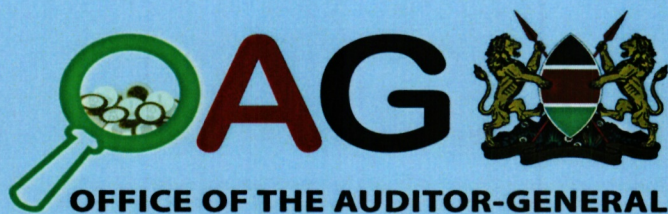


REPUBLIC OF KENYA



Enhancing Accountability

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REPORT

OF

THE AUDITOR-GENERAL

ON

**KIRINYAGA COUNTY ASSEMBLY CAR
LOAN FUND**

**FOR THE YEAR ENDED
30 JUNE, 2020**



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KIRINYAGA COUNTY ASSEMBLY

CAR LOAN FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2020**

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

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**KIRINYAGA COUNTY ASSEMBLY CAR LOAN FUND
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

Kirinyaga County Assembly Car Loan Fund is established by and derives its authority and accountability Section 15 (1) (d) of the Public Finance Management (Kirinyaga County Car Loan (Members) Scheme Fund Regulations, 2014. The Fund is wholly owned by the County Assembly of Kirinyaga and is domiciled in Kenya.

The fund's objective is to offer car loan to its members.

b) Principal Activities

The principal activity/mission/ mandate of the Fund are to gives car loan.

c) Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	County Assembly Service Board	Members
2	Office Of Speaker	Speaker
3	Office Of Clerk	Clerk
4		
5		

d) Key Management

Ref	Name	Position
1	Kamau Aidi	Fund Administrator -Clerk
2	Cpa Michael Munene Njogu	Fund Accountant-Director Fin & Account
3		
4		
5		

**KIRINYAGA COUNTY ASSEMBLY CAR LOAN FUND
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

e) Registered Offices

P.O. Box 55-10300
Kirinyaga County Assembly
Along Kutus-Karatina road
Kerugoya- Kenya

f) Fund Contacts

Telephone: (060) 06021800
E-mail: kirinyagacountyassembly@gmail.com
Website: kirinyaga.go.ke

g) Fund Bankers

Fortune Sacco Ltd
P.O Box 559 – 10300
Kerugoya

h) Independent Auditors

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

i) Principal Legal Adviser

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



**KIRINYAGA COUNTY ASSEMBLY CAR LOAN FUND
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

2. THE BOARD OF DIRECTORS

Fund has management team.

**KIRINYAGA COUNTY ASSEMBLY CAR LOAN FUND
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

3. MANAGEMENT TEAM

Name	Details of qualifications and experience
<p>1. </p>	<p>Mr. Kamau Aidi is the Clerk of the County Assembly. He possesses a Master's Degree in Management and Organizational Development from the United States International University (USIU), and Bachelor's Degree in Education. Mr. Aidi, an expert in pedagogy, governance and strategic management, has a wealth of experience spanning over 20 years gained from multi-sectoral fields.</p>
<p>2. </p>	<p>Mr. Michael Munene Njogu is the Director Finance and Accounting. He possesses a Master of Science in Finance and Economics from KCA university and a Bachelor of Commerce; Finance from the same university. He is also Certified Public Accountant (CPAK) and a member of ICPAK, member no: 8031 Mr. Munene is an expert in financial management and reporting, budgeting, accounting, other financial matters and wealthy experiences spanning over 20 years in financial matters.</p>

**KIRINYAGA COUNTY ASSEMBLY CAR LOAN FUND
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

4. CHAIRMAN'S STATEMENT

The Administrator submit their report together with the audited financial statements for the year ended June 30, 2020 which show the state of the County Assembly of Kirinyaga Car Loan Fund affairs.

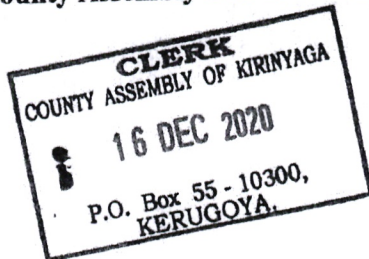
Results

During the financial year ending June 30, 2020, the Fund made a Surplus of Kshs. 1,347,870 from its operation as indicated in the statement of financial performance. The outstanding principle amount at the close of financial year stood at Kshs.77,902,108. Further, Kshs. 3,242,466 had been repaid during the same period. This comprised of both Principle and Interest.

Am glad therefore to forward the financial statement in respect of Kirinyaga County Assembly Car Loan Scheme Fund for Financial year 2019/2020 to the Office of Auditor General, CEC-Finance, Controller of Budget and The Commission on Revenue Allocation for necessary action.

Sign.......... Date.....

Kamau Aidi
Clerk to County Assembly-FUND ADMINISTRATOR/CHAIRMAN



5. REPORT OF THE FUND ADMINISTRATOR

Kirinyaga County Assembly Car loan fund was established to perform among others carrying out the functions of the directorate which are broad, and giving loan schemes that is, car loans schemes to its members. The Fund caters for county assembly state and public officers who are either on permanent employment or on contract for a period of three years or more.

During 2019/2020 financial year the Kirinyaga Assembly Car Loan Fund recorded an average number of borrowers and it operated with interest received from car loans. However, the fund had the following challenges;

- The County Government is new set of Public Management which has never been practised anywhere in the world, this caused lack of previous experiences and reference to refer to in times of uncertainties. There were no existing structures to operate from and the devolved units together with former Local Authorities never had a transitional platform.
- The delay in disbursements of funds to County Assemblies by the County government has persisted since inception. The Kirinyaga County Assembly Car Loan Fund therefore had limited resources, hurting timely implementation of the budget during the period under review.

Further the fund management will engage the county Assembly committee in charge of department with an aim of conveying clear information regarding the functions of the Kirinyaga County Assembly Car Loan fund with an aim of having more allocation for the fund.

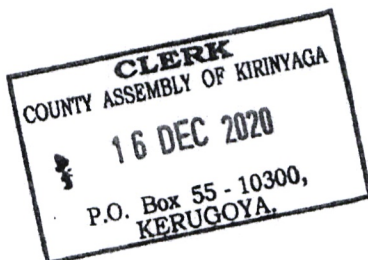
CONCLUSION

The fund has great potential to provide services to its members hence this can only be achieved if adequate funding is provided. I would also like to thank the officers from the National Treasury, the Office of the Controller of Budget, the Commission on Revenue Allocation and Office of the Auditor General for the advice and guidance.

Signed: _____

Name: Kamau Aidi

Fund Administrator



**KIRINYAGA COUNTY ASSEMBLY CAR LOAN FUND
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

**6. STATEMENT OF PERFORMANCE AGAINST KIRINYAGA ASSEMBLY CAR LOAN
FUND PREDETERMINED OBJECTIVES**

Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each County Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity's performance against predetermined objectives.

Key objectives

The key objectives of the Kirinyaga County Assembly Car Loan Fund are to:

1. To provide a loan scheme for purchase of vehicles by staff and members of county assembly
2. Raise funds for the implementation of the above stated objectives

7. CORPORATE GOVERNANCE STATEMENT

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each County Government Entity Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity's performance against predetermined objectives.

The key mandate of the Kirinyaga County Assembly Car Loan Fund is to provide loan scheme for members of the scheme and refinancing loan schemes. To achieve this, the fund program is to document in terms of objective, key performance indicators, and output, to enable members and staffs to grow in the Assembly has being giving Car Loan to them.

**KIRINYAGA COUNTY ASSEMBLY CAR LOAN FUND
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

8. REPORT OF THE TRUSTEES

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2020 which show the state of the Fund affairs.

Principal activities

The principal activities of the Fund are set on page iii.

Results

The results of the Fund for the year ended June 30, 2020 are set out on page 1.

Trustees

The members of the Board of Trustees who served during the year are shown on page iii

9. MANAGEMENT DISCUSSION AND ANALYSIS

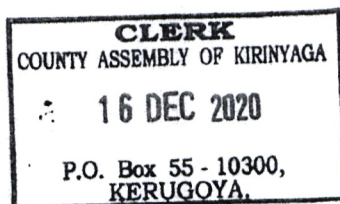
During the financial year ending 30th June, 2020, the Fund made a Surplus of Kshs. 1,347,870 from its operation as indicated in the statement of financial performance.

The outstanding principle amount at the close of financial year stood at Kshs 77,902,108. Further, Kshs, 3,242,466 had been repaid during the same period. This comprised of both Principle and Interest .

We are glad therefore to forward the financial statement in respect of Kirinyaga Assembly Car Loan Fund for Financial year 2019/2020 to the Office of Auditor General, CEC-Finance, Controller of Budget and The Commission on Revenue Allocation for necessary action.

Sign:.......... Date:.....

Kamau Aidi
Clerk to County Assembly-FUND ADMINISTRATOR



10. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

As management of Kirinyaga County Assembly Car Loan Fund understand that we have a responsibility to our society and we have made Corporate Social Responsibility as an integral part of our organization's culture. Though our Corporate Social Responsibility Programme (CSR), the Kirinyaga County Assembly Car Loan Fund works with employees and other stakeholders to identify areas that need participation and attention. As an institution, we are responsible for the community and environment in which we operate

1. Sustainability strategy and profile -

The CSR activities and policies are centered on improving the lives of the communities around given that one of our core responsibilities is representation of the people at the County Assembly level. We have developed our CSR programs with our employees in mind and we strive to focus our energies and resources allocated to CSR to activities that make our employees proud. We are very adaptive to the need of our communities and strive to ensure that we remain relevant and connect to the needs of our communities.

The Kirinyaga County Assembly County Car Loan Fund's CSR policy aims to meet and exceed the needs of our stakeholders such as, employees, Members of the County Assembly, suppliers and the community at large.

Our CSR programs are funded from resources allocated by the exchequer and before we engage in CSR we ensure that our financial performance is capable of sustaining such initiatives. The Kirinyaga County Assembly Car Loan Fund commits a substantial amount from its annual budgets to CSR activities.

2. Environmental performance

We are actively involved in environmental conservation programmes. We are aware that our some of activities impact on the environment and for this reason we embedded CSR in our operations, with the environment being at the center of our focus.

Together with the Ministry of Environment and other partners the Kirinyaga County Assembly Car Loan Fund has embraced the national tree planting campaign. This is part of our contribution to ensuring improved forest cover and biodiversity in our areas of work and our surroundings.

The Kirinyaga County Assembly Car Loan Fund also worked with and other organizations to lead and sustain environmental clean-ups in the major towns within the county and to promote the use of alternatives to plastics.

We have further taken advantage of the latest technologies like the use of tablets, computers and smart phones to store and share our files to save on printing paper.

The Kirinyaga County Assembly Car Loan Fund has also set the practice to strictly adhere to the laws and policies guiding the disposal and management of waste within the assembly precincts.

3. Employee welfare

The Kirinyaga County Assembly Car Loan as a practice treats all its employees fairly and provides for a safe and conducive working environment. There is strict adherence to the public service code of conduct and professional standards guiding operations in public service. We actively encourage participation of CSR activities so that employees can volunteer their time and skills towards community service as well as contribute to develop a strategy for CSR initiatives for better outcomes in the community.

Hiring of staff is on merit with strict adherence to fair competition and merit as the basis of appointment and promotion within the County Assembly. We have managed also put in place measures to achieve the 2/3 gender principal and have attained a 50:50 ratios in terms of gender for our employees.

We do encourage our employees to develop their abilities and improve their skills and competencies by facilitating career planning through guidance, training, and mentorship and coaching programmes. Career progression is based on performance, qualifications and other requirements as provided in the public service guidelines career progression guidelines

The safety and welfare of our employees is guaranteed with measures to be undertaken by both the management of the Kirinyaga County Assembly Car Loan Fund and the employees provided for in our Human Resources Manual. We also have a Health and Safety Committee in place to ensure the management complies with the provisions of the Health and Safety Act, 2007 and to advise on the adequacy of the safety measures undertaken by the management.

4. Market place practices-

The procurement process in the Kirinyaga County Assembly Car Loan Fund is regulated by the Public Procurement and Disposal Act, 2015

We have also adopted best practices to provide ample room for the implementation of sustainable procurement practices and innovation. These include supplier integration, supplier accreditation, training and capacity building, and information sharing. Through these the Kirinyaga County Assembly Car Loan has not only met its target but also reduced procurement costs in the process.

We have also put in place measures to avoid disadvantaging small and medium sized enterprises. Professionalism, integrity, efficiency, fairness and honesty are at the core of all our procurement processes. We have in place a structured supplier assessment process designed to effectively evaluate the capabilities of potential and existing suppliers.

**KIRINYAGA COUNTY ASSEMBLY CAR LOAN FUND
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

5. Community Engagements-

We are keen to implement corporate social responsibility initiatives that help strengthen partnerships with our partners and with local communities

The Kirinyaga County Assembly Car Loan Fund has constantly participated in programs aimed at supporting the healthcare of the communities by partnering with the Rotary Club of Kirinyaga to undertake a free medical camp on annual basis.

We are also actively involved in the promotion of sports talents amongst the youth through our participation and sponsorships to various sports ventures. For the third year running the Count Assembly has been a proud sponsor of the Kerugoya Spikers ladies volley ball team.

We do also conduct school outreach programs and encourage student visits to the Kirinyaga County Car Loan Fund as part of our efforts to promote education.

11. STATEMENT OF MANAGEMENT RESPONSIBILITIES

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a Kirinyaga County Assembly Car Loan Fund shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the Kirinyaga County Assembly Car Loan Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

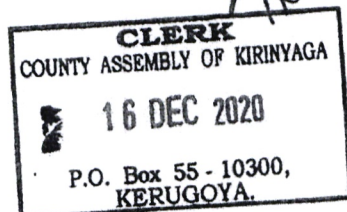
The Administrator of the Kirinyaga County Assembly Car Loan Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2020, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the Kirinyaga County Assembly Car Loan Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

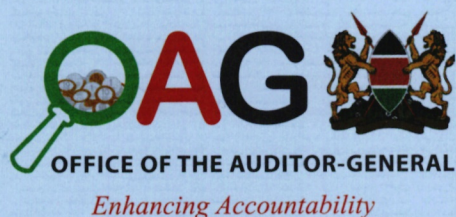
The Assembly's financial statements were approved and signed by the Clerk of the County Assembly on **September 1st, 2020.**

Fund Administrator-Clerk of the County Assembly



REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



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Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KIRINYAGA COUNTY ASSEMBLY CAR LOAN FUND FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Kirinyaga County Assembly Car Loan Fund set out on pages 1 to 24, which comprise the statement of financial position as at 30 June, 2020, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of Kirinyaga County Assembly Car Loan Fund as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accruals Basis) and do not comply with the Public Finance Management Act, 2012, Public Finance Management (The Kirinyaga County Assembly Car Loan (Members) Scheme Fund) Amendment Regulations, 2017 and The Public Finance Management (Kirinyaga County Assembly Car Loan (Staff) Scheme Fund) Regulations, 2016.

Basis for Adverse Opinion

1.0 Accuracy of the Financial Statements

1.1 Statement of Changes in Net Assets

The statement of changes in net assets for the year ended 30 June, 2020 reflects nil balance in respect to accumulated surplus as at 1 July, 2019. A review of 2018/2019 financial statements revealed that the Fund prepared a combined financial statement for Kirinyaga County Assembly Car Loan and Mortgage Fund which reflected Kshs.97,908,830 on the same item.

It has further been noted that the Fund prepared separate financial statements for Kirinyaga County Assembly Mortgage Fund and Kirinyaga County Assembly Car Loan Fund in the year under review. However, no explanation was provided on how the Kshs.97,908,830 was apportioned between the two Funds which previously had one financial statement.

In addition, the statement of changes in net assets reflects Kshs.1,347,870 in respect to total balance as at 30 June, 2020. However, a re-cast of the balances reflect Kshs.82,492,444 in respect to the same item resulting to unexplained variance of Kshs.81,144,574.

In the circumstances, the accuracy of the statement of changes in net assets for the year under review could not be confirmed.

1.2 Statement of Financial Position

The statement of financial position as at 30 June, 2020 reflects Kshs.81,144,574 in respect to revolving fund which relates to accumulated funds received from the County Assembly as at 30 June, 2020. However, supporting documents including ledgers and apportionment schedules between the two Funds were not provided for audit review.

In the circumstances, the accuracy of the Kshs.81,144,574 in the statement of financial position as at 30 June, 2020 could not be confirmed.

1.3 Inaccuracy of Prior Year Comparative Balances

The Fund's financial statements for the year ended 30 June, 2020 reflects nil comparative balances. The Management prepared separate financial statements in the year under review for Kirinyaga County Assembly Car Loan Fund and Kirinyaga County Assembly Mortgage Fund. The two were previously prepared as a combined Fund. However, all the 2018/2019 comparative balances are reflected in the Kirinyaga County Assembly Mortgage Fund while the financial statements for Kirinyaga County Assembly Car Loan for the year under review reflects nil balances. No explanation on how the same was arrived at or why the comparative balances were not apportioned between the two separate financial statements.

In the circumstances, the validity and accuracy of the 2019/2020 nil comparative balances could not be confirmed.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Adverse Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

1.0 Budgetary Control and Performance

1.1 Receipt Analysis

The statement of comparison of budget and actual amounts for the year ended 30 June, 2020 reflects budgeted receipts of Kshs.1,500,000 and actual receipts of Kshs.1,348,230 resulting to a receipt budget shortfall of Kshs.151,770 which is equivalent to services planned but not delivered to the members of the Kirinyaga County Assembly Car Loan Fund.

1.2 Expenditure Analysis

The statement of comparison of budget and actual amounts for the year ended 30 June, 2020 reflects a budgeted expenditure of Kshs.1,500,000 and actual expenditure of Kshs.360 on Fund administration resulting to an under-expenditure of Kshs.1,499,640 which is equivalent to services planned but not delivered to the members of the Kirinyaga County Assembly Car Loan Fund.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, based on the audit procedures performed, I confirm that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Kirinyaga County Assembly Car Loan Fund's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to liquidate the County Assembly Car Loan Fund or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


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

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

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

02 February, 2022

**KIRINYAGA COUNTY ASSEMBLY CAR LOAN FUND
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

13. FINANCIAL STATEMENTS

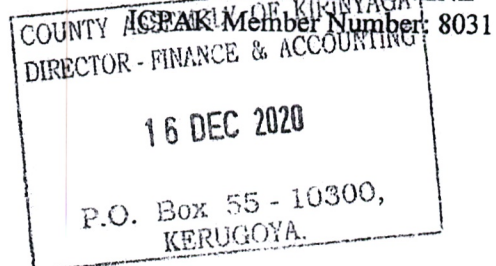
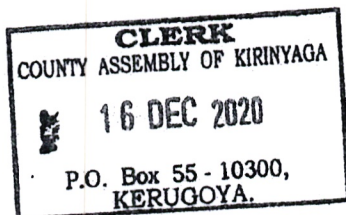
**13.1 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30
JUNE 2020**

	Note	FY 2019/2020	FY 2018/2019
		KSh.	KSh.
Revenue from non-exchange transactions			
Public contributions and donations	1	0.00	0.00
Transfers from the County Government	2	0.00	0.00
Fines, penalties and other levies	3	0.00	0.00
Revenue from exchange transactions			
Interest income	4	1,348,230	0.00
Other income	5	0.00	0.00
Total revenue		1,348,230	0.00
Expenses			
Fund administration expenses	6	360	0.00
Staff Costs	7	0.00	0.00
General expenses-Disbursements	8	0.00	0.00
Finance costs	9	0.00	0.00
Total expenses		360	0.00
Other gains/losses			0.00
Gain/loss on disposal of assets	11	0.00	0.00
Surplus/(deficit) for the period		1,347,870	0.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 1st September, 2020 and signed by:

Administrator of the Fund-Clerk
Name: KAMAU AIDI

Fund Accountant
Name: MICHAEL MUNENE



KIRINYAGA COUNTY ASSEMBLY CAR LOAN FUND
Reports and Financial Statements
For the year ended June 30, 2020

13.2 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	KY 2019/2020	KY 2018/2019
Assets			
Current assets			
Cash and cash equivalents	10	4,590,336	0.00
Current portion of long term receivables from exchange transactions-unpaid interest income	12	1,603,464	0.00
Prepayments	13	0.00	0.00
Inventories	14	0.00	0.00
		6,193,800	0.00
Non-current assets			
Property, plant and equipment	15	0.00	0.00
Intangible assets	16	0.00	0.00
Long term receivables from exchange transactions-net off interest	12	76,298,644	0.00
Total assets		82,492,444	0.00
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	17	0.00	0.00
Provisions	18	0.00	0.00
Employee benefit obligations	20	0.00	0.00
Non-current liabilities			
Non-current employee benefit obligation	20	0.00	0.00
Long term portion of borrowings	19	0.00	0.00
Total liabilities			
Net assets		82,492,444	0.00
Revolving Fund	22	81,144,574	0.00
Reserves			0.00
Accumulated surplus	22	1,347,870	0.00
Total net assets and liabilities		82,492,444	0.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 1st September, 2020 and signed by:

Administrator of the Fund-Clerk
 Name: KAMAU AJDI

CLERK
 COUNTY ASSEMBLY OF KIRINYAGA
 16 DEC 2020
 P.O. Box 55 - 10300,
 KERUGOYA.

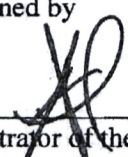
Fund Accountant
 NAME: CRA MICHAEL MUNENE, ICPAK MEMBER, NO.8031
 COUNTY ASSEMBLY OF KIRINYAGA
 DIRECTOR - FINANCE & ACCOUNTING
 2 16 DEC 2020
 P.O. Box 55 - 10300,
 KERUGOYA.


**KIRINYAGA COUNTY ASSEMBLY CAR LOAN FUND
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

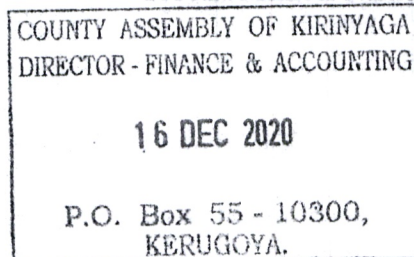
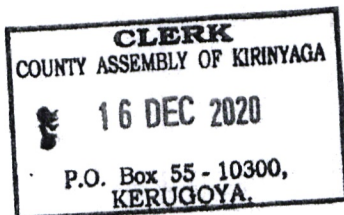
13.3 STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2020

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
Balance as at 1 July 2018	0.00	0.00	0.00	0.00
Surplus/(deficit) for the period	-	-	0.00	0.00
Funds received during the year	0.00	-	0.00	0.00
Revaluation gain	-	0.00	0.00	0.00
Balance as at 30 June 2019	0.00	0.00	0.00	0.00
Balance as at 1 July 2019	0.00	0.00	0.00	0.00
Surplus/(deficit) for the period	0.00	0.00	1,347,870	1,347,870
Funds received during the year	81,144,574	-	0.00	0.00
Revaluation gain	-	0.00	0.00	0.00
Balance as at 30 June 2020	81,144,574	0.00	1,347,870	1,347,870

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on and 1st September, 2020 signed by


Administrator of the Fund-Clerk
Name: KAMAU AIDI


Fund Accountant
Name: MICHAEL MUNENE
ICPAK Member Number: 8031



**KIRINYAGA COUNTY ASSEMBLY CAR LOAN FUND
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

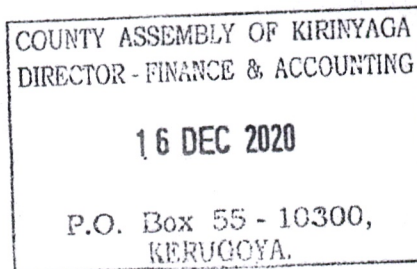
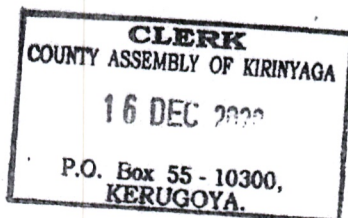
13.4 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Note	FY2019/2020	FY2018/2019
		KSh.	KSh.
Cash flows from operating activities			
Receipts			
Public contributions and donations		0.00	0.00
Transfers from the County Government		0.00	0.00
Interest received	4	1,348,230	0.00
Receipts from other operating activities		0.00	0.00
Total Receipts		1,348,230	0.00
Payments			
Fund administration expenses	6	(360)	0.00
General expenses		0.00	0.00
Finance cost		0.00	0.00
Total Payments		(360)	0.00
Net cash flows from operating activities		1,347,870	0.00
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		0.00	0.00
Proceeds from sale of property, plant and equipment		0.00	0.00
loan repayments	19	3,242,466	0.00
Loan disbursements	19	0.00	0.00
Net cash flows used in investing activities		3,242,466	0.00
Cash flows from financing activities			
Proceeds from revolving fund receipts		0.00	0.00
Additional borrowings		0.00	0.00
Repayment of borrowings		0.00	0.00
Net cash flows used in financing activities		0.00	0.00
Net increase/(decrease) in cash and cash equivalents		4,590,336	0.00
Cash and cash equivalents at 1 JULY 2019		0.00	0.00
Cash and cash equivalents at 30 JUNE 2020	10	4,590,336	0.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 1st September, 2020 and signed by

Administrator of the Fund-Clerk
Name: KAMATI ANDI

Fund Accountant
Name: MICHAEL MUNENE M.NO 8031



**KIRINYAGA COUNTY ASSEMBLY CAR LOAN FUND
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

**13.5 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE
YEAR ENDED 30 JUNE 2020**

	Original Budget 2020	Adjusted Budget 2020	Final Budget 2020	Actual on comparable 2020	Performance Difference 2020	% Utilization 2020
Revenue	KShs	KShs	KShs	KShs	KShs	
Public contributions and donations	0.00	0.00	0.00	0.00	0.00	0.00
Transfers from County Govt.	0.00	0.00	0.00	0.00	0.00	0.00
Interest income	1,500,000	0.00	1,500,000	1,348,230	151,770	10.12
Other income-repayments	0.00	0.00	0.00	0.00	0.00	0.00
Total income	1,500,000	0.00	1,500,000	1,348,230	151,770	10.12
Expenses						
Fund administration expenses	1,000	0.00	1,000	360	640	64
General expenses	0.00	0.00	1,499,000	0.00	1,499,000	0.00
Finance cost	0.00	0.00	0.00	0.00	0.00	0.00
Total expenditure	1,000	0.00	1,500,000	360	1,499,640	99.98
Surplus for the period	1,499,000	0.00	0.00	1,347,870	(1,347,870)	

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 1st September, 2020 and signed by:-

Administrator of the Fund-Clerk
Name: KAMAU AIDI

CLERK
COUNTY ASSEMBLY OF KIRINYAGA
16 DEC 2020
P.O. Box 55 - 10300,
KERUGOYA.

Fund Accountant
Name: MICHAEL MUNENE
ICPAK Member Number: 8031

COUNTY ASSEMBLY OF KIRINYAGA
DIRECTOR - FINANCE & ACCOUNTING
16 DEC 2020
P.O. Box 55 - 10300,
KERUGOYA.

13.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1) Statement of compliance and basis of preparation

The Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

2) Adoption of new and revised standards

a) Relevant new standards and amendments to published standards effective for the year ended 30 June 2020

Standard	Effective date and impact:
IPSAS 39: Employee Benefits	Applicable: 1st January 2019 The objective to issue IPSAS 39 was to create convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to the amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach.

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

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

c) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2019.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

ii) Revenue from exchange transactions

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

4) Budget information

The original budget for FY 2019/2020 was approved by the County Assembly on June, 2019. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

6) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

7) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or a entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or a entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

9) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

The Entity does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingent assets

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

10) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. Entity to state the reserves maintained and appropriate policies adopted.

11) Changes in accounting policies and estimates

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

12) Employee benefits – Retirement benefit plans

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

13) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

14) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

15) Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

16) Cash and cash equivalents

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

17) Comparative figures

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

18) Events after the reporting period

There were no material adjusting and non-adjusting events after the reporting period.

19) Ultimate and Holding Entity

The entity is a Fund established by county assembly car loan and Act under the CEC finance.

20) Currency

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

21) Significant judgments and sources of estimation uncertainty

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

State all judgements, estimates and assumptions made: e.g

Estimates and assumptions – The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

(Include provisions applicable for your organisation e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions)

**KIRINYAGA COUNTY ASSEMBLY CAR LOAN FUND
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020.**

13.7 NOTES TO THE FINANCIAL STATEMENTS

1) Public contributions and donations

Description	FY2019/2020	FY2018/2019
	KShs	KShs
Donation from development partners	0.00	0.00
Contributions from the public	0.00	0.00
Total	0.00	0.00

2) Transfers from County Government

Description	FY2019/2020	FY2018/2019
	KShs	KShs
Transfers from County Govt. – operations	0.00	0.00
Payments by County on behalf of the entity	0.00	0.00
Total	0.00	0.00

3) Fines, penalties and other levies

Description	FY2019/2020	FY2018/2019
	KShs	KShs
Late payment penalties	0.00	0.00
Fines	0.00	0.00
Total	0.00	0.00

4) Interest income

Description	FY2019/2020	FY2018/2019
	KShs	KShs
Interest income from loans(car loans	1,348,230	0.00
Total interest income	1,348,230	0.00

5) Other income

Description	FY2019/2020	FY2018/2019
	KShs	KShs
Insurance recoveries	0.00	0.00
Income from sale of tender documents	0.00	0.00
Loan repayments	0.00	0.00
Total other income	0.00	

**KIRINYAGA COUNTY ASSEMBLY CAR LOAN FUND
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020.**

6) Fund administration expenses

Description	FY2019/2020	FY2018/2019
	KShs	KShs
Staff costs (Note 7)	0.00	0.00
Loan processing costs	360	0.00
Professional services costs	0	0.00
Total	360	0.00

7) Staff costs

Description	FY2019/2020	FY2018/2019
	KShs	KShs
Salaries and wages	0.00	0.00
Staff gratuity	0.00	0.00
Staff training expenses	0.00	0.00
Social security contribution	0.00	0.00
Other staff costs	0.00	0.00
Total	0.00	0.00

8) General expenses

Description	FY2019/2020	FY2018/2019
	KShs	KShs
Consumables	0.00	0.00
Electricity and water expenses	0.00	0.00
Fuel and oil costs	0.00	0.00
Insurance costs	0.00	0.00
Postage	0.00	0.00
Printing and stationery	0.00	0.00
Rental costs	0.00	0.00
Security costs	0.00	0.00
Telecommunication	0.00	0.00
Hospitality	0.00	0.00
Depreciation and amortization costs	0.00	0.00
Other expenses-disbursements	0.00	0.00
Total	0.00	0.00

**KIRINYAGA COUNTY ASSEMBLY CAR LOAN FUND
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020.**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9) Finance costs

Description	FY2019/2020	FY2018/2019
	KShs	KShs
Interest on Bank overdrafts	0.00	0.00
Interest on loans from banks	0.00	0.00
Total	0.00	0.00

10) Cash and cash equivalents

Description	FY2019/2020	FY2018/2019
	KShs	KShs
Fixed deposits account	0.00	0.00
On – call deposits	0.00	0.00
Current account	4,590,336	0.00
Others	0.00	0.00
Total cash and cash equivalents	4,590,336	0.00

(The amount should agree with the closing and opening balances as included in the statement of cash flows)

Detailed analysis of the cash and cash equivalents are as follows:

		FY2019/2020	FY2018/2019
Financial institution	Account number	KShs	KShs
a) Fixed deposits account			
Kenya Commercial bank		0.00	0.00
Equity Bank, etc		0.00	0.00
Sub- total		0.00	0.00
b) On - call deposits			
Kenya Commercial bank		0.00	0.00
Equity Bank - etc		0.00	0.00
Sub- total		0.00	0.00
c) Current account			
Fortune Sacco	A/NO.1011901485290015	4,590,336	0.00
Fortune Sacco	A/NO.1011518645290030	0	0.00
Sub- total			
d) Others(specify)		0.00	0.00
Cash in transit		0.00	0.00
Cash in hand		0.00	0.00

**KIRINYAGA COUNTY ASSEMBLY CAR LOAN FUND
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M Pesa		0.00	0.00
Sub- total		0.00	0.00
Grand total		4,590,336	0.00

11) Gain on disposal of assets

Description	FY2019/2020	FY2018/2019
	KShs	KShs
Property, plant and equipment	0.00	0.00
Intangible assets	0.00	0.00
Total	0.00	0.00

12) Receivables from exchange transactions

Description	FY2019/2020	FY2018/2019
	KShs	KShs
Current Receivables		
Interest receivable	1,603,464	0.00
Current loan repayments due	0.00	0.00
Other exchange debtors	0.00	0.00
Less: impairment allowance	(0.00)	(0.00)
Total Current receivables	1,603,464	0.00
Non Current receivables		
Long term loan repayments due	76,298,644	0.00
Total Non current receivables	76,298,644	0.00
Total receivables from exchange transactions	77,902,108	0.00

13) Prepayments

Description	FY2019/2020	FY2018/2019
	KShs	KShs
Prepaid rent	0.00	0.00
Prepaid insurance	0.00	0.00
Prepaid electricity costs	(0.00)	(0.00)
Total	0.00	0.00

14) Inventories

Description	FY2019/2020	FY2018/2019
	KShs	KShs
Consumable stores	0.00	0.00
Spare parts and meters	0.00	0.00
Catering	0.00	0.00
Total inventories at the lower of cost and net realizable value	0.00	0.00

**KIRINYAGA COUNTY ASSEMBLY CAR LOAN FUND
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15) Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	KShs	KShs	KShs	KShs	KShs
At 1st July 2017	0.00	0.00	0.00	0.00	0.00
Additions	0.00	0.00	0.00	-	0.00
Disposals	(0.00)	(0.00)	-	-	(0.00)
Transfers/adjustments	0.00	(0.00)	0.000	(0.00)	(0.00)
At 30th June 2018	0.00	0.00	0.00	0.00	0.00
At 1st July 2018					
Additions	0.00	0.00	0.00	-	0.00
Disposals	(0.00)	-	-	-	(0.00)
Transfer/adjustments	(0.00)	0.00	0.00	(0.00)	(0.00)
At 30th June 2019	0.00	0.00	0.00	0.00	0.00
Depreciation and impairment					
At 1 st July 2018	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Depreciation	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Impairment	(0.00)	-	-	-	(0.00)
At 30th June 2019	0.00	0.00	0.00	0.00	0.00
At 1st July 2019					
Depreciation	(0.00)	(0.00)	(0.00)	-	(0.00)
Disposals	0.00	-	-	-	0.00
Impairment	(0.00)	(0.00)	-	-	(0.00)
Transfer/adjustment	0.00	(0.00)	(0.00)	0.00	0.00
At 30th June 2020	0.00	0.00	0.00	0.00	0.00
Net book values					
At 30th June 2019	0.00	0.00	0.00	0.00	0.00
At 30th June 2020	0.00	0.00	0.00	0.00	0.00

**KIRINYAGA COUNTY ASSEMBLY CAR LOAN FUND
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16) Intangible assets-software

Description	FY2019/2020	FY2018/2019
	KShs	KShs
Cost		
At beginning of the year	0.00	0.00
Additions	0.00	0.00
At end of the year	0.00	0.00
Amortization and impairment		
At beginning of the year	0.00	0.00
Amortization	0.00	0.00
At end of the year	0.00	0.00
Impairment loss	0.00	0.00
At end of the year	0.00	0.00
NBV	0.00	0.00

17) Trade and other payables from exchange transactions

Description	FY2019/2020	FY2018/2019
	KShs	KShs
Trade payables	0.00	0.00
Refundable deposits	0.00	0.00
Accrued expenses	0.00	0.00
Other payables	0.00	0.00
Total trade and other payables	0.00	0.00

18) Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year	0.00	0.00	0.00	0.00
Additional Provisions	0.00	0.00	0.00	0.00
Provision utilised	(0.00)	(0.00)	(0.00)	(0.00)
Change due to discount and time value for money	(0.00)	(0.00)	(0.00)	(0.00)
Transfers from non -current provisions	0.00	0.00	0.00	0.00
Total provisions	0.00	0.00	0.00	0.00

19) Borrowings (Disbursement and repayments)

Description	FY2019/2020	FY2018/2019
	KShs	KShs
Loan Repayments	3,242,466	(0.00)
Loan disbursed during the year.	0.00	(0.00)
Net cash flow from investing activities	3,242,466	0.00

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The table below shows the classification of borrowings into external and domestic borrowings:

	FY2019/2020	FY2018/2019
	KShs	KShs
External Borrowings		
Dollar denominated loan from 'xxx organisation'	0.00	0.00
Sterling Pound denominated loan from 'yyy organisation'	0.00	0.00
Euro denominated loan from zzz organisation'	0.00	0.00
Domestic Borrowings		
Kenya Shilling loan from KCB	0.00	0.00
Kenya Shilling loan from Barclays Bank	0.00	0.00
Kenya Shilling loan from Consolidated Bank	0.00	0.00
Borrowings from other government institutions	0.00	0.00
Total balance at end of the year	0.00	0.00

The table below shows the classification of borrowings long-term and current borrowings:

Description	FY2019/2020	FY2018/2019
	KShs	KShs
Short term borrowings(current portion)	0.00	0.00
Long term borrowings	0.00	0.00
Total	0.00	0.00

20) Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	Total
	KShs	KShs	KShs	KShs
Current benefit obligation	0.00	0.00	0.00	0.00
Non-current benefit obligation	0.00	0.00	0.00	0.00
Total employee benefits obligation	0.00	0.00	0.00	0.00

**KIRINYAGA COUNTY ASSEMBLY CAR LOAN FUND
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21) Cash generated from operations

	FY2019/2020	FY2018/2019
	KShs	KShs
Surplus for the year before tax		
Adjusted for:		
Depreciation	0.00	0.00
Gains/ losses on disposal of assets	(0.00)	(0.00)
Interest income	(0.00)	(0.00)
Finance cost	0.00	0.00
Working Capital adjustments		
Increase in inventory	(0.00)	(0.00)
Increase in receivables	(0.00)	(0.00)
Increase in payables	0.00	0.00
Net cash flow from operating activities	0.00	0.00

22) Related party balances

a) Nature of related party relationships

Entities and other parties related to the Fund include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members. The fund/scheme is related to the following entities:

- a) The County Government;
- b) The Parent County Government Ministry;
- c) Key management;
- d) Board of Trustees; etc

b) Related party transactions

	FY2019/2020	FY2018/2019
	KShs	KShs
Transfers from related parties'	0.00	0.00
Transfers to related parties	0.00	0.00

c) Key management remuneration

	FY2019/2020	FY2018/2019
	KShs	KShs
Board of Trustees	0.00	0.00
Key Management Compensation	0.00	0.00

**KIRINYAGA COUNTY ASSEMBLY CAR LOAN FUND
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Total	0.00	0.00
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d) Due from related parties

	FY2019/2020	FY2018/2019
	KShs	KShs
Due from parent Ministry	0.00	0.00
Due from County Government	0.00	0.00
Total	0.00	0.00

e) Due to related parties

	FY2019/2020	FY2018/2019
	KShs	KShs
Due to parent Ministry	0.00	0.00
Due to County Government	0.00	0.00
Due to Key management personnel	0.00	0.00
Total	0.00	0.00

f) Financed by:

Financed by: _	FY2019/2020	FY2018/2019
	KShs	KShs
Revolving Funds	81,144,574	0.00
Accumulated Surplus	1,348,230	0.00
Total	82,492,804	0.00

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14. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The Kirinyaga Assembly Car Loan fund was formed this financial year hence it is the first time the fund is been audited.

KIRINYAGA COUNTY ASSEMBLY CAR LOAN FUND
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FOR THE YEAR ENDED JUNE 30, 2020.

14. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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