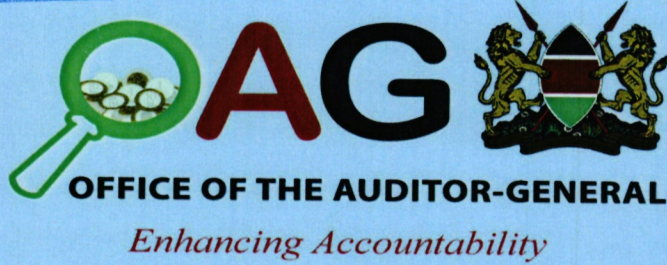


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REPORT

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CLERK AT THE TABLE	S. Nyata.

OF

THE AUDITOR-GENERAL

ON

**SAMBURU COUNTY EXECUTIVE STAFF
MORTGAGE SCHEME FUND**

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





30 SEP 2019

SAMBURU COUNTY EXECUTIVE MORTGAGE SCHEME FUND

ANNUAL REPORT 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)

OFFICE OF THE COMMISSIONER
OF BUDGET
REGISTRY
- 2 OCT 2019
TIME:
P.O. Box 35616 - 00100, NAIROBI

**Samburu County Executive Car Loans and Mortgage Scheme Fund
Reports and Financial Statements
For the year ended June 30, 2019**

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1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

Executive Car Loans and Mortgage Fund is established by and derives its authority and accountability from Samburu County Executive Staff Mortgage Scheme Fund Act, 2016. The Fund is wholly owned by the County Government of Samburu and is domiciled in Kenya.

The fund's objective is to provide a loan scheme for the purchase, development, renovation or repair of residential property by members of the scheme.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to provide loan facility to members.

c) Fund Administration Committee

Ref	Name	Position
1	Mr. Moses Omondi	Chair Person
2	Ms. Lydia Letinina	Vice Chair Person
3	Mr. David Lesamana	Secretary
4	Mr. Tyson Lemako	Member
5	Mr. Samuel Nakope	Member
6	Mr. Marios Lerugum	Member
7	Dr. Ropilo Lanyasunya	Member

d) Key Management

Ref	Name	Position
1	Mr. Moses Omondi	Chair Person
2	Ms. Lydia Letinina	Vice Chair Person
3	Mr. David Lesamana	Secretary

e) Registered Offices

P.O. Box 3 – 20600
Samburu County Headquarters,
Maralal-Nyahururu Road,
Maralal, KENYA

f) Fund Contacts

Telephone: +254 065 62456, +254 65 62075

E-mail: info@samburu.go.ke

Website: www.samburu.go.ke

g) Fund Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Kenya Commercial Bank
P.O. BOX 260
Maralal, Kenya

h) Independent Auditors

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

i) Principal Legal Adviser

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

2. FUND MANAGEMENT TEAM

Name	Details of qualifications and experience
Mr. Moses Omondi	Chief Officer Physical Planning
Ms. Lydia Letinina	Chief Officer Public Works
Mr. David Lesamana	Chief Officer Finance & Economic Planning
Mr. Tyson Lemako	Chief Officer Agriculture & Livestock
Mr. Samuel Nakope	Chief Officer Health Services
Mr. Marios Lerugum	Chief Officer Education
Dr. Ropilo Lanyasanya	Chief Officer Social Services

3. REPORT OF THE TRUSTEES

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2019 which show the state of the Fund affairs.

Principal activities

The principal activity of the Fund is to provide loan facilities to members of staff.

Results

The results of the Fund for the year ended June 30, 2019 are set out on page 8.

Trustees

The members of the Board of Trustees who served during the year are shown on page 4.

Auditors

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

By Order of the Board

Secretary of the Board

Date: _____

4. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by Samburu County Executive Staff Mortgage Scheme Fund Act, 2016 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 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 Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Samburu County Executive Staff Mortgage Scheme Fund Act, 2016. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2019, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

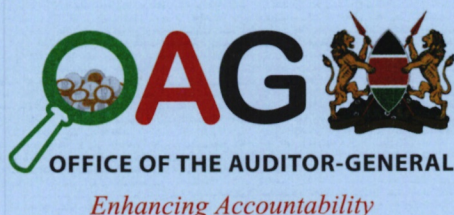
Approval of the financial statements

The Fund's financial statements were approved by the Board on _____ 2019 and signed on its behalf by:

Administrator of the County Public Fund

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON SAMBURU COUNTY EXECUTIVE STAFF MORTGAGE SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Disclaimer of Opinion

I have audited the accompanying financial statements of Samburu County Executive Staff Mortgage Scheme Fund set out on pages 8 to 39 which comprise of the statement of financial position as at 30 June, 2019, statement of financial performance, statement of changes in net assets, statement of cash flows and the 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 do not express an opinion on the accompanying financial statements of the Samburu County Executive Staff Mortgage Scheme Fund. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1. Errors in the Annual Reports and Financial Statements

The annual reports and the financial statements prepared and presented for audit contained the following errors: -

- 1.1. Pages 1, 9 and 39 makes, reference to Samburu County Executive Car Loans and Mortgage Scheme Fund instead of Samburu County Executive Staff Mortgage Scheme Fund;
- 1.2. The headings were omitted at pages 2 to 8 and 12 to 13;
- 1.3. Details of the fund branch and account number were omitted;
- 1.4. Academic and professional qualifications of the management were not disclosed;
- 1.5. Page 5 makes reference to the report of trustees instead of the loan management committee and was not signed off or dated by the secretary;

- 1.6. The Fund's principal objective did not specify the type of loan to members;
- 1.7. The statement of Management responsibility at page 6, refers to Samburu County Executive Staff Mortgage Scheme Fund Act of 2016 instead of Regulations, 2016. Further, the fund is described as County Public Fund at paragraphs 2 and 3 instead of the actual name while the statement is not signed and undated;
- 1.8. Pages 8,11 and 13 on statement of financial performance, statement of cashflows and statement of comparison of budget and actual amounts for the year ended 30 June, 2019 classifies bank charges as finance costs instead of general expenses;
- 1.9. Pages 13, 21, 27 and 39 on guidance notes for preparation have been included as part of reports and financial statements;
- 1.10. Page 18 reflects accounting policy on recognition and measurement of inventory which is inapplicable to the Fund;
- 1.11. Page 19 on reserves does not specify the reserves maintained or policies adopted by the Fund including the nature and purpose of reserves;
- 1.12. Note 19 to the financial statements omits the Legislative Act or Regulations establishing the fund;
- 1.13. Pages 23 to 25 and 33 refer to the reporting financial year of 30 June, 2017 and 30 June, 2018 instead of 30 June, 2018 and 30 June, 2019 respectively;
- 1.14. Page 35 reflects a section of external borrowing in the reporting template which is inapplicable to the fund;
- 1.15. Note 21 to the financial statements omits cash generated from operations;
- 1.16. The annual reports omit information on the loan management committee chairman's report, report of the fund administrator, corporate governance statement and management discussion and analysis.

This is contrary to the format prescribed by the Public Sector Accounting Standard Board (PSASB) in accordance with section 194(1)(d) of the Public Finance Management Act, 2012.

Consequently, the annual report and the financial statements for the year ended 30 June, 2019 as prepared and presented are not as per the Public Sector Accounting Standards Board template.

2. Inaccuracies in the Financial Statements

The financial statements presented for audit review had the following inconsistencies:

- 2.1. The statement of financial performance reflects accrued interest income of Kshs.7,585,302 while the statement of comparison of budget and actual reflects nil interest income;
- 2.2. The statement of changes in equity reflects transfers from the county government of Kshs.2,000,000 whereas Note 6.7(2) to the financial statements reflects a nil balance.

Consequently, the accuracy and completeness of the financial statements as at 30 June, 2019 could not be confirmed.

3. Accuracy of Comparative Figures

The comparative figures in the financial statements differed from the audited figures as detailed below:-

Component	2017/2018 Financial Statements Comparative Figures (Kshs.)	2017/2018 Audited Figures (Kshs.)	Variance (Kshs.)
Transfers from the County Government	0	2,000,000	(2,000,000)
Interest Income	7,898,461	331,125	7,567,336
Total Expenses	1,777	12,401,777	(12,400,000)
Surplus/ Deficit for the Period	7,896,684	(10,070,652)	17,967,336
Current Portion of Long-Term Receivables from Exchange Transactions	372,000	74,729.30	297,271
Prepayments	0	6,400,000.00	(6,400,000)
Long Term Receivables from Exchange Transactions	261,443,761	238,265,580	23,178,181
Revolving Fund	241,670,999	242,287,071	(616,072)
Accumulated Surplus	21,167,383	3,978,509	17,188,874
Receipts from Other Operating Activities	803,013	10,873,670	(10,070,652)
General Expenses	0	6,400,000	(6,400,000)
Finance Costs	0	1,777	(1,777)
Loan disbursed	0	6,000,000	(6,000,000)
Net cash from financing activities	0	803,018	(803,018)

Consequently, the accuracy and completeness of the comparative figures to the financial statements for the year ended 30 June, 2019 could not be confirmed.

4. Interest Income

The statement of financial performance and Note 4 to the financial statements reflects accrued interest income of Kshs.7,585,302; (2018: Kshs.7,898,461). However, the detailed interest schedules and individual account statements indicating the interest accrued in support of the balance were not provided for audit review. This is contrary to Section 99(3) of the Public Finance Management (County Governments) Regulations, 2015, that requires every entry in the accounts to be supported.

Consequently, the accuracy and completeness of the reported interest income of Kshs.7,585,302 for the year ended 30 June, 2019 could not be confirmed.

5. Cash and Cash Equivalent Balance

5.1. Missing Bank Certificate

The statement of financial position and Note 11 to the financial statements reflects cash and cash equivalents balance of Kshs.4,902,766; (2018: Kshs.1,022,620). However, the balance was not supported with the certificate of bank balance.

5.2 Unaccounted for Cash

The bank statements reflect a cash withdrawal amounting to Kshs.5,200,000 which was indicated as payable to 'officer'. However, the surrender vouchers and withdrawal instructions were not provided for audit review. This is contrary to section 93(1) of the Public Finance Management (County Governments) Regulations, 2015 that requires imprest to be issued for a specific purpose and payments made only for purposes specified in imprest warrant. Further, the amount was not included in the outstanding imprest as at 30 June, 2019.

Consequently, the accuracy and validity of the reported cash and cash equivalent balance of Kshs.4,902,766 as at 30 June, 2019 could not be confirmed.

6. Current Portion of Long-Term Receivables from Exchange Transactions

The statement of financial position and Note 12 to the financial statements reflects current portion of long-term receivables from exchange transactions balance of Kshs.7,728,862; (2018: Kshs.372,000). However, the balance was not supported with detailed schedule of principal amount, interest, repayments and the outstanding balance.

Consequently, the accuracy and fair statement of the current portion of long-term receivables from exchange transactions balance of Kshs.7,728,862 as at 30 June, 2019 could not be confirmed.

7. Long-term Receivables from Exchange Transactions

The statement of financial position and Note 12 to the financial statements reflects long-term receivables from exchange transactions of Kshs.259,791,475;(2018 Kshs.261,443,761). However, the balance was not supported with the detailed schedule indicating the principal amount, interest, repayments and the outstanding balance. In addition, included in this balance is principal loan amount of Kshs.102,131,704 issued to twenty-three (23) staff members whose monthly recovery had not been effected in the payroll contrary to Section 12(1) of the Public Finance Management (Samburu County Executive Staff Mortgage Scheme Fund) Regulations, 2016.

Further, included in the receivables balance is a loan amount of Kshs.81,466,928 outstanding from thirteen (13) former employees and county executive committee members whose recoverability is doubtful and no provision for likely impairment was made in the financial statements. Further, there was no evidence of recovery measures instituted.

Consequently, the accuracy and recoverability of the long-term receivables of Kshs.259,791,475 as at 30 June, 2019 could not be confirmed.

8. Revolving Fund Balance

The statement of financial position reflects revolving fund balance of Kshs.243,670,999;(2018 Kshs.241,670,999) which differs from the audited balance for the prior period of Kshs.242,287,071 resulting to unreconciled variance of Kshs.616,072. Further, included in the revolving fund balance was an amount of Kshs.177,010,016 which could not be traced as having been deposited in the fund bank account as detailed below: -

Date	Particulars	Year	Amount (Kshs.)
31/8/2015	Transfers from County Executive	2014/2015	32,030,000
4/11/2015	Transfers from County Executive	2015/2016	25,000,000
23/12/2015	Transfers from County Executive	2015/2016	21,000,000
23/12/2015	Transfers from County Executive	2015/2016	3,428,735
8/04/2016	Transfers from County Executive	2015/2016	86,962,000
17/05/2016	Transfers from County Executive	2015/2016	2,000,000
17/05/2016	Transfers from County Executive	2015/2016	1,000,000
26/08/2016	Transfers from County Executive	2016/2017	589,281
17/01/2017	Transfers from County Executive	2016/2017	5,000,000
	Total		177,010,016

Consequently, the accuracy and fair statement of the revolving fund balance of Kshs.243,670,999 as at 30 June, 2019 could not be confirmed.

9. Unsupported Loan Disbursements

Contrary to the provisions of Section 8 of the Public Finance Management (Samburu County Executive Mortgage Scheme Fund) Regulations, 2016, the loan disbursements

were unsupported by way of loan applications, approved designs of house plans, bills of quantities, official search for titles to the property or certified copies of sale agreements.

To the extent, the Fund is in breach of the law.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

I do not express a conclusion on the lawfulness and effectiveness in the use of public resources as required by Article 229(6) of the Constitution. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

I do not express a conclusion on the effectiveness of internal controls, risk management and governance as required by Section 7(1)(a) of the Public Audit Act, 2015. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit 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 Funds ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operations.

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

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how 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 overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) 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. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

In addition, my responsibility is 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 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. I also consider internal control, risk management and governance processes and systems in order to give an assurance on the effectiveness of internal controls, risk management and governance 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.

However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for audit conclusion on lawfulness and effectiveness in use of public resources, and on effectiveness of internal controls, risk management and governance.

I am independent of the Samburu County Executive Staff 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.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

13 January, 2022

6. FINANCIAL STATEMENTS

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

	Note	FY2018/2019 KShs	FY2017/2018 KShs
Revenue from non-exchange transactions			
Public contributions and donations	1	-	-
Transfers from the County Government	2	-	-
Fines, penalties and other levies	3	-	-
Revenue from exchange transactions			
Interest income	4	7,585,301.95	7,898,460.70
Other income	5	-	-
Total revenue		7,585,301.95	7,898,460.70
Expenses			
Fund administration expenses	6	-	-
Staff costs	7	-	-
General expenses	8	-	-
Finance costs	9	580.00	1,776.50
Total expenses		580.00	1,776.50
Other gains/losses			
Gain/loss on disposal of assets	10	-	-
Surplus/(deficit) for the period		7,584,721.95	7,896,684.20


Samburu County Executive Car-Loans and Mortgage Scheme Fund
 Reports and Financial Statements
 For the year ended June 30, 2019

6.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	FY2018/2019 KShs	FY2017/2018 KShs
Assets			
Current assets			
Cash and cash equivalents	11	4,902,766.20	1,022,620.30
Current portion of long term receivables from exchange transactions	12	7,728,862.05	372,000.00
Prepayments	13	-	-
Inventories	14	-	-
Non-current assets			
Property, plant and equipment	15	-	-
Intangible assets	16	-	-
Long term receivables from exchange transactions	12	259,791,475.20	261,443,761.20
Total assets		272,423,103.45	262,838,381.50
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	17	-	-
Provisions	18	-	-
Current portion of borrowings	19	-	-
Employee benefit obligations	20	-	-
Non-current liabilities			
Non-current employee benefit obligation	20	-	-
Long term portion of borrowings	19	-	-
Total liabilities		-	-
Net assets			
Revolving Fund		243,670,998.70	241,670,998.70
Reserves		-	-
Accumulated surplus		28,752,104.75	21,167,382.80
Total net assets and liabilities		272,423,103.45	262,838,381.50

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 30th Sept 2019 and signed by:

 Administrator of the Fund
 Name: David Lesamana



 Fund Accountant
 Name: Joseph Lekalkuli
 ICPAK Member Number: 6711

Samburu County Executive Car Loans and Mortgage Scheme Fund
 Reports and Financial Statements
 For the year ended June 30, 2019

6.3. STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2019

Reserve ¹	Revolving Fund	Revaluation	Accumulated	
	Accumulated surplus	Total	Surplus	
		KShs	KShs	KShs
Balance as at 1 July 2017	239,670,998.70	-	13,270,698.60	252,941,697.30
Surplus/(deficit) for the period	-	-	7,896,684.20	7,896,684.20
Funds received during the year	2,000,000.00	-	-	2,000,000.00
Revaluation gain	-	-	-	-
Balance as at 30 June 2018	241,670,998.70	-	21,167,382.80	262,838,381.50
Balance as at 1 July 2018	241,670,998.70	-	21,167,382.80	262,838,381.50
Surplus/(deficit) for the period	-	-	7,584,721.95	7,584,721.95
Funds received during the year	2,000,000.00	-	-	2,000,000.00
Revaluation gain	-	-	-	-
Balance as at 30 June 2018	243,670,998.70	-	28,752,104.75	272,423,103.45

(Provide details on the nature and purpose of reserves)

For the year ended June 30, 2019

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

	Note	FY2018/2019 KShs	FY2017/2018 KShs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the County Government		-	-
Interest received		2,000,000.00	2,000,000.00
Receipts from other operating activities		7,585,301.95	7,898,460.70
Total Receipts		-	-
Payments		9,585,301.95	9,898,460.70
Fund administration expenses		-	-
General expenses		-	-
Finance cost		-	-
Total Payments		580.00	1,776.50
Adjusted for:		580.00	1,776.50
Decrease/(Increase) in Accounts receivable		-	-
Increase/(Decrease) in Accounts Payable		-5,704,576.05	-9,093,665.85
Net cash flows from operating activities		3,880,145.90	803,018.35
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		-	-
Loan disbursements paid out		-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		3,880,145.90	803,018.35

Cash and cash equivalents at 1 JULY	11	1,022,620.30	219,601.95
Cash and cash equivalents at 30 JUNE	11	4,902,766.20	1,022,620.30

6.5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30th JUNI 2019

	Original budget 2019	Adjustment 2019	Final budget 2019	Actual on comparable basis 2019	Performance difference 2019	% utilization 2019
	KShs	KShs	KShs	KShs	KShs	
Mortgage Capital Fund	-	-	-	2,000,000.00	(2,000,000.00)	>100%
Total income	-	-	-	2,000,000.00	(2,000,000.00)	>100%
Expenses						
Mortgage Disbursement	-	-	-	7,200,000.00	(7,200,000.00)	>100%
Finance cost	-	-	-	580.00	(580.00)	>100%
Total expenditure	-	-	-	7,200,580.00	-7,200,580.00	>100%
Surplus for the period	-	-	-	(5,200,580.00)	5,200,580.00	>100%

Budget notes

1. Provide explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24:14
2. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)
3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.

6.6. 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 2018

Standard	Effective date and impact:
IPSAS 39: Employee Benefits	<p>Applicable: 1st January 2018</p> <p>The objective to issue IPSAS 39 was to create convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to the amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach.</p>

b) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2018*

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

c) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2018.

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 or xxxx. 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 xxxxxx on the 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.

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

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Inventories

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

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

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

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

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

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

9. Provisions

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

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

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

Contingent liabilities

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingent assets

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

10. Nature and purpose of reserves

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

11. Changes in accounting policies and estimates

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

12. Employee benefits – Retirement benefit plans

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

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

13. Foreign currency transactions

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

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

14. Borrowing costs

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

15. Related parties

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

16. Cash and cash equivalents

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

17. Comparative figures

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

18. Events after the reporting period

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

19. Ultimate and Holding Entity

The entity is a County Public Fund established by xxx Act (*state the legislation establishing the Fund*) under the Ministry of xxx. Its ultimate parent is the County Government of XXX.

20. Currency

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

21. Significant judgments and sources of estimation uncertainty

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

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

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

Useful lives and residual values

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

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

Provisions

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

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

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

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

22. 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 company's management based on prior experience and their assessment of the current economic environment.

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

	Total amount KShs	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
At 30 June 2018				
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

(NE: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company 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 XXXX

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 2018				
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 2017				
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

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Market risk

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

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

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

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

i. Foreign currency risk

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

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

		Other currencies	Total
	KShs	KShs	KShs
At 30 June 2018			
Financial assets (investments, cash ,debtors)	0	0	0
Liabilities			
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	0	0	0

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

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency sensitivity analysis

The following table demonstrates the effect on the Fund's statement of financial performance in applying the sensitivity for a reasonable possible change in the exchange rate of the three 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			
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 company's interest rate risk arises from bank deposits. This exposes the Fund to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Fund's deposits.

Management of interest rate risk

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

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs xxx (2017: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs xxx (2017 - KShs xxx).

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Capital risk management

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

	2019		2018
	KShs		KShs
Revaluation reserve	0		0
Revolving fund	0		0
Accumulated surplus	0		0
Total funds	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

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6.7. NOTES TO THE FINANCIAL STATEMENTS

1. Public contributions and donations

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Donation from development partners	0	0
Contributions from the public	0	0
Total	0	0

(Provide brief explanation for this revenue)

2. Transfers from County Government

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Transfers from County Govt. – operations	-	-
Payments by County on behalf of the entity	-	-
Total	-	-

3. Fines, penalties and other levies

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Late payment penalties	0	0
Fines	0	0
Total	0	0

(Provide brief explanation for this revenue)

4. Interest income

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Interest income from loans(mortgage or car loans)	7,585,301.95	7,898,460.70
Total interest income	7,585,301.95	7,898,460.70

(Provide brief explanation for this revenue)

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5. Other income

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Insurance recoveries	0	0
Income from sale of tender documents	0	0
Miscellaneous income		
Total other income	0	0

(NB: All income should be classified as far as possible in the relevant classes and other income should be used to recognise income not elsewhere classified).

6. Fund administration expenses

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Staff costs (Note 7)	0	0
Loan processing costs	0	0
Professional services costs	0	0
Total	0	0

7. Staff costs

Description	FY2018/2019	FY2017/2018
	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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. General expenses

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Loans advanced to members	0	0
Withdrawals by County Gvt	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
Hospitality	0	0
Depreciation and amortization costs	0	0
Other expenses-Bank Charges	0	0
Total	0	0

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Finance costs

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Interest on Bank overdrafts	0	0
Bank charges		
Total	580.00	1,776.50
	580.00	1,776.50

10. Gain on disposal of assets

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Property, plant and equipment	0	0
Intangible assets	0	0
Total	0	0
	0	0

11. Cash and cash equivalents

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Fixed deposits account	0	0
On – call deposits	0	0
Current account	4,902,766.20	1,022,620.30
Others	-	-
Total cash and cash equivalents	4,902,766.20	1,022,620.30

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Financial institution	Account number	FY2018/2019 KShs	FY2017/2018 KShs
a) Fixed deposits account			
Kenya Commercial bank		0	0
Equity Bank, etc		0	0
Sub- total		0	0
b) On - call deposits			
Kenya Commercial bank		0	0
Equity Bank - etc		0	0
Sub- total		0	0
c) Current account			
Kenya Commercial bank		0	0
Bank B		0	0
Sub- total		0	0
d) Others(specify)			
Cash in transit		0	0
Cash in hand		0	0
M Pesa		0	0
Sub- total		0	0
Grand total		0	0

12. Receivables from exchange transactions

Description	FY2018/2019 KShs	FY2017/2018 KShs
Current Receivables		
Interest receivable	7,728,862.05	372,000.00
Current loan repayments due	-	-
Other exchange debtors	-	-
Less: impairment allowance	7,728,862.05	372,000.00
Total Current receivables		
Non Current receivables		
Long term loan repayments due	259,791,475.20	261,443,761.20
Total Non current receivables	259,791,475.20	261,443,761.20
Total receivables from exchange transactions	267,520,337.25	261,815,761.20

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Prepayments

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Prepaid rent	0	0
Prepaid insurance	0	0
Other Receivables-From CG	6,400,000.00	6,700,000.00
Total	6,400,000.00	6,700,000.00

14. Inventories

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Consumable stores	0	0
Spare parts and meters	0	0
Catering	0	0
Total inventories at the lower of cost and net realizable value	0	0

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	KShs	KShs	KShs	KShs	KShs
At 1 st July 2016	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 30 th June 2017	0	0	0	0	0
At 1 st July 2017	0	0	0	0	0
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
Transfer/adjustments	0	0	0	0	0
At 30 th June 2018	0	0	0	0	0
Depreciation and impairment					
At 1 st July 2016	0	0	0	0	0
Depreciation	0	0	0	0	0
Impairment	0	0	0	0	0
At 30 th June 2017	0	0	0	0	0
At 1 st July 2017	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 30 th June 2018	0	0	0	0	0
Net book values	0	0	0	0	0
At 30 th June 2017	0	0	0	0	0
At 30 th June 2018	0	0	0	0	0

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Intangible assets-software

Description	FY2018/2019	FY2017/2018
	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	FY2018/2019	FY2017/2018
	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	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
Total provisions	0	0	0	0

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. Borrowings

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Balance at beginning of the period	0	0
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:

	FY2018/2019	FY2017/2018
	KShs	KShs
External Borrowings		
Dollar denominated loan from 'xxx organisation'	0	0
Sterling Pound denominated loan from 'yyy organisation'	0	0
Euro denominated loan from 'zzz organisation'	0	0
Domestic Borrowings		
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	FY2018/2019	FY2017/2018
	KShs	KShs
Short term borrowings(current portion)	0	0
Long term borrowings	0	0
Total	0	0

(NB: the total of this statement should tie to note 18 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed).

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

a) Related party transactions

	FY2018/2019	FY2017/2018
	KShs	KShs
Transfers from related parties	2,000,000.00	2,000,000.00
Transfers to related parties	0	0

b) Key management remuneration

	FY2018/2019	FY2017/2018
	KShs	KShs
Board of Trustees	0	0
Key Management Compensation	0	0
Total	0	0

c) Due from related parties

	FY2018/2019	FY2017/2018
	KShs	KShs
Due from parent Ministry	0	0
Due from County Government	0	0
Total	0	0

d) Due to related parties

	FY2018/2019	FY2017/2018
	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	FY2018/2019	FY2017/2018
	KShs	KShs
Court case xxx against the Fund	0	0
Bank guarantees	0	0
Total	0	0

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(Give details)

7. 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)

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.

