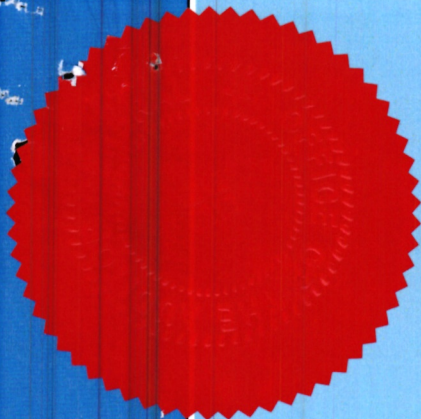


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REPORT

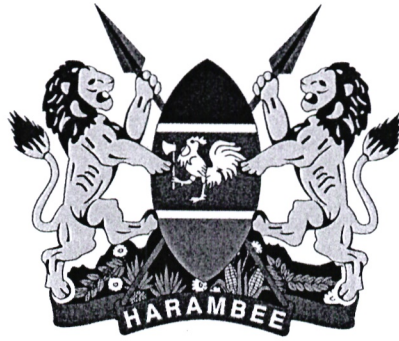
OF

THE AUDITOR-GENERAL

ON

**NAKURU COUNTY EXECUTIVE CAR LOAN
AND MORTGAGE LOAN STAFF SCHEME FUND**

**FOR THE YEAR ENDED
30 JUNE, 2021**



**NAKURU COUNTY GOVERNMENT (STAFF) CAR LOAN SCHEME FUND
AND COUNTY GOVERNMENT OF NAKURU MORTGAGE (STAFF) SCHEME
FUND**

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2021**

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

**Nakuru County Government (Staff) Car Loan Scheme Fund
and County Government of Nakuru Mortgage (Staff) Scheme Fund
Reports and Financial Statements
For The Year Ended June 30, 2021**

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**Nakuru County Government (Staff) Car Loan Scheme Fund
and County Government of Nakuru Mortgage (Staff) Scheme Fund
Reports and Financial Statements
For The Year Ended June 30, 2021**

-1. NAKURU COUNTY GOVERNMENT (STAFF) CAR LOAN SCHEME FUND AND COUNTY GOVERNMENT OF NAKURU MORTGAGE (STAFF) SCHEME FUND KEY INFORMATION AND MANAGEMENT

a) Background information

Nakuru County Government (staff) Car Loan Scheme Fund and **County Government of Nakuru Mortgage (Staff) Scheme Fund** is established by and derives its authority and accountability from The Public Finance And Management (County Government of Nakuru Car Loan Staff scheme fund) regulations,2018 and The Public Finance and Management (County Government of Nakuru Mortgage Staff scheme fund) regulations,2018 Act of 11thMay,2018. The Fund is wholly owned by the County Government of Nakuru and is domiciled in Kenya. The fund's objective is to provide a loan scheme

- For purchase of vehicles by members of scheme.
- For purchase, development, renovation or repair of residential property by members of the Scheme Capital Funds.

The Fund's principal activity is to provide loans to members of the scheme.

b) Principal Activities

The principal activity of the Fund is to provide loans to the scheme members for purchase of vehicles by members of scheme and purchase, development, renovation or repair of residential property by members of the Scheme Capital Funds.

The mission of the Fund is to ensure its members have a consistent flow of funds to enable them undertake the activities mentioned above.

The mandate of the Fund is to provide its members with loans at affordable interest rate of 3%.

c) FundAdministration Committee

Ref	Name	Position
1	Peter Ketyenya	Chairman
2	Joseph MuchinaGitau	Ex-official member/ Secretary
3	Lawrence Mwangangi	Member
4	Caleb Nyamwange	Member
5	Dominic Nyabuto	Member
6	Beatrice Obwocha	Member
7	Paul Githinji	Member

**Nakuru County Government (Staff) Car Loan Scheme Fund
and County Government of Nakuru Mortgage (Staff) Scheme Fund
Reports and Financial Statements
For The Year Ended June 30, 2021**

d) Key Management

Ref	Name	Position
1	Benjamin Njoroge	County secretary
2	Joseph Muchina	Fund administrator
3	Dominic Nyabuto	Fund accountant

e) Registered Offices

P.O. Box 2870-20100
New Town Hall Building
Moi Road
Nakuru, KENYA

f) Fund Contacts

Telephone: (254) 77777595/0711133005
E-mail: info@nakuru.go.ke
Website: www.nakurucounty.co.ke

g) Fund Bankers

1. Family Bank Ltd. Head Office,
Family Bank towers
P.O Box 74145-00200
Nairobi, MuindiMbingu Street
Tel: 020 325 2000 Cell: +254 703 095 000
Email: info@familybank.co.ke, www.familybank.co.ke

h) Independent Auditors





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

i) Principal Legal Adviser




County Attorney
New Town Hall Office
Moi Road
P.O. Box 2870
Kenyatta Avenue 20100
Nakuru, Kenya

**Nakuru County Government (Staff) Car Loan Scheme Fund
and County Government of Nakuru Mortgage (Staff) Scheme Fund
Reports and Financial Statements
For The Year Ended June 30, 2021**

-2. THE FUND COMMITTEE

Name	Details of qualifications and experience
 <p>1. Peter Ketyenya Date of Birth 4/4/1978</p>	<p>Previously Peter Ketyenya worked with Kenya Forest Service as Deputy Director and Head of Finance. He has worked for Kenya Rural Roads Authority as General Manager, Finance. Currently CEO SPC Ltd, a financial consulting company. He is a part time lecturer at Catholic University and he hold a PhD in Finance, MBA and Bcom with 18years work experience.</p>
 <p>2. Jacquiline Mong'ina Osoro Date of Birth 4/4/1978</p>	<p>Jacqueline Osoro is a Management professional with 22 years' experience in Production Management and Human Resource in the private sector. She holds a Master's and a Bachelor of Arts Degrees from Kolhapur university India. She also has a Diploma in Human Resource management from Cambridge international college. She has certificates in Risk Assessment by Safety and Environmental Assurance Centre - Unilever Research Colworth (UK), Labour Laws & Contemporary Trends in Labour Laws by Agriculture Employers' Association, and a trained Auditor on ISO 9001:2008 - Quality Management system by SGS Kenya. She has progressive experience in Office Administration, Project Management, Tea Production, Process Design & Development, Product Quality and Consumer Safety Assurance, and Health and Environment (SHE) gained in various roles in Unilever Tea Kenya Limited. Her exposure to and success in situational labour relations as well as performance and disciplinary management is vast. She is well experienced in stake-holder engagement.</p>
 <p>3. Caleb Nyamwange Date of Birth 28/12/1969</p>	<p>Caleb Nyamwange was an Advocate of High Court of Kenya, commission for Oaths and Notary Public..Mr. Nyamwange Caleb Bichang'a has a Bachelor of Social Legislation(BSL) and Bachelor of Law(LLB) graduate from Dr.Babasaheb Ambedkar Marathwada University, Aurangabad. He also holds a post graduate Diploma from the School of Law.</p>
 <p>4. Joseph Muchinah Date of Birth 5/10/1979</p>	<p>He is a graduate of Bcom in Finance (First class honors) and has a Masters in Finance. He is a Certified Public Accountant (Kenya) CPA(K) and a member of the Institute of Certified Public Accountants (ICPAK).</p> <p>He is also a Certified Public Secretary CPS(K) and a member of the Institute of Certified Public Secretaries of Kenya (ICPSK).</p> <p>He previously worked at Delamere Group as the Group Financial Controller and has 13 years' experience in financial management.</p>

**Nakuru County Government (Staff) Car Loan Scheme Fund
and County Government of Nakuru Mortgage (Staff) Scheme Fund
Reports and Financial Statements
For The Year Ended June 30, 2021**

	<p>He is currently the Chief Officer in charge of Finance .</p>
 <p>5. Beatrice Obwocha Date of Birth 16/6/1981</p>	<p>Beatrice Obwocha was the online subeditor for the Nation Media Group in Kenya. She previously worked with Standard Group Limited as a reporter and online subeditor. She has a bachelor's degree in Communication Science from the University of South Africa</p>
 <p>6. Dominic Nyabuto Date of Birth 2/4/1966</p>	<p>Dominic Nyabuto previously worked as a County Accountant (Nakuru) Ministry of Finance, National Treasury and Planning. He has 28 years' experience in public sector finance and accounting.</p> <p>He is a holder Bcom Accounting option, CPA(K), PFMSM- Pretoria University of South Africa, SLDP and SMC Kenya School of Government and MBA Finance from Kenyatta University.</p> <p>He is currently the Director of Finance Nakuru County.</p>
 <p>7. Paul Githinji</p>	<p>Paul K Githinji is a public administrator with over 15 years experience in public administration, conflict management and human resource management in public service.</p> <p>He is a holder of Bachelor of arts degree in sociology from University of Nairobi and currently a masters degree program in strategic management from Jomo Kenyatta University of agriculture and technology. In addition he has undertaken various certification courses in public service, including but not limited to: Diploma in public administration, senior management course, paramilitary course among others.</p> <p>He is vastly experienced in managing conflict and general public administration, experienced gained by working in public service in various station within the country, where he rose to the rank of Deputy county commissioner. During his tour of duty in the country, he interacted with people from diverse cultures and backgrounds, which helped him broaden his understanding on matters public policy implementation. In general he is a well rounded public servant who has ability and competence to handle diverse public concerns issues.</p>

**Nakuru County Government (Staff) Car Loan Scheme Fund
and County Government of Nakuru Mortgage (Staff) Scheme Fund
Reports and Financial Statements
For The Year Ended June 30, 2021**

**3. STATEMENT OF PERFORMANCE AGAINST STATEMENT OF PERFORMANCE AGAINST
NAKURU COUNTY GOVERNMENT (STAFF) CAR LOAN SCHEME FUND AND COUNTY
GOVERNMENT OF NAKURU MORTGAGE (STAFF) SCHEME FUND'S PREDETERMINED
OBJECTIVES**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2021	2021	2021	2021	2021
Revenue	KShs	KShs	KShs	KShs	KShs
Interest income	4,067,677		4,067,677	4,188,159	102%
Other income	97,240		97,240	97,240	100%
Total income	4,164,917		4,164,917	4,285,399	
Expenses					
General expenses	28,800		28,800	19,800	68%
Fund administration expenses	1,355,892		1,355,892	1,493,293	110%
Total expenditure	1,384,692		1,384,692	1,513,093	100%
Surplus/(deficit) for the period	2,780,225		2,780,225	2,772,306	

**Nakuru County Government (Staff) Car Loan Scheme Fund
and County Government of Nakuru Mortgage (Staff) Scheme Fund
Reports and Financial Statements
For The Year Ended June 30, 2021**

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 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 development objectives of the Nakuru Nakuru County Government (staff) Car Loan Scheme Fund and Nakuru County Government (staff) Mortgage Scheme Fund's 2018-2022 plan are to:

- a) To provide affordable facilities to purchase car
- b) To provide affordable facilities to purchase development, renovation or repair of residential property by members of the Scheme Capital Funds




Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Nakuru County Government (staff) Car Loan Scheme Fund and County Government of Nakuru Mortgage (Staff) Scheme Fund	For purchase of vehicles by members of scheme.	To provide affordable facilities to purchase car	92% of funds was loaned of	In FY 2020/2021 we increased staff provided for various facilities
	For purchase, development, renovation or repair of residential property by members of the Scheme Capital Funds.	To provide affordable facilities to purchase, development, renovation or repair of residential property by members of the Scheme Capital Funds.		

**Nakuru County Government (Staff) Car Loan Scheme Fund
and County Government of Nakuru Mortgage (Staff) Scheme Fund
Reports and Financial Statements
For The Year Ended June 30, 2021**

4. MANAGEMENT TEAM

Name	Details of qualifications and experience
 <p>1. Benjamin Kirago Njoroge Date of birth :1956</p>	<p>Mr. Benjamin Kirago Njoroge joined the County Government of Nakuru in the year 2017 in the position of the County Secretary. He holds a Bachelor degree in Administration from the University of Nairobi. He has also attended several advanced Administration courses in and outside the country. Mr. Njoroge worked in the National Government as a public Administrator in various parts of the country and capacities for 34 years. He counter signs charged documents which are prepared by lawyers</p>
 <p>2. Joseph Muchinah Date of Birth 5/10/1979</p>	<p>He is a graduate of Bcom in Finance (First class honors) and has a Masters in Finance. He is a Certified Public Accountant (Kenya) CPA(K) and a member of the Institute of Certified Public Accountants (ICPAK).</p> <p>He is also a Certified Public Secretary CPS(K) and a member of the Institute of Certified Public Secretaries of Kenya (ICPSK).</p> <p>He previously worked at Delamere Group as the Group Financial Controller and has 13 years' experience in financial management.</p> <p>He is currently the Chief Officer in charge of Finance .</p>
 <p>3. Dominic Nyabuto Date of Birth 2/4/1966</p>	<p>Dominic Nyabuto previously worked as a County Accountant (Nakuru) Ministry of Finance, National Treasury and Planning. He has 28 years' experience in public sector finance and accounting.</p> <p>He is a holder Bcom Accounting option, CPA(K), PFMSM-Pretoria University of South Africa, SLDP and SMC Kenya School of Government and MBA Finance from Kenyatta University.</p> <p>He is currently the Director of Finance Nakuru County.</p>

**Nakuru County Government (Staff) Car Loan Scheme Fund
and County Government of Nakuru Mortgage (Staff) Scheme Fund
Reports and Financial Statements
For The Year Ended June 30, 2021**

5. CHAIRPERSON'S REPORT

I am pleased to present to you my Chairman report. Nakuru County Government (staff) Car Loan Scheme Fund and County Government of Nakuru Mortgage (Staff) Scheme Fund was established in May 2018.

Overview

The fund accounts for the year ended 30 June 2021 showed a surplus of Ksh. **2,772,306**.

During the financial period we have had several regulatory issue caused by delay were beyond our control but now we have tried to solve them and the fund is now operational.

During the period under review the fund received Ksh.30, 000,000 from county recurrent A/c.

Members received Kshs. 65,665,000 as loans for this year ended 30 June 2021.

The committee continue to view the year ahead with confidence and hope that the fund will continue to grow.

Principle risks and uncertainties. The committee's role is to advance loans to the member of the scheme. However, we had challenges associated with high demand against limited finance this has brought uncertainties on the part of the members.

Signed: _____

Dr Peter Ketyenya

Fund Chairperson

**Nakuru County Government (Staff) Car Loan Scheme Fund
and County Government of Nakuru Mortgage (Staff) Scheme Fund
Reports and Financial Statements
For The Year Ended June 30, 2021**

6. REPORT OF THE FUND ADMINISTRATOR

I wish to present to you my report as the fund administrator of Nakuru County Government (staff) Car Loan Scheme Fund and County Government of Nakuru Mortgage (Staff) Scheme Fund for the Period ended 30th June 2021. I will start by highlighting the formation and activities of the fund.

This scheme was established through The Public Finance and Management (County Government of Nakuru Car Loan Staff scheme fund) regulations, 2018 and The Public Finance And Management (County Government of Nakuru Mortgage Staff scheme fund) regulations, 2018. With the objective of advancing loan to members of the staff of the Nakuru County Executive at a negotiated interest rate of the 3%. The fund is administered through Family Bank who are the Bank who are the Bankers and Remittance controller of the fund.

The fund fully become operational in 27th June 2018. In this year a total of Kenya shillings 30,000,000 was transferred to the fund from the Recurrent Accountant.

This financial year 2020 -2021, we managed to have a surplus ksh 2,772,306

In this financial year we were able to advance Kshs 65,665,000 to scheme members who were nineteen in number.

The fund is managed by a fund management committee which comprise of the following

No.	Name	Position
1.	Benjamin Njoroge	County Secretary
2.	Joseph Muchina	Ex-official
3.	Dominic Nyabuto	Fund Accountant

Before any loans are disbursed to the beneficiary the committee ensure that all the requirements have been met by the applicant.

It is the responsibility of the committee to ensure that the fund is well managed and the funds advanced are properly accounted for.

Finally, I wish to assure all members that we are committed in ensuring that the fund in managed in a transparent and accountable manner.

Signed: _____


Joseph Muchinah

Fund Administrator

**Nakuru County Government (Staff) Car Loan Scheme Fund
and County Government of Nakuru Mortgage (Staff) Scheme Fund
Reports and Financial Statements
For The Year Ended June 30, 2021**

7. CORPORATE GOVERNANCE STATEMENT

The Fund administration committee was appointed by the chairman as follows.

Ref	Name	Position
1	Peter K Ketyenya	Chairman
2	Joseph Muchina Gitau	Ex-official member/ Secretary
3	Jacquilene Mong'ina Osoro	Member
4	Caleb Nyamwange	Member
5	Dominic Nyabuto	Member
6	Beatrice Obwocha	Member
7	Paul Githinji	Member

The committee so far has held four meeting from its inception.

Roles and functions of the Fund administration committee

The Fund administration committee role is to offer guidance in the disbursement of the Fund. They meet regularly when Funds are received to vet applicants and pass resolutions.

The Fund administration committee is remunerated as stipulated in the Act from the proceeds of the interest received as shared out between the county and Family Bank.

The Fund administration committee is expected to conduct itself in a transparent manner while discharging their roles.

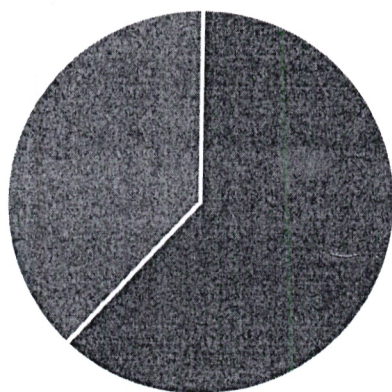
**Nakuru County Government (Staff) Car Loan Scheme Fund
and County Government of Nakuru Mortgage (Staff) Scheme Fund
Reports and Financial Statements
For The Year Ended June 30, 2021**

8. MANAGEMENT DISCUSSION AND ANALYSIS

The Fund has benefited 19 members with a total of Ksh (65,665,000) disbursed. Out the 19 members 4 took car loans while 15 took Mortgage loans. Out the 19 members who benefited, 14 of them were women (Ksh. 40,635,000) and 5 Men.(Ksh. 25,030,000)

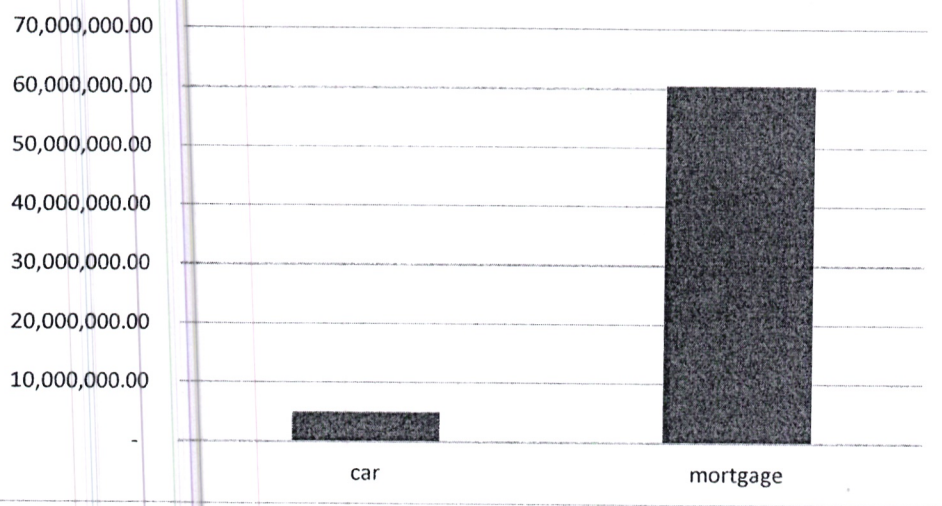
Ksh5, 110,000 was disbursed to finance purchase of motor vehicles while Ksh 60, 555,000 was disbursed to finance mortgages

WOMEN vs MEN



■ women ■ men

CAR vs MORTGAGE



**Nakuru County Government (Staff) Car Loan Scheme Fund
and County Government of Nakuru Mortgage (Staff) Scheme Fund
Reports and Financial Statements
For The Year Ended June 30, 2021**

9. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

There are no CSR activities undertaken during the financial year.

**Nakuru County Government (Staff) Car Loan Scheme Fund
and County Government of Nakuru Mortgage (Staff) Scheme Fund
Reports and Financial Statements
For The Year Ended June 30, 2021**

10. REPORT OF THE COMMITTEE

The Committee submit their report together with the audited financial statements for the period ended June 30, 2021 which show the state of the Fund affairs.

Principal activities

The principal activity of the Fund is to provide loans to the scheme members for purchase of vehicles by members of scheme and purchase, development, renovation or repair of residential property by members of the Scheme Capital Funds.

Results

The results of the Fund for the period ended June 30,2021 are set out from pages 1-5.

The Fund administrator

The members of the Fund committee who served during the year are shown on page (iv-vi). The changes in the Board during the period are as shown below:

Auditors

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board


Member of the Board

Date: 15 SEP 2021

**Nakuru County Government (Staff) Car Loan Scheme Fund
and County Government of Nakuru Mortgage (Staff) Scheme Fund
Reports and Financial Statements
For The Year Ended June 30, 2021**

11. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by The Public Finance And Management (County Government of Nakuru Car Loan Staff scheme fund) regulations, 2018 and The Public Finance And Management (County Government of Nakuru Mortgage Staff scheme fund) regulations, 2018 on 11th May, 2018 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 Nakuru County Government (staff) Car Loan Scheme Fund and County Government of Nakuru Mortgage (Staff) Scheme 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, 2021. 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 Nakuru County Government (staff) Car Loan Scheme Fund and County Government of Nakuru Mortgage (Staff) Scheme 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 and The Public Finance And Management (County Government of Nakuru Car Loan Staff scheme fund) regulations, 2018 and The Public Finance And Management (County Government of Nakuru Mortgage Staff scheme fund) regulations, 2018 Act on 11th May, 2018. 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, 2021, and of the Fund's financial position as at that date. The Administrator further confirms 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 Nakuru County Government (staff) Car Loan Scheme Fund and County Government of Nakuru Mortgage (Staff) Scheme 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.

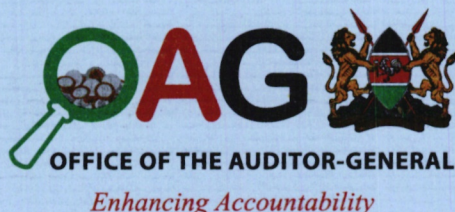
Approval of the financial statements

The Fund's financial statements were approved by the Board on 15 SEP 2021 and signed on its behalf by: _____

Administrator of the County Public Fund

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NAKURU COUNTY EXECUTIVE CAR LOAN AND MORTGAGE LOAN STAFF SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Nakuru County Executive Car Loan and Mortgage Loan Staff Scheme Fund as set out on pages 1 to 34, which comprise the statement of financial position as at 30 June, 2021 and the statement of financial

Report of the Auditor General on Nakuru County Executive Car Loan and Mortgage Loan Staff Scheme Fund for the year ended 30 June, 2021

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 the Nakuru County Executive Car Loan and Mortgage Loan Staff Scheme Fund as at 30 June, 2021 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Public Finance Management Act, 2012, the Public Finance Management (the Nakuru County Government (Staff) Car Loan Scheme Fund) Regulations, 2018 and the Public Finance Management Nakuru County Government Mortgage (Staff) Scheme Fund Regulations, 2018.

Basis for Adverse Opinion

1. Irregular Presentation of Annual Report and Financial Statements

The financial statements and annual operations and Management reports presented for audit are on the operations of the County Government of Nakuru (Staff) Car Loan Scheme Fund and County Government of Nakuru Mortgage (Staff) Scheme Fund which are two separate legal entities. However, no legal authority was provided for combining the annual financial and other operations reports of the two entities.

In the circumstances, the financial statements are irregular and do not comply with International Public Sector Accounting Standard (IPSAS) No.1 on presentation of financial statements and the reporting template prescribed by the Public Sector Accounting Standards Board (PSASB).

2. Unsupported Balances

The following balances reflected in the financial statements were not supported with sufficient appropriate records:

2.1 Other Income

The financial statements reflects other income amount of Kshs.97,240. However, the supporting schedule reflects income of Kshs.109,780 resulting to an unreconciled variance of Kshs.12,540.

In the circumstances, the accuracy and completeness of other income amount of Kshs.97,240 could not be confirmed.

2.2 Interest Income

The statement of financial performance reflects interest income amount of Kshs.4,188,159 for the year ended 30 June, 2021. However, the opening balance, loans issued in the year, rate of interest and interest accrued on the loans were not disclosed.

Further, review of records revealed that the banker to the Fund was appointed as the Fund Administrator under a contract that provided for receipt by the Fund of two percent (2%) interest quarterly from the amounts deposited in the bank. However, the contract terms may have been breached as the bank did not remit any accrued interest to the Fund.

Consequently, the accuracy and completeness of the interest income balance of Kshs.4,188,159 for the year ended 30 June, 2021 could not be confirmed.

2.3 Fund Administration Expenses

The statement of financial performance reflects Fund administration expenses of Kshs.1,493,293 for the year ended 30 June, 2021. However, the respective payment vouchers were not provided for audit and as a result, the payees and prices and description of goods and services purchased could not be confirmed. Further, the supporting schedule provided reflected payments totalling Kshs.1,288,196 resulting to an unexplained variance of Kshs.205,097.

In addition, the one (1%) percent interest administration fees charged on car and mortgage loans outstanding and payable to the Fund's bankers in accordance with Clause 5.5 of the contract agreement was not included in the administration expenses and was therefore not disclosed in these financial statements.

In the circumstances, the accuracy and completeness of the Fund's administration expenses balance of Kshs.1,493,293 could not be confirmed.

2.4 Current Receivables from Exchange Transactions

The statement of financial position reflects current receivables from exchange transactions balance of Kshs.25,419,269 as at 30 June, 2021, as further disclosed in Note 12 to the financial statements. However, the schedule provided for audit reflects receivables balance of Kshs.4,058,761 resulting to a variance of Kshs.21,360,508. Further, the schedule did not indicate the opening balance, additions for the year or repayments made to arrive at the closing balance.

In the circumstances, the accuracy, completeness and fair statement of the current receivables from exchange transaction balance of Kshs.25,419,269 as at 30 June, 2021 could not be confirmed.

2.5 Non-Current Receivables from Exchange Transactions

The statement of financial position reflects non-current receivables from exchange transactions balance of Kshs.145,028,281 and as disclosed in Note 12 to the financial statements. However, the schedule provided in support of the balance totalled to Kshs.165,773,766 resulting to an unexplained variance of Kshs.20,745,485. In addition, the schedule did not reflect the opening balance, additions for the year or repayments, to arrive at the closing balance.

As a result, the accuracy and completeness of the non-current receivables from exchange transactions balance of Kshs.145,028,281 as at 30 June, 2021 could not be confirmed.

2.6 Non-Performing Loans

The statement of financial position as at 30 June, 2021 reflects current portion of long-term receivables from exchange transaction balance of Kshs.25,419,269 and long-term receivables from exchange transactions balance of Kshs.145,028,281 as at 30 June, 2021. However, loan records indicates that fifteen (15) borrowers with outstanding loans of Kshs.4,058,761 had defaulted in repaying their respective loans. However, there was no evidence by the Loan Management Committee of administrative or legal action to recover the debts. Further, Management did not make provision for bad debts or disclose the non-performing loans in the financial statements.

Consequently, recoverability of the non-performing loans totalling Kshs.4,058,761 as at 30 June, 2021 could not be confirmed.

2.7 Trade and Other Payables from Exchange Transactions

The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.1,326,031 as at 30 June, 2021, and as disclosed in Note 18 to the financial statements. However, the names of suppliers, invoice numbers, goods or services supplied and the respective amounts payable were not disclosed.

In the circumstance, the accuracy, existence and completeness of the trade and other payables from exchange transactions balance of Kshs.1,326,031 as at 30 June, 2021 could not be confirmed.

2.8 Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.13,692,822 as at 30 June, 2021. However, the certificate of bank balance and the bank reconciliation statement were not provided for audit.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.13,692,822 as at 30 June, 2021 could not be confirmed.

3. Inaccurate Prior Year Balances

The financial statements reflects comparative balances that differ with those reflected in the audited 2019/2020 financial statements resulting to unreconciled variances as shown below.

No.	Item	Financial Statements Balances (Kshs.)	2019/2020 Financial Statements Balances (Kshs.)	Variance (Kshs.)
1.	Transfers from the County Government	0	30,000,000	(30,000,000)
2.	Interest Income	2,784,003	2,950,928	(166,925)
3.	Other Income	54,340	0	54,340
4.	Fund Administration Expenses	1,130,341	836,281	294,060
5.	General Expenses	29,040	148,000	(118,960)
6.	Loan Disbursed	0	75,770,000	(75,770,000)
7.	Surplus/(Deficit)	1,678,962	(43,803,353)	45,482,315
8.	Cash and Cash Equivalents	25,721,433	27,240,465	(1,519,032)
9.	Current Portion of Receivables from Exchange Transactions	18,908,292	629,370	18,278,922
10.	Long term Receivables from Exchange Transactions	105,793,487	122,599,987	(16,806,500)
11.	Trade and Other Payables from Exchange Transactions	381,176	0	381,176
12.	Revolving Fund	148,000,000	0	148,000,000
13.	Accumulated Surplus	2,042,036	150,469,822	(148,427,786)

In the circumstances, the accuracy and completeness of the comparative balances could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Nakuru County Executive Car Loan and Mortgage Loan Staff Scheme 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. There were no key audit matters to report in the year under review.

Other Matter

1.0 Budgetary Control and Performance

The statement of comparison of budget and actual amounts for the year under review reflects total income budget of Kshs.4,164,917 and actual income of Kshs.4,285,399 resulting to a deficit of Kshs.120,482.

2.0. Prior Year Audit Matters

In the audit report of the previous year, a number of issues were raised under the report on financial statements. However, Management had as at 30 June, 2021 not resolved the issues and did not append to the financial statements for the year under review a report on progress made in resolving them.

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 and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources 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

Breach of Fund Regulations

Review of records on the Fund revealed that the Loan Committee advanced car and mortgage loans totalling to Kshs.60,555,000 to Scheme members during the year under review. However, contrary to Section 11(1)(a) and Section 11(b) of the County Government of Nakuru Car Loan (Staff) Scheme Fund Regulations, 2018, house designs and records such as bills of quantities, or charges on the assets acquired by borrowers were not presented to the Committee by the borrowers. As a result, it was not possible to confirm the existence of houses reported to have been bought or built from the loans disbursed and whether they conformed to the funding regulations, and that the interests of the Fund had been safe guarded.

In the circumstance, Management was in breach of the law.

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 are in compliance, 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 and Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my

report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

Failure to Develop a Risk Management Policy

Review of records revealed that the Fund did not have a Risk Management Policy contrary to Regulation 158(1) of the Public Finance Management (County Governments) Regulations, 2015. The Regulation requires the Accounting Officer of a County entity to develop risk management strategies which include fraud prevention mechanisms that build robust business operations.

No satisfactory explanation was provided by Management for the omission which may have raised the level of financial and operational risks faced by the Fund.

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 overall 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 overall governance.

In preparing the financial statements, Management is responsible for assessing the 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 terminate the 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 are in compliance 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 Fund's financial reporting process, reviewing the effectiveness of how Management 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 overall 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 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 applicable 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 Fund's ability to continue 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 Fund to cease to continue 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 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

22 July, 2022

**Nakuru County Government (Staff) Car Loan Scheme Fund
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13. FINANCIAL STATEMENTS

**13.1. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30
JUNE 2021**

	Note	2020/2021	2019/2020
		KShs	KShs Restated
Revenue from non-exchange transactions			
Public contributions and donations	1	-	-
Transfers from the County Government	2	-	-
Fines, penalties and other levies	3	-	-
		-	-
Revenue from exchange transactions			
Interest income	4	4,188,159	2,784,003
Other income	5	97,240	54,340
Total revenue		4,285,399	2,838,343
Expenses			
Fund administration expenses	6	1,493,293	1,130,341
General expenses	8	19,800	29,040
Finance costs	9	-	-
Total expenses		1,513,093	1,159,381
Other gains/losses			
Gain/loss on disposal of assets	10	-	-
Surplus/(deficit) for the period		2,772,306	1,678,962

The notes set out on pages 21 to 34 form an integral part of these Financial Statements

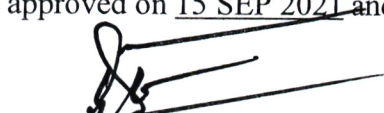
**Nakuru County Government (Staff) Car Loan Scheme Fund
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13.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	2020/2021 KShs	2019/2020 KShs Restated
Assets			
Current assets			
Cash and cash equivalents	11	13,692,822	25,721,433
Current portion of long- term receivables from exchange transactions	12	25,419,269	18,908,292
Prepayments	14	-	-
Inventories	15	-	-
		39,112,092	44,629,725
Non-current assets			
Property, plant and equipment	16	-	-
Intangible assets	17	-	-
Long term receivables from exchange transactions	12	145,028,281	105,793,487
		145,028,281	105,793,487
Total assets		184,140,373	150,423,212
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	18	1,326,031	381,176
Provisions	19	-	-
Current portion of borrowings	20	-	-
Employee benefit obligations	23	-	-
Non-current liabilities			
Non-current employee benefit obligation	20	-	-
Long term portion of borrowings	23	-	-
Total liabilities		1,326,031	381,176
Net assets		-	-
Revolving Fund		178,000,000	148,000,000
Reserves		-	-
Accumulated surplus		4,814,342	2,042,036
Total net assets and liabilities		184,140,373	150,423,212

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 15 SEP 2021 and signed by


Joseph Muchinah
Name:


Dominic Nyabuto
Name:

ICPAK Member Number: 12595

**Nakuru County Government (Staff) Car Loan Scheme Fund
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13.3. STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2021

	Revolving Fund	Revalu ation Reserv e	Accumulated surplus	Total
		KShs	KShs	KShs
	Restated		Restated	Restated
Balance as at 1 July 2019	118,000,000	-	363,075	118,363,075
Surplus/(deficit) for the period		-	1,678,962	1,678,962
Funds received during the year	30,000,000			30,000,000
Revaluation gain	-	-	-	-
Balance as at 30 June 2020	148,000,000	-	2,042,036	150,042,036
Balance as at 1 July 2020	148,000,000	-	2,042,036	150,042,036
Surplus/(deficit) for the period		-	2,772,306	2,772,306
Funds received during the year	30,000,000			30,000,000
Revaluation gain	-	-	-	-
Balance as at 30 June 2021	178,000,000	-	4,814,342	182,814,342

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1 . STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Note	2020/2021	2019/2020
		KShs	KShs
Cash flows from operating activities			restated
Receipts			
Public contributions and donations	1	-	-
Transfers from the County Government	2	-	-
Interest received	4	4,188,159	2,784,003
Other income	5	97,240	54,340
Total Receipts		4,285,399	2,838,343
Payments			
Fund administration expenses	6	1,493,293	1,130,341
General expenses	8	19,800	29,040
Finance cost	9	-	-
		1,513,093	1,159,381
Adjusted for:			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	21	(149,276)	263,368
Increase/(Decrease) in Accounts Payable: (deposits and retention)	22	944,855	282,128
Net cash flows from operating activities		3,866,437	1,697,722
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		-	-
Proceeds from sale of property, plant and equipment		-	-
Proceeds from loan principal repayments		19,769,952	13,907,814
Loan disbursements paid out		(65,665,000)	(75,770,000)
Net cash flows used in investing activities		(45,895,048)	(61,862,186)
Cash flows from financing activities			
Proceeds from revolving fund receipts		30,000,000	30,000,000
Additional borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		30,000,000	30,000,000
Net increase/(decrease) in cash and cash equivalents		(12,028,611)	(30,164,463)
Cash and cash equivalents at 1 JULY	11	25,721,433	55,885,897
Cash and cash equivalents at 30 JUNE	11	13,692,822	25,721,433

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13.5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2021

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2021	2021	2021	2021	2021
Revenue	KShs	KShs	KShs	KShs	KShs
Interest income	4,067,677		4,067,677	4,188,159	102%
Other income	97,240		97,240	97,240	100%
Total income	4,164,917		4,164,917	4,285,399	
Expenses					
General expenses	28,800		28,800	19,800	68%
Fund administration expenses	1,355,892		1,355,892	1,493,293	110%
Total expenditure	1,384,692		1,384,692	1,513,093	100%
Surplus/(deficit) for the period	2,780,225		2,780,225	2,772,306	

Budget notes

1. Some staff do not start paying on time the loan they are given (10% over/ under) IPSAS 24.14

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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 2021

Standard	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 are covered purely under Public Sector combinations as amalgamations.

b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2022: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;

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Standard	Effective date and impact:
	<ul style="list-style-type: none"> • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2022</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2022:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other Improvements to IPSAS</p>	<p>Applicable: 1st January 2021:</p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks</p>

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Standard	Effective date and impact:
	<p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard</p>
	<p>IPSAS 40, Public Sector Combinations. Amendments to include the effective date paragraph which were inadvertently omitted when IPSAS 40 was issued</p>

c) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2021.

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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 2020/2021 was approved by the County Assembly on July 2020. 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.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actual as per the statement of financial performance has been presented under section 13.5 of these financial statements.

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 classifieds 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.

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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 an 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 an 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 labour 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.

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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.

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.

11. 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.

12. 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)

13. 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.

14. 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.

15. 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.

16. Comparative figures

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

17. Events after the reporting period

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

18. Ultimate and Holding Entity

The entity is a County Public Fund established by The Public Finance And Management (County Government of Nakuru Car Loan Staff scheme fund) regulations, 2018 and The Public Finance And Management (County Government of Nakuru Mortgage Staff scheme fund) regulations, 2018 Act under the Ministry of Finance. Its ultimate parent is the County Government of Nakuru.

19. Currency

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

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

20. 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.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

21. Financial risk management

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Fund's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Fund does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The Fund's financial risk management objectives and policies are detailed below:

a) Credit risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount	Fully performing	Past due	Impaired
	KShs	KShs	KShs	KShs
At 30 June 2021				
Receivables from exchange transactions	170,447,550.95	-	-	-
Receivables from non exchange transactions	30,000,000.00	-	-	-
Bank balances	13,692,822.11	-	-	-
Total	214,140,373.06	-	-	-
		-	-	-
At 30 June 2020				
Receivables from exchange transactions	124,701,778.85	-	-	-
Receivables from non exchange transactions	30,000,000.00	-	-	-
Bank balances	25,721,433.18	-	-	-

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The entity has significant concentration of credit risk on amounts due from 20

The board of trustees sets the Fund's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the Fund under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	KShs	KShs	KShs	KShs
At 30 June 2021				
Trade payables	-	-	-	1,326,031
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	1,326,031
At 30 June 2020				
Trade payables	-	-	-	381,176
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	381,176

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Fund's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

i. Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

		Other currencies	Total
	KShs	KShs	KShs
At 30 June 2021			
Financial assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ receivables	-	-	-
Liabilities	-	-	-
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency sensitivity analysis

The following table demonstrates the effect on the Fund's statement of financial performance on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	KShs	KShs	KShs
2021			
Euro	10%	-	-
USD	10%	-	-
2020		-	-
Euro	10%	-	-
USD	10%	-	-

ii. Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The entity's interest rate risk arises from bank deposits. This exposes the Fund to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Fund's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs 0% (2021). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs 2,168,714.70 (2021)

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Capital risk management

The objective of the Fund's capital risk management is to safeguard the Fund's ability to continue as a going concern. The entity capital structure comprises of the following funds:

	2020/2021	2019/2020
	KShs	KShs
Revaluation reserve	-	-
Revolving fund	30,000,000	30,000,000
Accumulated surplus	2,772,306	1,678,962
Total funds	32,772,306	31,678,962
	-	-
Total borrowings		
Less: cash and bank balances	13,692,822	25,721,433
Net debt/(excess cash and cash equivalents)		
Gearing		

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13.7. NOTES TO THE FINANCIAL STATEMENTS

1. Public contributions and donations

Description	2020/2021	2019/2020
	KShs	KShs
Donation from development partners	-	-
Contributions from the public	-	-
Total	-	-

2. Transfers from County Government

Description	2020/2021	2019/2020
	KShs	KShs
Transfers from County Govt. – revolving fund	30,000,000	30,000,000
Payments by County on behalf of the entity	-	
Total	30,000,000	30,000,000

3. Fines, penalties and other levies

Description	2020/2021	2019/2020
	KShs	KShs
Late payment penalties	-	-
Fines	-	-
Total	-	-

4. Interest income

Description	2020/2021	2019/2020
	KShs	KShs restated
Interest income from Car and Mortgage loans	4,188,159	2,784,003
Interest income from car loans		
Interest income from investments	-	0
Interest income on bank deposits	-	0
Total interest income	4,188,159	2,784,003

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5. Other income

Description	2020/2021	2019/2020
	KShs	KShs restated
Insurance recoveries	0	0
Income from sale of tender documents	0	0
Ledger fees	97,240	54,340
Total other income	97,240	54,340

6. Fund administration expenses

Description	2020/2021	2019/2020
	KShs	restated KShs
Staff costs (Note 7)	0	0
Loan processing costs	0	0
Professional services costs	1,493,293	982,341
Administration fees		148,000
Total	1,493,293	1,130,341

7. Staff costs

Description	2020/2021	2019/2020
	KShs	KShs
Salaries and wages	-	-
Staff gratuity	-	-
Staff training expenses	-	-
Social security contribution	-	-
Other staff costs	-	-
Total	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. General expenses

Description	2020/2021	2019/2020
	KShs	restated KShs
Consumables	-	-
Electricity and water expenses	-	-
Fuel and oil costs	-	-
Insurance costs	-	-
Postage	-	-
Printing and stationery	-	-
Rental costs	-	-
Security costs	-	-
Telecommunication	-	-
Bank Charges	19,800	29,040
Hospitality	0	
Depreciation and amortization costs	0	0
Other expenses	0	0
Total	19,800	29,040

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Finance costs

Description	2020/2021	2019/2020
	KShs	KShs
Interest on Bankoverdrafts	-	
Interest on loans from banks		
Total		

10. Gain/(loss) on disposal of assets

Description	2020/2021	2019/2020
	KShs	KShs
Property, plant and equipment	-	-
Intangible assets	-	-
Total	-	-

11. Cash and cash equivalents

Description	2020/2021	2019/2020
	KShs	Restated KShs
Central Bank of Kenya	-	-
Nakuru County Government (Staff) Car Loan (Staff) Scheme Fund and County Government of Nakuru Mortgage (Staff) Scheme Fund		
Main a/c	13,692,822	16,448,524
Remittance a/c	0	4,690,787
Principal a/c	0	3,197,176
Interest a/c	0	1,384,946
Total cash and cash equivalents	13,692,822	25,721,433

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

		2020/2021	2019/2020
Financial institution	Account number	KShs	Restated KShs
a) Fixed deposits account			
Kenya Commercial bank		-	-
Equity Bank, etc		-	-
Sub- total		-	-
b) On - call deposits			
Kenya Commercial bank		-	-
Equity Bank –etc		-	-
Sub- total		-	-
c) Current account			
Central Bank of Kenya	1000171178	-	-
Family Bank Ltd	019000044308	13,692,822	16,448,524
Family Bank Ltd	019000044951	0	4,690,787
Family Bank Ltd	019000044950	0	3,197,176
Family Bank Ltd	019000044952	0	1,384,946
Sub- total		13,692,822	25,721,433

12. Receivables from exchange transactions

12. Receivables from exchange transactions		Restated
Description	2020/2021	2019/2020
	KShs	KShs
Current Receivables		
Interest receivable	128,126	277,549
Current loan repayments due	25,291,143	18,630,742
Other exchange debtors	0	0
Less: impairment allowance	0	0
Total Current receivables	25,419,269	18,908,292
Non-Current receivables		
Long term loan repayments due	145,028,281	105,793,487
Total Non- current receivables	145,028,281	105,793,487
Total receivables from exchange transactions	170,447,550	124,701,774

**Nakuru County Government (Staff) Car Loan Scheme Fund
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Additional disclosure on interest receivable

Description	2020/2021	2019/2020
	KShs	KShs
Interest receivable		
Interest receivable from current portion of long-term loans of previous years	0	0
Accrued interest receivable from of long-term loans of previous years		
Interest receivable from current portion of long-term loans issued in the current year	128,125	277,549
Current loan repayments due		
Current portion of long-term loans from previous years		0
Accrued principal from long-terms loans from previous periods		
Current portion of long-term loans issued in the current year	25,291,144	18,630,742

13. Revenue from Non-Exchange transaction

Description	2020/2021	2019/2020
	KShs	KShs
Transfer to County Executive	-	-
Transfer to Nakuru County Government (staff) Car Loan Scheme Fund and Nakuru County Government (staff) Mortgage Scheme Fund	30,000,000	30,000,000
Total receivables from non-exchange transactions	30,000,000	30,000,000

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Prepayments

Description	2020/2021	2019/2020
	KShs	KShs
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	-	-
Other prepayments(specify)	-	-
Total	-	-

15. Inventories

Description	2020/2021	2019/2020
	KShs	KShs
Consumable stores	-	-
Spareparts and meters	-	-
Catering	-	-
Other inventories(specify)	-	-
Total inventories at the lower of cost and net realizable value	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. 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 2019	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-
At 30th June 2020	-	-	-	-	-
At 1st July 2020	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-
At 30th June 2021	-	-	-	-	-
Depreciation and impairment					
At 1 st July 2019	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
At 30th June 2020	-	-	-	-	-
At 1st July 2020	-	-	-	-	-
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-
At 30th June 2021	-	-	-	-	-
Net book values					
At 30th June 2021	-	-	-	-	-
	-	-	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. Intangible assets-software

Description	2020/2021	2019/2020
	KShs	KShs
Cost		
At beginning of the year	-	-
Additions	-	-
At end of the year	-	-
Amortization and impairment		
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

18. Trade and other payables from exchange transactions

Description	2020/2021	2019/2020
	KShs	KShs
Trade payables	0	0
Refundable deposits	0	0
Accrued expenses	1,326,031	381,176
Other payables	0	0
Total trade and other payables	1,326,031	381,176

19. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year(1.07.2020)	-	-	-	-
Additional Provisions	-	-	-	-
Provision utilised	-	-	-	-
Change due to discount and time value for money	-	-	-	-
Transfers from non -current provisions	-	-	-	-
Balance at the end of the year (30.06.2021)	-	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. Borrowings

Description	2020/2021	2019/2020
	KShs	KShs
Balance at beginning of the period	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the period	-	-
Repayments of domestic borrowings during the period	-	-
Balance at end of the period	-	-

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

	2020/2021	2019/2020
	KShs	KShs
External Borrowings		
Dollar denominated loan from 'xxx organisation'	-	-
Sterling Pound denominated loan from 'yyyorganisation'	-	-
Euro denominated loan from 'zzzorganisation'	-	-
Domestic Borrowings	-	-
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Borrowings from other government institutions	-	-
Total balance at end of the year	-	-

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

Description	2020/2021	2019/2020
	KShs	KShs
Short term borrowings(current portion)	-	-
Long term borrowings	-	-
Total	-	-

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21. CHANGES IN RECEIVABLE

Description	2020/2021	2019/2020
	KShs	KShs Restated
Account receivable as at 1st July 2020 (A)	277,549	14,182
Account receivable issued during the year (B)	128,273	277,549
Account receivable settled during the Year (C)	277,549	14,182
Net changes in account receivables D= A+B-C	128,273	277,549

22. CHANGES IN ACCOUNTS PAYABLE

Description	2020/2021	2019/2020
	KShs	KShs Restated
Accounts Payable as at 1 st July 2020 (A)	381,176	99,047
Accounts Payable held during the year (B)	1,493,293	982,341
Accounts Payable paid during the Year (C)	548,438	700,213
Net changes in account receivables D= A+B-C	1,326,031	381,176

23. Employee benefit obligations

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

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24. Cash generated from operations

	2020/2021	2019/2020
	KShs	KShs Restated
Surplus/ (deficit) for the year before tax	2,772,306	1,678,962
Adjusted for:		
Depreciation	-	-
Amortisation	-	-
Gains/ losses on disposal of assets	-	-
Interest income		
Fund administration expenses		
General expenses		
Working Capital adjustments		
Increase in inventory	0	0
Increase in receivables	149,276	(263,368)
Increase in payables	944,855	282,128
Net cash flow from operating activities	3,866,437	1,697,722

25. 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) Department of Finance
- c) Key management;
- d) Committee Members;etc

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b) Related party transactions

	2020/2021	2019/2020
	KShs	KShs
Transfers from related parties'	30,000,000	30,000,000
Transfers to related parties	-	-

c) Key management remuneration

	2020/2021	2019/2020
	KShs	KShs
Board of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

	2020/2021	2019/2020
	KShs	KShs
Due from parent Ministry	-	-
Due from County Government	-	-
Total	-	-

e) Due to related parties

	2020/2021	2019/2020
	KShs	KShs
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
Total	-	-

26. Contingent assets and contingent liabilities

Contingent liabilities	2020/2021	2019/2020
	KShs	KShs
Nakuru County Government (Staff) Car Loan (Staff) Scheme Fund and County Government of Nakuru Mortgage (Staff) Scheme Fund	-	-
Bank guarantees	-	-
Total	-	-

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14. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
N/A					

