

PAPERS LAID	
DATE	27/10/2022
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COMMITTEE	
CLERK AT THE TABLE	A. Mwachira

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**UASIN GISHU COUNTY COOPERATIVE  
ENTERPRISE DEVELOPMENT FUND**

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





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**COUNTY GOVERNMENT OF UASIN GISHU**  
***COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND***

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**  
**30<sup>TH</sup> JUNE 2021**

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

**COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND**  
**Reports and Financial Statements**  
**For the year ended June 30, 2021**

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**1. KEY ENTITY INFORMATION AND MANAGEMENT**

**a) Background information**

Uasin Gishu County Cooperative Enterprise Development Fund is established by and derives its authority and accountability from The Uasin Gishu County Cooperative Enterprise Development Fund Act, 2016. The Fund is wholly owned by the County Government of Uasin Gishu and is domiciled in Kenya.

The Fund's objective is to provide low-interest loans to co-operative institutions that seek to promote the welfare and economic uplifting of the people of Uasin Gishu County and for connected purpose.

**b) Principal Activities**

The principal activity/mission/ mandate of the Fund is to;

**a) Vision ,**

A leading agency in promoting cooperative and enterprise development.

**b) Mission**

Provide access to affordable credit to accelerate the growth of a viable Co-operative sector for sustainable socio-economic development.

**c) Core objectives**



- 1) To provide funds to support, revive and initiate the cooperative sector institutions in areas that can have an immediate impact to household economy.
- 2) To attract and facilitate investment in cooperative sector institutions that have linkages to micro, small & medium enterprises that benefit the youth.
- 3) To provide financial support to cooperative sector institution that support strategic and high return intervention which directly and indirectly have the potential to trigger growth and sector-wide impact.
- 4) To attract and facilitate investment in the cooperative sector institutions that have linkages to low-income persons, CBOs and women groups.
- 5) To provide funds to the cooperative sector institutions to facilitate marketing of products and services both in the domestic and international markets.

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**c) Fund Administration Committee**

Ref	Name	Position
1	Philip Mamet	Chairperson
2	Annet Rop	Vice chairperson
3	Pius Kigen	Member
4	Silas Rono	Member
5	Roselyne Rae	Member
6	Loice Kebenei	Member/Legal officer



**d) Key Management**

Ref	Name	Position
1	<p>Esther C. Mutai</p> 	<p>Currently the County Executive Member for Cooperatives and Enterprise Development Fund, Uasin Gishu County Government. She holds Master's in Business Administration from University of Nairobi and undergraduate degree from Moi University.</p> <p>She is a competent and committed professional in Co-operative Development, Marketing and Public Relations.</p> <p>She has over 20 years' experience working in the Co-operative Movement, Insurance and Financial services sector.</p> <p>She is specialized in Marketing, Strategic Planning and Customer Service.</p>
2	<p>Mr. Pius Kigen</p> 	<p>Currently the Chief Officer Department of Cooperatives &amp; Enterprise Development.</p> <p>He holds a Degree in BCOM Company Management Option with 15years experience working in the private sector, service industry and administration.</p>

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3		<p><b>Secretary to the Committee/Fund Administrator/ Director</b></p> <p>He holds a Master's degree in Project Planning and Management and an undergraduate degree in Business management. The officer has over 13 years' experience in credit management and administration in both the private sector commercial financial institutions and public sector financial institutions. He is well versed with public sector management with over 10 years in public sector management.</p>	
4		<p>Currently she is the Accountant of Uasin Gishu Cooperative Enterprise Development Fund. She holds a Bachelor's degree in bachelor of commerce Accounting Option and a holder of CPA-K. She has experience and knowledge in public finance and accountancy. She has over 7 years of experience in public service</p>	

**e) Fiduciary Oversight Arrangements**

Ref	Position	Name
1	Directorate Internal Audit	
2	County Assembly of Uasin Gishu	

**e) Registered Offices**

Uasin Gishu County Cooperative Enterprise Development Fund Headquarters

Kapsoya Cooperative Offices.

P.O. Box 40-30100,

Eldoret, Kenya

**f) Fund Contacts**

Uasin Gishu County Cooperative Enterprise Development Fund Contacts

Telephone: (254) -053-2016215,

053-2016125

053-2016000

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E-mail: [info@uasingishu.go.ke](mailto:info@uasingishu.go.ke)

g) **Fund Bankers**

Access Bank Kenya

P. O. BOX 560-30100

TEL: 053-2062241/2

ELDORET

Family Bank

P.O BOX 74145-00200

TEL:254 703 095 445

NAIROBI

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 Legal Advisor

County Hall




Uganda Road

P.O. Box 40 - 30100

Eldoret, Kenya

Website: [www.uasingishu.go.ke](http://www.uasingishu.go.ke)





**2. THE BOARD OF TRUSTEES (or any other corporate governance body for the Fund)**

<b>Name</b>	<b>Details of qualifications and experience</b>
<p>1. PHILIP MAMET</p> 	<p><b>Member/Chairman-County Cooperative Enterprise Development Fund</b></p> <p>Mr Philip Kipchirchir Mamet was born in the year 1982, is a career banker with over 15 years' experience in, Operations, Personal, Business and corporate Banking; he is the immediate Relationship Manager, Middle East Bank Kenya Limited. He holds a Master Degree in Business Administration (MBA) in Finance from University of Nairobi, a Bachelor's Degree in Business Management-(2<sup>nd</sup> Class honours –upper division)-Finance and Banking option from Moi University and a post graduate Diploma in Procurement from Kenya Institute of Management(KIM),he is currently the Project Manager at Aliaise Capital.</p>
<p>2. ANET JEMUTAI ROP</p> 	<p><b>Member-County Cooperative Enterprise Development Fund</b></p> <p>Born in 1987, Annet is a career banker and holds a Bachelor's Degree in <b>Business Administration-Finance with Information Technology</b> (First Class Honors) from Maseno University.</p> <p>Currently working as a Relationship Manager with Cooperative Bank of Kenya Limited. Has experience in Banking Operations, lending, corporate and business banking as well as debt recoveries in the Banking sector from 2013 to Date.</p>
<p>3. PIUS KIGEN</p> 	<p><b>Member/Chief Officer for County Cooperatives and Enterprise Development</b></p> <p>Currently the Chief Officer Department of Cooperatives &amp; Enterprise Development who holds a Degree in BCOM Company Management Option with 15 years working experience in private sector institutions.</p>

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<p>4. SILAS RONO</p> 	<p><b>Member/County Director of Finance</b> Born in 1972. holds a Bachelor's degree in business management and a holder of CPA-K. He has wealth of experience and knowledge in public finance and accountancy. The member has over 13 years of experience in public service.</p>
<p>5. ROSELYNE A. RAE</p> 	<p><b>Member-County Enterprise Development Fund</b> Born in 1965, Roselyne A. Rae is the Assistant Commissioner for Cooperative Development. She holds; A Masters' in Business Administration (Strategic Management), Bachelor of Business Management (Marketing Option) Diploma in Cooperative Management She has 30 years' experience working as a Cooperative Officer</p>
<p>6. LOYCE KEBENEI</p> 	<p><b>Member-County Enterprise Development Fund</b> Born 1986. An Advocate of the High Court of Kenya with 5 years' experience post admission. Works at the County Government of Uasin Gishu as a Legal Officer since 2015 to date. Holds a Post graduate Diploma from Kenya School of Law and an LLB Degree from Moi University School of Law.</p>
<p>7. ISAAC LAGAT</p> 	<p><b>Secretary to the Committee/Fund Administrator/ Director</b> He holds an undergraduate degree in Business management and currently pursuing a Master's degree in Project Planning and Management from UON. The officer has over 13 years' experience in credit management and administration in both the private sector commercial financial institutions and public sector financial institutions. He is well versed with public sector management with over 10 years in public sector management.</p>

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

The Uasin Gishu County Cooperative Enterprise Development Fund (CEDF) was established to provide low-interest loans to co-operative institutions that seek to promote the welfare and economic uplifting of the people of Uasin Gishu County and for connected purposes

The fund was set up to achieve the following objectives;

- 1 To provide low-interest loans to cooperative societies
- 2 To support, revive, and initiate cooperative sector institutions in areas that can have an immediate impact to household economy.
- 3 To Promote value addition investments through co-operatives
- 4 To promote and facilitate marketing of products for cooperative societies locally and internationally.
- 5 To carry out specialized training for cooperative societies to build their capacities.
- 6 To identify, develop and promote entrepreneurial skills in cooperatives

Below we provide the progress on attaining the stated objectives:

**Performance of the County Cooperative Enterprise Development Fund**

<b>Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
1. Provision of credit to cooperatives	To provide access to affordable loans to cooperative societies	Improved access to affordable credit by cooperative societies	-Number of cooperatives Funded -Amount of loans disbursed	In FY 20/21; -22 Co-operatives Societies -37.4 Million Disbursed
2. Capacity building for funded cooperatives	To strengthen entrepreneurial skills, financial literacy and improve accountability	Enhanced entrepreneurial skills and accountability among funded cooperatives	Number of Cooperatives Trained	In FY 20/21; 25 funded cooperative societies were trained

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**4. MANAGEMENT TEAM**

Name	Details of qualifications and experience
<p>Esther C. Mutai</p> 	<p>Currently the county executive member for Cooperatives and Enterprise Development Fund, Uasin Gishu County Government. She holds Masters' in Business Administration from Nairobi University and undergraduate from Moi University. A competent and committed professional in the Co-operative Development, Marketing and Public Relation field. She has over 20 years' experience in the Co-operative Movement, Insurance and Financial services sector. She's specialized in Marketing, Strategic Planning and Customer Service.</p>
<p>2. PIUS KIGEN</p> 	<p><b>Chief Officer for Cooperatives and Enterprise Development</b>            Currently the Chief Officer Department of Cooperatives &amp; Enterprise Development who holds a Degree in BCOM Company Management Option with 15 years working experience in private sector institutions.</p>
<p>3. ISAAC LAGAT</p> 	<p><b>Secretary to the Committee/Fund Administrator/ Director</b>            He holds a Master's degree in Project Planning and Management and an undergraduate degree in Business management. The officer has over 13 years' experience in credit management and administration in both the private sector commercial financial institutions and public sector financial institutions. He is well versed with public sector management with over 10 years in public sector management.</p>

**5. BOARD/FUND ADMINISTRATION COMMITTEE CHAIRPERSON'S REPORT**

The Uasin Gishu County Cooperative Enterprise Development Fund Committee which oversees the management of the fund was appointed in December 2020 for a five-year term.

The role of County Cooperative Enterprise Development Fund Committee is to formulate policy guidelines on cooperative sector funding, ensure that all projects funded are consistent with the county's priorities specified in the relevant policy documents, approve proposals submitted to it by the Unit, formulate or approve standards, guidelines and procedures for funding proposals and approve the organizational structure of the Unit.

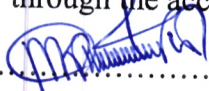
During the financial year 2020/21 the County Cooperative Enterprise Development Fund Committee held five successful Committee meetings.

The Committee managed to approve and supervise disbursement of loans amounting Kshs 37.4M to 22 Cooperatives societies. Through the guidance of the Committee, the Fund has managed to finance directly and indirectly asset financing projects like the Kong'asis Kina FCS Ltd and Olendu Elders Cooperative Society Ltd to acquire pick up to assist in dairy business and a tractor for saw milling activities.

The Fund has supported several cooperatives to acquire assets to spur their economic growth and development for the benefit of their members through asset financing by purchase of pickups and lorries to transport milk. This has enabled farmer-based cooperatives to transport their farm produce with ease and reduced costs.

Going forward, I recommend the conversion of County Cooperative Enterprise Development Fund Committee into County Cooperative Enterprise Development Fund Board owing to the current size of the fund portfolio and operations.

I wish to sincerely appreciate the establishment of this Fund, whose main focus is County's Cooperative societies. The Fund has transformed the livelihood of the people of Uasin Gishu County through the access of affordable credit.

Signed..........Date.....*21<sup>st</sup> June 2022*.....

Philip Mamet.....



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**6 REPORTS OF THE FUND ADMINISTRATOR**

Section 163 of the Public Finance Management (PFM) Act, 2012 requires the County Treasury for the county government to consolidate the annual financial statements in respect of all the county government entities in formats to be prescribed by the Public Sector Accounting Standards Board (PSASB). The annual financial statement therefore presents all payments made into and out of the County Cooperative Enterprise Development Fund Account; gives a summary of the appropriation accounts and statements prepared by accounting officers; highlights all revenue collected, received and recovered by the receiver of revenue during the financial year; states debts of the County Cooperative Enterprise Development Fund outstanding at the end of financial year, and those guaranteed by the national government; and a summary of the accounts of the county assembly. During the period under review, the priorities outlined in the CIDP, County Cooperative Enterprise Fund Act of 2016 amendment of 2019 and the five pillars mentioned in the CFSP 2014 guided the development agenda of the County Cooperative Enterprise Development Fund. It is also worth mentioning that substantial progress has been made by the County Cooperative Enterprise development Fund towards realization of these goals.

In the financial year 2020-2021, despite the negative effects of Covid 19 on the economy and the co-operative sector institutions, the Fund disbursed a total of Ksh 37.5 Million to cooperative societies .The funds disbursed benefitted Farmer-based cooperative societies and Saccos for working capital, asset finance, on-lending and development purposes with an aim of improving access to affordable credit and enhance household incomes and create employment .The Fund managed to collect Kshs 38.8 Million as loan repayments.

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



**Isaac Lagat**  
**Fund Administrator**  
**County Government of Uasin Gishu**

## **7 CORPORATE GOVERNANCE STATEMENT**

### **Establishment of the Cooperative Enterprise Development Fund Committee**

The Cooperative Enterprise Development Fund Committee consist of: -

- (a) The County Chief Officer in the County department for the time being responsible for matters relating to cooperative development or a representative appointed in writing;
- (b) The County Chief Officer in the County department for the time being responsible for Finance or a representative appointed in writing.
- (c) The Head of legal services in the county or a representative appointed in writing;
- (d) Four persons, one of whom shall be the Chairperson of the Committee, not being public officers, who shall be appointed by the Member of the Executive Committee through a competitive and transparent recruitment process; and
- (e) The secretary to the Committee.

Every member of the committee shall hold office for a term of five years renewable for one further term.

A person shall be qualified for appointment if;

- (a) holds a degree from a university recognized in Kenya
- (b) has at least five years professional experience in the relevant field; and
- (c) meets the requirements of leadership and integrity as provided for in Chapter 6 of the Constitution or relevant national legislation.

### **Terms and conditions of service**

The members of the Committee shall be paid such allowances as the Member of the Executive Committee shall determine in consultation with the County Public Service Board.

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**Vacation of office of member**

The office of a member of the Committee appointed shall become vacant if the member: -

- (a) is adjudged bankrupt
- (b) is convicted of a criminal offence and sentenced to a term of imprisonment of not less than six months;
- (c) is convicted of an offence involving fraud or dishonesty;
- (d) is absent, without reasonable cause, from three consecutive meetings of the Committee;
- (e) resigns in writing addressed to the Member of the Executive Committee;
- (f) is removed from office by the Member of the Executive Committee for: -
  - (i) being unable to perform the functions of his office by reason of mental or physical infirmity; or (ii) failing to declare his interest in any matter being considered or to be considered by the Committee; or (iii) any other sufficient reason as may be prescribed.
- (g) Dies.

**Functions of the Committee**

The functions of the Committee are to:-

- (a) formulate policy guidelines on cooperative sector funding;
- (b) ensure that all projects funded are consistent with the county's priorities specified in the relevant policy documents;
- (c) approve proposals submitted to it by the Unit.
- (d) authorize allocations from the Fund;
- (f) formulate or approve standards, guidelines and procedures for funding proposals.
- (g) approve the organizational structure of the Unit;
- (h) provide oversight in the utilization of the Fund.

**Meetings.**

- 1) The Committee shall meet at such place in Kenya as the chairperson may determine and the meetings shall be convened by the chairperson.
- 2) The Committee shall have at least four meetings in every financial year and not more than three months shall elapse between one meeting and the next meeting.
- 3) Unless three quarters of the members otherwise agree, at least seven days' notice in
  - a. writing of a meeting shall be given to every member by the Director of the unit.

- 4) The chairperson may, at his discretion or at the written request made by at least half of the members of the Committee and within seven days of the request, convene an extraordinary meeting at such time and place and he may appoint.
- 5) Meetings shall be presided over by the chairperson or in his or her absence by the vice-chairperson.
- 6) The members of a Committee shall elect a vice- chairperson from among themselves-
  - (a) at the first sitting of the Committee; and
  - (b) whenever it is necessary to fill the vacancy in the office of the vice-chairperson.
- 7) Where the chairperson or vice-chairperson is absent, the members shall appoint from among themselves, a person to chair the meeting of the Committee.
- 8) The Committee may invite any person to attend any of its meetings and to participate in its deliberations, but such person shall not have a vote in any decision of the Committee.

**Conflict of interest**

If any person has a personal or fiduciary interest in a project, proposed contract or any matter before the Committee, and is present at a meeting of the Committee at which any matter is the subject of consideration, that person shall as soon as is practicable after the commencement of the meeting, declare such interest and shall not take part in any consideration or discussion of, or vote on any question touching such matter.

A disclosure of interest made above shall be recorded in the minutes of the meeting at which it is made.

**Quorum**

The quorum of the meeting shall not be less than half of the appointed members of the Committee. Where the persons present at a meeting of the Committee do not constitute the quorum necessary to hold a meeting or where by reason of exclusion of a member from a meeting, the number of members present falls below the quorum necessary to hold a meeting, the Committee shall postpone the consideration of the matter in question until there is a quorum.

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**Voting**

A question before the Committee shall be decided by simple majority of the members present and voting and the chairperson shall, in the case of an equality of votes, have a casting vote.

## **8 MANAGEMENT DISCUSSION AND ANALYSIS**

The Enterprise Development Fund financing has impacted positively on livelihoods and household economy of the residents of Uasin Gishu County. This has been achieved through the following ways:

- The Fund has enabled cooperative societies to access to affordable credit at an interest rate of 5% for farmer-based co-operatives and 8% for Saccos which trickles down to members
- The Fund has recorded a positive loan repayment during the financial year. This was attributed to the fund's rigorous loan recovery strategies implemented in the year.
- Asset financing for Dairy Cooperative Societies and farmer based cooperative. This facility has enabled the societies i.e Kong'asis Kina, Olendu Elders, New Progressive Farmers Cooperative Society and Tuiyoluk Farmers cooperative society to purchase tractors, trucks and pickups to support them in milk collection and transportation to the processors.
- The availability of enterprise financing to cooperatives has increased goodwill by members of public to embrace cooperatives.

The Fund has enabled societies to be financed with short terms loans to assist in acquisition of farm inputs. The societies that were able to benefit from the short-term loans are Kurur Women Consumers and Kaplesa Dairy Farmers Cooperative society.

The Fund was able to train officials from 25 cooperative societies during the financial year, the training was to improve on governance of the cooperative societies and saccos and instill the financial knowledge to reduce delinquency.

The Fund was able to acquire to able CEDF software to assist in providing real time data and for better management of the loan portfolio.

The Fund was able to disburse a total of 37.4 M to various cooperative societies as in form of working capital, asset financing and development loans. These loans have direct impact on the livelihood of the members.

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The Fund conducted a monitoring and evaluation programme to determine and gauge the performance and assist in providing a basis of comparison from the previous year's performance. The data was obtained was important in determining the strategic and future outlook of the cooperative societies

**Challenges**

1. The emergence of COVID 19 pandemic has adversely affected loan repayment. Most of the cooperative society' businesses were affected by the slowdown in the economy, hence requesting for loans to be rescheduled.
2. Unpredictable weather conditions which affects the supply of farm produce in the market. This adversely affect the market price stability which eventually has negative impact on profit margins for the cooperative and loan repayments for the enterprise Fund.

**9 CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

The Fund carried out Corporate social responsibility in the financial year by carrying out an environmental conservation during the International Cooperatives' Day which involved tree planting exercise in Eldoret Rescue Center.

The Fund was able to partner with Women Enterprise Fund (WEF) to assist women especially in rural areas to get support from the unit through affordable loans.

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**10 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 Principal activities**

The principal activities of the Fund are stated in Section 1 (c) page 2 of this report.

**Results**

The results of the Fund for the year ended June 30, 2021 are set out on Section 3 and Section 8

**Trustees**

The members of the Committee of Trustees who served during the year are shown on section 2. There was no change in the Board during the financial year

**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 to carry out the audit of the Uasin Gishu County Cooperative Enterprise Development Fund for the year ended June 30, 2021 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Committee

UASIN GISHU COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND

Member of the Board

Date: 21/06/2022



**11 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 the County Public Fund established by the Uasin Gishu County Cooperative Enterprise Development Fund Act, 2016 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund’s financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 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 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 Uasin Gishu County Cooperative Enterprise Development Fund Act, 2016. The Administrator of the Fund is of the opinion that the Fund’s financial statements give a true and fair view of the state of Fund’s transactions during the financial year ended June 30, 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**

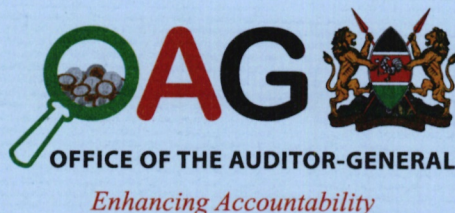
The Fund’s financial statements were approved by the Board on 1/21/2 2021 and signed on its behalf by:



\_\_\_\_\_  
Fund Administrator  
**COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND**

# REPUBLIC OF KENYA

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



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

## **REPORT OF THE AUDITOR-GENERAL ON UASIN GISHU COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND FOR THE YEAR ENDED 30 JUNE, 2021**

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### **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 Uasin Gishu County Cooperative Enterprise Development Fund set out on pages 22 to 61, 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 effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Uasin Gishu County Cooperative 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 Uasin Gishu County Cooperative Enterprise Development Fund (Amendment), 2020.

### **Basis for Qualified Opinion**

#### **1. Unsupported Long-Term Receivables from Exchange Transactions**

The statement of financial position as at 30 June, 2021 reflects current portion long-term receivables from exchange transactions balance of Kshs.27,500,000. However, no support schedules of the current portion of the long-term receivable from exchange transactions were provided for audit review.

In the circumstances, the accuracy and completeness of the current portion of long-term receivables from exchange transactions could not be confirmed.

#### **2. Accuracy and Disclosure of Non-Performing Loans**

The statement of financial position reflects long-term receivables from exchange transactions balance of Kshs.334,514,716 as at 30 June, 2021 being outstanding balances of loans advanced to eighty-nine (89) Co-operative Societies. However, examination of the loan amortization schedules provided for audit revealed that loans amounting to Kshs.225,389,128, advanced to fifty (50) Farmers' Cooperative Societies, did not have any recoveries made during financial year ended 30 June, 2021 contrary to Section 18(5) of the County Cooperative Enterprise Development Act, 2016.

Further, the impairment of the receivables has not been disclosed in the financial statements as stated under significant accounting policy No.3(a) which states that 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.

In the circumstances, the accuracy and disclosure of the non-performing loans could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Uasin Gishu County Cooperative 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 other key audit matters to report in the year under review.

### **Other Matter**

#### **1. Budgetary Control and Performance**

The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.243,965,226 and Kshs.229,347,950 respectively resulting to an under-funding of Kshs.14,617,276 or 6%. However, out of the total receipts amounting to Kshs.229,347,950, only Kshs.149,831,181 or 65% was spent indicating an absorption rate of 35 % of the total funds available.

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

#### **2. Unresolved Prior Year Audit Matters**

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

### **Other Information**

The Fund Administrator are responsible for the other information, which comprises the Fund Chairperson's Report, Fund administrators' report, the statement of corporate governance, management discussions and analysis, statement of corporate social responsibility and the statement of management responsibilities. The other information does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance or conclusion thereon.

## **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 effective 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 governance.

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

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

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how the 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 sustainability of services basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Uasin Gishu County Cooperative Enterprise Development 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 Gathungu, CBS  
AUDITOR-GENERAL

**Nairobi**

**02 September, 2022**

**13 FINANCIAL STATEMENTS**

**13.1 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2021.**

	Note	2020/2021	2019/2020
		KShs	KShs
<b>Revenue from non-exchange transactions</b>			
Public contributions and donations	1	-	-
Transfers from the County Government	2	14,500,000	193,000,000
Fines, penalties and other levies	3	-	-
		<b>14,500,000</b>	<b>193,000,000</b>
<b>Revenue from exchange transactions</b>			
Interest income	4	13,680,816	6,464,764
Prior Year Adjustments			
Other income	5	-	-
<b>Total revenue</b>		<b>28,180,816</b>	<b>199,464,764</b>
<b>Expenses</b>			
Fund administration expenses	6	(1,756,700)	(915,660)
General expenses	7	(17,826,180)	(7,989,168)
Finance costs	8	(50,676)	(33,922)
<b>Total expenses</b>		<b>(19,633,556)</b>	<b>(8,938,750)</b>
<b>Other gains/losses</b>			
Gain/loss on disposal of assets	9	-	-
<b>Surplus/(deficit) for the period</b>		<b>8,547,261</b>	<b>190,526,013</b>


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**COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND**  
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**13.2 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021**

	Note	2020/2021	2019/2020
		KShs	KShs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	10	149,831,181	175,965,226
Current portion of long- term receivables from exchange transactions	11	27,500,000	38,560,476
Receivables from Non- exchange transactions	12	-	-
Prior Year Adjustments	13	-	488,126
Inventories	14	-	-
		<b>177,331,181</b>	<b>215,013,828</b>
<b>Non-current assets</b>			
Long term receivables from exchange transactions	11	334,514,716	300,010,110
Property, plant and equipment	15	7,411,101	6,504,500
Accrued Interest		10,818,701	
Intangible assets	16	-	-
<b>Total assets</b>		<b>530,075,699</b>	<b>521,528,438</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	17	-	-
Provisions	18	-	-
Current portion of borrowings	19	-	-
Employee benefit obligations	20	-	-
<b>Non-current liabilities</b>			
Long term portion of borrowings	19	-	-
Non-current employee benefit obligation	20	-	-
<b>Total liabilities</b>			
<b>Net assets</b>		<b>530,075,699</b>	<b>521,528,438</b>
Revolving Fund		521,528,438	331,002,425
Reserves		-	-
Accumulated Surplus		8,547,261	190,526,013
<b>Total net assets and liabilities</b>		<b>530,075,699</b>	<b>521,528,438</b>

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 21 JUN 2022 and signed by:

  
**Administrator of the Fund**  
**Name: ISAAC LAGAT**

  
**Fund Accountant**

**Name: DORIS JERUTO**  
**ICPAK Member Number: ASSOC/2811**

**COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND****Reports and Financial Statements****For the year ended June 30, 2021****13.3 STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2021**

	<b>Revolving Fund</b>	<b>Revaluation Reserve</b>	<b>Accumulated surplus</b>	<b>Total</b>
		<b>KShs</b>	<b>KShs</b>	<b>KShs</b>
<b>Balance as at 1 July 2019</b>	331,002,425			331,002,425
Surplus/(deficit) for the period	190,526,013			190,526,013
Funds received during the year				
Revaluation gain				
<b>Balance as at 30 June 2020</b>	<b>521,528,438</b>			<b>521,528,438</b>
<b>Balance as at 1 July 2020</b>	521,528,438			521,528,438
Surplus/(deficit) for the period	8,547,261			8,547,261
Funds received during the year				
Revaluation gain				
<b>Balance as at 30 June 2021</b>	<b>530,075,699</b>			<b>530,075,699</b>

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

	Note	2020/2021	2019/2020
		KShs	KShs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Public contributions and donations		-	-
Transfers from the County Government	2	14,500,000	193,000,000
Interest Income	4	3,350,242	6,464,764
Receipts from other operating activities		-	-
<b>Total Receipts</b>		<b>17,850,242</b>	<b>199,464,764</b>
<b>Payments</b>			
Fund administration expenses	6	(1,756,700)	(1,367,480)
General expenses	7	(13,725,830)	(5,301,808)
Finance cost	8	(50,677)	(33,922)
<b>Total Payments</b>		<b>(15,533,207)</b>	<b>(6,703,210)</b>
<b>Net cash flows from operating activities</b>		<b>2,317,035</b>	<b>192,761,554</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets	15	(5,006,950)	(845,891)
Proceeds from loan principal repayments		35,532,482	37,593,350
Loan disbursements paid out		(58,976,612)	(68,500,000)
<b>Net cash flows used in investing activities</b>		<b>(26,134,045)</b>	<b>161,009,013</b>
<b>Cash flows from financing activities</b>			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		-	-
<b>Net cash flows used in financing activities</b>		<b>(26,134,045)</b>	<b>161,009,013</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(26,134,045)</b>	<b>161,009,013</b>
Cash and cash equivalents at 1 JULY 2020	10	175,965,226	14,956,213
<b>Cash and cash equivalents at 30 JUNE 2021</b>	10	<b>149,831,181</b>	<b>175,965,226</b>

*(IPSAS 2 allows an entity to present the cash flow statement using the direct or indirect method but encourages the direct method. PSASB also recommends the use of direct method of cash flow preparation. The above illustration assumes direct method)*

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

	Original budget 2021	Adjustments 2021	Final budget 2021	Actual on comparable basis 2021	% utilisation 2021
	KShs	KShs	KShs	KShs	
<b>Revenue</b>					
Public contributions and donations	-	-	-	-	
Transfers from County Govt.	18,000,000		18,000,000	14,500,000	100
Balance BF 2019/2020	175,965,226	-	175,965,226	175,965,226	100
Interest income	-	-	-	3,350,242	
Loan Repayments	50,000,000	-	50,000,000	35,532,482	71
<b>Total income</b>	<b>243,965,226</b>		<b>243,965,226</b>	<b>229,347,950</b>	
<b>Expenses</b>					
Fund administration expenses	(4,725,508)	-	(4,725,508)	1,756,700	37
Loan disbursed	(213,939,718)	-	(213,939,718)	58,976,612	27
Acquisition of other assets	(1,300,000)		(1,300,000)	1,136,950	87
Acquisition of CEDF System	(4,000,000)	-	(4,000,000)	3,870,000	97
General expenses	(14,000,000)	-	(14,000,000)	13,725,830	98
Purchase of Motor Vehicle	(6,000,000)		(6,000,000)	-	
Finance cost	-	-	-	50,677	
<b>Total expenditure</b>	<b>243,965,226</b>	<b>-</b>	<b>243,965,226</b>	<b>149,831,181</b>	<b>61</b>
<b>Surplus for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>94,134,045</b>	

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**13.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**14**

**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 : Applicable: 1 <sup>st</sup> January 2021:	Impact
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.
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	<b><i>Document the impact if the fund is reporting for the first time on accrual/ Otherwise indicate that there was no impact</i></b>

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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><b>IPSAS 41: Financial Instruments</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2022:</b></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"> <li>• 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;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• 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.</li> </ul> <p><i>(State the impact of the standard to the entity if relevant)</i></p>
<p><b>IPSAS 42: Social Benefits</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2022</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p>

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Standard	Effective date and impact:
	<p>(a) The nature of such social benefits provided by the entity;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</p> <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><b>Applicable: 1st January 2022:</b></p> <p>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.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>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> <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>

**COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND**  
**Reports and Financial Statements**  
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**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**e) 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 County Assembly on June 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. Accordingly, the Fund recorded additional appropriations of Kshs 14,500,000 on 23<sup>rd</sup> March 2021 the FY 2020/2021 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

**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.

**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. 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.

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**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3. Financial instruments**

**a) 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.

**Held-to-maturity**

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

**Impairment of financial assets**

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

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**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

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

***b) 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.

**4. 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.

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**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

## **5. 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.

**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.

**6. Nature and purpose of reserves**

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

**7. 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.

**8. 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.

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**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

**9. 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.

**10. 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.

**11. 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/Trustee, the Fund Managers and Fund Accountant.

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**12. 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. 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.

**13. Comparative figures**

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

**14. Events after the reporting period**

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

**15. Ultimate and Holding Entity**

The entity is a County Public Fund established by County Enterprise Development Act under the Department of Cooperatives and Enterprise Development. Its ultimate parent is the County Government of Uasin Gishu.

**16. Currency**

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

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**17. 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**

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

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**c) Provisions**

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

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

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

**13. Financial risk management**

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

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

**a) Credit risk**

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

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

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**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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:

	<b>Total amount KShs</b>	<b>Fully performing KShs</b>	<b>Past due KShs</b>	<b>Impaired KShs</b>
<b>At 30 June 2021</b>				
Receivables from exchange transactions	362,014,715	302,193,539	24,714,320	35,106,856
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	<b>362,014,715</b>	<b>302,193,539</b>	<b>24,714,320</b>	<b>35,106,856.11</b>
<b>At 30 June 2020</b>				
Receivables from exchange transactions	338,570,586	292,471,347	18,908,610	27,190,630
Receivables from non-exchange transactions	0	0	0	0
Bank balances	0	0	0	0
<b>Total</b>	<b>338,570,586</b>	<b>292,471,347</b>	<b>18,908,610</b>	<b>27,190,630</b>

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

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from **June 2015-June 2021**.

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.

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**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****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
<b>At 30 June 2021</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2020</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-

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**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**c) Market risk**

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Fund's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

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

**d) 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.

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**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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
<b>At 30 June 2021</b>			
Financial assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ receivables	-	-	-
<b>Liabilities</b>			
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.*

**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
<b>2021</b>			
Euro	10%	-	-
USD	10%	-	-
<b>2020</b>			
Euro	10%	-	-
USD	10%	-	-

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**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**e) Interest rate risk**

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The entity's interest rate risk arises from bank deposits. This exposes the Fund to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Fund's deposits.

**Management of interest rate risk**

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

**Sensitivity analysis**

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

**f) 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:

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**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

	2020/2021	2019/2020
	KShs	KShs
Revaluation reserve	-	-
Revolving fund	521,528,438	-
Accumulated surplus	8,547,261	-
<b>Total funds</b>	<b>530,075,699</b>	-
Total borrowings	362,014,716	-
Less: cash and bank balances	149,831,181	-
Net debt/(excess cash and cash equivalents)	<b>212,183,535</b>	-
<b>Gearing</b>	<b>40%</b>	-

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**14 NOTES TO THE FINANCIAL STATEMENTS**

**1. Public contributions and donations**

Description	2020/2021	2019/2020
	KShs	KShs
Donation from development partners	-	-
Contributions from the public	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

(Provide brief explanation for this revenue)

**2. Transfers from County Government**

Description	2020/2021	2019/2020
	KShs	KShs
Transfers from County Govt. – operations	14,500,000	193,000,000
Payments by County on behalf of the entity	-	-
<b>Total</b>	<b>14,500,000</b>	<b>193,000,000</b>

**3. Fines, penalties and other levies**

Description	2020/2021	2019/2020
	KShs	KShs
Late payment penalties	-	-
Fines	-	-
Levies	-	-
Licences	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**4. Interest income**

Description	2020/2021	2019/2020
	KShs	KShs
Interest income from loans disbursed	3,350,242	6,464,764
Interest accrued	10,818,701	-
Prior Year Adjustments	(488126)	-
Interest income on bank deposits	-	-
<b>Total interest income</b>	<b>13,680,816</b>	<b>6,464,764</b>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**5. Other income**

Description	2020/2021	2019/2020
	KShs	KShs
Insurance recoveries	-	-
Income from sale of tender documents	-	-
Miscellaneous income (specify)	-	-
<b>Total other income</b>	<b>-</b>	<b>-</b>

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

**6. Fund administration expenses**

Description	2020/2021	2019/2020
	KShs	KShs
Staff costs (Note 6a)	-	-
Loan processing costs	-	-
Professional services costs	-	-
CCEDF Committee Expenses	1,756,700	915,660
<b>Total</b>	<b>1,756,700</b>	<b>915,660</b>

**6A. Staff costs**

Description	2020/2021	2019/2020
	KShs	KShs
Salaries and wages	-	-
Staff gratuity	-	-
Staff training expenses	-	-
Social security contribution	-	-
Other staff costs	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**7. General expenses**

Description	2020/2021	2019/2020
	KShs	KShs
Foreign Travel	-	-
Subsistence allowance	638,160	1,093,800
Fuel and oil costs	-	10,200
Publicity, printing, and publishing	209,200	315,300
Training, sensitization and field operations for cooperatives	6,291,780	-
Maintenance of vehicle and other transport	-	-
Consultancy training expenses	3,922,058	3,189,100
Telecommunication	-	195,228
Office and general supplies and catering services, utilities & motor vehicle expense	444,251	-
Research and development	1,951,001	-
Staff training	269,380	950,000
Depreciation and amortization costs	4,100,350	2,235,540
Other expenses	-	-
<b>Total</b>	<b>17,826,180</b>	<b>7,989,168</b>

**8. Finance costs**

Description	2020/2021	2019/2020
	KShs	KShs
Bank charges	50,677	33,922
Interest on Bank overdrafts	-	-
Interest on loans from banks	-	-
<b>Total</b>	<b>50,677</b>	<b>33,922</b>

**9. Gain/(loss) on disposal of assets**

Description	2020/2021	2019/2020
	KShs	KShs
Property, plant and equipment	-	-
Intangible assets	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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**10. Cash and cash equivalents**

Description	2020/2021	2019/2020
	KShs	KShs
Car loan account	-	-
County mortgage account	-	-
Fixed deposits account	-	-
On – call deposits	-	-
Current account	149,831,181	175,965,226
Others	-	-
<b>Total cash and cash equivalents</b>	<b>149,831,181</b>	<b>175,965,226</b>

Financial institution	Account number	2020/2021	2019/2020
		KShs	KShs
<b>a) Current account</b>			
Access Bank Kenya	30100000279	4,887,599	175,965,226
Family Bank	085000096027	144,943,583	-
<b>Grand total</b>		<b>149,831,181</b>	<b>175,965,226</b>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**11. Receivables from exchange transactions**

<b>Description</b>	<b>2020/2021</b>	<b>2019/2020</b>
	<b>KShs</b>	<b>KShs</b>
<b>Current Receivables</b>		
Interest receivable	10,818,701	-
Current loan repayments due	27,500,000	38,560,476
Other exchange debtors	-	-
Less: impairment allowance	-	-
<b>Total Current receivables</b>	<b>38,318,701</b>	<b>38,560,476</b>
<b>Non-Current receivables</b>		
Long term loan repayments due	334,514,716	300,010,110
<b>Total Non- current receivables</b>		-
<b>Total receivables from exchange transactions</b>	<b>372,833,417</b>	<b>338,570,586</b>

**Additional disclosure on interest receivable**

<b>Description</b>	<b>2020/2021</b>	<b>2019/2020</b>
	<b>KShs</b>	<b>KShs</b>
<b>Interest receivable</b>		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
<b>Current loan repayments due</b>		
Current portion of long-term loans from previous years	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	-	-

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Description	2020/2021	2019/2020
	KShs	KShs
Transfer from County Executive	-	-
Transfer from CEDF Fund	-	-
<b>Total receivables from non-exchange transactions</b>	<b>-</b>	<b>-</b>

**13. Prepayments**

Description	2020/2021	2019/2020
	KShs	KShs
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	-	-
Other prepayments(specify)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**14. Inventories**

Description	2020/2021	2019/2020
	KShs	KShs
Consumable stores	-	-
Spare parts and meters	-	-
Catering	-	-
Other inventories(specify)	-	-
<b>Total inventories at the lower of cost and net realizable value</b>	<b>-</b>	<b>-</b>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**15. Property, plant and equipment**

	Land and Buildings	Motor vehicles	Furniture and fittings	Computer Software	Computers and office equipment	Total
Cost	KShs	KShs	KShs	Kshs	KShs	KShs
<b>At 1<sup>st</sup> July 2019</b>	-	6,114,150	1,123,000		657,000	7,894,1500
Additions	-	-	407,700		438,190	-
Disposals	-	-	-		-	-
Transfers/adjustments	-	-	-		-	-
<b>At 30<sup>th</sup> June 2020</b>	-	<b>4,330,856</b>	<b>1,335,784</b>		<b>837,860</b>	<b>6,504,500</b>
<b>At 1<sup>st</sup> July 2020</b>	-					
Additions	-	-	241,500	3,870,000	895,450	5,006,950
Disposals	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-
<b>At 30<sup>th</sup> June 2021</b>	-	<b>4,330,856</b>	<b>1,577,284</b>	<b>3,870,000</b>	<b>1,733,310</b>	<b>11,511,450</b>
<b>Depreciation and impairment</b>	-					
<b>At 1<sup>st</sup> July 2019</b>	-					
Depreciation	-	(1,783,294)	(194,916)	-	(257,330)	(2,235,540)
Impairment	-	-	-		-	
<b>At 30<sup>th</sup> June 2020</b>	-					
<b>At 1<sup>st</sup> July 2020</b>	-					
Depreciation	-	(1,263,166)	(180,664)	(64,500)	(356,479)	(1,864,809)
Disposals	-	-	-		-	-
Impairment	-	-	-		-	-
Transfer/adjustment	-	-	-		-	-

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	<b>Land and Buildings</b>	<b>Motor vehicles</b>	<b>Furniture and fittings</b>	<b>Computer Software</b>	<b>Computers and office equipment</b>	<b>Total</b>
<b>Cost</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>Kshs</b>	<b>KShs</b>	<b>KShs</b>
<b>At 30<sup>th</sup> June 2021</b>	-	1,284,396	1,201,704	3,805,500	1,119,501	7,411,101
<b>Net book values</b>						
<b>At 30<sup>th</sup> June 2020</b>	-	4,330,856	1,335,784	-	837,860	6,504,500
<b>At 30<sup>th</sup> June 2021</b>	-	1,284,396	1,201,704	3,805,500	1,119,501	7,411,101

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**16. Intangible assets-software**

Description	2020/2021	2019/2020
	KShs	KShs
<b>Cost</b>		
At beginning of the year	-	-
Additions	-	-
<b>At end of the year</b>	-	-
<b>Amortization and impairment</b>		
At beginning of the year	-	-
Amortization	-	-
<b>At end of the year</b>	-	-
Impairment loss	-	-
<b>At end of the year</b>	-	-
<b>NBV</b>	-	-

**17. Trade and other payables from exchange transactions**

Description	2020/2021	2019/2020
	KShs	KShs
Trade payables	-	-
Refundable deposits	-	-
Accrued expenses	-	-
Other payables	-	-
<b>Total trade and other payables</b>	-	-

**18. Provisions**

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year (1.07.2020)	-	-	-	-
Additional Provisions	-	-	-	-
Provision utilised	-	-	-	-
Change due to discount and time value for money	-	-	-	-
Transfers from non -current provisions	-	-	-	-
<b>Balance at the end of the year (30.06.2021)</b>	-	-	-	-

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**19. Borrowings**

Description	2020/2021	2019/2020
	KShs	KShs
<b>Balance at beginning of the period</b>	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the period	-	-
Repayments of domestic borrowings during the period	-	-
<b>Balance at end of the period</b>	-	-

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

	2020/2021	2019/2020
	KShs	KShs
<b>External Borrowings</b>		
Dollar denominated loan from 'xxx organisation'	-	-
Sterling Pound denominated loan from 'yyy organisation'	-	-
Euro denominated loan from 'zzz organisation'	-	-
<b>Domestic Borrowings</b>		
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Borrowings from other government institutions	-	-
<b>Total balance at end of the year</b>	-	-

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

Description	2020/2021	2019/2020
	KShs	KShs
Short term borrowings (current portion)	-	-
Long term borrowings	-	-
<b>Total</b>	-	-

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**20. Employee benefit obligations**

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	Total
	KShs	KShs	KShs	KShs
Current benefit obligation	-	-	-	-
Non-current benefit obligation	-	-	-	-
<b>Total employee benefits obligation</b>	-	-	-	-

**21. Cash generated from operations**

	2020/2021	2019/2020
	KShs	KShs
<b>Surplus/ (deficit) for the year before tax</b>	<b>8,547,261</b>	-
<b>Adjusted for:</b>		
Depreciation	4,100,350	-
Amortisation	-	-
Gains/ losses on disposal of assets	-	-
Interest income adjusted	488,186	-
Finance cost		-
<b>Working Capital adjustments</b>		
Increase in inventory	-	-
Increase in borrowings	-	-
Increase in Accrued interest	(10,818,700)	-
Increase in payables		-
<b>Net cash flow from operating activities</b>	<b>2,317,035</b>	<b>161,854,904</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**22. Related party balances**

**a) Nature of related party relationships**

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**b) Related party transactions**

	2020/2021	2019/2020
	KShs	KShs
Transfers from related parties'	-	-
Transfer to County Treasury of Uasin Gishu	1,500,000	
Transfer to Inua Biashara Fund	20,000,000	
<b>Total Transfers</b>	<b>21,500,000</b>	-

**c) Key management remuneration**

	2020/2021	2019/2020
	KShs	KShs
Board of Trustees	-	-
Key Management Compensation	-	-
<b>Total</b>	-	-

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**d) Due from related parties**

	2020/2021	2019/2020
	KShs	KShs
Due from parent Ministry	-	-
Due from County Government	-	-
Due from County Assembly	-	-
<b>Total</b>	-	-

**e) Due to related parties**

	2020/2021	2019/2020
	KShs	KShs
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
Due to County Assembly	-	-
<b>Total</b>	-	-

**23. Contingent assets and contingent liabilities**

Contingent liabilities	2020/2021	2019/2020
	KShs	KShs
Court case xxx against the Fund	-	-
Bank guarantees	-	-
<b>Total</b>	-	-

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**15 PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S  
RECOMMENDATIONS**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Loan Repayments and Loan Amortization	In the FY 2019-2020 there was compliance. The loan repayments and Loan amortization schedules of Twenty cooperative societies have been reconciled	Resolved	NA
2.	Advance to Moiso Co-operative Union Ltd	The CEDF advanced loans to primary cooperatives that formed the Moiso Cooperative Union. The CEDF regulations allows up to Ksh 5M of unsecured loans. Loan Repayments will be achieved through: 1.Sale of shares to members	Resolved	N/A

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		2. Proceeds from the milling plant as per MOU		
3.	Non-Performing Loans	Loan recovery has been enhanced through Additional staff have been recruited to support loan recovery, issued demand letters to defaulted cooperatives and doing follow up.	Not Resolved	2025
4.	Construction of a Milling Plant	The CEDF financed the 41 primary cooperatives as per their application letters to purchase shares in Moiso Farmers Cooperative Union.	Resolved	NA

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**16 APPENDIX I: INTER-ENTITY TRANSFERS**

ENTITY NAME:				
Break down of Transfers from the County Executive of Uasin Gishu County Government				
FY 2020/2021				
a.	Recurrent Grants	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		<b>Total</b>	-	
b.	Development Grants	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		23 <sup>RD</sup> March 2021	14,500,000	FY 2020-2021
		<b>Total</b>	<b>14,500,000</b>	
c.	Direct Payments	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		<b>Total</b>	-	

The above amounts have been communicated to and reconciled with the parent Ministry.

Finance Manager

County Cooperative Enterprise Development Fund



Head of County Treasury at



