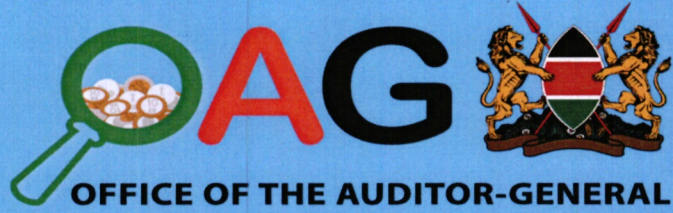


REPUBLIC OF KENYA



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**REPORT**

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CLERK AT THE TABLE	Angela

**OF**

**THE AUDITOR-GENERAL**

**ON**

**TRANS NZOIA COUNTY YOUTH AND  
WOMEN DEVELOPMENT FUND**

**FOR THE YEAR ENDED  
30 JUNE, 2022**





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**TRANS NZOIA COUNTY YOUTH AND WOMEN DEVELOPMENT FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2022**

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

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## 1. Key Entity Information and Management

### a) Background information

Trans Nzoia County Youth and Women Development Fund is established by and derives its authority and accountability from the Trans Nzoia County Youth and Women Development Fund Act, 2014. The Fund is wholly owned by the County Government of Trans Nzoia and is domiciled in Kenya.

The fund's objective is to; -

- (i) To provide funds to be used for granting low interest loans to youth with a view to scaling up their lending activities, value addition amongst other activities as may be prescribed.
- (ii) To provide funds to support, revive and initiate micro-enterprises owned by women and the youth in sectors that can have an immediate impact to household economy.
- (iii) To attract and facilitate investment in economic sectors that have linkages to micro, small and medium enterprises that benefit the youth and women.
- (iv) Facilitating access to business development services by micro and small enterprises and promoting an entrepreneurial culture.
- (v) The Fund's principal activity is empowering marginalised groups of the society by providing access to affordable loans and capacity building.

### 1. Principal Activities

The principal activity/mission/ mandate of the Fund is to enhance economic activities and social welfare of the marginalised persons in the society through access to low interest loans.

## 2. Key Management

Ref	Name	Position
1	Eliud Bichii	Fund Administrator
2	Robert Kibii	Director – Gender & Social Services
3	Andrew Wekesa	Fund Accountant

**3. Registered Offices**

P.O. Box 4211 – 30200  
Social Hall Building  
Machinjoni Road  
Next to Kitale Nursing Home (Maitha)  
KITALE, KENYA

**4. Fund Contacts**

Telephone: (254) 30301  
E-mail: [countyoftransnzoia@gmail.com](mailto:countyoftransnzoia@gmail.com).  
Website: [www.countyoftransnzoia.go.ke](http://www.countyoftransnzoia.go.ke)

**5. Fund Bankers**

Trans – Nzoia County Government Youth and Women Fund  
Access Bank  
Account No. 0150130000820  
Kitale, Kenya.

**6. Independent Auditors**

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

**7. Principal Legal Adviser**

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

## 2. County Executive Committee Member's Report

Trans Nzoia County Youth and Women Development Fund is a county public fund established by and derives its mandate from Trans Nzoia County and Women Development Fund Act, 2014.

The key objective of the fund is to empower and socially uplift registered youth and women groups in the county with low interest loans.

In the financial year under review, the fund has not been without its fair share of challenges key among them is the lack of a substantive Board in place to oversee the affairs of the fund. However, that notwithstanding, efforts have been made through the office of the CECM – Gender to table names of persons for approval and subsequent appointment and we await the approval of the same as a fund.

It is envisaged that, once the fund has its 2<sup>nd</sup> generation Board in place to oversee its affairs, it will be able to continue its operations as a going concern and ensure that the purpose for which the fund was established is fulfilled to the people of Trans Nzoia County.

  
Aggrey Chemonges

County Executive Committee Member – Gender, Youth, Sports, Culture & Tourism



### **3. Report of The Fund Administrator**


The fund during the financial year under review (2021 – 2022) had no budgetary allocation appropriated by the County Assembly of Trans Nzoia for issuance of loans to registered Youth and Women groups.

There was a fund balance brought forward from the financial year 2020/2021 of Kshs. 98,321,014 which composed of:

1. Cash and Cash equivalents	Kshs.	8,470,768
2. Government Imprest	Kshs.	4,925,195
3. Loans to Groups	Kshs.	75,726,461
4. Sundry Debtors	Kshs.	588,190
5. Interest receivable	Kshs	8,610,400

During the financial period under review the fund had a balance brought forward of accounts receivable – loans to groups of Kshs 75,726,461. For the financial year under review, there were no loans disbursed to groups. The management was not able to recover any of the outstanding balance leaving an outstanding amount of Kshs. 75,726,461 as at the close of the financial year ending 30th June 2022.

As provided for in the Trans Nzoia County Youth and Women Development Fund Act 2014, the fund is managed by appointed management Board. However, the Boards tenure ended on 30<sup>th</sup> June 2018. Appointment/ renewal process of the Board was done and awaits approval. This has generally affected the performance of the fund in the area of concern.

  
**CHIEF OFFICER**  
Gender, Youth, Culture, Sports & Tourism  
COUNTY GOVERNMENT OF  
TRANS-NZOIA  
P.O. BOX 211-30200, KITALE

Eliud Bionii  
Chief Officer -Gender, Youth, Sports, Culture and Tourism  
**Trans Nzoia County Government**

**4. Statement of Performance Against the County Fund's Predetermined Objectives**

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer prepares financial statements of each County Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board to include; a statement of the County government entity's performance against predetermined objectives.

The core mandate of the fund according to the provisions of the Act shall be to provide loans to the youth and women groups registered in Trans Nzoia County.

**a) Strategic objectives of the fund:**

1. To provide enterprise development services.
2. To facilitate employment of youth in the local and inter county labour market.
3. To perform any other lawful function for purposes of promoting youth and women enterprise.
4. To consider facilitating already existing projects of youth and women at the ward level.

**Progress on attainment of Strategic objectives of the fund**

**Table 1: Summary Analysis of Sector Programme Performance**

<b>Programme Name: Social Protection</b>					
<b>Objective:</b> To provide social protection services, coordinate and implement affirmative action, capacity build and empower organized community groups					
<b>Outcome:</b> To improve the quality of life for the Youth, Women and special interest groups					
<b>Sub Programme/Project</b>	<b>Key Outcomes/ outputs</b>	<b>Key performance indicators</b>	<b>Planned Targets</b>	<b>Achieved Targets</b>	<b>Remarks*</b>
Youth and Women Development Fund	Youth and women groups supported;	No of youth and women groups provided with financial support	250	0	The money was not transferred to the youth and women development fund account thus resulting to negative results
Capacity building of youth, women and PWD groups	Youth, Women and PWD groups trained	Number of groups trained	250	0	Capacity building was allocated Kshs. 3M in the recurrent vote and it is linked to capacity building of youth and women before they are issued with loans However, there was no activity undertaken due to undisbursed funds for issuing to groups by the county treasury

## **5. Corporate Governance Statement**

Trans Nzoia County Youth and Women Development Funds Act 2014, Section 8 (1) part (a-h) provides the guidelines on management of the fund and how to conduct business and other related activities as relates to committee meetings. The management structure recognized by the Act are the Youth and Women fund management board and the Ward committees where the Ward administrators are the secretaries.

In the roles and functions of the chief officer of the fund and for this case the chief officer Gender Youth, Culture, Sports and tourism who shall also be the Secretary to the Board, is required to implement decisions of the board among other functions for the performance of such duties as capacity building, training to women and youth groups including training and induction of the board members upon appointment;

### **Board meetings**

On board meetings, the Act allows the board to meet not less than four (4) times in every financial year and not more than four (4) months shall elapse between the date of one meeting and the date of the next meeting. The chair person shall convene ordinary meetings to be held at the premises of the board and for this case are the Gender offices at the social hall buildings. The chair is required to inform the board members of meetings fourteen (14) days written notice of every meeting. Despite the provisions of sub-paragraph (1), the Chairperson shall, upon a written request by at least five members of the Board, convene a special meeting of the Board at any time where he considers it expedient for the transaction of the business of the Board.

### **Roles and functions of the management Board**

The roles and functions of the management board are stipulated in the Trans Nzoia County Youth and women fund Act of 2014 and are as follows;

- (a) Prepare reports to the CEC member responsible for youth and women on affirmative Action and vet youth and women groups;
- (b) Manage, control and monitor the Fund in such manner and for such purposes as best promotes the purpose for which the Fund is established;
- (c) Receive and consider all loan applications from eligible persons and groups from Ward committees.
- (d) Approve or reject such applications in accordance with the provisions of this Act;
- (e) Monitor recovery of matured loans;
- (f) Subject to the provisions of this Act, exercise discretion in the application of the Fund;
- (g) Keep data of youth and women groups from each ward for purposes of lending on such terms and conditions as the Board may determine;
- (h) Exercise such other lawful powers as may be conferred by this Act or other law.

The management board is also empowered by the Act to partner with any person for the purposes of achieving its objectives including partnering with the credit reference bureau in enforcing repayment of the loans

### **Youth and women ward committee**

The trans Nzoia youth and women fund Act 2014 Section 17 sub section (1), (2) provides for a lower level of fund management at ward Level and shall comprise the following;

- (a) Ward administrator who shall be the CEO of the Committee
- (b) A woman representative elected by the women.
- (c) A youth representative elected by the youths.
- (d) The elected member of the County Assembly.
- (e) Religious organization
- (f) A person with disability
- (g) Special groups

### **Quorum for the conduct of business**

The quorum for conduct of the business of the loan shall be two- thirds of the total number of members including the chairperson or the person presiding. The chair shall preside at every meeting of the loans board at which he/she is present and in his/her absence, the members of the loans board present shall elect one person from their number to preside over the meetings of the board and shall have all the powers of the Chairperson.

### **Terms and conditions of service of the management Board**

The members of the committee shall be paid such allowance as shall be determined by the salaries and Remuneration Commission and such allowance shall be drawn from the fund administrative allocation which is within 3 the percent of the budget.

### **Conflict of interest**

Section 34(1) of the Trans Nzoia County Youth and Women Development Fund Act, 2014 stipulates that, in matters conflict of interest, if a member is directly or indirectly interested in any contract, proposed contract or any other matter before the Board and is present at a meeting of the Board at which these matters are subject for consideration, the member as soon as reasonably practicable disclose his or her interest in the matter and he/she recuse themselves in the deliberations over, or vote on the matter.

### **Process of appointment and removal of the Board**

The chairperson and every member of the Board shall be appointed by the CEC Member responsible for youth and women and shall hold office for a term of four years and shall be eligible for appointment for one further term based on satisfactory performance

The term of office of the chairperson and members of the Board as first constituted and at every nomination or change in membership shall commence on the date of appointment approved by County Executive Members.

On removal of a member of the Board, a member may be removed from office only for the following reasons;

- (a) Violation of the Constitution or any other
- (b) Gross misconduct, whether in the performance of the member's Functions or otherwise;
- (c) Physical or mental incapacity to perform the functions of office; or
- (d) Incompetence or neglect of duty.

The CEC Member responsible for youth and women may, upon the recommendation of the Board terminate the nomination of a member of the Board on any of the grounds specified under subsection.

On other circumstances of vacation of office by a board member, a person may cease to be a member of the board if such person

- (a) Resigns in writing, to the CEC Member responsible for youth and women
- (b) Is convicted of a criminal offence and sentenced to a term of imprisonment of not less than six months;
- (c) Is declared bankrupt;
- (d) Is unable to perform the functions of his or her office by reason of mental or physical infirmity;
- (e) Dies.

**Ethics and conduct of the Board upon appointment**

Upon appointment, the management Board is required to adhere to the requirements of chapter six of the constitution and the PFM Act, 2012 in the management and undertakings of the fund.

Accounts and Audit is stipulated in section 31(1) that the Fund shall cause to be kept such books of accounts and other books in relation thereto of all its undertakings, funds, activities and property as the CEC member representing youth and women may from time to time approve and shall, within a period of three months after the end of the financial year, cause to be prepared, signed and forwarded to the CEC-Finance;

- (a) A balance sheet showing details of the assets and liabilities of the Fund and
- (b) Such other statements of account as the CEC Member may approve.

The accounts of the Fund shall be examined, audited and reported upon annually by the CEC-Finance in accordance with the public Audit Act.

## **6. Statement of Management's Responsibilities**

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by Trans Nzoia County Youth and Women Development Fund Act, 2014 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.


The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2022. 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 Trans Nzoia County Youth and Women Development Fund Act, 2014. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2022, and of the Fund's financial position as at that date. The Administrator further confirms 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 on 30<sup>TH</sup> SEPTEMBER 2022 and signed by

  
**Elud Bichii**  
Administrator of the County Public Fund

CHIEF OFFICER  
County Youth, Sports & Tourism  
COUNTY GOVERNMENT OF  
TRANS NZOIA  
MUNICIPALITY

# REPUBLIC OF KENYA



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NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON TRANS NZOIA COUNTY YOUTH AND WOMEN DEVELOPMENT FUND FOR THE YEAR ENDED 30 JUNE, 2022

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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 the 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

#### **Adverse Opinion**

I have audited the accompanying financial statements of Trans Nzoia County Youth and Women Development Fund set out on pages 1 to 25, which comprise the statement of financial position as at 30 June, 2022, and the statement of financial performance,

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*Report of the Auditor-General on Trans Nzoia County Youth and Women Development Fund for the year ended 30 June, 2022*

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, because of the significance of the matters in the Basis for Adverse Opinion section of my report, the financial statements present fairly, the financial position of the Trans Nzoia County Youth and Women Development Fund as at 30 June, 2022, 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 do not comply with the Public Finance Management Act, 2012, and the Trans Nzoia County Youth and Women Development Fund Act, 2014.

### **Basis for Qualified Opinion**

#### **1. Unsupported Figures by Ledger Balances**

The Fund did not maintain a general ledger (GL) which is a set of numbered accounts an entity uses to keep track of its financial transactions and to prepare financial reports.

In the circumstances, the reliability of the financial statements could not be confirmed.

#### **2. Interest Income**

The statement of financial position reflects long term receivables from exchange transactions of Kshs.75,726,461 which have remained outstanding for more than one year since they became due. The interest accruing from the outstanding loans was not recognized in the statement of financial performance.

In the circumstance, the financial statements are not fairly stated.

#### **3. Receivables from Exchange Transactions**

##### **3.1 Unsupported Loan Balances**

Included in the statement of financial position Kshs.98,321,014 for total assets is a loan portfolio balance of Kshs.84,336,861 relating to principal and interest on the loans disbursed since 2015/2016 as disclosed under Note 5 to the financial statements. However, supporting documents including loan amortization schedules were not provided to confirm the disbursements, interest calculation, repayment and the balances reflected in the financial statements. Further, an ageing analysis of the receivables was not provided for audit review.

In the circumstances, the accuracy and valuation of the loan portfolio of Kshs.84,336,861 could not be confirmed.

### **3.2 Recoverability of Long Outstanding Loans**

As reported previously, the loan portfolio balance of Kshs.84,336,861 includes amounts which have remained outstanding from 2020/2021 and prior years. Recoverability of the loans remains in doubt as no evidence has been provided of the effort made to recover the amounts.

Further, review of application forms used to obtain the loans revealed that several groups provided assets such as television sets, fridges, sheep and goats as security for recovery in the event of default. However, the Fund Management did not provide evidence indicating where the assets were being held and how the Fund assured itself of the existence and values of the assets.

In the circumstances, the valuation of the total loan portfolio could not be confirmed.

### **4. Trade and Other Payables from Exchange Transactions**

The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.989,539 which has remained outstanding since year 2020/2021 and prior years. The ageing creditors' analysis and invoices or documentation in support of the figure were not presented for audit.

In the circumstances, the accuracy, completeness and validity of the trade and other payables from exchange transactions balance of Kshs.989,539 as at 30 June, 2022 could not be confirmed.

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

### **Key Audit Matters**

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

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution, because of the significance of the matters raised in section of the report on lawfulness and effectiveness in use of public resources, I confirm that public resources have not been applied lawfully and in an effective way.

## **Basis for Conclusion**

### **1. Lack of Approved Budget**

The Fund Management did not have an approved budget for the year under review, contrary to the requirements of Section 30(1) of the Trans Nzoia County Youth and Women Development Fund Act, 2014, which provides that at least three months before commencement of each financial year, the Board shall cause to be prepared estimates of the revenue and expenditure of the Fund for that year.

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

### **2. Failure to Constitute a Substantive Board**

Contrary to Trans Nzoia County Youth and Women Fund Act 2014 section 8 that vests the management of the Fund in the Management Board, a new Board has not been constituted since 30 June 2018 when term of the previous Board expired. Further, the Fund did not have a succession plan in place to cushion it against management and operational gaps, which is against the corporate governance principles.

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

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

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **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 governance were not effective.

### **Basis for Conclusion**

#### **Failure to Undertake Independent Assessment of Systems and Internal Controls**

There was no evidence that Trans Nzoia County Youth and Women Development Fund Management Committee carried out a formal risk assessment to identify risks for loans awarded, revenues, expenditure and design measures to minimize the risks and possibility of frauds and errors.

In the circumstances, the existence and adequacy of the internal controls put in place could not be evaluated.

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 overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless 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 Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

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

reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

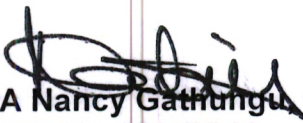
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting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

conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
CPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**15 June, 2023**

*Trans Nzoia County Youth and Women Development Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2022**

**8. Statement of Financial Performance for the Year Ended 30 June 2022**

	Note	2021-2022	2020-2021
		Kshs	Kshs
<b>Revenue From Non-Exchange Transactions</b>			
Transfers From the County Government	1	-	-
<b>Revenue From Exchange Transactions</b>			
Interest Income	2	-	83,575
<b>Total Revenue</b>		-	<b>83,575</b>
<b>Expenses</b>			
Use of goods and services	3	-	6,556
<b>Total Expenses</b>		-	<b>6,556</b>
<b>Surplus/(Deficit) for the Period</b>		-	<b>77,009</b>

*(The notes set out on pages 17 to 19 form an integral part of these Financial Statements)*

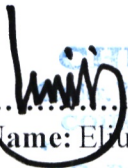
  
**NAME OFFICER**  
 Name: Eliud Bichii  
 Administrator of the Fund  
 P.O. Box 4211-30200, ERTALE

.....  
 Name: Andrew Wekesa  
 Fund Accountant  
 ICPAK Member Number:

**9. Statement of Financial Position as at 30 June 2022**

	Note	2021-2022	2020-2021
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	4	9,664,829	8,470,768
Other Exchange Debtors – Due from Parent Ministry	5A	4,319,324	5,513,385
Interest Receivable	5B	8,610,400	8,610,400
		<b>22,594,553</b>	<b>22,594,553</b>
<b>Non-Current Assets</b>			
Long Term Receivables from Exchange Transactions	5C	75,726,461	75,726,461
<b>Total Assets</b>		<b>98,321,014</b>	<b>98,321,014</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables from Exchange Transactions	6	989,539	989,539
<b>Total Liabilities</b>		<b>989,539</b>	<b>989,539</b>
<b>Net Assets</b>		<b>97,331,475</b>	<b>97,331,475</b>
Revolving Fund		102,000,000	102,000,000
Accumulated Loss		(4,668,525)	(4,668,525)
<b>Total Net Assets and Liabilities</b>		<b>97,331,475</b>	<b>97,331,475</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 30 SEPTEMBER 2022 and signed by:

  
**CHIEF OFFICER**  
 Youth, Culture, Sports & Tourism  
 COUNTY OF TRANS NZOIA  
 P.O. BOX 42110 NAIROBI  
 Name: Elud Bichii  
 Administrator of the Fund

.....  
 Name: Andrew Wekesa  
 Fund Accountant  
 ICPAK Member Number:

*Trans Nzoia County Youth and Women Development Fund*  
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**10. Statement of Changes in Net Assets for the year ended 30 June 2022**

	Revolving Fund	Revaluation Reserve	Accumulated surplus/(Loss)	Total
		Kshs	Kshs	Kshs
<b>Balance As At 1 July 2020</b>	102,000,000	-	(4,745,534)	97,254,446
Surplus/(Deficit) For the Period	-	-	77,009	77,009
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
<b>Balance As At 30 June 2021</b>	<b>102,000,000</b>	<b>-</b>	<b>(4,668,525)</b>	<b>97,331,475</b>
<b>Balance As At 1 July 2021</b>	<b>102,000,000</b>	<b>-</b>	<b>(4,668,525)</b>	<b>97,331,475</b>
Surplus/(Deficit) For the Period	-	-	-	-
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
<b>Balance As At 30 June 2022</b>	<b>102,000,000</b>	<b>-</b>	<b>(4,668,525)</b>	<b>97,331,475</b>

*(Provide details on the nature and purpose of reserves)*

**CHIEF OFFICER**  
 Gender, Youth, Culture, Sports & Tourism  
 COUNTY GOVERNMENT OF  
 TRANS NZOIA  
 P.O. Box 4211, 30200, KITALE

Name: Eliud Bichii  
 Administrator of the Fund

Name: Andrew Wekesa  
 Fund Accountant  
 ICPAK Member Number:

**11. Statement Of Cash Flows for the Year Ended 30 June 2022**

	Note	2021-2022	2020-2021
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the county government	1	-	-
Interest received	2	-	83,575
<b>Total receipts</b>		-	<b>83,575</b>
<b>Payments</b>			
General expenses	3	-	6,566
<b>Adjusted For:</b>			
Refunds by the Parent Ministry		1,194,061	-
<b>Net cash flows from operating activities</b>	<b>7</b>	<b>1,194,061</b>	<b>77,009</b>
<b>Cash flows from investing activities</b>			
Proceeds from loan principal repayments		-	-
<b>Net cash flows used in investing activities</b>		-	-
<b>Cash flows from financing activities</b>			
Proceeds from revolving fund receipts		-	-
<b>Net cash flows used in financing activities</b>		-	-
<b>Net increase/(decrease) in cash &amp; cash Equivalents</b>		<b>1,194,061</b>	<b>77,009</b>
Cash and cash equivalents at 1 July	4	8,470,768	8,393,759
<b>Cash and cash equivalents at 30 June</b>	<b>4</b>	<b>9,664,829</b>	<b>8,470,768</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)*

**CHIEF OFFICER**  
 Gender, Youth, Culture, Sports & Tourism  
 COUNTY GOVERNMENT OF  
 TRANS NZOIA  
 P.O. BOX 36200, KITALE

Name: Eliud Bichii  
 Administrator of the Fund

Name: Andrew Wekesa  
 Fund Accountant  
 ICPAK Member Number:

**12. Statement Of Comparison of Budget and Actual Amounts for the Period**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilisation
	2022	2022	2022	2022	2022	2022
<b>Revenue</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	
Transfers From County Govt.	-	-	-	-	-	
Interest Income	-	-	-	-	-	
<b>Total Income</b>	-	-	-	-	-	
<b>Expenses</b>						
General Expenses	-	-	-	-	-	
<b>Total Expenditure</b>	-	-	-	-	-	
<b>Surplus for the Period</b>	-	-	-	-	-	

### **13. Summary of Significant Accounting Policies**

#### **13.1 General Information**

Trans Nzoia County Youth and Women Development Fund is established by and derives its authority and accountability from Trans Nzoia County Youth and Women Development Fund Act, 2014. The entity is wholly owned by the Trans Nzoia County Government and is domiciled in Kenya. The entity's principal activity is to provide low interest loans to registered youth and women groups in Trans Nzoia County.

#### **13.2. 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.

#### **13.3 Adoption of new and revised standards**

##### **(i) Relevant new standards and amendments to published standards effective for the year ended 30 June 2022**

IPSASB deferred the application date of standards from 1<sup>st</sup> January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1<sup>st</sup> January 2023.

##### **(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022**

<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 41:</b> Financial Instruments	<p><b>Applicable: 1<sup>st</sup> January 2023:</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>

*Trans Nzoia County Youth and Women Development Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2022**

Standard	Effective date and impact:
	<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:</b> Social Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</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> <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the Entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</li> </ul> <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</p>	<p><b>Applicable: 1st January 2023:</b></p> <ul style="list-style-type: none"> <li>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.</li> </ul>

Standard	Effective date and impact:
Instruments	<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> <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
Other improvements to IPSAS	<p><b><i>Applicable 1<sup>st</sup> January 2023</i></b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b></li> </ul> <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</p> <p><i>State the impact of the standard to the Entity if relevant</i></p>
IPSAS 43	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p>

*Trans Nzoia County Youth and Women Development Fund*  
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Standard	Effective date and impact:
	<p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>State the impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>State the impact of the standard to the Entity if relevant</i></p>

**(iii) Early adoption of standards**

The entity did not early – adopt any new or amended standards in year 2022.

**Summary of Significant Accounting Policies Continued**

**13.4 Revenue recognition**

**i. Revenue from non-exchange transactions**

**a) 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**

**a) 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.

**b) Budget information**

The entity's original budget for FY 2021-2022 was not tabled to the County Assembly for approval as there was no substantive Board in place.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section xxx of these financial statements.

***Summary Of Significant Accounting Policies (Continued)***

**c) 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.

**d) 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.

**e) Financial instruments**

**f) Financial assets**

***Initial recognition and measurement***

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

***Loans and receivables***

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

***Summary Of Significant Accounting Policies (Continued)***

***Held-to-maturity***

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

***Impairment of financial assets***

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

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

***e) Financial liabilities***

***Initial recognition and measurement***

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

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

***Loans and borrowing***

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

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

***Summary Of Significant Accounting Policies (Continued)***

**g) Inventories**

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

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

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

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

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

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

**h) Provisions**

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

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

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

***Contingent liabilities***

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

***Summary Of Significant Accounting Policies (Continued)***  
***Contingent assets***

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

**i) 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.*

**j) 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.

**k) Employee benefits – Retirement benefit plans**

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

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

**l) Foreign currency transactions**

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

**Summary Of Significant Accounting Policies (Continued)**

**m) 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.

**n) Related parties**

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

**o) Cash and cash equivalents**

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

**p) Comparative figures**

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

**q) Events after the reporting period**

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

**r) Ultimate and Holding Entity**

The entity is a County Public Fund established by Trans Nzoia County Youth and Women Development Fund Act, 2014 under the Ministry of Gender. Its ultimate parent is the County Government of Trans Nzoia.

**s) Currency**

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

***Summary Of Significant Accounting Policies (Continued)***

**13.5. 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

**14. Notes to the Financial Statements**

**1. Transfers from County Government**

Description	2021-2022	2020-2021
	Kshs	Kshs
Transfers From County Govt. –Operations	-	-
Payments By County on Behalf of The Entity	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**2. Interest income**

Description	2021-2022	2020-2021
	Kshs	Kshs
Interest Income on Bank Deposits	-	83,575
<b>Total Interest Income</b>	<b>-</b>	<b>83,575</b>

**3. Use of Goods and Services**

Description	2021/22	2020/21
	Kshs.	Kshs.
Bank Charges	-	6,566
<b>Total</b>	<b>-</b>	<b>6,566</b>

**4. Cash and cash equivalents**

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Account	9,664,829	8,470,768
<b>Total Cash and Cash Equivalents</b>	<b>9,664,829</b>	<b>8,470,768</b>

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

*Trans Nzoia County Youth and Women Development Fund*  
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Detailed analysis of the cash and cash equivalents are as follows:

		2021-2022	2020-2021
Financial Institution	Account number	Kshs	Kshs
<b>a) Current Account</b>			
Access Bank	0150130000820	9,664,829	8,470,768
<b>Sub- Total</b>		<b>9,664,829</b>	<b>8,470,768</b>
<b>Grand Total</b>		<b>9,664,829</b>	<b>8,470,768</b>

**5. Receivables from exchange transactions**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Current Receivables</b>		
Current Loan Repayments Due	-	-
<b>5A. Other Exchange Debtors</b>	4,319,324	5,513,385
Less: Impairment Allowance	-	-
<b>Total Current Receivables</b>	<b>4,319,324</b>	<b>5,513,385</b>
<b>Non-Current Receivables</b>		
<b>5B. Interest Receivable</b>	8,610,400	8,610,400
<b>5C. Long Term Loan Repayments Due</b>	75,726,461	75,726,461
<b>Total Non- Current Receivables</b>	<b>84,336,861</b>	<b>84,336,861</b>
<b>Total Receivables from Exchange Transactions</b>	<b>88,656,185</b>	<b>89,850,246</b>

**Additional disclosure on interest receivable**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Interest Receivable</b>		
Interest receivable from current portion of long-term loans of previous years	8,610,400	8,610,400
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	75,726,461	75,726,461
Current portion of long-term loans issued in the current year	-	-

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**Notes to the Financial Statements Continued**

**6 Trade and other payables from exchange transactions**

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade Payables	989,539	989,539
<b>Total Trade and Other Payables</b>	<b>989,539</b>	<b>989,539</b>

**7 Cash generated from operations**

	2021-2022	2020-2021
	Kshs	Kshs
<b>Surplus/ (Deficit) For the Year Before Tax</b>	-	<b>77,009</b>
<b>Adjusted For:</b>		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses on Disposal of Assets	-	-
Interest Income	-	-
Finance Cost	-	-
<b>Working Capital Adjustments</b>		
Increase In Inventory	-	-
Decrease In Receivables	1,194,061	-
Increase In Payables	-	-
<b>Net Cash Flow from Operating Activities</b>	<b>1,194,061</b>	<b>77,009</b>

*(The total of this statement should tie to the cash flow section on net cash flows from operating activities)*

**15. Other Disclosures**

**15.1 Related party balances**

**a) Nature of related party relationships**

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

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

**b) Due from related parties**

	2021-2022	2020-2021
	Kshs	Kshs
Due From Parent Ministry	4,319,324	5,513,385
Due From County Government	-	-
<b>Total</b>	<b>4,319,324</b>	<b>5,513,385</b>

**Other Disclosures Continued**

**15.2. Financial risk management**

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

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

**a) Credit risk**

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

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

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

	<b>Total amount Kshs</b>	<b>Fully performing Kshs</b>	<b>Past due Kshs</b>	<b>Impaired Kshs</b>
<b>At 30 June 2022</b>				
Receivables From Exchange Transactions	88,656,185	88,656,185	-	-
Bank Balances	9,664,829	9,664,829	-	-
<b>Total</b>	<b>98,321,014</b>	<b>98,321,014</b>	-	-
<b>At 30 June 2021</b>				
Receivables From Exchange Transactions	89,850,246	89,850,246	-	-
Bank Balances	8,470,768	8,470,768	-	-
<b>Total</b>	<b>98,321,014</b>	<b>98,321,014</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.

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The entity has significant concentration of credit risk on amounts due from loans to groups.

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

**b) Liquidity risk management**

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2022</b>				
Trade Payables			989,539	989,539
<b>Total</b>			<b>989,539</b>	<b>989,539</b>
<b>At 30 June 2021</b>				
Trade Payables			989,539	989,539
<b>Total</b>			<b>989,539</b>	<b>989,539</b>

**c) Market risk**

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

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

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

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

**i. Foreign currency risk**

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

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

		Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30 June 2021</b>			
Financial Assets	xxx	xxx	xxx
Investments	xxx	xxx	xxx
Cash	xxx	xxx	xxx
Debtors/ Receivables			
<b>Liabilities</b>			
Trade And Other Payables	xxx	xxx	xxx
Borrowings	xxx	xxx	xxx
Net Foreign Currency Asset/(Liability)	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>

*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.

	<b>Change in currency rate</b>	<b>Effect on surplus/ deficit</b>	<b>Effect on equity</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>2022</b>			
Euro	10%	xxx	xxx
USD	10%	xxx	xxx
<b>2021</b>			
Euro	10%	xxx	xxx
USD	10%	xxx	xxx

**ii. Interest rate risk**

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

***Management of interest rate risk***

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

***Sensitivity analysis***

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs xxx (2022: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs xxx (2021 – KShs xxx)

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**16. 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.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>

**Guidance Notes:**

- a) *Use the same reference numbers as contained in the external audit report;*
- b) *Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;*
- c) *Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;*
- d) *Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to County Treasury.*