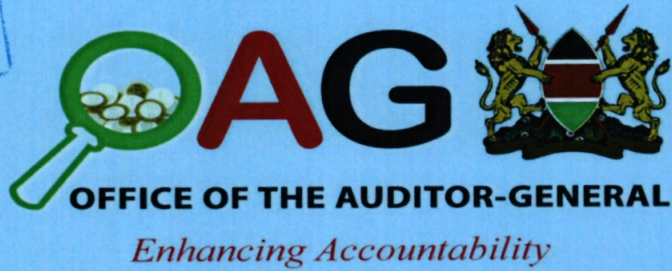


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REPORT

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OF

THE AUDITOR-GENERAL

ON

**BUSIA COUNTY CO-OPERATIVE
ENTERPRISE DEVELOPMENT FUND**

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



COUNTY GOVERNMENT OF BUSIA
BUSIA COUNTY CO-OPERATIVE ENTERPRISE DEVELOPMENT FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2021

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

BUSIA COUNTY CO-OPERATIVE ENTERPRISE DEVELOPMENT FUND
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For the year ended June 30, 2021

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1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

The Co-operative Enterprise Development Fund is a semi-autonomous Busia County Government entity established in the County Department of Trade, Investment, Industry and Co-operatives in July 2014 by an Act of the County Assembly 'Busia County Co-operative Enterprise Development Fund Act, 2014'. The Fund is domiciled and operates within Busia County in the Republic of Kenya. It is governed by the Fund Committee Members and headed by the Fund Director/Administrator and Committee Secretary who is responsible for general policy implementation and strategic direction of the Fund and the Secretary to the Committee. The aim of the Fund is to provide affordable financing to all registered co-operative institutions in Busia County.

b) Principal Activities

As stipulated in the Co-operative Enterprise Development Fund Act, 2014 the objective and the purpose for which the Fund was established is 'to provide funds to be used for granting low-interest loans to co-operative institutions in Busia County, with a view to supporting them scale up their lending activities, value addition, promote entrepreneurship and enhance production and productivity.

The mandate of the Fund as conceptualized is to:

- a. To disburse loans to deserving and qualified co-operative societies in Busia County
- b. Recover all outstanding loans disbursed
- c. Establish a viable and sustainable revolving fund

Section 4 of the Fund Act sets out the object and the purpose of the Fund as follows:-

- a. To provide funds to be used for granting low-interest loans to cooperative institutions with a view to scaling up their lending activities, value addition, promote entrepreneurship and enhance productivity.
- b. To provide funds to support, revive and initiate cooperative sector institutions in areas that can have an immediate impact to household economy;
- c. To attract and facilitate investment in cooperative sector institutions that have linkages to micro, small and medium enterprises that benefit the youth ;
- d. provide financial support to cooperative sector institutions that support strategic and high-return interventions which directly and indirectly have the potential to trigger growth and sector-wide impact;
To attract and facilitate investment in cooperative sector institution that have linkages to low- income persons, community-based organizations, and women groups; and
- e. To provide funds to cooperative sector institutions to facilitate marketing of products and services both in the domestic and the international markets.

Further, Section 10 of the Act states the functions of the Fund Committee as to: -

- a. formulate policy guidelines on cooperative sector funding;

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- b. Ensure that all projects funded under this Act are consistent with the counties priorities specified in the relevant policy documents;
- c. Approve proposals submitted to it by the Unit under this Act;
- d. Authorize allocations from the Fund ;
- e. Formulate or approve standards, guidelines and procedures for funding proposals under this Act,
- f. Approve the organizational structure of the Unit;
- g. Provide oversight in the utilization of the Fund; and perform any other function as may be conferred on it by this Act or any other written law.

c) Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	RoselyneN. Pepela	Vice- Chairperson
2	Catherine T.Nagwalla	Member
3	Oscar E.Odaba	Committee Secretary
4	Vincent J. Ombitsi	Member
5	Nelson M.Kwamini	Member
6	Rodgers A. Sekwe	Member

d) Key Management

Ref	Position	Name
1	Fund Manager/ Administrator	Oscar E. Odaba
2	Fund Accountant	Paul B. Oundo

e) Registered Offices

P.O. Box 353-50400
Co-operative House
Assembly Road
Busia, Kenya

f) Fund Contacts

Telephone (254) 733-342435
Email: coopfundbusia@gmail.com
Website: www.busiacounty.go.ke

BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
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g) Fund Bankers

Co-operative Bank of Kenya-Busia Branch
P.O. Box 326-50400
Busia, Kenya

h) Independent Auditors

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

i) Principal Legal Adviser

The County Attorney
County Government of Busia
P.O. Private Bag – 50400
Busia, Kenya

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2. THE BOARD OF TRUSTEES/ FUND ADMINISTRATION COMMITTEE (or any other corporate governance body for the Fund)

Ref	Name	Position
1	Roselyne N. Pepela	Vice- Chairperson
2	Catherine T. Nagwalla	Member
3	Oscar E. Odaba	Committee Secretary
4	Vincent J. Ombitsi	Member
5	Nelson M. Kwamini	Member
6	Rodgers Sekwe	Member

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**3. STATEMENT OF PERFORMANCE AGAINST COUNTY ENTITY'S
 PREDETERMINED OBJECTIVES**

Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer when preparing financial statements of each County Government entity Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity's performance against predetermined objectives.

The key development objectives of the Busia County Co-operative Enterprise Development Fund are to:

- To provide funds to be used for granting low interest loans to co-operative institutions with a view to up scaling their lending activities, value addition, promote entrepreneurship and enhance productivity.
- To provide funds to support, revive and initiate co-operative institutions in areas that can have an immediate impact to household economy.
- To attract and facilitate investments in co-operative sector institutions that have linkages to micro, small and medium enterprises that benefit the youth.
- To attract and facilitate investments in co-operative sector institutions that have linkages to low-income persons, community-based organisations, and women groups.
- To provide funds to co-operative sector institutions to facilitate marketing of products and services both in the domestic and international markets.

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Lending to Co-operative Societies	To provide co-operative societies with affordable credit	Amounts disbursed increased	Amount disbursed	Kshs.2,250,000 disbursed
	To recover disbursed funds	Increased revolving funds	Amount recovered/repaid	Kshs. 3,981, 272 repaid
Beneficiary Education and Training	To impart knowledge and skills in the use of borrowed funds	Increased efficiency and effectiveness in the utilization of borrowed funds	No. of beneficiaries trained	182

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4. MANAGEMENT TEAM

The Fund's day-to-day management is under the following key organs:

- 1) Committee Members
- 2) Director/Administrator
- 3) Management

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

No.	Designation	Name
1.	Director	Oscar E. Odaba
2.	Chief Officer	Nelson M. Kwamini
3.	Accountant	Paul O. Barasa

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5. BOARD/FUNDADMINISTRATION COMMITTEE CHAIRPERSON'S REPORT

Overview

The Co-operative Fund has played a critical role in the County as it endeavors to promote the welfare and economic upliftment of the people of Busia County. The Fund's financial interventions are to support the promotion, initiation and revival of co-operative sector institutions in areas that can have immediate impact to household economy.

The Committee acknowledges the enormous support from all our stakeholders including but not limited to; the mother Department, cooperative societies' leadership, the cooperative movement, our staff (including Sub county Cooperative Officers and partners. Their encouragement and support have enabled us to navigate through this difficult year with the Covid-19 pandemic.

Corporate Governance

. There were over 25 Board and Committee meetings that guided the organization on strategy and policy formulation. The composite Board performance index was rated at over 98%. The CEO's term of office was also renewed for another term beginning March 2019 provided valuable leadership by working closely with the Board to ensure good performance of the Board.

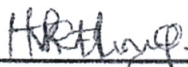
During the year under review the Chairperson of the Fund Committee relinquished her position because of having been appointed to a public office. I therefore took over to steer the Committee. During the year, as the acting Chairperson of the Committee I was ably supported by members; Catherine Nagwalla, Rodgers Sekwe, Oscar Odaba, Vincent Ombitsi and Nelson Kwamini

Outlook

It is important to note that in the year under review the Fund was allocated only Kshs.2, 000,000 against a loan demand of approximately Kshs,93,000,000. Further the funds were released at the tail end of the financial year and hence recovery of the disbursed funds was to be realised in the following financial year. This contributed to a negative performance by the Fund.

A total of Kshs.2, 250,000 was disbursed within the financial year. Kshs. 3,981, 272 was repaid during the same financial year. The repayment performance was heavily affected by the Covid-19 situation as most beneficiaries were affected because of stringent Covid-19 containment/economic lock down measures that were imposed. For the Fund to achieve its objectives and for its sustainability, disbursements from the County Treasury need to be consistent and predictable.

On behalf of the committee I take this opportunity to thank the County Government through the Department of Trade, Investment, Industry and Co-operatives, fellow Committee Members, customers, our partners and all stakeholders for their support during the year under review. I thank the Staff and management of the Fund Unit for their dedicated commitment to our purpose of empowering the people of Busia. The Board is optimistic that this Fund can really turn around the economic fortunes of the people of Busia through the co-operative movement.



Roselyn Pepela
Chairperson

BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
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6. REPORT OF THE FUND MANAGER/ ADMINISTRATOR

Key activities during the year

During the year under review the Fund had two main activities, credit provision and recovery of the disbursed loans. Given that very little budgetary allocation was given to the Fund for disbursement, more effort was directed on recoveries. However, because the beneficiaries' economic activities were affected by Covid-19 situation, repayment rate was low.

In an effort to discourage loan defaulting the Fund Unit has finalised plans to engage Metropol Credit Reference Bureau with a view of joining the credit information sharing platform. We hope to start sharing the credit histories of our loanees so that defaulters can be blacklisted for future loan access. This will be done in the first quarter of financial year 2021/2022.

Financial Performance

In the financial year under review no interest income was realised because interest on loans was not charged up front as is the practice. This was due to the smaller amounts involved. The only income realised was Kshs 2,000,000

Challenges

During the year the Fund faced a number of challenges that negatively affected the Fund's ability to deliver on its mandate. These challenges are summarised below:

- (i) Late disbursement of money to the Fund from County Treasury. During the year under review, the Fund received money from the County Treasury in June – last month to the end of the financial year. This made it extremely difficult to properly plan and undertake pre and pre-disbursement activities.
- (ii) Inadequate allocation from the County Treasury. For example, during the year only Kshs 2 million was allocated against the ballooning demand for loans from co-operatives.
- (iii) Lack of transport for use in the field to monitor and do recoveries of disbursed funds.
- (iv) Not having loan officers at all the sub county offices. At the moment, the Fund has only three loan officers serving seven sub-counties.
- (v) Lack of an Enterprise Resource Planning system, especially a loan management system. Currently all Fund operations are manual.
- (vi) Lack of autonomy of the Fund. At the moment the Fund is just a unit within the Department of Trade, Investment, Industry and Co-operatives despite the fact that there is a Fund Committee that is supposed to be a body corporate. This limits the Fund's ability to mobilise resources from external sources.

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- (vii) None allocation of a recurrent budget to the Fund. The money allocated to the fund has always been treated as development, thus limiting the Fund's education and training activities for beneficiaries.

Way forward

In order to address the above mentioned challenges and to make the Fund Sustainable the following issues need to be addressed both by the Fund Committee and the County Treasury

- (i) A Fund needs to operate with a certain minimum amount of seed capital. We suggest that the Treasury needs to give the Fund at least kshs100 million annually for at least five years for the fund to be able to be sustainable and to meet its objectives.
- (ii) The cost to be incurred on beneficiary education and training should be treated as a development vote.
- (iii) To facilitate faster delivery of services, including monitoring and recovery of disbursed loans, the Fund needs to have loan officers at all sub county offices.
- (iv) The Fund will continuously review the loan portfolio to address the portfolio in arrears.
- (v) The Fund needs to be gazetted as a semi-autonomous county government entity for it to fully realise the objectives for which it was established

BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
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7. CORPORATE GOVERNANCE STATEMENT

i. Introduction

The Committee of The Fund is committed to upholding the principals of corporate governance that will promote the interest of the people of Busia County, build confidence in its leadership and strengthen the accountability of the committee.

ii. Committee.

a. Mandate

The committee's responsibilities are to formulate guidelines on cooperative sector funding; ensure that all projects funded under the Fund's Act are consistent with the county's priorities specified in relevant policy documents; approve proposal submitted to it by the unit under the Act; authorise allocations from the Fund; formulate or approve standards, guidelines and procedures for funding proposals under the Act; approve the organisation structure of the unit; provide oversight in the utilisation of the fund and; perform any other function as may be conferred on it by the Act or any other written law.

The committee's operations are governed by the Cooperative Enterprise Development Fund Act, 2014

b. Membership and size

The membership comprises of long serving public and non-public servants helping the Fund with diverse experience. The committee currently comprises of six members, two from the private sector and the four from the public sector. The committee is satisfied with the commitment of each member.

c. Operations

The chairperson together with the Fund administrator ensures that the committee operates effectively and in accordance with the Fund's Act. Committee meetings in the year were hampered by Covid-19 containment measures which included restrictions on any forms of gatherings within the county. The Fund Committee managed have three committee sittings.

d. Committee compensation.

The committee members are paid allowances as per the Salaries and Remuneration Commission guidelines.

e. Separation of roles.

The roles of the Chairperson and the Fund Administrator are separately held and the division of their responsibilities is clearly established to ensure no duplication or conflict of roles. The Chairperson is responsible for ensuring effective communication with stakeholders including donors, promoting high level of corporate governance and serving as a resource to management in matters of strategic importance to the Fund.

The committee secretary/CEO is responsible for managing day-to-day operations of the Fund, execution of strategy and policy approved by the committee. He is also accountable for the Fund performance and reports to the committee.

BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
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8. MANAGEMENT DISCUSSION AND ANALYSIS

a. Operational and Financial Performance of the Fund

As at the year ended 30 June 2021 the Fund's assets were valued at 76.455 Million. In the same year the Fund awarded loans amounting to Kshs.2.25 Million to 8 cooperative societies and recovered a total of Kshs. 3,981 Million from loanees. The Fund received funds from the county exchequer totalling Kshs2 Million. Disbursements to societies and loan recoveries have been on a downward trend for the last 3 years due none or inadequate allocation from the county government. Recovery of loans dropped due to the economic situation in the country.

b. Fund's compliance with statutory requirements

The Fund had no non-compliance issue raised during the year under review

c. Major risks facing the Fund

Below is a summary risks facing the Fund

i. Credit risk

Credit risk is the risk that counterparty will default on its contractual obligations resulting in financial loss to the Fund. Credit risk relating to societies' loans is managed by the Director and the Loan Officers.

The Fund is in the process of registering with Credit Reference Bureaus and debt collectors for the purpose of dealing with non-performing loans. Currently various methods are employed to ensure recoverability of non-performing loans.

The Fund's credit risk in relation to cash and cash equivalents is held 100 per cent by the Fund's banker – Cooperative Bank of Kenya. The Fund operates with a bank that is approved by the County Treasury. Further, Cooperative Bank is a tier 1 hence this makes the balances less risky to default by the said bank and reduces the credit risk exposure to the Fund.

ii. Capital risk management

The capital structure is financed by county government grants and funds which are both revolving funds and non-refundable. The Fund has 100% equity financed and 0% borrowing i.e. no debt financing.

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9. REPORT OF THE TRUSTEES/ FUND ADMINISTRATION COMMITTEE

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

10.1 Principal activities

The principal activity of the Fund is to provide funds to be used for granting low interest loans to co-operative institutions operating in Busia County

10.2 Performance

The performance of the Fund for the year ended June 30, 2021, are set out on page 17, 18, 20

10.3 Trustees

The members of the Board of Trustee / *Administration Committee* who served during the year are shown on page 4

10.4 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

Sign: HRHlong.

Name: Roseline Pepela
Chair of the Board/ *Fund Administration Committee*

Date: 25th Sep 2021

BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND
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10. 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 Busia County Cooperative Enterprise Development Fund Act, 2014 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, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of 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 Busia County Cooperative Enterprise Development Fund Act, 2014. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2021, and of the Fund's financial position as at that date. The Administrator further 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

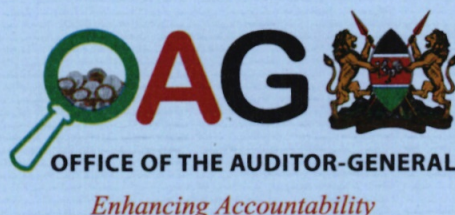
The Fund's financial statements were approved by the Board on 28th September, 2021 and signed on its behalf by:



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 BUSIA COUNTY CO-OPERATIVE ENTERPRISE DEVELOPMENT FUND FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Busia County Co-operative Enterprise Development Fund set out on pages 16 to 36, which comprise the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison

of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Busia County Co-operative Enterprise Development Fund as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, and Busia County Co-operative Enterprise Development Fund Act, 2014.

Basis for Qualified Opinion

Inaccuracy in General Expenses Balance

The statement of financial performance reflects an expenditure of Kshs.3,392,851 under general expenses which, as disclosed in Note 5 to the financial statements, comprises of expenditures on eight (8) expenditure items. However, the balance differs from the cumulative balance of Kshs.3,102,580 shown in the supporting schedules for the expenditure items, resulting to an unexplained variance of Kshs.290,271.

In the circumstances, the accuracy of the expenditure of Kshs.3,392,851 could not be confirmed

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

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts indicates that the Fund had a final approved budget of Kshs.9,817,816 for the year under review. However, the Fund only realized actual receipts of Kshs.6,102,066 or 62% of the budget.

Similarly, the statement of comparison reflects disbursement of loans amounting to only Kshs.2,250,000 against a target of Kshs.7,295,504 or 31% of the budget. Further, there was failure to carry out any research and feasibility studies, failure to carry out any training and failure to carry out any monitoring and evaluation activities during the year, although they were all budgeted for.

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

2. Unresolved Prior Year Matters

Various prior year audit issues remained unresolved as at 30 June, 2021. Management has not provided reasons for the delay in resolving the prior year audit issues. Further, the unresolved prior year issues are not disclosed under the progress on follow up of auditor's recommendations section of the financial statements as required by the Public Sector Accounting Standards Board.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Failure to Hold Adequate Committee Meetings

Records provided for audit review, including Board minutes, indicated that the Fund Committee, which is charged with the responsibility of policy formulation and giving overall guidance and direction to the Fund, met only twice in the year under review. This is contrary to the provisions of Section 2 of the First Schedule of Busia County Co-operative Enterprise Development Fund Act, 2014, which provides that the Committee shall hold at least four (4) meetings in every financial year and that not more than three (3) months shall elapse between one meeting and the next meeting.

In the circumstances, the Fund Committee was in breach of the law.

2. Non-compliance with Public Sector Accounting Standards Board Requirements

The Fund submitted financial statements for audit during the financial year under review. However, it was noted that the financial statements did not contain the background information like the name of key Managers, passport size photos, academic qualifications

and related experience contrary to the Public Sector Accounting Standards Board (PSASB) guidelines.

In the circumstances, the fund did not adhere to guidelines of the Public Sector Accounting Standards Board (PSASB) on presentation of the financial statements.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Ineffective Governance

During the year under review, the Executive Committee operated with two (2) non-public officers instead of the required four (4) contrary to the provisions of Section 7(1)(d) of Busia County Co-operative Enterprise Development Fund Act, 2014. The Act states that the Committee shall comprise of four (4) persons, one of whom shall be the Chairperson of the Committee, not being public officers, who shall be appointed by members of the Executive Committee, through a competitive and transparent recruitment process with approval of the County Assembly. In addition, the Chairman of the Committee resigned during the year and had not been replaced by the time of audit.

In the circumstances, it could not be confirmed whether the Fund received effective governance.

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 controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls 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 Fund's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in

an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Fund's policies and procedures may deteriorate.


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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gatungu, CBS
AUDITOR-GENERAL

Nairobi

19 July, 2022

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12. FINANCIAL STATEMENTS

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

	Note	FY2020/2021	FY2019/2020
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the County Government	1	2,000,000	-
Revenue from exchange transactions			
Interest income	2		1,544,766
Other income	3		188,125
Total revenue		2,000,000	1,732,891
Expenses			
Staff Costs	4	542,278	1,730,798
General expenses	5	3,392,851	2,283,364
Total expenses		3,935,129	4,014,162
Surplus/(deficit)for the period		(1,935,129)	(2,281,271)

The notes set out on pages 32 to 34 form an integral part of these Financial Statements.

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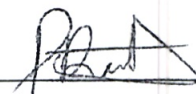
13.2 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	FY2020/2021	FY2019/2020
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	6	2,207,207	120,793
Current portion of long term receivables from exchange transactions	7	72,168,846	73,900,118
Outstanding imprests			
Non-current assets			
Property, plant and equipment	8	4,078,958	4,369,229
Total assets		78,455,011	78,390,140
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions			-
Total liabilities			-
Net assets			
Revolving Fund		114,945,000	113,005,000
Accumulated deficit		(36,549,989)	(34,614,860)
Total net assets and liabilities		78,455,011	78,390,140

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 _____ 2021 and signed by:



Administrator of the Fund
Name:



Fund Accountant
Name:

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13.3 STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2021

	Revolving Fund	Accumulated Deficit	Total
		KShs	Kshs
Balance as at 1 July 2019	113,005,000	(32,333,589)	80,671,411
Surplus/(deficit)for the period		(2,281,271)	(2,281,271)
Funds received during the year			
Transfer from accumulated surplus	-	-	-
Balance as at 30 June 2020	113,005,000	(34,614,860)	78,390,140
Balance as at 1 July 2020	113,005,000	(34,614,860)	78,390,140
Surplus/(deficit)for the period		(1,935,129)	(1,935,129)
Funds received during the year	2,000,000		2,000,000
Transfer from accumulated surplus			
Balanceasat30 June 2021	115,005,000	(36,549,989)	78,455,011

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13.4 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Note	FY2020/2021	FY2019/2020
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the County Government	1	2,000,000	-
Interest received	2		1,544,766
Other Income	3		188,125
Total Receipts		2,000,000	1,732,891
Payments			
General expenses	5	3,392,851	2,283,364
Staff cost	4	542,278	1,730,798
Total Payments		3,935,129	4,014,162
Net cash flows from operating activities		(1,935,129)	(2,281,271)
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets			-
Loan disbursements paid out		(2,250,000)	(18,600,000)
Proceeds from loan principal repayments		3,981,272	4,329,554
Net cash flows used in investing activities		1,731,272	(14,270,446)
Cash flows from financing activities			
Proceeds from county treasury		2,000,000	-
Donation from development partners			-
Net cash flows used in financing activities		2,000,000	-
Net increase/(decrease) in cash and cash equivalents		2,086,414	(16,219,353)
Cash and cash equivalents at 1 JULY		120,793	16,340,146
Cash and cash equivalents at 30 JUNE	6	2,207,207	120,793

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

	Original budget	Final budget	Actual on comparable basis	Performance difference	% utilization
	2021	2021	2021	2021	2021
Revenue	Kshs	Kshs	Kshs	Kshs	
Bal brought forward	120,794	120,794	120,794	-	1
Principal loan repayments	8,674,710	8,674,710	3,981,272	4,693,438	0.46
Transfers from County Govt.	-	-	2,000,000	(2,000,000)	0
Interest income	814,771	814,771	-	814,771	0
Income from admin fee	207,541	207,541	-	207,541	0
Total income	9,817,816	9,817,816	6,102,066	3,715,750	0.62
Expenses					
Loan disbursements paid out	7,295,504	7,295,504	2,250,000	5,045,504	0.31
Research and feasibility studies	500,000	500,000	-	500,000	0
Training of funded coop	600,000	600,000	-	600,000	0
Monitoring & evaluation	400,000	400,000	-	400,000	0
Staff costs	350,312	350,312	542,278	(191,966)	1.54
General expenses	672,000	672,000	3,102,580	(2,430,580)	0.65
Total expenditure	9,817,816	9,817,816	5,894,858	3,922,958	0.60
Surplus for the period	-	-	207,208	(207,208)	-

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13.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Statement of compliance and basis of preparation

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

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

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Adoption of new and revised standards

a) Relevant new standards and amendments to published standards effective for the year ended 30 June 2021

Standard/ Amendments :	Impact
Applicable: 1st January 2021:	
a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks	There was no impact of the amendment to IPSAS 13 with respect to the current financial report
b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved	There was no impact of the amendment to IPSAS 13 and IPSAS 17 with respect to the current financial report as the entity did not apply any of the transitional provisions in the FY 2020/2021
c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.	There was no impact of the amendment to IPSAS 21 and IPSAS 26 with respect to the current financial report as the entity does not have Non-Cash Generating Assets and neither did it have impaired cash generating assets.

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<p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard</p>	<p><i>Document the impact if the fund is reporting for the first time on accrual/ Otherwise indicate that there was no impact</i></p>
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BUSIA COUNTY COO. OPERATIVE ENTERPRISE DEVELOPMENT FUND
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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2022:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>(State the impact of the standard to the entity if relevant)</i></p>
<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</p>

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Standard	Effective date and impact:
	<p>provided should help users of the financial statements and general purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows. <p><i>(State the impact of the standard to the entity if relevant)</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2022:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Early adoption of standards

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

3. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

4. Budget information

The original budget for FY 2020/2021 was approved by the CEDF Committee on 2nd October, 2020. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 in these financial statements.

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.

2. 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.

3. 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

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account balances include amounts held 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.

4. Comparative figures

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

5. Events after the reporting period

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

6. Ultimate and Holding Entity

The entity is a County Public Fund established by BUSIA COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND ACT, 2014 under the Department of TRADE, INVESTMENT, and INDUSTRY AND COOPERATIVES. Its ultimate parent is the County Government of BUSIA.

7. Currency

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

8. Significant judgments and sources of estimation uncertainty

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

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

a) Estimates and assumptions

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

b) Useful lives and residual values

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

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

9. 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.

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

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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.

b) 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:

	2021	2020
	Kshs	Kshs
Revolving fund	115,005,000	113,005,000
Accumulated deficit	-36,549,989	-34,614,860
Total funds	78,455,011	78,390,140

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13. NOTES TO THE FINANCIAL STATEMENTS

1. Transfers from County Government

Description	FY2020/2021	FY2019/2020
	KShs	Kshs
Transfers from County Government	2,000,000	-
Total	2,000,000	-

2. Interest income

Description	FY2020/2021	FY2019/2020
	Kshs	KShs
Interest income from loans		1,544,766
Interest income from fixed deposit		-
Total interest income		1,544,766

3. Other income

Description	FY2020/2021	FY2019/2020
	KShs	KShs
Income from administrative fees	-	188,125
Income from operating activities	-	-
Total other income	-	188,125

4. Staff costs

Description	FY2020/2021	FY2019/2020
	KShs	KShs
Salaries and wages	468,578	1,085,128
Other staff costs	73,700	645,670
Total	542,278	1,730,798

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. General expenses

Description	FY2020/2021	FY2019/2020
	KShs	KShs
Training	344,800	-
Fuel and oil costs	13,000	-
Postage	18,900	
Advertising and Tradeshow		150,000
Printing and stationery		11,900
Office admin	70,550	472,400
Repairs & Maintenance		
Telecommunication	220,000	120,000
Hospitality	2,429,330	1,129,700
Depreciation and amortization costs	290,271	332,364
Other expenses	6,000	67,000
Total	3,392,851	2,283,364

6. Cash and cash equivalents

Description	FY2020/2021	FY2019/2020
	KShs	KShs
Current account	2,207,207	120,793
Total cash and cash equivalents	2,207,207	120,793

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

		FY2020/2021	FY2019/2020
Financial institution	Account number	KShs	KShs
a) Current account			
Cooperative Bank Of Kenya	01141236664000	2,002,700	2,700
Cooperative Bank Of Kenya	01141236664001	21,669	2,247
Cooperative Bank Of Kenya	01141236664002	182,838	115,846
Sub- total		2,207,207	120,793

7. Receivables from exchange transactions

Description	FY2020/2021	FY2019/2020
	KShs	Kshs
Current Receivables		
Loan receivable Bal b/f As at July, 2020	73,900,118	59,629,672
Less: Recoveries	3,981,272	4,329,554
Add: Disbursements	2,250,000	18,600,000
Loan receivable Bal c/f As at June, 2021	72,168,846	73,900,118
Total Current receivables	72,168,846	73,900,118
Total receivables from exchange transactions	72,168,846	73,900,118

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Property, plant and equipment

	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Depreciation Rate	20%	12 1/2 %	5 years	
Cost	Kshs	Kshs	Kshs	Kshs
At 1st July 2019				
Additions	-	-	28,500	28,500
At 30th June 2020	5,092,046	360,720	427,450	5,880,216
At 1st July 2020	5,092,046	360,720	427,450	5,880,216
Additions	-	-	-	-
At 30th June 2021	5,092,046	360,720	427,450	5,880,216
Depreciation and impairment				
At 1st July 2019	678,261	200,887	299,475	1,178,623
Depreciation	203,682	43,648	85,034	332,364
At 30th June 2020	881,943	244,535	384,509	1,510,987
At 1st July 2020	881,943	244,535	384,509	1,510,987
Depreciation	203,682	43,648	42,941	290,271
At 30th June 2021	1,085,625	288,183	427,450	1,801,258
Net book values				
At 30th June 2020	4,210,103	116,185	42,941	4,369,229
At 30th June 2021	4,006,421	72,537	-	4,078,958