

**EFFECT OF TAX AUDIT ON TAX COMPLIANCE AMONG LARGE TAXPAYERS
IN KENYA**

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DECLARATION

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Date

This project has been submitted for examination with my approval as the supervisor.

Dr. Marion Nekesa (Ph.D)

Sign

Date

DEDICATION

I dedicate this research project to my family, friends and colleagues who have always encouraged me in pursuing of my studies at Kenya School of Revenue Administration.

ACKNOWLEDGEMENT

I would like to acknowledge the contribution of my supervisor Dr. Marion Nekesa for her continued guidance, my family and friends for their valued contribution and input towards this project. I am grateful to all the Kenya School of Revenue Administration and Kenya Revenue Authority for helping me access necessary information and materials for development of this research project.

ABSTRACT

Tax audit is important because it assist the government in collecting appropriate tax revenue necessary for budget, to ensure strict compliance with tax laws by tax payers and to improve the degree of voluntary compliance by tax payers and to ensure that the amount due is collected and remitted to government. The general objective of the study was to investigate the effect of tax audit on tax compliance of companies in Kenya. The specific objectives of the study was to examine the effect of desk tax audit on tax compliance among large tax payers in Kenya; to determine the impact of field tax audit on tax compliance among large tax payers in Kenya; and to find out the impact of a mix of desk and field tax audit on tax compliance among large tax payers in Kenya. The study adopted descriptive research design. The population for the research was all staff working in tax audits and taxation of large taxpayers in Kenya. The target population of the study will therefore be 263 staff working in customs, domestic tax department and corporate support services departments in Kenya Revenue Authority. The study used stratified random sampling was used to select 158 individuals from the target population. The study used primary data, which was collected by use of structured questionnaires. A pilot test was conducted to examine and enhance the validity and reliability of the research instrument. The close-ended questions provide quantitative data whose analysis was done with the help of statistical package for social sciences (SPSS version 22). Descriptive statistics that will be used include standard deviation, mean, percentages and frequency distribution. For ease of comparison, graphs and tables was used to present the results. Regression model and correlation analysis was used to deduce the association between the variables of study. The study found that desk tax audit has a positive and significant effect on tax compliance among the large tax payers in Kenya. The study also found that field tax audit has a positive and significant effect on tax compliance among large tax payers in Kenya. The study also established that a mix of both desk and field tax has a positive and significant effect on tax compliance among large tax payers in Kenya. The study concludes that desk tax audit had the most significant effect on tax compliance among the large tax payers in Kenya, followed by field tax audit and a mix of desk and field tax audit. The study recommends an increase in the utilization of desk tax audit in Kenya Revenue Authority to improve tax compliance. This can be done by increasing the number of staff and improving training for the staff conducting desk tax audit. In addition, the management of Kenya Revenue Authority should enhance the use of field tax audit by providing the required resources including transport and computers to enable staff to go for field visits. Further, Kenya Revenue Authority should enhance the mix of desk and field tax audit so as to improve tax compliance. The use mix of desk and field tax audit helps in complementing the advantages of each.

ACRONYMS AND ABBREVIATIONS

ATO:	Australian Tax Office
GDP	Gross Domestic Product
GFI:	Global Financial Integrity
GOK	Government of Kenya
KRA	Kenya Revenue Authority
PAYE:	Pay As You Earn
PIN	Personal Identification Number
SMEs:	Small and Medium Size Enterprises
TOT	Turn over Tax
VAT:	Value Added Tax

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DEFINITION OF TERMS

Desk tax audit: This is limited-scope examination of documents and records, away from the place of action (Palil & Mustapha, 2011).

Field tax audit: This is a comprehensive tax audit conducted by the Internal Revenue Service (IRS) at either the taxpayer's home, place of business or accountant's office, so they can examine individual or business financial records to ensure the taxpayer filed tax return accurately (Evans, Carlon & Massey, 2005).

Large tax payer: this is a group of taxpayers categorized by annual turnover of more than Kshs 750 million, subsidiaries and associates included (Kircher, 2009).

Tax Audit: This is the official examination of the tax department to the tax return that declares by taxpayers as required by law (Ola, 2001).

Tax compliance: this denotes to the readiness of a taxpayer to comply with the tax rules of his country, for example by proclaiming their income, filing a return, and paying all the taxes due and in a timely manner (Ola, 2001).

Tax Information: This is the knowledge or facts provided about taxes (Saleemi, 2007).

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

This chapter explains the background, purpose, and objective, research questions, as well as the significance and scope of the study. The study sought to investigate the impact of tax audit on tax compliance among large taxpayers in Kenya. All over the world, regimes undertake a huge public expenditure on behalf of their citizens for the provision of basic amenities and other social services. In order for them to meet these responsibilities, governments thus require substantial amount of funds. Among the various sources from which the government can generate income are taxes which are the most important and reliable (Alshrouf, 2019). Tax is considered a compulsory levy that generates government income for purposes of financing public expenditures.

In Kenya, there are two types of taxes, namely; direct and indirect taxes. Direct taxes are the amounts that taxpayers remit directly to the government as income tax (Ariel, 2012). However, indirect taxes are those that taxpayers pay when you buy goods and services and they include value added tax (VAT), excise duty, and custom taxes. Kenya Revenue Authority charges income tax directly to persons over the age of 18 years by law. Some of the income tax imposed by the government on working citizens includes employment income, rental income, investment income, business income, and pensions. There are different methods of collecting income tax from large tax payers such as companies and partnerships; these include corporate tax, pay as you earn (PAYE), withholding tax (WHT), Advance Tax, and Installment Tax (Bringham, 2012).

One of the issues that have hindered effective tax administration in emerging economies such as Kenya is tax evasion. In the recent few months, the government has cracked its whip on companies that have attempted to evade tax such as Keroche Breweries headed by Tabitha Karanja and Africa Spirits and Wines owned by tycoon Humphrey Kariuki. According to the standard media business news of August 23, 2019, the two directors of Keroche Breweries Company (Tabitha Karanja and her husband Joseph Karanja) were arraigned to answer 10 charges related to tax evasion that amounted to more than sh14billion. On the other hand, Humphrey Kariuki faces charges of evading the payment of sh41 billion in taxes through his businesses Africa Spirits and Wines of the World. According to Kircher (2009), tax evasion is deliberate refusal to pay tax. Many countries have taken proactive strides to combating this ugly phenomenon such as introducing tax audit into their tax systems.

1.1.1 Global Perspective of Tax Compliance

Over the past decade, different governments across the globe have shown an exceptional increase in the demand for a more effective and substantial way to increasing tax compliance and increase revenue collection (Buchanan & Bryman, 2009). One of these ways has been the introduction of tax audits. Low tax compliance is a majority problem in developing and developed countries. This has effect directly to government's tax revenue. According to Ola (2001), low tax compliance limits the capacity of government to raise revenue for development purposes. Dynamic environments can create uncertainty and challenge. Multinational enterprises are experiencing rapid change with respect to tax audits and controversies are evolving such as how revenue authorities are obtaining information, how they choose who will be audited, their choice of audit techniques, and how controversies are being resolved.

Each country in the world employs varying approaches to the issue of tax audit and the way they exert pressure on tax enforcement and collection process. For instance, the government of Sri Lanka relies on tax revenues for both its recurrent and development expenditure (Chen & Reinikka, 1999). The government of Sri Lanka also suffers from low revenue collection and also falls behind its budget targets. For example, during the period of 2014/15 financial year, their revenue authority was able to collect 514.1 billion against a target of 605.3 billion (IRD performance report 2015). Tax evasion has been blamed for Sri Lanka financial woes which has raised the general question of what are the variables influencing tax compliance decision off individual tax payers in Sri Lanka? What is the relationship between the likelihood of being audited? And whether there is a significant relationship between probabilities of detection? As well as the relationship between taxes rate and tax compliance decision?

1.1.2 Kenya Perspective of Tax Compliance

The Kenya Revenue Authority (KRA) is the authority that was charged with the responsibility of collecting revenue by an act of parliament that was enacted on 1st July 1995. Since KRA's inception, revenue collection has increased dramatically, enabling the government to provide much needed services to its citizenry like free primary education and Health Services to all. Over 90% of annual national budget funding comes from local taxes collected by the KRA (Kirchler, Kogler & Muehlbacher, 2018). The vision of KRA is to be the leading Revenue Authority in the world respected for professionalism, integrity and fairness to maximize tax revenue to ensure the government can sustain itself from internal revenue sources. Its mission Statement is to promote compliance with Kenya's tax, trade, and border legislation and regulation by promoting the standards set out in the Taxpayers Charter

and responsible enforcement by highly motivated and professional staff thereby maximizing revenue collection at the least possible cost for the socio-economic wellbeing of Kenyans.

According to Saleemi, (2007), the role of KRA in the economy as (The constitution of Kenya, 2010) dictates is to enforce written laws or specified provisions of written laws pertaining to assessment, collection and accounting for all revenues in accordance with these laws. To advise on matters pertaining to the administration or and the collection of revenue under written laws. To eliminate tax evasion by simplifying and streamlining procedures and improving tax payer service and education thereby increasing the rate of compliance. To promote professionalism and eradicate corruption amongst K.R.A. employee by paying adequate salaries that enables the institution to attract and retain competent professionals of integrity and sound ethical morals. To restore Economic Independence and Sovereign pride of Kenya by eventually eliminating the perennial budget deficits by creating organizational structures that maximize revenue collection. To ensure effective allocation of scarce resources in the economy by effectively enforcing tax policies thereby sending the desired incentives and shift signals throughout the country. To facilitate distribution of income in socially acceptable ways by effectively enforcing tax laws affecting income in various ways. To facilitate economic stability and moderate cyclic fluctuations in the economy by providing effective tax administration as an implementation instrument of the fiscal and stabilization policies.

KRA identifies large taxpayers as those that make significant tax payments that account for a large percent of total tax collection (50% or more). The effectiveness of tax administration is gauged by the level of taxpayer's compliance with the tax laws, while efficiency reflects the

actual costs of tax administration. Some of the large taxpayers that were selected for the research include; Keroche Breweries, African Spirits Limited, British America Tobacco Limited, Sport Pesa, Uber, Centum, Bamburi Cement, Coca Cola, Brookside Dairy Limited, and Safaricom. The reason these companies were chosen is because they generate millions of Kenya shillings in revenue annually and their performance greatly impacts the Kenyan economy.

1.1.3 Tax Audit and Tax Compliance

Tax audits have been variously discussed in relation to tax compliance. According to Palil and Mustapha (2011), some studies claimed that audits have a positive impact on tax evasion (See Jackson and Jaouen, 1989; Shanmugam, 2003; Dubin, 2004). These findings suggest that in self-assessment systems, tax audits can play an important role and their central role is to increase voluntary compliance. Palil and Mustapha (2011) argued audits rates and the thoroughness of the audits could encourage taxpayers to be more prudent in completing their tax returns, report all income and claim the correct deductions to ascertain their tax liability. In contrast, taxpayers who have never been audited might be tempted to under report their actual income and claim false deductions. Butler (1993) cited in Palil and Mustapha (2011), also found that tax audits can change compliance behaviour from negative to positive. These findings complement the Witte and Woodbury (1985) and the Beron, Tauchen and Witte (1988) studies.

Witte and Woodbury in their study of small proprietors found that tax audits have a significant role in tax compliance. They did not empirically test individual taxpayers, thus left open room to conduct research in this area. While Butler (1993) and Witte and

Woodbury (1985) found significant results, Beron et al. (1988) found a contradictory result. They reported that audits did not significantly correlate with evasion for all groups they studied. Audits were found to be more effective in inducing taxpayers to over claim deductions rather than encouraging them to correctly report actual income (Beron et al. 1988). From another point of view, Evans, Carlon and Massey (2005) studied the tax compliance of small and medium size enterprises (SME) in Australia. Their objective was to examine the relationship between record keeping practices of SMEs and the potential exposure to tax compliance problems.

The study hypothesized that low tax compliance among SMEs might better encourage the tax authority to increase audits and investigations. This study involved 129 small business owners, 130 tax practitioners and Australian Tax Office (ATO) auditors. Using mail surveys, this study found that audit history, including frequency, audit outcome and the type of audit of small business owners has a significant indirect impact on tax compliance (in terms of record keeping). The result also evidenced that the primary objective of the small business owners doing their record keeping is tax compliance related rather than part of their management of their business (Kirchler, Kogler & Muehlbacher, 2018). Thus, as the audits investigations increase, many taxpayers will make more of an effort at proper record keeping. From the foregoing, it is observed that previous studies have evidenced that tax audits play an important role in increasing voluntary compliance. Audits rates and the thoroughness of the audits could potentially encourage taxpayers to be more prudent in completing their tax returns.

1.2 Statement of the Problem

According to KRA records, the agency collected Sh1.44 trillion in 2018 financial year that ended in June 30, Sh 100 billion more compared to the previous year. Even so, it failed to meet the Sh1.605 trillion targets, even after the threshold was revised downwards from Sh1.69 trillion (Kenya Revenue Authority, 2017). In 2017/18, the taxman missed its target by Sh45 billion and Sh50 billion in 2016/17. However, the treasury is expecting KRA to collect Sh1.8 trillion in the current financial year. Despite the fact that there has been improvement in revenue collection, KRA has not been able to meet its target because of cases of tax evasion especially among large taxpayers. This research will attempt to relate how tax audits impact compliance among large taxpayers and affect KRA's ability to meet revenue targets (Kenya Revenue Authority, 2017).

In Kenya, taxes are the main source of revenue for the government. This has made it crucial for KRA to conduct tax audits the right way to promote compliance. Revenue collection by KRA has been majorly affected by tax evasion for many years (Saleemi, 2007). According to US based financial watchdog known as the Global Financial Integrity (GFI), it is approximated that ksh90 billion (\$907) in taxes is lost annually in Kenya due to tax evasion. The KRA finds that companies that are involved in import of goods from Pakistan, mineral fuel from India as well as alcohol and beverage companies are particularly prone to potential revenue loss to the government of Kenya due to under invoicing (Kenya Revenue Authority, 2017). The Kenyan legislature has made progressive strides to thwart this problem by enacting laws to stop the leakage of revenue. The study will be on the relationship between tax audit and compliance. The study will seek to determine the impact of tax audit on revenue collection. The citizens do not understand the relationship between revenue

collection and tax audit and therefore they see it as a waste of time and a bother to them. This study was intended to fill the gap by establishing the relationship tax audit and tax compliance in Kenya.

Tax audit is important because it assist the government in collecting appropriate tax revenue necessary for budget, maintaining economic and financial order and stability, to ensure that satisfactory returns are submitted by the tax payers, to organize the degree of tax avoidance and tax evasion, to ensure strict compliance with tax laws by tax payers, to improve the degree of voluntary compliance by tax payers and to ensure that the amount due is collected and remitted to government.

1.3 Research Objectives

1.3.1 General Objective

The general objective was to investigate the effect of tax audit on tax compliance of companies in Kenya.

1.3.2 Specific Objectives

- i. To examine the effect of desk tax audit on tax compliance among large tax payers in Kenya
- ii. To determine the impact of field tax audit on tax compliance among large tax payers in Kenya
- iii. To find out the impact of a mix of desk and field tax audit on tax compliance among large tax payers in Kenya.

1.4 Research Questions

- i. What is the impact of desk tax audits on tax compliance among large taxpayers in Kenya?
- ii. What is the impact of field tax audits on tax compliance among large taxpayers in Kenya?
- iii. What is the impact of a mix of desk and field tax audits on tax compliance among large tax payers in Kenya?

1.5 Significance of the study

1.5.1 Contribute to Available Literature

The research strives to contribute to the available literature, on the impact of tax audit on revenue collection and the level of tax compliance among large taxpayers in Kenya.

1.5.2 Empower KRA with Relevant Information

In an attempt to establish how effective KRA's carry's out tax audits, the research provides KRA with vital information of how to thwart tax evasion during revenue collection. The study will equip KRA employees with relevant information of how they can carry out audit on tax payers to promote tax compliance.

1.5.3 Create Awareness among Taxpayers of Tax Audits

In the course of the investigation, awareness is created among large taxpayers about tax audits because they were reminded of the duties they have towards the country. The research also educates taxpayers of their rights on tax related issues.

1.5.4 Contribute in Government Policy Making

The research develops creative ideas that make important contributions to policy making. The findings of the study will identify inefficiencies in KRA's tax auditing processes and provide recommendations. The implementation of the concepts hold the potential of transforming the Kenyan economy by improving its GDP.

1.5.5 Researchers and Academicians

The research provides the basis for future research on the effectiveness of KRA tax audits on compliance. Academicians benefits from this research because they understand how tax audits affect tax compliance and revenue collection.

1.6 Scope of the Study

The research investigates the impact of tax audit on tax compliance among large taxpayers in Kenya. KRA times tower offices was selected for the study because they have several officers that conduct three types of audits which are namely: desk tax audits, field tax audits, and a mix of desk and field tax audits. Compliance tax audits are aimed at determining whether taxpayers are complying with tax laws. The tax officers rely on information provided by taxpayers either in electronic or physical format. The flexibility and accessibility of KRA offices at times tower means that the survey was easily conducted.

1.7 Limitations of the Study

One of the limitations of the study was that the respondents were reluctant in giving the required information as the information being sought was confidential. In addition, some respondents felt as if they were being investigated. The researcher obtained a letter of data

collection for the University to prove to the respondents that the information being sought was only used for academic purposes. The researcher however worked at winning the confidence of the respondents by explaining to them the purpose of the study and how they may benefit from the study findings. Also, the researcher assured them of confidentiality of any information given.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

In this section, relevant literature was assessed with regards the impact of tax audit on tax compliance among large taxpayers in Kenya. Specific references to the use of information technology shall be mentioned in the study of how the new media has been used in the recent past to conduct tax audits and induce tax compliance among companies. The researcher found out what other researchers have done on the same and discuss the methodology they applied and how successful their efforts were. In a bid to scrutinize how effective KRA has been in tax auditing and promoting tax compliance, important indicators of technological success and failures shall be identified. The study also offered a global glimpse of similar cases where tax auditing has been used to yield compliance.

2.2 Theoretical Review

Theoretical framework is a collection of interrelated ideas. The theoretical framework was guided the research, shaping what things the researcher measured, and what statistical relationship was examined.

2.2.1 Ability to Pay Theory of Tax

This theory is celebrated as one of the most significant in modern taxation because it is founded on the Law of fading marginal utility. The theory is used in rationalizing progressive tax systems which are widely used across different countries in the world. In Pigou (2013), it is said that the power to secure equal sacrifice is determined by the progressiveness of tax

formula, in the sense that the rate of taxation per pound of income grows as income grows too. The theory is grounded on the assumption that; the depreciating rate of marginal utility of finances gives a rise to the level of supply, sacrifice in filing tax returns and the capability to calculate the sacrifice. Sacrifice is what justifies the ability to pay theory (Kirchler, Kogler & Muehlbacher, 2018). Taxpayers demonstrate sacrifice when they give a share of their earnings to the tax authority so that it can be used to fund developmental projects which are of public interest. The ease in which taxpayers earned their income determines the tax obligations they have towards nation building. However, their ability to comply illustrates sacrifice.

2.2.2 Economic Deterrence Theory

This theory is premised on the notion that taxpayer behavior is shaped by a number of different dynamics which include the level of tax rate, the paybacks of avoidance, the consequences of fraud, and the likelihood of detection. All these issues play a central part in establishing the cost of defaulting tax payment. The economic deterrence theory that is discussed by Allingham and Sandmo (1972) proposes that if the penalty of evading tax is made sever, the cost of doing it will be high and less number of people would probably take the chances. However, the expected occurrence and reoccurrence of tax evasion is likely to be high under low penalties and audit possibilities. Critics of economic theory of deterrence claim that the model is predominantly focused wholly on the use of coercion rather than deliberate cooperation in compliance. McKerchar and Evans (2009) support the theory with claims that in the application of coercion techniques have worked in favor of tax administration agencies in enforcing compliance. A good example of such a scenario is that

the fear of being caught and apprehended or the chance of being detected has been effective in inducing truthful behavior for tax compliance.

2.2.3 Optimal Tax Theory

Theory gravitates around the study of designing and administration of tax in order to minimize inadequacy in the market under definite constraints (Maheshwari, 2005). A good tax administration structure is one that operates effectively. In 1899, the US Supreme Court upheld that tax has an absolute influence upon which the whole economy of a nation identifies with. The rationale of taxation is that an investor will always choose a project with the lower tax risk.

The theory postulates that tax should be distributed equitably by considering the income of individuals. This model is used to take full advantage of the social well-being function to a set of restraints. In order to comprehend the effects of tax policy on investment choices, one wishes to begin by modeling the investment resolution in a world of no taxes. In Smith (2010) advises that tax administration should be done effectively done to endorse and provide fair income circulation. The theory is suitable for the research because it assists the researcher to identify some tax audit reasons that lead to inefficiency in tax compliance.

2.2.4 Agency Theory

Agency theory analyses the relationship between two parties: investors and managers. The agent (manager) undertakes to perform certain duties for the principal (i.e. investors) and the principal undertakes to reward the agent (Alshrouf, 2019). According to this theory, the role of the auditor is to supervise the relationship between the manager and the owners. A gap expectation occurs when the distribution of the responsibility is not well defined. The

responsibility of every part is well defined in the regulation. The manager and the owners have to realize that the auditor does not have responsibility of the accounting, but only see that the auditing is done properly (Almunia & Lopez-Rodriguez, 2018).

It is argued that in a corporation, in which share ownership is widely spread, managerial behavior does not always maximize the returns of the shareholders (Ariel, 2012). The degree of uncertainty about whether the agent will pursue self-interest rather than comply with the requirements of the contract represents an agent risk for an investor (Chau & Leung, 2018). Given that principals will always be interested in the outcomes generated by their agents, agency theory demonstrates that accounting and auditing have an important task in providing information and this task is often associated with stewardship, in which an agent reports to the principal on the companies' events (Kirchler, Kogler & Muehlbacher, 2018). The demand for auditing is sourced in the need to have some means of independent verification to reduce record keeping errors, asset misappropriation, and fraud within business and business organization. However, a survey conducted by Slemrod Blumenthal and Christian (2018) revealed that the auditors believe that the auditor's work would be used as a guide for investment, valuation of companies, and sometimes in predicting bankruptcy.

According to Almunia and Lopez-Rodriguez (2018), there are four conditions in the business environment which create a demand for an independent audit. They are: Conflict of interest, Consequence, Complexity and Remoteness.

This theory is used to explain the importance of desk and field audits in ensuring tax compliance. The principal in this case is the taxpayers while the agents are the staff from KRA. This theory is associated with conflicting interests of shareholders and management of

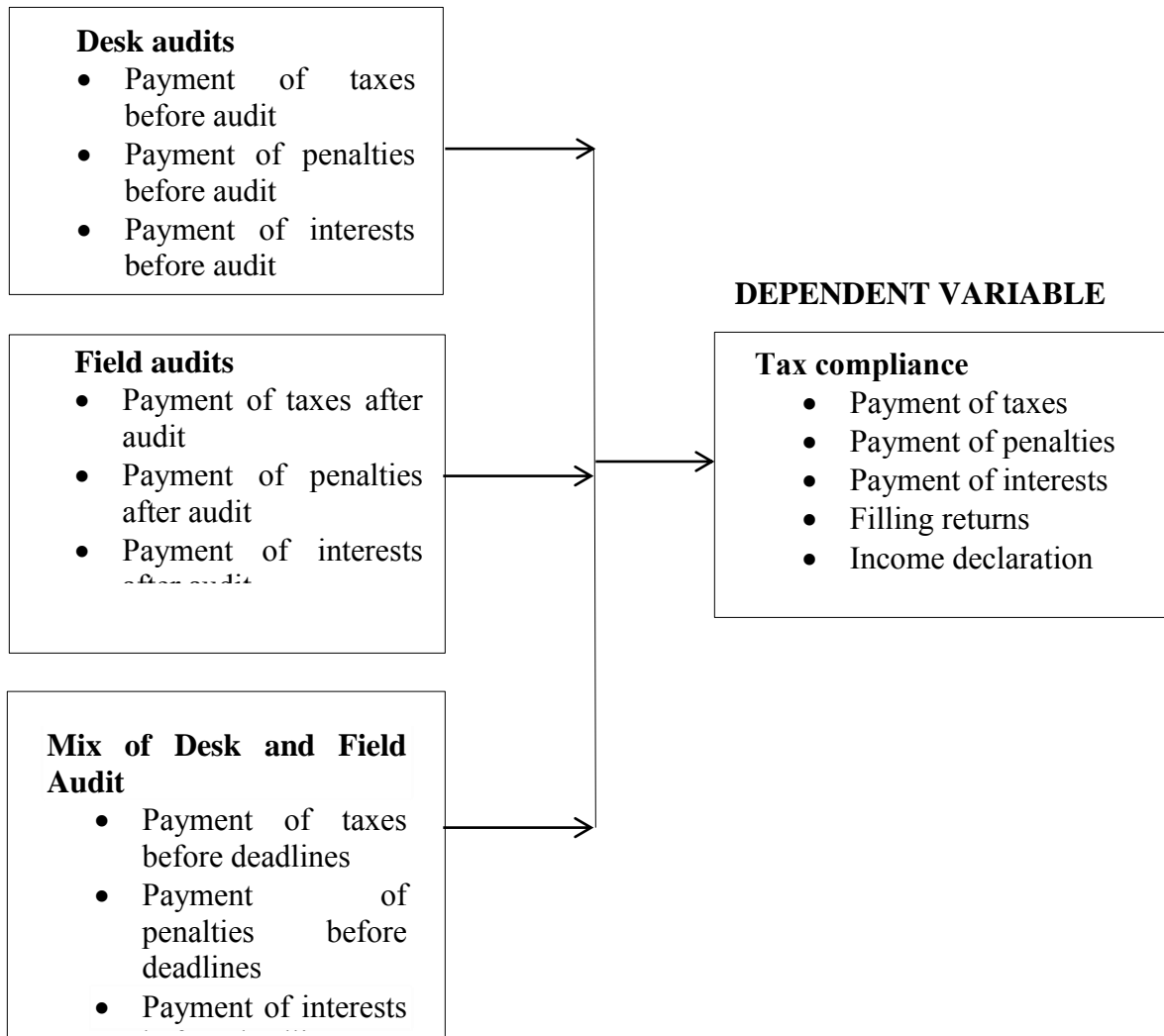
organizations, suggesting that the less informed party will have to demand for information that monitors the behaviour of better informed manager. According to Ariel (2012), assumptions are made that agency theory can be used to explain the supply side of the audit market. The contribution of an audit to third parties is basically determined by the probability that the auditor will detect errors in the financial statements and the auditor's willingness to report these errors. Then independence is emphasized in auditing.

2.3 Conceptual Framework

Conceptual framework is a "plane" of connected ideas that offer a procedure of theorization. There is a direct impact of tax audit timings on tax compliance of companies in Kenya. Such timings include desk audits, field audits and a mix of desk and field audits.

Figure 2. 1: Conceptual Framework

INDEPENDENT VARIABLE



2.4 Empirical Review of Variables

Empirical review of variables is simply talking about the various researches done by other researchers considering the topic. This section empirically reviews variables used in the study by giving a critical evaluation of the literature that identify the gaps to be filled. The assessment will provide a conceptual framework with variables that is operational. There are three independent variables that are related to tax audit timing that affect compliance. They

include; desk, field and a mix of both desk and field tax audit. Audits are used in a variety of different industries to verify inventory and financial data. Random audits can provide a way to keep those in charge of record-keeping on their toes (Musgrave, 2010).

2.4.1 Field Audits

Field audits are those that are conducted randomly because they are not announced in advance in most industries. The term field audits can also be used to refer to the system used by the KRA to randomly select large taxpayers to audit. These large taxpayers will know of the audit in advance, but only after they have been selected to bring the verification of the tax information they have submitted (Nhavira, 2016). Field audits serve a valid purpose because they are designed to keep people from cheating the system, whether it be the tax system or otherwise. Before the KRA reinstated field audits, it was possible for individuals and businesses to beat the system, to an extent, by not submitting any information that would raise a red flag and cause the KRA to take notice of the details of their tax return. Field audits make everyone subject to the possibility of being selected. Any industry can institute field audits. For instance, in the retail industry, a large taxpayer may use a random audit of its stores to ensure company managers are submitting accurate financial and inventory information (Paul, Leedy & Timothy, 2009). This can save a company thousands or even millions of shillings, depending on the industry. Field audits have proven to be an effective deterrent against potential misuse of funds. Field audits may become the norm in the business world in the future.

2.4.2 Desk Audits

According to Alm and McKee (2006) research that investigates the application of experimental methods to examine the individual compliance responses to a “certain” probability of audit/ compulsory audit, and conclude that the compliance rate rises if an individual knows he will be audited and the rate falls if he knows he will not be audited. Also the study is consistent with Slemrod, Blumenthal, and Christian (2001) that casually selected taxpayers and informed them that their filling will be “closely examined’ and found evidence of taxpayers’ behavior changes in response to an increased probability of audit, although the responses are not uniform among different groups of taxpayers.

Desk audits refer to an interview/assessment of tax records by revenue analysts in order to gather more information to aid in the evaluation of their tax payment records. Mittone (2006) investigates reveals that early experience of desk audits in taxpayers’ “tax life” is a more effective way to increase compliance than later audits. This is because they will be accustomed to scheduled audits in their business operations. The study further suggests that, although the effectiveness of audits and fines cannot be completely confirmed, field audits in taxpayers’ “tax life” have a positive impact on compliance.

2.4.3 A Mix of Desk and Field Audit

The KRA conducts a mix of desk and field audits to uncover inaccurate tax returns. During the audit process, the KRA determine if any of the inaccurate tax returns are subject to additional interests, penalty, fraud penalty, or criminal penalty (Slemrod, 2000). First, additional interests apply to taxpayers who file their tax returns late or fail to pay the taxes on time. The interest rate depends on the amount owed and the timing of the underpayment.

There are several reasons why taxpayers receive tax audit penalties. Even the slight error may lead to additional charges of their tax return. Taxpayers that fail to submit their tax return by the deadline (or extension deadline, if applicable) are put on the spot and the KRA attempt to contact them to send a reminder to file their tax returns (Slemrod, Blumenthal & Christian, 2018). If their efforts fail, the KRA reserves the right to file a substitute for return on behalf of the filer. The form calculates the amount of taxes owed based on taxable income, plus any applicable penalties. Payments made to self-employed individuals are also used in their computations, as are dividends paid on investments. But a substitute for return isn't necessarily conducted in filers' best interest. This course of action does not take into account tax credits and deductions may reduce your taxable income.

According to studies done by Niu (2010) there is a positive association between a mix of desk and field audits and compliance. The finding suggests that the audit productivity may be under estimated in many studies in the literature. It reminds one that when considering the productivity of the audit work. Besides the direct audit collections, one should also take the audit impact on compliance into consideration. For this reason, the Niu findings provide tax professionals and tax authorities with incentives to strengthen the audit power and to better structure their audit organization to generate more revenue for the state. Kwon (2004) study in Korea observed that a more rigorous analysis to evaluate the determinant of tax culture would be necessary in order to understand how tax audits influence tax compliance.

According to Kiraithe (2009), tax gaps still exist in the Kenyan setting since there is a variance between the total sum of returns the government anticipates to collect from the taxpayers, and the total it really collects. This scenario is frequently attributed to the tax

compliance cost. Compliance costs are payments acquired by taxpayers in meeting their tax necessities imposed by the law and the KRA, over and above the actual payment of tax and any misrepresentation costs natural in the nature of the tax. They include: labor costs, external and internal labor costs, postage and telephone, forms and stationary, traveling costs, instructional literature and seminars. As opposed to substantive costs imposed by legislation like the amount of tax to be paid, compliance costs also include administrative and time costs of complying with legislation. As these costs increase, the chances of tax avoidance increase too.

Kwon (2004) study in Korea observed that a more rigorous analysis to evaluate the determinant of tax culture for the study of tax compliance and tax audit. There are three types of tax audit. Badara (2012) stated these three types of audit include the random tax audit, cut-off tax audit and conditional tax audit. The random tax audit scheme simply provides each self-report of income an equal chance of being chosen for verification by an audit. Cut-off audit scheme, audit resources are employed to verify reports of the tax payers reporting the lowest income levels. The conditional audit scheme requires in addition to the reported income, sources of information representing a noisy signal of tax payers' thorough income earning potentials.

2.5 Critique of Existing Literature

According to Alm and McKee (2006) research that investigates the application of experimental methods to examine the individual compliance responses to a "certain" probability of audit/ compulsory audit, and conclude that the compliance rate rises if an individual knows he will be audited and the rate falls if he knows he will not be audited. Also the study is consistent with Slemrod, Blumenthal, and Christian (2001) that casually selected

taxpayers and informed them that their filling will be “closely examined’ and found evidence of taxpayers’ behavior changes in response to an increased probability of audit, although the responses are not uniform among different groups of taxpayers.

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In a research conducted by Kleven et al (2010), it was found out that tax evasion rate is small for income subject to third party reporting, but substantial for self-reported income; marginal tax rates have a positive impact on tax evasion, but that this effect is small; prior audits substantially increase self-reported income and threat of audit letters also have a significant effects on self-reported income, and the size of this effect depends positively on the probability of tax audit being conducted.

2.6 Research gaps

Despite the fact that several studies have been conducted concerning Tax auditing in organizations, the rapid changing nature of digital technology in revenue collection has rendered most of them incomplete. There is scarce information concerning how the Kenya

Revenue Authority effectively utilizes technology with different groups of taxpayers concerning compliance matters. In particular, there is no specific research done to establish how effective tax auditing is on tax compliance. The study therefore sought to investigate the topic.

2.7 Summary

Kircher (2008) stated that tax audit is the examination of an individual or organization's tax report by the relevant tax authorities in order to ascertain compliance with applicable tax laws and regulations of state. He further reported that tax audit is a process where the internal revenue service tries to confirm the numbers that you have put on your tax return. Ola (2001) stated that the process of tax audit involves tax returns that are selected for audit using some selection criteria. Thereafter, the underlying books and records of the taxpayers are examined critically to relate them to the tax return filed. Tax audit is important because it assist the government in collecting appropriate tax revenue necessary for budget, maintaining economic and financial order and stability, to ensure that satisfactory returns are submitted by the tax payers, to organize the degree of tax avoidance and tax evasion, to ensure strict compliance with tax laws by tax payers, to improve the degree of voluntary compliance by tax payers and to ensure that the amount due is collected and remitted to government.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

Methodologies are the forms used in data collection. This chapter extensively explains the various forms of data collection methods used in the research. This section will deal with research design, targeted population, sampling design, data analysis and representation.

3.2 Research Design

This research applies a descriptive design to investigate the impact of tax audit on tax compliance among large tax payers in Kenya. Things are going to be presented as they are. The research design will act as the layout for gathering, measurement and assessment of data. This research adopted a descriptive research design. Quantitatively, it involved the use of descriptive surveys that tried to establish the affiliation between the impacts of tax audit on tax compliance among large taxpayers in Kenya. The study was done at KRA times tower offices. The survey was administered using questionnaires that are going to be presented to respondents to collect secondary data. The descriptive design was adopted in the survey allowed for the collection of volumes of data from the targeted population.

3.3 Target Population

Kothari (2012) described the study population as the entire group of elements which a researcher would like to make inference. In other words, the study population is a collection of elements with common observable characteristics of a similar inference. The population for the research was all staff working in tax audits and taxation of large taxpayers in Kenya. These staff include individuals working in customs department, Domestic Tax Department

and Corporate Support Services department. According to Kenya Revenue Authority (2017), there are 263 staff working in customs, domestic tax department and corporate support services departments. The target population of the study was therefore 263 staff working in customs department, domestic tax department and corporate support services department.

Table 3. 1: Target Population

Departments	Target Population
Customs department	121
Domestic Tax Department	99
Corporate Support Services department	43
Total	263

3.4 Sampling Frame

A sampling frame is defined as a selected list of elements or items withdrawn from a particular population to represent the entire elements under investigation. It is also defined as a group of elements withdrawn from the target population to represent the entire items or elements that are being investigated on (Bryman & Cramer, 2012). The sampling frame encompassed 263 staff working in customs, domestic tax department and corporate support services departments in Kenya Revenue Authority.

3.5 Sample Size and Sampling Technique

A sample or a model is a section of the populace that is put under observation for the purpose of making scientific statements about the population. According to Sahu (2013) a sample size is the number of units or persons in a population to be studied. Slovin's Formula was used for determination of the sample size.

$$n = \frac{N}{1 + NE^2}$$

Where by: n = no. of samples; N = total population; E = error margin / margin of error (0.05)

$$n = \frac{263}{1 + (263 * 0.05^2)}$$

$$n = 158$$

The study used stratified random sampling was used to select 158 individuals from the target population. Stratified random sampling helps the researcher get a sample that is a representative of the total population that is not biased and no segment of the population is under or over represented.

3.6 Data Collection Instruments

Data collection is a process of collecting information from all the relevant sources to find answers to the research problem. The study used primary data, which was collected by use of structured questionnaires. Primary data is the data collected directly from actual experience free from processing or any other type of manipulation. The closed ended questions will use ordinal and nominal scales of measurement. The Likert scale provided a gauge to measure the weight of the items listed in the questionnaire. The measure to be used is: 1 (strongly disagrees), 2 (disagree), 3 (undecided), 4 (agree), 5 (strongly agree). Russell (2013) indicates that one of the key advantages of questionnaires is that large amounts of information can be collected from a large number of people in a short period of time and in a relatively cost effective way.

3.7 Data Collection Procedure

Before data collection the researcher obtained a data collection letter from Jomo Kenyatta University. The questionnaires was then administered through a drop and pick later method. The DOPU technique is an effective means to reduce potential non-response bias through increased response rate. A follow-up was conducted to assess the progress of each respondent in filling their questionnaires. The data was collected for a period of one week.

3.8 Pilot Study

A pilot study is a small scale preliminary study conducted in order to evaluate feasibility, time, cost, adverse events, and effect size (statistical variability) in an attempt to ensure the validity and reliability of the research instrument. In this study pretesting involved 15 staff (10% of the sample size) from West of Nairobi station of Kenya Revenue Authority.

3.8.1 Reliability of the Research Instruments

Reliability is a process that helps to determine whether the instrument of research if used numerous times under similar circumstances and with the same subjects can give us similar outcomes. Internal consistency is the measure of reliability for this research (Sahu, 2013). The internal consistency coefficient provides estimates on the assumption that similar constructs tend to correlate. Cronbach's alpha is the measure that the researcher used to quantify internal consistency. The Cronbach's alpha values used for testing reliability for this measure are between 0 and 1. If the value is between 0.6 and 0.7 then this value is deemed acceptable. If it is 0.8 or higher this is deemed as good (Greener, 2008). For this study, the value that was deemed as acceptable is 0.7.

Table 3. 2: Reliability Results

Construct	Cronbach's Alpha
Desk Audit	.878
Field Audit	.881
Both Desk and Field Audit	.862
Tax Compliance	.785

As shown in Table 3.1, desk audit had a Cronbach alpha of 0.878; field audit had a Cronbach alpha of 0.881, both desk and field audit had a Cronbach alpha of 0.862 and tax compliance had a Cronbach alpha of 0.785. This clearly indicates that there was no need for amendment of the research instruments since it was reliable.

3.8.2 Validity of the Research Instruments

Creswell (2014) noted that validity is the extent to which findings of data analysis are a representation of the phenomenon under study. Validity is classified into content and face validity. The latter is the probability that a question is not understood or well interpreted. Bryman and Cramer (2012) notes that a good way to enhance face validity is to do a pilot study. Content or logic validity is the degree to which a measure provides the entire facets of a phenomenon under study. Content validity for this research was enhanced by asking experts in the field of study and supervisors to comment on the validity of the research tool. A pilot test was also another means of improving the content validity of a research tool since it helps in clarifying any ambiguous questions.

3.9 Data Analysis and Presentation

Kothari (2012) describes data scrutiny as the entire process which begins after data collection is completed and ends at the point where results are interpreted. Data analysis entails the packaging, ordering and structuring of the collected data such that the result of this analysis is data that is easy to communicate and interpret (Creswell, 2014). The close-ended questions provide quantitative data whose analysis was done with the help of statistical package for social sciences (SPSS version 22). Descriptive statistics that were used include standard deviation, mean, percentages and frequency distribution. For ease of comparison, graphs and tables were used to present the results. Regression model and correlation analysis were used to deduce the association between the variables of study.

For this study the multiple regression model were as follows:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \varepsilon$$

Whereby;

- Y = Tax compliance
- B₀ = Constant
- β₁- β₃ =Coefficients of determination
- X₁ = Field visits
- X₂ = Desk visits
- X₃ = Mix of Field and Desk Visits
- ε = Error term

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter presents the study findings together with interpretation of the results. Analysis of data was in accordance to this study's objective. The general objective was to investigate the effect of tax audit on tax compliance of companies in Kenya. The specific objectives were to examine the effect of desk tax audit, field tax audit, mix of desk and field tax audit on tax compliance among large tax payers in Kenya. The outcomes were presented in figures (bar graphs and pie charts) and tables.

4.2 Response Rate

The sample size of this study was 158 staff working in customs department, domestic tax department and corporate support services department in Kenya Revenue Authority. The researcher administered 158 questionnaires during the study, out of which 102 participants successfully filled and returned their questionnaires. This provided a response rate 64.55%. According to Nulty (2011), a response rate of 75 per cent is adequate for analysis, for making conclusions and making inferences about a population. In addition, Fincham (2010) indicates that a response rate of 60% and above is acceptable for analysis. This implies that the response rate (64.55%) was adequate for analysis, drawing conclusions and reporting. Therefore, the response rate of this study was within acceptable limit for drawing conclusion and making recommendations.

4.4 General Information

The general information of the respondents comprised of their highest academic level and the duration of time they had been working in their organization.

4.4.1 Level of education

As part of the general information, the respondents were requested to indicate their level of education. The results were as presented in Figure 4.1.

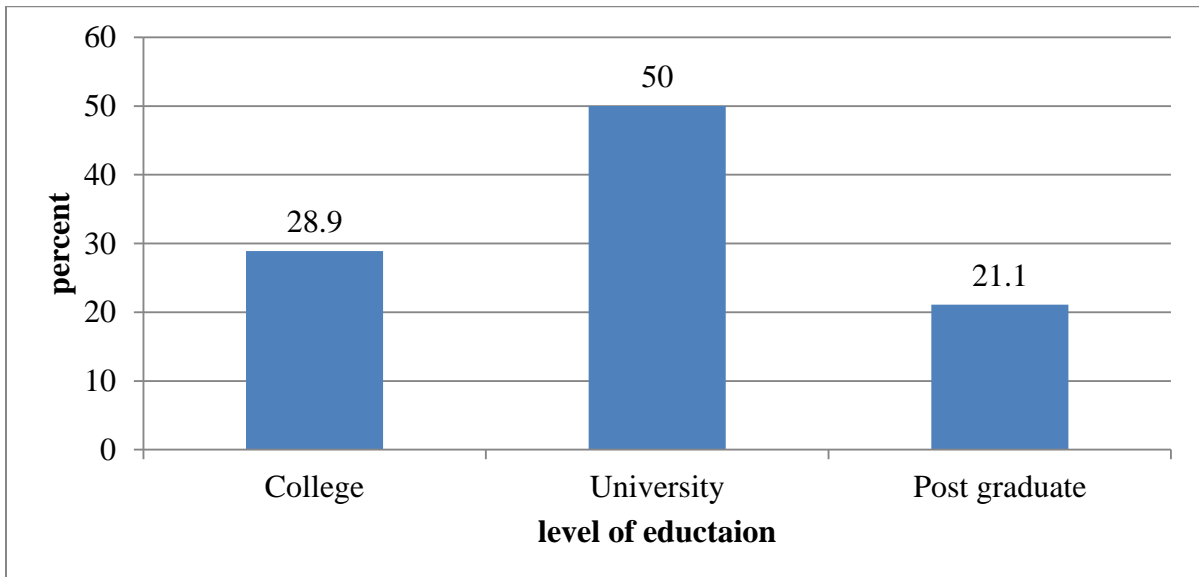


Figure 4. 1: Respondents' Highest Level of education

From the findings, 50 percent of the respondents indicated they had undergraduate degrees, 29.9 percent indicated that they had diplomas and 21.1 percent indicated they had postgraduate degrees. This implies that majority of employees working in Kenya Revenue Authority had undergraduate degrees.

4.4.2 Respondents' Duration of Service in Kenya Revenue Authority

The respondents were asked to indicate the duration of time they had been working in their organization. The results were shown in Figure 4.2.

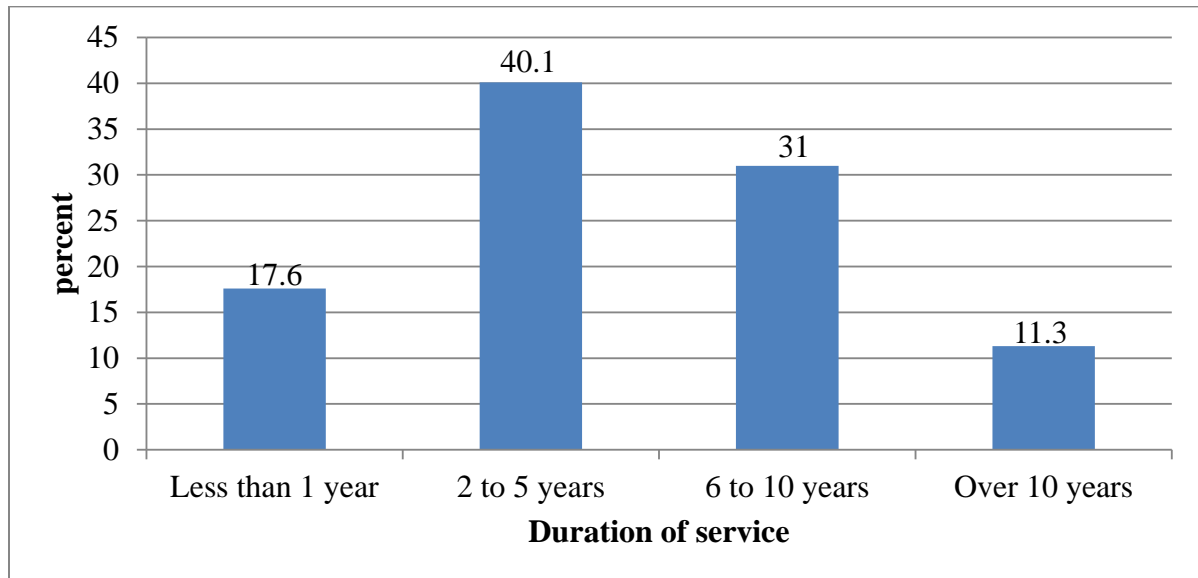


Figure 4. 2: Duration of Service in Kenya Revenue Authority

From the findings, 40.1 percent of the respondents indicated that they had worked in the organization for a period of between 2 and 5 years, 31 percent indicated for between 6 and 10 years, 17.6 percent indicated for a period of less than 1 year, and 11.3 percent indicated for more than 10 years. This implies that majority of the respondents who were involved in tax audits in Kenya Revenue Authority had been working in the organization for between 2 and 5 years.

4.5 Desk Tax Audit and Tax Compliance

The first objective of this study was to examine the effect of desk tax audit on tax compliance among large tax payers in Kenya. The respondents were asked to indicate their level of agreement to various components of desk tax audit and its influence on

tax compliance among large tax payers in Kenya, where 1 represents Strongly Disagree, 2 represents Disagree, 3 represents Neutral, 4 represents Agree and 5 represents Strongly Agree.

Table 4. 1: Desk Audit and Tax Compliance

	1	2	3	4	5	Mean	Std. Deviation
Desk audits contribute to tax compliance	4.9	19.0	12.7	38.7	24.6	3.592	1.192
Desk audits contribute to tax payment before audits	6.3	1.4	23.2	40.1	28.9	3.838	1.063
Desk audits contribute to penalty payments before audit	8.5	12.7	21.8	26.1	31.0	3.585	1.279
Desk audits contribute to payment of interests before audit	9.2	11.3	7.7	47.2	24.6	3.669	1.225

As shown in Table 4.1, the respondents agreed with mean of 3.838(std. dv= 1.063) that desk audits contribute to tax payment before audits among large tax payers in Kenya. In addition, the respondent agreed with a mean of 3.669 (std. dv= 1.225) that desk audits contribute to payment of interests by large tax payers in Kenya before audit. Further, the respondents agreed with a mean of 3.592 (std. dv= 1.192) that desk tax audit contributes to tax compliance among large tax payers in Kenya. The respondents also agreed with a mean of 3.585 (std. dv= 1.279) that desk audits contribute to penalty payments before audit among large tax payers in Kenya. These findings agree with Mittone (2006) findings that the desk audit is the method used for obtaining information about a position in order to properly classify the position and it considerably influences tax compliance in terms of timely payment of interests and payments.

4.6 Field Tax Audit and Tax Compliance

The second objective of this study was to determine the impact of field tax audit on tax compliance among large tax payers in Kenya. The respondents were also requested to indicate their level of agreement to various components of field tax audit and their influence on tax compliance among large tax payers in Kenya. The results were as presented in Table 4.2.

Table 4. 2: Field Tax Audit and Tax Compliance

	1	2	3	4	5	Mean	Std. Deviation
KRA field audits contribute to tax compliance	4.9	9.2	16.9	46.5	22.5	3.725	1.066
KRA field audits contribute to tax payment after audits	4.9	13.4	17.6	52.8	11.3	3.521	1.023
KRA field audits contribute to penalty payment after audits	7.7	12.0	15.5	49.3	15.5	3.528	1.128
KRA field audits contribute to interest payment after audits	6.3	9.2	25.4	38.0	21.1	3.585	1.112

From the findings the respondents agreed with a mean of 3.725 (std. dv= 1.066) that Kenya Revenue Authority field audits contribute to tax compliance by large tax payers in Kenya. In addition, the respondents agreed with a mean of 3.585(std. dv= 1.112) that Kenya Revenue Authority field audits contribute to interest payment by large tax payers in Kenya after audits. Further, the respondents further agreed with a mean of 3.528 (std. dv= 1.128) that Kenya Revenue Authority field audits contribute to penalty payment by large tax payers in

Kenya after audits. With a mean of 3.521 (std. dev= 1.023) the respondents agreed that Kenya Revenue Authority field audits contribute to tax payment by large tax payers in Kenya after audits. These findings concur with Alm and McKee (2006) findings that field audits serve a valid purpose because they are designed to keep people from cheating the system, whether it be the tax system or otherwise. The findings concur with Slemrod, Blumenthal, and Christian (2001) findings that before the KRA reinstated field audits, it was possible for individuals and businesses to beat the system, to an extent, by not submitting any information that would raise a red flag and cause the KRA to take notice of the details of their tax return.

4.7 Mix of Desk and Field Tax Audit and Tax Compliance

The third objective of this study was to find out the impact of a mix of desk and field tax audit on tax compliance among large tax payers in Kenya. The respondents were also requested to indicate their level of agreement to various components of a mix of desk and field tax audit and their influence on tax compliance among large tax payers in Kenya.

Table 4. 3: A Mix of Desk and Field Tax Audit and Tax Compliance

	1	2	3	4	5	Mean	Std. Deviation
Mix of desk and field audit contribute to tax compliance before deadlines	6.3	19.7	7.0	37.3	29.6	3.641	1.268
Mix of desk and field audit contribute to the payment of taxes before deadlines	4.9	9.2	22.5	43.7	19.7	3.641	1.054
Mix of desk and field audit contribute to the payment of penalties before deadlines	5.6	12.7	18.3	47.9	15.5	3.549	1.076
Mix of desk and field audit contribute to the payment of interests before deadlines	5.6	11.3	10.6	52.8	19.7	3.697	1.085

From the findings, the respondents agreed with a mean of 3.697 (std. dv= 1.085) that the mix of desk and field audit contribute to the payment of interests among large tax payers in Kenya before deadlines. With a mean of 3.641(std. dv= 1.054) the respondents agreed that the mix of desk and field audit contribute to the payment of taxes among large tax payers in Kenya before deadlines. In addition, the respondents agreed with a mean of 3.641(std. dv= 1.268) that the mix of desk and field audit contribute to tax compliance among large tax payers in Kenya before deadlines. Furthermore, the respondents agreed with a mean of 3549 (std. dv= 1.076) that the mix of desk and field audit contribute to the payment of penalties among large tax payers in Kenya before deadlines. These findings agree with Niu (2010) findings that The KRA conducts a mix of desk and field audits to uncover inaccurate tax

returns. During the audit process, the KRA determine if any of the inaccurate tax returns are subject to additional interests, penalty, fraud penalty, or criminal penalty.

4.7 Tax Compliance in Kenya

The dependent variable for this study was tax compliance among large taxpayers in Kenya. The respondents were requested to indicate their level of agreement to various components of tax compliance among large tax payers in Kenya.

Table 4. 4: Tax Compliance in Kenya

	1	2	3	4	5	Mean	Std. Deviation
Large taxpayers pay their taxes on time	5.6	57.7	28.2	4.2	4.2	2.437	.838
Large tax payers pay their penalties on time	12.0	12.0	15.5	53.5	7.0	3.317	1.151
Large taxpayers pay their interests on time	14.1	22.5	21.1	21.1	21.1	3.127	1.357
Large taxpayers have low tax debts	4.2	9.9	28.2	26.8	31.0	3.704	1.135

From the study findings, the respondents agreed with a mean of 3.704 (std. dv= 1.135) that large taxpayers have low tax debts. In addition, the respondents disagreed with a mean of 2.437 (std. dv= 0.838) that large taxpayers pay their taxes on time. The respondents were neutral with the statement that large tax payers pay their penalties on time as shown by a mean of 3.317 (std. dv= 1.151). With a mean of 3.127 (std. dv= 1.357) the respondents were

neutral on the statement that large taxpayers pay their interests on time. These findings agree with Kircher (2009) argument that large tax payers do not pay their taxes on time, have high tax debts, do not pay their penalties on time and do not pay their interests on time.

4.8 Inferential Statistics

Inferential statistics focused on Pearson correlation and regression analysis. Specifically, inferential statistics were used to determine how the dependent variable (tax compliance in Kenya) relates with independent variables (desk tax audit, field tax audit and mix desk and field tax audit).

4.8.1 Correlation Analysis

Correlation analysis is normally used to determine relationship between dependent and dependent variable. The study used correlation analysis (Pearson product-moment) to assess the association between desk tax audit, field tax audit, desk and field tax audit (independent variable) and tax compliance in Kenya (dependent variable). Correlation coefficients range between 0 and 1. A positive correlation coefficient denotes that there is a direct association while negative correlation coefficient denotes that there is an inverse association. Besides that, zero denotes that there is no association between two variables.

Table 4. 5: Correlation Coefficients

		Tax Compliance	Desk Audit	Field Audit	Desk And Field Audit
Tax Compliance	Pearson	1			
	Correlation				
	Sig. (2-tailed)		.		
Desk Audit	N	101			
	Pearson	.766**	1		
	Correlation				
	Sig. (2-tailed)	.000			
Field Audit	N	102	102		
	Pearson	.749**	.267	1	
	Correlation				
	Sig. (2-tailed)	.000	.098		
Desk and Field Audit	N	102	102	102	
	Pearson	.759**	.163	.323	1
	Correlation				
	Sig. (2-tailed)	.000	.132	.078	
	N	102	102	102	102

According to the findings there was a positive association between desk tax audit and tax compliance among large tax payers in Kenya ($r=0.766$, $p\text{-value}=0.000$). The association was considered significant since the p value 0.000 was less than the significant level of 0.05 . These findings agree with Kiraithe (2009) findings that desk tax audit significant influences tax compliance in Kenya. These findings are in line with Palil and Mustapha (2011) findings that tax audits including field audits have a significant effect on tax compliance.

The study results further showed that there exists a positive association between field audit and tax compliance among large tax payers in Kenya ($r=0.749$, $p\text{-value}=0.000$).The relationship was significant as the p value 0.000 was less than the significant level of the study which was 0.05 . These findings are in line with Kwon (2004) findings that

field audit affects tax compliance in in Korea. The findings also agree with Saleemi (2007) findings that field-audits have an effect on tax compliance in Kenya.

Further the research revealed that there is a positive association between mixture of desk and field audit and tax compliance among large tax payers in Kenya ($r=0.759$, $p\text{-value}=0.000$). The association was considered significant as the p value 0.000 was less than the significant level of this study which was 0.05 . These findings concur with Badara (2012) findings that mixture of desk and field audit considerably affects tax compliance in developing countries. This is also in line with Evans, Carlon and Massey (2005) findings that tax compliance of small and medium size enterprises (SME) in Australia was related to tax audits.

4.8.2 Regression Analysis

Multivariate regression was used to assess the association between independent variables desk tax audit, field tax audit, mixture of desk and field tax audit and the dependent variable (tax compliance in Kenya).

The regression equation was;

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \varepsilon$$

Whereby; Y = Tax compliance; X_1 = desk audit; X_2 = field audit; X_3 = Mix of field and desk audit; ε = Error Term; β_0 = Constant Term; β_1 - β_3 = Independent variables Beta Co-efficient

Table 4. 6: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.812	0.6593	0.6221	0.24491

The R-squared shows the variation in the dependent variable that can be explained by the independent variables being studied. The R-squared in this study was 0.6593. This implied that the three independent variables (tax audit, field tax audit, mix of desk and field tax audit) could explain 65.93 per cent of tax compliance among large tax payers in Kenya. This shows that other variables not included in this study explain 34.07 per cent of the tax compliance among large tax payers in Kenya can be explained by other factors not considered in this study. The findings are in line with Pigou (2013) argument that tax audits including tax audit, field tax audit, mix of desk and field tax audit have a significant effect on tax compliance.

Table 4. 7: Analysis of Variance

Model	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	144.253	3	48.0843	575.13	.000 ^b
	Residual	8.277	99	0.0836		
	Total	152.53	102			

The analysis of variance shows whether or not a model is a good fit for the data. The F-calculated (575.13) was greater than the F-critical (2.670) and the p-value (0.000) was less than the significance level (0.05) and hence the model was a good fit for the data. This implied that the model could be used in predicting the influence of (tax audit, field tax audit, mix of desk and field tax audit) on the dependent variable (tax compliance among large tax payers in Kenya).

Table 4. 8: Regression Coefficients

Model	Unstandardized		Standardized t		Sig.
	Coefficients		Coefficients		
	B	Std. Error	Beta		
(Constant)	0.542	0.114		4.754	.000
1 Desk Audit	0.502	0.078	0.495	6.436	.000
Field Tax Audit	0.305	0.068	0.301	4.485	.025
Desk And Field Audit	0.356	0.073	0.345	4.877	.003

The regression model was as follows;

$$Y = 0.542 + 0.502X_1 + 0.305X_2 + 0.356X_3 + \varepsilon$$

From the findings, desk tax audit has a positive and significant effect on tax compliance among the large tax payers in Kenya as shown by a regression coefficient of 0.502. The association was significant because the p-value (0.000) was less than the significance level (0.05). This shows that an improvement in desk tax audit would lead to a 0.502 improvement in tax compliance among the large tax payers in Kenya. These findings are in agreement with Alm and McKee (2006) findings that desk tax audit affects individual compliance responses. In addition, these findings agree with Kiraithe (2009) findings that desk tax audit significant influences tax compliance in Kenya.

The study results show that field tax audit has a positive and significant effect on tax compliance among the large tax payers in Kenya as shown by a regression coefficient of 0.305. The association was significant because the p-value (0.025) was less than the significance level (0.05). These findings show that field tax audit would lead to a 0.305

improvement in tax compliance among the large tax payers in Kenya. These findings concur with Slemrod, Blumenthal, and Christian (2001) findings that field tax audit affects tax compliance and taxpayers' behavior changes. In addition, these findings are in line with Kwon (2004) findings that field audit affects tax compliance in in Korea.

Furthermore, mix of desk and field tax audit has a positive and significant effect on tax compliance among the large tax payers in Kenya as shown by a by a regression coefficient of 0.356. The association was significant because the p-value 0.003 was less than the significance level (0.05). These findings imply that a mix of desk and field tax audit would lead to a 0.356 improvement in tax compliance among the large tax payers in Kenya. The findings are in agreement with Niu (2010) findings that a mix of desk and field audits and compliance. Further, these findings concur with Badara (2012) findings that mixture of desk and field audit considerably affects tax compliance in developing countries. The study findings show that desk tax audit had the most significant effect on tax compliance among the large tax payers in Kenya, followed by field tax audit and a mix of desk and field tax audit.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter entails presentation of summary of the findings, conclusions and recommendations which were made. The conclusions together with the recommendations were in accordance to the findings of this study. Moreover, the conclusions and recommendations basically focused on addressing the general objective of this study which was to investigate the effect of tax audit on tax compliance of companies in Kenya.

5.2 Summary of the Findings

This section presents the summary of the findings on the effect of desk tax audit, field tax audit, mix of desk and field tax audit on tax compliance among large tax payers in Kenya.

5.2.1 Desk Tax Audit and Tax Compliance

The study established that desk tax audit has a positive and significant effect on tax compliance among the large tax payers in Kenya. In addition, desk audits contribute to tax payment before audits among large tax payers in Kenya. In addition, the study established that desk audits contribute to payment of interests by large tax payers in Kenya before audit. Further, the study revealed that desk tax audit contributes to tax compliance among large tax payers in Kenya. The study also established that desk audits contribute to penalty payments before audit among large tax payers in Kenya.

The experience of desk audits in taxpayers' "tax life" is a more effective way to increase compliance than later audits. This is because they will be accustomed to scheduled audits in

their business operations. The study further suggests that, although the effectiveness of audits and fines cannot be completely confirmed, field audits in taxpayers' "tax life" have a positive impact on compliance.

5.2.2 Field Tax Audit and Tax Compliance

The study revealed that field tax audit has a positive and significant effect on tax compliance among large tax payers in Kenya. The study found that Kenya Revenue Authority field audits contribute to tax compliance by large tax payers in Kenya. The study also established that Kenya Revenue Authority field audits contribute to interest payment by large tax payers in Kenya after audits. Further, the study revealed that Kenya Revenue Authority field audits contribute to penalty payment by large tax payers in Kenya after audits. The study also revealed that Kenya Revenue Authority field audits contribute to tax payment by large tax payers in Kenya after audits.

Field audits serve a valid purpose because they are designed to keep people from cheating the system, whether it be the tax system or otherwise. Before the KRA reinstated field audits, it was possible for individuals and businesses to beat the system, to an extent, by not submitting any information that would raise a red flag and cause the KRA to take notice of the details of their tax return. Field audits make everyone subject to the possibility of being selected.

5.2.3 Mix of Desk and Field Tax Audit and Tax Compliance

The study found that a mix of both desk and field tax has a positive and significant effect on tax compliance among large tax payers in Kenya. In addition, the study revealed that mix of desk and field audit contribute to the payment of interests among large tax payers in Kenya

before deadlines. The study established that the mix of desk and field audit contribute to the payment of taxes among large tax payers in Kenya before deadlines. In addition, the study revealed that the mix of desk and field audit contribute to tax compliance among large tax payers in Kenya before deadlines. Furthermore, the study found that the mix of desk and field audit contribute to the payment of penalties among large tax payers in Kenya before deadlines.

The KRA conducts a mix of desk and field audits to uncover inaccurate tax returns. During the audit process, the KRA determine if any of the inaccurate tax returns are subject to additional interests, penalty, fraud penalty, or criminal penalty. First, additional interests apply to taxpayers who file their tax returns late or fail to pay the taxes on time. The interest rate depends on the amount owed and the timing of the underpayment. There are several reasons why taxpayers receive tax audit penalties. Even the slight error may lead to additional charges of their tax return. Taxpayers that fail to submit their tax return by the deadline (or extension deadline, if applicable) are put on the spot and the KRA attempt to contact them to send a reminder to file their tax returns. If their efforts fail, the KRA reserves the right to file a substitute for return on behalf of the filer. The form calculates the amount of taxes owed based on taxable income, plus any applicable penalties.

5.3 Conclusion

The study concludes that desk tax audit has a positive and significant effect on tax compliance among the large tax payers in Kenya. The study found that desk audits contribute to tax payment before audits, payment of interests by large tax payers before audit, tax

compliance among large tax payers and penalty payments before audit among large tax payers in Kenya.

The study further concludes that field tax audit has a positive and significant effect on tax compliance among large tax payers in Kenya. The study found that Kenya Revenue Authority field audits contribute to tax compliance by large tax payers, interest payment by large tax payers after audits, penalty payment by large tax payers after audits and tax payment by large tax payers after audits.

In addition, the study concludes that a mix of both desk and field tax has a positive and significant effect on tax compliance among large tax payers in Kenya. The study established that mix of desk and field audit contribute to the payment of interests among large tax payers in Kenya before deadlines, payment of taxes among large tax payers before deadlines, tax compliance among large tax payers before deadlines and payment of penalties among large tax payers before deadlines.

5.4 Recommendations

The study found that desk tax audit significant has an effect on tax compliance among the large tax payers in Kenya. The study recommends an increase in the utilization of desk tax audit in Kenya Revenue Authority to improve tax compliance. This can be done by increasing the number of staff and improving training for the staff conducting desk tax audit. This will in turn help the large taxpayers to accurately file their returns and hence improvement in compliance.

The study found that field tax audit significantly influences tax compliance among the large tax payers in Kenya. The study therefore recommends that the management of Kenya Revenue Authority should enhance the use of field tax audit by providing the required resources including transport and computers to enable staff to go for field visits.

The study found that the mix of desk and field tax audit significantly influences tax compliance among the large tax payers in Kenya. This study therefore recommends that Kenya Revenue Authority should enhance the mix of desk and field tax audit so as to improve tax compliance. The use mix of desk and field tax audit helps in complementing the advantages of each.

5.5 Areas for Further Research

The study was limited to tax compliance among the large tax payers in Kenya. Hence the findings of this study cannot be generalized to other tax payers in Kenya due to variation in firm characteristics. Therefore, the research recommends that further research should be conducted on tax audit and tax compliance among other taxpayers in Kenya. The study found that tax audit (desk tax audit, field tax audit, mix of desk and field tax audit) affect 65.93 percent of tax compliance among large tax payers. Therefore the study suggests further research to determine other factors affecting tax compliance among the large tax payers in Kenya.

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APPENDICES

APPENDIX 1: QUESTIONNAIRE

Introduction

This questionnaire is designed for the sole purpose of gathering information on the impact of tax audit on tax compliance of companies in Kenya. The information obtained will only be used for academic purposes and shall be treated in utmost confidence. You are requested to complete this questionnaire as honestly and objectively as possible.

Please tick in the appropriate box and also fill in the blank spaces provided for those questions. Use the space at the back of this questionnaire if you need more space for your responses.

SECTION A: BIO DATA

1. Level of education

College

University

Post graduate

2. How long have you been an employee of KRA?

Less than 1 year

2 to 5 years

6 to 10 years

Over 10 years

SECTION B

1. THE IMPACT OF DESK AUDIT ON TAX COMPLIANCE

I) Evaluate the following statements and tick where appropriate under the choices below

Where: 1 – Strongly Disagree, 2 – Disagree, 3 – Neutral, 4 - Agree or 5 - Strongly Agree

Statement	1	2	3	4	5
Desk audits contribute to tax compliance					
Desk audits contribute to tax payment before audits					
Desk audits contribute to penalty payments before audit					
Desk audits contribute to payment of interests before audit					

2. THE IMPACT OF FIELD AUDIT ON TAX COMPLIANCE

II) Evaluate the following statements and tick where appropriate under the choices below

Where: 1 – Strongly Disagree, 2 – Disagree, 3 – Neutral, 4 - Agree or 5 - Strongly Agree

Statements	1	2	3	4	5
KRA field audits contribute to tax compliance					
KRA field audits contribute to tax payment after audits					
KRA field audits contribute to penalty payment after audits					
KRA field audits contribute to interest payment after audits					

3. THE IMPACT OF BOTH DESK AND FIELD AUDIT ON TAX COMPLIANCE

III) Evaluate the extent of influence of the following factors on revenue collection and tick where appropriate under the choices below

Where: 1 – Strongly Disagree, 2 – Disagree, 3 – Neutral, 4 - Agree or 5 - Strongly Agree

Statement	1	2	3	4	5
Mix of desk and field audit contribute to tax compliance before deadlines					

Mix of desk and field audit contribute to the payment of taxes before deadlines					
Mix of desk and field audit contribute to the payment of penalties before deadlines					
Mix of desk and field audit contribute to the payment of interests before deadlines					

4. TAX COMPLIANCE IN KENYA

IV) Evaluate the following statements and tick where appropriate under the choices below

Where: **1 – Strongly Disagree, 2 – Disagree, 3 – Neutral, 4 - Agree or 5 - Strongly Agree**

Statement	1	2	3	4	5
Large taxpayers pay their taxes on time					
Large tax payers pay their penalties on time					
Large taxpayers pay their interests on time					
Large taxpayers have low tax debts					

APPENDIX 2: LIST OF LARGE TAXPAYERS TO BE USED IN THE RESEARCH

<i>1</i>	A ONE SUPERMARKET LIMITED
<i>2</i>	A P A INSURANCE LIMITED
<i>3</i>	AAA GROWERS LIMITED
<i>4</i>	AAR HEALTH SERVICES
<i>5</i>	ABBAS TRADERS LIMITED
<i>6</i>	ABERCROMBIE AND KENT KENYA LIMITED
<i>7</i>	ABN AMRO BANK N V
<i>8</i>	ACACIA FUND LIMITED(Pays PAYE Occassionally On Directors Fees)
<i>9</i>	ACCESS LEO BURNETT LIMITED
<i>10</i>	ACCESSKENYA LIMITED
<i>11</i>	ACCURATE STEEL MILLS LIMITED
<i>12</i>	ACME CONTAINERS LTD
<i>13</i>	ADAMANTINE (ENERGY) KENYA LTD
<i>14</i>	ADDAX KENYA LTD (Now Oryx

	Energies Kenya Ltd.)
<i>15</i>	AFRICA APPARELS EPZ LIMITED
<i>16</i>	AFRICA EXPEDITIONS LTD
<i>17</i>	AFRICA OIL BV
<i>18</i>	AFRICA SPIRITS LTD
<i>19</i>	AFRICA TEA BROKERS LTD
<i>20</i>	AFRICAN BANKING CORPORATION LIMITED
<i>21</i>	AFRICAN CARGO HANDLING LIMITED
<i>22</i>	AFRICAN MARINE & GEN ENGINEERING COMPANY LIMITED
<i>23</i>	AFRICAN MERCHANT ASSURANCE CO. LTD
<i>24</i>	AFRICAN SAFARI CLUB LIMITED
<i>25</i>	AGENCE FRANCAISE DE DEVELOPMENT
<i>26</i>	AGGREKO INTERNATIONAL PROJECTS LTD
<i>27</i>	AGRICULTURAL DEVE CORP
<i>28</i>	AGRICULTURAL FINANCE

	CORPORATION
<i>29</i>	AGRIFRESH KENYA LIMITED
<i>30</i>	AGRO CHEMICALS & FOOD CO LTD
<i>31</i>	AGRO IRRIGATION AND PUMP SERVICES LIMITED
<i>32</i>	AHMED NOORMOHAMED ISSAK HARDWARES LTD
<i>33</i>	AIG GLOBAL INVESTMENT COMPANY (EAST AFRICA) LIMITED
<i>34</i>	AIR CONNECTIONS LIMITED
<i>35</i>	AIR KENYA AVIATION LTD
<i>36</i>	AIR KENYA EXPRESS LTD
<i>37</i>	AIR KENYA EXPRESS-PENSION SCHEME
<i>38</i>	AIRSIDE LIMITED
<i>39</i>	AKAMBA PUBLIC ROAD SERVICES LTD
<i>40</i>	AL AMANA ELECTRONICS LIMITED
<i>41</i>	AL EMIR LIMITED
<i>42</i>	ALAN DICK & COMPANY (EAST AFRICA) LIMITED

43	ALBA PETROLEUM LIMITED
44	ALEXANDER FORBES FINANCIAL SERVICES
45	ALFAN NJERU
46	ALIBHAI RAMJI MOMBASA LIMITED
47	ALL PACK INDUSTRIES LTD
48	ALLIANCE HOTELS LTD
49	ALLIANCE ONE TOBACCO (KENYA) LIMITED
50	ALLIED METAL SERVICES LTD
51	ALPHARAMA LTD
52	ALS LIMITED
53	AMAZON SERVICE STATION
54	AMIRAN COMMUNICATIONS LIMITED
55	AMIRAN KENYA LIMITED
56	AMREF
57	AMRITLAL SOJPAR SHAH WHOLESALERS LIMITED
58	AMT MANAGEMENT

	CONSULTANTS
59	ANADARKO KENYA COMPANY LTD
60	AND BEYOND KENYA LIMITED
61	ANISUMA TRADERS LIMITED
62	ANN ERICKSON
63	ANWARALI AND BROTHERS LIMITED
64	AON MINET INSURANCE BROKERS LIMITED
65	AON MINET INSURANCE BROKERS LIMITED STAFF PENSION FUND
66	APACHE KENYA LTD
67	APEX STEEL LIMITED
68	APOLLO INSURANCE COMPANY LIMITED
69	AQUAMIST LTD
70	ARISTOCRAT CONCRETE LIMITED
71	ASHUT ENGINEERING LTD
72	ASL LIMITED
73	ASP CO LTD

74	ASSIA ANIMAL HEALTH LIMITED
75	ASSOCIATED BATTERY MANUFACTURERS (EA) LTD
76	ASSOCIATED VEHICLE ASSEMBLERS LTD
77	ASTRAL AVIATION LIMITED
78	ATHI COMMERCIAL SERVICES LTD
79	ATHI RIVER MINING LTD
80	ATHI RIVER STEEL PLANT LIMITED
81	ATTA (KENYA) LIMITED
82	ATTORNEY GENERALS OFFICE(STATE LAW)
83	AUTOEXPRESS LTD/NYANZA PETROLEUM
84	AVANA PETROLEUM K. LTD
85	AVIVA MINING
86	AWADH OMAR BAYUSUF & SONS LTD
87	AYOTI DISTRIBUTORS LIMITED
88	BADAR HARDWARES LIMITED
89	BAKEX MILLERS LTD

90	BAKRI INTERNATIONAL ENERGY CO.
91	BAMBURI CEMENT LIMITED
92	BAMBURI SPECIAL PRODUCTS LIMITED
93	BANDARI COMMODITIES LIMITED
94	BANK OF AFRICA KENYA LIMITED
95	BANK OF BARODA (KENYA) LTD
96	BANK OF CHINA NAIROBI REPRESENTATIVE OFFICE
97	BANK OF INDIA
98	BANK OF KIGALI LIMITED
99	BARAZA LIMITED
100	BARCLAYS (K) NOMINEES LTD(Company Is Dormant)
101	BARCLAYS ADVISORY & REGISTRARS SERVICES LTD
102	BARCLAYS BANK OF KENYA LIMITED
103	BARCLAYS BANK OF KENYA LIMITED STAFF PENSION FUND

104	BASCO PRODUCTS (K) LTD
105	BASH HAULIERS LIMITED
106	BAT EQUITORIAL AFRICA AREA LTD
107	BAT KENYA TOBACCO CO LTD
108	BAT KENYA TOBACCO COMPANY LIMITED
109	BATA SHOE COMPANY (KENYA) LIMITED
110	BAYER EAST AFRICA LIMITED
111	BEIERSDORF E A LTD
112	BELCOM AGENCIES LIMITED
113	BERTINER ENTERPRISES LIMITED
114	BESTFAST CARGO (KENYA) LIMITED
115	BESTFOODS KENYA LIMITED
116	BETA HEALTHCARE INTERNATIONAL LIMITED
117	BEVERAGE SERVICES
118	BGP KENYA LTD.
119	BHACHU INDUSTRIES LTD

120	BHARTI AIRTEL INTERNATIONAL NETHERLANDS B.V.
121	BIA BORA DISTRIBUTORS LIMITED
122	BIA TOSHA DISTRIBUTORS LTD
123	BIA YETU AGENCIES LIMITED
124	BIASHARA SECURITIES LIMITED
125	BIDCO OIL REFINERIES LTD
126	BLOCK HOTELS LIMITED
127	BLOWPLAST LTD
128	BLUE NILE (EAST AFRICA) LIMITED
129	BLUE SEAS CAR HIRE & TOURS LIMITED
130	BLUE SHIELD INSURANCE CO. LTD
131	BOBMIL INDUSTRIES LTD
132	BOC KENYA LIMITED
133	BON VOYAGE LTD
134	BOOTH MANUFACTURING AFRICA LTD PENSION SCHEME(DORMANT)
135	BOSS FREIGHT TERMINAL
136	BOWIP AGENCIES LTD

<i>137</i>	BP EAST AFRICA TRADING CO
<i>138</i>	BP KENYA LTD (SHELL EAST AFRICA LTD)
<i>139</i>	BRAEBURN LTD
<i>140</i>	BRAEBURN SCHOOLS LTD
<i>141</i>	BRAND KENYA BOARD
<i>142</i>	BRITISH AMERICAN ASSET MANAGERS LIMITED
<i>143</i>	BRITISH AMERICAN INSURANCE CO (K) LTD
<i>144</i>	BRITISH AMERICAN INVESTMENTS COMPANY (KENYA) LIMITED
<i>145</i>	BRITISH AMERICAN TOBACCO LTD
<i>146</i>	BROADWAY BAKERS LTD
<i>147</i>	BROOKSIDE DAIRY LIMITED
<i>148</i>	C & P SHOE INDUSTRIES LIMITED
<i>149</i>	C CZARNIKOW SUGAR EAST AFRICA LIMITED
<i>150</i>	C DORMAN LTD
<i>151</i>	CADBURY KENYA LTD
<i>152</i>	CAMEC KENYA LIMITED

<i>153</i>	CAMELOT ESTATES LIMITED
<i>154</i>	CANNON ASSURANCE (K) LIMITED
<i>155</i>	CAPITAL FISH (K) LIMITED
<i>156</i>	CAPITAL MARKETS AUTHORITY
<i>157</i>	CAPWELL INDUSTRIES LTD
<i>158</i>	CAR & GENERAL (TRADING) LIMITED
<i>159</i>	CARTON MANUFACTURERS LIMITED
<i>160</i>	CELLNET LIMITED
<i>161</i>	CELTEL B.V. LTD
<i>162</i>	CELTEL KENYA LTD
<i>163</i>	CEMENT CENTRE LTD
<i>164</i>	CEMTECH LIMITED
<i>165</i>	CENTRAL AUTO & HARDWARES LIMITED
<i>166</i>	CENTRAL BANK OF INDIA - KENYA REPRESENTATIVE OFFICE
<i>167</i>	CENTRAL BANK OF KENYA
<i>168</i>	CENTRAL GLASS INDUSTRIES LTD

<i>169</i>	CENTUM INVESTMENT COMPANY
<i>170</i>	CENTURY OIL TRADING COMPANY LIMITED
<i>171</i>	CFC BANK LIMITED STAFF RETIREMENT BENEFIT
<i>172</i>	CFC LIFE INSURANCE LIMITED
<i>173</i>	CFC PROPERTIES LTD
<i>174</i>	CFC STANBIC BANK LIMITED
<i>175</i>	CFC STANBIC HOLDINGS LIMITED (Now Under CFC Stanbic)
<i>176</i>	CHAI TRADING COMPANY LIMITED
<i>177</i>	CHAI WAREHOUSING LIMITED
<i>178</i>	CHANDARANA SUPERMARKET LTD
<i>179</i>	CHANDARIA INDUSTRIES LIMITED
<i>180</i>	CHANGAMWE SERVICE STATION LTD
<i>181</i>	CHARLES MUCHENE
<i>182</i>	CHARTERHOUSE BANK LIMITED (Under Statutory Management)
<i>183</i>	CHARTIS KENYA INSURANCE CO.

	LTD
184	CHASE BANK (KENYA) LIMITED
185	CHEBUT TEA FACTORY CO LTD
186	CHELI & PEACOCK LIMITED
187	CHEMELIL SUGAR COMPANY
188	CHEVRON(TOTAL MARKETING)
189	CHINA NATIONAL OVERSEAS
190	CHINA PETROLEUM PIPELINE
191	CHINA ROAD & BRIDGE ENGINEERING COMPANY
192	CHINA WU YI COMPANY LIMITED
193	CHLORIDE EXIDE KENYA LTD
194	CHUKA UNIVERSITY COLLEGE
195	CHUNGA ASSOCIATES
196	CIC GENERAL ASSURANCE LIMITED
197	CIC LIFE ASSURANCE LIMITED
198	CIRCULAR PETROLEUM RESELLERS
199	CITI BANK N A

200	CITY FINANCE BANK LIMITED
201	CITY HOPPER LIMITED
202	CIVICON LIMITED
203	CIVIL SERVANTS HOUSING SCHEME
204	CMC HOLDINGS LTD
205	CMC MOTORS GROUP LTD
206	CMC MOTORS GROUP LTD
207	CNOOC AFRICA LTD
208	CO OP TRUST INVESTMENT SERVICES LIMITED (PAYE Under Co-Operative Bank)
209	COAST & MOUNT KENYA RESORTS LIMITED
210	COAST CABLES LIMITED
211	COASTAL BOTTLERS LTD
212	COCA COLA E A LTD
213	COLGATE PALMOLIVE
214	COM TWENTY ONE LIMITED
215	COMCRAFT KENYA LIMITED

216	COMMERCIAL BANK OF AFRICA LIMITED
217	COMMERCIAL BANK OF AFRICA LIMITED PENSION FUND
218	COMMISSION FOR HIGHER EDUCATION
219	COMMISSION ON REVENUE ALLOCATION
220	COMMUNI COMM. OF KENYA.
221	COMMUNICATION SOLUTIONS LIMITED
222	COMPLY INDUSTRIES LTD
223	CONCORD INSURANCE COMPANY LIMITED
224	CONSOLIDATED BANK OF KENYA LTD
225	CONSTITUENCY DEVELOPMENT FUND
226	COOK N LITE
227	COOPERATIVE BANK OF KENYA LIMITED
228	CO-OPERATIVE INSURANCE

	SERVICES
229	COPY CAT LIMITED
230	CORN PRODUCTS (KENYA) LIMITED
231	CORPORATE INSURANCE CO LTD
232	CORRUGATED SHEETS LIMITED
233	COSMOS LIMITED
234	COVE ENERGY KENYA LIMITED
235	CRATER AUTOMOBILES (NAIROBI)
236	CREDIT BANK LIMITED
237	CREDIT FINANCE CORP FINANCIAL SERVICES LIMITED
238	CRESENT TELCOM LIMITED
239	CROWN BERGER KENYA LIMITED
240	CROWN FOODS LTD
241	CROWN INDUSTRIES LTD
242	CROWN PETROLEUM KENYA LTD
243	D T DOBIE & COMPANY (K) LTD
244	DAIMA BANK LIMITED (Not In Operation)

	DAKIANGA DISTRIBUTORS
245	LIMITED
246	DALBIT PETROLEUM LTD
247	DAMCO LOGISTICS KENYA LIMITED
248	DAVIS & SHIRTLIFF CO LTD
249	DAYLIFF HOLDINGS LTD-Holding Co For Davis Shirliff
250	DE LA RUE CURRENCY AND SECURITY PRINTING LIMITED
251	DEACONS KENYA LTD
252	DEBENHAM & FEAR LTD
253	DECASE CHEMICALS LTD
254	DEL MONTE KENYA LTD
255	DEPOSIT PROTECTION FUND
256	DEPT OF DEFENCE
257	DESBRO (KENYA) LIMITED
258	DEVCHAND KESHAVJI KENYA LTD.
259	DEVELOPMENT BANK OF KENYA
260	DEVJI MEGHJI & BROS LTD

261	DEVKI STEEL MILLS LIMITED
262	DHL EXELSUPPLY CHAIN
263	DHL GLOBAL FORWARDING (KENYA) LIMITED
264	DHL LOGISTICS(FORMERLY THOMSONS)
265	DHL WORLDWIDE EXPRESS KENYA LIMITED
266	DIAGEO (K) LTD
267	DIAMOND COFFEE CO LTD
268	DIAMOND TRUST BANK KENYA LIMITED
269	DIESEL POWER COMPANY LIMITED
270	DIGITEX COMMUNICATION LIMITED
271	DIMENSION DATA SOLUTIONS LIMITED
272	DIPLOMATIC DUTY FREE LTD
273	DIRECTLINE ASSURANCE COMPANY LIMITED
274	DIRECTORATE OF PERSONNEL

	MGMT.
275	DISCOUNT SECURITIES LIMITED (Under Statutory Management)
276	DODHIA PACKAGING LTD
277	DOLPHIN STATIONERS LIMITED
278	DOMINION ENGINEERING WORKS LTD
279	DOMINION PETROLEUM LIMITED
280	DOSHI & CO HARDWARE LTD
281	DOSHI ENTERPRISES LTD
282	DOSHI IRONMONGERS LIMITED
283	DT DOBIE (EA) LTD
284	DUBAI BANK KENYA LIMITED
285	DYER AND BLAIR INVESTMENT BANK LTD
286	EABL INTERNATIONAL
287	EASSY LTD
288	EAST AFRICA PACKAGING INDUSTRIES LTD
289	EAST AFRICA REINSURANCE COMPANY LTD

290	EAST AFRICAN BREWERIES LTD
291	EAST AFRICAN BUILDING SOCIETY LIMITED
292	EAST AFRICAN CABLES LTD
293	EAST AFRICAN COMMERCIAL AND SHIPPING
294	EAST AFRICAN EXPLORATION (KENYA) LIMITED
295	EAST AFRICAN GROWERS LIMITED
296	EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED
297	EAST AFRICAN SAFARI AIR EXPRESS LTD
298	EAST AFRICAN SEA FOOD LIMITED
299	EASTERN PRODUCE KENYA LIMITED
300	ECOBANK
301	ECONET WIRELESS VENTURES (KENYA) LIMITED
302	EGERTON UNIVERSITY
303	EKA HOTEL

304	ELDO MATT SUPERMARKET
305	ELDORET GRAINS LTD
306	ELDORET PACKERS LTD
307	ELDORET PETROLEUM SERVICES
308	ELECTORAL COMM. OF KENYA
309	ELECTRICITY REGULATORY COMMISSION
310	ELECTRONIC POWER AND COMMUNICATIONS LIMITED
311	ELGEYO SAW MILLS (K) LTD
312	ELGON KENYA LTD
313	ELLAMS PRODUCTS LIMITED
314	ELYS CHEMICAL INDUSTRIES LTD
315	ENGEN KENYA LIMITED
316	ENI KENYA BV
317	EPCO BUILDERS
318	EQUATOR BOTTLERS LTD
319	EQUATORIAL COMMERCIAL BANK LIMITED
320	EQUITORIAL OILS LIMITED

321	EQUITY BANK LTD
322	ERDEMANN COMPANY (KENYA) LIMITED
323	ERHC ENERGY
324	ERICSSON KENYA LIMITED
325	ESGEE INDUSTRIES LIMITED
326	ESSAR TELECOM LTD
327	EURO BANK LIMITED
328	EVEREADY EAST AFRICA LIMITED
329	EVEREST ENTERPRISES LTD
330	EXCEL CHEMICALS LTD
331	EXPORT TRADING COMPANY LIMITED
332	EXPRESS KENYA LTD
333	EXPRESS TRAVEL GROUP LIMITED
334	FAMILY BANK
335	FARMERS CHOICE LTD
336	FARMLANDS COMPANY LIMITED
337	FAULU KENYA LIMITED
338	FIDELITY COMMERCIAL BANK

	LIMITED
339	FIDELITY SHIELD INSURANCE CO LTD
340	FIELD & INDUSTRIAL TECHNICAL SERVICES
341	FINA BANK LIMITED
342	FIRESTONE EA LTD
343	FIRST AMERICAN BANK OF KENYA LTD
344	FIRST ASSURANCE CO. LTD
345	FIRST CHARTERED SECURITIES LTD
346	FIRST COMMUNITY BANK
347	FIRSTRAND BANK
348	FISHER VEGPRO LIMITED
349	FIVE FOURTY AVIATION LIMITED
350	FIVE STAR AGENCIES LIMITED
351	Flow Energy Ltd
352	FOAM MATTRESS LTD
353	FONES DIRECT LIMITED
354	FORWARD MOBILES LIMITED

355	FOSSIL FUELS LIMITED
356	FOTON EAST AFRICA LIMITED
357	FOUR WINDS TRADING COMPANY LIMITED
358	FREIGHT IN TIME LIMITED
359	FREIGHT WINGS LIMITED
360	FRIG-O-KEN LTD
361	FUELS & LUBRICANTS LTD
362	G 4 S SECURITY SERVICES KENYA LIMITED
363	G ISSAIAS AND COMPANY (K) LIMITED
364	GACHANJA MUHORO AND SONS LIMITED
365	GALANA OIL KENYA LIMITED
366	GALSHEET KENYA LIMITED Operates As Mabati
367	GAPCO KENYA LIMITED
368	GATEWAY INSURANCE CO LTD
369	GEMINIA INSURANCE CO. LTD
370	GENERAL ACCIDENT INSURANCE

	CO. (K) LTD
371	GENERAL MOTORS EAST AFRICA LIMITED
372	GENERAL PLASTICS LTD
373	GENERAL PRINTERS
374	GEOPOWER PROJECT COMPANY LTD
375	GEORGE WILLIAMSON ACCOUNT & MAN SERVICES LTD
376	GEOHERMAL DEVELOPMENT COMPANY LIMITED
377	GERISHON KIBUGI KAMURI AND SONS LTD
378	GICHEHA FARMS LTD
379	GICHEHA HOLDINGS LIMITED
380	GICHEHA INVESTMENTS LIMITED
381	GILANIS SUPERMARKET LIMITED
382	GILGIL TELECOMMUNICATIONS
383	GILOIL COMPANY LIMITED
384	GIRO COMMERCIAL BANK LIMITED

385	GITHUNGURI DAIRY FARMERS
386	GLADHOME
387	GLAXOSMITHKLINE LTD
388	GLOBAL PETROLEUM PRODUCTS
389	GLOBAL TEA AND COMMODITIES (KENYA) LIMITED
390	GOLD CROWN FOODS EPZ LIMITED
391	GRAIN BULK HANDLERS LIMITED
392	GREEN PARK GOLF COMPLEX LTD
393	GREIF KENYA LIMITED
394	GUARDIAN BANK LIMITED
395	GULF AFRICAN BANK LIMITED
396	GULF ENERGY LIMITED
397	H YOUNG & CO (E A) LTD
398	H YOUNG HOLDINGS LTD
399	HABIB BANK AG ZURICH
400	HABIB BANK LIMITED
401	HABIBOIL K LTD
402	HACO INDUSTRIES LTD

403	HAKIKA TRANSPORT SERVICES
404	HAPPY GO LIMITED
405	HARMONY FOODS (K) LIMITED
406	HASBAH KENYA LIMITED
407	HASHI EMPEX LIMITED
408	HASS PETROLEUM KENYA LTD
409	HAYER BISHAN SINGH AND SONS LIMITED
410	HEAVY VEHICLES AND PLANT SUPPLIERS
411	HEIDELBERG EAST AFRICA LIMITED
412	HEMBY HOLDINGS LIMITED
413	HEMINGWAYS HOTEL
414	HEMINGWAYS RESIDENTIAL DEVELOPMENT COMPANY(Dormant)
415	HERITAGE HOTELS LIMITED
416	HEYOTO ENTERPRISES LIMITED
417	HI PLAST LTD
418	HIGH CHEM INDUSTRIALS AFRICA LIMITED

419	HIGH COURT OF KENYA
420	HIGHER EDUCATION LOANS BOARD
421	HIGHLANDS MINERAL WATER CO. LTD
422	HILTON NAIROBI LIMITED
423	HOMEGROWN KENYA LTD
424	HORIZONELL FRONTIERS LIMITED
425	HOT POINT APPLIANCES LTD
426	HOUSING FINANCE CO OF KENYA
427	HOUSING FINANCE STAFF RETIREMENT BENEFIT SCHEME
428	HUAWEI TECHNOLOGIES LIMITED
429	HYDERY (P) LIMITED
430	HYPERMART LIMITED
431	I & M BANK LTD
432	IBERAFRICA POWER (E A) LIMITED
433	IBERO (KENYA) LTD
434	ICEA ASSET MANAGEMENT (PAYE Under ICEA)

435	ICEA INDIVIDUAL RETIREMENT BENEFIT SCHEME (PAYE Under ICEA)
436	ICEA TRUSTEE SERVICES LTD (PAYE Under ICEA)
437	ICRAF
438	IDB CAPITAL LTD
439	ILARA DAIRY LIMITED
440	IMPERIAL BANK LIMITED
441	IMPRESA COSTRUZIONI GIUSEPPE MALTAURO SPA
442	INDRA LTD -SOLUZIONE (KENYA) LIMITED
443	INDU FARM EXPORT PROCESSING ZONE LIMITED
444	INDUSTRIAL AND COMMERCIAL DEVELOPMENT CORPORATION (ICDC)
445	INFO TOUCH CYBER & COPY CENTRE LIMITED
446	INGREDION HOLDINGS LLC
447	INNSCOR KENYA LIMITED

448	INSTEEL LIMITED
449	INSTEEL LTD PENSION SCHEME(Scheme Run By Bahari Brokers)
450	INSURANCE COMPANY OF EAST AFRICA LTD
451	INTERCONSUMER PRODUCTS LTD
452	INTERCONTINENTAL HOTELS CORP LTD
453	INTERMIDDLE ENTERPRISE
454	INTERNATIONAL CONTROLS LTD
455	INTERNATIONAL HOUSE LTD
456	INTEX CONSTRUCTION LTD(Relies On Offsets)
457	INTOIL LIMITED
458	INTRA AFRICA ASSURANCE CO LTD
459	INVESCO ASSURANCE COMPANY LIMITED
460	ISHANO DISTRIBUTORS LTD
461	ISLAND FARMERS CO LTD

462	ISOKON MARA LTD
463	JACK AND JILL SUPERMARKETS LIMITED
464	JADE PETROLEUM LIMITED
465	JAMES FINLAY KENYA LIMITED
466	JAYDEES KNITTING FACTORY LTD
467	JETLINK EXPRESS LIMITED
468	JIANGXI ZHONGMEI ENG. CONST'N (K) LTD
469	JINGU COAL MINING (K) INVESTMENT CO. LTD
470	JOMO KENYATTA UNI OF AGRI
471	JUBILEE HOLDINGS LIMITED
472	JUBILEE JUMBO HARDWARE (NAIROBI) LIMITED
473	JUMBO TELECOMMUNICATIONS LIMITED
474	K K SHAH & COLIMITED
475	K REP BANK LIMITED
476	KABANSORA MILLERS LIMITED
477	KABUITO CONTRACTORS LTD

478	KAKUZI LIMITED
479	KALU WORKS LIMITED
480	KAMAHUHA LTD
481	KAMINDI SELFRIDGES SUPER MARKETS LIMITED
482	KAMPAR INVESTMENTS LTD.
483	KANINI HAKA ENTERPRISES LIMITED
484	KAPA OIL REFINERIES LTD
485	KAPKOROS TEA FACTORY COMPANY LTD
486	KARUTURI LIMITED
487	KASNEB
488	KATAHIRA & ENGINEERS INTERNATIONAL
489	KCB STAFF PENSION FUND
490	KEN TOBACCO EPZ LTD
491	KEN TOBACCO LTD
492	KENAFRIC BAKERY LIMITED
493	KENAFRIC INDUSTRIES LIMITED

494	KENBLEST LIMITED
495	KENCALL (EPZ) LIMITED
496	KENCHIC LIMITED
497	KENINDIA ASSURANCE CO. LTD
498	KENOLKOBIL LIMITED
499	KENPOLY MANUFACTURERS LIMITED
500	KENSINGTON DEVELOPERS LIMITED
501	KENYA AGRICULTURAL RESEARCH INST
502	KENYA AIRFREIGHT HANDLING LIMITED
503	KENYA AIRPORTS AUTHORITY
504	KENYA AIRWAYS LTD
505	KENYA ANTI CORRUPTION COM
506	KENYA BREWERIES LTD
507	KENYA BROADCASTING CORP.
508	KENYA BUREAU OF STANDARDS
509	KENYA CIVIL AVIATION AUTHORITY

510	KENYA CLAY PRODUCTS LTD
511	KENYA COCONUT DEVELOPMENT AUTHORITY
512	KENYA COMMERCIAL BANK LTD
513	KENYA DATA NETWORKS LIMITED
514	KENYA ELECTRICITY GENERATING COMPANY LIMITED
515	KENYA ELECTRICITY TRANSMISSION COMPANY LTD
516	KENYA FERRY SERVICES LIMITED
517	KENYA FLOURSPAR COMPANY LIMITED
518	KENYA FLUORSPAR EPZ LIMITED
519	KENYA FOREST SERVICE
520	KENYA FORESTRY RESEARCH INSTITUTE
521	KENYA GENERAL INDUSTRIES LTD
522	KENYA GRANGE VEHICLE INDUSTRIES LIMITED
523	KENYA HORTICULTURAL EXPORTERS (1977) LTD

524	KENYA HOTELS LTD
525	KENYA KAZI SERVICES LIMITED
526	KENYA LITERATURE BUREAU
527	KENYA MALTINGS LTD
528	KENYA MEDICAL RESEARCH INSTITUTE
529	KENYA MEDICAL TRAINING COLLEGE
530	KENYA METHODIST UNIVERSITY
531	KENYA NATIONAL ASSURANCE (2001) CO. LTD
531	KENYA NATIONAL AUDIT OFFICE
532	KENYA NATIONAL BUREAU OF STATISTICS
533	KENYA NATIONAL EXAM COUNCIL
534	KENYA NATIONAL HIGHWAYS AUTHORITY
535	KENYA NATIONAL LIBRARY SERVICES
536	KENYA NUT CO LTD
537	KENYA ORDINANCE FACTORIES

538	KENYA ORIENT INSURANCE CO. LTD
539	KENYA PETROLEUM REFINERIES LIMITED
540	KENYA PIPELINE CO LTD
541	KENYA PLANT HEALTH INSPECTORATE SERVICE
542	KENYA PLANTERS CO OP UNION LTD
543	KENYA POLICE
544	KENYA POLYTECHNIC UNIV. COLLEGE
545	KENYA PORTS AUTHORITY
546	KENYA POST OFFICE SAVINGS BANK
547	KENYA POSTEL DIRECTORIES LIMITED
548	KENYA POSTS & TELECOMMUNICATIONS CORPORATION
549	KENYA POWER & LIGHTING COMPANY LTD

550	KENYA RAILWAYS
551	KENYA REINSURANCE CORPORATION
552	KENYA REVENUE AUTHORITY
553	KENYA ROADS BOARD
554	KENYA RURAL ROADS AUTHORITY
555	KENYA SEED COMPANY LIMITED
556	KENYA SHELL LIMITED
557	KENYA STATIONERS LIMITED
558	KENYA SUGAR BOARD
559	KENYA TEA DEVELOPMENT AGENCY LIMITED
560	KENYA TEA PACKERS LTD
561	KENYA TELEVISION NETWORK (KTN)
562	KENYA UNITED STEEL COMPANY 2006 LIMITED
563	KENYA URBAN ROADS AUTHORITY
564	KENYA UTALII COLLEGE

565	KENYA WILDLIFE SERVICES.
566	KENYA WINE AGENCIES LTD
567	KENYA WOMEN FINANCE TRUST
568	Kenyatta International Conference Centre
569	Kenyatta National Hospital
570	KENYATTA UNIVERSITY
571	KERICHO WHOLESALERS LIMITED
572	KEROCHE BREWERIES LTD
573	KEROCHE INDUSTRIES LIMITED
574	KESTER KENYA LIMITED
575	KEVIAN KENYA LTD (PICK & PEEL)
576	KHETIA DRAPPERS LTD
577	KHETSHI DHARAMSHI & CO LTD
578	KIBOS DISTILLERS LIMITED
579	KIBOS POWER LIMITED
580	KIBOS PULP AND PAPER MILL
581	KIBOS SUGAR & ALLIED INDUSTRIES
582	KILIMAPESA GOLD (PTY) LIMITED

583	KING PLASTIC INDUSTRIES LTD
584	KINGDOM KENYA 01
585	KING'S WEAR LIMITED
586	KINGSHOLME LTD
587	KINGSTON TRADING COMPANY LIMITED
588	KINGSWAY TYRES LIMITED
589	KIPKEBE LTD
590	KISII BOTTLERS LTD
591	KITALE INDUSTRIES LIMITED
592	KITUI DISTRIBUTORS LIMITED
593	KITUI FLOUR MILLS LTD
594	KITUI MILLERS
595	KIZINGO DISTRIBUTORS (1984)
596	KKKerosine DISTRIBUTORS LIMITED
597	KNIGHT FRANK KENYA LIMITED
598	KOBIL PETROLEUM LIMITED
599	KOBO SAFARIS LTD
600	KOTECHA WHOLESALERS LIMITED

601	KRYSTALLINE SALT LIMITED
602	KTDA MANAGEMENT SERVICES LTD
603	KUEHNE+NAGEL LIMITED
604	KUKOPESHA LTD
605	KURIA MUCHIRU
606	KWA HOLDINGS E.A. LTD
607	KWANZA PROPERTY INVESTMENTS LTD
608	LAARE KAMUKUNJI STORES LIMITED
609	LAB INTERNATIONAL KENYA LIMITED
610	LABOREX KENYA LIMITED
611	LARGO INVESTMENTS LIMITED (Dormant)
612	LAXMANBHAI CONSTRUCTION LIMITED
613	LEENS STORE LIMITED
614	LIAISON GROUP (INSURANCE BROKERS) LIMITED

615	LIBERTY ASSURANCE COMPANY LIMITED
616	LIBYA OIL(K)-MOBIL/TAMOIL
617	LIMURU TEA CO LTD
618	LINKSOFT COMMUNICATIONS SYSTEMS LIMITED
619	LINTON PARK PLC
620	LION HILL CAMP LTD
621	LION OF KENYA INSURANCE CO LTD
622	LION PETROLEUM (K) LTD.
623	LIPTON LIMITED/UNILEVER TEA
624	LOCHAB BROS LIMITED
625	LONDON DISTILLERS LTD
626	LONRHO HOTELS KENYA LIMITED
627	LOUIS DREYFUS KENYA LIMITED
628	LOWE SCANAD KENYA LTD
629	M J CLARKE LIMITED
630	MAARUFU ENTERPRISES LTD
631	MABATI ROLLING MILLS LIMITED

632	MADISON INSURANCE CO (K) LTD
633	MAERSK KENYA LIMITED
634	MAFUKO INDUSTRIES LTD
635	MAGADI SODA CO LTD
636	MAGEREZA STAFF SACCO
637	MAGNATE VENTURES LIMITED
638	MAHITAJI ENTERPRISES LIMITED
639	MAIZE MILLING COMPANY LIMITED
640	MALEWA BAY INVESTMENT COMPANY LTD
641	MANJI FOOD INDUSTRIES LIMITED
642	MANTRAC KENYA LIMITED
643	MARA SAFARI CLUB
644	MARALAL DISTRIBUTORS LIMITED
645	MARITIME FOREX BUREAU LIMITED
646	MARKEN KENYA LIMITED
647	MARSHALLS (EA) LTD
648	MASENO UNIVERSITY

649	MASINDE UNI/WESTERN COLLEGE
650	MASTER POWER SYSTEMS LIMITED
651	MASTERMIND TOBACCO (K) LTD
652	MASTERPIECE LIMITED
653	MAT INTERNATIONAL LIMITED
654	MAYFAIR INSURANCE CO. LTD
655	MC CANN ERICKSON K LTD
656	MCNEEL MILLERS LTD
657	MEA LIMITED
658	MEGA WHOLESALERS LIMITED
659	MENENGAI OIL REFINERIES LIMITED
660	MERALI DEVJI AND SONS (K) LTD
661	MERCANTILE INSURANCE COMPANY LTD
662	METAL CROWNS LTD
663	METRO PETROLEUM LIMITED
664	METRO PLASTICS (K) LTD.
665	METROPOLITAN BUREAU DE

	CHANGE LIMITED
666	METROPOLITAN LIFE INSURANCE KENYA LTD
667	METSEC LIMITED
668	MFI OFFICE SOLUTIONS LIMITED
669	MGS INTERNATIONAL (K) LTD
670	MIBISCO LTD
671	MID OIL AFRICA LIMITED
672	MIDDLE EAST BANK KENYA LTD
673	MIDDLE TOWN FOREX BUREAU LIMITED
674	MIDDLELINE DISTRIBUTORS LIMITED
675	MILLENIUM DEALERS LIMITED
676	MILLY GRAIN MILLERS LIMITED
677	MIN: AGRICULTURE
678	MIN: ARID LANDS & RES MGT PROJECT
679	MIN: CO-OP DEVELOPMENT
680	MIN: DEV. OF NORTHERN KENYA
681	MIN: E.A. & REGION CO-OP

682	MIN: EDUCATION
683	MIN: ENERGY
684	MIN: ENVIR & NAT RESOURCE
685	MIN: FINANCE
686	MIN: FISHERIES DEVT
687	MIN: FOREIGN AFFAIRS
688	MIN: FORESTRY & WILDLIFE
689	MIN: GEN/CULT & SOCIAL SER
690	MIN: HEALTH/MEDIAL SERVICES
691	MIN: HOME AFFAIRS
692	MIN: HOUSING
693	MIN: IMMGR & REG OF PAX
694	MIN: INDUSTRIALIZATION
695	MIN: INFOR & COMMUNICATION
696	MIN: JUSTICE & CONST. AFFA
697	MIN: LABOUR & MANPOWER
698	MIN: LANDS
699	MIN: LIVESTOCK DEVELOPMENT
700	MIN: LOCAL GOVT

701	MIN: NAIROBI METROPOLITAN
702	MIN: NATIONAL HERITAGE
703	MIN: PLANNING & NAT DEVE
704	MIN: PUBLIC HEALTH & SANITATION
705	MIN: PUBLIC WORKS
706	MIN: REGIONAL DEVE
707	MIN: ROADS
708	MIN: SCIENCE & TECH
709	MIN: SPECIAL PROGRAMME
710	MIN: STATE YOUTH AFFAIRS
711	MIN: TOURISM & WILDLIFE
712	MIN: TRADE & INDUSTRY
713	MIN: TRANSPORT & COMMUN
714	MIN: WATER & IRRIGATION
715	MINI BAKERIES (NBI) LIMITED
716	MITSUMI COMPUTER GARAGE LIMITED
717	MJENGO LTD
718	MOBILE WORLD KENYA LIMITED

719	MOGOGOSIEK TEA FACTORY CO LTD
720	Moi Teach & Referral Hosi
721	MOI UNIVERSITY
722	MOIL (KENYA) LIMITED
723	MOLEDINA ENTERPRISES LIMITED
724	MOMBASA COINTAINER TERMINAL LTD.
725	MOMBASA MAIZE MILLERS KISUMU LIMITED
726	MOMBASA MAIZE MILLERS LIMITED
727	MOMBASA MAIZE MILLERS NRB LTD
728	MOMBASA POYTECHNIC UNIV. COLLEGE
729	MOMBASA SALT WORKS LTD
730	MOMBASA TAMASHA DISTRIBUTORS COMPANY LTD
731	MORENDAT LIMITED
732	MORRIS AND COMPANY (2004)

	LIMITED
733	MOTREX LIMITED
734	MOUNT ELGON ORCHARDS LIMITED
735	MOUNT KENYA SAFARI CLUB LIMITED
736	MT KENYA BEER DISTRIBUTORS LIMITED
737	MT KENYA BOTTLERS LTD
738	MT KENYA BUSINESS MACHINES LTD
739	MTN BUSINESS K LTD
740	MUDETE TEA FACTORY COMPANY LIMITED
741	MUFINDI PAPER LIMITED
742	MUHORONI SUGAR COMPANY LIMITED
743	MULJI DEVRAJ & BROS LIMITED
744	MULOIL LTD
745	MULTI CHOICE KENYA LTD
746	MULTI PACKAGING LIMITED

	(PRINTPAK)
747	MULTIMEDIA UNIVERSITY COLLEGE OF KENYA
748	MULTIPLE HAULIERS (E A) LTD
749	MUMIAS OUTGROWERS SACCO SOCIETY LIMITED
750	MUMIAS SUGAR COMPANY LTD
751	MUNGAI BERNICE WANGARI
752	MUNICIPAL COUNCIL OF KSM
753	MUNICIPAL COUNCIL OF MSA
754	MUTAI ENTERPRISES LIMITED
755	MUTHAIGA ROAD TRUST
756	MWALIMU COOPERATIVE SAVINGS & CREDIT SOC LTD
757	MZURI SWEET LIMITED
758	N K BROTHERS LIMITED
759	N.S.I.S.
760	NABICO ENTERPRISES LTD
761	NAILS AND STEEL PRODUCTS LIMITED
762	NAIROBI BEVERAGE LTD

763	NAIROBI BOTTLERS
764	NAIROBI CITY COUNCIL
765	NAIROBI CITY WATER & SEWERAGE
766	NAIROBI FLOUR MILLS LTD
767	NAIROBI PLASTICS INDUSTRIES LTD
768	NAIVASHA SELF SERVICE STORES LIMITED
769	NAKUMATT HOLDINGS LIMITED
770	NAKUMATT INVESTMENTS LTD
771	NAMPAK KENYA LIMITED
772	NANDI TEA ESTATES LTD
773	NANDO LTD
774	NAS AIRPORT SERVICES LTD
775	NAS HOLDINGS LTD
776	NATION MARKETING & PUBLISHING LTD
777	NATION MEDIA GROUP LIMITED
778	NATION NEWSPAPERS LTD

779	NATIONAL AIDS COUNCIL
780	NATIONAL ASSEMBLY
781	NATIONAL BANK OF KENYA LTD
782	NATIONAL BANK OF KENYA STAFF RETIREMENT
783	NATIONAL CEREALS AND PRODUCE BOARD
784	NATIONAL ENVIRONMENT MANAGEMENT AUTHORITY
785	NATIONAL HOSPITAL INS FUND
786	NATIONAL HOUSING CORP.
787	NATIONAL INDUSTRIAL CREDIT BANK LTD
788	NATIONAL MUSEUMS
789	NATIONAL OIL CORPORATION OF KENYA LTD
790	NATIONAL SOCIAL SECURITY FUND
791	NATIONAL WATER CON & PIPELINE
792	NAUSHAD TRADING COMPANY

	LTD
793	NCR KENYA LIMITED
794	NEDBANK LIMITED
795	NESTLE FOODS (K) LIMITED
796	NETCO MANAGEMENT LIMITED
797	NEW JOGOO ROAD HARDWARE LIMITED
798	NEW KENYA COOPERATIVE CREAMERIES SOCIETY LTD
799	NEW NYANZA WHOLESALERS
800	NEW STANLEY HOTEL
801	NGERE TEA FACTORY LTD
802	NIPPO CORPORATION
803	NIRMA (K) LTD
804	NZOIA SUGAR COMPANY LIMITED
805	O.P. CABINET
806	OCCIDENTAL INSURANCE COMPANY LIMITED
807	OFFICE OF PRIME MINISTER
808	OGILVY & MATHER (EASTERN AFRICA) LIMITED

809	OILCOM (K) LIMITED
810	OLD MUTUAL INVESTMENT SERVICES KENYA) LIMITED
811	OLD MUTUAL LIFE ASSURANCE COMPANY LTD
812	OMAERA PHARMACEUTICALS LIMITED
813	ORBIT CHEMICAL IND.
814	ORIENTAL COMMERCIAL BANK LTD
815	Origin Energy Kenya (PTY) Ltd
816	ORPORWER 4 INC
817	OSERIAN DEVELOPMENT
818	OSHO CHEMICAL INDUSTRIES LIMITED
819	OURU DISCOUNT CENTRE LIMITED
820	OURU SUPER STORES LIMITED
821	OURUPOWER LIMITED
822	OUTLOOK LIMITED
823	OXFORD UNIVERSITY PRESS E A LIMITED

824	OZZBECO (K) LTD
825	P N MASHRU LIMITED
826	PACIS INSURANCE CO. LTD
827	PACKAGING INDUSTRIES
828	PAN AFRICA LIFE ASSURANCE LIMITED
829	PAN AFRICAN PAPER MILLS (E A) LIMITED
830	PANAFRIC HOTELS LTD
831	PANAFRICA INSURANCE CO. LTD
832	PAPERBAGS LIMITED
833	PARADISE SAFARI PARK LIMITED
834	PARAMOUNT UNIVERSAL BANK LIMITED
835	PARAND LIMITED
836	PARBAT SIYANI CONSTRUCTION LTD
837	PATRICK NDICHU GITAU AND SONS LTD
838	PDM (KENYA) LIMITED
839	PEKAY BROTHERS LTD

840	PEMBE FLOUR MILLS LTD
841	PENSIONS DEPT
842	PETER MULEI & SONS LIMITED
843	PETRO OIL KENYA LIMITED
844	PHILIP KINISU
845	PHILLIPS PHARMACEUTICALS LIMITED
846	PHOENIX E A ASS CO. LTD STAFF PENSION SCH.
847	PHOENIX AVIATION LTD
848	PHOENIX COMMODITIES KENYA LIMITED
849	PHOENIX OF E A ASSURANCE COMPANY LTD
850	PHONEART SOLUTIONS LIMITED
851	PHONZ U LIKE LIMITED
852	PIONEER ASSURANCE COMPANY LIMITED
853	PIONEER HOLDINGS (AFRICA) LIMITED
854	PISU AND COMPANY LTD

855	POLLMANS TOURS AND SAFARIS LTD
856	POLYPIPES LTD
857	POLYTHENE INDUSTRIES LTD
858	POP METAL FABRICATORS & HARDWARE LIMITED
859	POWER TECHNICS LTD
860	PREMIER BAG & CORDAGE LTD
861	PREMIER FLOUR MILLS LTD
862	PREMIER FOODS
863	PREMIER SAVINGS AND FINANCE LTD
864	PRESTIGE PACKAGING LIMITED
865	PRICE WATERHOUSE
866	PRICE WATERHOUSE ASSOCIATES LIMITED
867	PRICE WATERHOUSE COOPERS
868	PRICEWATERHOUSECOOPERS SERVICES LIMITED
869	PRICEWATERHOUSECOOPERS LIMITED

870	PRIMAROSA FLOWERS LIMITED
871	PRIME BANK LTD
872	PRIME CAPITAL & CREDIT HOLDINGS LIMITED (Banking Business Sold Off To Prime Bank)
873	PRIVATE SAFARIS (E A) LTD
874	PROCTER & GAMBLE (EA) LTD
875	PROVINCIAL ADMIN (OP HQS)
876	PUBLIC PROCUREMENT OVERSIGHT AUTHORITY
877	PUBLIC SERVICE COMM
878	PUT SARAJEVO GENERAL ENGINEERING COMPANY
879	PWANI OIL PRODUCTS LTD
880	PWANI UNIVERSITY COLLEGE
881	PWC CONSULTING LTD
882	PZ CUSSENS E.A LTD
883	RAFIA BAGS (K) LTD
884	RAFIKI MILLERS LTD
885	RAI PLYWOOD (K) LTD

886	RAINMAC METAL FORWARDERS LTD
887	RAISONS TRADING COMPANY LIMITED
888	RAJESH SHAH
889	RAMJI HARIBHAI DEVANI LIMITED
890	RANFER TEAS KENYA LIMITED
891	REA VIPINGO PLANTATIONS LIMITED
892	REAL INSURANCE CO. OF E.A. LTD
893	RECKITTS BENKISER LTD
894	REDINGTON KENYA LIMITED
895	REDSKY LTD
896	REESWOOD ENTERPRISES LIMITED
897	REIME KENYA LIMITED
898	RENAISSANCE CAPITAL KENYA LIMITED
899	RENTWORKS EAST AFRICA LIMITED
900	REPSOL EXPLORATION S.A
901	RESOLUTION HEALTH EAST

	AFRICA LIMITED
902	RETIREMENT BENEFITS AUTHORITY
903	RICHARD NJOROGE
904	RIFT ENERGY KENYA LIMITED
905	RIFT VALLEY AGENCIES
906	RIFT VALLEY BOTTLERS LTD
907	RIFT VALLEY RAILWAYS
908	RIFT VALLEY TEXTILE LTD
909	RISING STAR COMMODITIES LIMITED
910	RISING SUN KENYA (EPZ) LIMITED
911	RIVA PETROLEUM DEALERS LIMITED
912	RIVERSIDE PARK LTD Dormant Operates Under Icea
913	ROHNAV INVESTMENTS LIMITED
914	ROLMIL KENYA LIMITED
915	ROYAL ENERGY K LIMITED
916	RT (EAST AFRICA) LIMITED
917	RURAL ELECTRIFICATION

	AUTHORITY
918	RWATHIA DISTRIBUTORS LIMITED
919	RYCE EAST AFRICA LIMITED
920	S S HOTELS LIMITED
921	S.S. MEHTA & SONS LTD
922	SADOLINS PAINTS (EA) LTD
923	SAFARICOM LTD
924	SAFARICOM STAFF PENSION SCHEME
925	SAFEPAK LIMITED
926	SAGEM COMMUNICATION
927	SAI OFFICE SUPPLIES LIMITED
928	SAI PHARMACEUTICALS LIMITED
929	SAJ CERAMICS LTD
930	SALARY & REMUNERATION COMMISSION
931	SAMBURU TENTED LODGE LTD
932	SAMEER AFRICA LIMITED
933	SAMEER EPZ LTD
934	SAMEER ICT LIMITED

935	SAMEER INDUSTRIAL PARK LIMITED
936	SAMEER INVESTMENTS LTD
937	SAMSUTECH CORPORATION LIMITED
938	SANDSTORM (AFRICA) LIMITED
939	SANGANA COMMODITIES KENYA LIMITED
940	SARALEE HOUSEHOLD AND BODY CARE LTD
941	SAROVA HOTELS LTD
942	SASINI TEA & COFFEE LTD
943	SAVANNAH CEMENT (EPZ) LIMITED
944	SAVINGS & LOAN KENYA LTD
945	SAVINGS & LOAN KENYA LTD (PAYE Under Kenya Commercial Bank)
946	SBI INTERNATIONAL HOLDINGS AG
947	SCANGROUP LIMITED
948	SCHENKER LIMITED

949	SCHOOL OPERATORS
950	SCOOBY ENTERPRISES LIMITED
951	SDV TRANSAMI KENYA LIMITED
952	SEAFARERS LIMITED
953	SERVTEL COMMUNICATIONS LIMITED
954	SEVEN FOUR EIGHT AIR SERVICES (K) LIMITED
955	SEYANI BROTHERS & COMPANY (KENYA) LIMITED
956	SHABA LODGES LTD
957	SHAH KANJI LALJI & SONS (K) LTD
958	SHEL LUBRICANTS KENYA LTD
959	SHELL & BP (MAILINDI) LTD
960	SHELL & BP SERVICES LTD
961	SHELL BITUMEN EAST AFRICA LIMITED
962	SHELL CHEMICALS
963	SHELAYS AFRICA LIMITED
964	SHIELD ASSURANCE COMPANY LIMITED

965	SHIVA MOMBASA LTD
966	SHREEJI ENTERPRISE (K) LTD
967	SIEMENS LIMITED
968	SILVER HOLDINGS LTD
969	SIMBA COLT MOTORS LTD
970	SIMBA TELECOM LIMITED
971	SIMLAW SEEDS CO LTD
972	SINOHYDRO CORPORATION LIMITED
973	SITIMA ENTERPRISES LIMITED
974	SOCFINAF COMPANY LTD
975	SOGEA SATOM KENYA BRANCH
976	Sohi-Gas Dodori
977	SOJPAR LIMITED
978	SOLITON TELMEC LIMITED
979	SOLVOCHEM(Prev. Shell Chem)
980	SOMKEN PETROLEUM COMPANY LIMITED
981	SOMOCHEM (KENYA) LIMITED
982	SONY HOLDINGS LIMITED

983	SOTIK HIGHLANDS TEA ESTATES LTD
984	SOTIK TEA CO LTD
985	SOUTH NYANZA SUGAR CO LTD
986	SOUTHERN CREDIT BANKING CORPORATION LIMITED
987	SPECTER INTERNATIONAL LTD
988	SPENCON (K) LTD
989	SPIN KNIT DAIRY LIMITED
990	SPIN KNIT LIMITED
991	SPINNERS & SPINNERS LTD
992	STAGE MATTRESSES LIMITED
993	STANDARD ASSURANCE KENYA LIMITED
994	STANDARD CHARTERED BANK (K) LTD
995	STANSAND (AFRICA) LTD
996	STARFREIGHT LTD
997	STATE HOUSE
998	STEEL AFRICA LIMITED

999	STEEL CENTRE LTD
1000	STEEL MAKERS LTD
1001	STEEL STRUCTURES LTD
1002	STERLING DEVELOPERS LIMITED Dormant
1003	STERLING SECURITIES LIMITED
1004	STRABAG BAU AG Dormant
1005	STRABAG INTERNATIONAL GMBH
1006	STRATEGIC MOBILE LIMITED
1007	SUERA FLOWERS LTD
1008	SUMARIA GROUP KENYA LTD
1009	SUMARIA INDUSTRIES LTD
1010	SUMMER DISTRIBUTORS LIMITED
1011	SUMMER LIMITED
1012	SUMMER MERCHANDISE LIMITED
1013	SUNFLAG TEXTILE & KNITWEAR MILLS LTD
1014	SUNMATT LIMITED
1015	SUNRIPE (1976) LTD
1016	SUPAFLO FLOUR MILLS LIMITED

1017	SUPER FOAM LTD
1018	SUPERIOR FONE LIMITED
1019	SURGIPHARM LIMITED
1020	SWAN INDUSTRIES LTD
1021	SWAN MILLERS LTD (MMM KSM)
1022	SWIFT TRUCKERS LIMITED
1023	SYMPHONY
1024	SYNGENTA EAST AFRICA LIMITED
1025	SYSTEMS APPLICATIONS PRODUCTS (SOUTH AFRICA) PROPRIETARY LTD
1026	TAFAKUL INSURANCE OF AFRICA LTD
1027	TAISEI KABUSHIKI KAISHA
1028	TALEK LTD
1029	TAMARIND MANAGEMENT LIMITED
1030	TARMAL WIRE PRODUCTS LIMITED
1031	TATA AFRICA HOLDINGS (KENYA) LTD

<i>1032</i>	TAUSI ASSURANCE CO LIMITED
<i>1033</i>	TAYLOR WINCH COFFEE LTD
<i>1034</i>	TEACHERS SERVICE COMMISSION
<i>1035</i>	TECAFLEX LTD
<i>1036</i>	TECHNO RELIEF SERVICES LIMITED
<i>1037</i>	TELEPOSTA PENSION SCHEME
<i>1038</i>	TELKOM (K) LTD
<i>1039</i>	TETRA PAK (K) LIMITED
<i>1040</i>	TETRA PAK LIMITED
<i>1041</i>	TEXPLAST INDUSTRIES LIMITED
<i>1042</i>	TEXT BOOK CENTRE LTD
<i>1043</i>	THE ARK LIMITED
<i>1044</i>	THE CONSERVATION CORPORATION EAST AFRICA HOLDINGS LIMITED
<i>1045</i>	THE COOPERATIVE BANK OF KENYA LIMITED
<i>1046</i>	THE HERITAGE A I I INSURANCE COMPANY LTD
<i>1047</i>	THE HONG KONG SHANGHAI

	BANKING CORPORATION (HSBC)
<i>1048</i>	THE JUBILEE INS. CO. OF KENYA LTD.
<i>1049</i>	THE KENYAN ALLIANCE INSURANCE CO LTD
<i>1050</i>	THE MOMBASA POLYTECHNIC UNIVERSITY COLLEGE
<i>1051</i>	THE MONARCH INSURANCE CO LTD
<i>1052</i>	THE NATIONAL COHESION AND INTEGRATION COMMISSION
<i>1053</i>	THE NATIONAL CONSTRUCTION AUTHORITY
<i>1054</i>	THE STANDARD LIMITED
<i>1055</i>	THE TRANSITION AUTHORITY
<i>1056</i>	THE WRIGLEY CO (E A) LTD
<i>1057</i>	THIKA COFFEE MILLS LIMITED
<i>1058</i>	TILE AND CARPET CENTRE LIMITED
<i>1059</i>	TIMSALES LTD
<i>1060</i>	TONONOKA HARDWARE LTD Operates As Tononoka Steels

<i>1061</i>	TONONOKA STEELS LTD
<i>1062</i>	TOTAL (K) LTD
<i>1063</i>	TOTAL E & P KENYA BV
<i>1064</i>	TOTAL KENYA SA
<i>1065</i>	TOTAL TOUCH CARGO LIMITED
<i>1066</i>	TOURISM PROMOTION SERVICES LIMITED
<i>1067</i>	TOWFIQ DISTRIBUTORS & WHOLESALERS
<i>1068</i>	TOWFIQ KENYA LIMITED
<i>1069</i>	TOYOTA EAST AFRICA LIMITED
<i>1070</i>	TPS HOLDINGS LIMITED
<i>1071</i>	TPS MANAGEMENT LTD
<i>1072</i>	TRADE BUREAU DECHANGE LIMITED
<i>1073</i>	TRANS CENTURY LIMITED
<i>1074</i>	TRANS NATIONAL BANK LIMITED
<i>1075</i>	TRANSAFRICA MOTORS LIMITED
<i>1076</i>	TRANSCHEM PHARMACEUTICALS LIMITED

<i>1077</i>	TRANSPARES KENYA LIMITED
<i>1078</i>	TRAVEL CREATIONS LIMITED
<i>1079</i>	TREADSETTERS TYRES LTD
<i>1080</i>	TRIAD ENERGY LIMITED
<i>1081</i>	TRICOM TECHNOLOGIES LIMITED
<i>1082</i>	TRIDAH ENTERPRISES LIMITED
<i>1083</i>	TRIDENT INSURANCE CO LTD
<i>1084</i>	TRIDENT INSURANCE CO LTD PENSION FUND
<i>1085</i>	TRINITY LIFE ASSURANCE CO LTD
<i>1086</i>	TRIPAC CHEMICAL INSUSTRIES LTD
<i>1087</i>	TRIPLE EIGHT CONSTRUCTION (KENYA) LIMITED
<i>1088</i>	TRITON BULK STORAGE CO. LTD
<i>1089</i>	TRITON GAS STATIONS LTD
<i>1090</i>	TRITON PETRLEUM COMPANY LIMITED
<i>1091</i>	TRUFOODS LTD
<i>1092</i>	TSAVO POWER COMPANY LIMITED

<i>1093</i>	TUFFSTEEL LIMITED
<i>1094</i>	Tullow Kenya BV Company
<i>1095</i>	TURNKANA DRILLING CONSORTIUM
<i>1096</i>	TUSKER MATTRESSES LTD
<i>1097</i>	TWIGA CHEMICAL INDUSTRIES LTD
<i>1098</i>	TWIGA STATIONERS & PRINTERS LTD
<i>1099</i>	UAP LIFE ASSUARANCE LIMITED
<i>1100</i>	UAP PROVINCIAL INSURANCE CO. LTD
<i>1101</i>	UBA KENYA BANK LIMITED
<i>1102</i>	UCHUMI SUPERMARKET LTD
<i>1103</i>	UDV KENYA LTD
<i>1104</i>	UKWALA SUPERMARKET KISUMU LTD
<i>1105</i>	UKWALA SUPERMARKET LIMITED
<i>1106</i>	UMOJA RUBBER PRODUCTS LIMITED
<i>1107</i>	UMOJA VENTURES LTD

<i>1108</i>	UNEECO PAPER PRODUCTS LTD
<i>1109</i>	UNGA FARM CARE (EA) LIMITED
<i>1110</i>	UNGA GROUP LTD
<i>1111</i>	UNGA LTD
<i>1112</i>	UNILEVER KENYA LTD
<i>1113</i>	UNILEVER TEA KENYA LIMITED
<i>1114</i>	UNION LOGISTICS LIMITED
<i>1115</i>	UNITED MILLERS LTD
<i>1116</i>	UNITED TEA COMPANY LIMITED
<i>1117</i>	UNIVERSAL PAPER PRODUCTS LIMITED
<i>1118</i>	UNIVERSITY OF NAIROBI
<i>1119</i>	UNIVERSITY OF NAIROBI ENTERPRISES
<i>1120</i>	USHINDI EXPORTS LIMITED
<i>1121</i>	UZURI FOODS LTD
<i>1122</i>	VAJAS MANUFACTURERS LTD
<i>1123</i>	VAN REES B V
<i>1124</i>	VANGOLD RESOURCES
<i>1125</i>	Vanoil (K) Ltd

1126	VEEW DISTRIBUTORS LIMITED
1127	VEGPRO KENYA LIMITED
1128	VICTORIA COMMERCIAL BANK LIMITED
1129	VISA CEMEA HOLDINGS LIMITED
1130	VITAFOAM PRODUCTS LTD
1131	VODAFONE KENYA LIMITED
1132	W E TILLEY MUTHAIGA LIMITED
1133	WAMUTI DISTRIBUTORS LIMITED
1134	WANANCHI MARINE PRODUCTS KENYA LTD
1135	WARTSILA EASTERN AFRICA LIMITED
1136	WEBB COMMUNICATIONS LIMITED
1137	WELLS FARGO LIMITED
1138	WEST KENYA SUGAR COMPANY LIMITED
1139	WESTCON AFRICA (KENYA) LIMITED
1140	WESTERN COLLEGE OF ARTS AND APPLIED SCIENCES

1141	WESTHOUSE TOBACCO KENYA LTD
1142	WHITE TRADING COMPANY LIMITED
1143	WHITESANDS
1144	WILHAM KENYA LTD
1145	WINES OF THE WORLD
1146	WIRE TEL (K) LIMITED
1147	WOMEN ENTERPRISE FUND
1148	WOOLMATT LIMITED
1149	WU YI (K) LTD Dormant -Activated And In LTO
1150	XPLICCO INSURANCE COMPANY
1151	YARA EAST AFRICA LIMITED
1152	YH WHOESLERS
1153	YOGI SUPPLIES LTD
1154	YOUNG AND RUBICAM BRANDS LIMITED
1155	ZARARA OIL & GAS LTD

