

REPUBLIC OF KENYA



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By the Hon Aden
Duale - Majority
Leader on
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KENYA NATIONAL AUDIT OFFICE



REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS
OF KENYA REVENUE AUTHORITY

FOR THE YEAR ENDED
30 JUNE 2013





**KENYA REVENUE
AUTHORITY**

ISO 9001:2008 CERTIFIED

ANNUAL REPORT

&

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013



KENYA REVENUE AUTHORITY

ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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KENYA REVENUE AUTHORITY

CORPORATE INFORMATION

Who we are	Kenya Revenue Authority (KRA) is a statutory body established by an Act of Parliament, KRA Act Cap 469 of 1995
Our Location	Times Tower Building, Haile Selassie Avenue, P.O. Box 48240 – 00100, Nairobi, Kenya.
Our Bankers	National Bank of Kenya Ltd, Harambee Avenue Branch, P.O. Box 41862-00100 Nairobi, Kenya
Auditors	Auditor General Kenya National Audit Office, P.O. Box 30084 – 00100, Nairobi
MISSION	To promote compliance with Kenya's tax, trade and border legislation and regulation by promoting standards set out in the Taxpayers Charter and responsible enforcement by highly motivated and professional staff thereby maximizing revenue collection at least possible cost for the socio-economic wellbeing of all Kenyans.
VISION	To be the leading Revenue Authority in the world respected for professionalism, integrity and fairness.
CORE VALUES	
Integrity	We uphold the highest standards of honesty, truthfulness, reliability and honour.
Professionalism	We ensure competency and efficiency and we focus on achieving excellence.
Fairness	We are committed to applying the law consistently, responsibly and administering our requirements reasonably.
Equity	We value differences in people and ideas and we treat others with dignity and esteem.
Commitment and Teamwork	We support the principle of teamwork and nurturing staff commitment.
Corporate Social Responsibility	We value all stakeholders and collaborate closely with them to nurture participatory social well-being.

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BOARD OF DIRECTORS

The following were directors for the period July 2012 to date

Major (Rtd) Marsden Madoka, EGH	He was appointed as the Chairman of the Board of Directors of KRA on 15 th March, 2010.
Mr. John Njiraini, MBS	He was appointed the Commissioner General of the Kenya Revenue Authority on 3 rd March, 2012.
Ambassador Hassan M. S. Bagha	He was appointed a Director on 4 th January, 2007 and reappointed for a second term on 4 th January, 2010. He ceased to be a director on 03 rd January, 2013.
Mr. Samuel Kamunye Gichigi	He was first appointed a Director on 10 th December, 2007 and reappointed for a second term in September 2011. He ceased to be a director on 03 rd September, 2012.
Mrs. Phyllis Kandie	She was appointed a Director on 15 th March, 2010. She ceased to be a director on 14 th March, 2013.
Dr. Kitiabi Kiti Reginah	She was appointed a Director on 15 th March, 2010. She ceased to be a director on 14 th March, 2013.
Mr. Kibuga Kariithi	He was appointed a Director on 15 th March, 2010. He was reappointed on 14 th August, 2013.
Mr. Zebedeo John Opore	He was appointed Director on 15 th March, 2010. He ceased to be a director on 03 rd September, 2012.
Ms. Mercy Wambui Kamau	She was appointed Director on 24 th September, 2012. She ceased to be a director on 05 th July, 2013.
Mr. James Michoma Getuno	He was appointed Director on 24 th September, 2012.
Mr. Evans Kakai	He was appointed Director on 03 rd October, 2013.
Mrs. Mary Kimotho M'Mukindia	She was appointed Director on 14 th August, 2013.
Mrs. Constantine J. Kandie	She was appointed Director on 14 th August, 2013.

EX – OFFICIO MEMBERS

Attorney General – Hon. Prof. Githu Muigai, FCI Arb, MP

Permanent Secretary, Ministry of Finance – Mr. Joseph Kinyua, CBS

Principal Secretary, National Treasury – Dr. Kamau Thugge, EBS

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- Economic Secretary - Dr. Geoffrey Mwau, - (Alternate Director to the Permanent Secretary, Ministry of Finance)
- Solicitor General - Mr. Wanjuki Muchemi - (Alternate Director to the Attorney General)
- Solicitor General - Mr. Njee Muturi - (Alternate Director to the Attorney General)

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SENIOR MANAGEMENT

The following were senior managers for the period July 2012 to date

- Alice A. Owuor**

She was appointed Commissioner of Domestic Taxes, Medium & Small Taxpayers (MST) with effect from 1st May, 2010 for a period of three (3) years and served up to 30th April, 2013 for the first term.
Her contract was renewed for a second term from 1st May, 2013 for a further three years. The contract will expire on 30th April, 2016.
- Pancrasius N. Nyaga**

He was appointed Commissioner of Domestic Taxes, Large Taxpayers Office (LTO) with effect from 5th March, 2012 for a period of three (3) years. The contract will expire on 4th March, 2015.
- Beatrice M. Memo**

She was appointed Commissioner of Customs Services with effect from 1st March, 2012 for a period of three (3) years. The contract will expire on 28th February, 2015.
- Edith N. King'ori**

She was appointed Commissioner of Corporate Support Services Department with effect from 16th July, 2012 for a period of three (3) years. The contract will expire on 15th July, 2015.
- Helen Bila**

She was appointed Commissioner of Technical Support Services Department with effect from 1st March, 2010 for a period of three (3) years. The contract expired on 28th February, 2014
- Joseph G. Nduati**

He was appointed Commissioner of Investigations and Enforcement with effect from 1st October, 2007 for a period of three years to 30th September, 2010 for the first term. His contract was renewed for a further three years with effect from 1st October, 2010. The contract expired on 30th September, 2013.

KENYA REVENUE AUTHORITY

CHAIRMAN'S STATEMENT

Forward

Once again, I am delighted to present the Annual Report and Financial Statements of the Kenya Revenue Authority for the Financial Year ended 30th June 2013. This is the first Annual Report prepared within the implementation period of the Authority's **Fifth Corporate Plan 2012/2013 - 2014/2015**. It also coincides with the period when the first elections were held under the Constitution of Kenya, 2010. The election of County Governors in March 2013 was also the start of operationalising the 47 county governments.

Kenyan Economy

The macroeconomic performance of the Kenyan Economy improved in 2012 compared to 2011. The economy recorded a Gross Domestic Product (GDP) growth rate of 4.6 per cent in 2012 compared to 4.4 per cent recorded in 2011. Notably, all the sectors of the economy recorded positive growth in 2012 despite challenges including an unstable global economy, weakened Kenya shilling and delayed long rains. The Agricultural sector recorded an improved growth of 3.8 per cent compared to a growth of 1.5 per cent posted in 2011 while manufacturing sector recorded a slight deceleration from a growth of 3.4 per cent in 2011 to a growth of 3.1 per cent in 2012. The drop in growth of the manufacturing sector was due to stiff competition from imported goods, high cost of credit, high cost of production and political uncertainty due to the 2013 General Elections.

The annual inflation rate reduced from 14 per cent in 2011 to 9.4 per cent in 2012. The decline is attributed to better food supply as a result of favourable weather conditions, especially the short rains.

Growth in the financial sector was constrained by a tight monetary policy in the first half of 2012 and a slow pace in reducing the lending rates despite a significant drop in the Central Bank Rate (CBR) in the second half of the year. Credit to private sector grew at a rate of 11.7 per cent in 2012 compared to a growth of 30.8 per cent posted in 2011. This was attributed to high cost of borrowing.

Global Economy

The global economy registered a lower GDP growth of 3.2 per cent in 2012 compared to a growth of 3.8 per cent achieved in 2011. The drop was attributed to increase in oil prices in the international market, economic crisis in the euro zone, slow growth in emerging markets and developing economies due to weak demand from advanced economies.

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The price of oil fluctuated in 2012 caused by weaker global demand that pushed the prices down, while heightened geopolitical risks in several oil-producing countries put upward pressure on the prices. Global oil demand decelerated somewhat to 0.9 per cent in 2012. Global supply was also affected by sanctions imposed by the European Union (EU) and the United States on Syrian and Iranian oil exports.

Despite the global economic slowdown in 2012, growth in Sub-Saharan Africa remained robust supported by resilient domestic demand and high commodity prices. In 2012, the economies grew at 4.8 percent compared with a growth of 5.2 per cent posted in 2011.

Overall, the region is forecast to grow at more than 5 percent on average over the period 2013-15.

Future Outlook

The Global economic recovery caused by the spiral effect of the 2008 economic crises has been slowed down by Eurozone debt problems. Kenya is more concerned about the Eurozone crisis since it is her main trading partners especially in agricultural produce. The Eurozone is projected to register a negative growth of 0.1 per cent in 2013 and a 1 per cent increase in 2014. The Global growth is projected at 2.4 per cent and 3.1 per cent in 2013 and 2014 respectively, whilst the Sub-Saharan Africa growth is projected to rise to 5.8% (2013) compared to 4.8% achieved in 2012.

The Kenya economy's short to medium term forecast is for sustained and rising growth based on the increased investor and business confidence due to the peaceful March 2013 elections, stable macroeconomic environment, a projected easing and stability of international oil prices, stability of the Kenya shilling and reforms in the security, governance and justice sectors.

One of the key factors likely to have a positive influence in the economy is the rapid rise in Government expenditure towards implementation of the Constitution and financing of the county governments. The desire to finalize the infrastructure projects including the construction of the standard gauge railway line from Mombasa to Malaba is also one of the key projects that need high capital injection. In addition, the oil discovery in Turkana and coal deposits in Kitui County is likely to spur intensified mineral exploration activities in 2014 going forward. These activities have a direct positive impact on the Kenyan economy.

Major threats to these economic growth projections is the continued travel advisories caused by terrorism attacks and Eurozone crisis. Unstable oil and fluctuating food prices, unpredictable weather conditions, low demand for Kenyan's agricultural produce, the spillover effects of high inflation and tight monetary policy could also continue to present major challenges in 2013/14.

Revenue Performance

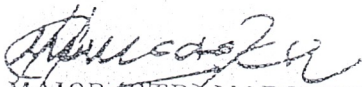
During the financial year 2012/2013, the Authority collected Kshs 800.51 billion (Including Kshs. 23.7 Million from district treasuries) against a target of Kshs. 881.24 billion. The Exchequer revenue was Kshs. 759.53 billion while the Agency collection was Kshs. 40.98 billion. The overall result translated to a revenue deficit of Kshs. 80.73 billion and a performance rate of 90.84 per cent. This performance represents a revenue growth of Kshs. 93 billion or 13.2 per cent over Kshs. 707.65 billion (Including Kshs. 296.5 Million from district treasuries) collected in financial year 2011/2012. The growth compares favourably with the growth of 11.4 per cent in the previous year and for the past five years' computed average of 13.1 per cent. This was a respectable performance given the unfavourable economic situation, both locally and globally.

Appreciation

On behalf of the Board of Directors, I take this opportunity to sincerely thank the Management and Staff of KRA for their continued hard work, commitment and dedication in ensuring that KRA strive to deliver its mandate and achieve set targets. We also thank our Taxpayers who diligently observed their commitments through timely payment of their taxes during the year. The results posted are also as a result of continued support from other strategic stakeholders who have partnered with us to make KRA a first rank tax body within the region. We are optimistic that with the continued support of all stakeholders, KRA will be able to continue to carry out its mandate of providing the resources for the Government to deliver on its obligations and commitments.

I take this opportunity to thank the Government, the National Treasury, Parliament and H. E. The President for the support we continue to receive in the discharge of our duties.

Finally, I also express my sincere gratitude to my fellow Board Members for their dedication and hardwork during the year. I anticipate that the team will continue working even harder and post better results in the financial year 2013/14.



MAJOR (RTD) MARSDEN MADOKA, EGH

CHAIRMAN

29th October 2013

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COMMISSIONER GENERAL'S STATEMENT

Introduction

The Financial Year 2012/2013 marked the first year of the Authority's Fifth Corporate Plan running from 2012-13 to 2014/2015, whose Strategic Theme is; "Achieving excellence in revenue administration through organization renewal, innovation and staff capacity enhancement for better customer focus." The Plan outlines six core strategic objectives, which seek to further entrench international best practices in the KRA's performance management, service delivery and use of technology to improve tax administration processes.

Operating Economic Environment

The economic environment recorded some improvement compared to the previous year, with GDP growing at 4.6 per cent in 2012 compared to 4.4 per cent in 2011. There was improved growth of 4.7 per cent over the first and second quarters, which rose to 5.2 percent in the third quarter followed by slowed growth of 4.3 percent in the fourth quarter. Key elements of the macro-economic environment included the following:

- The Inflation rate, started off at a high level of 16.5 percent, but declined gradually to 4.4 percent in the fourth quarter.
- The Exchange rate to the dollar was relatively stable starting off at Ksh.84 in the first quarter and then weakened to Ksh. 85.5, which was also the average during the financial year.
- The import value at the end of the financial year was Ksh. 12.735 billion, which surpassed the Budget Policy Statement target of Kshs. 12.681.
- The average interest rate on Treasury Bills eased from 9.88 percent in the third quarter to 8.68 percent in the fourth quarter.
- The Nairobi Stock Exchange 20 share index rose from 3972 points in the first quarter to 4790 points in the fourth quarter.

Revenue Performance

In the Year, KRA collected a total of Kshs. 800.5 billion against a target of Kshs. 881.2 billion. This represents a revenue growth of 13.2 percent over the collections in year 2011/2012. It is estimated that deviations in the aforementioned economic parameters contributed up to Kshs. 45.1 billion in revenue shortfall in the year.

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The key revenue departments registered growth in revenue collection compared to the previous financial year with the highest growth registered by Domestic Taxes Department at 17.0 percent, while Customs Services Department registered a growth of 5.9 percent.

Table 1: Revenue Collection (by department)

Department	Actual 2012/13 Kshs billion	Target 2012/13 Kshs billion	Performance Rate (%)	Actual 2011/12 Kshs billion	Growth over 2011/12 (%)
Customs Services	258.7	296.7	87.2	244.3	+ 5.9
Domestic Taxes	538.7	578.0	93.2	460.3	+ 17.0
Road Transport	3.1**	6.5**	46.7	3.1**	+ 0.0
Total	800.5	881.2	90.8	707.7	+ 13.1

** Included in Road Transport Exchequer Revenue in year 2012/13 is an amount of Kshs 23.7 Million (Kshs 269.5 million in 2011/12) collected by Districts relating to Court Fines, Liquor licences, and other collections banked in the Registrar of Motor Vehicles account. These were remitted to the Exchequer through the Traffic Revenue Account.

Customs Services Department (CSD)

Customs Services Department collected Kshs. 258.7 billion against a target of Kshs. 296.7 billion, thus registering a performance rate of 87.2 percent and a revenue growth of 5.9 percent. The revenue performance in the department was negatively affected by decline in oil import volumes, which resulted in a marginal growth of 2.4 percent in petroleum taxes compared to 2011/2012. In addition, trade taxes recorded a depressed growth of 5.4 percent as a result of subdued growth (3.8 percent) in the value of dry/non-oil imports. Within the same period, the number of containers landed for home use declined by 1.1 per cent from 182,773 Twenty Foot Equivalent in 2011/12 to 179,340 in 2012/13.

Domestic Taxes Department (DTD)

Domestic Taxes Department collected Kshs. 538.7 billion against a target of Kshs. 578.0 billion, registering a performance rate of 93.2 percent and revenue growth of 17.0 percent over the financial year 2011/2012. Despite the revenue growth, revenue on some of the tax heads was adversely affected by tax policy changes. Indirect taxes grew by 10.3 percent compared to the same period in 2011/2012. Domestic Value Added Tax which contributed 61.4 percent of the indirect taxes category registered a growth of 10.1, attributable largely, to the non-enactment of the VAT Bill given that significant revenue was expected from its implementation. Indirect taxes were also negatively undermined by shift in consumption patterns for beer and cigarettes from brands with higher tax rates to brands with a lower or zero tariff.

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Road Transport Department (RTD)

RTD collected Kshs. 3.1 billion against a target of Kshs. 6.5 billion, registering a performance rate of 46.7 percent. RTD collections accounted for 0.4 percent of the total revenue collections for the financial year 2012/2013.

KEY ACHIEVEMENTS IN THE FINANCIAL YEAR

Real Estate Project

KRA sustained implementation of a comprehensive compliance strategy to ensure that all rental property owners comply with requirements to pay taxes on rental income as stipulated in the Income Tax Act. Key priorities included creating awareness on taxation of the sector, identifying and profiling non-compliant landlords and developers and using innovative approaches to gather information on real estate. During the year, the Authority undertook comprehensive publicity and marketing activities to create awareness and promote voluntary compliance among taxpayers. This was done through the public media and information packs, which were uploaded on the KRA website. KRA profiled a total of 633 landlords and property developers whereby Kshs. 983.6 million was realized.

KRA also developed a comprehensive compliance strategy, which is under implementation. The strategy involves creating awareness on taxation of the sector, identifying and profiling non-compliant landlords and developers, use of third party information and intelligence information, mapping of targeted areas and enforcement actions including use of agency notices and caveats.

Authorised Economic Operator (AEO)

This is a World Customs Organization (WCO) standard concept, which involves giving preferential treatment to traders and their clearing agents, who over a period of time have proven to be reliable and compliant with customs procedures. A total of 33 new operators were registered in 2012/13, bringing the total number of operators to 79, a positive growth of 72% over 2011/12. During this period, the value of goods imported through the AEO's was Kshs. 811 billion, which was 60% of total value of imports.

Enhancement of RTD services

During the year, KRA enhanced the Road Transport services by partnering with the National Bank of Kenya (NBK). The partnership has enabled taxpayers renew their driving licences within the bank's branches countrywide. This has greatly improved service delivery by decongesting the banking hall at Times Tower.

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REVENUE ADMINISTRATION REFORM AND MODERNIZATION PROGRAMME (RARMP) INITIATIVES

KRA continued to scale up reforms through the Revenue Administration Reform and Modernization Programme (RARMP). Key reform measures implemented during the year included:

Integrated Tax management System (iTax) & Payment gateway (PG)

iTax is a domestic Taxes system initiated in the year 2012 to provide users with an integrated view of a taxpayer, which was not possible with the previous system. Tested products were piloted in the year including the iPage, selected returns and the payment process. Though the full roll out process has not been executed, taxpayers are able to register, file tax returns online through iTax and make online payments using the Payment Gateway system. The completed modules, which are under implementation, include Taxpayer Registration (TRE), Tax Returns Processing (TRP), bank collections, security management and taxpayer services. During the year, KRA successfully implemented the payment Gateway system to facilitate electronic payments of taxes. A total of 10 banks were integrated successfully with PG to support e-payments.

General Packet Radio Services (GPRS) – Electronic Tax Register

KRA is enhancing the Electronic Tax Register system to enable data transmission to a central server through GPRS to facilitate remote monitoring of ETR usage. The interconnectivity facilitates two-way communication between taxpayers and KRA. The enhancement enables faster processing of VAT refunds through real-time reconciliation since a buyer's PIN is captured into the ETR and sent directly to KRA by the seller.

SIMBA System Upgrade

The SIMBA is an on-line system for processing electronic declarations for cargo clearance. KRA initiated efforts to upgrade SIMBA to improve its performance to provide internal capacity to interrogate declarations. The upgrade will improve system stability and security, increase availability and be integrated with other systems in KRA allowing for a single view of the taxpayer.

Manifest Management System

KRA implemented the Manifest Management System (MMS) to facilitate the lodgement of a common manifest by shipping lines to Kenya Ports Authority and Kenya Revenue Authority hence seamlessly allow for a single view of importers data. During the year 2012/2013, the Authority implemented Phase II of MMS which focused on exports and airfreight cargo.

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Short Messaging Service (SMS)

KRA implemented a short messaging service (SMS) to enable taxpayers to obtain real time notification on status of documentation for driving licences, logbooks and cargo clearance, through mobile phones.

Excise Management

KRA introduced a modern automated system for the real time monitoring of the production of excisable goods. The system uses enhanced paper stamps, which has a digital code that enables the tracing of stamps and excisable goods along the supply chain. Based on enhanced security features, retailers and distributors have been provided with a device that enables them to validate the stamps and the products before accepting them into their distribution and retail outlets. This system addresses various challenges experienced in the old excise system including counterfeiting of stamps, difficulty in the use of stamps as a tax accounting tool, the lack of appropriate and affordable mechanism to enable consumers and distributors to authenticate the stamps to assist in enforcement, and inadequate market verification and monitoring arrangement to ensure compliance.

OTHER ISSUES

International Cooperation

KRA signed a Memorandum of Co-operation with the South African Revenue Authority (SARS) in December 2012. The memorandum will facilitate exchange of information and best practices on revenue modernization; provision of technical assistance and development of common approaches towards risk profiling and assessment.

Corporate Social Responsibility (CSR)

Corporate Social Responsibility is a prerequisite for good corporate leadership and governance and as such is deeply rooted within KRA's core values. The focus for the CSR programme has always targeted to support youth initiatives and the under privileged in society.

To this end, KRA held several outreach programmes targeting the neighboring communities and made cash donations totalling Ksh. 1.8 million, to five children's home and one school for the blind.

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Taxpayers' Week

KRA annually honours taxpayers for their continued exemplary contributions to government revenues and unwavering dedication to nation building. The event provides an opportunity for KRA staff to conduct taxpayer education through tax clinics and lectures to stakeholders in an effort to create awareness and enhance compliance. The taxpayers' week for FY 2012/2013 was held in October 2013, culminating with feting of compliant taxpayers by his Excellency the President on Tuesday 22nd October 2013.

Tax Clubs

The Authority introduced the School Outreach programme through which, school tax clubs were established in various secondary schools across the country. The students were taken through the introduction to taxation and the importance of the school tax clubs. The students were also actively engaged in tax debates.

Implementation of the Constitution of Kenya 2010

During the period under review, the management committee, mandated to ensure all arms of the Authority comply with the requirements of the Constitution 2010, carried out structured sensitization sessions to all staff in head office and all the stations. In addition, the team was able to identify various processes and legislations within the Authority that require realignments to conform to the constitutional requirements.

Kenya School of Revenue Administration (KESRA)

KESRA offers training to staff and those from the East African Community region, on a regular basis. A Memorandum of Understanding (MoU) was signed with the University of Nairobi for KESRA to offer certificate and post-graduate diplomas in tax matters.

Human Resources Review 2012/2013

One of KRA's strategic objectives in the 5th Corporate Plan (2012/2013 to 2014/2015) is the creation of a workforce that adheres to KRA core values and vision, and upgrade of the work environment to enhance staff morale, efficiency and effectiveness.

During the year 2012/2013, KRA focused on the development of a professional team, creating an enabling work environment to facilitate attraction and retention of quality staff, enhancement of a culture that supports core values, implementation of human resources best practice and capacity building. Some of the key activities undertaken were as follows:-

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Job Evaluation and Skills Gap Analysis Project

KRA commenced implementation of a new organizational structure which collapsed the grades from 16 to 10. Other key aspects of the project to be implemented include the adoption of a broad band salary structure, adoption of new job titles, conversion of managers' terms of service from Permanent to Contractual terms and review of training arrangements with a view to maintain effective staff development

Table 1: KRA Staff Compliment as at end of 30th June 2013

Department	Number of Staff	Percentage of Total Staff
Customs Services	1,445	30.2
Domestic Taxes	1,404	29.4
Road Transport	192	4.0
Headquarters	1,465	30.6
Graduate Trainees	277	5.8
Total	4,783	100

• Staff Motivational and Welfare Programmes

KRA continues to address staff motivation through provision of various facilities including house mortgage, car loans and laptop loans and a comprehensive medical scheme. Management also implemented various welfare programmes including team building events and health promotion events such as health talks on HIV/Aids, Alcohol and Drugs Abuse Prevention among others.

• HIV Workplace Programmes

The objective of the programme is to establish HIV workplace interventions and provide effective HIV management skills in the work place. Activities undertaken in the year include Voluntary Counseling and Testing (VCT) Services, Behaviour Change Communication activities among staff and Behaviour Change Communication activities for the youth.

• Disability Mainstreaming

In the year, Staff were sensitized on provision of services to Persons with Disabilities. In addition, some of the Staff were trained on sign language.

• Gender Mainstreaming

KRA strives to meet the Constitutional benchmark of 30 percent gender representation. Towards this end, a policy on Gender Mainstreaming was reviewed to include provisions for work place gender based violence and Staff sensitised on the same.

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- **Prevention of Drugs and Substance Abuse**

KRA implemented measures to assist staff involved in substance abuse to access rehabilitation with a view to enabling them contribute positively at the

work place. Activities included, sensitization, holding of support group meetings, counseling and rehabilitation.

- **Competency Development**

Competency programmes undertaken during the year included skills and competency needs assessment, evaluation of courses attended by staff and implementation of the Graduate Trainee Programme. A total of 2,595 staff were trained at a cost of Kshs. 21 million.

- **Coaching and Mentoring**

A total of 833 staff were trained on coaching and mentoring during in the year. Training of Trainers was implemented to facilitate the training of coaching and mentoring for line managers. Pairing of coaches and mentors was also implemented.

FUTURE OUTLOOK

In the coming year 2013/14, KRA will continue with the implementation of Revenue Enhancement Initiatives (REIs) under the Fifth Corporate Plan to ensure revenue targets are achieved and customer service improved. Some of these initiatives include:

iTax implementation and roll out

The process which commenced in the previous financial year is ongoing with implementation of the outstanding Modules. By January 2014 all Large and Medium taxpayers will be expected to file returns online through iTax, generate electronic payment slips and pay taxes through Payment gateway (PG) through the appointed agent banks.

Simba Transformation Project

The upgrade of the Simba system will continue in order to integrate Simba with other KRA systems including the Integrated Tax Management System (iTax), Payment gateway and other stakeholder systems. Once implemented, the Simba system will be able to cross-reference with the database in iTax.

Data Warehouse, Business Intelligence and Analytics (DW&BI)

Data is critical to the operation of any business. Each year KRA processes large volumes of data from tax returns, carries out millions of transactions, receives thousands of emails and phone calls. In addition, KRA also receives several data sets from thirds parties. KRA will use the DW&BI and Analytics for decision making and will therefore commence process of setting up the DW&BI system.

- KRA will also continue to leverage on third party information and supporting IT solutions for enhanced revenue collection and streamlined revenue administration by addressing specific operational challenges such as low compliance, tax evasion, and need for an effective performance management system.

Mobile Payment Gateway

KRA will provide a payment option through the mobile phone system. The Mobile banking and payment systems is being set up by integrating the Payment Gateway with mobile banking operators to facilitate taxpayers make payments through mobile money technologies such as MPESA and Airtel Money among others.

CONCLUSION

In the Financial Year 2012/2013, KRA realised revenue increase of Kshs. 93.1 billion reflecting 13.2 percent growth. The revenue target for the financial year 2013/2014 is quite ambitious at Kshs. 973.5 billion, of which Kshs. 912.3 billion (94 per cent) is Exchequer revenue and the balance of Kshs. 61.2 billion (6 per cent) represents the various Agency revenues that KRA collects. The estimates for 2013/14 require that revenue grows by 21.6 per cent which will require highly concerted efforts to address the challenges that continue to negatively impact on revenue generation. The Authority has come up with revenue enhancement strategies to ensure delivery on the expectations.

In conclusion, I wish to thank the Board of Directors, KRA Management and all staff for their due diligence and hard work, which has enabled the Authority to close the financial year with commendable results. I also thank the Government through the National Treasury, for according us strong support both morally and financially. Lastly, I thank all our taxpayers for their unwavering support, without which we would not have achieved our objectives.

Tulipe Ushuru, Tujitegemee!



J. K. Njiraini, MBS

COMMISSIONER GENERAL

29th October 2013

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STATEMENT ON CORPORATE GOVERNANCE

Corporate governance is the process and structure used to direct and manage the business affairs of the Authority in order to enhance prosperity, corporate performance and accounting. The Board of Directors is the supreme forum for formulating and interpreting policy and charting out the road map for goal attainment including plans of action.

The Board of Directors is responsible for the governance of the KRA and is accountable to the Minister for Finance to ensure compliance with the KRA Act, best practice and business ethics. The Directors attach great importance to the need to conduct the business and operations of the Authority with integrity, professionalism and in accordance with generally accepted international corporate practice.

The Board's responsibilities are broadly set out in the Kenya Revenue Authority Act, CAP 469 Section 6(6) and include:

- Review and approval of the policies of the Authority.
- Monitoring performance of the Authority in carrying out its functions.
- Discipline and control of all members of staff of the Authority.

The Board meets on a monthly basis to review management performance including revenue collection, operational issues and future planning. The Directors are given appropriate and timely information to enable them maintain full and effective control over strategic, financial, operational, revenue and compliance issues. All the non-executive Directors of the Board are independent of Management and free from any business relationship that could materially interfere with the exercise of their independent judgment.

Committees of the board

The Board had five standing committees during the year, which met regularly under the terms of reference set out by the Board. These Committees were;

a) Staff Committee

The Committee is responsible for monitoring and appraising the performance of Senior Management, reviewing of human resource policies, approval of remuneration policy for employees, and making recommendations on Senior Management appointments to the Board. The Committee meets quarterly and the Members were;

Mr. Samuel Gichigi (Chairperson)

Mrs. Phyllis Kandie (Chairperson)

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Mr. Kibuga Kariithi

Dr. Kitiabi K Reginah

Mr. James Getuno

Ms. Mercy Kamau

Mr. Zebedeo John Opore

The Attorney General

b) Finance Committee

The Finance Committee reviews the Authority's annual budget and is responsible for the financial policies of the Authority. The Members were;

Mrs. Phyllis Kandie (Chairperson)

Amb. Hassan M.S. Bagha

Mr. Samuel Gichigi

Mr. Kibuga Kariithi

Ms. Mercy Kamau

Mr. Joseph Kinyua (A representative from Treasury)

c) Board of Trustees Committee

The Board of Trustees is charged with the overall supervision, management and administration of the KRA Staff Pension Scheme. The Committee meets quarterly and the Members were;

Amb. Hassan M.S. Bagha (Chairperson)

Dr. Kitiabi K. Reginah

Mr. Samuel Gichigi

Ms. Mercy Kamau

d) Procurement and Disposal Oversight Committee

The Committee is responsible for vetting the award of contracts by management and ensuring that the procurement regulations as provided for by Cap 3 of the Public Procurement and Disposal Act, 2005 are complied with. The Committee meets monthly and the Members were;

KENYA REVENUE AUTHORITY

Dr. Kitiabi K. Reginah (Chairperson)

Mr. Kibuga Kariithi

Mr. Zebedeo John Opore

Mrs. Phyllis Kandie

Mr. James Getuno

e) Audit Committee

The Committee is responsible for reviewing audit reports, compliance with relevant laws, procedures and standards, quality of financial reporting and oversight on internal controls among others. The Committee meets quarterly and the Members were;

Mr. Kibuga Kariithi (Chairperson)

Mr. James Getuno (Chairperson)

Dr. Kitiabi K. Reginah

Amb. Hassan M.S. Bagha

Mr. Joseph Kinyua (A representative from Treasury)

f) Strategy, Policy and Research Committee

The committee is responsible for reviewing the Authority's strategic implementation of the Corporate Plan and Reform Programme. It also serves as a forum to encourage continuous research and review of tax policy proposals; and regulatory framework for revenue collection. The Committee meets quarterly and the members were;

Mr. Kibuga Kariithi (Chairperson)

Amb. Hassan M.S. Bagha

Mrs. Phyllis Kandie

KENYA REVENUE AUTHORITY

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

The Kenya Revenue Authority Act requires Management to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Authority and its operating results for that year. It also requires Management to ensure that the Authority keeps proper accounting records which disclose, with reasonable accuracy, the financial position of the Authority. Management is also responsible for safeguarding the assets of the Authority and maintenance of adequate system of internal financial control.

Management accepts the responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in accordance with International Financial Reporting Standards and the requirements of the Kenya Revenue Authority Act. Management is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Authority and of its operating results for the year ended 30th June, 2013.

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



J. K. NJIRAINI, MBS

COMMISSIONER GENERAL

29TH OCTOBER, 2013

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-Mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke



P.O. Box 30084-00100
NAIROBI

KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL AND REVENUE COLLECTION STATEMENTS OF THE KENYA REVENUE AUTHORITY FOR THE YEAR ENDED 30 JUNE 2013

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Kenya Revenue Authority set out on pages 23 to 40, which comprise the statement of financial position as at 30 June 2013, statement of comprehensive income, statement of changes in equity, statement of cash flows and the Authority's Tax Collection Statement for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Sections 14 and 8 of the Public Audit Act, 2003. 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 and Revenue Collection Statements

Management is responsible for the preparation and fair presentation of these financial and revenue collection statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial and revenue collection statements that are free from material misstatement, whether due to fraud or error.

The management is also responsible for the submission of the financial and revenue collection statements to the Auditor-General in accordance with the provisions of Section 13 of the Public Audit Act, 2003.

The management is further responsible for efficient and effective collection of taxes on behalf of the Government, in line with the Public Finance Management Act, 2012 and the Kenya Revenue Authority Act (Cap 469) of the Laws of Kenya.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial and revenue collection statements, based on the audit and report in accordance with the provisions of Section 15(2) of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be

planned and performed to obtain reasonable assurance about whether the financial statements and revenue collection statement are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and revenue collection statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements and revenue collection statement, 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 and revenue collection statement 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 Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements and revenue collection statement.

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

Basis for Qualified Opinion

1.0 FINANCIAL STATEMENTS

1.1 Motor Running Expenses

The financial statements of the Authority as at 30 June 2013 reflect motor running expenses totalling Kshs.178,307,000, as disclosed in Note 6, out of which an amount of Kshs. 57,567,011 was paid to a firm for the supply of fuel for motor vehicles and generators. However, there was no evidence that any contract agreement, for a specific period of time, existed between the Authority and the firm. There was also no evidence that the firm supplying the fuel was identified in line with Public Procurement and Disposal Act, 2005. In the absence of a contract agreement, it was not possible to confirm the propriety of the fuel expenses totalling Kshs. 57,567,011 incurred for the year ended 30 June 2013.

1.2 Land without Title Deeds

The financial statements of the Authority reflect land and buildings with a net book value of Kshs.9,066,467,000 as at 30 June 2013, as disclosed in note 8(i). Included in the Kshs.9,066,467,000 are fifteen (15) parcels of land, in various parts of the country, valued at Kshs.373,000,000 with buildings valued at Kshs.829,050,000, which were transferred to the Authority by the Government at inception in 1995. Further, excluded from the net book value of

Kshs.9,066,467,000 are three (3) parcels of land in Mombasa, Embu and Machakos Counties, which have not been valued and which were similarly transferred to the Authority by the Government in 1995. These eighteen (18) parcels of land do not have title deeds. The balance further excludes another parcel of land in Taveta County which also has not been valued and does not have a title deed, and another one in Shimoni, Kwale County, which is registered in the name of East Africa Common Services Authority. Although according to management, these parcels of land are at various stages of registration with the Commissioner of Lands, it is not clear why it has taken management inordinately long time to obtain the ownership documents. In the circumstances, it has not been possible to confirm the ownership status of the 20 parcels of land, and that the property, plant and equipment balance of Kshs.12,154,722,000 is fairly stated as at 30 June 2013.

2.0 REVENUE STATEMENT

2.1 Customs Revenue Collection

2.1.1 Diversion of Transit Goods into the Local Market

During the year under review, the Authority collected Customs revenue of Kshs.220,307,000,000, as per the attached revenue statement. However, evidence available indicates that various goods which were imported from the regional market were delivered and received at the Consolidated Tea Transit Warehouse Number TMSA 138, in Mombasa. However, there were no exit reports or export certificates indicating that these goods, with a Bond in Force of Kshs.7,300,488 exited the country, as required under Section 104 (7) and 104 (16) of the East Africa Community Customs Management Regulations 2010. There was also no evidence that taxes payable on the diverted goods were paid to the Authority, and consequently, the Government may have lost revenue amounting to Kshs.7,300,488.

2.1.2 Uncancelled Security Bonds

Further, evidence available indicates that various transit goods with Bond in Force of Kshs.22,784,480.20 were imported through the port of Mombasa and cleared through the Consolidated Tea Transit Warehouse. However, there was no evidence that these transit goods were exported. Further, the bonds executed as security on these transit goods had not been cancelled and realized into revenue by the Authority, even after the twenty one days from the date of entry provided by regulations, had expired. The Government may have lost revenue totalling Kshs.22,784,480.20, in the form of the uncancelled and unrealized security bonds.

2.1.3 Transit Goods Not Accounted For

In addition, evidence availed for audit review indicate that transit goods with a customs value of Kshs.8,696,960 were received into the Consolidated Tea Transit Warehouse number TMSA138, in Mombasa. However, there was no evidence that these goods, which attracted import duty of Kshs.524,708 and Value Added Tax of Kshs.419,475, were exported to their respective destinations, contrary to Section 85 (3) of the East Africa Community Customs Management Act, 2005. The Government also may have lost revenue of Kshs. 944,183 related to these transit goods which may have been diverted to the local market without payment of duty.

2.1.4 Diversion of Tax Exempt Jet Fuel into the Local Market

Records maintained in the Simba system 2005, together with those maintained in the Customs Oil Stocks Information System (COSIS), revealed a variance between the quantity of Jet fuel received at the Kenya Pipeline, Moi International Airport Mombasa and the quantity of fuel drawn as per the striking entries. This overdrawn fuel, whose total Bond in Force (B.I.F) was Kshs.19,734,562.55, had been imported for local use and was duty exempt. In addition, fuel with a B.I.F of Kshs.798,254,332 had no ex-warehouse entries in the Simba system and no documentary evidence to indicate that they formed part of the stock held at the time of the audit. Further, the Simba system reflected balances of stock with B.I.F of Kshs.50,042,754.96. However, no documentary evidence was availed confirming the existence of the stock balance. The Government may have lost revenue totalling Kshs.868, 031,649.50 related to duty payable on fuel which may have been diverted to the local market without payment of duty.

2.1.5 Diversion of Transit Tea into the Local Market

Records maintained at the Tea Transit Warehouse (TTW) number TMSA 078 in Mombasa, and in the KRA Simba 2005 system indicate that tea with a total Bond in Force (BIF) of Kshs.22,028,676, imported from the regional market in transit to foreign markets, was delivered and received in the warehouse. However evidence that the tea, which was not in the warehouse at the time of this audit, was transferred to other TTWs or exported as exit reports or export certificates in support of the movement were not availed for audit verification.

Further, tea with a BIF of Kshs. 10,793,691, which had been imported from the regional market in transit to foreign markets and warehoused at the TTW, was still outstanding in the register number 59, maintained by the warehouse operator. The customs duty on these warehoused goods has not been accounted for in the revenue statement for the year ended 30 June 2013. The Government may have lost revenue of Kshs.32,822,367 related to these transit goods which may have been diverted to the local market without payment of duty.

In the foregoing circumstances, it has not been possible to establish that customs revenue totalling Kshs.931,883,167 was collected by the Authority and that the

revenue collection totalling Kshs.800,510,000,000 is fairly stated for the year ended 30 June 2013.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements and the revenue collection statement present fairly, in all material respects, the financial position of the Kenya Revenue Authority as at 30 June 2013, and of its financial performance, its cash flows and the revenue collection summary for the year then ended, in accordance with International Financial Reporting Standards, Public Finance Management Act, 2012 and comply with Kenya Revenue Authority Act, (Cap 469) of the Laws of Kenya.



Edward R.O. Ouko, CBS
AUDITOR- GENERAL

Nairobi

2 May 2014

KENYA REVENUE AUTHORITY

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013

		2012/2013	2011/2012
	NOTE	<u>Kshs'000</u>	<u>Kshs'000</u>
INCOME			
Agency Income	3	13,201,230	10,648,331
Other Income	4	1,517,295	1,277,358
		<u>14,718,525</u>	<u>11,925,689</u>
EXPENDITURE			
Staff Emoluments	5	9,674,621	8,417,755
Other Operating Expenses	6	3,393,863	3,057,303
Depreciation and Amortisation	7	620,268	571,993
		<u>13,688,752</u>	<u>12,047,051</u>
SURPLUS / (DEFICIT) FOR THE YEAR		<u><u>1,029,773</u></u>	<u><u>(121,362)</u></u>

The Statement of Comprehensive Income is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 27 to 40.

KENYA REVENUE AUTHORITY

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

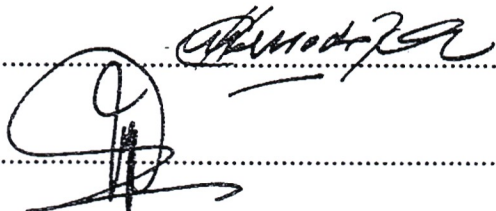
	NOTE	2012/2013 Kshs '000	2011/2012 Kshs '000
Non-Current Assets			
Property, Plant & Equipment	8	12,154,722	9,819,283
Intangible Assets	9	36,158	9,212
Amount due from Treasury	11	3,142,677	2,000,907
Security Deposits	12	1,981,892	1,898,295
		17,315,449	13,727,697
Current Assets			
Debtors	10	707,875	428,431
Cash and Bank Balances	13	3,025,385	1,813,652
		3,733,260	2,242,083
Current Liabilities			
Creditors	14	641,876	351,512
Provisions	15	1,274,039	654,176
		1,915,915	1,005,688
Net Current Assets		1,817,345	1,236,395
Net Assets		19,132,794	14,964,091
Represented by:			
Non Current Liabilities			
Contribution to Govt Pension Fund	16	27,034	27,079
Equity			
Contribution by the Treasury	17	12,892,992	11,455,096
Accumulated Fund		1,563,405	548,270
Revaluation Reserve	8	4,389,229	2,640,185
Designated Fund	18	260,134	293,462
		19,105,760	14,937,013
		19,132,794	14,964,092

The financial statements set out on pages 23 to 38 were approved by the Board of Directors on 29th October 2013 and were signed on its behalf by:

Major (Rtd) Marsden Madoka, EGH
Chairman

J. K. Njiraini, MBS
Commissioner General

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The Statement of Financial Position is to be read in conjunction with the notes to and forming part of the Financial Statements set out on pages 27 to 40

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

		Contribution by Treasury	Accumulated Fund	Revaluation Reserve	Designated Fund	Total Fund
	NOTE	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
1 July 2012		10,403,305	669,632	2,709,664	94,300	13,876,901
Contribution for the year		1,051,791	-	-	-	1,051,791
Charge for the year			-	(69,479)		(69,479)
Deficit for the Year		-	(121,362)	-	-	(121,362)
Net Funds Received		-	-	-	199,162	199,162
At 30 June 2012		<u>11,455,096</u>	<u>548,270</u>	<u>2,640,185</u>	<u>293,462</u>	<u>14,937,013</u>
Prior Period Adjustment	19	459,335	(14,639)	1,845,590	-	2,290,286
At 1 July 2012 (Restated)		11,914,431	533,632	4,485,775	293,462	17,227,300
Contribution for the year	17	978,561	-	-	-	978,561
Charge for the year			-	(96,546)		(96,546)
Deficit for the year		-	1,029,773	-	-	1,029,773
Net fund Movement	18		-	-	(33,328)	(33,328)
At 30 June 2013		<u>12,892,992</u>	<u>1,563,405</u>	<u>4,389,229</u>	<u>260,134</u>	<u>19,105,760</u>

The Statement of Changes in Equity is to be read in conjunction with the notes to and forming part of the Financial Statements set out on pages 27 to 40.

KENYA REVENUE AUTHORITY

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013

		2012/2013	2011/2012
	NOTE	Kshs `000	Kshs `000
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus / (Deficit) for the year		1,029,773	(121,362)
Non- cash movements			
Depreciation	8	599,886	567,387
Amortisation	9	20,382	4,606
Loss /(Gain) on disposal of Assets		2,132	(2,474)
Increase in Security Deposits	12	(83,597)	(206,120)
(Increase) / Decrease in Debtors		(1,421,214)	743,982
Increase / (Decrease) in Creditors		910,182	(337,465)
Net cash flows from operating activities		1,057,544	648,554
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant & Equipment	8	(793,702)	(767,172)
Proceeds from sale of Property, Plant & Equipment		2,658	3,868
Net cash flows from investing activities		(791,044)	(763,304)
CASH FLOWS FROM FINANCING ACTIVITIES			
Contribution by the Treasury	17	978,561	1,051,791
Decrease / (Increase) in designated Funds	18	(33,328)	199,162
Net cash flows from financing activities		945,233	1,250,953
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,211,733	1,136,203
Cash and cash equivalents at 1 July 2012		1,813,652	677,449
CASH AND CASH EQUIVALENTS AT 30 JUNE 2013	13	3,025,385	1,813,652

The Statement of Cashflows is to be read in conjunction with the notes to and forming part of the Financial Statements set out on pages 27 to 40.

KENYA REVENUE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

1. ESTABLISHMENT

Kenya Revenue Authority was established by an Act of Parliament, The Kenya Revenue Authority Act, and CAP 469. The Authority's objectives are the assessment and collection of revenue, administration, enforcement of laws relating to and accounting for revenue collected under the Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements are prepared under the historical cost basis of accounting as modified by the revaluation of certain items of property, plant and equipment and fair value adjustments to investments. They are presented in Kenya Shillings (Kshs.) rounded to the nearest thousand shillings and comply with the International Financial Reporting Standards (IFRS).

(b) Income Recognition

i) Agency Income

In accordance with the Kenya Revenue Authority Act CAP 469, income to the Authority is "such amounts not exceeding 2% as may be determined by the Minister each financial year" of the total estimated revenue to be collected by the Authority on behalf of the Exchequer. In addition, the Authority is entitled to a Bonus of 3% of the surplus revenue collected above the estimates and also earns income from other activities.

ii) Other Income

Interest Income is recognised on a time basis at the effective interest rate applied on the principal amounts outstanding;-

Rental income is recognised on accrual basis.

Other incomes are recognised when earned.

(c) Development funding and asset Contributions by the Treasury

Contributions by the Treasury in form of assets or funding for acquisition of major assets or development projects are recognized as a financing reserve when received. No repayment of the financing is expected by the Authority.

(d) Property, Plant and Equipment

All categories of property, plant and equipment are stated at cost or valuation less accumulated depreciation and annual impairment losses. Depreciation is calculated to write off the cost or valuation of each asset to its residual value where applicable, over the expected useful life of the asset in equal instalments. A full year's depreciation is charged in the year of purchase but no charge is made in the year of disposal.

The estimated useful life is as follows: -

Plant & Machinery	8 years
Equipment/Furniture/Fittings	8 years
Boats	8 years
Motor Vehicles	5 years (with a 10% residual value)
Computers	3 years
Computer Software	3 Years
Buildings	40 years
Leasehold land	Over the remaining lease period

KENYA REVENUE AUTHORITY

Gains or losses on property, plant and equipment are determined by reference to their carrying value and are taken into account in determining the surplus / (deficit) for the year.

(e) Intangible Assets

Intangible assets consist of various computer software systems purchased for use by the Authority. The Authority recognises Intangible Assets acquired separately at cost less accumulated amortisation. Amortisation is charged on a straight-line basis over their useful lives as estimated by management from time to time.

(f) Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Kenya Shillings at rates ruling at the transaction dates. Assets and liabilities at the balance sheet date, which are expressed in foreign currencies, are translated into Kenya Shillings at the rate ruling on that date. The resulting foreign exchange gains and losses are recognized on a net basis, differences are dealt with in the income and expenditure statement in the financial year in which they arise.

(g) Retirement Benefits Obligations

The Authority operates a hybrid pension scheme with a defined benefit section and a defined contribution section for the permanent and pensionable employees. The pension costs relating to this scheme are assessed in accordance with the advice of a qualified actuary. The assets of the scheme are held in a separate trustee-administered fund. The cost of providing pension and other post-retirement benefits for employees is charged to the income and expenditure account.

(h) Cash and Cash equivalents

For purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and short-term deposits held with banks.

(i) Accrued Leave Days Provision

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by the employees up to the balance sheet date.

(j) Inventories

All consumable stocks held for use in operations are expensed on purchase

3. AGENCY INCOME

	2012/2013 Kshs '000	2011/2012 Kshs '000
Agency Income	13,201,230	10,648,331
Bonus	-	-
	<u>13,201,230</u>	<u>10,648,331</u>

The Agency Income and Bonus are provided in accordance with the provisions of the Kenya Revenue Authority Act CAP 469.

KENYA REVENUE AUTHORITY

4. OTHER INCOME

	2012/2013 Kshs '000	2011/2012 Kshs '000
Road Maintenance Levy Commission	500,032	483,673
Petroleum Development Levy Income	34,030	31,898
Sale of Number Plates	322,862	287,497
Sale of Tamper Proof Seals	16,843	37,563
Public Overtime	2,395	3,942
Document Processing Fees	32,994	29,400
Aviation Revenue Commission	71,778	63,557
Air Passenger Service Charge Commission	125,611	69,203
Sugar Development Levy Commission	43,796	43,186
Interest Income	186,484	107,599
Staff Housing Rental Income	50,646	47,139
Property Rental Income	8,075	10,570
(Loss) / Gain on disposal of Fixed Assets	- 2,132	2,474
Insurance Deductions Commission	3,761	3,254
Miscellaneous Income **	120,121	56,403
	<u>1,517,295</u>	<u>1,277,358</u>

** Miscellaneous income consists of income from sale of tender documents, revenue stamps, staff identity cards, PSV Badges, training school activities and road transit toll collections.

5. STAFF EMOLUMENTS

	2012/2013 Kshs '000	2011/2012 Kshs '000
Salaries and Allowances	9,485,940	8,355,604
Staff Leave Days Provision	188,681	62,153
	<u>9,674,621</u>	<u>8,417,756</u>

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6. OTHER OPERATING EXPENSES

	2012/2013 Kshs '000	2011/2012 Kshs '000
Travelling and Accomodation	487,184	384,090
Utilities	299,711	369,845
Staff Welfare	26,405	9,460
Medical Expenses	592,656	406,424
Printing & Stationery	74,508	129,536
Rent & Rates	122,042	100,314
Consultancy	45,509	237,248
Tax Payer Education	59,761	56,345
Computer Expenses	212,151	119,595
Training Expenses	112,504	137,186
Motor Running Expenses	178,307	166,618
Building repairs and maintenance	26,465	22,453
Scanner Expenses*	167,916	622
Office Running Expenses	179,438	165,128
Advertising & Public Relations	32,125	38,598
Insurance Expenses	55,789	69,499
Secretarial Expenses	7,835	40,882
Board Expenses*	26,119	33,437
Official Entertainment	14,319	18,855
Uniforms & Laundry Expenses	617	7,950
Consumable Stores	22,288	6,195
Materials & Supplies	387,938	235,620
Bank Charges	1,229	1,007
Security Expenses	238,221	271,082
Motor Boat Repairs	9,756	15,659
Container Sealing Expenses	7,821	-
Laboratory Expenses	5,250	13,656
	<u>3,393,863</u>	<u>3,057,303</u>

6.1 SCANNER EXPENSES

	2012/2013 Kshs '000	2011/2012 Kshs '000
Annual Maintenance Contract	167,916	-
Routine Maintenance Expenses	-	622
	<u>167,916</u>	<u>622</u>

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6.2 BOARD EXPENSES

	2012/2013 Kshs '000	2011/2012 Kshs '000
Monthly Directors' fees	11,918	13,461
Sitting Allowances & Honararia	12,002	17,794
Accomodation & Travel Expenses	2,199	2,182
	<u>26,119</u>	<u>33,437</u>

7. DEPRECIATION AND AMORTISATION

	2012/2013 Kshs '000	2011/2012 Kshs '000
Depreciation charge on Fixed Assets	599,886	567,387
Amortisation of Intangible Assets	20,382	4,606
	<u>620,268</u>	<u>571,993</u>

8. PROPERTY, PLANT AND EQUIPMENT.

(i)

	LAND & BUILDINGS Kshs '000	PLANT & MACHINERY Kshs '000	MOTOR VEHICLES Kshs '000	OFFICE EQUIPMENT FURNITURE Kshs '000	COMPUTERS Kshs '000	MOTOR BOATS Kshs '000	WIP Kshs '000	TOTAL Kshs '000
2012/2013								
COST/VALUATION								
1 Jul 2012	7,360,800	2,204,375	585,424	767,494	1,381,275	612,040	1,308,430	14,219,838
Additions	-	-	40,446	212,291	89,062	-	404,576	746,375
Disposals	-	-	(47,894)	-	-	(7,572)	-	(55,466)
Prior Period Adj.	2,359,056	-	-	-	-	-	-	2,359,056
Transfer of WIP	1,847	-	-	8,238	139,489	-	(149,574)	-
30 June 2013	<u>9,721,703</u>	<u>2,204,375</u>	<u>577,976</u>	<u>988,023</u>	<u>1,609,826</u>	<u>604,468</u>	<u>1,563,432</u>	<u>17,269,802</u>
DEPRECIATION								
1 Jul 2012	368,034	1,414,544	485,243	531,639	1,335,398	265,698	-	4,400,556
Charge for Year	121,886	193,084	23,920	82,656	104,793	73,547	-	599,886
Dep. on Rev	96,546	-	-	-	-	-	-	96,546
Prior Period Adj.	68,770	-	-	-	-	-	-	68,770
Disposals	-	-	(43,105)	-	-	(7,572)	-	(50,677)
30 June 2013	<u>655,236</u>	<u>1,607,628</u>	<u>466,058</u>	<u>614,295</u>	<u>1,440,191</u>	<u>331,673</u>	<u>-</u>	<u>5,115,081</u>
NETBOOK VALUE								
30 June 2013	<u>9,066,467</u>	<u>596,747</u>	<u>111,918</u>	<u>373,728</u>	<u>169,635</u>	<u>272,795</u>	<u>1,563,432</u>	<u>12,154,722</u>

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<u>2011 / 2012</u>	LAND & BUILDINGS KSHS '000	PLANT & MACHINERY KSHS '000	MOTOR VEHICLES KSHS '000	OFFICE EQUIPMENT KSHS '000	COMPUTERS KSHS '000	MOTOR BOATS KSHS '000	WIP KSHS '000	TOTAL KSHS '000
1 Jul 2011	7,360,800	2,204,375	567,324	700,854	1,329,740	612,040	703,731	13,478,864
Additions	-	-	30,206	66,640	51,810	-	604,699	753,354
Disposals	-	-	(12,105)	-	(275)	-	-	(12,380)
30 June 2012	<u>7,360,800</u>	<u>2,204,375</u>	<u>585,424</u>	<u>767,494</u>	<u>1,381,275</u>	<u>612,040</u>	<u>1,308,430</u>	<u>14,219,838</u>
DEPRECIATION								
1 Jul 2011	184,014	1,164,454	472,633	472,093	1,289,331	192,151	-	3,774,676
Charge for Year	114,541	250,090	23,505	59,546	46,159	73,547	-	567,387
Dep. on Rev	69,479	-	-	-	-	-	-	69,479
Disposals	-	-	(10,895)	-	(92)	-	-	(10,986)
30 June 2012	<u>368,034</u>	<u>1,414,544</u>	<u>485,243</u>	<u>531,639</u>	<u>1,335,398</u>	<u>265,698</u>	<u>-</u>	<u>4,400,556</u>
ETBOOK VALUE								
30 June 2012	<u>6,992,766</u>	<u>789,831</u>	<u>100,181</u>	<u>235,855</u>	<u>45,877</u>	<u>346,342</u>	<u>1,308,430</u>	<u>9,819,283</u>

(ii) Land & buildings

The Authority received several leasehold properties (land and buildings) from the government at inception in 1995. The Authority was not required to pay for the property hence did not incur any cost on the same. To recognize the property in its books, the Authority did a professional valuation of the land and building in 1996 and the values were adopted in the Authority's statement of financial position. This was done by recognizing land and buildings assets in the statement of Financial Position. The leasehold land was revalued to Kshs 2,359,056 in 2011 and a prior period adjustment has been made to recognise the new values.

The Authority is yet to receive title documents for some 18 pieces of leasehold land received Government which have buildings with carrying values of Kshs. 829,050,000. These properties are at various stages of registration with the Commissioner of Lands. Another title deed is in the name of East African Common Services Authority (EACSA) and the process transfer of the title is ongoing. The Authority also bought one parcel of land in Taveta in 2010 for construction of a border station and is in the process of obtaining the title.

(iii) Fully depreciated assets

Included in the assets are fully depreciated assets comprising of Motor Vehicles whose original cost was Kshs 145,085,418 with a residual value of Kshs 44,508,541, Motor Boats whose cost is Kshs 16,091,088, Computers whose cost is Kshs 1,295,447,390, Office Equipment of Kshs 149,880,184, Laboratory Equipment Kshs 10,126,160, Plant and Machinery Kshs 659,703,883 and Furniture and Fittings of Kshs 159,761,684 whose book value is nil. The total notional depreciation charge for the assets is Kshs 632,292,988 (2012- Kshs 554,529,156). Most of these assets are in use by the Authority.

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(iv) Capital Work In Progress

	2012/2013	2011/2012
	Kshs '000	Kshs '000
Common Cash Receipting System	63,691	58,062
Electronic cargo system	77,612	77,612
Intergrated Tax Management System	684,686	552,806
Customs Revenue Accounting Module	4,664	4,664
Support Departments ERP System	5,276	5,276
Valuations Database system	17,791	8,332
Langata Staff Houses Renovation	594,436	452,104
Renovation of Training Institute (KESRA)	110,065	-
Renovation of JKIA Offices	5,212	-
Partitioning of Eldoret Offices	-	1,546
Times Tower Ventilation	-	300
World Bank Funded Projects	-	119,571
Gymnasium Equipment	-	8,238
LAN Installation (World Bank)	-	19,919
	<u>1,563,433</u>	<u>1,308,430</u>

Electronic Cargo Tracking System: - Implementation of the ECTS stalled due to a court injunction issued following an application made by the Kenya Transport Association (KTA). The case was withdrawn in October 2013 and implementation of the project is set to continue.

ERP System: - The delay in the implementation has been caused by delay in the delivery of some modules of the system by the Vendors.

Customs Revenue Accounting Module: - Implementation was temporarily suspended to enable the review of changed user requirements and to enable its proper integration with the ongoing reengineering of the SIMBA system.

9. INTANGIBLE ASSETS

	2012/2013	2011/2012
	Kshs '000	Kshs '000
COST		
1 July	183,085	169,267
Additions	<u>47,328</u>	<u>13,818</u>
30 June	230,413	183,085
AMORTISATION		
1 July	173,873	169,267
for the year	<u>20,382</u>	<u>4,606</u>
30 June	194,255	173,873
NET BOOK VALUE		
30 June	<u>36,158</u>	<u>9,212</u>

The intangible assets are made up of different computer software in use by the Authority. Included in the Intangible Assets are fully amortised assets whose original cost was Kshs 169,267,025, (2012- Kshs 169,267,025).

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10. DEBTORS

	2012/2013	2011/2012
	Kshs '000	Kshs '000
Trade Debtors		
Other Agency debtors	230,240	161,822
Rent Receivable	-	897
Interest Receivable	8,033	863
	<u>238,274</u>	<u>163,582</u>
Other Debtors		
Staff Debtors	90,180	68,482
Prepayments	8,256	27,262
Other Debtors	371,166	169,104
	<u>469,602</u>	<u>264,848</u>
Debtors Total	<u>707,875</u>	<u>428,431</u>

Other agency debtors represent outstanding commission on collection of revenues on behalf of other organisations. Staff debtors mainly comprise of outstanding travel imprests, loans for acquisition of laptops and medical advances.

11. AMOUNT DUE FROM TREASURY

	2012/2013	2011/2012
	Kshs '000	Kshs '000
1 July	2,000,907	2,912,847
Accrued in the year	13,201,230	10,648,331
Bonus earned	-	-
Amount received in the year	<u>(12,059,459)</u>	<u>(11,560,271)</u>
30 June	<u>3,142,677</u>	<u>2,000,907</u>

The amount represents outstanding agency commission, bonuses earned and payments on behalf of the Treasury. The Treasury has repaid the past debts up to a total of Kshs.2,708,030,000 over the years 2004 to 2010. However, the debt has increased due to 3% bonus earned on surplus collections in years 2004, 2005, 2007 2008, 2009, 2010 and 2011 as provided for in the KRA Act Section 16.

12. SECURITY DEPOSITS

	2012/2013	2011/2012
	Kshs '000	Kshs '000
Savings & Loan (k) Ltd	1,466,727	1,395,473
Housing Finance	364,909	352,442
National Bank of Kenya Ltd	150,256	150,381
	<u>1,981,892</u>	<u>1,898,295</u>

The deposits with Savings & Loans and Housing Finance are placed as security against staff mortgage advances, while the National bank deposits are placements against staff car loans.

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13. CASH AND BANK BALANCES

	2012/2013 Kshs '000	2011/2012 Kshs '000
Cash in Hand	355	786
Cash at Bank	566,974	324,647
Fixed Deposits	2,458,056	1,488,219
	<u>3,025,385</u>	<u>1,813,652</u>

The fixed deposits are made up of one month deposits in commercial banks. The maturity period for the deposits is between July and August 2013. The deposits are further analysed as follows:-

	2012/2013 Kshs '000	2011/2012 Kshs '000
National Bank of Kenya	1,221,914	763,598
Cooperative Bank of Kenya	1,221,774	708,008
World Bank project Account - NBK	14,368	16,613
	<u>2,458,056</u>	<u>1,488,219</u>

14. CREDITORS

	2012/2013 Kshs '000	2011/2012 Kshs '000
Trade Payables	302,729	224,792
Staff Creditors	306,945	16,637
Payroll Deduction Creditors	22,002	40,192
Taxes	10,201	69,891
	<u>641,876</u>	<u>351,512</u>

Trade payables represent the outstanding payments to suppliers. Payroll deductions include outstanding amounts for statutory deductions, loans SACCOS and others. Staff creditors comprise of unpaid staff bonus, outstanding payments due to staff and funds for staff welfare associations.

15. PROVISIONS

	2012/2013	2011/2012
Staff Leave Days Provision	763,687	575,006
General Provisions	510,352	79,170
	<u>1,274,039</u>	<u>654,176</u>

The general provisions relate to utilities and staff medical expenses.

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16. CONTRIBUTION TO GOVERNMENT PENSION FUND

	2012/2013	2011/2012
	Kshs '000	Kshs '000
1 July	27,079	27,259
Payment to the Treasury in the year	<u>(45)</u>	<u>(180)</u>
30 June	<u>27,034</u>	<u>27,079</u>

This amount relates to contributions made to the Government pension during the nine-month secondment period from October 1995 to June 1996 for pensionable staff who were transferred from the

Treasury to the Authority. The amount falls due for payment on retirement of an officer and is then transferred to the Treasury to facilitate processing of the pension.

17. CONTRIBUTION BY THE TREASURY

	2012/2013	2011/2012
	Kshs '000	Kshs '000
1 July	11,455,096	10,403,305
Border Stations & KESRA Rehabilitation	441,270	270,000
Systems Security Software & Biometric System	53,730	15,000
Funds for Integrated Tax Management System	45,000	100,000
Excise Management System	416,666	-
Simba Upgrade & CSD reforms	-	155,000
RTD Reforms & Modernisation	-	50,000
MTO Offices & Psychometric Assessment Center	-	63,500
Support Departments ERP System	-	31,500
Information Technology Service Management Tools	-	290,000
Leasehold Land (Reinstatement)	459,335	-
World bank funded projects	<u>21,895</u>	<u>76,791</u>
30th June	<u>12,892,992</u>	<u>11,455,096</u>

The amounts represent assets and asset funds provided by the Treasury. The Treasury separately funds the major reform and modernization programmes undertaken by the Authority in all departments for revenue enhancement and efficient service delivery. The key projects include an Integrated Tax Management System (ITMS) for management of domestic taxes, upgrading the Simba system in Customs Services Department and ICT service management tools. The funds will also be used in the rehabilitation of the Authority's Training Institute and border stations.

The World Bank funded project comprises laboratory equipment received in the year. The reinstatement of Lease hold land comprise of land donated by the Government in 1996 which had been written off now recognised as an asset.

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18. DESIGNATED FUNDS

	LEGAL CLAIM FUND	WORLD BANK FUNDS (EATTF)	TOTAL
	Kshs '000	Kshs '000	Kshs '000
1 July 2012	264,615	28,846	293,462
Funds Received	-	-	-
Interest Earned		125	125
Amount Spent	(30,989)	(2,464)	(33,453)
Transfer to Equity Contribution		-	-
30 June 2013	233,627	26,507	260,134

The legal claim funds are received from the Treasury for settling legal awards against the Authority in revenue related court cases.

The World Bank funds are disbursements to the local account for the East African Trade and Transportation Facilitation Project Fund (EATTF), provided to improve the infrastructure for monitoring movement of goods for the facilitation of trade in East Africa.

19. PRIOR PERIOD ADJUSTMENT

The Authority has recognised leasehold land as a finance Lease in the Statement of Financial Position. The leasehold land had been omitted from the statement as it was received from the Government at no purchase consideration. The land had been valued at Kshs 459 million in 1996 (KRA's Inception) and was subsequently re-valued in 2011 at Kshs 2,359 million.

	2012/2013 Kshs '000	2011/2012 Kshs '000
Leasehold Land		
Value - 1996	459,335	459,335
Revaluation - 2011	1,899,721	1,899,721
Total	2,359,056	2,359,056
Amortisation		
Prior Period Amortisation	68,770	34,385
For the year	34,385	34,385
Total	103,156	68,770
30 June	2,255,900	2,290,286

20. RETIREMENT BENEFIT COSTS

During the year ended 30th June 2012, Kshs 1,045,768 Million (2011 Kshs. 971,717 Million) was paid as contributions to the staff pensions scheme. The scheme changed from a defined benefit plan to a Hybrid scheme with a defined benefit section and a defined contribution section with effect from 1 July 2005. Under the defined benefit scheme, the employer contribution on actuarial advice was maintained at 13.2% per

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member while a rate of 14% was adopted for the defined contribution scheme. Employees contribute 7.5% of their salaries for both sections of the scheme. The value placed on the existing final assets per the last valuation of 30th June 2012, was Kshs.7.817 Billion (2011, Kshs. 6.708 Billion) while the present value of past service liabilities at that date was Kshs 7.739 Billion (2011 Kshs. 6.549 Billion).

21. CAPITAL COMMITMENTS

	2012/2013 Kshs '000	2011/2012 Kshs '000
Approved and contracted	1,075,672	1,102,753
Approved and not contracted	108,938	322,640
	<u>1,184,610</u>	<u>1,425,393</u>

22. RECURRENT COMMITMENTS

	2012/2013 Kshs '000	2011/2012 Kshs '000
30 June	128,801	532,233

The above represents items and activities approved and contracted but not yet delivered.

23. EMPLOYEES

The number of employees at the end of the year was,

	2012/2013	2011/2012
30 June	4,783	4,633

24. CONTINGENT LIABILITIES

These include:-

- An amount of Kshs. 2 million included in utility deposits representing a bank guarantee to Kenya Power and Lighting for Times Tower power supply.
- An amount of Kshs 1,297,759 representing a guarantee to Telkom Kenya Limited for supply of telephone facilities in the Times Tower building.
- Pending legal cases and court awards against the Authority estimated at Kshs 2,109,332,745 at the financial year end. The Treasury is expected to meet the cost of settling the awards should they materialize.

25. COMPARATIVES

Where necessary, comparatives have been adjusted to conform to changes in presentation in the current year.

26. CURRENCY

The Financial Statements are presented in Kenya Shillings (Kshs '000).

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REVENUE COLLECTION BY DEPARTMENT

	<u>NOTE</u>	<u>2012/2013</u>		<u>2011/2012</u>	
		<u>ACTUAL</u>	<u>TARGET</u>	<u>ACTUAL</u>	<u>TARGET</u>
		Kshs 'million'	Kshs 'million'	Kshs 'million'	Kshs 'million'
<u>EXCHEQUER REVENUE COLLECTION</u>					
Customs Services Department		220,307	263,192	210,454	218,868
Domestic Taxes Department		536,820	576,201	458,433	475,574
Road Transport Department	a	2,407	5,976	2,210	2,430
SUB-TOTAL		759,534	845,369	671,097	696,872
<u>AGENCY TAXES COLLECTION</u>					
Customs Services Department	b	38,409	33,518	33,804	33,936
Domestic Taxes Department	c	1,923	1,799	1,902	1,966
Road Transport Department	d	643	552	853	876
SUB-TOTAL		40,975	35,869	36,559	36,778
GROSS TOTAL		800,510	881,238	707,656	733,652

NOTES

a) Included in Road Transport Exchequer revenue (Target and Actual) is an amount of Kshs. 23,670,800 (Kshs 296,500,902 in 2011/2012) collected by districts relating to court fines, liquor licences and other collections which were banked in the Registrar of Motor Vehicles account but had no supporting schedules.

These have been swept to the exchequer through the traffic revenue account.

Agency Taxes comprises of the following:-

- b) Customs Services Department - Road Maintenance Levy, Aviation Revenue, Petroleum Development Levy, Sugar Levy, Transit Toll among others.
- c) Domestic Taxes Department - Sugar development levy, Land Rates, and Kenya Bureau of standard (Kebs) levy.
- d) Road Transport Department - Sale of number plates, TLB application fees, Driving test fees, vehicle inspection fees among others.

REVENUE COLLECTION MOVEMENT SCHEDULE

	2012/2013				2011/2012			
	CSD	DTD	RTD	TOTAL	CSD	DTD	RTD	TOTAL
	<i>kshs</i> <i>'million'</i>	<i>kshs</i> <i>'million'</i>	<i>kshs</i> <i>'million'</i>	<i>kshs</i> <i>'million'</i>	<i>kshs</i> <i>'million'</i>	<i>kshs</i> <i>'million'</i>	<i>kshs</i> <i>'million'</i>	<i>kshs</i> <i>'million'</i>
EXCHEQUER								
Cash in Transit brought forward - 1 July	1,088	404	45	1,537	725	188	34	947
Cash from commercial banks/adjustment	-	138	-	138	-	-	-	-
Add: Collections for the year	220,307	536,820	2,407	759,534	210,454	458,433	3,063	671,950
Total amounts to be credited in CBK in the year	221,395	537,086	2,452	760,933	211,179	458,621	3,097	672,897
Less: Transfers to CBK	219,995	536,862	2,640	759,497	210,091	458,217	2,693	671,001
: Transfers Banks/Principals	-	-	414	414	-	-	359	359
Total transfers within the year	219,995	536,862	3,054	759,911	210,091	458,217	3,052	671,360
Cash in Transit 30th June	1,400	224	602	1,022	1,088	404	45	1,537
AGENCY								
Cash in Transit brought forward - 1 July	815	-	-	815	-	-	-	-
Cash from commercial banks/adjustment	293	-	-	-	-	-	-	-
Add: Collections for the year	38,409	1,923	643	40,975	33,804	1,902	853	36,559
Total amounts to be credited in CBK in the year	39,517	1,923	643	41,790	33,804	1,902	853	36,559
Less: Transfers to CBK	32,933	1,894	-	34,827	29,647	1,902	853	32,402
: Transfers Banks/Principals	5,845	-	-	5,845	3,342	-	-	3,342
Total transfers within the year	38,778	1,894	-	40,672	32,989	1,902	853	35,744
Cash in Transit 30th June	739	29	643	1,118	815	-	-	815
TOTAL								
Cash in Transit brought forward - 1 July	1,903	404	45	2,352	725	188	34	947
Cash from commercial banks/adjustment	293	138	-	155	-	-	-	-
Add: Collections for the year	258,717	538,743	3,050	800,510	244,258	460,335	3,916	708,509
Total amounts to be credited in CBK in the year	260,913	539,009	3,095	803,017	244,983	460,523	3,950	709,456
Less: Transfers to CBK	252,928	538,756	2,640	794,324	239,738	460,119	3,546	703,403
: Transfers Banks/Principals	5,845	-	414	6,259	3,342	-	359	3,701
Total transfers within the year	258,773	538,756	3,054	800,583	243,080	460,119	3,905	707,104
Cash in Transit 30th June	2,140	253	41	2,434	1,903	404	45	2,352

NB: Both Exchequer and Agency Revenue for RTD are banked in the Exchequer Account.

