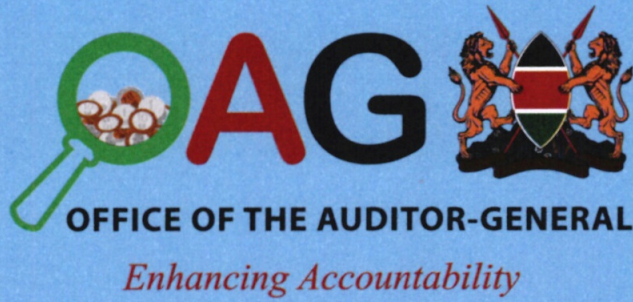


REPUBLIC OF KENYA



REPORT

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UASIN GISHU COUNTY INUA BIASHARA FUND

**FOR THE YEAR ENDED
30 JUNE, 2023**



UASIN GISHU COUNTY INUA BIASHARA FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED JUNE 30, 2023

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



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Uasin Gishu County Inua Biashara Fund

Annual Report and Financial Statements for the year ended June 30, 2023

1. Acronyms and Glossary of Terms

a) Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings

b) Glossary of Terms

Fiduciary Management The key management personnel who had financial responsibility. Provide a list of Acronyms and Key terms used in the financial report as per above example. The list to be exhaustive)

2. Key Entity Information and Management

a) Background information

The Uasin Gishu County Inua Biashara Fund was established by the Uasin Gishu County Inua Biashara Fund Act 2018 amended 2020 Further, amended, 2022, and derives its authority and accountability from this Act. The Fund is wholly owned by the County Government of Uasin Gishu and is domiciled in Kenya.

The fund's objective is to promote the establishment of new small business and Industries and to promote the development of existing small businesses and for connected purposes.

The Fund's principal activity is to provide access to capital and financing facilities to micro and small enterprises owned by the residents of Uasin Gishu County especially those owned by youth, women and other special interest persons

b) Principal Activities

The principal activities of the Fund as provided by Uasin Gishu County Inua Biashara Fund Act, 2018 section 3 are to;

- i. Establish and administer the Uasin Gishu County Inua Biashara Fund
- ii. Promote new small enterprises in the Uasin Gishu County especially those owned by special interest groups
- iii. Promote existing small enterprises in the Uasin Gishu County especially those owned by special interest groups

The proceeds of the Fund shall be appropriated for purposes of, as provided by Uasin Gishu County Inua Biashara Fund Act, 2018 section 4 (2) are,

- a) Providing access to capital and financing facilities to micro and small enterprises owned by residents of Uasin Gishu county especially those owned by youth, women and other special interest persons or their groups.
- b) Attracting and facilitating investment in micro and small enterprises oriented commercial infrastructure.
- c) Supporting micro and small enterprises to develop linkages with large enterprises.
- d) Facilitation marketing of products and services of micro and small enterprises owned by the residents of Uasin Gishu county in both domestic and international markets.

c) Fund Administration Committee

The Fund is supported in its functions by a fund committee which has been set up pursuant to Section 5 of the Uasin Gishu County Inua Biashara Fund Act, 2018. The Committee provides management and administration of the fund. The committee members who served in the Board during the reporting period are as follows:

Ref	Name	Position
1	Mr Geoffrey Tanui	Vice Chairperson
2	Mr Kipleting Mengich	Member

Uasin Gishu County Inua Biashara Fund

Annual Report and Financial Statements for the year ended June 30, 2023

3	Mr Eliud Chemaget	Member
4	Mr Loice Kebenei	Member
5	Ms Joanne Mutai	Fund Administrator

d) Key Management Steam

Ref	Name	Position
1	Mr. Geoffrey Tanui	Chief Officer Trade & Industrialization
2	Ms Joanne Mutai	Fund Administrator
3	Mr Eliud Chemaget	Chief Officer Finance
4		
5		

Key Entity and Management (Continued)

e) Fiduciary Oversight Arrangements

SN	Position	Name
1	Directorate Internal Audit	Mary Kiare
2	Audit committee	CPA Zephania Rutto
3	Chief officer finance	Eliud Chemaget

f) Registered Offices

Uasin Gishu County Government,
P.O. Box 40-30100,
KVDA Plaza,
Oloo Street Eldoret.
Eldoret, KENYA

g) Fund Contacts

The Fund Administrator
Inua Biashara Fund
Telephone: (254) -053-2016215
-053-2016600
E-mail: info@uasingishu.go.ke
Website: www.uasingishu.go.ke

h) Fund Bankers

Family Bank
P,o box 2201 30100
Eldoret

i) Independent Auditors

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

j) Principal Legal Adviser

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

k) County Attorney

County Attorneys
Uasin Gishu County Government,
P.O. Box 40-30100,
Eldoret, KENYA




Uasin Gishu County Inua Biashara Fund

Annual Report and Financial Statements for the year ended June 30, 2023

3. Inua Bisahara Fund Committee Members

Photo	Name, Details of qualifications and experience
	<p>MR GEOFFREY TANUI- CHAIRPERSON Mr. Tanui holds Bachelors Degree in Accounting (BCOM), he holds Masters Degree in Strategic Management. From 2005 to 2022 he was in banking and insurance. He is currently the Chief Officer Trade and Industrialization- County Government of Uasin Gishu.</p>
	<p>MR KIPLETING MENGICH – MEMBER He holds a Masters Degree in Statistics, Michigan State University, Undergraduate double major Economics and maths from Kenyatta University. Since 2001 to 2015 he was a Lecturer at Devry University, Columbus Ohio, Lecturer Oakland Community College, Michigan. Lecturer Franklin University, Ohio. Worked at Barclays Bank for 3years and currently he is the Director Trade ,County Government of Uasin Gishu.</p>
	<p>ELIUD CHEMAGET - MEMBER Mr. Eliud Chemaget have vast experience in an industrious environment, entrepreneurship, financial controls, credit, sales and relationship management. He holds Bachelor of Science With IT Major: (Mathematics & Computer Science) from Maseno University and Master of Business Administration (Finance) from Kenyatta University. He is currently the Chief Officer in charge of Finance in County Government of Uasin Gishu.</p>
	<p>MS LOICE KEBENEI – MEMBER She is an advocate of the high court of Kenya with 5 years of experience post admission .She works at County Government of Uasin Gishu as a legal officer since 2015 to date. Holds a post graduate diploma from Kenya School of Law and an LLB Degree from Moi School of Law.</p>
	<p>MS JOANNE MUTAI – FUND MANAGER She has an MBA Finance - University of Nairobi. BSc in International Business Administration (Finance) – United States International University Africa. She was a Business Analyst at Captiva Africa 2014, a Regional Head (Digital Skills for Africa) - Google Africa 2017-2019 and currently a Fund Manager- County Government of Uasin Gishu.</p>

4. Management Team

Photo	Name, Details of qualifications and experience
	<p>MR GEOFFREY TANUI– CHAIRPERSON Mr. Tanui holds Bachelors Degree in Accounting (BCOM), he holds Masters Degree in Strategic Management. From 2005 to 2022 he was in banking and insurance. He is currently the Chief Officer Trade and Industrialization- County Government of Uasin Gishu.</p>
	<p>ELIUD CEMAGET - MEMBER Mr. Eliud Chemaget have vast experience in an industrious environment, entrepreneurship, financial controls, credit, sales and relationship management. He holds Bachelor of Science With IT Major: (Mathematics & Computer Science) from Maseno University and Master of Business Administration (Finance) from Kenyatta University. He is currently the Chief Officer in charge of Finance in County Government of Uasin Gishu.</p>
	<p>MS JOANNE MUTAI – FUND MANAGER She has an MBA Finance - University of Nairobi. BSc in International Business Administration (Finance) – United States International University Africa. She was a Business Analyst at Captiva Africa 2014, a Regional Head (Digital Skills for Africa) - Google Africa 2017-2019 and currently a Fund Manager- County Government of Uasin Gishu.</p>

Uasin Gishu County Inua Biashara Fund
Annual Report and Financial Statements for the year ended June 30, 2023

5. Inua Biashara Fund Chairperson's Report


Inua Biashara Fund being newly established has been a success. The Inua Biashara Fund was aimed at touching the lives of the people of Uasin Gishu County. The Fund is deemed empowering the economy mostly the women, Youth and special groups.

This is the reason the legislation on this particular Fund is very clear on relatively low interest rates of 5% per annum. In the FY 2022/2023 business people, small and medium size enterprises and special groups were able to benefit from the Fund.

The Uasin Gishu County Inua Biashara Fund Committee oversees the management of the Fund. I wish to sincerely appreciate the establishment of this Fund, whose main focus is the Uasin Gishu County's Women, Youth and Special groups; to empower them acquire the necessary skills through trainings, awarding them loans and necessary linkages, was a very noble idea by the County Government of Uasin Gishu. Since inception, the Fund's performance has been outstanding.

In order to ensure transparency and accountability in optimal loan disbursement and recovery, the Board envisages automating all the Fund's operations. Development of an ICT system is on course.

Most entrepreneurs are currently looking up to funding from this establishment terming their reasons to be the low friendly interest rates and the friendly repayment period of two years.

Name GEOFFREY TANU Signature  Date 21/12/23

Chairperson of the Board/Fund

6. Report of The Fund Administrator

Inua Biashara Fund being formed under Inua Biashara Fund Act of 2018, gives the administration of this public entity mandate to execute proper management of the funds as cited in the ACT. As captured in the introduction the core principal activities were executed as per expectation.

In the FY20/21 the fund was able to advance KES 30,291,000 in total of loans to applicants.

In the FY 21/22 the fund was able to advance KES 33,704,000 in total of loans to applicants.

In the FY 22/23 the fund was able to advance KES 20,060,000 in total of loans to applicants.

This brings the total number of loans given to KES 84,055,000 in total.

It is also crucial to notice that the Fund has not been able to advance in other mandates as expected due to the constrained budgets.

The fund performance in terms of repayments is at 30%. Many of the beneficiaries in the mentioned years, suffered closure of businesses due to COVID 19 Pandemic. Those that are still running have very low cashflows making it hard for them to repay the loans.

During the year 359 individuals have not repaid anything at all. Most of this businesses closed down and others were agricultural based which never yielded as per expectation.

Uasin Gishu County Inua Biashara Fund

Annual Report and Financial Statements for the year ended June 30, 2023

The Fund Management through various trainings and Due diligence analysed the following concerns:

- (a) There needs to be clarity on Loans advanced to Agricultural based businesses since their expected time of repayment does not match the one indicated in the Act of 60days. Most farmers need time to harvest their crops and repay the loans.
- (b) There is need for financial literacy to increase of financial knowledge and also to change negative attitudes towards business.
- (c) There is need for more funding to accommodate all other functions of the fund as stated in mandates of the Fund. Specially to boost on commercial infrastructure and Market linkages.
- (d) The Fund Management noted that Women Groups are doing exemplary well both in repayments and also having viable businesses. They grow their group money through table banking and reinvest it into group business.

The Fund Budget projections in the FY22/23 was KES 92,108,065. This was however not met as the budget allocation was KES 88,000,000.



.....
Name: JOANNE MUTAI

Fund Administrator



7. Statement of Performance Against the County Fund's Predetermined Objectives

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 or 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.

Uasin Gishu County Inua Biashara Fund is a fund developed by the County Government of Uasin Gishu through an Act of County Assembly 2018. Its purpose is to provide for the establishments of Inua Biashara Fund to promote the establishment of new small businesses and industries and/or to promote the development of existing small businesses and for connected purposes. The Inua Biashara Fund is tasked to giving loans to SMEs at a subsidized interest rate and a friendly repayment period.

Inua Biashara Fund had an annual budget to disburse Ksh 30,291,000 in the FY 2020/2021, Kshs.33,704,000 in the FY 2021/2022 and Kshs.85,360,000 in the FY 2022/23. The plan was to give out this amount to provide training, capital and financing to different businesses. The plan therefore was executed.

The Fund was able to advance loans to 123 beneficiaries in FY 2022/2023. The key development objectives of the Inua Biashara Fund in the FY 2022/2023 were:

- a) Provide access to capital and financing facilities to micro and small enterprises owned by the residents of Uasin Gishu County.
- b) Attracting and facilitating investment in micro and small enterprises oriented commercial infrastructure
- c) Supporting micro and small enterprises to develop linkages with large enterprises
- d) Facilitating marketing of products and services

Uasin Gishu County Inua Biashara Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Provide access to capital and financing activities	Credit disbursed to MSMEs.	Increased number of MSMEs funded	No of loans disbursed	In FY 2022/2023 the loan beneficiaries are repaying.
Attracting and facilitating investment in micro and small enterprises oriented commercial infrastructure	Development of proposals to attract investors and donor Funding establishments Exhibitions Social media marketing	Proposals developed and funded Investment guide and policies for seamless integration of investors Investment promotion agency	Number of proposals Amount of resources attracted	Yet to be accomplished
Supporting micro and small enterprises to develop linkages with large enterprises	Linking SMEs to markets	Marketing Enhanced	No of MSMEs marketed locally No of MSMEs marketed to International markets	Yet to be accomplished
Supporting MSMEs to develop linkages with large enterprises	Identification of MSMEs	Linkages established and strengthened	No of MSMEs linked with large enterprises	Yet to be accomplished

8. Corporate Governance Statement

There is an existence of a fund committee known as Uasin Gishu County Inua Biashara Committee as per The Uasin Gishu County Inua Biashara Fund Act, 2018, 5 (1).

In the FY 2022/2023 there were a total of 7 committee meetings.

Meeting 1 – 22nd February 2023

Meeting 2 – 6th March 2023

Meeting 3 – 17th April 2023

Meeting 4 – 24th April 2023

Meeting 5 – 15th May 2023

Meeting 6 – 23rd May 2023

Meeting 7 – 9th June 2023

The committee consists of

- (1) Non-executive Chairperson
- (2) Chief Officer Finance
- (3) Chief Officer Trade
- (4) Director Trade
- (5) County Attorney
- (6) Fund Manager
- (7) Three other persons appointed by CECM

The chairperson and members appointed under Uasin Gishu County Inua Biashara Fund Act 2018 section 6 (1)(f) shall serve a term of 3 years and shall be eligible for re-appointment for one further term.

The committee member or chairperson shall be subject to such persons

1. Satisfying the requirements of chapter 6 of the constitution.
2. Holding a minimum of a bachelor's degree from a university recognised in Kenya or
3. On account of their training or experience.
 - i. Having over 10 years distinguished experience in financial, business or economic matters; or
 - ii. Being knowledgeable about trade, industry, finance or the economy; or
 - iii. Having legal knowledge of the matters pertaining to small business; or
 - iv. Having experience in matters connected to it, and of problems experienced by small business enterprises; or
 - v. Complying with other criteria to County Executive Committee Member in charge of trade may prescribe.

Uasin Gishu County Inua Biashara Fund

Annual Report and Financial Statements for the year ended June 30, 2023

As guided by Uasin Gishu County Inua Biashara Fund Act 2018 section 8 (1) a member of the committee may be removed from office only for,

1. Violation of the constitution or any other law
2. Gross misconduct, whether in the performance of the members functions or otherwise,
3. Physical or mental incapacity to perform the functions of office
4. In competence
5. Neglect of duty

The committee shall have power to

- a) Receive reports and accounts from the Fund Administrator and forward the same to the County Executive Member for Finance and Economic planning
- b) Prepare or cause to be prepared estimates of the revenue and expenditure of the Fund for that financial year
- c) Receive loan applications from the fund administrator and identify beneficiaries
- d) Perform any other function that can be delegated from time to time by the CECM for Finance and Economic planning.

The performance of the committee members was excellent as per their functions stipulated by the law.

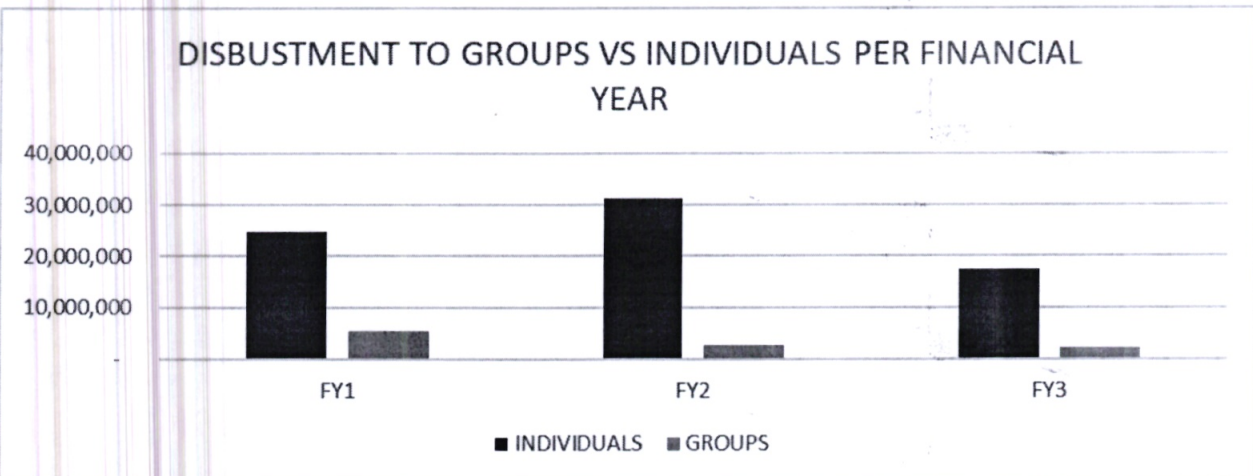
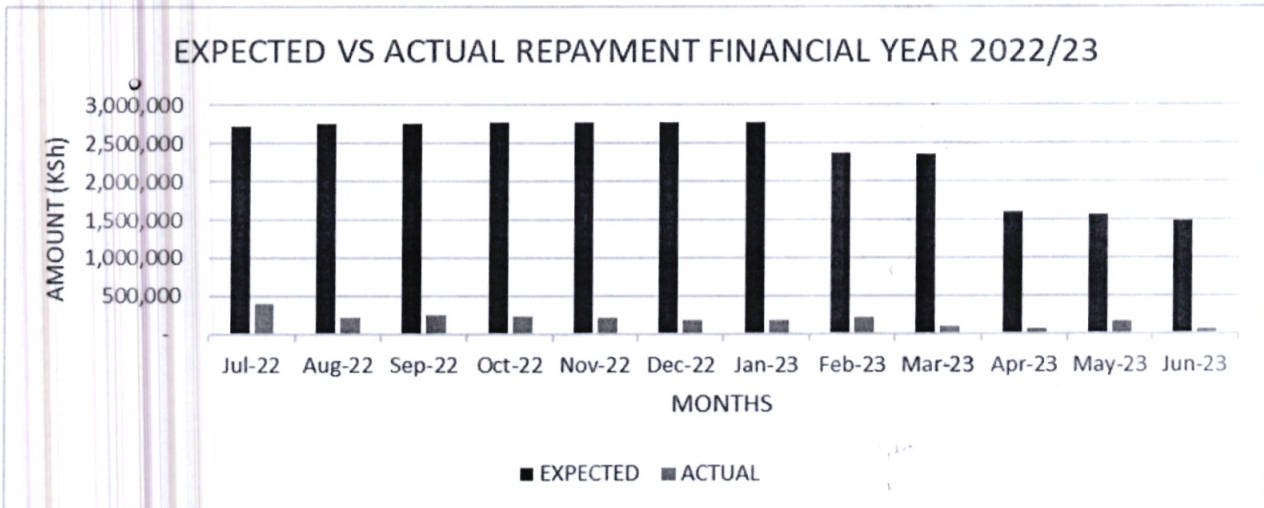
A committee member whose ethics and conduct are questionable shall be removed by the Executive Committee Member upon recommendation by the committee.

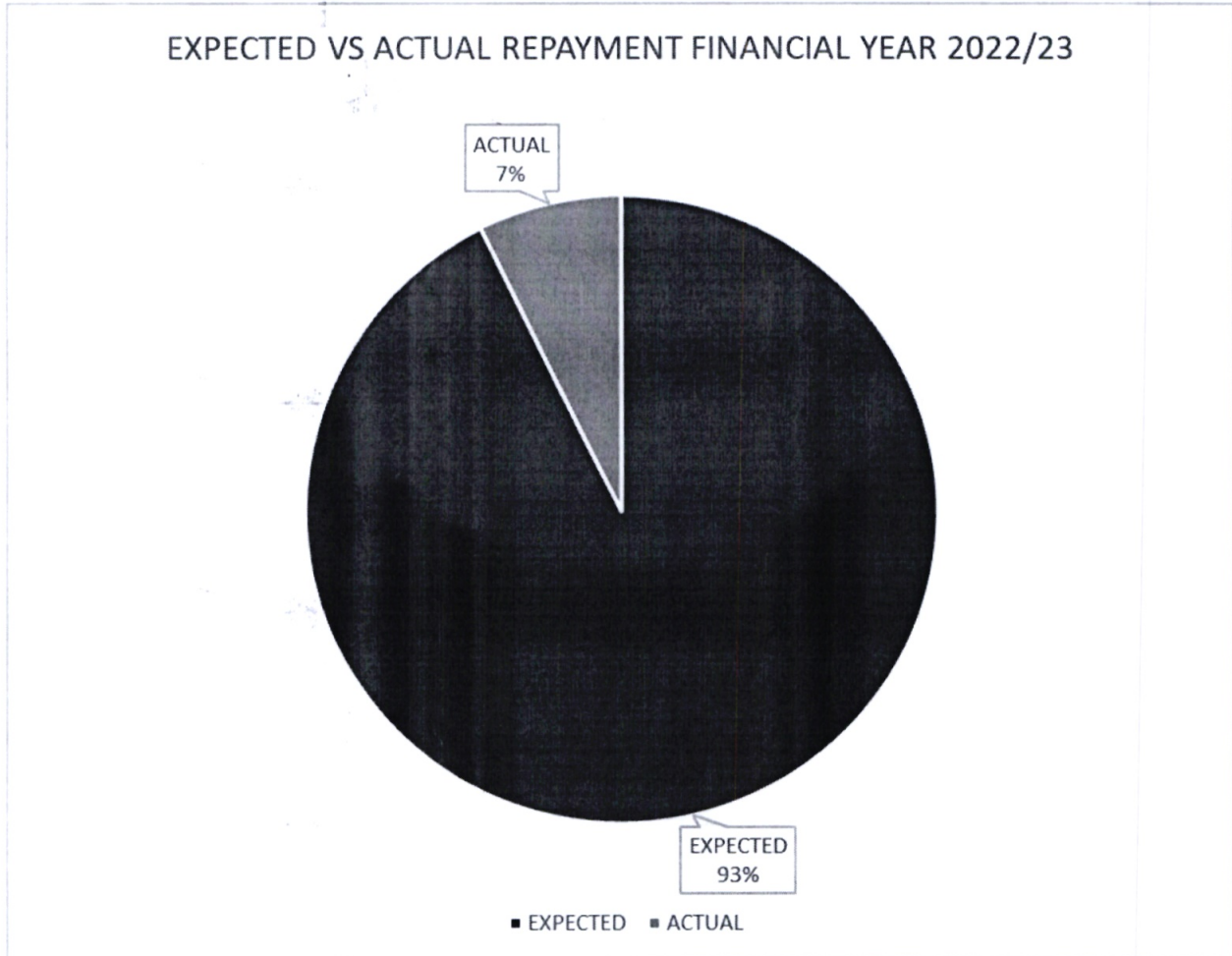
The committee receives allowances from the Fund after every sitting as provided in the Act. 3% administration fee caters for the Committee allowances.

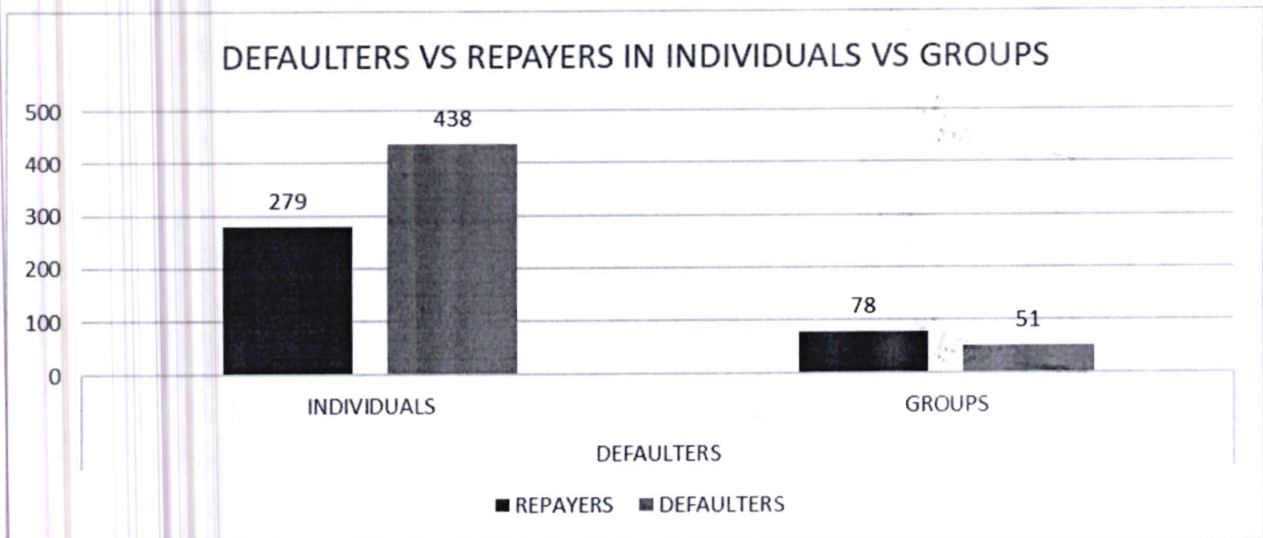
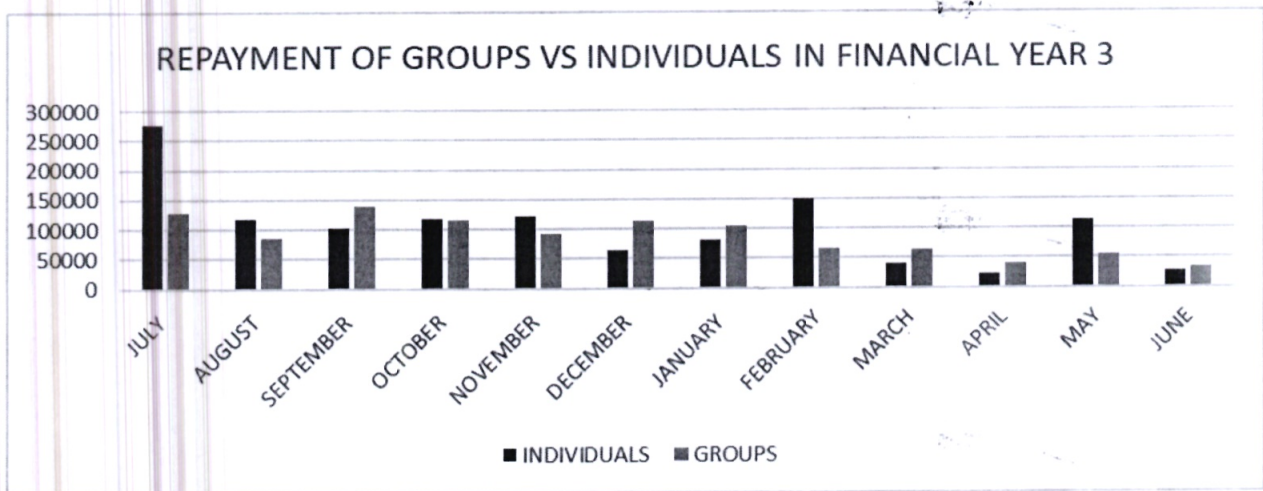
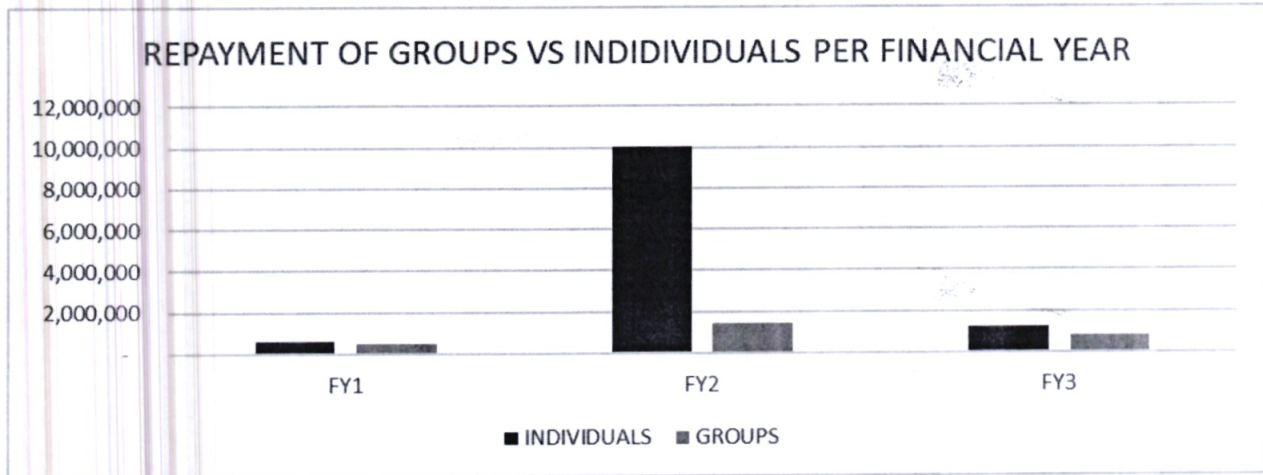
The accounts of the fund shall be examined, audited and reported upon annually by the Auditor-General in accordance with the Public Audit Act 2015.

9. Management Discussion and Analysis

Inua Biashara Fund has for the months in operation tried to push for maximum repayments. This has however been a challenge that saw the Management look for alternative ways of tightening the loan disbursement requirements. The Management is considering ways of handling this and will communicate to the legal department for implementation.







Uasin Gishu County Inua Biashara Fund

Annual Report and Financial Statements for the year ended June 30, 2023

10. Environmental and Sustainability Reporting

The Fund did not have any budgets on CSR hence there were no activities on the same. However, the Management will consider this in the following year

11. Report of The Trustees

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2023 which show the state of the Fund affairs.

Principal activities

The principal activities of the Fund are:

- a) Provide access to capital and financing facilities to micro and small enterprises owned by the residents of Uasin Gishu County.
- b) Attracting and facilitating investment in micro and small enterprises oriented commercial infrastructure
- c) Supporting micro and small enterprises to develop linkages with large enterprises
- d) Facilitating marketing of products and services

Results

The results of the Fund for the year ended June 30, 2023 are set out on page 1 to 6

Trustees

The members of the Board of Trustees who served during the year are shown on page iv, v and vii

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



.....

Chair of the Board/Fund Administration Committee

Date: 21/12/23

Uasin Gishu County Inua Biashara Fund
Annual Report and Financial Statements for the year ended June 30, 2023

12. 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 Uasin Gishu County Inua Biashara Fund Act, 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 the County Public 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, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public 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 Uasin Gishu County Inua Biashara Fund Act, 2018 amended 2020 Further amended 2022. 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, 2023, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Public 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 22/11/2023 2023 and signed on its behalf by:

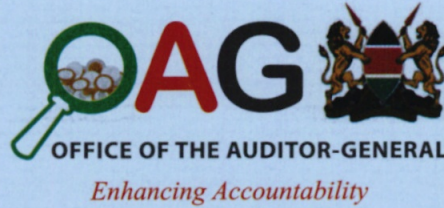
..... JOANNE MUTAI Hony

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 UASIN GISHU COUNTY INUA BIASHARA FUND FOR THE YEAR ENDED 30 JUNE, 2023

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 the 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

Qualified Opinion

I have audited the accompanying financial statements of Uasin Gishu County Inua Biashara Fund set out on pages 1 to 41, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting

policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Uasin Gishu County Inua Biashara Fund as at 30 June, 2023, 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 comply with the Public Finance Management Act, 2012 and the Uasin Gishu County Inua Biashara Fund Act, 2018.

Basis for Qualified Opinion

Differences Between the Statement of Financial Performance and the Statement of Comparison of Budget and Actual Amounts

The statement of financial performance reflects balances which differ from those reflected in the statement of comparison of budget and actual amounts, as detailed in the table below;

Item	Amount as per Statement of Financial Performance (Kshs.)	Amount as per Statement of Comparison of Budget and Actual Amount (Kshs.)	Differences (Kshs.)
Total Revenue	4,255,583	89,314,186	(85,058,603)
Total Expenses	56,083,646	80,725,646	(24,642,000)
Capital Expenditure	-	970,000	(970,000)

However, a reconciliation has not been provided for the differences which should tie. This is contrary to the financial reporting template provided by the Public Sector Accounting Standards Board which requires that where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) a reconciliation should be provided.

In the circumstances, the accuracy of the statement of financial performance and the statement of comparison of budget and actual amounts could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Uasin Gishu County Inua Biashara 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 qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis amount of Kshs.146,108,065 and Kshs.89,314,186 respectively resulting to an underfunding of Kshs.56,793,879 or 39% of the approved revenue budget. Similarly, the Fund expended an amount of Kshs.80,725,646 against an approved budget of Kshs.146,108,065 resulting to an under-expenditure of Kshs.62,901,869 or 45% of the budget.

The underfunding and underperformance may have affected planned activities and may have impacted negatively on service delivery to the public.

My opinion is however, not modified in the effect of this matter.

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

Unresolved Prior Year Matters

In the audit report of the previous year, several paragraphs were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, the issues remain unresolved contrary to Section 149 (2) (I) of the Public Finance Management Act, 2012 which require accounting officers designated for county government entities to try to resolve any issues resulting from an audit that remain outstanding.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Receivables from Exchange Transactions

As previously reported, the statement of financial position reflects current portion of long - term receivables from exchange transactions balance of Ksh.66,568,075 and of long - term receivables from exchange transactions balance of Ksh.10,030,000 all totalling to Kshs.76,598,075 as disclosed in Note 13 to the financial statements. However,

as per the loan amortization schedules provided for audit review revealed that only 10% of the loans were being serviced. Despite the high default rates, the Fund has yet to re-designate any of the non-performing loans to civil debt and adjust the interest rate on such debts to commercial rate contrary to Section 16(3) of the Uasin Gishu County Inua Biashara Fund Act, 2018 which states that any un-repaid loan, including interest thereon, shall be recoverable by the Fund as a civil debt and interest rate automatically reverts to commercial rate.

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

2. Irregular Bank Account

During the year under review, the Fund operated two bank accounts contrary to Section 11(1) of the Uasin Gishu County Inua Biashara Fund Act, 2018 which states that all monies received by the Fund shall be maintained in one separate bank account in a reputable Bank in the name of Uasin Gishu County Inua Biashara Fund opened and administered in accordance with the provisions of the Public Finance Management Act, 2012.

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

3. Failure to Observe One Third Ethnic Diversity Rule in the Fund Committee

Review of the composition of the Uasin Gishu County Inua Biashara Fund Committee which was in office during the year under review revealed that the committee comprised of five (5) members, all of whom were from the same ethnic community, which is contrary to section 65(1)(e) of the County Governments Act, 2012 which states that in selecting candidates for appointment, the County Public Service Board shall consider the need to ensure that at least thirty percent of the vacant posts at entry level are filled by candidates who are not from the dominant ethnic community in the county.

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

4. Failure to Appoint Required Number of Committee Members

During the year under review, the Fund had five (5) committee members contrary to the provisions of Section 6 (1) of the Uasin Gishu County Inua Biashara (Amendment) Act, 2020 which states that the membership of the Fund shall comprise of a non-executive chairperson, the fund administrator and seven (7) other members.

In the circumstances, 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, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Lack of Segregation of Duties

The fund committee chairperson was listed as a member of the management team implying that the chairperson was involved in policy formulation, implementation of those policies, oversight of the fund's activities and also day to day running of the Fund. This implies lack of clear separation of functions between policy formulation, oversight and policy implementation which may hamper effectiveness of the fund operations. Further, the fund accountant who signed the financial statements was not listed as a member of the key management team.

In the absence of clear segregation of duties, incidences of frauds and errors may not be detected and corrected in a timely manner.

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 the Management is aware of the intention to abolish the Fund or to cease its 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 the 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 overall 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 communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

31 January, 2024

**Uasin Gishu County Inua Biashara Fund
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14. Statement of Financial Performance for the Year Ended 30th June 2023

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1	-	-
Transfers From the County Government	2	2,640,000	8,191,780
Fines, Penalties and Other Levies	3	-	-
		2,640,000	8,191,780
Revenue From Exchange Transactions			
Interest Income	4	1,615,583	1,102,237
Other Income	5	-	-
		1,615,583	1,102,237
Total Revenue		4,255,583	9,294,017
Expenses			
Employee Costs	6	-	-
Use of goods and services	7	55,792,646	8,611,265
Depreciation and Amortization Expense	8	291,000	-
Finance Costs	9	-	-
Total Expenses		56,083,646	8,611,265
Other Gains/Losses			
Gain/Loss on Disposal of Assets	10	-	-
Gain /Loss on fair value of investments	11	-	-
Surplus/(Deficit) for the Period		(51,828,063)	682,752

(The notes set out on pages 27 to 59 form an integral part of these Financial Statements)

.....
Name: JOHNE SMUTA
Administrator of the Fund

.....
Name: Agnes MUTAI
Fund Accountant
ICPAK Member Number: 30255



15. Statement of Financial Position as at 30 June 2023

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	12	9,707,404	1,091,105
Current Portion of Long- Term Receivables From Exchange Transactions	13	66,568,075	35,509,437
Prepayments	14	-	-
Inventories	15	-	-
Investments in financial assets	16	-	-
Total current assets		76,275,479	36,600,542
Non-Current Assets			
Property, Plant and Equipment	17	679,000	-
Intangible Assets	18	-	-
Long Term Receivables from Exchange Transactions	13	10,030,000	16,852,000
Investment Property	19	-	-
Total non- current assets		10,709,000	16,852,000
Total Assets		86,984,479	53,452,542
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	20	-	-
Current Portion of Borrowings	21	-	-
Employee Benefit Obligations	22	-	-
Social benefit liabilities	23	-	-
Total current liabilities		-	-
Non-Current Liabilities			
Long Term Portion of Borrowings	21	-	-
Non-Current Employee Benefit Obligation	22	-	-

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Social benefit liabilities	23	-	-
Total Liabilities		-	-
Net Assets		86,984,479	53,452,542.0
Revolving Fund		137,668,220	52,769,790
Reserves		-	-
Accumulated Surplus		(50,683,741)	682,752
Total Net Assets and Liabilities		86,984,479	53,452,542

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 _____ 2023 and signed by:

.....
 Name: JOANNE MUTAI
 Administrator of the Fund

.....
 Name: Agnes Chemist
 Fund Accountant
 ICPAK Member Number: 30255



16. Statement of Changes in Net Assets for the year ended 30th June 2023

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2021	29,100,000	-	461,570	29,561,570
Surplus/(Deficit) For the Period	-	-	682,752	682,752
Funds Received During the Year	23,208,220	-		23,208,220
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2022	52,308,220	-	1,144,322	53,452,542
Balance As At 1 July 2022	52,308,220	-	1,144,322	53,452,542
Surplus/(Deficit) For the Period	-	-	(51,828,063)	(51,828,063)
Funds Received During the Year	85,360,000	-	-	85,360,000
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2023	137,668,220	-	(50,683,741)	86,984,479

Uasin Gishu County Inua Biashara Fund

Annual Report and Financial Statements for the year ended June 30, 2023

17. Statement of Cash Flows for The Year Ended 30 June 2023

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the county government		2,640,000	8,191,780
Interest received		223,081	565,287
Receipts from other operating activities		-	-
Total receipts		2,863,081	8,757,067
Payments			
Fund administration expenses		-	-
General expenses		55,792,646	8,611,265
Finance cost		-	-
Other payments		-	-
Total Payment		55,792,646	8,611,265
Net cash flows from operating activities	25	(52,929,565)	145,802
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets		(970,000)	-
Proceeds from sale of property, plant & equipment		-	-
Proceeds from loan principal repayments		2,088,865	11,309,690
Loan disbursement to County Government		(4,873,000)	-
Loan disbursements paid out		(20,060,000)	(33,704,000)
Net cash flows used in investing activities		(23,814,136)	(22,394,310)
Cash flows from financing activities			
Proceeds from revolving fund receipts		85,360,000	23,208,220
Additional borrowings		-	-
Repayment of borrowings		-	(20,000,000)
Net cash flows used in financing activities		85,360,000	3,208,220
Net increase/(decrease) in cash & cash Equivalents		8,616,300	(19,040,288)
Cash and cash equivalents at 1 July		1,091,104	20,131,392
Cash and cash equivalents at 30 June		9,707,404	1,091,104

18. Statement Of Comparison Of Budget And Actual Amounts For The Period

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	A	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Public Contributions and Donations	-	-	-	-	-	
Transfers From County Govt.	142,000,000	-	142,000,000	88,000,000	54,000,000	62%
Interest Income	3,016,960	-	3,016,960	223,081	2,793,879	7%
Other Income	-	-	-	-	-	
Cash and Cash Equivalents C/fwd	-	1,091,105	1,091,105	1,091,105	-	100%
Total Income	145,016,960	1,091,105	146,108,065	89,314,186	56,793,879	61%
Expenses						
Fund Administration Expenses	3,140,000	1,091,105	4,231,105	2,480,550	1,750,555	59%
General Expenses	56,516,960	-	56,519,960	53,312,096	3,204,864	94%
Finance Cost	-	-	-	-	-	
Loan	85,360,000	-	85,360,000	24,933,000	60,427,000	29%
Total Expenditure	145,016,960	1,091,105	146,108,065	80,725,646	62,901,869	55%
Surplus For the Period	-	-	-	8,588,540	(8,588,540)	
Capital expenditure	1,983,040	-	1,983,040	970,000	1,013,040	49%

Budget notes

1. The differences between actual and budgeted amounts is due to under repayment of loans
2. There are no changes between original and final budget
3. The actual on comparable basis does not tie to the statement of financial performance totals but tie with the statement of cash flows.

Uasin Gishu County Inua Biashara Fund
Annual Report and Financial Statements for the year ended June 30, 2023

19. Notes to the Financial Statements

1. General Information

The Uasin Gishu County Inua Biashara Fund is established by and derives its authority and accountability from Uasin Gishu County Inua Biashara Fund Act 2018 amended 2020 Further amended 2022. The entity is wholly owned by the Uasin Gishu County Government and is domiciled in Kenya.

The entity's principal activity is to provide access to capital and financing facilities to micro and small enterprises owned by the residents of Uasin Gishu County especially those owned by youth, women and other special interest persons.

2. 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.

3. Adoption of new and revised standards

- (i) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023

Standard	Effective date and impact
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <p>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.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p>

Standard	Effective date and impact
	<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; • 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 2023</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> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <ul style="list-style-type: none"> 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. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.

Uasin Gishu County Inua Biashara Fund

Annual Report and Financial Statements for the year ended June 30, 2023

Standard	Effective date and impact
	<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>
Other improvements to IPSAS	<p><i>Applicable 1st January 2023</i></p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>

(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and</p>

Standard	Effective date and impact:
	present information on right of use assets and lease liabilities.
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

(iii) Early adoption of standards

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

Uasin Gishu County Inua Biashara Fund
Annual Report and Financial Statements for the year ended June 30, 2023

4. Significant Accounting Policies

a) 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.

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Entity's right to receive payments is established.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget information

The original budget for FY 2022-2023 was approved by the County Assembly on 30th June 2022. 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 actuals as per the statement of financial performance has been presented under section 17 of these financial statements.

c) 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.

Assets are depreciated using reducing balances method at the following annual rates

- I. Building and other civil works-2.5%
- II. Plant & medical equipment-12.5%
- III. Office Equipment-12.5%
- IV. Furniture and Fittings-12.5%
- V. Motor Vehicles-25%
- VI. Computer & related Equipment-30 %

d) 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.

e) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate). A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Summary of Significant Accounting Policies (Continued)

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

Significant Accounting Policies (Continued)

Financial liabilities

Classification

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

f) 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.

g) 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.

h) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

Summary of Significant Accounting Policies (Continued)

i) 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.

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.

j) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements.

k) 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.

l) 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.

Uasin Gishu County Inua Biashara Fund
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Summary of Significant Accounting Policies (Continued)

m) 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.

n) 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.

o) 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.

p) 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.

q) Comparative figures

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

Summary of Significant Accounting Policies (Continued)

5. 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.

a) 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.

b) 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

c) 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 -.

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.

Uasin Gishu County Inua Biashara Fund
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6. Notes to The Financial Statements

1. Public contributions and donations

Description	2022/2023	2021/2022
	Kshs	Kshs
Donation From Development Partners	-	-
Contributions From The Public	-	-
Total	-	-

(Provide brief explanation for this revenue)

2. Transfers from County Government

Description	2022/2023	2021/2022
	Kshs	Kshs
Transfers From County Govt. –Operations	2,640,000	8,191,780
Payments By County On Behalf Of The Entity	-	-
Unconditional Development grants	-	-
Total	2,640,000	8,191,780

3. Fines, penalties and other levies

Description	2022/2023	2021/2022
	Kshs	Kshs
Late Payment Penalties	-	-
Fines	-	-
Total	-	-

(Provide brief explanation for this revenue)

4. Interest income

Description	2022/2023	2021/2022
	Kshs	Kshs
Interest Income from Mortgage Loans	-	-
Interest Income From Car Loans	-	-
Interest Income From Investments in financial assets	1,615,583	1,102,237
Interest Income On Bank Deposits	-	-
Total Interest Income	1,615,583	1,102,237

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(Provide brief explanation for this revenue)

Notes to the Financial Statements Continued

5. Other income

Description	2022/2023	2021/2022
	Kshs	Kshs
Insurance Recoveries	-	-
Income from Sale of Tender Documents	-	-
Bad debts recovered	-	-
Miscellaneous Income	-	-
Total Other Income	-	-

(NB: All income should be classified as far as possible in the relevant classes and other income should be used to recognise income not elsewhere classified. Disclose write backs if any or recoveries from write offs).

6. Employee Costs

Description	2022/2023	2021/2022
	Kshs	Kshs
Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	-	-
Social Security Contribution	-	-
Other <i>(Specify)</i>	-	-
Total	-	-

7. Use of Goods and Services

Description	2022/2023	2021/2022
	Kshs.	Kshs.
General Office Expenses Training	4,072,600	7,474,000
Loan Processing Costs	-	-
Professional Services Costs	-	-
Administration Fees	2,480,550	1,137,225
Committee Allowances	-	-
Bank Charges	480	-
Electricity And Water Expenses	-	-
Fuel And Oil Costs	-	-

Uasin Gishu County Inua Biashara Fund

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Description	2022/2023	2021/2022
	Kshs.	Kshs.
Insurance Costs	-	-
Postage And Courier	-	-
Printing And Stationery	-	-
Rental Costs	-	-
Security Costs	-	-
Telephone And Communication Expenses	-	-
Bank Charges	-	-
Audit Fees	-	-
Provision For Doubtful Debts	-	-
Other (<i>Specify</i>)	49,239,016	-
Social benefit expenses*		
Total	55,792,646	8,611,225

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42

8. Depreciation and Amortization Expense

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Property Plant and Equipment	291,000	-
Intangible Assets	-	-
Total	291,000	-

9. Finance costs

Description	2022/2023	2021/2022
	Kshs	Kshs
Interest On Bank Overdrafts	-	-
Interest On Loans From Banks	-	-
Total	-	-

10. Gain/(loss) on disposal of assets

Description	2022/2023	2021/2022
	Kshs	Kshs
Property, Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

11. Gain/ (loss) on Fair Value Investments

Description	2022/2023	2021/2022
	Kshs	Kshs
Investments at Fair Value- Equity investments	-	-
Fair value – Investment property	-	-
Fair value- other financial assets (specify)	-	-
Total Gain	-	-

12. Cash and cash equivalents

Description	2022/2023	2021/2022
	Kshs	Kshs
Car Loan Account	-	-
County Mortgage Account	-	-
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	9,707,404	1,091,109
Others (<i>Specify</i>)	-	-
Total Cash And Cash Equivalentents	9,707,404	1,091,109

Uasin Gishu County Inua Biashara Fund
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Notes to the Financial Statements Continued

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

Financial Institution	Account number	2022/2023	2021/2022
		Kshs	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			
Family Bank	085000092749	8,738,383	937,787
Family Bank	085000099594	969,021	153,322
Sub- Total		9,707,404	1,091,109
d) Others(Specify)			
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		9,707,404	1,091,109

13. Receivables from exchange transactions

Description	2022/2023	2021/2022
	Kshs	Kshs
Current Receivables		
Interest Receivable	2,093,879	701,377
Current Loan Repayments Due	54,697,196	7,124,352
Other Exchange Debtors	9,777,000	27,683,708
Less: Impairment Allowance	-	-
Total Current Receivables	66,568,075	35,509,437
Non-Current Receivables		
Long Term Loan Repayments Due	10,030,000	16,852,000
Total Non- Current Receivables	10,030,000	16,852,000
Total Receivables From Exchange Transactions	76,598,075	52,361,437

Notes to the Financial Statements Continued

Additional disclosure on interest receivable

Description	2022/2023	2021/2022
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	-	-
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	2,093,879	701,377
Current loan repayments due		
Current portion of long-term loans from previous years	12,466,500	-
Accrued principal from long-terms loans from previous periods	47,134,696	-
Current portion of long-term loans issued in the current year	10,030,000	-

14. Prepayments

Description	2022/2023	2021/2022
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Other Prepayments (<i>Specify</i>)	-	-
Total	-	-

15. Inventories

Description	2022/2023	2021/2022
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts And Meters	-	-
Catering	-	-
Other Inventories (<i>Specify</i>)	-	-
Total Inventories at The Lower of Cost and Net Realizable Value	-	-

Notes to the Financial Statements Continued

Uasin Gishu County Inua Biashara Fund

Annual Report and Financial Statements for the year ended June 30, 2023

16. Investments in financial assets

Description	2022/2023	2021/2022
	Kshs	Kshs
a. Investment in Treasury bills and bonds		
Financial institution		
CBK	-	-
CBK	-	-
Sub- total	-	-
b. Investment with Financial Institutions/ Banks		
Bank	-	-
Bank	-	-
Sub- total	-	-
c. Equity investments (specify)		
Equity/ shares in Entity -	-	-
Sub- total	-	-
Grand total	-	-

(Entity should disclose whether the fixed investment financial assets are measured at amortised cost or at fair value through changes in net assets/ equity) Investments in equity should be measured at fair value through surplus or deficit. Other information to be disclosed includes: the interest rates, maturity dates, valuation methodology, and impairment of these investments.

Movement of Equity Investments

Impairment allowance/ provision	2022/2023	2021/2022
	Kshs	Kshs
At the beginning of the year	-	-
Purchase of investments in the year	-	-
Sale of investments during the year	(-)	(-)
Gain/(loss) in fair value of investments through surplus or deficit	-	-
At the end of the year	-	-

e) Shareholding in other entities

For investments in equity share listed above, list down the equity investments under the following categories:

Name of Entity where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding		2022/23	2021/22
	%	%	%	Kshs	Kshs	Kshs
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
	-	-	-	-	-	-

Uasin Gishu County Inua Biashara Fund

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Notes To The Financial Statements (Continued)

17. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment-30%	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At 1st July 2021	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-
At 30th June 2022	-	-	-	-	-
At 1st July 2022					-
Additions	-	-	-	970,000	970,000
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
At 30th June 2023	-	-	-	970,000	970,000
Depreciation And Impairment					-
At 1 st July 2021	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
At 30th June 2022	-	-	-	-	-
At 1st July 2022					-
Depreciation	-	-	-	291,000	291,000
Disposals	-	-	-	-	-

Uasin Gishu County Inua Biashara Fund

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Impairment	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-
At 30th June 2023	-	-	-	291,000	291,000
Net Book Values					-
At 30th June 2022	-	-	-	-	-
At 30th June 2023	-	-	-	679,000	679,000

Notes To The Financial Statements (Continued)

18. Intangible assets

Description	2022/2023	2021/2022
	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	-	-

19. Investment Property

Description	2022/2023	2021/2022
	Kshs	Kshs
At beginning of the year	-	-
Additions	-	-
Disposal during the year	(-)	(-)
Depreciation	(-)	(-)
Impairment	(-)	(-)
Gain/(loss) in fair value (if fair value is elected)	-	-
At end of the year	-	-

(For investment property held at fair value, changes in fair value should go through the statement of financial performance. Where cost model is elected, depreciation and impairment should not be charged. Investment measured at fair value should be evaluated at the end of the reporting period for changes in fair value.). Entity should disclose the independent valuers, rental income from the investment property if any and the direct costs attributed to the investment property. Any charges on the investment property as well as any difficulty in classifying this asset as an investment property.

Uasin Gishu County Inua Biashara Fund

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Notes To The Financial Statements (Continued)

20. Trade and other payables from exchange transactions

Description	2022/2023		2021/2022	
	Kshs		Kshs	
Trade Payables	-		-	
Refundable Deposits	-		-	
Accrued Expenses	-		-	
Other Payables	-		-	
Total Trade and Other Payables	-		-	
Ageing analysis (Trade and other payables)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (tie to above total)	-		-	

(NB: Amount under deposits and retentions should tie to cash held in deposit account)

21. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance At the Beginning Of The Year	-	-	-	-
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	-	-	-	-

Notes To The Financial Statements (Continued)

22. Borrowings

Description	2022/2023	2021/2022
	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	(-)	(20,000,000)
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:

Description	2022/2023	2021/2022
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan From Organization'	-	-
Sterling Pound Denominated Loan From Organization'	-	-
Euro Denominated Loan from Z Organization'	-	-
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	2022/2023	2021/2022
	Kshs	Kshs
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

(NB: the total of this statement should tie to note 22 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed). Borrowings should be measured at amortised cost as per IPSAS 41)

Uasin Gishu County Inua Biashara Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

23. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	2022/2023	2021/2022
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total	-	-	-	-	-

24. Social Benefit Liabilities

Description	2022/2023	2021/2022
	Kshs	Kshs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
Total	-	-
Current social benefits	-	-
Non- current social benefits	-	-
Total (tie to totals above)	-	-

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42. They are incurred to mitigate against a certain social risk e.g poverty, age, unemployment among others.

Notes To The Financial Statements (Continued)

25. Cash generated from operations

Description	2022/2023	2021/2022
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	(51,828,063)	682,752
Adjusted For:		
Depreciation	291,000	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	(1,392,502)	(536,950)
Finance Cost	-	-
Working Capital Adjustments		
Increase In Inventory	-	-
Increase In Receivables		-
Increase In Payables	-	-
Net Cash Flow From Operating Activities	(52,929,565)	145,802

(The total of this statement should tie to the cash flow section on net cash flows from operating activities)

Uasin Gishu County Inua Biashara Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

26. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

Description	2022/2023	2021/2022
	Kshs	Kshs
Transfers From Related Parties'	88,000,000	-
Transfers To Related Parties	-	-

c) Key management remuneration

Description	2022/2023	2021/2022
	Kshs	Kshs
Board Of Trustees	386,310	-
Key Management Compensation	-	-
Total	386,310	-

d) Due from related parties

Description	2022/2023	2021/2022
	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Government	4,873,000	-
Total	4,873,000	-

Other Disclosures Continued

e) Due to related parties

Description	2022/2023	2021/2022
	Kshs	Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
Total	-	-

27. Contingent assets and contingent liabilities

Contingent Liabilities	2022/2023	2021/2022
	Kshs	Kshs
Court Case - Against the Fund	-	-
Bank Guarantees	-	-
Total	-	-

(Give details)

Uasin Gishu County Inua Biashara Fund

Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

28. 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:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2023				
Receivables From Exchange Transactions	76,598,075	19,807,000	56,791,075	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	9,707,404	9,707,404	-	-
Total	86,305,479	29,514,404	56,791,075	-
At 30 June 2022				
Receivables From Exchange Transactions	52,361,437	44,535,708	7,825,729	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	1,091,105	1,091,105	-	-
Total	53,452,542	45,626,813	7,825,729	-

Notes To The Financial Statements (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.

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.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2023				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2022				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

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Notes To The Financial Statements (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:

Description		Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2023			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables			
Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

The Fund manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

Notes To The Financial Statements (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.

Description	Change in currency rate	Effect on surplus/ deficit	Effect on Equity
	Kshs	Kshs	Kshs
2022/23			
Euro	10%	-	-
USD	10%	-	-
2021/22			
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.

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Notes To The Financial Statements (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:

Description	2022/2023	2021/2022
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	137,668,220	52,769,790
Accumulated surplus	(50,683,741)	682,752
Total funds	86,984,479	53,452,542
Total borrowings	-	-
Less: cash and bank balances	(9,707,404)	(1,091,105)
Net debt/(excess cash and cash equivalents)	9,707,404	1,091,105
Gearing	0.0%	0.0%

29. Events after the reporting period

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

30. Ultimate and Holding Entity

The entity is a County Public Fund established by - Act (*Uasin Gishu County Inua Biashara Fund*) under the Ministry of -Trade ,cooperative enterprise, tourism and industrialization. Its ultimate parent is the County Government of -Uasin Gishu County Inua biashara fund.

31. Currency

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

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20. Annexes

Annex I: 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.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Inaccuracies in the Financial Statements	The financial statement has been amended.	Resolved	
2.	Receivables from Exchange Transactions	Amendments has being made in the amended Act 2022	Resolved	
1	Cash and Cash Equivalents		Not resolved	31 July 2024
2	Failure to Deduct Tax from Allowances Paid to Committee Members		Resolved	
3.	Composition of Fund Administration Committee		Not resolved	31 July 2024
4	Lack of Fund Regulations		Not resolved	31 July 2024

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management.
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Fund responsible for implementation of each issue.
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

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Fund Manager/Accounting Officer (enter title of head of Fund)

Date.....21/12/23.....

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Annex II: Inter-Fund Confirmation Letter

REPUBLIC OF KENYA
COUNTY GOVERNMENT OF UASIN GISHU
DEPARTMENT OF TRADE, INDUSTRIALIZATION, TOURISM, COOPERATIVES & ENTERPRISE DEVELOPMENT
INUA BIASHARA FUND
OFFICE OF THE FUND MANAGER



Inua Biashara Fund
P.O. Box 40-30100, Eldoret

The *Inua Biashara Fund* wishes to confirm the amounts disbursed to you as at 30th June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below. Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Insert name of beneficiary Fund] as at 30 th June 20xx							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30 th June 20xx				Amount Received by [beneficiary Fund] (KShs) as at 30 th June 2023	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		

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						(E)	
	22 Dec 2022	2,640,000	85,360,000	-	88,000,000	88,000,000	-
Total							

In confirm that the amounts shown above are correct as of the date indicated.

Head of Accountants department of beneficiary Funds

Name Silvan K. Boroch Sign [Signature] Date 2/12/23

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Annex III: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

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Annex IV: Reporting on Disaster Management Expenditure

Column I Programme	Column II Sub-programme	Column III Disaster Type	Column IV Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Column V Expenditure item	Column VI Amount (Kshs.)	Column VII Comments