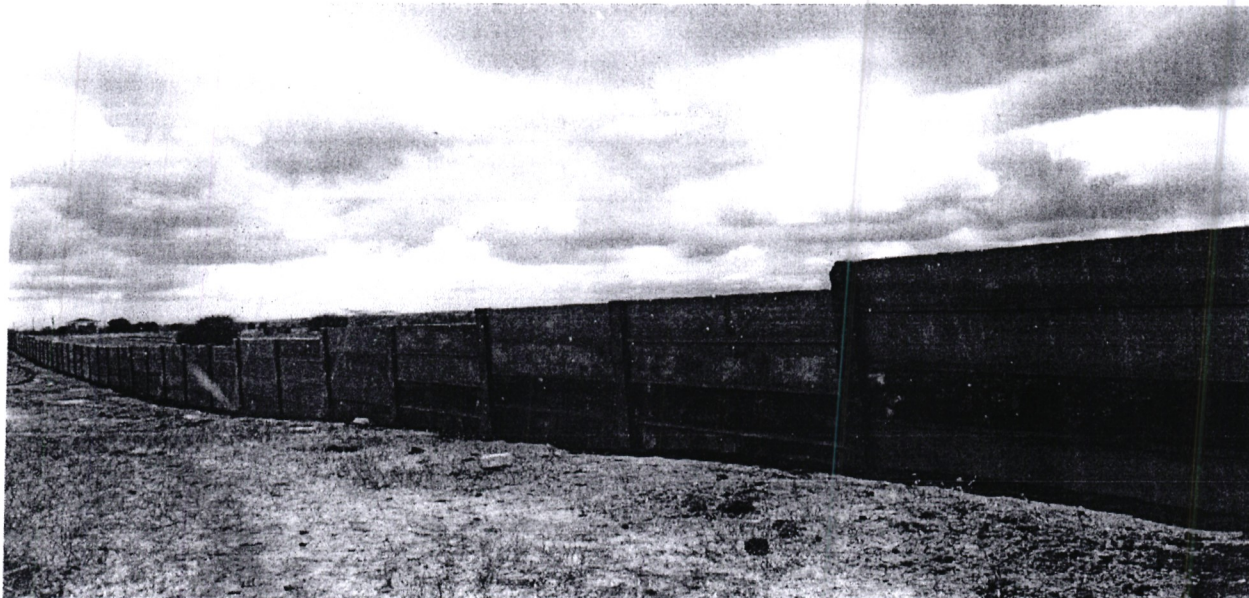
Front view of completed proposed Administration office of the site



The main gate of the Leather Park



Grass in the launch area



Precast wall construction at Kenaine



### **3. DEVELOP A FREEPORT & INDUSTRIAL PARKS – SPECIAL ECONOMIC ZONE IN MOMBASA**

Special Economic Zone Act enacted and Master planning of for Dongo Kundu are complete and currently operationalization and establishment of Special Economic Zone Authority is ongoing since the board of the directors appointed and gazzeted and many investor promotion for a held to market the zones.

#### **4. BUSINESS PROCESS RE-ENGINEERING AND RE-MODELING OF BUSINESS ENVIRONMENT INDICATORS**

Five indicators (Starting a business; registering property; getting electricity; paying taxes; and trading across borders) and reforms Impact Survey undertaken were undertaken. The Country managed to position 96 globally on ease of doing business and the target is to be below 50 position by year 2020.

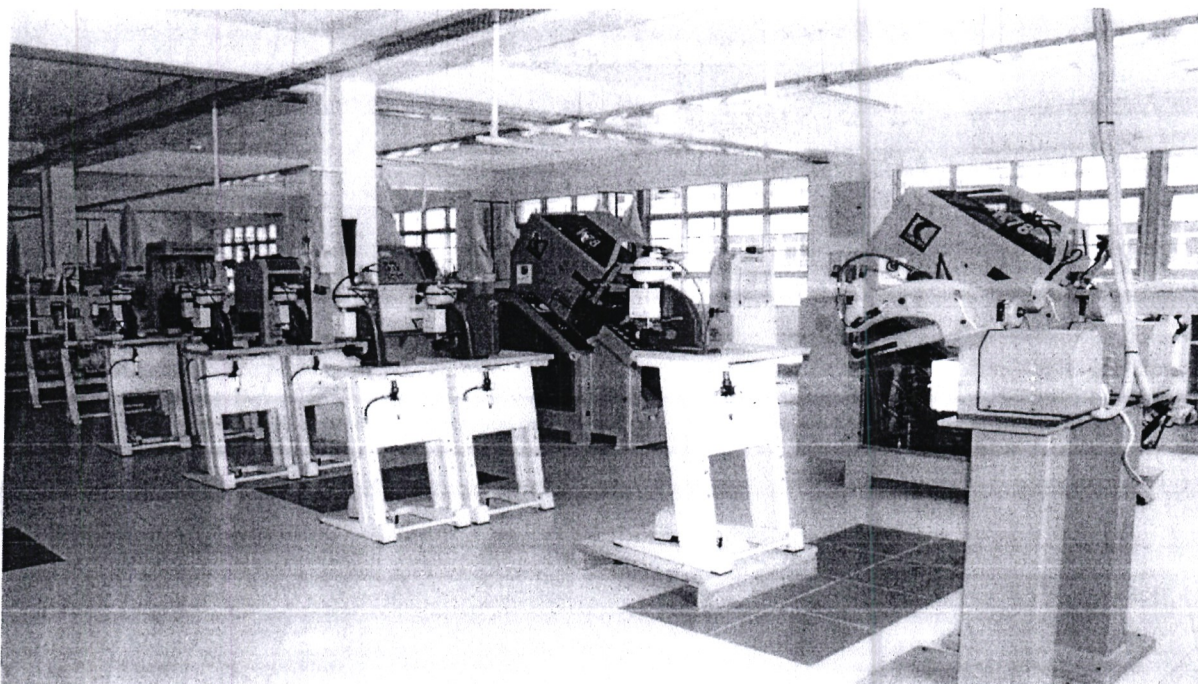
#### **5. CONSTRUCTION OF INDUSTRIAL RESEARCH LABORATORIES AT KIRDI KISUMU WESTERN KENYA CENTRE**

The Research, Technology and Innovation laboratories were modeled to a global competitive status, with modern state of the art research equipment. This will enhance the quality and quantity of research outputs.

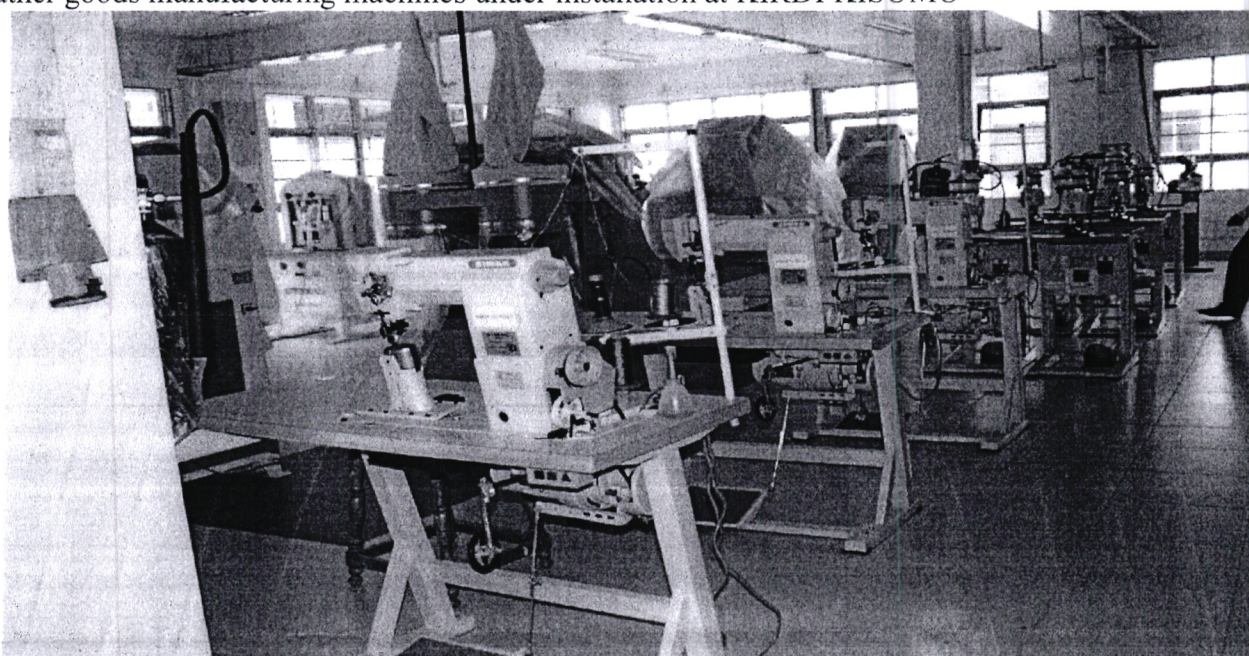
Currently the construction of five (5) blocks and onsite infrastructure are complete and installation of leather processing & leather goods manufacturing and Leather Testing Equipment are in operation thus benefiting the local community and larger western region.



Energy resources technology laboratory and demonstration block at KIRDI KISUMU



Leather goods manufacturing machines under installation at KIRDI KISUMU



Leather goods manufacturing machines under installation at KIRDI KISUMU

## **6. PROVISION OF FINANCES TO SMALL & MEDIUM ENTERPRISES (SMES) IN THE MANUFACTURING SECTOR**

The project purpose is to provide affordable Credit to SMEs in the Manufacturing Sector. Access to affordable credit has been identified as one of the challenges facing SMEs in Kenya. This project seeks to provide affordable credit through provision of medium to long-term finance to SMEs in the manufacturing and value addition.

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So far the at total of Ksh. 1 Billion have been disbursed to over 1000 SMEs by KIE across all the sectors in Kenya. In addition over 40,000 direct and indirect job opportunities have been created to Kenyans and 148 industrial incubation sheds have been constructed.

## 7. COMPLETING CONSTRUCTION AND EQUIPPING OF INDUSTRIAL RESEARCH LABORATORIES AT KIRDI NAIROBI SOUTH B CENTRE

The building structure is complete. Civil works for four (4) basements and podium complete.



Research, Technology and Innovation Laboratories under Construction at KIRDI South B, Nairobi

## 8. Modernization of Textile Equipment at Rivatex East Africa Limited

Rivatex has been facing machinery and obsolete technology challenges which has hindered the exploitation of the potential opportunities that exist in the local and regional markets.

Towards this new machines have already been procured with a purpose of enabling the company sustainably increase turnover and competitiveness through increase in production capacity, improvement of quality, increase in efficiency, reduction of unit production costs, reduction of delivery time for fabrics to the market among other numerous benefits that are expected to accrue to the company as a result of the modernization.

### 4.1. Emerging Issues and Challenges

The Sub sector is faced with numerous challenges and emerging issues which need to be addressed to enable the Sub sector realize its targets.

The following are the key challenges and emerging issues in the sector:-

#### **Industrial land**

The availability of adequate and accessible industrial land is a crucial factor for industrial development. The availability and ownership are major constraint for industrial investment in Kenya. In addition the cost of land is very high which discourages industrial development and foreign direct investment. Furthermore industrial land has not been zoned by national and local government. The non-availability of suitable land has hampered the timely implementation of projects and programmes such as CIDCs, SME parks, SEZ, industrial clusters among others. Similarly, FDI inflows were constrained by the high cost of land.

#### **Unfavorable business environment**

The Business environment in any economy is an important factor in determining the level of investments that take place, expansion plans for businesses, employment levels, revenue collected and the general well-being of the society. Favorable business environment will stimulate private sector to expand their operations for economic growth and thereby contribute to the creation of more jobs for the youths. Creating an enabling environment for business is critical to realize Kenya's goal of sustainable industrialization and inclusive growth. Currently businesses face a number of challenges which include; long procedures for starting a business, high energy costs, high taxes and lengthy and costly approval and permitting processes in construction and property transfers and unfavorable regulatory framework.

### **Security**

The Sub sector has been faced with various insecurity concerns such as high crime rates, piracy, and terrorism which have negatively affected the sub sector. Insecurity has an enormous cost in terms of human, financial and infrastructure resources. This has led to sub-sector's products and services being less competitive in both the domestic and international markets and low attraction of FDIs in the economy.

### **Climate change**

The sub sector has been negatively impacted by climatical changes such as drought, floods and uncertain seasonal patterns. The decline in rainfall as a result of drought results into decline in water supply leading to interruptions in electricity generation especially given that most of the electric power is hydro-generated. The availability of agro-raw materials needed by industries is also adversely affected by the vagaries of weather.

### **Infrastructure**

The high infrastructural cost has contributed to high cost of doing business in the country which has led to un-competiveness of the industrial sector. Inadequate, unstable and costly supply of energy in Kenya has led to low productivity, high production and distribution costs; and uncompetitive products and services. In addition inefficiencies at the port and under developed rail system has aggravated the problem.

Fast-tracking the expansion, modernization and maintenance of roads, rail, airports, seaports and ICT networks to industrial areas and those areas of existing and high potential for industrial development will provide incentives to potential investors to these areas. Additionally, energy generation is vital for the country's industrialization process and needs particular focus.

### **Energy**

The unreliable and high cost of energy is a major challenge to investment and industrial development in the country, hence contributing to high cost of doing business. Kenya's electricity cost is the second highest in East Africa after Rwanda, at US cents 18 per kilowatt hour compared with Rwanda's US cents 20/KWh. Tanzania and Uganda's are relatively cheaper at US cents 9/KWh and US cents 12/KWh respectively.

### **Inadequate funding for programmes**

Inadequate budgetary allocation and cuts especially in development funds has hampered the implementation of the various projects and programmes to be undertaken by the Sector. Flagship

projects and other programmes required substantial amount of resources to be implemented. The Sub sector funding has been inadequate to enable it effectively deliver its mandate and implementation of the Vision 2030 flagship projects and programmes.

#### **Weak policy, legislative and regulatory framework**

The development and growth of the industrial and enterprise sector has to be supported by sound and progressive industrial policies, legal and institutional framework that promote industrial linkages, effective coordination, and facilitates domestic and international trade. The Reforms in the land, energy and physical infrastructure, governance, judicial and legal sectors will provide an enabling environment for sustainable industrial development and growth.

#### **Influx of sub-standard, counterfeits and contra-band goods**

The influx of substandard, counterfeit and contra-band products into the local market has continued to reduce the market share for locally manufactured goods. This has discouraged innovation efforts, negatively impacted on local industrial and enterprise growth and reduced the government revenue base.

#### **Technology, Innovation, Research and Development**

Research and Development is vital to support the growth and development of the sector. However, although R&D has been identified as a key enabler, there has been low funding, inadequate research and productivity, infrastructural capacity; skills gap in R&D; weak linkages between R&D institutions and the industry; and low penetration and adoption of research findings. In addition the sub sector has been faced with challenge of protecting new innovations and protection of industrial property rights.

#### **Access to Credit Facilities and Financial Services**

The realization of sustainable and meaningful Industrial development in the country requires access to affordable long-term finance and credit facilities. Long term financing is limited and this has inhibited the competitiveness and growth of the manufacturing sector. The current financial products available are mainly short and medium terms loans.

#### **ICT Infrastructure**

The low levels of penetration and high cost of ICT infrastructure has hindered access and usage of ICT leading to increased costs of production and low access to technologies and market information. This has contributed to slow industrialization development.

#### **Multiple Trade Regulations**

Kenya is a member of various trading blocs. The Common External Tariff (CET), Rules of Origin (RoO) and trade facilitation measures such as axle-load limits and transport insurance requirements in these blocs are not uniform. This has led to technical and non-tariff barriers which pose a challenge to the business community in complying with the different trading arrangements. In addition, the sub sector is faced with the challenge of dealing with unfair competition that is posed by the flow of exports through other Partner States which belong to other trading blocs where the Rules of Origin are not strictly enforced.

#### **CONCLUSION**

Kenya aspires to transform itself into “a globally competitive and prosperous country with a high quality of life by 2030” and develop Kenya into an industrial hub. Investment and Industry is integral component of this transformation process.

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The State Department is one of the key engines for economic growth as it immensely contributes to value addition of natural and agricultural products. The sub sector is also pivotal in employment creation, poverty reduction, industrial development and equitable distribution of resources.

Through backward and forward linkages the State Department continues to play a major role in contributing to the development of agriculture, financial services, trade, among others.

The State Department is faced with several challenges in implementation of projects which hamper the delivery of its mandate. The challenges include low funding, multiple trade regulations, influx of cheap, substandard, counterfeits and contra band goods.

**RECOMMENDATIONS**

In order to enhance the State Department contribution and productivity to the economy and to ensure successful implementation of projects planned, it is recommended that:

- The Government should enhance funding to the Sub Sector;
- The National Land Commission and County Governments to set aside land for Industrial development.
- The sub sector to continue engaging Public Private Partnerships (PPPs) framework in implementing some of the identified projects.
- Continue to implement reforms to improve the business environment;
- Enhance security to secure investments and increase investors' confidence;
- The energy sector to enhance provision of affordable and reliable sources of energy.
- Enhance distribution and supply chain networks for Kenyan goods.
- Enhancing human resource development capacity.

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**Cabinet Secretary**

*SH June 2018*

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**Date**

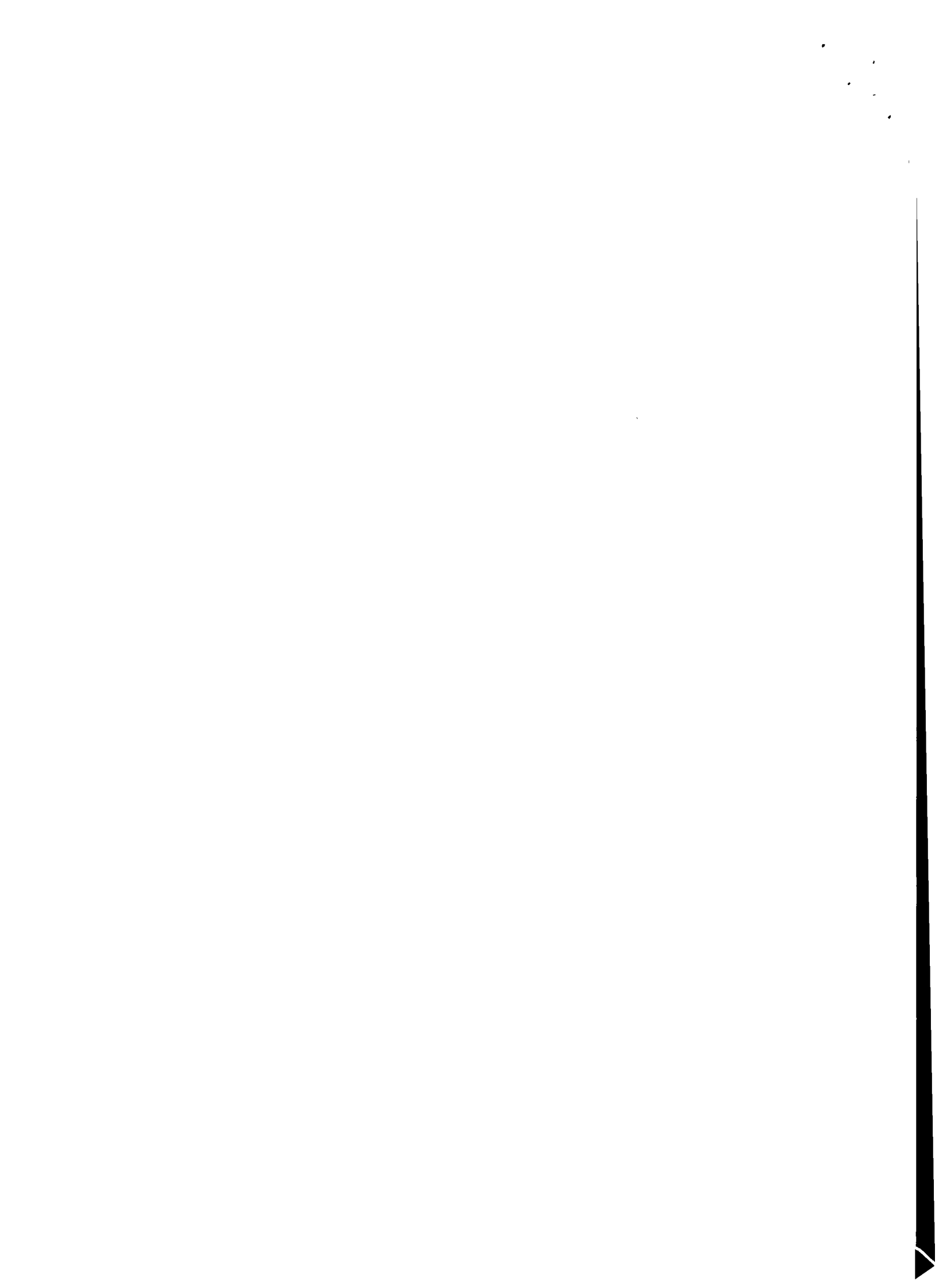
## **STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES**

Section 81 (1) of the Public Finance Management Act, 2013 requires that, at the end of each financial year, the accounting officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the state department for investment and industry is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 20XX. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the state department for investment and industry accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the entity's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2017, and of the entity's financial position as at that date. The Accounting Officer charge of the state department for investment and industry further confirms the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the state department for investment and industry confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing



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covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the entity's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

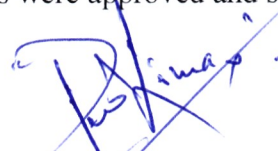
**Approval of the financial statements**

The state department for industry and investment financial statements were approved and signed by the Accounting Officer on 5<sup>th</sup> June 2018.



Principal Secretary

Name: Betty Maina, CBS



Principal Accounts Controller

Name: Wilson O. Omwange, CPA (K)

ICPAK Member Number: 3947

# REPUBLIC OF KENYA

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NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON STATE DEPARTMENT FOR INVESTMENT AND INDUSTRY (VOTE 1172) FOR THE YEAR ENDED 30 JUNE 2017

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#### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of the State Department for Investment and Industry (Vote 1172) set out on pages 1 to 17, which comprise the statement of assets and liabilities as at 30 June 2017 and the statement of receipts and payments, statement of cash flows and summary statement of appropriation; recurrent and development combined together with a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution 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 the 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 the State Department for Investment and Industry as at 30 June 2017 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and the Public Finance Management Act, 2012 of the Laws of Kenya.

In addition, as required by Article 229(6) of the Constitution, except for the matters described in the Basis for Qualified Opinion and Other Matter sections of my report, based on the procedures performed, I confirm that nothing has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

#### Basis for Qualified Opinion

##### 1. Unsupported Expenditure Figures

During the year under review, custody of payment vouchers at the Ministry was not effective and as a result, vouchers for various payments made for use of goods and services and acquisition of assets were misplaced, as summarized below:

##### 1.1 Use of Goods and Services

Included in the aggregate balance of Kshs.596,288,158 reflected in the statement of receipts and payments in relation to use of goods and services expenditure incurred during the year under review are payments for utilities, supplies and services totaling Kshs.23,804,042 and payments for specialized materials and services totaling to

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*Report of the Auditor-General on the Financial Statements of State Department for Investment and Industry (Vote 1172) for the year ended 30 June 2017*

Kshs.67,461,567 whose payment vouchers and other supporting documents were, however, not made available for audit review.

As a result, it has not been possible to confirm the occurrence and validity of the payments made during the year under review for utilities and supplies at Kshs.23,804,042 and specialized materials at Kshs.67,461,567.

## 1.2 Acquisition of Assets

Similarly, reflected in the Statement of receipts and payments is an aggregate expenditure balance of Kshs.239,702,126 incurred on acquisition of assets during for the year under review. The balance includes Kshs.157,972,498 incurred on purchase of specialized plant, equipment and machinery. However the later balance has not been supported with payment vouchers and other supporting documents and as a result, it has not been possible to confirm that the purchases occurred

Under the circumstances, it has not been possible to confirm the validity, accuracy and completeness of the aggregate use of goods and services balance of Kshs.596,288,158 and acquisition of assets balance of Kshs.239,702,126 reflected in the statement of receipts and payments for the year under review.

## 2. Cash and Cash Equivalents

The statement of assets and liabilities reflects a cash and cash equivalents balance of Kshs.2,991,694 which is comprised of cash held at the Central Bank of Kenya under the recurrent, development, deposits and project accounts. However, the closing balance reflected in the Department's manual cashbooks do not tally with the balances disclosed in the financial statements as at 30 June 2017:

	<b>Financial Statements Balance Kshs.</b>	<b>Cash Book Balance Kshs.</b>	<b>Variance Kshs.</b>
Recurrent	64,211	600,558	(536,347)
Development	714,784	807,572	(92,788)
Deposits	1,599,194	1,599,194	-
Project	<u>613,505</u>	<u>100,432</u>	<u>513,073</u>
Total	<u>2,991,694</u>	<u>3,107,756</u>	<u>(116,062)</u>

No reasons have been provided for the variances between the two sets of records.

Consequently, the accuracy of the cash and cash equivalents balance of Kshs.2,991,694 as at 30 June 2017 cannot be confirmed.

### **3. Restatement of Opening Balances - Construction and Civil Works and Rehabilitation of Civil Works**

Note 10 to the financial statements reflects an opening balance of Kshs.175,750,000 under construction and civil works and Kshs.42,499,998 under rehabilitation of civil works. However, the audited financial statements for the year ended 30 June 2016 reflected nil balance under construction and civil works and Kshs.29,471,569 under rehabilitation of civil works. Journal entries passed to approve the restatement of the opening balances have not been availed for audit verification and as a result, the accuracy and validity of balances amounting to Kshs.175,750,000 for construction and civil works and Kshs.42,499,998 for Rehabilitation of Civil Works cannot be confirmed. Further, the accuracy of the aggregate acquisition of assets balance of Kshs.239,702,126 for the year under review cannot be confirmed.

### **4. Pending Bills**

Bills totaling to Kshs.115,863,748 relating to the year under review (2016/2017) were not settled during the year but were instead carried forward to 2017/2018 financial year. Failure to settle the bills in the year to which they relate adversely affects the provisions for the year to which they have to be charged. Had the bills been paid and the expenditure charged to the accounts for 2016/2017, the carried forward bills would not have caused budgetary strain to 2017/2018 financial year given that there was budgetary provision for the year under review.

Further, and as reported in the previous year, excluded from the balance of Kshs.115,863,748 as at 30 June 2017 was a debt of Kshs.29,147,652 due to Messrs Iseme Kamau and Muema Advocates which has been outstanding since 2014/2015 and an additional Kshs.48,611,450 owed to various creditors by Kenya Industrial Training Institute as at 30 June 2016.

In absence of any reconciliation, it has not been possible to ascertain the accuracy and validity of pending bills balance of Kshs.115,863,748 outstanding as at 30 June 2017.

### **5. Unresolved Matters in the Report for 2015/2016**

#### **5.1 Unexplained Transfers of Coffee Debt Waivers**

As reported in the previous year, the statement of receipts and payments for the year ended 30 June 2016 reflected a payment of Kshs.501,474,509 under grants and other transfers which included Kshs.500 million paid to 27 Co-operative Societies being part-clearance of debt under the Coffee Debts Waiver Programme. Included in the payments of other grants and transfers of Kshs.501,474,509 was an amount of Kshs.1,474,509 that has not been supported and whose propriety could not therefore, be confirmed. In the circumstances, it was not possible to ascertain the validity of this payment and whether funds were channeled to the intended beneficiaries and utilized for the intended purposes.

## 5.2 Irregular Payment for Goods and Services Not Delivered

As previously reported, during the year 2015/2016, the Ministry procured and paid for goods and services valued at Kshs.4,252,291 which were however not delivered by the suppliers contrary to the Public Procurement and Assets Disposal Act 2015 and Procurement Regulations 2013, as tabulated below:

L.P.O	Date	Payee	Amount Kshs.	Details
1103129	23/6/16	Terbanic Venfuneslef	495,600	Tables Lip A4-Designing of Printing of executive complementary books.
1103311	24/6/16	M/s Tutitura Agencies	764,000	Business Card executive & complimentary slips executive
1103130	23/6/16	M/s Touchline Solutions	468,000	Procurement of table slips as (Designing & Printing of complementary booklets.
1103062	19/4/16	M/s Emart Services	786,500	Supply of Business Cards & Complementary Booklets
1103092	11/5/16	Touchline Solutions Co. Ltd.	649,250	Supply of 2850 Business cards, 500 files (folders), 25 Certificates and 500 sealing stamps.
1103070	26/4/16	Libani General Suppliers	740,000	Supply of confidential secret folders
1117999	17/6/16	Twinkel Travels Ltd.	348,941	LPO for ticket for Mr. Jeremiah Nyatichi while travelling from Nairobi to Lesotho & back was raised after seminar was over.
<b>Total</b>			<b>4,252,791</b>	

Although a review of the position in 2016/2017 indicates that goods valued at Kshs.1,550,500 were eventually delivered. The public may have lost Kshs.2,701,791 paid to suppliers who did not deliver the goods and services contrary to the Public Procurement and Assets Disposal Act 2015 and the Public Finance Management Act 2012.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the State Department for Investment and Industry in accordance with ISSAI 30 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 opinion.

### **Key Audit Matters**

Key Audit Matters are those matters that, in my professional judgement, were of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion and Other Matter Section of my report, there were no Key Audit Matters to report in the year under review.

### **Other Matter**

#### **Other Unresolved Matters in the Report for 2015/2016**

##### **1. Irregular Procurement Practices**

###### **(i) Procurement of Consultancy Services**

As previously reported, the Ministry awarded consultancy services for provision of technical support to the Business Environment Delivery Unit to M/s Strathmore Business School at a cost of Kshs.5,940,000 during the year ended 30 June 2015. The Ministry had invited bidders but only one application was received and considered responsive. The tender committee went ahead and awarded the tender to the only responsive bidder and in effect, used direct procurement method to procure the services. The invoice was issued before the LPO was raised. Further, whereas the contract agreement had indicated that the exercise was to be completed in three months, the service was delivered in less than a week and the consultant paid the contact sum of Kshs.5,940,000. No evidence was availed to explain why the consultant commenced work before the contract was awarded and signed or reasons for use of direct procurement method which t defeated fair competition and pricing of the tender award.

###### **(ii) Ease of Doing Business Improvement Programme – Phase II**

In addition, M/s Strathmore Business School, was awarded the contract for provision of consultancy services for Ease of Doing Business Improvement Programme – Phase II at a cost of Kshs.5,127,200. Similarly, the invoice from the consultant was raised before the two parties signed the contract. Whereas the contract had stated under the special conditions that the duration of the contract would be four (4) months from the date of the contract, the service was completed in less than three weeks casting doubt as to whether the contract was mooted earlier and the tender committee only used as a rubberstamp to ratify a consummated transaction. Further, it has not been possible to confirm whether the relevant stakeholders were consulted about the service as there is no record of their participation.

### **(iii) Irregular Consultancy Service Contract**

As previously reported, the Ministry procured consultancy services from a consultancy firm Mckinsey & Company Incorporated Africa Proprietary Limited in the year ended 30 June 2015 for support of delivery of Kenya's Industrial Program. The contract was signed between the two parties on 18 November 2014 at a contract sum of Kshs.348,000,000. Clause 2 of the contract agreement under sub-section 2.1 and 2.2 had indicated that the contract was to come into effect on the date it was signed by both parties and that the consultant would begin carrying out the services upon signing of the contract or at such other date as may be specified in the service contract.

Review of the process revealed that the consultant raised an invoice of Kshs.69,827,963 on 11 November 2014 for Milestone 1(inception) even before the contract was signed between the two parties contrary to provisions of the Public Procurement & Disposal Act 2005. The signing of the contract was only intended to rectify the irregularity.

Under the circumstances, the propriety of the expenditure of Kshs.69,827,963 incurred on the contract in the year under review cannot be confirmed.

## **2. Irregular Reallocation of Development Grants to Recurrent Expenditure**

As previously reported in, during the year ended 30 June 2015, the Ministry had sought and was given authority by the National Treasury to transfer Kshs.200million for the implementation of textile development through the Micro and Small Enterprise Authority (MSEA). Available records however revealed that the Ministry instead instructed MSEA to utilise Kshs.50 million to pay outstanding bills to various security firms which the Ministry had contracted to offer security services during and after the construction of the Constituency Industrial Development Centres (CIDCs) between 2012 and 2014. No evidence was availed to show whether approval by of the National Treasury was sought and obtained to allow MSEA to divert Kshs.50 million meant for the textile programme towards payment of security services. Utilization of the Funds resulted to diversion of development funds to recurrent expenditure without Treasury approval and thus contravened the Public Finance Management Act, 2012.

## **3. Apparent Loss of Cash**

As was reported during the previous year, the Ministry lost Kshs.6,403,200 reported to have been paid wrongly to a merchant M/s Aquachem Technologies Limited during the 2011/2012 financial year. Although, Kshs.3,500,000 of the payment has since been recovered, the balance of Kshs.2,903,200 is still outstanding over five (5) years since payment. The Ministry does not appear keen to recover of the balance and has not held any one culpable for occasioning loss of the funds.

Consequently, recovery of the balance of Kshs.2,903,200 is doubtful.

#### **4. Loss of CIDC Equipment and Tools at Kenya Industrial Training Institute**

As was reported in the previous year's audit report, the Ministry lost industrial equipment stored at the Kenya Industrial Training Institute (KIRDI) through theft and pilferage. Some of the equipment were sold in various markets. An audit inspection at the Ministry's stores revealed continuing pilferage of the equipment and tools with the store left almost bare holding low value items such as fire extinguishers, and machinery with major parts missing.

Whereas several items were issued to some of the completed Constituency Industrial Development Centre (CIDCs), comparison of the original stocktake with the situation at the time of the audit revealed that equipment and tools valued over Kshs.60,000,000 may have been stolen. This is despite the stores being located inside a fenced and guarded compound of the Institute that is secured through 24-hour surveillance and there being no sign of the stores having been broken into. Although the Ministry has indicated that the matter is in Court, no tangible efforts have been taken by management to recover the stolen equipment or hold any one culpable for occasioning the losses.

Consequently, the Ministry has not obtained value for the money spent in procuring the tools.

#### **5. Textile and Leather Working Machinery and Equipment**

As previously reported, the Ministry procured textile and leather workshop machinery and equipment for Kenya Industrial Training Institute in Nakuru worth Kshs.214,899,000 during the year ended 30 June 2015. Although the inspection and acceptance certificate confirmed the goods to be of the right quantity and specification, the Ministry did not avail the commissioning certificate for audit to confirm that the machines and equipment were installed and put for use as planned.

Review of the position during the year under review indicated that the machinery and other equipment have since been installed but are yet to be commissioned for operations. In the circumstances, it has not been possible to confirm that value-for-money has been obtained on expenditure of Kshs.214,899,000 incurred by the Ministry on purchase of these industrial assets.

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash 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 Department's ability to continue sustaining services, disclosing, as applicable, matters related to sustainability of services using the applicable basis of accounting.

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.

Those charged with governance are responsible for overseeing the Department's financial reporting process.

### **Auditor-General's Responsibilities for the Audit of the Financial Statements**

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. 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.

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

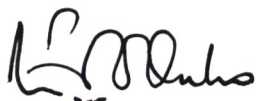
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting 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 and for the purpose of giving an assurance on the effectiveness of the Department'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 going concern 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 Department's ability to sustain 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 consolidated/ 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 State Department to cease to continue sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures made, 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 to express an opinion on the financial statements.

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 communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



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


**Nairobi**

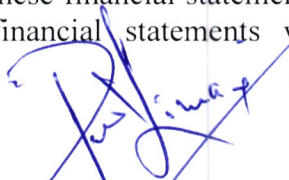
**09 May 2018**

**MINISTRY OF INDUSTRY, TRADE AND COOPERATIVES****State Department for Investment and Industry****Reports and Financial Statements****For the year ended June 30, 2017****I. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2016-2017 Kshs	(Restated) 2015-2016 Kshs
<b>RECEIPTS</b>			
Proceeds from Domestic and Foreign Grants	1	97,070,010	43,298,640
Transfers from National Treasury	2	5,844,578,329	7,741,359,940
Proceeds from Sale of Assets	3	11,883,252	17,529,600
Other Revenues	4	-	17,848,870
<b>TOTAL REVENUES</b>		<b>5,953,531,591</b>	<b>7,820,037,050</b>
<b>PAYMENTS</b>			
Compensation of Employees	5	549,334,570	542,943,159
Use of goods and services	6	596,288,158	610,579,044
Transfers to Other Government Units	7	4,562,333,517	5,884,312,106
Other grants and transfers	8	4,480,720	501,474,509
Social Security Benefits	9	-	6,211,852
Acquisition of Assets	10	239,702,126	268,424,016
<b>TOTAL PAYMENTS</b>		<b>5,952,139,091</b>	<b>7,814,174,686</b>
<b>SURPLUS/DEFICIT</b>		<b>1,392,501</b>	<b>5,862,364</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 14<sup>th</sup> June 2018 and signed by:

  
Principal Secretary  
Name: Betty Maina

  
Principal Accounts Controller  
Name: Wilson O. Omwange cpa(k)  
ICPAK Member No. 3947



MINISTRY OF INDUSTRY, TRADE AND COOPERATIVES  
 State Department for Investment and Industry  
 Reports and Financial Statements  
 For the year ended June 30, 2017

Principal Secretary

Principal Accounts Controller

III. STATEMENT OF CASHFLOW

STATEMENT OF CASH FLOW

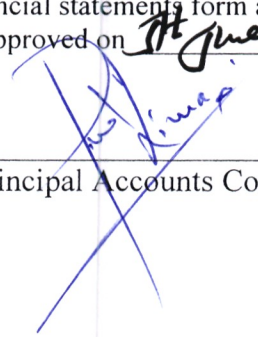
(Restated)

	Note	2016-2017 Kshs	2015-2016 Kshs
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts for operating income</b>			
Proceeds from Domestic and Foreign Grants	1	97,070,010	43,298,640
Transfers from National Treasury	2	5,844,578,329	7,741,359,940
Other Revenues	3	-	17,848,870
		<b>5,941,648,339</b>	<b>7,802,507,450</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	5	549,334,570	542,943,159
Use of goods and services	6	596,288,158	576,273,242
Transfers to Other Government Units	7	4,562,333,517	5,884,312,106
Other grants and transfers	8	4,480,720	501,474,509
Social Security Benefits	9	-	6,211,852
		<b>5,712,406,212</b>	<b>7,545,750,671</b>
<b>Adjusted for:</b>			
Changes in receivables		617,827.00	7,914,280
Changes in payables		(570,430)	308,999
Adjustments during the year	15	(46,566,806)	-
<b>Net cash flow from operating activities</b>		<b>182,691,966</b>	<b>264,980,059</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	4	11,883,252	17,529,600
Acquisition of Assets	10	(239,702,126)	(268,424,016)
<b>Net cash flows from Investing Activities</b>		<b>(227,818,874)</b>	<b>(250,894,416)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>-45,126,909</b>	<b>14,085,643</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>		<b>48,118,603</b>	<b>34,032,961</b>
<b>Cash and cash equivalent at END of the year</b>		<b>2,991,694</b>	<b>48,118,603</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 17<sup>th</sup> June 2018 and signed by:



Principal Secretary

  
 Principal Accounts Controller

**MINISTRY OF INDUSTRY, TRADE AND COOPERATIVES**  
**State Department for Investment and Industry**  
**Reports and Financial Statements**  
**For the year ended June 30, 2017**


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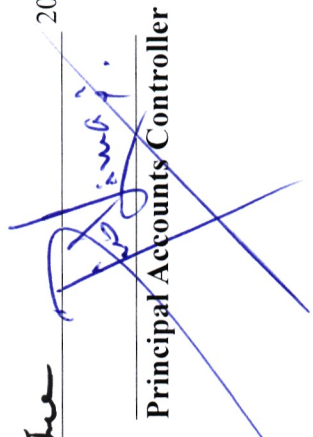
State Department for Investment and Industry  
 Reports and Financial Statements  
 For the year ended June 30, 2017

IV. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
<b>RECEIPTS</b>						
Exchequer releases	2,646,315,153	189,129,654	2,835,444,807	2,715,900,000	-119,544,807	96%
Proceeds from Sale of Assets	17,500,000		17,500,000	11,883,252	5,616,748	68%
Returns of Equity Holdings	5,000,000		5,000,000		5,000,000	0%
Other Receipts	22,500,000		22,500,000		22,500,000	0%
<b>TOTALS</b>	<b>2,691,315,153</b>	<b>189,129,654</b>	<b>2,880,444,807</b>	<b>2,727,783,252</b>	<b>-152,661,555</b>	<b>95%</b>
<b>PAYMENTS</b>						
Compensation of Employees	446,093,876	87,907,988	534,001,864	549,303,817	15,301,953	103%
Use of goods and services	468,660,504	-1,176,829	467,483,675	441,263,770	-26,219,905	94%
Transfers to Other Government Units	1,723,633,517	105,700,000	1,829,333,517	1,824,333,516	-5,000,001	99.7%
Other grants and transfers	6,700,000	300,000	7,000,000	4,762,435	2,237,565	68.03%
Acquisition of Assets	23,727,256	-3,601,505	20,125,751	7,196,894	-12,928,857	36%
<b>Totals</b>	<b>2,66,815,153</b>	<b>189,129,654</b>	<b>2,857,944,807</b>	<b>2,826,860,432</b>	<b>-3,775,914.80</b>	<b>99%</b>

The State Department financial statements were approved on 5/16/18 2018 and signed by:

  
 Principal Secretary

  
 Principal Accounts Controller

V. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
<b>RECEIPTS</b>						
Proceeds from Domestic and Foreign Grants	326,187,000	-176,187,000	150,000,000	97,070,010	52,929,990	65%
Exchequer releases	5,053,600,000	-1,953,600,000	3,100,000,000	3,128,678,329	-3128678329	101%
<b>TOTALS</b>	<b>326,187,000</b>	<b>-176,187,000</b>	<b>150,000,000</b>	<b>3225,748,339</b>	<b>-2,899,561,339</b>	<b>99%</b>
<b>PAYMENTS</b>						
Use of goods and services	1,079,787,000	-655,736,000	424,051,000	195,379,451.55	228,671,548.45	46.07%
Transfers to Other Government Units	4,230,000,000	-1,762,000,000	2,468,000,000	2,738,000,000	-270,000,000	110.9%
Acquisition of Assets	70,000,000	287,949,000	357,949,000	294,335,031.65	63,613,968.35	82.2%
<b>TOTALS</b>	<b>5,379,787,000</b>	<b>-2,129,787,000</b>	<b>3,250,000,000</b>	<b>3,227,714,483.20</b>	<b>2,152,072,516.8</b>	

The State Department financial statements were approved on

*St June*

2018 and signed by:

*B. M. W.*

Principal Secretary

*[Signature]*  
Principal Accounts Controller

State Department for Investment and Industry  
 Reports and Financial Statements  
 For the year ended June 30, 2017

I. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation Difference to Final Budget
	a	b	c=a+b	d	e=d-c	f=d/c %
<b>RECEIPTS</b>						
Proceeds from Domestic and Foreign Grants	326,187,000	-176,187,000	150,000,000	97,070,010	-52,929,990	65%
Exchequer releases	7,699,915,153	-1,764,470,346	5,935,444,807	5,844,578,329	-90,866,478	98%
Proceeds from Sale of Assets	17,500,000	-	17,500,000	11,883,252	-5,616,748	68%
Returns of Equity Holdings	5,000,000	-	5,000,000	-	-5,000,000	0%
Other Receipts	22,500,000	-	22,500,000	-	-22,500,000	0%
<b>Total Receipts</b>	<b>8,071,102,153</b>	<b>-1,940,657,346</b>	<b>6,130,444,807</b>	<b>5,953,531,591</b>	<b>-176,913,216</b>	<b>97%</b>
Payments						
Compensation of Employees	446,093,876	87,907,988	534,001,864	549,334,570	15,332,706	103%
Use of goods and services	1,548,447,504	-656,912,829	891,534,675	596,288,158	-295,246,517	67%
Transfers to Other Government Units	5,953,633,517	-1,656,300,000	4,297,333,517	4,562,333,517	265,000,000	106%
Other grants and transfers	6,700,000	300,000	7,000,000	4,480,720	-2,519,280	64%
Acquisition of Assets	93,727,256	284,347,495	378,074,751	239,702,126	-138,372,625	63%
<b>Total</b>	<b>8,048,602,153</b>	<b>-1,940,657,346</b>	<b>6,107,944,807</b>	<b>5,952,139,090</b>	<b>-155,805,717</b>	<b>97%</b>

The State Department financial statements were approved on 15<sup>th</sup> June 2018 and signed by:

  
 Principal Secretary

  
 Principal Accounts Controller

## SIGNIFICANT ACCOUNTING POLICIES

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

### 1. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting and applicable government legislations and regulations. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the *State Department for Investment & Industry* and all values are rounded to the nearest thousand (Kshs'000). The accounting policies adopted have been consistently applied to all the years presented.

The financial statements have been prepared on the cash basis following the Government's standard chart of accounts.

### 2. Recognition of revenue and expenses

The *State Department for Investment & Industry* recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the *State Department for Investment & Industry*. In addition, the *State Department for Investment & Industry* recognises all expenses when the event occurs and the related cash has actually been paid out by the *State Department for Investment & Industry*.

### 3. In-kind contributions

In-kind contributions are donations that are made to the *State Department for Investment & Industry* in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the *State Department for Investment & Industry* includes such value in the statement of receipts and payments both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

### 4. 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 the Central Bank of Kenya and at various commercial banks at the end of the financial year.

### 5. Accounts Receivable

For the purposes of these financial statements, imprest and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year is treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as expenditure when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

**6. Accounts Payable**

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized as accounts payables. This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted by National Government Ministries and agencies. Other liabilities including pending bills are disclosed in the financial statements.

**7. Non-current assets**

Non-current assets are expensed at the time of acquisition while disposal proceeds are recognized as receipts at the time of disposal. However, the acquisitions and disposals are reflected in the State Department for Investment & Industry fixed asset register a summary of which is provided as a memorandum to these financial statements.

**8. Pending bills**

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they are recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the *State Department for Investment & Industry* at the end of the year. Pending bill form a first charge to the subsequent year budget and when they are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

**9. Budget**

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The *State Department for Investment & Industry's* budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the *State Department for Investment & Industry's* actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

**10. Comparative figures**

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

**11. Subsequent events**

Events subsequent to submission of the financial year end financial statements to the National Treasury and other stakeholders with a significant impact on the financial statements may be adjusted with the concurrence of National Treasury.

**I NOTES TO THE FINANCIAL STATEMENTS**

**1. PROCEEDS FROM DOMESTIC & FOREIGN GRANTS**

<b>Name of Donor</b>	<b>2016 - 2017 Kshs</b>	<b>2015 - 2016 Kshs</b>
Grants Received from Multilateral Donors (International Organisations)	97,070,010	43,298,640.00
<b>Total</b>	<b>97,070,010</b>	<b>43,298,640.00</b>

**2 EXCHEQUER RELEASES**

<b>Description</b>	<b>2016 - 2017 Kshs</b>	<b>2015 - 2016 Kshs</b>
1st quarter transfer	1,628,100,000	1,667,000,000
2nd quarter transfer	1,248,300,000	1,435,759,940
3rd quarter transfer	1,715,178,329	1,824,300,000
4th quarter transfer	1,253,000,000	2,814,300,000
<b>Total</b>	<b>5,844,578,329</b>	<b>7,741,359,940</b>

**3. PROCEEDS FROM SALE OF NON-FINANCIAL ASSETS**

	<b>2016 - 2017 Kshs</b>	<b>2015 - 2016 Kshs</b>
Receipts from the Sale of Inventories, Stocks and Commodities	11,883,252	17,529,600.00
<b>Total</b>	<b>11,883,252</b>	<b>17,529,600.00</b>

**4. OTHER REVENUES**

	<b>2016 - 2017</b>	<b>2015 – 2016</b>
	<b>Kshs</b>	<b>Kshs</b>
Receipts from Administrative Fees and Charges - Collected as AIA	-	14,987,387
<b>Total</b>		<b>17,848,870.30</b>

**5. COMPENSATION OF EMPLOYEES**

	<b>2016 - 2017</b>	<b>2015 – 2016</b>
	<b>Kshs</b>	<b>Kshs</b>
Basic salaries of permanent employees	279,561,729	332,387,876
Personal allowances paid as part of salary	269,742,088	210,555,283
<b>Total</b>	<b>549,943,159.30</b>	<b>542,943,159</b>

**MINISTRY OF INDUSTRY, TRADE AND COOPERATIVES**  
**State Department for Investment and Industry**  
**Reports and Financial Statements**  
**For the year ended June 30, 2017**

**USE OF GOODS AND SERVICES**

	<b>2016 - 2017</b>	<b>2015 – 2016</b>
	<b>Kshs</b>	<b>Kshs</b>
Utilities, supplies and services	23,804,042	23,935,020
Communication, supplies and services	22,985,199	26,768,451.60
Domestic travel and subsistence	40,739,798	43,924,304.35
Foreign travel and subsistence	34,705,668	21,897,302.75
Printing, advertising and information supplies & services	5,610,273	14,987,346.55
Rentals of produced assets	117,075,139	122,854,725.25
Training expenses	42,257,479	26,445,810.10
Hospitality supplies and services	16,545,154	25,056,995.10
Specialised materials and services	67,461,567	74,180,664.00
Office and general supplies and services	30,124,406	52,932,166.90
Other operating expenses	167,652,362	18,520,276.15
Routine maintenance – vehicles and other transport equipment	8,678,852	16,703,292.15
Fuel Oil and Lubricants	10,316,493	125,143,316.20
Routine maintenance – other assets	8,331,727	17,229,715.80
<b>Total</b>	<b>596,288,158</b>	<b>610,809,044</b>

**7 TRANSFER TO OTHER GOVERNMENT ENTITIES**

<b>Description</b>	<b>2016 - 2017</b>	<b>2015 – 2016</b>
	<b>Kshs</b>	<b>Kshs</b>
Current Grants to Government Agencies and other Levels of Government	1,824,333,517	5,884,312,106.25
Capital Grants to Government Agencies and other Levels of Government (See attached list )	2,738,000,000	
<b>TOTAL</b>	<b>4,562,333,517</b>	<b>5,884,312,106.25</b>

**8. OTHER GRANTS AND OTHER PAYMENTS**

	<b>2016 - 2017</b>	<b>2015 – 2016</b>
	<b>Kshs</b>	<b>Kshs</b>
Scholarship and other education benefit, membership fees and dues and subscriptions to international organizations	4,480,720	1,474,509
Subsidies to small businesses, cooperatives, and self employed		500,000,000
<b>Total</b>	<b>4,480,720</b>	<b>501,474,509</b>

**9. SOCIAL SECURITY BENEFITS**

	<b>2016 - 2017</b>	<b>2015 – 2016</b>
	<b>Kshs</b>	<b>Kshs</b>
Government pension and retirement benefits		6,211,851.75
<b>Total</b>		<b>6,211,851.75</b>

**10 ACQUISITION OF ASSETS**

	2016 - 2017	2015 - 2016
	Kshs	Kshs
<b><u>Non Financial Assets</u></b>		
Refurbishment of Buildings	5,475,991	11,316,998
Construction and Civil Works	61,599,075	175,750,000
Purchase of Vehicles and Other Transport Equipment	-	-
Purchase of Office Furniture and General Equipment	2,779,491	9,398,456
Purchase of Specialized Plant, Equipment and Machinery	157,972,498	12,402,182
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	295,000
Research, Studies, Project Preparation, Design & Supervision	12,875,071	16,761,381
Rehabilitation of Civil Works	-	42,499,998
<b>Total</b>	<b>239,702,126</b>	<b>268,424,016</b>

**11A Bank Accounts**

Name of Bank, Account No. & currency	Indicate whether recurrent, Development, deposit, revenue, CRF e.t.c	2016 - 2017	2015 - 2016
		Kshs	Kshs
RECURRENT ACCOUNT NO.1000181745	REC.	64,210.90	18,486,441.65
DEVELOPMENT ACCOUNT NO.1000181923	DEV.	714,783.75	9,337,595.50
DEPOSIT ACCOUNT NO.1000182307	DEP.	1,599,194.00	2,169,624.40
KEPTAP PROJECT ACCOUNT NO.1000258764		613,505.80	17,955,340.00
<b>Total</b>		<b>2,991,694.45</b>	<b>47,949,001.55</b>

**11 B. CASH IN HAND**

**MINISTRY OF INDUSTRY, TRADE AND COOPERATIVES**

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	2016 - 2017 Kshs	2015 - 2016 Kshs
Cash in Hand – Held in domestic currency	-	169,601.45
<b>Total</b>	-	<b>169,601.45</b>

**Cash in hand should also be analysed as follows:**

	2016 - 2017 Kshs	2015 - 2016 Kshs
Location 1 Ministry of Industrialization and Enterprise Development	-	169,601.45
<b>Total</b>	-	<b>169,601.45</b>

**12. OUTSTANDING IMPRESTS**

Description	2016 - 2017 Kshs	2015 - 2016 Kshs
Government Imprests		355,338.00
Clearance accounts		148,754.00
		113,735.21
District Suspense(DIDOS)		<b>617,827.21</b>
<b>Total</b>		

**13. ACCOUNTS PAYABLE**

	2016 - 2017 Kshs	2015 - 2016 Kshs
Deposits	1,599,194.00	2,169,624.40

**MINISTRY OF INDUSTRY, TRADE AND COOPERATIVES**

State Department for Investment and Industry

Reports and Financial Statements

For the year ended June 30, 2017

<b>TOTAL</b>	<b>1,599,194.00</b>	<b>2,169,624.40</b>
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**14. BALANCES BROUGHT FORWARD**

	<b>2016 - 2017</b>	<b>2015 - 2016</b>
	<b>Kshs</b>	<b>Kshs</b>
Bank accounts	47,949,001.55	33,983,071.45
Cash in hand	169,601.45	49,889.15
Receivables - Outstanding		
Imprests	617,827	8,532,106.8
Payables - Deposits	2,169,624.40	1,860,625
<b>Total</b>	<b>46,566,806</b>	<b>40,704,442.4</b>

**15. PRIOR YEAR ADJUSTMENTS**

<b>Description of the error</b>	<b>2016-2017</b>	<b>2015-2016</b>
	<b>Kshs</b>	<b>Kshs</b>
Adjustments on bank account balances	47,949,001.55	
Adjustments on cash in hand	169,601.45	
Adjustments on payables	(2,169,624.40)	
Adjustments on receivables	617,827	
<b>TOTAL</b>	<b>46,566,806</b>	

\*Adjustments are composed of bank balances returned to exchequer, imprests and deposit balances transferred and distributed between the state department for cooperatives and investment and the former Ministry of Industrialisation and Enterprise Development

**16. RELATED PARTY DISCLOSURES**

The following comprise of related parties to the State Department for investment and Industry

- Key management personnel that include the Cabinet Secretary and Accounting Officers
- Other Ministries Departments and Agencies and Development projects
- State corporations and Semi-Autonomous Government Agencies.

**Related Party Transactions:**

	<b>2016/2017</b>	<b>2015/2016</b>
	<b>Kshs</b>	<b>Kshs</b>
Key Management compensation	-	-
Transfers to Other State Corporations and Semi-Autonomous	4,563,333,517	5,884,312,106

**MINISTRY OF INDUSTRY, TRADE AND COOPERATIVES**  
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**\*17. RESTATEMENT**

IPSAS 3 (47) Provides for the restatement of the comparative amounts for prior period(s) presented in which the error occurred. In the preparation of the State Department's previous year accounts some changes were made with respect to payables, receivables and receipts and expenses as a result of omissions deviations from the current template and receivables being accounted for in the current period but relating to the prior year as such adjustments needed to be effected in order to reflect the true position of the accounts after the changes as highlighted below.

<b>AUDITED AMOUNT</b>	<b>ADJUSTMENT</b>	<b>RESTATED AMOUNT</b>	<b>FINANCIAL STATEMENT LINE ITEM</b>
7,721,050,000	(20,309,940)	7,741,359,940	Transfers from Treasury
20,309,940	20,309,940	-	Transfers from KEPTAP
19,612,975	2,083,375	17,529,600	Proceeds from Sale of Assets
14,987,387	(2,861,483)	17,848,870	Other revenues
576,273,242	(34,535,802)	610,809,044	Use of goods & services
6,054,325,173	210,013,067	5,844,312,106	Transfers to Other Gov't Units
79,645,587	(188,778,429)	268,424,016	Acquisition of Assets
504,092	148,754	355,338	Outstanding Imprests
47,703,956	47,441,467	262,489	Receivables from DIDO's
1,710,585	(459,039)	2,169,624	Accounts payable
36,230,646	(4,473,796)	40,704,442	Fund Balance Brought forward



**Trial Balance**

Entity: 1172-State Department for Investment and Industry

Current Period: JUL-16 To JUN-17

Compare With: JUL-15 To ADJ2-16

Account No and Description	Current Period		Previous period	
	Debit Kshs	Credit Kshs	Debit Kshs	Credit Kshs
1320000 Grants from International Organisations	0.00	97,070,010.00	0.00	0.00
1450000 Other Receipts Not Elsewhere Classified	0.00	0.00	0.00	0.00
2110000 Wages and Salary Contributions	549,334,570.00	0.00	0.00	0.00
2210000 Goods and Services	579,277,580.00	0.00	0.00	0.00
2220000 Routine Maintenance	17,010,578.80	0.00	0.00	0.00
2620000 Grants and Other Transfers to International Organizations	4,480,720.00	0.00	0.00	0.00
2630000 Grants & Transfer To Other Govt. Units	4,562,333,517.00	0.00	0.00	0.00
3110000 Acquisition of Fixed Capital Assets	239,702,126.00	0.00	0.00	0.00
3520000 Receipts from Sales of Inventories	0.00	11,883,252.00	0.00	0.00
6530000 Recurrent Bank Accounts	64,210.90	0.00	0.00	0.00
6540000 Development Bank Accounts	1,328,289.50	0.00	0.00	0.00
6550000 Deposit Bank Account	1,599,194.00	0.00	0.00	0.00
6580000 Cash in Hand	0.00	0.00	0.00	0.00
6740000 Other Debtors & Pre-payments	0.00	0.00	0.00	0.00
6760000 Government Imprests	0.00	0.00	0.00	0.00
6780000 Suspense & Clearance Account	0.00	0.00	0.00	0.00
6790000 Other Current Assets (System r	0.00	0.00	0.00	0.00
7310000 Deposits	0.00	1,599,194.00	0.00	0.00
7320000 Other Liabilities	0.00	0.00	0.00	0.00
7380000 Withholding Taxes	0.00	0.00	0.00	0.00
7390000 System Required Liabilities A/cs	0.00	0.00	0.00	0.00
9910000 Provisions	0.00	5,844,578,329.00	0.00	0.00
9990000 Opening Balance Reserves	0.05	0.00	0.00	0.00
<b>Total</b>	<b>5,955,130,785.00</b>	<b>5,955,130,785.00</b>	<b>5,955,130,785.00</b>	<b>5,955,130,785.00</b>

The Statement has been prepared, reviewed and approved by the following:

Prepared By: \_\_\_\_\_

Date: \_\_\_\_\_

Reviewed By: \_\_\_\_\_

Date: \_\_\_\_\_

Approved By: \_\_\_\_\_

Date: \_\_\_\_\_



**Trial Balance**

Entity: 1172- State Department for Investment and Industry

Current Period: JUL-16 To JUN-17

Compare With: JUL-15 To ADJ2-16

Account No and Description	Current Period		Previous period	
	Debit Kshs	Credit Kshs	Debit Kshs	Credit Kshs
1320200 Grants from International Organizations - Direct Payments AIA	0.00	97,070,010.00	0.00	0.00
1320000 Grants from International Organisations	0.00	97,070,010.00	0.00	0.00
1450100 Paid to Exchequer	0.00	0.00	0.00	0.00
1450000 Other Receipts Not Elsewhere Classified	0.00	0.00	0.00	0.00
2110100 Basic Salaries - Permanent Employees	279,561,729.00	0.00	0.00	0.00
2110300 Personal Allowances paid as part of Salary	269,772,841.00	0.00	0.00	0.00
2110000 Wages and Salary Contributions	549,334,570.00	0.00	0.00	0.00
2210100 Utilities, Supplies and Services	23,804,042.30	0.00	0.00	0.00
2210200 Communication, Supplies and Services	22,985,199.20	0.00	0.00	0.00
2210300 Domestic Travel and Subsistence, and Other Transportation Costs	40,739,797.50	0.00	0.00	0.00
2210400 Foreign Travel and Subsistence, and other transportation costs	34,705,667.70	0.00	0.00	0.00
2210500 Printing, Advertising and Information Supplies and Services	5,610,272.75	0.00	0.00	0.00
2210600 Rentals of Produced Assets	117,075,139.00	0.00	0.00	0.00
2210700 Training Expenses	42,257,479.00	0.00	0.00	0.00
2210800 Hospitality Supplies and Servi	16,545,154.20	0.00	0.00	0.00
2211000 Specialised Materials and Supp	67,461,566.70	0.00	0.00	0.00
2211100 Office and General Supplies and Services	30,124,406.20	0.00	0.00	0.00
2211200 Fuel Oil and Lubricants	10,316,493.40	0.00	0.00	0.00
2211300 Other Operating Expenses	167,652,362.00	0.00	0.00	0.00
2210000 Goods and Services	579,277,580.00	0.00	0.00	0.00
2220100 Routine Maintenance - Vehicles	8,678,852.15	0.00	0.00	0.00
2220200 Routine Maintenance - Other Assets	8,331,726.60	0.00	0.00	0.00
2220000 Routine Maintenance	17,010,578.80	0.00	0.00	0.00
2620100 Membership Fees and Dues and Subscriptions to International Organizations	4,480,720.00	0.00	0.00	0.00
2620000 Grants and Other Transfers to International Organizations	4,480,720.00	0.00	0.00	0.00
2630100 Current Grants to Government Agencies and other Levels of Government	1,824,333,517.00	0.00	0.00	0.00
2630200 Capital Grants to Government Agencies and other Levels of Government	2,738,000,000.00	0.00	0.00	0.00
2630000 Grants & Transfer To Other Govt. Units	4,562,333,517.00	0.00	0.00	0.00
3110300 Refurbishment of Buildings	5,475,991.00	0.00	0.00	0.00
3110500 Construction and Civil Works	8,258,852.00	0.00	0.00	0.00
3110700 Purchase of Vehicles and Other Transport Equipment	52,340,222.70	0.00	0.00	0.00
3111000 Purchase of Office Furniture and General Equipment	2,779,491.00	0.00	0.00	0.00
3111100 Purchase of Specialised Plant, Equipment and Machinery	157,972,498.00	0.00	0.00	0.00
3111400 Research, Feasibility Studies, Project Preparation and Design, Project Supervision	12,875,071.00	0.00	0.00	0.00
3110000 Acquisition of Fixed Capital Assets	239,702,126.00	0.00	0.00	0.00
3520300 Receipts from the Sale of Inventories, Stocks and Commodities	0.00	11,883,252.00	0.00	0.00
3520000 Receipts from Sales of	0.00	11,883,252.00	0.00	0.00

Account No and Description	Current Period		Previous period	
	Debit	Credit	Debit	Credit
<b>Inventories</b>				
6530100 Recurrent Bank Accounts	64,210.90	0.00	0.00	0.00
6530000 Recurrent Bank Accounts	64,210.90	0.00	0.00	0.00
6540100 Development Bank Accounts	714,783.75	0.00	0.00	0.00
6541100	613,505.75	0.00	0.00	0.00
6540000 Development Bank Accounts	1,328,289.50	0.00	0.00	0.00
6550100 Deposit Bank Accounts	1,599,194.00	0.00	0.00	0.00
6550000 Deposit Bank Account	1,599,194.00	0.00	0.00	0.00
6580100 Cash in Hand	0.00	0.00	0.00	0.00
6580000 Cash in Hand	0.00	0.00	0.00	0.00
6740100 Other Debtors & Pre-payments	0.00	0.00	0.00	0.00
6740000 Other Debtors & Pre-payments	0.00	0.00	0.00	0.00
6760100 Imprests	0.00	0.00	0.00	0.00
6760000 Government Imprests	0.00	0.00	0.00	0.00
6780100 Suspense & Clearance Account	0.00	0.00	0.00	0.00
6780000 Suspense & Clearance Account	0.00	0.00	0.00	0.00
6790100 Other Current System A/cs	0.00	0.00	0.00	0.00
6790000 Other Current Assets (System r	0.00	0.00	0.00	0.00
7310100 General Deposits Items	0.00	1,599,194.00	0.00	0.00
7310000 Deposits	0.00	1,599,194.00	0.00	0.00
7320100 Salary Deductions	0.00	0.00	0.00	0.00
7320200 Other General Liabilities	0.00	0.00	0.00	0.00
7320000 Other Liabilities	0.00	0.00	0.00	0.00
7380100	0.00	0.00	0.00	0.00
7380000 Withholding Taxes	0.00	0.00	0.00	0.00
7390100 System Required Liabilities	0.00	0.00	0.00	0.00
7399900	0.00	0.00	0.00	0.00
7390000 System Required Liabilities A/cs	0.00	0.00	0.00	0.00
9910100 General Provisions	0.00	0.00	0.00	0.00
9910200 Exchequer Provisions	0.00	5,844,578,329.00	0.00	0.00
9910000 Provisions	0.00	5,844,578,329.00	0.00	0.00
9999900	0.05	0.00	0.00	0.00
9990000 Opening Balance Reserves	0.05	0.00	0.00	0.00
<b>Total</b>	<b>5,955,130,785.00</b>	<b>5,955,130,785.00</b>	<b>5,955,130,785.00</b>	<b>5,955,130,785.00</b>

The Statement has been prepared, reviewed and approved by the following:

Prepared By: \_\_\_\_\_

Date: \_\_\_\_\_

Reviewed By: \_\_\_\_\_

Date: \_\_\_\_\_

Approved By: \_\_\_\_\_

Date: \_\_\_\_\_



**STATEMENT OF RECEIPTS AND PAYMENTS**  
 Entity: 1172 State Department for Investment and Industry  
 Current Period: JUL-16 To JUN-17  
 Compare With: JUL-15 To JUN-16

	Note	Current Period	Previous Period
<b>RECEIPTS</b>			
Tax Receipts	1	0.00	0.00
Social Security Contribution	2	0.00	0.00
Proceeds from Domestic and Foreign Grants	3	97,070,010.00	0.00
Exchequer releases	4	5,844,578,329.00	0.00
Transfers from Other Government Entities	5	0.00	0.00
Proceeds from Domestic Borrowings	6	0.00	0.00
Proceeds from Foreign Borrowings	7	0.00	0.00
Proceeds from Sales of Assets	8	11,883,252.00	0.00
Reimbursements and Refunds	9	0.00	0.00
Returns of Equity Holdings	10	0.00	0.00
Other Receipts	11	0.00	0.00
<b>TOTAL RECEIPTS</b>		<b>5,953,531,591.00</b>	<b>0.00</b>
<b>PAYMENTS</b>			
Compensation of Employees	12	549,334,570.05	0.00
Use of goods and Services	13	596,288,158.35	0.00
Subsidies	14	0.00	0.00
Transfers to Other Government Units	15	4,562,333,516.50	0.00
Other Grants and Transfers	16	4,480,720.00	0.00
Social Security Benefits	17	0.00	0.00
Acquisition of Assets	18	239,702,125.65	0.00
Finance Costs, including Loan Interest	19	0.00	0.00
Repayment of Principal on Domestic and Foreign Borrowing	20	0.00	0.00
Other payments	21	0.00	0.00
<b>TOTAL PAYMENTS</b>		<b>5,952,139,090.55</b>	<b>0.00</b>
<b>SURPLUS/DEFICIT</b>		<b>1,392,500.45</b>	<b>0.00</b>

The Statement has been prepared, reviewed and approved by the following:

Prepared By: \_\_\_\_\_  
 Reviewed By: \_\_\_\_\_  
 Approved By: \_\_\_\_\_

Date: \_\_\_\_\_  
 Date: \_\_\_\_\_  
 Date: \_\_\_\_\_



**Statement of Financial Position**  
 Entity: 1172 State Department for Investment and Industry  
 Current Period: JUL-16 To JUN-17  
 Compare With: JUL-15 To JUN-16

	Note	Current Period Kshs	Previous Period Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>		2,991,694.40	0.00
Bank Balances	22A	0.00	0.00
Cash Balances	22B	2,991,694.40	0.00
<b>Total Cash And Cash Equivalents</b>		0.00	0.00
Accounts Receivables - Outstanding Imprest and Clearance Accounts	23	2,991,694.40	0.00
<b>TOTAL FINANCIAL ASSETS</b>			
<b>Financial Liabilities</b>		1,599,194.00	0.00
Accounts Payables - Deposits	24	1,392,500.40	0.00
<b>NET FINANCIAL ASSETS</b>			
<b>REPRESENTED BY</b>		0.00	0.00
Fund Balance b/fwd	25	1,392,500.45	0.00
Surplus/Deficit for the Year		1,392,500.45	0.00
<b>NET FINANCIAL POSITION</b>			

The Statement has been prepared, reviewed and approved by the following:

Prepared By: \_\_\_\_\_  
 Reviewed By: \_\_\_\_\_  
 Approved By: \_\_\_\_\_

Date: \_\_\_\_\_  
 Date: \_\_\_\_\_  
 Date: \_\_\_\_\_

**STATEMENT OF CASH FLOW**

Entity 1172-State Department for  
Investment and Industry

Current Period: JUL-16 To JUN-17

Compare With: JUL-15 To JUN-16

	Note	Current Period	Previous Period
		Kshs	Kshs
<b>Receipts and operating income</b>			
Tax Receipts	1	0	0
Social Security Contribution	2	0	0
Proceeds from Domestic and Foreign Grants	3	97,070,010.00	0
Exchequer releases	4	5,844,578,329.00	0
Transfers from Other Government Entities	5	0	0
Reimbursements and Refunds	9	0	0
Returns of Equity Holdings	10	0	0
Other Receipts	11	0	0
<b>Payments for Operating Expenses</b>			
Compensation of Employees	12	549,334,570.05	0
Use of goods and Services	13	596,288,158.35	0
Subsidies	14	0	0
Transfers to Other Government Units	15	4,562,333,516.50	0
Other Grants and Transfers	16	4,480,720.00	0
Social Security Benefits	17	0	0
Finance Costs, including Loan Interest	19	0	0
Other payments	21	0	0
<b>Adjusted for:</b>			
Adjustments during the year		1,599,194.00	0
<b>Net Cash From Operating Activities</b>	A	230,810,568.10	0
<b>Cash Flow From Investing Activities</b>			
Proceeds from Sales of Assets	8	11,883,252.00	0
Acquisition of Assets	18	239,702,125.65	0
<b>Net Cash Flow From Investing Activities</b>	B	-227,818,873.65	0
<b>Cash Flow From Borrowing Activities</b>			
Proceeds from Domestic Borrowings	6	0	0
Proceeds from Foreign Borrowings	7	0	0
Repayment of Principal on Domestic and	20	0	0
<b>Net Cash Flow From Financing Activities</b>	C	0	0
<b>NET INCREASE IN CASH AND CASH</b>	A+B+C	2,991,694.45	0
<b>Cash and Cash Equivalent at BEGINNING</b>		0	0
<b>Cash and Cash Equivalent at END of The</b>	22A+22B	2,991,694.40	0

The Statement has been prepared, reviewed and approved by the following:

Prepared By: \_\_\_\_\_  
 Reviewed By: \_\_\_\_\_  
 Approved By: \_\_\_\_\_

Date: \_\_\_\_\_  
 Date: \_\_\_\_\_  
 Date: \_\_\_\_\_



## NOTES TO THE FINANCIAL STATEMENTS

Entity: 1172 State Department for Investment and Industry

Current Period: JUL-16 To JUN-17

Compare With: JUL-15 To JUN-16

### 2 Social Security Contribution

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Health Insurance Contribution		0.00	0.00
NHIF Health Insurance Contributions		0.00	0.00
Contributions from Govt. Employees for Social & Welfare Schemes		0.00	0.00
<b>TOTAL</b>		<b>0.00</b>	<b>0.00</b>

### 4 Exchequer releases

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Exchequer Releases/ Provisioning Account		5,844,578,329.00	0.00
<b>TOTAL</b>		<b>5,844,578,329.00</b>	<b>0.00</b>

### 5 Transfers from Other Government Entities

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Grants received by Central Govt from General Govt units		0.00	0.00
Grants Received from General Govt units by Local Authorities		0.00	0.00
Grants to Fund Accounts from Central Govt Budget		0.00	0.00
Grants to other General Govt units from General Govt units		0.00	0.00
<b>TOTAL</b>		<b>0.00</b>	<b>0.00</b>

### 6 Proceeds from Domestic Borrowings

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Borrowing within General Government		0.00	0.00
Borrowing from Monetary Authorities (Central Bank)		0.00	0.00
Other Domestic Depository Corporations (Commercial Banks)		0.00	0.00
Borrowing from Other Domestic Financial Institutions		0.00	0.00
Borrowing from Other Domestic Creditors		0.00	0.00
<b>TOTAL</b>		<b>0.00</b>	<b>0.00</b>

### 7 Proceeds from Foreign Borrowings

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Foreign Borrowings - Drawdowns through Exchequer		0.00	0.00
Foreign Borrowing-Direct Payments		0.00	0.00
Foreign Currency and Foreign Deposits		0.00	0.00
Other Foreign Accounts Payable		0.00	0.00
<b>TOTAL</b>		<b>0.00</b>	<b>0.00</b>

### 8 Proceeds from Sales of Assets

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Receipts from the Sale of Buildings - Paid to Exchequer		0.00	0.00
Receipts from the Sale of Buildings		0.00	0.00
Receipts from sale of other st		0.00	0.00
Receipts from sale of other st		0.00	0.00
Receipts from the Sale of Vehicles and Transport Equipment - Paid to Exchequer		0.00	0.00
Receipts from the Sale of Vehicles and Transport		0.00	0.00

Item Description	Item Code	Current Period	Previous Period
Equipment		0.00	0.00
Receipts from the Sale of Plant Machinery and Equipment - Paid to Exchequer		0.00	0.00
Receipts from the Sale Plant Machinery and Equipment		0.00	0.00
Receipts from Sale of Certified Seeds and Breeding Stock - Paid to Exchequer		0.00	0.00
Receipts from Sale of Certified Seeds and Breeding Stock		0.00	0.00
Receipts from the Sale of Strategic Reserves Stocks		0.00	0.00
Receipts from the Sale of Other Inventories, Stocks, and Commodities		11,883,252.00	0.00
Receipts from the Sale of Inventories, Stocks and Commodities		0.00	0.00
Receipts from the Sale of Land		0.00	0.00
Receipts from the Sale of Other Naturally Occurring Non-Produced Assets		0.00	0.00
Receipts from the Sale of Intangible Non-Produced Assets		0.00	0.00
Receipts from the Sale of Non-Produced Assets Collected as AIA		0.00	0.00
Repayments from Loans to Government Agencies and Other Levels of Government		0.00	0.00
Loans to Non-Financial Public Enterprises		0.00	0.00
Loans to Financial Institutions		0.00	0.00
Repayments from Domestic Loans to Individuals and Households		0.00	0.00
Repayments from lending to Foreign Govts.		0.00	0.00
Repayments from lending to International Orgns.		0.00	0.00
Repayments from lending to Foreign Non - Financial Enterps. & Financial Instns.		0.00	0.00
Repayments from Other Foreign Lending		0.00	0.00
Sales and Disposals of Equity Holdings in Domestic Public Non - Financial Enterprises		0.00	0.00
Sales and Disposals of Equity Holdings in Domestic Public Financial Institutions		0.00	0.00
Sales and Disposals of Other Equity Holdings		0.00	0.00
Sales and Disposals of Equity Holdings in Foreign Financial Instns. and Domestic Financial Instns. operating abroad		0.00	0.00
Sales and Disposals of Equity Holdings in Foreign Enterps. Financial Instns. and Domestic Financial Instns. operating abroad		0.00	0.00
Redemption/ Disposal of Other Financial Assets		0.00	0.00
Refund of Bonds paid as Deposits for Guarantees		0.00	0.00
<b>TOTAL</b>		<b>11,883,252.00</b>	<b>0.00</b>

9 Reimbursements and Refunds

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Refund from World Food Programme (WFP)		0.00	0.00
Reimbursement of Audit Fees		0.00	0.00
Reimbursement on Messing Charges (UNICEF)		0.00	0.00
Reimbursement from World Bank - ECD		0.00	0.00
Reimbursement from Individuals and Private Organizations		0.00	0.00
Reimbursement from Local Government Authorities		0.00	0.00
Reimbursement from Statutory Organizations		0.00	0.00
Reimbursement within Central Government		0.00	0.00
Reimbursement Using Bonds		0.00	0.00
Reimbursements and Refunds - Other (Budget)		0.00	0.00
<b>TOTAL</b>		<b>0.00</b>	<b>0.00</b>

11 Other Receipts

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Interest Received		0.00	0.00
Profits and Dividends		0.00	0.00
Withdrawals from Income of Quasi-corporations		0.00	0.00
Rents on land, houses and buildings		0.00	0.00
Other Property Income collected as AIA		0.00	0.00
Sales of Market Establishment		0.00	0.00
Administrative Fees and Charges		0.00	0.00
Administrative Fees and Charges collected as AIA		0.00	0.00

Item Description	Item Code	Current Period	Previous Period
Incidental Sales by Non-Market Establishments		0.00	0.00
Incidental Sales by Non-Market Establishments Collected as AIA		0.00	0.00
Receipts from Sale of Incidental Goods		0.00	0.00
Fines, Penalties, Forfeitures and other Charges		0.00	0.00
Current Grants from International NGOs paid through Exchequer		0.00	0.00
Capital Grants from International NGOs paid through Exchequer		0.00	0.00
Current Grants from International NGOs collected as AIA		0.00	0.00
Capital Grants from International NGOs collected as AIA		0.00	0.00
Other Voluntary Transfers for Current purposes		0.00	0.00
Other Voluntary Transfers for Capital purposes		0.00	0.00
Paid to Exchequer		0.00	0.00
Receipts Not Classified Elsewhere		0.00	0.00
		0.00	0.00
		0.00	0.00
Business Permits		0.00	0.00
Cesses		0.00	0.00
Poll Rates		0.00	0.00
Plot Rents		0.00	0.00
Other Local Levies		0.00	0.00
Administrative Services Fees		0.00	0.00
Various Fees		0.00	0.00
Council's Natural Resources Exploitation		0.00	0.00
Sales Of Council Assets		0.00	0.00
Lease / Rental Of Council's Infrastructure Assets		0.00	0.00
Other Miscellaneous Revenues		0.00	0.00
Other Miscellaneous Revenues		0.00	0.00
Insurance Claims Recovery		0.00	0.00
Medium Term Loans (1-3 Yr Repayment)		0.00	0.00
Long Term Loans (Over 3 Yr Repayment)		0.00	0.00
Transfers From Reserve Funds		0.00	0.00
Donations		0.00	0.00
Fund Raising Events		0.00	0.00
Other Revenues From Financial Assets Loan		0.00	0.00
		0.00	0.00
Market/Trade Centre Fee		0.00	0.00
Vehicle Parking Fees		0.00	0.00
Housing		0.00	0.00
Social Premises Use Charges		0.00	0.00
School Fees		0.00	0.00
Other Education-Related Fees		0.00	0.00
Other Education Revenues		0.00	0.00
Public Health Services		0.00	0.00
Public Health Facilities Operations		0.00	0.00
Environment & Conservancy Administration		0.00	0.00
Slaughter Houses Administration		0.00	0.00
Water Supply Administration		0.00	0.00
Sewerage Administration		0.00	0.00
Other Health & Sanitation Revenues		0.00	0.00
Technical Services Fees		0.00	0.00
External Services Fees		0.00	0.00
		0.00	0.00
System Required Revenue A/cs		0.00	0.00
<b>TOTAL</b>		<b>0.00</b>	<b>0.00</b>

12 Compensation of Employees

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Basic Salaries - Permanent Employees		279,561,729.05	0.00
Basic Wages - Temporary Employees		0.00	0.00
Personal Allowances paid as part of Salary		269,772,841.00	0.00
Personal Allowances paid as Reimbursements		0.00	0.00
Personal Allowances provided in Kind		0.00	0.00
Employer Contributions to Compulsory National Social Security Schemes		0.00	0.00
Employer Contributions to Compulsory Health Insurance Schemes		0.00	0.00
USE OF GOODS AND SERVICES		0.00	0.00
<b>TOTAL</b>		<b>549,334,570.05</b>	<b>0.00</b>

13 Use of goods and Services

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Utilities, Supplies and Services		23,804,042.25	0.00
Communication, Supplies and Services		22,985,199.20	0.00
Domestic Travel and Subsistence, and Other Transportation Costs		40,739,797.50	0.00
Foreign Travel and Subsistence, and other transportation costs		34,705,667.65	0.00
Printing , Advertising and Information Supplies and Services		5,610,272.75	0.00
Rentals of Produced Assets		117,075,138.60	0.00
Training Expenses		42,257,478.95	0.00
Hospitality Supplies and Servi		16,545,154.20	0.00
Insurance Costs		0.00	0.00
Specialised Materials and Supp		67,461,566.65	0.00
Office and General Supplies and Services		30,124,406.20	0.00
Fuel Oil and Lubricants		10,316,493.40	0.00
Other Operating Expenses		167,652,362.25	0.00
Routine Maintenance - Vehicles		8,678,852.15	0.00
Routine Maintenance - Other Assets		8,331,726.60	0.00
Exchange Rate Losses		0.00	0.00
<b>TOTAL</b>		<b>696,288,158.35</b>	<b>0.00</b>

15 Transfers to Other Government Units

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Current Grants to Government Agencies and other Levels of Government		1,824,333,516.50	0.00
Capital Grants to Government Agencies and other Levels of Government		2,738,000,000.00	0.00
Other Current Transfers, Grants and Subsidies		0.00	0.00
Other Capital Grants and Trans		0.00	0.00
Exchequer Provisions		0.00	0.00
County Transfers		0.00	0.00
<b>TOTAL</b>		<b>4,562,333,516.50</b>	<b>0.00</b>

16 Other Grants and Transfers

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Grants and Transfers to Foreign Governments		0.00	0.00
Membership Fees and Dues and Subscriptions to International Organizations		4,480,720.00	0.00
Membership Fees and Dues and Subscriptions to International Organizations (Continued)		0.00	0.00
Scholarships and other Educational Benefits		0.00	0.00
Emergency Relief and Refugee Assistance		0.00	0.00
Grants to Small Businesses, Cooperatives, and Self Employed		0.00	0.00
<b>TOTAL</b>		<b>4,480,720.00</b>	<b>0.00</b>

17 Social Security Benefits

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Government Pension and Retirement Benefits		0.00	0.00
Social Security Benefits		0.00	0.00
Employer Social Benefits		0.00	0.00
Refund of Pension to UK Government		0.00	0.00
<b>TOTAL</b>		<b>0.00</b>	<b>0.00</b>

18 Acquisition of Assets

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Purchase of Buildings		0.00	0.00
Construction of Building		0.00	0.00
Refurbishment of Buildings		5,475,991.00	0.00
Construction of Roads		0.00	0.00
Construction and Civil Works		8,258,852.00	0.00

Item Description	Item Code	Current Period	Previous Period
Overhaul and Refurbishment of Construction and Civil Works		0.00	0.00
Purchase of Vehicles and Other Transport Equipment		52,340,222.65	0.00
Overhaul of Vehicles and Other Transport Equipment		0.00	0.00
Purchase of Household Furniture and Institutional Equipment		0.00	0.00
Purchase of Office Furniture and General Equipment		2,779,491.00	0.00
Purchase of Specialised Plant, Equipment and Machinery		157,972,498.00	0.00
Rehabilitation and Renovation of Plant, Machinery and Equipment		0.00	0.00
Purchase of Certified Seeds, Breeding Stock and Live Animals		0.00	0.00
Research, Feasibility Studies, Project Preparation and Design, Project Supervision		12,875,071.00	0.00
Rehabilitation of Civil Works		0.00	0.00
Purchase of Specialised Plant		0.00	0.00
Acquisition of Strategic Stocks		0.00	0.00
Acquisition of Other Inventori		0.00	0.00
Acquisition of Land		0.00	0.00
Acquisition of Other Intangible Assets		0.00	0.00
<b>TOTAL</b>		<b>239,702,125.65</b>	<b>0.00</b>

**19 Finance Costs, including Loan Interest**

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Interest Payments on Foreign Borrowing		0.00	0.00
Interest Payments on Guaranteed Debt		0.00	0.00
<b>TOTAL</b>		<b>0.00</b>	<b>0.00</b>

**20 Repayment of Principal on Domestic and Foreign Borrowing**

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Repayments on Borrowings from General Government		0.00	0.00
Repayments on Borrowings from Monetary Authorities (Central Bank)		0.00	0.00
Repayments on Borrowings from Other Domestic Depository Corporations (Commercial Banks)		0.00	0.00
Repayments on Borrowings from Other Domestic Financial Institutions		0.00	0.00
Repayments on Borrowings from Other Domestic Creditors		0.00	0.00
Principal Repayments on Foreign Borrowing		0.00	0.00
Principal Repayments on Guaranteed Domestic Debt Taken over by Government		0.00	0.00
Principal Repayments on Guaranteed Foreign Debt Taken over by Government		0.00	0.00
Repayments on Borrowings from Other Domestic Creditors - Private Enterprises		0.00	0.00
Repayments on Borrowings from Other Domestic Creditors - Public Enterprises		0.00	0.00
<b>TOTAL</b>		<b>0.00</b>	<b>0.00</b>

**21 Other payments**

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Budget Reserves		0.00	0.00
Civil Contingency Reserves		0.00	0.00
Capital Transfer to Non Financial Public Enterprises		0.00	0.00
Capital Transfer to Public Financial Institutions and Enterprises		0.00	0.00
Capital Transfer to Private Non-Financial Enterprises		0.00	0.00
System Required Expenses		0.00	0.00
<b>TOTAL</b>		<b>0.00</b>	<b>0.00</b>

**22A Bank Balances**

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Special Accounts		0.00	0.00

Item Description	Item Code	Current Period	Previous Period
Treasury Bank Accounts (Exchequer and CRF Accounts)		0.00	0.00
Recurrent Bank Accounts		64,210.90	0.00
Development Bank Accounts		1,328,289.50	0.00
Deposit Bank Account		1,599,194.00	0.00
Project Specific Bank Accounts		0.00	0.00
Foreign Currency and Foreign D		0.00	0.00
<b>TOTAL</b>		<b>2,991,694.40</b>	<b>0.00</b>

**22B Cash Balances**

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Cash in Hand		0.00	0.00
Foreign Currency and Foreign D		0.00	0.00
<b>TOTAL</b>		<b>0.00</b>	<b>0.00</b>

**23 Accounts Receivables - Outstanding Imprest and Clearance Accounts**

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Domestic Debtors & Advances		0.00	0.00
Debtors & Advances - Govt Owne		0.00	0.00
Foreign Debtors & Advances		0.00	0.00
Other Debtors & Pre-payments		0.00	0.00
Government Imprests		0.00	0.00
Agency Accounts		0.00	0.00
Suspense & Clearance Account		0.00	0.00
Other Current Assets (System r		0.00	0.00
<b>TOTAL</b>		<b>0.00</b>	<b>0.00</b>

**24. ACCOUNTS PAYABLE**

Item Description	Item code	Current Period	Previous Period
		Kshs	Kshs
Other Liabilities	7320000	0.00	0.00
Deposits	7310000	1,599,194.00	0.00
Withholding Taxes	7380000	0.00	0.00
System Required Liabilities A/cs	7390000	0.00	0.00
<b>TOTAL</b>		<b>1,599,194.00</b>	<b>0.00</b>

**25. FUND BALANCES BROUGHT FORWARD**

Item Description	Item Code	Current Period	Previous Period
		Kshs	Kshs
Opening Balance Bank	22A	0.00	0.00
Opening Balance Cash	22B	0.00	0.00
Opening Balance Receivables - Imprest and Clearance Accounts	23	0.00	0.00
Opening Balance - Deposits	24	0.00	0.00
<b>TOTAL</b>		<b>0.00</b>	<b>0.00</b>

MINISTRY OF INDUSTRY, TRADE AND COOPERATIVES  
 State Department for Investment and Industry  
 Reports and Financial Statements  
 For the year ended June 30, 2017

29. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No.	Issue/ Observation from Auditor	Management Comments	Focal Point person resolve the issues	Status/ Resolved/ Not Resolved	Time frame date
1	Un explained transfer for coffee debt waivers	Response was given from the state Department for Cooperatives		Resolved	
2	Outstanding Disbursement of tranfers to other Govt. Units	Was due to non-issuance of exchequer from	AIE HOLDER	Resolved	
3	Irregular payments for goods and Services not delivered	HSCO has yet to come with the response	HSCO	Not yet Resolved	
4	In accurate in Pending Bills	Response was given	AIE HOLDER	Resolved	
5	Non- Compliance with Public Finance Management ACT-2012 Management, Supervision and Liquidation Fund	Response given	HAU	Resolved	
<b>OTHERS</b>					
1.1	Un reconciled summary statements at comparison appropriation	Response was given	HAU	Resolved	
1.2	Poor Budget absorption	Response given	AIE HOLDER & HSCO	Not yet Resolved	
2	Irregular procurement practices procurement of consulatancy services	No Response	AIE HOLDER & HSCO	Not yet Resolved	
3	Irregular Reallocation of Development Grants to recurent expenditure	No Response	AIE HOLDER	Not yet Resolved	
4	Apparent loss of Cash	Partly solved	Legal Office	Not yet Resolved	
5	Loss of CIDC Equipment and Tools at KIRDI	Response given	HAU	Resolved	
		Matter in court	Legal Office	Not yet Resolved	

**GRANTS FOR INSTITUTIONS FOR FINANCIAL YEAR 2016/17**

<u>IFMIS</u>	<u>Vote</u>	<u>Date</u>	<u>Amount</u>	
✓ 1	11194 Anti- Counterfeit			
	Development	05/09/2016	12,500,000.00	12,500,000.00
/2	2344 Kenya Industrial Research			
	Recurrent	8/3/2016	158,583,944.75	
	Recurrent	10/27/2016	158,583,944.75	
	Recurrent	2/3/2017	158,583,944.00	
	Recurrent	4/25/2017	178,583,945.00	654,335,778.50
	Development	9/5/2016	40,000,000.00	
	Development	10/27/2016	40,000,000.00	
	Development	4/24/2017	40,000,000.00	
	Development	2/6/2017	40,000,000.00	
	Development	4/11/2017	225,000,000.00	385,000,000.00 ✓
✓ 3	152832 Numerical complex			
	Recurrent	2/3/2017	11,987,500.00	
	Recurrent	3/21/2017	70,000,000.00	
	Recurrent	9/9/2016	23,975,000.00	
	Recurrent	10/27/2016	23,975,000.00	
	Recurrent	12/8/2016	23,975,000.00	
	Recurrent	5/10/2017	11,987,500.00	165,900,000.00
	Development	10/27/2016	12,500,000.00	
	Development	9/6/2016	12,500,000.00	25,000,000.00
✓ 4	118868 Kenya Accreditation services			
	Recurrent	8/5/2016	28,759,600.00	
	Recurrent	2/3/2017	28,759,600.00	
	Recurrent	10/27/2016	28,759,600.00	
	Recurrent	4/21/2017	28,759,600.00	115,038,400.00

75,833,820.00

Development	10/27/2016	12,500,000.00
Development	2/6/2017	12,500,000.00
		12,500,000.00
Development	9/5/2016	12,500,000.00
Development	3/21/2017	65,000,000.00

115,000,000.00

✓9

2325 Kenya Industrial Property Inst.

Recurrent	9/1/2016	712,500.00
Recurrent	2/3/2017	712,500.00
Recurrent	10/27/2016	712,500.00
Recurrent	4/24/2017	712,500.00

2,850,000.00

Development	9/2/2016	12,500,000.00
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12,500,000.00

✓10

43342 Kenya Investment Authority

Recurrent	9/5/2016	57,500,000.00
Recurrent	2/6/2017	55,000,000.00
Recurrent	10/27/2016	57,500,000.00
Recurrent	4/21/2017	55,000,000.00

225,000,000.00

Development	10/27/2016	50,000,000.00
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Development	9/5/2016	50,000,000.00
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100,000,000.00

✓11

400443 National Indu. Training centre.

Recurrent	9/7/2016	100,343,879.25
Recurrent	2/3/2017	100,343,879.00
Recurrent	10/27/2016	100,343,879.25
Recurrent	4/25/2017	100,343,879.00

401,375,516.50

✓12

437406 Rivatex E/A Ltd

Development	10/27/2016	337,500,000.00
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Development	9/5/2016	112,500,000.00
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450,000,000.00

4,562,333,515.00

(2.00)

Line 2

511

*Attached please find your statement of expenditure*



MINISTRY OF INDUSTRY, TRADE AND CO-OPERATIVES  
State Department for Investment and Industry  
INTERNAL MEMO

*Approved*  
*[Signature]*  
P.S - I.K.I  
29<sup>th</sup> Aug 2017

TO: Principal Secretary	DATE: 29 <sup>th</sup> August 2017
FROM: Head/SCMS	REF: LOOSE MEMO

SUBJECT

PENDING BILLS FOR FINANCIAL YEAR 2016/2017

Forwarded herewith please find a list of pending bills for goods and services provided by various firms for the Financial Year 2016/2017, which were not processed to final payments owing to insufficient funds.

This is therefore to request counter-signing of the list as required by the National Treasury to effect payments through IFMIS.

The total amount of pending bills is Kshs. 115,863,748/=.

*[Signature]*  
C. B. Nyamwange

Encl.

*CFO*  
*Indicate all for bills*  
*charges be attached by*  
*the 20/08/17*



MINISTRY OF INDUSTRY, TRADE AND CO-OPERATIVES  
 State Department for Investment and Industry  
 INTERNAL MEMO

*Approved*  
*[Signature]*  
*Rs - 1110*  
*72/10/17*

ACCOUNTS DIVISION

TO: Principal Secretary	DATE: 22 <sup>nd</sup> August 2017
FROM: Principal Accountant	REF: LOOSE MEMO

SUBJECT

PENDING BILLS FOR FINANCIAL YEAR 2016/2017

Forwarded herewith please find a list of pending bills for goods and services provided by various firms, which were not processed to final payments owing to lack of sufficient Exchequer from the National Treasury for recurrent vote, Development vote and KEPTAP program.

The purpose of this memo therefore is to request your authority to process the bills as First Charge on Financial Year 2017/2018 allocation as follows:

1. Recurrent vote	-	Kshs. 48,904,871.96
2. Development vote	-	Kshs. 65,370,400.00
3. KEPTAP Program	-	Kshs. 3,378,406.00
Total	-	Kshs. 118,153,677.96

*[Signature]*  
 KIMANI P.W.  
 For: Principal Accountant  
 Encl.

*77. HAY/SEM/S*  
*Process 1008 Development*  
*except UNICOM: 1806*  
*22/11/311*  
*9/20*  
*9/20*  
*20/10/17*

ING BILLS FOR 2016-2017FY

o	NAME OF FIRM	LPO NO	PV NO	AMOUNT
	Ramji Haribhai Devani	303	003375	1,198,926
	Toyota Kenya	97	001681	50,910
	Toyota Kenya		003139	832,990
	Toyota Kenya	128	001836	49,997
	General Motors East Africa	271	003244	485,062
	Rex Kiosk	186	002825	382,320
	Telcom Kenya		002215	79,168.60
	Kenya Pipeline Company	153	002143	171,600
	Telcom Kenya		003045	55,048
10.	Kenpat Communication Limited	206	003152	889,000
11.	Kenya School of Government		001922	64,960
12.	Serena Hotel	154	002085	120,000
13.	Gyto Success Company	341	003321	1,817,852
14.	Creative Consolidated Systems	333	003252	1,188,000
15.	Astorian Grand Hotel	205	003158	168,000
16.	Villa Rosa Kempinsky		002551	200,000
17.	MFI Document Solutions Ltd	211	002941	201,805
18.	Netcom Computer System	282	003447	200,000
19.	Castamu Enterprises	291	003382	538,000
20.	Karapema General Supplies	347	003474	556,250
21.	Twera Enterprises	304	003550	267,000
22.	Robi Agencies	313	003408	250,000
23.	Vernlink General Supplies	321	003410	355,000
24.	Unicom Ltd	196	002454	27,513,000
25.	Unicom Ltd	202	002452	32,928,000
26.	Astorian Hotel	88	002142	210,000
27.	Imev General Agencies	254	003154	292,500
28.	Ironberg Company Ltd	256	003275	300,000
29.	Pago Airways Travel	172	002145	47,260
30.	Emmert Services	233	002791	427,000
31.	Tudeur Enterprises	336	003473	504,000
32.	Faxjab Distributors	145	003213	261,000
33.	Twinkle Travel Ltd	138	001849	68,830
34.	Deckmart General Supplies	224	003198	180,000
35.	Quench Services	236	003195	325,000
36.	Robi Agencies	244	002938	359,800
37.	Pago Airways Travel	300	003248	132,125
38.	Javanlink International	293	003350	470,130
39.	Melli Enterprises	266	003278	465,000
40.	Twinkle Travel Ltd	332	003349	181,185
41.	Modern Wizard Investment	308	003412	275,000
42.	Pago Airways Travel	169	002222	29,830
43.	Attic Tours & Travel	162	002090	97,410
44.	Trendmart General Supplies	231	003012	408,232
45.	Office Trend Solutions	82	001829	277,500
46.	Allwaka Merchandise	258	003401	277,000
47.	Iway Africa Kenya Ltd		001364	118,296

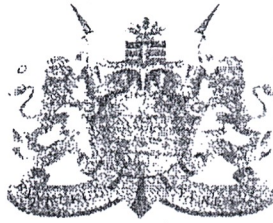
*Handwritten notes:*  
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 (with arrows pointing to rows 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47)

**BILLS FOR 2016-2017FY**

	Modken Industrial Services	207	003494	<del>280,000</del>
	Imev General Agencies	278	003159	62,640
	Acosil Investment Ltd	355	003544	<del>370,775</del>
1.	Maramos Royal Enterprises Ltd	325	003512	260,000
52.	Pago Airways Travel	285	003246	179,890
53.	Slzemado Services	161	002613	<del>400,000</del>
54.	Smart Group Ltd	119	002224	<del>276,000</del>
55.	Tudeur Enterprises	223	003011	<del>400,000</del>
56.	Pago Airways Travel	167	003547	1,112,657
57.	Ronnic Enterprises	257	002935	473,600
58.	Pago Airways Travel	283	003250	227,210
59.	Trojan General Suppliers	177	003281	394,400
60.	Letimboka Enterprises	269	003197	309,950
61.	Ashtonize General Agencies	232	003186	411,400
62.	Pago Airways Travel	286	003247	29,565
63.	Eveready Technologies	240	003280	300,000
	Tricom Technologies Ltd	29	002563	112,000
65.	Pago Airways Travel Ltd	338	003324	281,715
66.	Attic Tours & Travel	337	003327	144,420
67.	Pago Airways Travel	287	003251	30,000
68.	Pago Airways Travel	301	003249	640,535
69.	Patreda Global Enterprises	239	002796	187,000
70.	Maramos Royal Enterprises	135	002355	271,541
71.	Asad Distributors	116	002580	442,500
72.	Emart Services	247	002936	448,500
73.	Chirubla Suppliers	215	003143	228,000
74.	Picme Enterprises	67	003253	183,000
75.	Quillcom Investment	221	002798	<del>150,000</del>
76.	Jaycod Enterprises	141	002086	201,200
77.	Sensuous Logistics	241	003032	<del>147,500</del>
78.	Twinkle Travel Limited	322	003212	76,628
79.	Attic Towers and Travel Ltd	164	002100	31,880
80.	Cheroma Communications	349	003472	927,500
81.	Rinric Investments	288	003217	688,500
82.	Topwise General Supplies	234	003196	417,600
83.	Timex Bizhub Stationers	217	002959	499,000
84.	Squantam Enterprises Ltd	262	003161	475,000
85.	Geberk Solutions	255	003470	300,000
86.	Nice Ventures	322	003581	370,000
87.	Kemo Ventures	267	003200	1,040,000
88.	Prena Investments	268	003099	600,000
89.	Blooming Agencies	208	002872	482,000
90.	Brahilan Ventures	319	003276	500,000
91.	Salbatini Enterprise	277	003141	687,500
92.	One Way Investments	294	003215	525,920
93.	Timo Chem General Supplies	307	003411	940,000
94.	Pago Airways Travel Services	284	003221	98,195
95.	Solidpride Ltd	311	003255	516,600

*Handwritten signature*

BANKI  
KUU YA  
KENYA



CENTRAL  
BANK OF  
KENYA

10th July, 2017

Haile Selassie Avenue  
P.O. Box 60000-00200 Nairobi, Kenya  
Telephone: 2860000, Fax: 340192

# CERTIFICATE OF BALANCES

Customer : 131175 STATE DEPT FOR INVEST AND  
Balance Date: 30-Jun-17 INDUSTRY

Account No.	Account Name	Currency	Balance
1000303007	REC-STATE DEPT-INVEST AND INDUSTRY	KES	50,463,527.50
1000303018	DEV-STATE DEPT-INVEST AND INDUSTRY	KES	99,744,840.35
1000303026	DEP-STATE DEPT-INVEST AND INDUSTRY	KES	1,599,194.00
1000303034	CBK I 65-STATE DEPT-INVEST AND INDUSTRY	KES	0
1000307528	KENYA PETROLEUM TECHNICAL ASS. PTJ	KES	613,505.80
1000338024	KEN.PETRO.TECH ASS. PRJ (KEPTAP)	KES	0

P. S. LENKUME  
AUTHORISED SIGNATORY  
BANKING DIVISION

L. K. RWERIA  
AUTHORISED SIGNATORY  
BANKING DIVISION

