

REPUBLIC OF KENYA



*Enhancing Accountability*

PARLIAMENT  
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**REPORT**

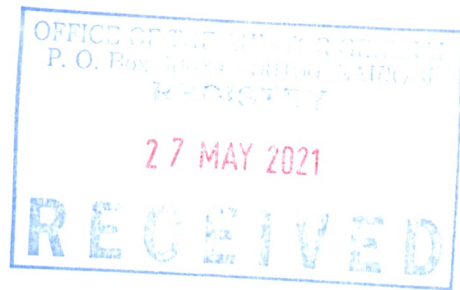
**OF**

**THE AUDITOR-GENERAL**

**ON**

**CO-OPERATIVE SOCIETIES  
LIQUIDATION FUND**

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



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**MINISTRY OF AGRICULTURE, LIVESTOCK, FISHERIES  
AND CO-OPERATIVES**

**STATE DEPARTMENT FOR CO-OPERATIVES**

**CO-OPERATIVE SOCIETIES LIQUIDATION ACCOUNT**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2020**

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

**Liquidation Fund**  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2020**

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**Liquidation Fund**  
**Annual Report and Financial Statements**  
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**1. KEY ENTITY INFORMATION AND MANAGEMENT**

The Liquidation account of societies (to be called the Co-operative Societies Liquidation Account established under rule 49), is a fund kept by the Commissioner for Cooperatives with such bank as may be prescribed and administered in the prescribed manner. The Fund is managed by the department for Cooperatives as authorized by the Cooperatives Societies Act CAP 490 Revised Edition 2012 and the Cooperatives Societies Act 2004 [Act No. 2 of 2004, Sch.]

**Principal Activities**

The principal activity of the fund is to facilitate liquidation of Sacco's.

**Core Values**

The fund upholds the values of accountability, transparency, excellence, accessibility, integrity, responsiveness, equity and team work.

**a) Key Management**

| <b>Ref</b> | <b>Name</b>          | <b>Position</b>                           |
|------------|----------------------|---|
| 1          | Ali Noor Ismail, CBS | Accounting Officer                        |
| 2          | Geofrey Njangombe    | Ag Commissioner for Cooperatives(HOD)     |
| 3          | Javel Murira         | Ag Director Cooperative Audit(AIE Holder) |
| 4          | Peter Mokobo         | Deputy Accountant General                 |

**b) Registered Offices**

P.O. Box 30547-00100  
NSSF Building  
Bishop Road Nairobi,  
Kenya.

**c) Fund Contacts**

Telephone: (254) 020-273531-9  
E-mail: ps.ushirika@gmail.com  
Website: [www.go.ke](http://www.go.ke)

**d) Fund Bankers**

Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200 Nairobi,  
Kenya.

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**e) Independent Auditors**

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

**f) Principal Legal Adviser**

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

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**2. BACKGROUND INFORMATION**

**Cooperatives Societies Act 2004 and the Cooperative Societies Rules 49;**

49. (1) There is hereby established an account to be known as the Co-operative Societies Liquidation Account which shall be administered by the Commissioner or his representative.
- (2) The following shall be paid into the liquidation account: -
- a) All moneys realized in the liquidation where a bank account does not exist at the commencement of the liquidation.
  - b) Any unpaid claims on closure of a liquidation; and
  - c) Any Surplus balance on closure of liquidation.
- (3) The following may be paid from the Liquidation account
- (a) Claims, previously unpaid, subject to certification by the Commissioner or a person nominated by him for the purpose, within a period of two years from the date of the closure of liquidation;
  - (b) Distribution in any liquidation under paragraph (a) of this sub rule.
- (4) The Commissioner may authorize, after the expiration of two years from the date of closure of any liquidation, payment of balances of unpaid claims and surpluses from the Liquidation account into the Fund.

**3. FUND CHAIRPERSON'S REPORT**

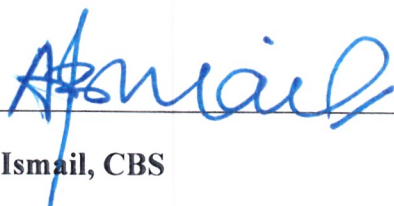
It is my pleasure to present, the Liquidation fund financial statements for the year ended 30<sup>th</sup> June 2020. The financial statements present the financial performance of the fund over the past year.

**Appreciation**

I take this opportunity to express my sincere gratitude and appreciation to the state department for co-operatives, Cooperative auditors, and other stakeholders, for their continued support which made us achieve these results.

I look forward to your continued support in the years to come.

Signed: \_\_\_\_\_



**Ali Noor Ismail, CBS**

**Liquidation Fund  
Annual Report and Financial Statements  
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**Principal Secretary**

**Liquidation Fund  
Annual Report and Financial Statements  
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**4. REPORT OF THE FUND ADMINISTRATOR**

**Review of performance**

The fund received amount owing to beneficiaries amounting to KShs. 2.3 M which was paid out during the financial year 2019/2020.

**Entity's compliance with statutory requirements**

During the reporting period the fund has complied with all statutory requirements. The institution has no non-compliance that may expose it to potential contingent liability.

**Key projects and investment decisions the entity is planning/implementing** There is no any key project or investment the fund is planning to implement.

**Major risks facing the entity**

The fund is exposed to liquidity risk. The fund overall risk management framework focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risk on its performance by setting acceptable levels of risk.

**Material arrears in statutory/financial obligations**

During the reporting period the Fund has no material arrears and any financial obligations

**The entity's financial probity and serious governance issues**

During the reporting period the fund has no case of financial improbity reported and no governance issues were raised.

**Conclusion**

I take this opportunity to thank all staff who we have worked hand in hand to ensure that Management and supervision Fund achieves its mission.

Signed: \_\_\_\_\_

  
**Geoffrey Njangombe**  
**Ag. Commissioner for Cooperative Development.**

**Liquidation Fund  
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**5. CORPORATE GOVERNANCE STATEMENT**

**STATEMENT OF COMPLIANCE**

The fund has throughout the FY2019/2020 complied with all statutory and regulatory requirements and that the fund has been managed in accordance with the principles of good corporate governance.

**INTERNAL CONTROL AND RISK MANAGEMENT**

**Internal Control**

The management are responsible for reviewing the effectiveness of the fund's system of internal control which is designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against unauthorized use or disposition and the maintenance of proper accounting records and the reliability of financial information used within the business or for publication. These controls are designed to manage rather than eliminate the risk of failure to achieve business objectives due to circumstances which may reasonably be foreseen and can only provide reasonable and not absolute assurance against material misstatement or loss.

**Organization Structure**

A clear organizational structure exists, detailing lines of authority and control responsibilities. The professionalism and competence of staff is maintained both through rigorous recruitment policies and a performance appraisal system which establishes targets, reinforces accountability and awareness of controls, and identifies appropriate training requirements. Training plans are prepared and implemented to ensure that staff develop and maintain the required skills to fulfil their responsibilities, and that the fund can meet its future management requirements.

**Strategic Plan**

The business of the fund is determined by the strategic plan. The strategic plan sets out the objectives of the fund, and the annual targets to be met to attain those objectives. The strategic plan is evaluated annually to assess the achievement of those objectives. The board on an annual basis approves the work plan supported by the financial plan for the year. Progress against the plan is monitored on a quarterly basis.

**Internal Control Framework**

The fund continues to review its internal control framework to ensure it maintains a strong and effective internal control environment. Business processes and controls are reviewed on an ongoing basis.

**Management Team**

The management team headed by the Fund Administrator implements the board decisions and policies through action plans. The team meets regularly to review these action plans to ensure that the board's objectives are achieved effectively and efficiently.

**Auditor**

The fund is audited by the Auditor-General.

**Liquidation Fund**  
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**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 Fund shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

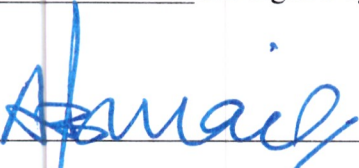
The Administrator of the Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2020. This responsibility includes: (i) maintaining adequate 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 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. 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, 2020, 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 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 Accounting officer on \_\_\_\_\_ and signed by:

  
\_\_\_\_\_  
**Ali Noor Ismail, CBS**  
**Principal Secretary**

**Liquidation Fund  
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**7. REPORT OF THE INDEPENDENT AUDITOR**

# REPUBLIC OF KENYA

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



*Enhancing Accountability*

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

## **REPORT OF THE AUDITOR-GENERAL ON CO-OPERATIVE SOCIETIES LIQUIDATION FUND FOR THE YEAR ENDED 30 JUNE, 2020**

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### REPORT ON THE FINANCIAL STATEMENTS

#### **Disclaimer of Opinion**

I have audited the accompanying financial statements of Co-operative Societies Liquidation Fund set out on pages 11 to 19, which comprise the statement of financial position as at 30 June, 2020, and the statement of financial performance, statement of changes in net assets and statement of cashflows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015.

I do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

#### **Basis for Disclaimer of Opinion**

##### **1. Failure to Submit Financial Statements**

The Management of the Fund did not prepare and submit for audit the financial statements and did not maintain the books of accounts for the Fund for nine (9) years ended 30 June, 2004 to 30 June, 2012. This was contrary to the requirements of Section 19(3) of Co-operative Societies Act which requires that the Fund shall be audited annually by the Auditor-General.

In the circumstances, the accuracy of the opening balances could not be confirmed.

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

The following prior year audit matters remained unresolved as at 30 June, 2020:

###### **2.1 Late Submission of Financial Statements**

The financial statements of the Fund for the financial years ended 30 June, 2013 to 30 June, 2019, were submitted for audit on 24 February, 2020 contrary to the provisions of Section 68 (2)(k) of the Public Finance Management Act, 2012 which requires an Accounting Officer to prepare annual financial statements for each financial year within three months after the end of the financial year.

## **2.2 Unsupported Balances**

As reported in the previous year, supporting documents including cash books, ledgers, trial balances and bank confirmation certificates in support of the cash and cash equivalents and liquidation fund capital balances reflected in the statement of financial position as at 30 June, 2013 to 30 June, 2018 were not provided for audit.

Consequently, the accuracy of the reported balances could not be confirmed.

## **2.3 Incomplete Set of Financial Statements**

Paragraph 21 (d) of International Public Sector Accounting Standards No. 1 provides that a complete set of financial statements includes a cash flow statement. However, the financial statements for the year ended 30 June, 2013 to 30 June, 2018 submitted for audit did not include the cash flow statement.

In the circumstances, the sets of financial statements presented for audit for the six (6) years were incomplete.

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

#### **Conclusion**

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

#### **Basis for Conclusion**

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

#### **Conclusion**

I do not express a conclusion on the effectiveness of internal controls, risk management and governance as required by Section 7(1)(a) of the Public Audit Act, 2015. Because of the significance of the matters described in the Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

### **Responsibilities of Management and those Charged with Governance**

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

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

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

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

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

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

My responsibility is to conduct an audit of the Fund's financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

In addition, my responsibility is to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them, 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. I also consider internal control, risk management and governance processes and systems in order to give an assurance on the effectiveness of internal controls, risk management and governance in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229 (7) of the Constitution. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit conclusion on lawfulness and effectiveness in use of public resources, and on effectiveness of internal controls, risk management and governance.

I am independent of the Fund 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.

  
Nancy Gathungu  
**AUDITOR-GENERAL**

**Nairobi**

**27 May, 2021**

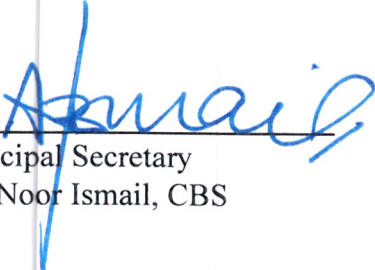
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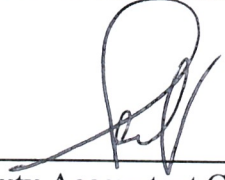
**8. FINANCIAL STATEMENTS**

**8.1 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR**  
**ENDED 30<sup>th</sup> JUNE 2020**

|   | Note | FY2019/2020         | FY2018/2019        |
|---|------|---------------------|--------------------|
|   |      | KShs                | KShs               |
| <b>Revenue from non-exchange transactions</b> |      |                     |                    |
| Cash Received (sale of shares)                | 1    | 2,370,751           | 196,051,696        |
| <b>Total revenue</b>                          |      | <b>2,370,751</b>    | <b>196,051,696</b> |
| <b>Expenses</b>                               |      |                     |                    |
| Fund administration expenses                  | 2    | 2,966,660           | 0                  |
| Transfers to Liquidation beneficiaries        | 3    | 21,073,013          | 123,734,358        |
| <b>Total expenses</b>                         |      | <b>24,039,673</b>   | <b>123,734,358</b> |
| <b>Surplus/( deficit) for the period</b>      |      | <b>(21,668,922)</b> | <b>72,317,339</b>  |

The notes set out on pages 16 to 17 form an integral part of these Financial Statements

  
 Principal Secretary  
 Ali Noor Ismail, CBS

  
 Deputy Accountant General  
 CPA Peter M. Mokobo  
 ICPAK Number: 4097

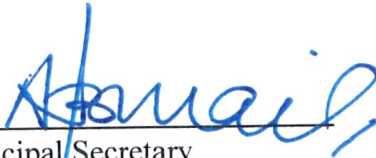
  
 Geoffrey Njangombe  
 Ag. Commissioner for Cooperative Development.


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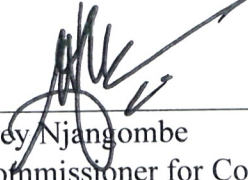
**8.2 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020**

|                           | Note | FY2019/2020       | FY2018/2019       |
|---------------------------|------|-------------------|-------------------|
|                           |      | KShs              | KShs              |
| <b>Assets</b>             |      |                   |                   |
| <b>Current assets</b>     |      |                   |                   |
| Cash and cash equivalents | 4    | 50,648,416        | 72,317,339        |
| Current Liabilities       |      |                   |                   |
| <b>Net assets</b>         |      | <b>50,648,416</b> | <b>72,317,339</b> |
| <b>Financed by</b>        |      |                   |                   |
| Liquidation Fund -Capital | 5    | 50,648,416        | 72,317,339        |
| <b>Total equity</b>       |      | <b>50,648,416</b> | <b>72,317,339</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 \_\_\_\_\_ and signed by:

  
Principal Secretary  
Ali Noor Ismail, CBS

  
Deputy Accountant General  
CPA Peter M. Mokobo  
ICPAK Number: 4097

  
Geoffrey Njangombe  
Ag. Commissioner for Cooperative Development.

**Liquidation Fund**  
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**8.3 STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2020**

|   | <b>Revolving<br/>fund</b> | <b>Accumulated<br/>surplus</b> | <b>Total</b>        |
|---|---------------------------|--------------------------------|---------------------|
|   |                           | <b>KShs</b>                    | <b>KShs</b>         |
| <b>Balance as at 1 July 2019</b>        | <b>72,317,339</b>         |                                | <b>72,317,339</b>   |
| Surplus/(deficit) for the period        | -                         | -                              | -                   |
| Funds received/paid out during the year | (21,668,922)              |                                | <b>(21,668,922)</b> |
| Revaluation gain                        | -                         | -                              | -                   |
| <b>Balance as at 30 June 2020</b>       | <b>50,648,417</b>         | -                              | <b>50,648,417</b>   |

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**8.4 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2020**

|   | Note | FY2019/2020         | FY2018/2019        |
|---|------|---------------------|--------------------|
|   |      | KShs                | KShs               |
| <b>Cash flows from operating activities</b>                 |      |                     |                    |
| <b>Receipts</b>   |      |                     |                    |
| Liquidation receipts  | 1    | 2,370,751           | 196,051,696        |
| <b>Total Receipts</b>                                       |      | <b>2,370,751</b>    | <b>196,051,696</b> |
| <b>Payments</b>   |      |                     |                    |
| Fund Administration expense                                 | 2    | (2,966,660)         | -                  |
| Transfers to Liquidation beneficiaries                      | 3    | (21,073,013)        | 123,734,358        |
| <b>Total payment</b>  |      | <b>(24,039,673)</b> | <b>123,734,358</b> |
| <b>Net cash flows from operating activities</b>             |      | <b>21,668,922</b>   | <b>72,317,338</b>  |
| <b>Adjusted for changes in receivables/payable</b>          |      | -                   | (1,723,360)        |
| Purchase of PPE and intangible assets                       |      | -                   | -                  |
| <b>Net cash flows used in investing activities</b>          | -    | -                   | -                  |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |      | <b>21,668,922</b>   | <b>70,593,978</b>  |
| Cash and cash equivalents at 1 July                         | 4    | 70,593,978          | -                  |
| <b>Cash and cash equivalents at 30 JUNE</b>                 | 4    | <b>50,648,416</b>   | <b>70,593,978</b>  |

## **9. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **1. Statement of compliance and basis of preparation**

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

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

### **2. Adoption of new and revised standards 3. Revenue recognition**

#### **i) Revenue from non-exchange transactions**

##### **Liquidation fees**

Liquidation fee is recognised when audited accounts is presented to commissioner for approval or registration are billed for payments. Currently no registration of accounts is allowed without full payments having been done.

### **4. 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.

### **5. Fund surplus fees**

Fund surplus are realised from excess income over expenditure, the surplus is carried forward to the next financial year.

### **6. 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.

**Liquidation Fund  
Annual Report and Financial Statements For  
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**7. Cash and cash equivalents**

. Bank account balances include amounts held at the Central Bank of Kenya at the end of the financial year.

**8. Comparative figures**

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

**9. Events after the reporting period**

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

**10. Currency**

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

**11. 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.

**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.

**Provisions**

Provisions were raised and management determined an estimate based on the information available.

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

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**10. NOTES TO THE FINANCIAL STATEMENTS**

**1. Liquidation Fees**

| Description   | FY2019/2020      | FY2018/2019        |
|---------------|------------------|--------------------|
|               | KShs             | KShs               |
| Cash received | 2,370,751        | 196,051,696        |
| <b>Total</b>  | <b>2,370,751</b> | <b>196,051,696</b> |

**2. Fund admin expenses**

| Description         | FY2019/2020      | FY2018/2019 |
|---------------------|------------------|-------------|
|                     | KShs             | KShs        |
| Fund admin expenses | 2,966,660        | 0           |
| <b>Total</b>        | <b>2,966,660</b> | <b>0</b>    |

**3. Transfers to beneficiaries**

| Description         | FY2019/2020       | FY2018/2019        |
|---------------------|-------------------|--------------------|
|                     | KShs              | KShs               |
| POSTA INVESTMENT    |                   | 28939480           |
| NAWIRI SACCO        |                   | 1,350,278.1        |
| TELEPOSTA SACCO     |                   | 93,444,600         |
| STEEL COOP          | 515,584           |                    |
| NAIROBI WATER       | 10,748,065        |                    |
| KENYA NATIONAL FOOD | 1,500,000         |                    |
| NAWIRI SACCO        | 1,690,000         |                    |
| BULLVARD SACCO      | 6,619,364         |                    |
| <b>Total</b>        | <b>21,073,013</b> | <b>123,734,358</b> |

**4. Cash and cash equivalents**

| Description                            | FY2019/2020       | FY2018/2019       |
|--|-------------------|-------------------|
|  | KShs              | KShs              |
| Cash and cash equivalents              | 50,648,416        | 72,317,339        |
| <b>Total cash and cash equivalents</b> | <b>50,648,416</b> | <b>72,317,339</b> |

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

**5. Finance by;**

| Description              | FY2019/2020 | FY2018/2019 |
|--------------------------|-------------|-------------|
| Liquidation Fund-Capital | 50,648,416  | 72,317,339  |
|                          |             |             |
| Total Capital            | 50,648,416  | 72,317,339  |

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**11. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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

| <b>Reference No. on the external audit Report</b> | <b>Issue / Observations from Auditor</b> | <b>Management comments</b> | <b>Focal Point person to resolve the issue (Name and designation)</b> | <b>Status: (Resolved / Not Resolved)</b> | <b>Timeframe: (Put a date when you expect the issue to be resolved)</b> |
|---|--|----------------------------|---|--|---|
| 1   |  |                            |   |  |   |
|   |  |                            |   |  |   |
|   |  |                            |   |  |   |