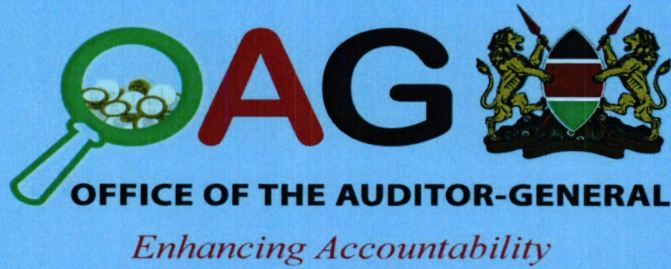


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REPORT

OF

THE AUDITOR-GENERAL

ON

**UASIN GISHU COUNTY ENTERPRISE
DEVELOPMENT FUND**

**FOR THE YEAR ENDED
30 JUNE, 2019**

PAPERS L	
DATE	16-02-2022
TABLED BY	LEADER OF MAJORITY
COMMITTEE	
CLERK AT THE TABLE	M. ADJIBODU

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY
28 NOV 2019
RECEIVED

OFFICE OF THE AUDITOR GENERAL
ELDORET HUB
25 OCT 2019
RECEIVED
P. O. Box 2774 - 30100, ELDORET



UASIN GISHU COUNTY
ENTERPRISE DEVELOPEMENT FUND
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2019

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

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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The County is constituted as per the constitution of Kenya 2010 is headed by the County Governor, who is responsible for the general policy and strategic direction of the County.

(b) Key Management

The Uasin Gishu Enterprise Development Fund's day-to-day management is under the following key organs:

- H.E the Governor;
- H.E the D/Governor;
- The CEC Member – Finance & Economic Planning;
- The CEC Member – Cooperatives and Enterprise Development;

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2019 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Officer – Finance & Economic Planning	Peter K. Chesos
2.	Chief Officer – Cooperatives and Enterprise Development	Pius Kigen
3.	Director Co-operative Enterprise Development Fund	Isaac K. Lagat

(d) Fiduciary Oversight Arrangements

- a) Finance & Economic Planning Committee of the County Assembly
Provide oversight on the operation of Finance and Economic Planning Department
- b) Budget & Appropriation Committee
 - i) Examine annual and supplementary budget estimates of expenditure presented to the House
 - ii) Provide oversight on the preparation and implementation of the Budget
- c) Public Accounts & Investment Committee
 - i) Increase public confidence in the credibility of government institution through Providing oversight on financial performance
 - ii) To examine the reports and accounts on the public investments
 - iii) To examine the reports if any of the controller and Auditor General on the public Investments

- (e) Uasin Gishu Enterprise Development Fund Headquarters
County Government of Uasin Gishu
P.O. Box 40-30100
Kapsoya Cooperative Offices.

ELDORET, KENYA

- (f) Uasin Gishu Enterprise Development Fund Contacts
Telephone: (254) -053-2016215,
053-2016125
053-2016000
E-mail: info@uasingishu.go.ke

- (g) Uasin Gishu Enterprise Development Fund Bankers

Fund Bankers

Transnational Bank

P. O. BOX 560-30100
TEL: 053-2062241/2
ELDORET

- (h) Independent Auditors

Auditor General
Kenya National Audit Office
Anniversary towers,
P.O. Box 30084-00100
Nairobi, Kenya

- (i) Principal Legal Advisor

The County Legal Advisor
County Hall
Uganda Road
P.O. Box 40 - 30100
Eldoret, Kenya
Website: www.uasingishu.go.ke

II. FORWARD BY THE FUND ADMINISTRATOR

Section 163 of the Public Finance Management (PFM) Act, 2012 requires the County Treasury for the county government to consolidate the annual financial statements in respect of all the county government entities in formats to be prescribed by the Public Sector Accounting Standards Board (PSASB). The annual financial statement therefore presents all payments made into and out of the County Enterprise Development Fund Account; gives a summary of the appropriation accounts and statements prepared by accounting officers; highlights all revenue collected, received and recovered by the receiver of revenue during the financial year; states debts of the county government Enterprise Development Fund outstanding at the end of financial year, and those guaranteed by the national government; and a summary of the accounts of the county assembly.

During the period under review, the priorities outlined in the CIDP, County Enterprise Fund Act of 2016 and the five pillars mentioned in the CFSP 2014 guided the development agenda of the County Enterprise Development Fund. It is also worth mentioning that substantial progress has been made by the County Enterprise development Fund towards realization of these goals.

In the 2018/19 financial year, there was an overall improvement in fiscal performance compared to the previous year. During the period under review, however capacity challenges are to blame for the under-collection in loan repayments; while none release in exchequer releases contributed to the low absorption of loans by the cooperative societies. However, going forward, the County Fund has put in place measures to address these challenges.

Finally, let me take the earliest opportunity to thank all members of the technical team for their time and sacrifice in consolidating the annual financial statement. I also wish to re-affirm our commitments to enhanced financial discipline and fiscal responsibilities for the betterment of our county.



Isaac Lagat
Fund Administrator
County Government of Uasin Gishu

III.STATEMENT OF MANAGEMENT RESPONSIBILITIES

Sections 163,164 and 165 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the County Treasury shall prepare financial statements of each County Government entity, receiver of receipts and consolidated financial statements for all County Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Fund Administrator Enterprise Development Fund of the County Government is responsible for the preparation and presentation of the County Government's financial statements, which give a true and fair view of the state of affairs of the County Government for and as at the end of the financial year ended on June 30, 2019 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 County Government; (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 County Government; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Fund Administrator accepts responsibility for the County Enterprise Development Fund financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Fund Administrator is of the opinion that the County Enterprise Development Fund financial statements give a true and fair view of the state of the County Government's transactions during the financial year ended June 30, 2019, and of its financial position as at that date. The Fund Administrator further confirms the completeness of the accounting records maintained for the County Government which have been relied upon in the preparation of the its financial statements as well as the adequacy of the systems of internal financial control.

The Fund Administrator confirms that the County Government has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the County Government's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Fund Administrator confirms that the Enterprise Development Fund financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

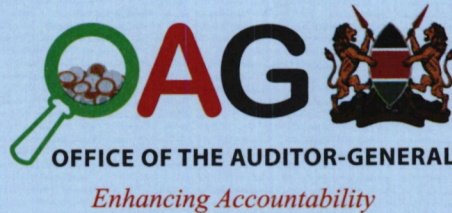
Approval of the financial statements

The Enterprise Development Fund financial statements were approved and signed by the Fund Administrator on 30th June 2019


Fund Administrator

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 ENTERPRISE DEVELOPMENT FUND FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Uasin Gishu County Enterprise Development Fund set out on pages 7 to 37, which comprise the statement of financial position as at 30 June, 2019, 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 effect of the matters 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 Enterprise Development Fund as at 30 June, 2019, 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.

Basis for Qualified Opinion

1. Changes in the Basis of Preparation of the Financial Statements

The financial statements have been prepared based on International Public Sector Accounting Standards - Accrual Basis but, the comparatives were based on the financial statements prepared for the financial year ended 30 June, 2018 which had been prepared based on International Public Sector Accounting Standard Cash Basis. However, the restatement of comparative balances have not been disclosed in the financial statements.

Consequently, the preparation of the financial statements for the year ended 30 June, 2019 does not comply with the pronouncement of the Public Sector Accounting Standards Board and International Public Sector Accounting Standards No.3.

2. Misstated Property, Plant and Equipment

The property, plant and equipment balance of Kshs.7,894,150 as at 30 June, 2019 represents assets acquired during the financial year. However, the amount excludes asset of unspecified value acquired by the Fund previously and expensed as acquisition of assets under IPSAS cash basis of accounting.

Further, examination of records has revealed that the motor vehicle registration number 27CG219A purchased during the year costing Kshs.6,114,150 had been registered under the Uasin Gishu County Government instead of Uasin Gishu Enterprise Development Fund.

In addition, the Fund has not charged any depreciation on the assets even though the accounting policy clearly indicates that the assets are depreciated over their estimated useful lives or impaired as appropriate.

Consequently, the accuracy and valuation of the property, plant and equipment balance of Kshs.7,894,150 as at 30 June, 2019 could not be ascertained.

3. Fund Administration Expense

The statement of financial performance reflects Fund administration expenses of Kshs.10,443,375 which have wholly been described as administration fee. However, included in this amount is an international travel expenses amounting to Kshs.1,296,566 paid to County Government Officers for travel to Dar es Salaam for an export trade fair. The invitation for participants by Export Promotion Council was clearly for the County Government to identify two enterprises with exportable products to participate in the trade fair. Export is not part of the Fund's mandate making the expenditure invalid.

Consequently, the accuracy and regularity of the Fund administration expenses of Kshs.1,296,566 for the year ended 30 June, 2019 could not be ascertained.

4. Current Portion of Long-Term Receivables

4.1 Misstatement of Current Assets

The statement of financial position reflects current portion of long-term receivables amounting to Kshs.308,152,062 as detailed in Note 12 to the financial statements. However, the amount indicates loans advanced to various SACCOs and which have a recovery period that is longer than one financial year and therefore not a current asset. The current portions of these loans have not been computed and disclosed as appropriate.

4.2 Non-Performing Loans

The current portion of current long-term receivables of Kshs.308,152,062 includes loan advanced to twelve (12) SACCOs in the years 2015, 2016 and 2017 totaling Kshs.21,591,671 that have had no repayment making the recovery doubtful. Further, no

provision for impairment against these non-performing loan has been provided in these financial statements.

4.3 Loans Disbursement Variance

The statement of cash flow reflects the total loans disbursed as Kshs.237,140,160 while the detailed loan disbursement schedule reflects total disbursement of Kshs.244,000,000 resulting to an unexplained variance of Kshs.6,859,840.

4.4 Loan Repayment Variance

The statement of comparison of budget and actual amounts and statement of cash flows reflect loan repayment during the year as Kshs.24,864,199 while the document provided for audit review reflects the repayments as Kshs.31,723,589 resulting to unexplained variance of Kshs.6,859,340.

Under the circumstances, the accuracy and completeness of current portion of long-term receivables balance of Kshs.308,152,062 as at 30 June, 2019 could not be ascertained.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Uasin Gishu County Enterprise Development Fund 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 opinion.

Key Audit Matters

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

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 Qualified Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections 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 Failure to Provide an Approved Operational Budget

The statement of comparison of budget and actual amounts reflects final budget of Kshs.299,032,973. However, the approved budget for 2018/2019 financial year was not

provided for audit review contrary to Section 43(2) of the Public Finance Management (County Governments) Regulations which provides that County Government entities shall execute the approved budgets based on the annual appropriation and approved cash flow plan with the exception of unforeseen and unavoidable spending dealt with through the County Emergency Fund or supplementary estimates.

Consequently, the Management breached the law.

2.0 Acquisition of Assets

The statement of comparison of budget and actual amounts for the year ended 30 June, 2019 reflects acquisition of assets figure of Kshs.7,894,150 comprising of motor vehicle, furniture and fittings and computers and office equipment figures of Kshs.6,114,150, Kshs.1,123,000 and 657,000 respectively as reflected under Note 15 of the financial statements. However, no evidence was provided for audit review to confirm that the acquisition of assets was budgeted for as required by Section 43(2) of the Public Finance Management (County Governments) Regulations, 2012. The management has not explained the reasons for this illegality.

Consequently, the Management breached 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

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed except for the matters described in the Basis for qualified Opinion Section of my report, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards-Accrual Basis and for maintaining effective internal control as Management determines is

necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Uasin Gishu County Enterprise Development Fund ability to continue as a going concern/ sustain services, disclosing, as applicable, matters related to sustainability of services and using the accrual basis of accounting unless Management is aware of the intention to terminate the Uasin Gishu County Enterprise Development Fund or to cease operations.

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

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

Those charged with governance are responsible for overseeing the Uasin Gishu County Enterprise Development Fund 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 Uasin Gishu County Enterprise Development Fund 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 Uasin Gishu County Enterprise Development Fund 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 Uasin Gishu County Enterprise Development 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 Uasin Gishu County Enterprise Development 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
AUDITOR-GENERAL

Nairobi

25 October, 2021

V. FINANCIAL STATEMENTS

V.1.STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30th JUNE 2019

	Note	2018/2019	2017/2018
		KShs	KShs
Revenue from non-exchange transactions			
Public contributions and donations		0	0
Transfers from the County Government	2	0	231,014,919
Fines, penalties and other levies		0	0
TOTALS		0	231,014,919
Revenue from exchange transactions			
Interest income	4	3,591,181	4,431,634
Other income		0	0
Total revenue		3,591,181	235,446,553
Expenses			
Fund administration expenses	6	(10,443,375)	(4,532,417)
General expenses	8	(1,981,476)	(213,999)
Finance costs	9	(72,529)	(39,904)
Total expenses		(12,497,380)	(4,786,320)
Other gains/losses			
Gain/loss on disposal of assets	10	-	-
Surplus/(deficit) for the period		(8,906,199)	230,660,233


UASINGISHU COUNTY
ENTERPRISE DEVELOPMENT FUND
Reports and Financial Statements
For the year ended June 30, 2019

V.2.STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	2018/2019	2017/2018
		KShs	KShs
Assets			
Current assets			
Cash and cash equivalents	11	14,956,213	244,032,973
Current portion of long term receivables from exchange transactions	12	308,152,062	95,875,651
Prepayments		0	0
Inventories		0	0
		323,108,275	339,908,624
Non-current assets		0	
Property, plant and equipment	15	7,894,150	0
Intangible assets		0	0
Long term receivables from exchange transactions		0	0
		0	0
Total assets		331,002,425	339,908,624
Liabilities		0	
Current liabilities		0	
Trade and other payables from exchange transactions		0	0
Provisions		0	0
Current portion of borrowings		0	0
Employee benefit obligations		0	0
		0	0
Non-current liabilities		0	
Non-current employee benefit obligation		0	0
Long term portion of borrowings		0	0
		0	
Total liabilities		0	0
		0	
Net assets		331,002,425	339,908,624
Revolving Fund		339,908,624	109,248,391
Reserves		0	0
Accumulated surplus		(8,906,199)	230,660,233
Total net assets and liabilities		331,002,425	339,908,624

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 _____ 2019 and signed by:


 Administrator of the Fund
 Name: ISAAC LAGAT



 Fund Accountant
 Name: DORIS JERUTO
 ICPAK Member Number: ASSOC/2811

UASINGISHU COUNTY
ENTERPRISE DEVELOPMENT FUND
Reports and Financial Statements
For the year ended June 30, 2019

V.3 STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2019

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
Balance as at 1 July 2017	109,248,391	-	109,248,391	109,248,391
Surplus/(deficit) for the period	230,660,233	-	230,660,233	230,660,233
Funds received during the year		-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2018	339,908,624	-	339,908,624	339,908,624
		-	0	0
Balance as at 1 July 2018	339,908,624	-	339,908,624	339,908,624
Surplus/(deficit) for the period	(8,906,199)	-	(8,906,199)	(8,906,199)
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2019	331,002,425	-	331,002,425	331,002,425

V.4 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Note	2018/2019	2017/2018
		KShs	KShs
Cash flows from operating activities			
Receipts			
Public contributions and donations		0	0
Transfers from the County Government		0	231,014,919
Interest received	4	3,591,181	4,431,634
Receipts from other operating activities-loan repayments		24,864,199	22,348,468
Total Receipts		28,455,380	257,795,021
Payments			
Fund administration expenses	6	(10,443,375)	(4,532,417)
General expenses	8	(1,981,476)	0
Borrowings		0	0
Finance cost	9	(72,529)	(39,904)
Total Payments		(12,497,380)	(4,572,321)
Net cash flows from operating activities		15,958,000,	253,222,700
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	15	(7,894,150)	(213,999)
Proceeds from sale of property, plant and equipment		0	0
Proceeds from loan principal repayments		0	0
Loan disbursements paid out		(237,140,160)	(23,094,453)
Net cash flows used in investing activities		(229,076,760)	229,914,246
Cash flows from financing activities			
Proceeds from revolving fund receipts		0	0
Additional borrowings		0	0
Repayment of borrowings		0	0
Net cash flows used in financing activities		0	0
Net increase/(decrease) in cash and cash equivalents		(229,076,760)	229,914,248
Cash and cash equivalents at 1 JULY		244,032,973	14,118,725
Cash and cash equivalents at 30 JUNE	11	14,956,213	244,032,973

**V.5 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE PERIOD ENDED 30th JUNE 2019**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilisation
	2019	2019	2019	2019	2019	2019
	KShs	KShs	KShs	KShs	KShs	
Revenue						
Public contributions and donations	0	0	0	0	0	
Transfers from County Govt.	35,000,000	0	35,000,000	0	0	
Balance b/f 2017/2018	244,032,973		244,032,973	244,032,973	0	
Interest income	0	0	0	3,591,181	(3,591,181)	
Loan Repayments	40,000,000	20,000,000	20,000,000	24,864,199	(4,864,199)	83
Total income	319,032,973	(20,000,000)	299,032,973	272,488,353	(8,455,380)	91
Expenses	0	0	0	0	0	
Fund administration expenses	13,500,000	(1,400,000)	12,100,000	10,443,375	1,656,625	86
Asset Acquisition	6,500,000	1,400,000	7,900,000	7,894,150	5,850	100
General expenses		2,000,000	2,000,000	1,981,476	18524	99
Finance cost	0	0	0	72,529	0	
Loans disbursed	299,032,973	(22,000,000)	277,032,973	237,160,140	39,892,363	86
Total expenditure	319,032,973	(17,200,000)	299,032,973	257,532,140	45,500,833	86
Surplus for the period				14,956,213		

V.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 2019

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 2019

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

Standard	Effective date and impact:
	<ul style="list-style-type: none"> • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2022</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <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.

c) Early adoption of standards

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

4. Budget information

The original budget for FY 2018/2019 was approved by the County Assembly on June 2019. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of Kshs0 on the FY 2018/2019 budget 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 under section xxx of these financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Property, plant and equipment

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

6. Intangible assets

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

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

7. Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Held-to-maturity

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

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Inventories

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

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

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

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

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

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

9. Provisions

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

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

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

Contingent liabilities

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingent assets

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

10. Nature and purpose of reserves

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

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

11. Employee benefits – Retirement benefit plans

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

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

12. Foreign currency transactions

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

13. Borrowing costs

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

14. Related parties

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

15. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Transnational Bank 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 County Enterprise Development Act under the Ministry of Trade and Industrialization. Its ultimate parent is the County Government of Uasingishu.

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 make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

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

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

21. Financial risk management

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

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

a) Credit risk

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

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

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

		Fully performing KShs	Past due KShs	Impaired KShs
At 30 June 2019				
Receivables from exchange transactions	0	0	0	0
Receivables from non exchange transactions	0	0	0	0
Bank balances	0	0	0	0
Total	0	0	0	0
	0	0	0	0
At 30 June 2018	0	0	0	0
Receivables from exchange transactions	0	0	0	0
Receivables from non exchange transactions	0	0	0	0
Bank balances	0	0	0	0
Total	0	0	0	0

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The entity has significant concentration of credit risk on amounts due from Cooperative Societies of kshs **308,152,062**

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

b) Liquidity risk management

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

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

	Less than 1 month	Between 1- 3 months	Over 5 months	Total
	KShs	KShs	KShs	KShs
At 30 June 2019				
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	0	0	0	0
At 30 June 2018	0	0	0	0
Trade payables	0	0	0	0
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	0	0	0	0

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Market risk

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

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

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

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

i. Foreign currency risk

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

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

		Other currencies	Total
	KShs	KShs	KShs
At 30 June 2019			
Financial assets	0	0	0
Investments	0	0	0
Cash	0	0	0
Debtors/ receivables	0	0	0
Liabilities	0	0	0
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	0	0	0

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency sensitivity analysis

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

	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	KShs	KShs	KShs
2019			
Euro	10%	0	0
USD	10%	0	0
2018		0	0
Euro	10%	0	0
USD	10%	0	0

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Capital risk management

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

Revaluation reserve	0	0
Revolving fund	0	
Accumulated surplus	0	
Total funds	0	0
	0	0
Total borrowings	0	0
Less: cash and bank balances	0	0
Net debt/(excess cash and cash equivalents)	0	0
Gearing	0	0

V.7.NOTES TO THE FINANCIAL STATEMENTS

1. Public contributions and donations

Description	2018/2019	2017/2018
	KShs	KShs
Donation from development partners	0	0
Contributions from the public	0	0
Total	0	0

2. Transfers from County Government

Description	2018/2019	2017/2018
	KShs	KShs
Transfers from County Govt. – operations	0	231,014,919
Payments by County on behalf of the entity	0	0
Total	0	231,014,919

3. Fines, penalties and other levies

Description	2018/2019	2017/2018
	KShs	KShs
Late payment penalties	0	0
Fines	0	0
Total	0	0

4. Interest income

Description	2018/2019	2017/2018
	KShs	KShs
Interest income from loans Disbursed	3,591,181	4,431,634
Interest income from car loans	0	0
Interest income from investments	0	0
Interest income on bank deposits	0	0
Total interest income	3,591,181	4,431,634

5. Other income

Description	2018/2019	2017/2018
	KShs	KShs
Insurance recoveries	0	0
Income from sale of tender documents	0	0
Miscellaneous income	0	0
Total other income	0	0

6. Fund administration expenses

Description	2018/2019	2017/2018
	KShs	KShs
Staff costs (Note 7)	0	0
Loan processing costs	0	0
Professional services costs	0	0
Administration fees	10,443,375	4,532,417
Total	10,443,375	4,532,417

7. Staff costs

Description	2018/2019	2017/2018
	KShs	KShs
Salaries and wages	0	0
Staff gratuity	0	0
Staff training expenses	0	0
Social security contribution	0	0
Other staff costs	0	0
Total	0	0

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**8. General expenses**

Description	2018/2019	2017/2018
	KShs	KShs
Consumables	0	0
Electricity and water expenses	0	0
Fuel and oil costs	0	0
Insurance costs	0	0
Postage	0	0
Printing and stationery	0	0
Rental costs	0	0
Security costs	0	0
Telecommunication	0	0
Bank Charges	0	0
Hospitality	0	0
Depreciation and amortization costs	0	0
Other expenses-Consultancy	1,981,476	213,999
Total	1,981,476	213,999

V.7.NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Finance costs

Description	2018/2019	2017/2018
	KShs	KShs
Bank charges	72,529	39,904
Interest on Bank overdrafts	0	0
Interest on loans from banks	0	0
Total	72,529	39,904

10. Gain/(loss) on disposal of assets

Description	2018/2019	2017/2018
	KShs	KShs
Property, plant and equipment	0	0
Intangible assets	0	0
Total	0	0

11. Cash and cash equivalents

Description	2018/2019	2017/2018
	KShs	KShs
Current account	14,956,213	244,032,973
Others	0	0
Total cash and cash equivalents	14,956,213	244,032,973

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) Detailed analysis of the cash and cash equivalents are as follows:

		2018/2019	2017/2018
Financial institution	Account number	KShs	KShs
a) Current account		0	0
Trans National Bank	6948401	14,956,213	244,032,973
		0	0
Sub- total		0	0
Grand total		14,956,213	244,032,973

12. Receivables

Description	2018/2019	2017/2018
	KShs	KShs
Current Receivables		
Interest receivable	0	0
Current loan repayments due	0	0
Other exchange debtors	0	0
Less: impairment allowance	0	0
Total Current receivables		
	0	0
Non Current receivables	0	0
Long term loan repayments due	308,152,062	95,875,651
Total Non- current receivables	0	0
Total receivables from exchange transactions	308,152,062	95,875,651

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Prepayments

Description	2018/2019	2017/2018
	KShs	KShs
Prepaid rent	0	0
Prepaid insurance	0	0
Prepaid electricity costs	0	0
Other prepayments(specify)	0	0
Total	0	0

14. Inventories

Description	2018/2019	2017/2018
	KShs	KShs
Consumable stores	0	0
Spare parts and meters	0	0
Catering	0	0
Other inventories(specify)	0	0
Total inventories at the lower of cost and net realizable value	0	0

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	KShs	KShs	KShs	KShs	KShs
At 1st July 2017	0	0	0	0	0
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Transfers/adjustments	0	0	0	0	0
At 30th June 2018	0	0	0	0	0
At 1st July 2018	0	0	0	0	0
Additions	0	6,114,150	1,123,000	657,000	7,894,150
Disposals	0	0	0	0	0
Transfer/adjustments	0	0	0	0	0
At 30th June 2019	0	6,114,150	1,123,000	657,000	7,894,150
Depreciation and impairment	0	0	0	0	0
At 1 st July 2017	0	0	0	0	0
Depreciation	0	0	0	0	0
Impairment	0	0	0	0	0
At 30th June 2018	0	0	0	0	0
At 1st July 2018	0	0	0	0	0
Depreciation	0	0	0	0	0
Disposals	0	0	0	0	0
Impairment	0	0	0	0	0
Transfer/adjustment	0	0	0	0	0
At 30th June 2019	0	0	0	0	0
Net book values	0	0	0	0	0
At 30th June 2018	0	0	0	0	0
At 30th June 2019	0	6,114,150	1,123,000	657,000	7,894,150

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Intangible assets-software

Description	2018/2019	2017/2018
	KShs	KShs
Cost		
At beginning of the year	0	0
Additions	0	0
At end of the year	0	0
Amortization and impairment		
At beginning of the year	0	0
Amortization	0	0
At end of the year	0	0
Impairment loss	0	0
At end of the year	0	0
NBV	0	0

17. Trade and other payables from exchange transactions

Description	2018/2019	2017/2018
	KShs	KShs
Trade payables	0	0
Refundable deposits	0	0
Accrued expenses	0	0
Other payables	0	0
Total trade and other payables	0	0

18. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year(1.07.2018)	0	0	0	0
Additional Provisions	0	0	0	0
Provision utilised	0	0	0	0
Change due to discount and time value for money	0	0	0	0
Transfers from non -current provisions	0	0	0	0
Balance at the end of the year (30.06.2019)	0	0	0	0

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. Borrowings

Description	2018/2019	2017/2018
	KShs	KShs
Balance at beginning of the period		
External borrowings during the year	0	0
Domestic borrowings during the year	0	0
Repayments of external borrowings during the period	0	0
Repayments of domestics borrowings during the period	0	0
Balance at end of the period	0	0

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

	2018/2019	2017/2018
	KShs	KShs
Domestic Borrowings	0	0
Kenya Shilling loan from KCB	0	0
Kenya Shilling loan from Barclays Bank	0	0
Kenya Shilling loan from Consolidated Bank	0	0
Borrowings from other government institutions	0	0
Total balance at end of the year	0	0

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

Description	2018/2019	2017/2018
	KShs	KShs
Short term borrowings(current portion)	0	0
Long term borrowings	0	0
Total	0	0

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	Total
	KShs	KShs	KShs	KShs
Current benefit obligation	0	0	0	0
Non-current benefit obligation	0	0	0	0
Total employee benefits obligation	0	0	0	0

21. Cash generated from operations

	2018/2019	2017/2018
	KShs	KShs
Surplus/ (deficit) for the year before tax	0	0
Adjusted for:	0	0
Depreciation	0	0
Amortisation	0	0
Gains/ losses on disposal of assets	0	0
Interest income	0	0
Finance cost	0	0
Working Capital adjustments	0	0
Increase in inventory	0	0
Increase in receivables	0	0
Increase in payables	0	0
Net cash flow from operating activities	0	0

22. Related party balances

a) Nature of related party relationships

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**b) Related party transactions**

	2018/2019	2017/2018
	KShs	KShs
Transfers from related parties'	0	0
Transfers to related parties	0	0

c) Key management remuneration

	2018/2019	2017/2018
	KShs	KShs
Board of Trustees	0	0
Key Management Compensation	0	0
Total	0	0

d) Due from related parties

	2018/2019	2017/2018
	KShs	KShs
Due from parent Ministry	0	0
Due from County Government	0	0
Total	0	0

e) Due to related parties

	2018/2019	2017/2018
	KShs	KShs
Due to parent Ministry	0	0
Due to County Government	0	0
Due to Key management personnel	0	0
Total	0	0

23. Contingent assets and contingent liabilities

Contingent liabilities	2018/2019	2017/2018
	KShs	KShs
Court case xxx against the Fund	0	0
Bank guarantees	0	0
Total	0	0

VI. PROGRESS ON FOLLOW UP OF AUDITOR 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)
1	Non submission of accounts by co-operatives	To follow up on compliance	Isaac Lagat Fund Administrator	Resolved	30/8/2019
2	Lack of approved budget	In FY 2017-18 There was compliance	Isaac Lagat Fund Administrator	Resolved	N/A

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;

