REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

NANDI COUNTY EXECUTIVE COMMITTEE CAR LOAN AND MORTGAGE SCHEME FUND

FOR THE YEAR ENDED 30 JUNE, 2020

NANDI COUNTY EXECUTIVE COMMITTEECAR LOAN AND MORTGAGESCHEME FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIALYEAR ENDED

30th JUNE 2020

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

1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

The Nandi County Executive Car loan and Mortgage scheme is a revolving fund established pursuant to the Salaries and Remuneration Commission (SRC) circular number SRC/TS/WH/3/14 of 14th February 2014. Section 167 of the Public Finance Management (PFM) Act 2012 requires the Administrator of any public funds to prepare annual financial statements.

For proper management of the fund and as per SRC guidelines, Nandi County Executive adopted the PFM regulations 2014 to guide in the operationalization of the fund. As advised by the SRC and as provided for under regulation 16 of the said regulations, the County Public Service Board appointed a banking institution to manage the fund.

The SRC in its circular reference SRC/ADM/CIR/1/13 Vol.III (128) dated 17th December 2014 provided guidelines for access of car loan and mortgage benefits by state and public officers. In that respect, Nandi County Assembly approved and adopted the Staff Loans Policy Paper on 17th March 2015.The fund is wholly owned by the County Government of Nandi and is domiciled in Kenya.

b) Principal Activities

The principal activity of the fund is to provide car loans and mortgage to eligible staff of the County Government of Nandi.

Vision

A transformed and motivated staff for quality living.

Mission

To provide affordable, accessible and sustainable car loans and mortgage to staff.

Core Values

Accountability,

Transparency,

Excellence,

Accessibility,

Integrity,

Responsiveness,

Equity

Team Work.

c) Fund Administration Committee

Ref	Name	Position
1	MeshackMalakwen	Chairperson – Fund Committee
2	HellenKemboi	Fund Administrator/Secretary
3	Grace Sugut	Member
4	Solomon Mang'ira	Member
5	John Keter	Member

d) Key Management

Ref	Name	Position
1	MeshackMalakwen	Chairperson – Fund Committee
2	HellenKemboi	Fund Administrator/Secretary
3	Grace Sugut	Member

e) Entity Headquarters

Nandi County Government
P.O. Box 802 – 30300
Kapsabet, Kenya
Nandi County Headquarters Building
1st Floor, Left Wing

f) Entity Contacts

Telephone: (254) 053 525 2355
E-mail: infor@nandi.go.ke
Website: www.nandi.go.ke

g) Entity Bankers

Cooperative Bank of Kenya
Kapsabet Branch
P.O. Box 869 - 30300
Kapsabet,Kenya.

h) Independent Auditors

Auditor General
OfficeOf The Auditor General
Anniversary Towers, University Way
P.O. Box 30084 – GPO 00100
Nairobi, Kenya

i) Principal Legal Adviser

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

2. FUND MANAGEMENT TEAM

During the Reporting Period the Administration Committee consisted of members whose profiles are captured as follows:

	**MeshackMalakwen** MeshackMalakwenwas appointed as the second chair of the Car loan and Mortgage fund. Before his appointment, he served as a chief officer Agriculture and cooperative development. He has also held various top management positions in different institutions. During the reporting period he served as the Chief Officer, Finance. MeshackMalakwenholds a Master Degree in Business Administration, Strategic management from the Jomo Kenyatta University of Agriculture and Technology. Malakwen also holds a Bachelers Degree in Agricultural Education and Extension from EgertonUniversity and holds a Diplomer in Management He began his academic life at St. Joseph's High, Kitale and Koyo Primary School.
	**Ms HellenKemboi** Ms.HellenKemboi was appointed as the Fund Administrator on 5th April 2018.She has served in various management positions in Nandi County Government. She has served as Head of revenue and currently the Ag. Director of Finance. Ms.Kemboi holds a Masters Degree in Finance and Bachelor of Commerce (Accounting) degree. She is also a Certified Public Accountant of Kenya (CPAK).

Grace Sugut

Grace Sugut was appointed as a Member of the Fund on 5th April 2017.Before her appointment; she served as a member of the Nandi County Public Service Board. She holds a Bachelor of Arts degree in Government & Linguistics from University Of Nairobi, and a Post Graduate Diploma In Education from Egerton University.

3. FUND COMMITTEE CHAIRPERSON'S REPORT

On behalf of the Fund Administration Committee, it is my pleasure to present the Nandi County car loan and Mortgage Fund financial statements for the year ended 30th June 2020. The financial statements reflect the financial performance of the Fund over the past one year.

Sustainability

In order to ensure sustainability, the Fund has conducted a basic assessment of available options for feasible financing tools that would assure the fund of its long term sustainability. The fund has reviewed its current resource mobilization strategies and proposed feasible sustainability financing options to ensure the Fund is a going concern.

Review of performance

Income and statement of performance

The fund earned revenues amounting to KShs.37,191,993as Transfers from the County Government, interest from other exchange transactions and other interest income. The income from Transfers from the County Government was KShs. 5,000,000 while KShs. 3,280,379 was from interest income earned through interest from exchange transactions contributed, Kshs 27,951,214 as principle recoveredand Kshs 960,400as other income

Loan granted during the period were carried out as per the plan with the coordinated efforts by all stakeholders. The performance was also attributed to a favourable interest rates provided by SRC.

Expenditures

The total expenditures during the period amounted to KShs.708,100out of which the fund administrative expenses,and finance expenses amounted to KShs. 707,500 and KShs. 600 respectively.

Future outlook

The Fund focuses on building a robust and sustainable fund with a motivated workforce and operational structures that enhance efficiency and effectiveness in the service delivery. The fund looks forward to continued support from the County Government and development partners in the execution of its mandate.

Appreciation

I take this opportunity to express my sincere gratitude and appreciation to the County Government of Nandi, development partners, stakeholders, management, staff and fellow committee members for support and teamwork which made us achieve these results.

I look forward to a better year 2020/2021.

Meshack Malakwen
Chairperson, Fund Administration Committee

4. REPORT OF THE FUND ADMINISTRATOR

It is my pleasure to present the Nandi County Executive Car Loan and Mortgage Fund financial statements for the year ended 30th June 2020. The financial statements reflect the financial performance of the fund over the past year.

The fund was established on 1st May 2018 and started with an initial amount of KShs 61,000,000 in 2018Kshs 40,000,000 in 2019and a further injection of Kshs 5,000,000 was transferred from County government Revenue Fund account . So far, a total of 30 loan beneficiaries have made borrowings amounting to KShs 153,500,000. Of this, KShs48,278,845had been recovered

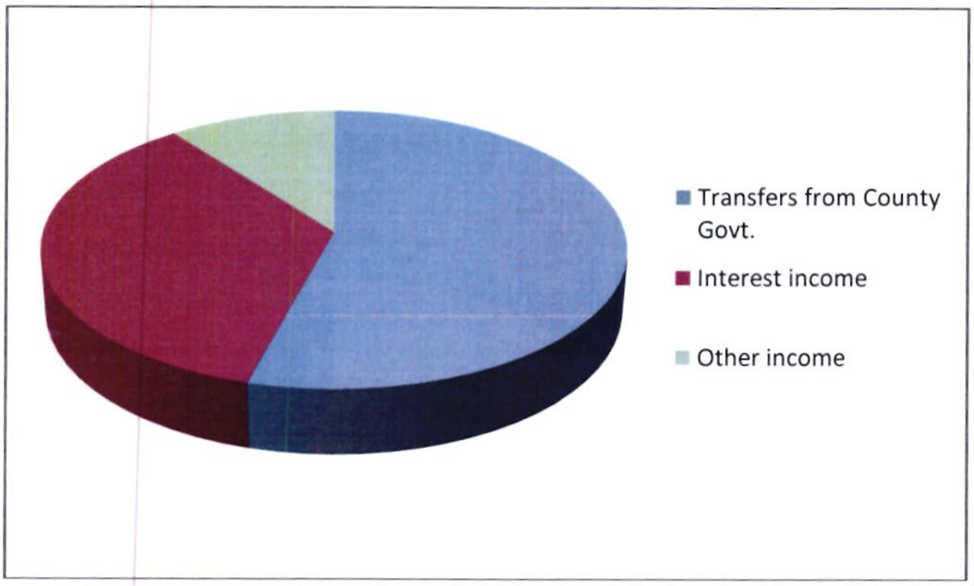
Financial Performance

a) Revenue

During the reporting period, the fund had projected revenues of KShs**43,545,984**
Out of the projected revenue, the fund realised KShs**34,035,363.60** in actual revenues, representing 77% performance.In the table below, we present an analysis of revenue performance during the year.

Revenue classification	**Revenue budget (KShs)**	**Actual (KShs)**	**Realisation (%)**
Revenue	**KShs**	**KShs**	
balance b/d	6,615,757.40	6,615,757.40	100
Transfers from County Govt.	5,000,000.00	5,000,000.00	100
Interest income	3,280,379	2,190,074.59	66
Other income	960,400.00	-	0
Principle	27,689,447.26	20,229,531.61	73
TOTAL	**43,545,984**	**34,035,363.60**	77

A graphical representation of the revenue budget is as shown below:



b) Loans

During the financial year 2019/2020, the fund disbursed loans to 10 more beneficiaries bringing the total number of beneficiaries to 30 members. This represented 100% utilization of the budgeted funds during the year.

c) Cash flows

In the FY 2019/2020, we did not have many liquidity disruptions. This was as a result of proper planning and better loan collections. The cash and cash equivalents was Kshs 62,664comprising of both recoveries and interest.

Conclusion

In FY 2019/2020 good progress was made and the momentum has been created to enable Nandi County Executive car loan and mortgage fund continue on a growth trajectory. We have identified funding gaps and areas to improve on in the subsequent years.

I take this opportunity to thank the Fund Administration Committee for their support. I also thank Fund staff for their dedication and teamwork that saw Nandi County Executive Car Loan and Mortgage Fund achieve its objectives for the year under review.

Ms HellenKemboi
Fund Administrator

REPUBLIC OF KENYA

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

OFFICE OF THE AUDITOR-GENERAL

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

REPORT OF THE AUDITOR-GENERAL ON NANDI COUNTY EXECUTIVE COMMITTEE CAR LOAN AND MORTGAGE SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Nandi County Executive Committee Car Loan and Mortgage Scheme Fund set out on pages 1 to 34, which comprise the statement of financial position as at 30 June, 2020 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, 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 Nandi County Executive Committee Car Loan and Mortgage Scheme Fund as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management (Nandi County Executive Committee Car Loan and Mortgage Scheme Fund) Regulations, 2018.

Basis for Qualified Opinion

1.0 Legal Services Expenses

The statement of financial performance for the year ended 30 June, 2020 as disclosed in Note 6 to the financial statements reflects Kshs.857,500 on administration fees. An examination of the expenditure records in support of the expenses revealed that payments totalling to Kshs.707,500 were made to a Law Firm for services rendered to the Fund. However, the following anomalies were noted:

1.1 No evidence was provided to show that the service was subjected to competitive bidding as required by Section 158 of the Public Procurement and Asset Disposal Act, 2015.

1.2 A list of prequalified suppliers and contract agreement were not provided for audit.

1.3 Payment vouchers were not supported.

1.4 There was no recommendation by the department of legal services as required by Regulation 11(4) of the Public Finance Management (Nandi County Executive Committee Car Loan and Mortgage Scheme Fund) Regulations, 2018.

In the circumstances, the accuracy of the Kshs.707,500 for the year under review could not be confirmed. In addition, the Fund's Management was in breach of the law.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

1.0 Budgetary Control and Performance

The statement of comparison of budget and actual amounts for the period ended 30 June, 2020 reflects an original and final budget figures of Kshs.43,545,984 for total income and total expenditure of Kshs.43,545,984. However, the approved budget was not provided for audit review.

2.0 Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised. However, the Management has not resolved the issues nor given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates and The National Treasury's Circular Reference No AG.4/16/3Vol.1(9) of 24 June 2020.

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

1.0 Non-Performing Loans

Note 11 to the financial statements reflects receivables due from exchange transactions which includes long term loan repayments figure of Kshs.72,163,416 and current loan repayments figure of Kshs.33,057,739 both totalling to Kshs.105,22,155 on total outstanding loan balance. However, a review of loan repayments and loan amortization schedules revealed Kshs.4,901,727 in respect to loans under recovered contrary to Regulations 18 of the Public Finance Management (Nandi County Executive Committee Car Loan and Mortgage Scheme Fund) Regulations, 2018.

In the circumstances, the Fund's Management is in breach of the law.

2.0 Implementation of Oversight Bodies Recommendations

A review of documents revealed that the Fund's Management did not submit the financial statements to the County Assembly contrary to Section 149(1) of the Public Finance Management Act, 2012.

In the circumstances, the Fund's Management is 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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of noncompliance. 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 Fund's policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern or to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue as a going concern or to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.

- Perform such other procedures as I consider necessary in the circumstances.

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

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

Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

28 January, 2022

FINANCIAL STATEMENTS

4.1. STATEMENT OF FINANCIAL PERFORMANCEFOR THE YEAR ENDED 30thJUNE 2020

	Note	2019/2020	2018/2019
		KShs	Kshs
Revenuefromnon-exchangetransactions			
Public contributionsanddonations	1	-	-
Transfers from the County Government	2	-	40,000,000
Fines, penalties and other levies	3	-	-
		-	-
Revenuefromexchangetransactions			
Interest income	4	3,280,379	1,938,502
Otherincome	5	960,400	4,349,965
Totalrevenue		**4,240,779**	**46,288,467**
Expenses			
Fund administration expenses	6	857,500	1,962,500
Generalexpenses	7	102,900	-
Financecosts	8	600	3,370
Totalexpenses		**961,000**	**(1,965,870)**
Other gains/losses			
Gain/loss on disposal of assets	9	-	-
Surplus/(deficit)fortheperiod		**3,279,779**	**44,322,597**

4.2. STATEMENT OF FINANCIAL POSITIONAS AT 30 JUNE 2020

	Note	2019/2020	2018/2019
		KShs	Kshs
Assets			
Currentassets			
Cashandcashequivalents	10	62,664	6,615,757
Current portion of long- term receivablesfromexchangetransactions	11	37,348,297	-
Prepayments	12	-	-
Inventories	13	-	
		37,410,961	**6,615,757**
Non-currentassets			
Property, plantandequipment	14	-	-
Intangibleassets	15	-	-
Long term receivables from exchange transactions	11	72,163,416	95,540,689
		72,163,416	**95,540,689**
Total assets		**109,574,377**	**102,156,446**
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	16	252,900	2,387,465
Provisions	17	-	-
Currentportionofborrowings	18	-	-
Employeebenefitobligations	19	-	-
		252,900	**2,387,465**
Non-currentliabilities			
Non-currentemployeebenefitobligation	19	-	-
Long term portion of borrowings	18	-	-
Totalliabilities		**252,900**	**2,387,465**
Netassets		**109,321,477**	-
Revolving Fund		106,000,000	-
Reserves		-	6,615,757
Accumulatedsurplus		3,321,477	93,153,224
Totalnetassetsandliabilities		**109,321,477**	**102,156,446**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 15/12/20 2020and signed by:

Administrator of the Fund
Name: HellenKemboi

Fund Accountant
Name: Mathew Rop
ICPAK:NO:21625

4.3. STATEMENT OF CHANGES IN NET ASSETSAS AT 30 JUNE 2020

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
Balance as at 1 July 2018	**61,000,000**	-	-	**61,000,000**
Surplus/(deficit) for the period	-	-	41,698	**41,698**
Funds received during the year	40,000,000	-	-	**40,000,000**
Revaluation gain	-	-	-	-
Balanceasat30 June 2019	**101,000,000**	-	**41,698**	**101,041,698**
Balance as at 1 July 2019	**101,000,000**	-	**41,698**	**101,041,698**
Surplus/(deficit)fortheperiod		-	3,279,779	**3,279,779**
Funds received during the year	5,000,000	-	-	**5,000,000**
Revaluation gain	-		-	-
Balanceasat30 June 2020	**106,000,000**	-	**6,027,610**	**109,321,477**

4.4. STATEMENT OF CASHFLOWSFOR THE YEAR ENDED 30 JUNE 2020

	Note	2019/2020	2018/2019
		KShs	**Kshs**
Cashflowsfromoperatingactivities			
Receipts			
Public contributions and donations		-	-
Transfers from the County Government		-	40,000,000
Interest received		2,190,075	1,985,102
Receipts from other operating activities(recoveries in advance)			
Other receipt-recoveries in advance		-	1,078,121
Total Receipts		**2,190,075**	**46,288,467**
Payments			
Fund administration expenses		(707,500)	(1,962,500)
General expenses		-	-
Finance cost		(600)	(3,370)
Adjusted for:			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	21	-	-
Increase/(Decrease) in Accounts Payable: (deposits and retention)	22	-	-
Net cash flows from operating activities		**1,481,975**	**44,322,597**
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		-	-
Proceeds from sale of property ,plant and equipment		-	-
Proceeds from loan principal repayments		20,229,532	17,996,515
Loan disbursements paid out		(33,264,600)	-
Net cash flows used in investing activities		**(11,553,094)**	**17,996,515**
Cashflows from financing activities			
Proceeds from revolving fund receipts		5,000,000	-
Additional borrowings		-	(40,000,000)
Repayment of borrowings		-	(17,305,147)
Net cash flows used in financing activities		-	**(39,308,632)**
Net increase/(decrease)incashandcash equivalents		**(6,553,094)**	**5,013,965**
Cashandcashequivalentsat1JULY	10	6,615,757	1,601,792
Cashandcashequivalentsat30 JUNE	10	**62,664**	**6,615,757**

4.5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTSFOR THE PERIOD ENDED 30thJUNE 2020

	Original budget	Adjust ments	Final budget	Actual on comparable basis	Performance difference	% utilization
	2020	2020	2020	2020	2020	2020
Revenue	**KShs**	**KShs**	**KShs**	**KShs**	**KShs**	
Bal b/d	6,615,757.40	-	6,615,757.40	6,615,757.40	-	100
Transfers from County Govt.	5,000,000.00		5,000,000.00	5,000,000.00	-	100
Interest income	3,280,379.35		3,280,379.35	2,190,074.59	1,090,304.76	66
Other income	960,400.00		960,400.00	-	960,400.00	0
Loan Principle recoveries	27,689,447.26		27,689,447.26	20,229,531.61	7,459,915.65	73
Total income	**43,545,984.00**	-	**43,545,984.00**	**34,035,363.60**	**9,510,620.40**	78
Expenses						
Fund administration expenses	857,500.00		857,500.00	707,500.00	150,000.00	21
Loans Advanced	42,584,984.00		42,584,984.00	33,264,600.00	9,320,384.00	0
General expenses	102,900.00		102,900.00	-	-	0
Finance cost	600.00		600.00	600.00	600.00	100
Total expenditure	**43,545,984.00**	-	**43,545,984.00**	**33,972,700.00**	**9,470,984.00**	27
Surplus for the period	**0.00**	-	**0.00**	**62,663.60**	**39,636.40**	**50**

Budget notes

1. *The under utilizationin budget was attributed to outbreak of the Covid 19 virus.*
2. *The surplus for the period of Kshs 62,663.60 was an equivalent to the bank balances.*

4.6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Statement of compliance and basis of preparation

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

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

2. Adoption of new and revised standards

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

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

b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	**Applicable: 1stJanuary 2022:** The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cashflows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: • 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;

Standard	Effective date and impact:
	• 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.
IPSAS 42: Social Benefits	**Applicable: 1st January 2022** 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: (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.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	**Applicable: 1st January 2022:** 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. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. 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.
Other Improvements to IPSAS	**Applicable: 1st January 2021:** a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which

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

c) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2020.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

4. Budget information

The original budget for FY 2019/2020was approved by the County Assembly on 1ST JULY 2019 Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of Ksh5,000,000 on the FY 2019/2020budget following the governing body's approval.

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 on page 5 of these financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Costincludes 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 assetswith specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its costis recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria aresatisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset isacquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fairvalue.

6. Intangible assets

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

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

7. Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Held-to-maturity

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

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Inventories

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

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 ofmanufacturing 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 theextent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class ofinventory 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 ofcompletion 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 ofoperations of the Entity.

9. Provisions

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

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

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

Contingent liabilities

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingent assets

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

10. Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements.Changes in accounting policies and estimates

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

11. Employee benefits– Retirement benefit plans

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

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

12. Foreign currency transactions

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

13. Borrowing costs

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

14. Related parties

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

15. Cash and cash equivalents

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

16. Comparative figures

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

17. Events after the reporting period

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

18. Ultimate and Holding Entity

The entity is a County Public Fund established by Public Finance management Act *(no.18 of 2012*) under the Ministry of Finance. Its ultimate parent is the County Government of Nandi.

19. Currency

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

20. Significant judgments and sources of estimation uncertainty

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

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 withinthe next financial year, are described below. The Entity based its assumptions and estimates on parametersavailable when the consolidated financial statements were prepared. However, existing circumstances andassumptions about future developments may change due to market changes or circumstances arising beyond thecontrol of the Entity. Such changes are reflected in the assumptions when they occur.IPSAS 1.140.

Useful lives and residual values

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

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

Provisions

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

21. Financial risk management

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

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

a) Credit risk

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Market risk

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

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

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

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

i. Foreign currency risk

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

4.7. NOTES TO THE FINANCIAL STATEMENTS

1. Public contributions and donations

Description	2019/2020	2018/2019
	KShs	KShs
Donation from development partners	-	-
Contributions from the public	-	-
Total	-	-

2. Transfers from County Government

Description	2019/2020	2018/2019
	KShs	KShs
Transfers from County Govt. – operations	5,000,000	40,000,000
Payments by County on behalf of the entity	-	-
Total	5,000,000	**40,000,000**

3. Fines, penalties and other levies

Description	2019/2020	2018/2019
	KShs	KShs
Late payment penalties	-	-
Fines	-	-
Total	-	-

4. Interest income

Description	2019/2020	2018/2019
	KShs	KShs
Interest income from Mortgage loans	3,280,379	2,046,732
Interest income from car loans	-	-
Interest income from investments	-	-
Interest income on bank deposits	-	-
Totalinterest income	**3,280,379**	**2,046,732**

5. Other income

Description	2019/2020	2018/2019
	KShs	KShs
loan charges income	960,400	3,182,000

Income from sale of tender documents	-	-
Miscellaneous income	-	1,167,965
Totalotherincome	**960,400**	**4,349,965**

6. Fund administration expenses

Description	2019/2020	2018/2019
	KShs	KShs
Staff costs (Note 7)	-	-
Loan processing costs	-	-
Professional services costs	-	-
Administration fees	857,500	1,962,500
Total	**857,500**	**1,962,500**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. General expenses

Description	2019/2020	2018/2019
	KShs	KShs
Consumables	-	-
Electricity and water expenses	-	-
Fuelandoil costs	-	-
Insurance costs	102,900	-
Postage	-	-
Printingandstationery	-	-
Rental costs	-	-
Securitycosts	-	-
Telecommunication	-	-
Bank Charges	-	-
Hospitality	-	-
Depreciation and amortization costs	-	-
Other expenses	-	-
Total	**102,900**	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Finance costs

Description	2019/2020	2018/2019
	KShs	KShs
Interest on Bankoverdrafts	-	-
Interest on loans from banks	600	3,370
Total	-	-

9. Gain on disposal of assets

Description	FY2019/2020	FY2018/2019
	KShs	KShs
Property,plantandequipment	-	-
Intangible assets	-	-
Total	-	-

10. Cash and cash equivalents

Description	2019/2020	2018/2019
	KShs	KShs
Nandi County Car loan account	-	-
Nandi County mortgage account	62,664	6,615,757
Fixed deposits account	-	-
On – call deposits	-	-
Current account	-	-
Others	-	-
Totalcashandcashequivalents	**62,664**	**6,615,757**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

		2019/2020	2018/2019
Financial institution	**Account number**	**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**			
Kenya Commercial bank		-	-
Co-op Bank		62,664	6,615,757
Sub- total		-	-
d) Others(specify)		-	-
Cash in transit		-	-
Cash in hand		-	-
M Pesa		-	-
Sub- total		-	-
Grand total		**62,664**	**6,615,757**

11. Receivables from exchange transactions

Description	2019/2020	2018/2019
	KShs	KShs
Current Receivables		
Receivable from county treasury	3,540,870	-
Interest receivable	749,688	
Current loan repayments due	**33,057,739**	-
Otherexchangedebtors	-	-
Total Current receivables	**37,348,297**	-
Non-Current receivables		
Long term loan repayments due	**72,163,416**	**95,540,689**
Total Non- current receivables	**72,163,416**	**95,540,689**
Totalreceivables from exchange transactions	**109,511,714**	**95,540,689**

Additional disclosure on interest receivable

Description	2019/2020	2018/2019
	KShs	KShs
Interest receivable		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from current portion of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
Current loan repayments due		
Current portion of long-term loans from previous years	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. Prepayments

Description	2019/2020	2018/2019
	KShs	KShs
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	-	-
Other prepayments(Fund Administrative)	-	-
Total	-	-

13. Inventories

Description	2019/2020	2018/2019
	KShs	KShs
Consumablestores	-	-
Sparepartsandmeters	-	-
Catering	-	-
Other inventories(specify)	-	-
Totalinventoriesatthelowerofcostandnetrealizablevalue	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Property, plant and equipment

Cost	Land and Buildings KShs	Motor vehicles KShs	Furniture and fittings KShs	Computers and office equipment KShs	Total KShs
At 1st July 2018	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-
At 30th June 2019	-	-	-	-	-
At 1st July 2019					
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-
At 30th June 2020	-	-	-	-	-
Depreciation and impairment					
At 1st July 2018	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
At 30th June 2019	-	-	-	-	-
At 1st July 2019					
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-
At 30th June 2020	-	-	-	-	-
Net book values					
At 30th June 2019	-	-	-	-	-
At 30th June2020	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Intangible assets-software

Description	2019/2020	2018/2019
	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	-	-

16. Trade and other payables from exchange transactions

Description	2019/2020	2018/2019
	KShs	KShs
Tradepayables(Recoveries in advance)	-	1,078,121
Refundable deposits	-	-
Accrued expenses	252,900	196,500
Otherpayables	-	-
Totaltradeandotherpayables	**252,900**	**1,274,621**

17. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year(1.07.2018)	-	-	-	-
Additional Provisions	-	-	-	-
Provision utilised	-	-	-	-
Change due to discount and time value for money	-	-	-	-
Transfers from non -current provisions	-	-	-	-
Balance at the end of the year (30.06.2019)	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. Borrowings

Description	2019/2020	2018/2019
	KShs	KShs
Balance at beginning of the period	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the period	-	-
Repayments of domestics borrowings during the period	-	-
Balance at end of the period	-	-

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

	2019/2020	2018/2019
	KShs	KShs
External Borrowings		
Dollar denominated loan from 'xxxorganisation'	-	-
Sterling Pound denominated loan from 'yyyorganisation'	-	-
Euro denominated loan from zzzorganisation'	-	-
Domestic Borrowings		
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Borrowings from other government institutions	-	-
Total balance at end of the year	-	-

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

Description	2019/2020	2018/2019
	KShs	KShs
Short term borrowings(current portion)	-	-
Long term borrowings	-	-
Total	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. Employee benefit obligations

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

20. Cash generated from operations

	2019/2020	2018/2019
	KShs	KShs
Surplus/ (deficit) for the year before tax	-	-
Adjustedfor:		
Depreciation	-	-
Amortisation	-	-
Gains/ lossesondisposalofassets	-	-
Interest income	-	-
Financecost	-	-
Working Capital adjustments		
Increaseininventory	-	-
Increaseinreceivables	-	-
Increaseinpayables	-	-
Net cash flow from operating activities	-	-

21. CHANGES IN RECEIVABLE

Description of the error	2019 - 2020	2018 - 2019
	KShs	KShs
Account receivable as at 1st July 2019 (A)	-	-
Account receivable issued during the year (B)	-	-
Account receivable settled during the Year (C)	749,688	-
Net changes in account receivables D= A+B-C	-	-

22. CHANGES IN ACCOUNTS PAYABLE

Description of the error	2019 - 2020	2018 - 2019
	KShs	KShs
Accounts Payable as at 1st July 2019 (A)	-	-
Accounts Payable held during the year (B)	-	-
Accounts Payable paid during the Year (C)	-	-
Net changes in account receivables D= A+B-C	-	-

23. PRIOR YEAR ADJUSTMENTS a prior period adjustment really applies to the correction of an error in the financial statements of a prior period

	Balance b/f FY 2018/2019 as per Financial statements	Adjustments	Adjusted Balance b/f FY 2018/2019
Description of the error	Kshs	Kshs	Kshs
interest income	1,938,502	196,573	2,135,075
revolving fund	0	101,000,000	101,000,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. 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 CountyGovernment;
b) The ParentCounty Government Ministry;
c) Key management;
d) Board of Trustees;etc

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

b) Related party transactions

	2019/2020	2018/2019
	KShs	KShs
Transfers from related parties'	-	-
Transfers to related parties	-	-

c) Key management remuneration

	2019/2020	2018/2019
	KShs	KShs
Board of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

	2019/2020	2018/2019
	KShs	KShs
Due from parent Ministry	-	-
Due from County Government	-	-
Total	-	-

e) Due to related parties

	2019/2020	2018/2019
	KShs	KShs
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
Total	-	-

25. Contingent assets and contingent liabilities

Contingent liabilities	2019/2020	2018/2019
	KShs	KShs
Court case xxx against the Fund	-	-
Bank guarantees	-	-
Total	-	-

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

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

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

Guidance Notes:

a) Use the same reference numbers as contained in the external audit report;

b) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;

c) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;

d) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to County Treasury.