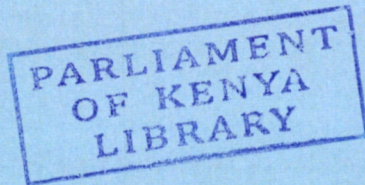


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Paper laid by
hom on 10/5/2017 (pm)*



REPORT



OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
THE OFFICIAL RECEIVER**

**FOR THE YEAR ENDED
30 JUNE 2016**



**THE STATE LAW OFFICE AND DEPARTMENT OF JUSTICE
OFFICIAL RECEIVER**

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

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**THE STATE LAW OFFICE AND DEPARTMENT OF JUSTICE -
OFFICIAL RECEIVER**
Reports and Financial Statements
For the year ended June 30, 2016 (Kshs)

I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The office of the Official Receiver is a section within the Registrar General's department of the State Law Office that deals with bankruptcies and Winding up of companies. The operations of the Official Receiver are governed by the Bankruptcy Act Cap 53 Laws of Kenya and the Companies Act Cap 486 Laws of Kenya.

(b) Principal Activities

The principal activity/mission of the Official Receiver derives its mandate from Section 74 of the Bankruptcy Act together with section 230 of the Companies Act Laws of Kenya. Section 74 of the bankruptcy Act provides;

"there shall be an official Receiver of debtors' estate for Kenya and as many deputy official receivers as may be required from time to time, who shall have jurisdiction in such areas as maybe required from time to time who shall have jurisdiction in such areas as may be specified"

Whereas Section 230 of the Companies Act states;

for the purposes of this Act so far as it relates to the winding up of companies by the court, "Official Receiver" means the Official receiver attached to the Court for Bankruptcy Purposes.....

The Core functions of the Official Receiver includes

- To act as administrator and administer the estate of the debtor
- To act as trustee during any vacancy in the office of the trustee
- To investigate the conduct of the debtor and to report to court
- To verify proofs, petitions , affidavits administered under the Bankruptcy Act
- To make such report concerning the conduct of the debtor as the court may direct
- To take part in the public of examination of the debtor
- Take part and give assistance in relation to the prosecution of the debtor in relation to offences as the Director of Public Prosecution may direct
- Advertise the Receiving Order, date of the first creditors meeting and of the public examination
- To report to the creditors of any proposal which the debtor may have made with respect to liquidating his debts

The Official Receiver is answerable to the court.

Vision of the State Law Office

The Vision of the SLO is "To be the best Law Firm in the Region Recognized for its Professionalism and Efficiency in its Delivery of Public Legal Services".

Mission of the State Law Office

The Mission, which is anchored on the Attorney General's mandate, the core functions and the desire to achieve the stated Vision and in pursuit of the national aspirations as set out in the Vision 2030 is as follows:-

To "Enhance Democracy and otherwise Protect the National and public Interest" "To provide quality and efficient legal services to the Government and the Public, uphold the rule of Law and Good Governance, Promote Human Rights".

Vision of the Registrar General Department

The vision of the Registrar General department is *"To be Provider of the best registration services and related legal services"*

Mission of the Registrar General Department

The mission of the registrar general department is as follows *"To provide efficient registration services and related legal services to the public and business community"*

Core Values

In pursuit of excellence in delivery of service, the section is guided by the following values

Professionalism

The staff in the section is drawn from various professions. They are expected to demonstrate high level of professionalism in execution of their duties.

Quality Service Delivery

The Registrar General's department shall endeavor to exceed customer expectation in service delivery by continuously improving the quality of services provided to the customers.

Integrity and professional ethics

The Registrar General's department has continued to achieve this by developing a mechanism for holding individuals accountable for effective resource stewardship through;

- Enforcement of the Public Officers Ethics Act, Code of Conduct and Code of Regulations
- Timely completion of tasks

**THE STATE LAW OFFICE AND DEPARTMENT OF JUSTICE -
OFFICIAL RECEIVER
Reports and Financial Statements
For the year ended June 30, 2016 (Kshs)**

- Enhanced Decision Making
- Increased automation to improve operational efficiency

Teamwork and Respect for Diversity

Teamwork is emphasized within the department as a means to maximize synergy to boost staff productivity.

Strategic Priorities

1. Decentralize its services to the counties
2. Implementation/review of insolvency bill
3. Digitalization of services

(c) Key Management

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

No	Designation	Name
1	Solicitor General	Mr. Njee Muturi
2	Official Receiver	Mrs. Bernice Gachegu
3	Senior Deputy Official Receiver	Mr. S. M. Ndisya
4	Head of Section –Legal	Mr. Mark Gakuru
5	Head of Section –Accounts and Investment	Mr. James Nyamweya
6	Head of Section –Financial Institutions	Mr. P. Thoithi Kanyuira

The section is divided into three sections; the Official Receiver (Legal), Official Receiver (Accounts and Investment) and Official Receiver (Financial Institutions).

The legal section deals with the implementation of the legal issues as per the functions and mandate. The Official Receiver also operates offices in Kisumu and Mombasa.

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2015 and who had direct fiduciary responsibility were:

OFFICIAL RECEIVER
Reports and Financial Statements
For the year ended June 30, 2016 (Kshs)

No	Designation	Name
1	Solicitor General	Mr. Njee Muturi
2	Official Receiver	Mrs. Bernice Gachegu
3	Senior Deputy Official Receiver	Mr. S. M. Ndisya
4	Head of Section –Legal	Mr. Mark Gakuru
5	Head of Section –Accounts and Investment	Mr. James Nyamweya
6	Head of Section –Financial Institutions	Mr. P. Thoithi Kanyuira

(e) Fiduciary Oversight Arrangements

- *Audit and finance committee activities*
- *Parliamentary committee activities*

(f) Official Receiver Headquarters

P.O. Box 30031 - 00100
Sheria House
Harambee Avenue
Nairobi, KENYA

(g) Official Receiver Contacts

Telephone :(254) 020 2227461
E-mail: info.statelawoffice@kenya.go.ke
Website: www.attorney-general.go.ke

(h) Official Receiver Bankers

1. National Bank of Kenya
Harambee Avenue
P.O. Box 41862 - 00100
Nairobi, Kenya

THE STATE LAW OFFICE AND DEPARTMENT OF JUSTICE - OFFICIAL RECEIVER
Reports and Financial Statements
For the year ended June 30, 2016 (Kshs)

2. Equity Bank Kenya Limited
Corporate Section – Fourway Towers
P O Box 75104 - 00200
Nairobi, Kenya

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

OFFICIAL RECEIVER

Reports and Financial Statements

For the year ended June 30, 2016 (Kshs)

II. STATEMENT OF OFFICIAL RECEIVER RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 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 by the Public Sector Accounting Standards Board of Kenya from time to time.

The Official Receiver in charge of the *Office* is responsible for the preparation and presentation of the *Official Receiver's* financial statements, which give a true and fair view of the state of affairs of the *Official Receiver* for and as at the end of the financial year (period) ended on June 30, 2016. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Official Receiver; (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 *Official Receiver*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Official Receiver in charge of the *Office* accepts responsibility for the *Official Receiver'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) and relevant legal framework of the Government of Kenya. The Official Receiver is of the opinion that the *Official Receiver's* financial statements give a true and fair view of the state of *Official Receiver's* transactions during the financial year ended June 30, 2016, and of the *Official Receiver's* financial position as at that date. The Official Receiver further confirms the completeness of the accounting records maintained for the *Official Receiver*, which have been relied upon in the preparation of the *Official Receiver's* financial statements as well as the adequacy of the systems of internal financial control.

The Official Receiver confirms that the office has complied fully with applicable Government Regulations and the terms of external financing 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 Official Receiver confirms that the *Official Receiver'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 *Official Receiver's* financial statements were approved and signed on 30/01/2017.



Official Receiver

for 

Principal Accounts Controller

**THE STATE LAW OFFICE AND DEPARTMENT OF JUSTICE -
OFFICIAL RECEIVER**

Reports and Financial Statements

For the year ended June 30, 2016 (Kshs)

III. REPORT OF THE INDEPENDENT AUDITORS ON THE OFFICIAL RECEIVER

We have audited the accompanying (consolidated) financial statements of *Official Receiver for the year ended June 30, 2016*, which comprise: (i) a statement of receipts and payments; (ii) a statement of financial assets and liabilities; (iii) a statement of comparative budget and actual amounts; (iv) a statement of pending bills as at June 30, 2016; and (v) a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

The *Official Receiver's* Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting Standards, and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the *Official Receiver's* preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the entity as at June 30, 2016, and its receipts and payments, as well as cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

Auditor General

Date



OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON THE OFFICIAL RECEIVER FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of the Official Receiver set out on pages 8 to 28, which comprise the statement of financial position as at 30 June 2016, and the statement of receipts and payments, statement of cash flows and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (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.

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

Auditor-General's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Official Receiver's internal control.

Report of the Auditor-General on the Financial Statements of the Official Receiver for the year ended 30 June 2016

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

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

Basis for Adverse Opinion

1. Inaccuracies in the Financial Statements

The trial balance has the following anomalies:

- a. The following Balances reflected in the financial statements totaling Kshs.28,283,703 are not reflected in the trial balance:

	Kshs.
Compensation for Employees	12,827,835
Use of Goods and Services	14,470,286
Transfers to Other Govt. Units	266,940
Acquisition of Assets	136,480
Other Expenses	<u>582,162</u>
	<u>28,283,703</u>

No explanation has been provided for this anomaly.

- b. The following accounts included in the trial balance reflect both debit and credit balances:

Account	Debit Balance (Kshs)	Credit Balance (Kshs)	Net Balance (Kshs)
Companies Contingency Fund	23,068,079	10,000,000	13,068,079
Bankruptcy Contingency Fund	21,256,921	13,046,655	8,210,266
Ken Ren Chemicals & Fertilizer Ltd	82,497,285	39,000,000	43,497,285
Continental Credit Finance	10,795,591	13,000,000	-2,204,409
Rural Urban Credit Finance Ltd	783,832	3,000,000	-2,216,168
Capital Finance Co. Ltd	99,149	400,000	-300,851
Matatu Vehicle Owners Association	1,485,556	1,400,000	85,556
E.A. Bag & Cordage Ltd	1,218,699	1,100,000	118,699
Nyakio Investments Ltd	27,531,066	22,000,000	5,531,066
Companies Liquidation	38,355,247	7,000,000	31,355,247

Bankruptcy Estates	69,270,802	1,007,000	68,263,802
Companies Investment Income Fund	61,656	61,656	-
Bankruptcy Investment Income Fund	8,455	8,455	-
National Bank – FDRs Bankruptcy Estates Kisumu	5,579,789	4,448,482	1,131,307

Management has not provided any explanation for the anomalies.

c. The trial balances for three regions namely Nairobi, Mombasa and Kisumu do not balance, as summarized below:

Region	Debit (Kshs.)	Credit (Kshs.)	Difference (Kshs.)
Nairobi	429,445,419	429,395,266	60,153
Mombasa	2,650,000	2,708,905	-58,905
Kisumu	7,220,681	6,060,458	1,160,223
Total	438,326,265	438,164,629	1,161,471

d. Opening Balances

The following anomalies relating to opening balances have not been explained.

	Item	Opening 2015/2016 Kshs	Closing 2014/2015 (Kshs)	Variance (Kshs)	Comments
1.	Other Revenues	29,832,130	29,171,829	660,301	Not explained
2.	Compensation of Employees	12,131,891	12,012,891	110,000	"
3.	Use of Goods and Services	16,476,761	16,300,001	176,760	"
4.	Other Expenses	132,212,286	132,206,786	5,500	"
5.	Balances b/forward	444,578,979	564,097,551	119,518,572	"
6.	Prior Year Adjustment	14,680,619	14,312,579	368,040	"

- (e) Further, the financial statements do not include a statement of changes in equity as required under the International Public Sector Accounting Standards.

In the view of the foregoing, the accuracy and completeness of the financial statements for 2015/2016 cannot be confirmed.

2. Fixed Assets Register

The financial statements are prepared under the Cash Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS). This method does not present assets and liabilities in the financial statements other than cash and cash equivalents. The Official Receiver however, handles all assets and liabilities of institutions and persons under liquidation or bankruptcy. Further, the assets register of fixed assets owned by the Official Receiver reflects a brought forward balance of Kshs.1,061,200 and new acquisitions during the year under review costing Kshs.136,430 which however have not been provided for audit review.

In the circumstance, it has not been possible to ascertain the presentation and disclosure of the fixed assets reflected in the financial statements as at 30 June 2016.

3. Payment for Unsubstantiated Legal Services

The Official Receiver paid M/s D. Njogu & Co. Advocates a total of Kshs.5, 800,000 as interim fees for representing the office in Civil Case No. 461 of 1015 Petition No.560/2015: Mugo Mungai and Others Vs the Official Receiver & Provisional Liquidator, the Attorney-General and Registrar General.

In a memo dated 8 June 2016, the Deputy Chief State Counsel informed the Official Receiver that the claim against the Government was over 7 (seven) billion shillings and that the advocates had filed good defense and the matter was progressing well. However;

- a) no explanation has been provided by the State Law Office on how the advocate was procured;
- b) it is not explained how the fee note amounting to Kshs.5.8 million was arrived at;
- c) the contract for the legal services was not made available for audit review;
- d) no evidence has been presented to show that the Attorney General was consulted prior to appointment of the lawyer firm as required by regulations and,
- e) the effect of the possible contingency loss has not been disclosed in the financial statements presented for audit.

In view of the foregoing, it has not been possible to confirm that the procurement of the legal services conformed to procurement regulations and the subsequent payment represented a proper charge on public funds.

4. Unsupported Cash Balances

The statement of financial position reflects bank balances of Kshs.277,456,206 which include balances amounting to Kshs.23,068,080 and Kshs.581,202 for Companies Contingent Fund and Kenya National Assurance Co. Limited respectively which however are not supported with bank reconciliation statements and bank confirmation certificates.

Therefore the accuracy and completeness of the balances cannot be ascertained.

5. Unexplained Expenditure

The statement of receipts and payments reflects expenditure totaling Kshs.14,470,286 on use of goods and services which includes Kshs.5,800,000 received from other institutions under liquidation to pay for legal services incurred on, Pioneer Building Society,(under liquidation) for services rendered on behalf of the Society. It is not clear how funds from one institution under liquidation could be used to settle bills for another institution under liquidation. Further no explanation has been provided on how the funds would be recovered.

Consequently, the propriety of the expenditure and value-for-money on the expenditure totaling Kshs.5,800,000 cannot be ascertained.

Adverse Opinion

In my opinion, because of significance of the matters discussed in the Basis for adverse Opinion paragraph, the financial statements do not present fairly, the financial position of the Official Receiver as at June 30, 2016, 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 do not comply with the Public Finance Management Act, 2012.

Other matter

Internal Control Weakness

The internal control system of the Official Receiver has the following weakness:

- a) No internal audit function for oversight of the operations of the Official Receiver.
- b) No audit committee to oversee the audit function.
- c) No risk management policy document.
- d) No risk assessment carried out to identify and address key areas of concern and document specific controls in response to identified risks.
- e) No operating manuals published to guide key processes and controls for receipts from debtors/customers, payments to creditors, personnel, expenditure, assets and liabilities and investments.

- f) No Annual operational plan for the year.
- g) Most operations systems are manual and susceptible to loss of data and information.
- h) No approved (IT) Information Technology strategic plan and hence the office may not benefit from leveraging on IT.
- i) No formal, documented and tested disaster recovery plan/emergency procedure in place and therefore in the event of an emergency, the personnel involved might not be aware of what is expected of them.

My opinion is not qualified on this matter.



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

Nairobi

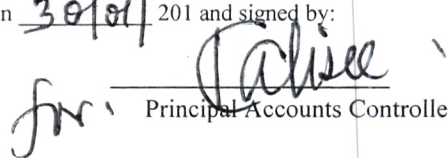
30 March 2017

OFFICE OF THE ATTORNEY GENERAL & DEPT. OF JUSTICE (OFFICIAL RECEIVER)
STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2015-2016 Kshs	2014-2015 Kshs
RECEIPTS			
Tax Revenues	1	-	-
Social Security Contributions	2	-	-
Proceeds from Domestic and Foreign Grants	3	-	-
Transfers from National Treasury	4	-	-
Transfers from Other Government Entities	5	-	-
Proceeds from Domestic Borrowings	6	-	-
Proceeds from Foreign Borrowings	7	-	-
Proceeds from Sale of Assets	8	-	-
Reimbursements and Refunds	9	-	-
Returns of Equity Holdings	10	-	-
Other Revenues	11	22,090,154	29,832,130
TOTAL REVENUES		22,090,154	29,832,130
PAYMENTS			
Compensation of Employees	12	12,827,000	12,131,891
Use of goods and services	13	14,470,286	16,476,761
Interest payments	14		-
Subsidies	15		-
Transfers to Other Government Units	16	266,940	1,841,142
Other grants and transfers	17		-
Social Security Benefits	18		-
Acquisition of Assets	19	136,480	1,061,200
Finance Costs, including Loan Interest	20		-
Repayment of principal on Domestic and Foreign borrowing	21		-
Other Expenses	22	582,162	132,212,286
TOTAL PAYMENTS		28,282,868	163,723,280
SURPLUS/DEFICIT		- 6,192,714 -	133,891,150

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 30/01/201 and signed by:



 Official Receiver

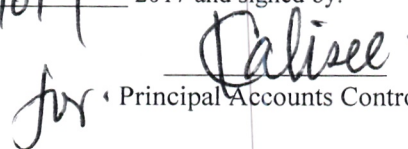

 Principal Accounts Controller

THE STATE LAW OFFICE & DEPT. OF REGISTRAR GENERAL (OFFICIAL RECEIVER)
STATEMENT OF FINANCIAL POSITION

	Note	2015-2016 Kshs	2014-2015 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	23	277,456,206	9,016,947
Cash Balances	24	-	
Cash Equivalents	25	35,443,216.00	310,075,189
Outstanding Imprests	26	-	
Receivables	27	125,426,843	125,426,843
TOTAL FINANCIAL ASSETS		438,326,265	444,518,979
LESS: FINANCIAL LIABILITIES			
Accounts Payable	28	-	-
TOTAL FINANCIAL LIABILITIES		-	-
NET FINANCIAL ASSETS/(LIABILITIES)		438,326,265	444,518,979
REPRESENTED BY			
Fund balance b/fwd	29	444,518,979	564,097,551
Surplus/Deficit for the year	-	6,192,714 -	133,891,150
Prior year adjustments	30	-	14,680,619
NET FINANCIAL POSITION		438,326,265	444,518,979

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30/01/2017 and signed by:


 Official Receiver



 Principal Accounts Controller

THE STATE LAW OFFICE & DEPT. OF REGISTRAR GENERAL (OFFICIAL RECEIVER)
STATEMENT OF CASH FLOW

	Note	2015-2016 Kshs	2014 - 2015 Kshs
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts for operating income			
Tax Revenues	1		
Social Security Contributions	2		
Proceeds from Domestic and Foreign Grants	3		
Transfers from National Treasury	4		
Transfers from Other Government Entities	5		
Reimbursements and Refunds	9		
Returns of Equity Holdings	10		
Other Revenues	11	22,090,154.00	29,171,829
Payments for operating expenses			
Compensation of Employees	12	12,827,000.00	12,021,891
Use of goods and services	13	14,470,286.00	16,300,001
Interest payments	14		
Subsidies	15		
Transfers to Other Government Units	16	266,940.00	1,841,142
Other grants and transfers	17		
Social Security Benefits	18		
Finance Costs, including Loan Interest	20		
Other Expenses	22	582,162.00	132,206,786
Adjusted for:			
Changes in receivables			
Changes in payables			
Adjustments during the year			14,680,619
Net cashflow from operating activities		6,056,234.00 -	118,517,372
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	8		
Acquisition of Assets	19	136,480.00	1,061,200
Net cash flows from Investing Activities		6,192,714 -	119,578,572
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Domestic Borrowings	6		
Proceeds from Foreign Borrowings	7		
Repayment of principal on Domestic and Foreign borrowing	21		
Net cash flow from financing activities			-
NET INCREASE IN CASH AND CASH EQUIVALENT		6,192,714 -	119,578,572
Cash and cash equivalent at BEGINNING of the year		444518979	564,097,551
Cash and cash equivalent at END of the year		438326265	444,518,979

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30/01 2017 and signed by:


 Official Receiver


 for Principal Accounts Controller

OFFICE OF THE ATTORNEY GENERAL & DEPT. OF JUSTICE (OFFICIAL RECEIVER)

Reports and Financial Statements for the year ended June 30,2016

NOTES TO THE FINANCIAL STATEMENTS

1	TAX REVENUES	2015-2016	2014-2015
		Kshs	Kshs
	Taxes on Income, Profits and Capital Gains	-	-
	Taxes on Property	-	-
	Taxes on Goods and Services	-	-
	Taxes on International Trade and Transactions	-	-
	Other Taxes (not elsewhere classified)	-	-
	Total	-	-

2	SOCIAL SECURITY CONTRIBUTIONS	2015-2016	2014-2015
		Kshs	Kshs
	Receipts for Health Insurance Contribution	-	-
	Receipts to NHIF for Health Insurance Contributions	-	-
	Receipts from Govt Employees to Social & Welfare Schemes in Govt	-	-
	Total	-	-

OFFICE OF THE ATTORNEY GENERAL & DEPT. OF JUSTICE (OFFICIAL RECEIVER)

Reports and Financial Statements for the year ended June 30,2016

PROCEEDS FROM DOMESTIC AND FOREIGN

3 GRANTS

Name of Donor	Date received	Amount in foreign currency	2015-2016	2014-2015
			Kshs	Kshs
Grants Received from Bilateral Donors (Foreign Governments)				
Insert name of donor			-	-
Grants Received from Multilateral Donors (International Organisations)				
(Insert name of donor)			-	-
(Insert name of donor)			-	-
Grants Received from other levels of government				
(Insert name of donor)			-	-
(Insert name of donor)			-	-
Total			-	-

[Provide short appropriate explanations as necessary]

OFFICE OF THE ATTORNEY GENERAL & DEPT. OF JUSTICE (OFFICIAL RECEIVER)

Reports and Financial Statements for the year ended June 30,2016

NOTES TO THE FINANCIAL STATEMENTS

4 EXCHEQUER RELEASES

Description and reference of the transfer	Date of transfer	2015-2016		2014-2015	
		Kshs		Kshs	
1st quarter transfer					
2nd quarter transfer					
3rd quarter transfer					
4th quarter transfer					
Total			-		-

5 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description			2015-2016		2014-2015	
			Kshs		Kshs	
Transfers from Central government entities (insert name of budget agency)			-		-	
(insert name of budget agency)			-		-	
Transfers from Counties (insert name of budget agency)			-		-	
(insert name of budget agency)			-		-	
TOTAL			-		-	

The amounts above have been reconciled with the sending Government entity.

OFFICE OF THE ATTORNEY GENERAL & DEPT. OF JUSTICE (OFFICIAL RECEIVER)

Reports and Financial Statements for the year ended June 30,2016

NOTES TO THE FINANCIAL STATEMENTS

6 PROCEEDS FROM DOMESTIC BORROWINGS

	2015-2016 Kshs	2014-2015 Kshs
Borrowing within General Government	-	-
Borrowing from Monetary Authorities (Central Bank)	-	-
Other Domestic Depository Corporations (Commercial Banks)	-	-
Borrowing from Other Domestic Financial Institutions	-	-
Borrowing from Other Domestic Creditors	-	-
Domestic Currency and Domestic Deposits	-	-
Domestic Accounts Payable	-	-
Total	<hr/> <hr/> -	<hr/> <hr/> -

[Provide short appropriate explanations as necessary]

OFFICE OF THE ATTORNEY GENERAL & DEPT. OF JUSTICE (OFFICIAL RECEIVER)

Reports and Financial Statements for the year ended June 30,2016

7	PROCEEDS FROM FOREIGN BORROWINGS	2015-2016	2014-2015
		Kshs	Kshs
	Foreign Borrowing – Draw-downs Through Exchequer	-	-
	Foreign Borrowing - Direct Payments	-	-
	Foreign Currency and Foreign Deposits	-	-
	Total	-	-

[Provide short appropriate explanations as necessary]

8	PROCEEDS FROM SALE OF NON-FINANCIAL ASSETS	2015-2016	2014-2015
		Kshs	Kshs
	Receipts from the Sale of Buildings	-	-
	Receipts from the Sale of Vehicles and Transport Equipment	-	-
	Receipts from the Sale Plant Machinery and Equipment	-	-
	Receipts from Sale of Certified Seeds and Breeding Stock	-	-
	Receipts from the Sale of Strategic Reserves Stocks	-	-
	Receipts from the Sale of Inventories, Stocks and Commodities	-	-
	Disposal and Sales of Non-Produced Assets	-	-
	Receipts from the Sale of Strategic Reserves Stocks	-	-
	Total	-	-

[Provide short appropriate explanations as necessary]

OFFICE OF THE ATTORNEY GENERAL & DEPT. OF JUSTICE (OFFICIAL RECEIVER)
Reports and Financial Statements for the year ended June 30,2016

9 REIMBURSEMENTS AND REFUNDS

	2015-2016 Kshs	2014-2015 Kshs
Refund from World Food Programme (WFP)	-	-
Reimbursement of Audit Fees	-	-
Reimbursement on Messing Charges (UNICEF)	-	-
Reimbursement from World Bank – ECD	-	-
Reimbursement from Individuals and Private Organisations	-	-
Reimbursement from Local Government Authorities	-	-
Reimbursement from Statutory Organisations	-	-
Reimbursement within Central Government	-	-
Reimbursement Using Bonds	-	-
Total	-	-

[Provide short appropriate explanations as necessary]

OFFICE OF THE ATTORNEY GENERAL & DEPT. OF JUSTICE (OFFICIAL RECEIVER)

Reports and Financial Statements for the year ended June 30,2016

10 RETURNS OF EQUITY HOLDINGS

	2015-2016 Kshs	2014-2015 Kshs
Returns of Equity Holdings in Domestic Organisations	-	-
Returns of Equity Holdings in International Organisations	-	-
Total	-	-

[Provide short appropriate explanations as necessary]

11 OTHER REVENUES

	2015-2016 Kshs	2014-2015 Kshs
Interest Received	15,109,245	19,791,724
Profits and Dividends		70,883
Rents	4,448,482	3,688,819
Other Property Income	-	-
Sales of Market Establishments	-	-
Receipts from Administrative Fees and Charges	-	-
Receipts from Administrative Fees and Charges - Collected as AIA	-	-
Receipts from Incidental Sales by Non-Market Establishments	-	-
Receipts from Sales by Non-Market Establishments	-	-
Receipts from Sale of Incidental Goods	-	-
Fines Penalties and Forfeitures	-	-
Receipts from Voluntary transfers other than grants	-	-
Other Receipts Not Classified Elsewhere	2,532,427	6,280,704
Total	22,090,154	29,832,130

OFFICE OF THE ATTORNEY GENERAL & DEPT. OF JUSTICE (OFFICIAL RECEIVER)

Reports and Financial Statements for the year ended June 30,2016

12 COMPENSATION OF EMPLOYEES

	2015-2016 Kshs	2014-2015 Kshs
Basic salaries of permanent employees		
Basic wages of temporary employees		4,632,459
Personal allowances paid as part of salary	-	-
Personal allowances paid as reimbursements	4,515,140	445,999
Personal allowances provided in kind	7,878,000	5,988,786
Pension and other social security contributions	-	-
Compulsory national social security schemes	-	-
Compulsory national health insurance schemes	-	-
Social benefit schemes outside government	237,170	-
Other personnel payments	196,690	1,064,647
Total	12,827,000	12,131,891

[Provide short appropriate explanations as necessary]

OFFICE OF THE ATTORNEY GENERAL & DEPT. OF JUSTICE (OFFICIAL RECEIVER)

Reports and Financial Statements for the year ended June 30,2016

13 USE OF GOODS AND SERVICES

	<u>2015-2016</u>	<u>2014-2015</u>
	<u>Kshs</u>	<u>Kshs</u>
Utilities, supplies and services	5,703,355	177,098
Communication, supplies and services	85,200	32,550
Domestic travel and subsistence	6,716,939	-
Foreign travel and subsistence	-	-
Printing, advertising and information supplies & services	-	-
Rentals of produced assets	-	-
Training expenses	-	-
Hospitality supplies and services	-	-
Insurance costs	-	-
Specialised materials and services	-	-
Office and general supplies and services	-	1,228,653
Other operating expenses	1,451,592	14,387,860
Routine maintenance – vehicles and other transport equipment	-	-
Routine maintenance – other assets	513,200	428,000
Total	14,470,286	16,476,761

OFFICE OF THE ATTORNEY GENERAL & DEPT. OF JUSTICE (OFFICIAL RECEIVER)

Reports and Financial Statements for the year ended June 30,2016

NOTES TO THE FINANCIAL STATEMENTS

[Provide short appropriate explanations as necessary]

14 INTEREST PAYMENTS

	2015-2016 Kshs	2014-2015 Kshs
Interest Payments on Foreign Borrowing	-	-
Interest on Domestic Borrowing	-	-
Interest on Borrowing From Other Government Units		
Total	-	-

[Provide short appropriate explanations as necessary]

15 SUBSIDIES

Description	2015-2016		2014-2015	
	Kshs	Kshs	Kshs	Kshs
Subsidies to Public Corporations				
<i>See list attached</i>	-	-	-	-
(insert name)	-	-	-	-
Subsidies to Private Enterprises				
<i>See list attached</i>	-	-	-	-
(insert name)	-	-	-	-
TOTAL	-	-	-	-

[Provide short appropriate explanations as necessary]

OFFICE OF THE ATTORNEY GENERAL & DEPT. OF JUSTICE (OFFICIAL RECEIVER)

Reports and Financial Statements for the year ended June 30,2016

16 TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2015-2016		2014-2015	
		Kshs		Kshs
Transfers to Central government entities		266,940		1,841,142.45
See attached list		-		-
Transfers to Counties				
(insert name of budget agency)		-		-
(insert name of budget agency)		-		-
TOTAL		266,940.00		1,841,142

16

17 OTHER GRANTS AND OTHER PAYMENTS

	2015-2016	2014-2015
	Kshs	Kshs
Scholarships and other educational benefits	-	-
Emergency relief and refugee assistance	-	-
Subsidies to small businesses, cooperatives, and self employed	-	-
Other current transfers, grants	-	-
Other capital grants and transfers	-	-
Total	-	-

[Provide short appropriate explanations as necessary]

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OFFICE OF THE ATTORNEY GENERAL & DEPT. OF JUSTICE (OFFICIAL RECEIVER)

Reports and Financial Statements for the year ended June 30,2016

18 SOCIAL SECURITY BENEFITS

	2015-2016 Kshs	2014-2015 Kshs
Government pension and retirement benefits	-	-
Social security benefits in cash and in kind	-	-
Employer Social Benefits in cash and in kind	-	-
Total	<hr/> <hr/> -	<hr/> <hr/> -

OFFICE OF THE ATTORNEY GENERAL & DEPT. OF JUSTICE (OFFICIAL RECEIVER)

Reports and Financial Statements for the year ended June 30,2016

19 ACQUISITION OF ASSETS

	2015-2016 Kshs	2014-2015 Kshs
<u>Non Financial Assets</u>		
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	-	-
Construction of Roads	-	-
Construction and Civil Works	-	-
Overhaul and Refurbishment of Construction and Civil Works	-	-
Purchase of Vehicles and Other Transport Equipment	-	-
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	136,480	1,061,200
Purchase of Specialised Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Purchase of Certified Seeds, Breeding Stock and Live Animals	-	-
Research, Studies, Project Preparation, Design & Supervision	-	-
Rehabilitation of Civil Works	-	-
Acquisition of Strategic Stocks and commodities	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
<u>Financial Assets</u>	-	-
Domestic Public Non-Financial Enterprises	-	-
Domestic Public Financial Institutions	-	-
Foreign financial Institutions operating Abroad	-	-
Other Foreign Enterprises	-	-
Foreign Payables - From Previous Years	-	-
Total	136,480	1,061,200

OFFICE OF THE ATTORNEY GENERAL & DEPT. OF JUSTICE (OFFICIAL RECEIVER)

Reports and Financial Statements for the year ended June 30,2016

[Provide short appropriate explanations as necessary]

20 FINANCE COSTS, INCLUDING LOAN INTEREST

	2015-2016	2014-2015
	Kshs	Kshs
Exchange Rate Losses	-	-
Interest Payments on Foreign Borrowings	-	-
Interest Payments on Guaranteed Debt Taken over by Govt	-	-
Interest on Domestic Borrowings (Non-Govt)	-	-
Interest on Borrowings from Other Government Units	-	-
Total	-	-

OFFICE OF THE ATTORNEY GENERAL & DEPT. OF JUSTICE (OFFICIAL RECEIVER)

Reports and Financial Statements for the year ended June 30,2016

REPAYMENT OF PRINCIPAL ON DOMESTIC

21 LENDING AND ON-LENDING

	2015-2016 Kshs	2014-2015 Kshs
Repayments on Borrowings from Domestic Principal Repayments on Guaranteed Debt Taken over by Government	-	-
Repayments on Borrowings from Other Domestic Creditors	-	-
Repayment of Principal from Foreign Lending & On – Lending	-	-
Total	-	-

[Provide short appropriate explanations as necessary]

22 OTHER EXPENSES

	2015-2016 Kshs	2014-2015 Kshs
Budget Reserves	-	-
Civil Contingency Reserves	-	-
Capital Transfers to Non Financial Public Enterprises	-	-
Capital Transfer to Public Financial Institutions and Enterprises	-	-
Capital Transfer to Private Non-Financial Enterprises	-	-
Other expenses	-	-
Domestic Accounts	582,162	132,212,286
	-	-
	582,162	132,212,286

[Provide short appropriate explanations as necessary]

OFFICE OF THE ATTORNEY GENERAL & DEPT. OF JUSTICE (OFFICIAL RECEIVER)

Reports and Financial Statements for the year ended June 30,2016

NOTES TO THE FINANCIAL STATEMENTS

23 Bank Accounts

Name of Bank, Account No. & currency	Amount in foreign currency	Exchange rate	2015-2016	2014-2015
			Kshs	Kshs
Bankruptcy Estate Fund-904100	xx		69,799,001	1,900,166
Bankruptcy Contingency Fund-904200	xx		21,256,922	731,481
Bankruptcy Investment Income Fund-905500	xx		8,455	8,455
Companies Liquidation-904300	xx		36,555,247	-
Companies Contingency fund-904400	xx		23,068,080	938,813
Companies Investment Income Fund-905600	xx		61,656	61,656
Rural Urban Credit Finance-905900	xx		783,832	318,719
Continental Credit Finance Ltd.-906400	xx		10,796,590	1,267,413
Capital Finance Ltd.-906700	xx		99,149	88,397
Pioneer Building Society-906800	xx		64,298	88,618
Matatu Vehicles Owners Association-907200	xx		1,485,557	28,731
Kenya National Assurance Co. Ltd.-908800	xx		-	-
E.A. Bag & Cordage-909900	xx		581,202	1,582,990
Kenya Project & Investment Ltd-910200	xx		1,218,696	49,586
Tropical Building Society-911600	xx		705,075	4,308
Ken-Ren Chemicals & Fertilizers-513700	xx		944,090	9,871
Nyakio Investment Ltd-61202100	xx		82,497,286	914,620
Total			27,531,067	109,274
			277,456,203	9,016,947

[List all bank account held by the entity]

OFFICE OF THE ATTORNEY GENERAL & DEPT. OF JUSTICE (OFFICIAL RECEIVER)

Reports and Financial Statements for the year ended June 30,2016

24 Cash in hand

	2015-2016 Kshs	2014-2015 Kshs
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other Locations (<i>specify</i>)	-	-
Total	-	-

[Provide cash count certificates for each]

25 Cash equivalents (short-term deposits)

Name of Bank, Account No. & currency	Amount in foreign currency	Exchange rate	2015-2016	2014-2015
			Kshs	Kshs
Bankruptcy Estate Fund-9000904108	xx		5,579,788	71,129,257
Bankruptcy Contingency Fund-9000904208	xx		850,000	23,000,000
Companies Liquidation-9000904308	xx			34,700,000
Companies Contingency fund-9000904404	xx			29,000,000
Rural Urban Credit Finance-9000905908	xx		1,800,000	3,000,000
Continental Credit Finance Ltd.-9000906407, 10363861156	xx		3,916,975	20,802,852
Capital Finance Ltd.-900906707	xx			400,000
Matatu Vehicles Owners Association-9000907207	xx xx			1,400,000
Kenya National Assurance Co. Ltd.-10363861156	xx xx		23,296,453	24,003,082
E.A. Bag & Cordage-900909907	xx			1,100,000
Kenya Project & Investment Ltd-9000910208	xx			660,000
Tropical Building Society-9000911606	xx			880,000
Ken-Ren Chemicals & Fertilizers-9000513711	xx			78,000,000
Nyakio Investment Ltd-9061202107	xx			22,000,000
Total		27	35,443,216	310,075,190

OFFICE OF THE ATTORNEY GENERAL & DEPT. OF JUSTICE (OFFICIAL RECEIVER)

Reports and Financial Statements for the year ended June 30,2016

NOTES TO THE FINANCIAL STATEMENTS

26 Outstanding Imprests

<i>Name of Officer or Institution</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>	<i>Balance</i>
Total			-	-

[Provide short appropriate explanations as necessary]

27 RECEIVABLES

	2015-2016 Kshs	2014-2015 Kshs
GAV Provisioning account balance	-	-
Exchequer Provisioning account balance	-	-
Others (<i>specify</i>)	125,426,843	125,426,843
Total	125,426,843	125,426,843

28 PAYABLES

	2015-2016 Kshs	2014-2015 Kshs
GAV Provisioning account balance	-	-
Exchequer Provisioning account balance	-	-
Others (<i>specify</i>)	-	-
Total	-	-