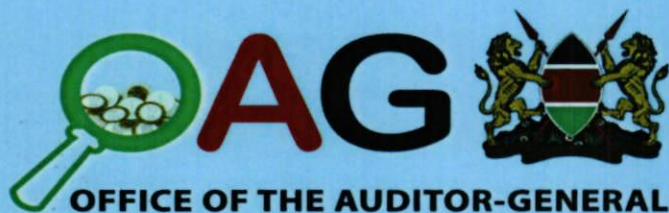


REPUBLIC OF KENYA



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**LAIKIPIA COUNTY EXECUTIVE
MEMBERS CAR LOAN AND
MORTGAGE SCHEME FUND**

**FOR THE YEAR ENDED
30 JUNE, 2020**



COUNTY GOVERNMENT OF LAIKIPIA

**LAIKIPIA COUNTY EXECUTIVE MEMBERS CAR LOAN AND
MORTGAGE SCHEME FUND**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30TH JUNE, 2020

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

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1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background Information

The Laikipia County Car and Mortgage Fund was established pursuant to provisions of Public Finance Management Act, 2014 through enactment of the Public Finance Management (County Executive Members Mortgage Scheme Fund) Regulations 2014 and Public Finance Management (County Executive Car Scheme Fund) Regulation, 2014.

Under Public Finance Management (County Executive Member Mortgage (Members) Scheme Fund) Regulations 2014, the County Government of Laikipia intended to grant financial accommodation to the County Executive Committee Members for purposes of purchase, development, renovation or repair of residential property or any connected purpose as prescribed under the regulations.

Under Public Finance Management (County Executive Car Scheme Fund) Regulation, 2014 the County intends to grant a loan to the County Executive Committee Members to be utilized for purposes of purchase of Motor Vehicles for personal and official use.

The Car and Mortgage Fund was therefore to

- To purchase an existing house for residential purposes within Kenya
- To improve, renovate or repair a residential property owned by the applicant.
- To construct a house for residential purposes within Kenya.
- To purchase vacant plots for the purpose of developing a residential property for the applicant.
- To purchase a motor vehicle for personal or official use by the applicant.
- To offset a loan or the balance thereof which the applicant may have borrowed from any Financial Institution obtained for any purpose stipulated above.

The management of the Fund is vested in the Loans Management Committee consisting of:

- (a) County Executive Committee -Finance who shall be the chairperson;
- (b) the chairperson of the Members' Welfare Committee of the Executive Committee;

**Laikipia County Executive Members Car Loan and Mortgage Scheme Fund
Reports and Financial Statements
For the Year ended 30th June, 2020**

(c) two other members appointed by the County Executive Committee -finance

The officer administering the Car and the Mortgage Loan shall be the County Secretary
The County Government of Laikipia Car and Mortgage Scheme Loan is administered by the Loan Committee for purposes of disbursements and recovery of facilities granted to the County Executive Committee Members pursuant to the terms and conditions as set out in the regulations.

b) Fiduciary Management

The key management personnel who held office during the financial period and who had direct fiduciary responsibility were:

Designation	Department/ Entity	Name
County Secretary	County Government of Laikipia	Karanja Njora

c) Fiduciary Oversight Arrangements

- County Assembly of Laikipia (County Assembly budget committee and the County Assembly Public Account Committee and Public Investment Committee)
- Senate budget committee in public finance.
- The Controller of Budget.
- Auditor-General

d) County Government of Laikipia Headquarters

P.O. Box 1271 - 10400
Interim County Headquarter Building
Kenyatta Avenue
Nanyuki, KENYA

e) Entity Contacts

Telephone: (254) 0202352720
E-mail: reports.treasury@laikipia.go.ke
Website: www.laikipia.go.ke

f) Bankers for County Government of Laikipia Executive Car and Mortgage Fund.

Cooperative Bank
Nairobi, Kenya.

g) Independent Auditors

Auditor General,
Office Of The Auditor General,
Anniversary Towers, University Way,
Tel ISDN NO. +254-020-3214000
oag@oagknya.go.ke
Fax +254-20-322482
P.O. Box 30084, 00100,
Nairobi.

h) Principal Legal Advisor

The County Attorney,
Office of the Governor Laikipia County,
Mt. Kenya Road/10
P.O. Box 1271 - 10400
Nanyuki, Kenya

2. FORWARDED BY THE CEC – FINANCE AND ECONOMIC PLANNING

This County Government of Laikipia Reports and Financial Statement is prepared in accordance with the Public Financial Management Act, 2012. Sections 167(1) of the Act provides that the administrator of a county public fund shall prepare financial statements for the fund for each financial year in a form prescribed by the Accounting Standards Board.

The County Government of Laikipia Reports and Financial Statement presents the recent economic developments and actual fiscal performance of the FY 2019/2020 and makes comparisons to the budget appropriations for the same year. It further provides a comprehensive and financial review with sufficient information to show changes from the projections outlined in the latest County Fiscal Strategy Paper.

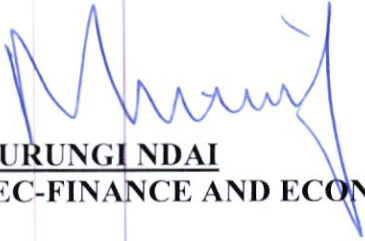
The annual financial Statements 2019/2020 is prepared taking into account resources required for the implementation of a devolved government, which, among other things, provides for fiscal decentralization of resources to the county entities and reforms to several institutions. The ensuing MTEF resource allocation therefore will be critical in laying the foundation and setting the stage for full operationalization of the new devolved units within Laikipia County.

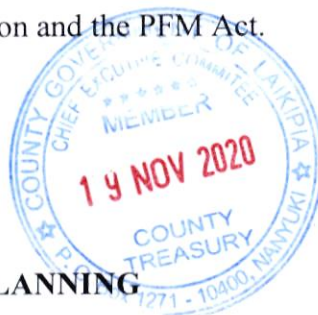
The statements also provide an overview of how the actual performance of the FY 2019/2020 affected the compliance with the fiscal responsibility principles and the financial objectives as detailed in the 2019 county fiscal strategy paper.

The link between policy, planning and budgeting continues being a critical as provided for in the Constitution and County Government Act. The financial statements play a critical role in the preparation of budgets and management of public resources. To strengthen the budget preparation process, the County government will continue to embrace programme-based budgeting and deepen public financial reforms to increase efficiency and effectiveness in service delivery.

Laikipia County Executive Members Car Loan and Mortgage Scheme Fund
Reports and Financial Statements
For the Year ended 30th June, 2020

The County is committed in upholding the trend of stable macroeconomic performance and ensure transparency by relaying performance indicators to the public. This will be realized through publications as required by the Constitution and the PFM Act.


MURUNGINDAI
CEC-FINANCE AND ECONOMIC PLANNING



Laikipia County Executive Members Car Loan and Mortgage Scheme Fund
Reports and Financial Statements
For the Year ended 30th June, 2020

3. MANAGEMENT TEAM

Name	Details of qualifications and experience
1. Samuel Karanja Njora	He has public Administration and Economics background. He is the county secretary and the Administrator of the fund.
2. Murungi Ndai	He has finance and Human Resource Management background. He is the chairperson of the committee.
3. Alexander Muchemi Muthee	He has a legal background and serves as the county legal advisor. He is a committee member of the fund
4. Shadrack Mwithalii M'ituuru	He has Human Resource Management background. He is a committee member of the fund

Laikipia County Executive Members Car Loan and Mortgage Scheme Fund
Reports and Financial Statements
For the Year ended 30th June, 2020

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

Program	Objective	Outcome	Indicator	Performance
Car and Mortgage	To enhance staff welfare	Strengthened welfare to employees	% of executive members benefited with car and mortgage	13 members benefited

**Laikipia County Executive Members Car Loan and Mortgage Scheme Fund
Reports and Financial Statements
For the Year ended 30th June, 2020**

5. REPORT OF THE FUND ADMNSTRATOR

Laikipia County Executive Members Mortgage Scheme Fund was established with an aim of enhancing the county executive members' welfare.

The Laikipia County Car and Mortgage Fund was established by Public Finance Management Act, 2014 through enactment of the Public Finance Management (County Executive Member Mortgage Scheme Fund) Regulations 2014 and Public Finance Management (County Executive Car Scheme Fund) Regulation, 2014.

Since then, a number of county executive committee members have benefited with both car and mortgage loans. Currently, thirteen members of the executive have benefited from the fund.

The loans granted were used in purchase of land and plots or purchase of motor vehicles hence realizing the funds objective of enhancing the welfare of the staff.



Administrator of the Fund
Name: Karanja Njora

6. MANAGEMENT DISCUSSION AND ANALYSIS

6.1 Introduction

The fund has disbursed 48,450,000 for the last three years to the members of the county executive both as car and mortgage loans

The loans issued in financial year 2017-2018 were issued towards the end of the period hence the repayments started in the financial year 2018-2019.

The repayments are made through the payroll and therefore no major risk on the recovery of the loans issued.

6.2 Performance of the fund

DESCRIPTION	FY 2017-18	FY 2018-19	FY 2019-20	CUMMULATIVE
LOAN ISSUED	4,600,000	21,950,000	21,900,000	48,450,000
LOAN REPAYED	-	1,768,406	7,718,684	9,487,090
INTEREST RECEIVED	-	173,510	671,300	844,810
TOTAL	4,600,000	23,891,916	30,289,984	58,781,900

8. STATEMENT OF MANAGEMENT RESPONSIBILITIES

Sections 167(3) of the Public Finance Management Act, 2013 requires that “Not later than three months after the end of each financial year, the administrator of a county public fund shall submit the financial statements prepared under this section to the Auditor General”

The administrator of the public fund is responsible for the preparation and presentation of the fund financial statements, which give a true and fair view of the state of affairs of the fund for and as at the year ended June 30, 2020. This responsibility includes:

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

The administrator of public fund accepts responsibility for the County Government’s financial statements, which have been prepared on accrual Basis of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). Administrator of public fund is of the opinion that the fund financial statements give a true and fair view of the state of the fund’s transactions during the year ended June 30, 2020, and of its financial position as at that date. Administrator of public fund further confirms the completeness of the accounting records maintained for the County Government which have been relied upon in the preparation of its financial statements as well as the adequacy of the systems of internal financial control.

The administrator of public fund confirms that the fund has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the administrator of public fund confirms that the

**Laikipia County Executive Members Car Loan and Mortgage Scheme Fund
Reports and Financial Statements
For the Year ended 30th June, 2020**

fund's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements.

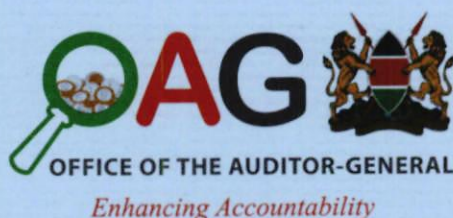
The fund financial statements were approved and signed by the Fund Administrator on 19th Nov, 2020.

An oval-shaped official stamp in blue ink. The outer ring contains the text "COUNTY SECRETARY" at the top and "P.O. Box 1271-10400, NANYUKI" at the bottom, separated by two small stars. Inside the oval, the text "LAIKIPIA COUNTY" is written in a smaller font. In the center of the stamp, the date "19 NOV 2020" is stamped in red ink. Below the stamp, there is a handwritten signature in blue ink.

Administrator of the Fund
Name: Karanja Njora

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 LAIKIPIA COUNTY EXECUTIVE MEMBERS CAR LOAN AND MORTGAGE SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Laikipia County Executive Members Car Loan and Mortgage Scheme Fund, set out on pages 15 to 46, which comprise the statement of financial position as at 30 June, 2020, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Laikipia County Executive Members Car Loan and Mortgage Scheme Fund as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Irregular Loan

The statement of financial position reflects long-term receivables from exchange transactions balance of Kshs.38,962,910 as at 30 June, 2020. The balance includes loan amounting to Kshs.3,000,000 given to one member of the Laikipia County Public Service Board in the year under review. However, the Public Finance Management (County Executive Committee Members Mortgage Scheme Fund) Regulations, 2014 Section 2 states that "member of the Scheme" means a Member of County Executive and includes a member of staff of the County Executive Committee. Contrary to the above requirement, a member of the County Public Service Board benefited from the facility, yet was not a member of County Executive Committee and therefore was not entitled to the facility.

In the circumstances, the validity of the loan advanced to the Member of the County Public Service Board of Kshs.3,000,000 could not be confirmed. Further, the Fund Administrator violated the law and therefore the loan advanced was irregular.

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Issues

The following issues were raised in the previous audit report for 2018/2019 financial year but have remained unresolved to date:

1. Interest Income

The statement of financial performance for the year ended 30 June, 2019 reflected interest income totalling Kshs.173,510. However, the income was omitted from the statement of comparison of budget and actual amounts for the same period. No explanation was provided for the error noted and Management has not corrected the error as at the time of the audit.

2. Statement of Changes in Net Assets

The statement of changes in net assets for the year ended 30 June, 2019 did not show comparative figures for the year 30 June, 2018, as prescribed in the guidelines issued by the Public Sector Accounting Standards Board. The financial statements, therefore, did not enhance comparability between the previous and financial year ended 30 June, 2019.

3. Transfers to County Government

The statement of financial performance for the year ended 30 June, 2019 reflected under expenses, transfers to County Government of Kshs.13,433,700 for which no detailed analysis was provided.

In the circumstances, the accuracy and completeness of transfers to County Government expenditure of Kshs.13,433,700 for the year ended 30 June, 2019 could not be ascertained.

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. I confirm that, nothing 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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

Nairobi

09 February, 2022

Laikipia County Executive Members Car Loan and Mortgage Scheme Fund
Reports and Financial Statements
For the Year ended 30th June, 2020

9.0 FINANCIAL STATEMENTS

9.1 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED JUNE 30, 2020

Description	Note	FY 2019/2020	FY2018/2019
		KShs	KShs
Revenue from non-exchange transactions			
Public contributions and donations	1	-	-
Transfers from the County Government / County Govt. Entities	2	15,000,000	-
Fines, penalties and other levies	3	-	-
		-	-
Revenue from exchange transactions			
Interest income	4	671,300	173,510
Other income	5	-	-
Total revenue		15,671,300	173,510
		-	-
Expenses			
Fund administration expenses	6	-	-
Staff costs	7	-	-
General expenses	8	-	-
Finance costs	9	5,580	8,755
Transfers to the County Government / County Govt. Entities	22	2,400,000	13,433,700
Total expenses		2,405,580	13,442,455
Other gains/losses			
Gain/loss on disposal of assets	10	-	-
Surplus/(deficit) for the period		13,265,720	(13,268,945)

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 19th Nov, 2020 and signed by:

Administrator of the Fund
Name: Karanja Njora

CECM – Finance and economic planning
Name: Murungi Ndai

Laikipia County Executive Members Car Loan and Mortgage Scheme Fund
Reports and Financial Statements
For the Year ended 30th June, 2020

9.2 STATEMENT OF FINANCIAL POSITION AS AT YEAR ENDED JUNE 30, 2020.

Details	Note	FY2019/2020	FY2018/2019
		KShs	KShs
Assets			
Current assets			
Cash and cash equivalents	11	1,059,665	1,975,264
Current portion of long term receivables from exchange transactions	12	-	-
Prepayments	13	-	-
Inventories	14	-	-
Interest Receivable	12	-	-
Non-current assets			
Property, plant and equipment	15	-	-
Intangible assets	16	-	-
Long term receivables from exchange transactions	12	38,962,910	24,781,594
Total assets		40,022,575	26,756,858
		-	-
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 Balance b/f		40,022,575	26,756,855
Reserves		-	-
Accumulated surplus		-	-
Total net assets and liabilities		40,022,575	26,756,855

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The County financial statements were approved on 19th Nov, 2020 and signed by:

Administrator of the Fund
Name: Karanja Njora

CECM – Finance and economic planning
Name: Murungi Ndai

Laikipia County Executive Members Car Loan and Mortgage Scheme Fund
Reports and Financial Statements
For the Year ended 30th June, 2020

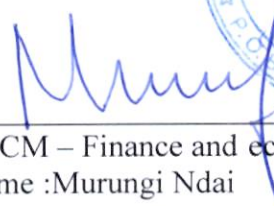
9.3 STATEMENT OF CHANGES IN NET ASSETS AS AT YEAR ENDED JUNE 30, 2020

Details	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
Balance as at 1 July 2018	40,025,800	-	-	40,025,800
Surplus/(deficit) for the period	-	-	13,268,945	13,268,945
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2019				26,756,855
Balance as at 1 July 2019	26,756,855	-	-	26,756,855
Surplus/(deficit) for the period	-	-	13,265,720	13,265,720
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2020				40,022,575

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 19th Nov, 2020 and signed by:




Administrator of the Fund
Name : Karanja Njora




CECM – Finance and economic planning
Name : Murungi Ndai

**Laikipia County Executive Members Car Loan and Mortgage Scheme Fund
Reports and Financial Statements
For the Year ended 30th June, 2020**

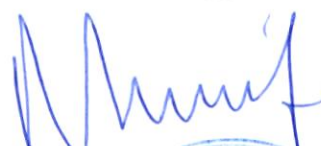
9.4 STATEMENT OF CASHFLOWS FOR THE YEAR ENDED JUNE 30, 2020

Details	Note	FY 2019/2020	FY2018/2019
		KShs	KShs
Cash flows from operating activities			
Receipts			
Public contributions and donations	1	-	-
Transfers from the County Government	2	15,000,000	-
Interest received	4	671,300	173,510
Receipts from other operating activities			-
Total Receipts		15,671,300	173,510
Payments			
Fund administration expenses		-	-
General expenses	6	-	-
Transfer to county government	22	(2,400,000)	(13,433,700)
Finance cost		(5,580)	(8,755)
Total Payments		(2,405,580)	(13,442,455)
Net cash flows from operating activities	21	13,265,720	(13,268,945)
Cash flows from investing activities			
Purchase of property, plant, equipment and		-	-
Proceeds from sale of property, plant and equipment		-	-
Proceeds from loan principal repayments			
Loan disbursements paid out			
Net cash flows used in investing activities		0	0
Cash flows from financing activities			
Proceeds from revolving fund receipts		7,718,684	1,768,406
Additional borrowings			
Repayment of borrowings		(21,900,000)	(21,950,000)
Net cash flows used in financing activities		(14,181,316)	(20,181,594)
Net increase/(decrease) in cash and cash equivalents		(915,596)	(33,450,539)
Cash and cash equivalents at 1 JULY		1,975,261	35,425,800
Cash and cash equivalents at 30 JUNE	11	1,059,665	1,975,261

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 19th Nov, 2020 and signed by:




Administrator of the Fund
Name: Karanja Njora


CECM – Finance and economic planning
Name: Murungi Ndai



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9.5 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AT THE YEAR ENDED JUNE 30, 2020

	Details	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation
		KShs	KShs	KShs	KShs	KShs	
Revenue							
Opening Bank Balance	-	-	-	1,975,264	1,975,264	-	100
Transfers from County Govt.	30,000,000	-	15,000,000	15,000,000	15,000,000	-	100
Interest income			-	247,816	671,300	- 423,484	271
Loan Repayments	-	-	-	8,260,531	7,718,684	541,847	93
Total income	30,000,000	-	15,000,000	25,483,611	25,365,248	118,363	100
Expenses							
Fund administration expenses	-	-	-				-
Finance cost			-	2,200	2,000	200	91
Loan Disbursements				25,481,411	21,900,000	3,581,411	86
Total expenditure	-	-	-	25,483,611	21,902,000	3,581,611	86

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9.6 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	Applicable: 1st January 2018 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.

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

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 2019/2020 was approved by the County Car and Mortgage Committee. 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 nil on the 2019-2020 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 actual as per the statement of financial performance has been presented under section of these financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Property, plant and equipment

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

6. Intangible assets

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

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

7. Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Held-to-maturity

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

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Inventories

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

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

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

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

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

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

9. Provisions

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

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

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

Contingent liabilities

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingent assets

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

10. Nature and purpose of reserves

The Entity has never created any reserves

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.

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 Laikipia County Car and Mortgage Fund was established pursuant to provision of Public Finance Management Act 2014 through enactment of County Executive Member Mortgage Scheme Fund (Regulation 2014) under the Department of County Administration. Its ultimate parent is the County Government of Laikipia.

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.

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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, 2020				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

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 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 2020				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

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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 on-going 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 2020			
Financial assets (investments, cash, debtors)	-	-	-
Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency sensitivity analysis

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

		Change in currency rate	Effect on surplus/ deficit	Effect on equity
		KShs	KShs	KShs
2018				
Euro		10%	-	-
USD		10%	-	-
2017				
Euro		10%	-	-
USD		10%	-	-

ii. Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The 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.

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

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9.7 NOTES TO THE FINANCIAL STATEMENTS

1. Public contributions and donations

Description	FY 2019/2020	FY2018/2019
	KShs	KShs
Donation from development partners	-	-
Contributions from the public	-	-
Total	-	-

There was no Public contributions and donations.

2. Transfers from County Government

Description	FY 2019/2020	FY2018/2019
	KShs	KShs
Transfers from County Govt. – operations	15,000,000	-
Payments by County on behalf of the entity	-	-
Total	15,000,000	-

3. Fines, penalties and other levies

Description	FY 2019/2020	FY2018/2019
	KShs	KShs
Late payment penalties		-
Fines		-
Total		-

4. Interest income

Description	FY 2019/2020	FY2018/2019
	KShs	KShs
Interest income from loans (mortgage or car loans)	671,300	173,510
Total interest income	671,300	173,510

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5. Other income

Description	FY 2019/2020	FY2018/2019
	KShs	KShs
Insurance recoveries	-	-
Income from sale of tender document	-	-
Saving interest	-	-
Total other income		-

6. Fund administration expenses

Description	FY 2019/2020	FY2018/2019
	KShs	KShs
Fund administration expenses -	-	-
Professional services costs	-	-
Total		-

7. Staff costs

Description	FY 2019/2020	FY2018/2019
	KShs	KShs
Salaries and wages	-	-
Staff gratuity	-	-
Staff training expenses	-	-
Social security contribution	-	-
Other staff costs	-	-
Total		-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. General expenses

Description	FY 2019/2020	FY2018/2019
	KShs	KShs
Consumables	-	-
Electricity and water expenses	-	-
Domestic travel and subsistence	-	-
Training expenses	-	-
Fuel and oil costs	-	-
Insurance costs	-	-
Postage	-	-
Printing and stationery	-	-
Rental costs	-	-
Security costs	-	-
Telecommunication	-	-
Hospitality	-	-
Depreciation and amortization costs	-	-
Other expenses -		
Total		-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Finance costs

Description	FY 2019/2020	FY2018/2019
	KShs	KShs
Bank Charges	5,580	8,755
Interest on Bank overdrafts	-	-
Interest on loans from banks	-	-
Total	5,580	8,755

10. Gain on disposal of assets

Description	FY2019/2020	FY 2018/2019
	KShs	KShs
Property, plant and equipment	-	-
Intangible assets	-	-
Total	-	-

11. Cash and cash equivalents

Description	FY 2019/2020	FY2018/2019
	KShs	KShs
Fixed deposits account	-	-
On – call deposits	-	-
Current account	1,059,665	557,764
Others	-	1,417,500
Total cash and cash equivalents	1,059,665	1,975,264

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Details	CUMM FY2019/2020	FY2018/2019
Financial institution	KShs	KShs
a) Fixed deposits account		
	-	-
	-	-
Sub- total	-	-
b) On - call deposits		
	-	-
	-	-
Sub- total	-	-
c) Current account		
COOPERATIVE BANK ACCOUNT	1,059,665	557,764
Sub- total	1,059,665	557,764
d) Others(specify)		
county government		1,417,500
Cash in transit	-	-
Cash in hand	-	-
M Pesa	-	-
Sub- total	-	1,417,500
Grand total	1,059,665	1,975,264

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12. Receivables from exchange transactions

Description	FY 2019/2020	FY2018/2019
	KShs	KShs
Current Receivables:		
Balance b/d	-	-
new loan issued	-	-
Other Charges Added to Principal Loan:		
- Court Servers charges added to principal loans	-	-
Interest receivable	-	-
Current loan repayments	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total Current receivables	-	-
Non Current receivables		
Balance b/d	38,162,369	4,600,000
new loan issued	21,900,000	21,950,000
Interest receivable	-	-
Long term loan repayments	(7,718,684)	(1,768,406)
Interest received	-	-
Total Non current receivables	38,962,910	24,781,594
13. Total receivables from exchange	38,962,910	24,781,594

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Prepayments

Description	FY 2019/2020	FY2018/2019
	KShs	KShs
Prepaid loan	-	-
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	-	-
Total		-

14. Inventories

Description	FY 2019/2020	FY2018/2019
	KShs	KShs
Consumable stores	-	-
Spare parts and meters	-	-
Catering	-	-
Total inventories at the lower of cost and net realizable value		-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Property, plant and equipment

		FY2019/ 2020	Land and	Mot or vehi cles	Furniture and fittings	Computers
Cost	Cost	KShs	KShs	KShs	KShs	KShs
At 1st Apr 2020	-	-	-	-	-	
Additions	-	-	-	-	-	
Disposals	-	-	-	-	-	
Transfers/adj ustments	-	-	-	-	-	
30th June 2020	-	-	-	-	-	

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Intangible assets-software

Description	FY 2019/2020	FY2018/2019
	KShs	KShs
Cost		
At beginning of the year	-	-
Additions	-	-
At end of the year	-	-
Amortization and impairment		
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
NBV		-

17. Trade and other payables from exchange transactions

Description	FY 2019/2020	FY2018/2019
	KShs	KShs
Trade payables	-	-
Refundable deposits	-	-
Accrued expenses	-	-
Other payables	-	-
Total trade and other payables		-

18. Provisions

Description	FY 2019/2020	Other provision
	KShs	KShs
Balance at the beginning of the year		-
Additional Provisions		-
Provision utilised		-
Change due to discount and time value for money		-
Transfers from non -current provisions		-
Total provisions		-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. Borrowings

Description	FY 2019/2020	FY2018/2019
	KShs	KShs
Balance at beginning of the period	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the period	-	-
Repayments of domestic borrowings during the period	-	-
Balance at end of the period		-

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

	FY 2019/2020	FY2018/2019
	KShs	KShs
External Borrowings		
Dollar denominated loan from 'xxx or	-	-
Sterling Pound denominated loan from 'yyy organisation'	-	-
Euro denominated loan from zzz orga	-	-
Domestic Borrowings		
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Borrowings from other government institutions	-	-
Total balance at end of the year		-

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

Description	FY 2019/2020	FY2018/2019
	KShs	KShs
Short term borrowings(current portion)	-	-
Long term borrowings	-	-
Total		-

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20. Employee benefit obligations

Description	FY 2019/2020	Defined benefit plan	Post employment medical benefits	Other Provisions
	KShs	KShs	KShs	KShs
Current benefit obligation	-	-	-	-
Non-current benefit obligation	-	-	-	-
Total employee benefits obligation	-	-	-	-
	-	-	-	-

21. Cash generated from operations

	FY 2019/2020	FY2018/2019
	KShs	KShs
Surplus for the year before tax	-	-
Adjusted for:		
Depreciation	-	-
Gains/ losses on disposal of assets	-	-
Interest income	-	-
Finance cost	-	-
Working Capital adjustments		
Increase in inventory	-	-
Increase in receivables	-	-
Increase in payables	-	-
Net cash flow from operating activities		-

Related party balances

a) Nature of related party relationships

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

- The County Government;
- The Parent County Government Ministry;
- Key management;
- Board of Trustees;etc

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22. Related party balances

a) Related party transactions		
	FY 2019/2020	FY2018/2019
	KShs	KShs
Transfers from related parties'	-	-
Transfers to Other county entities	2,400,000	13,433,700
Total	2,400,000	13,433,700

b) Key management remuneration		
	FY 2019/2020	FY2018/2019
	KShs	KShs
Board of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

c) Due from related parties		
	FY 2019/2020	FY2018/2019
	KShs	KShs
Due from parent Ministry	-	-
Due from County Government	-	-
Total	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

d) Due to related parties		
	FY 2019/2020	FY2018/2019
	KShs	KShs
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
Total		-

22. Contingent assets and contingent liabilities

Contingent liabilities	FY 2019/2020	FY2018/2019
	KShs	KShs
Court case xxx against the Fund	-	-
Bank guarantees	-	-
Total		-

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10 PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1. Interest Income	The income was omitted from the statement of comparison of budget and actual amounts for the same period.	The interest income has been captured in the subsequent year.	Murungi Ndai CEC Finance	Resolved	Resolved
2. Statement of Changes in Net Assets	The statement of changes in net assets presented for audit for the year ended 30 June 2019 do not show comparative figures for the year 30 June 2018, as prescribed in the guidelines issued by the PSASB.	The omission was noted and rectified in the subsequent period reports.	Murungi Ndai CEC Finance	Resolved.	Resolved
3. Transfers to County Government	Transfers to County Government Kshs. 13,433,700 which no Detailed analysis provided.	Details provided and matter closed	Karanja Njora Administrator of the Fund	Resolved	Resolved