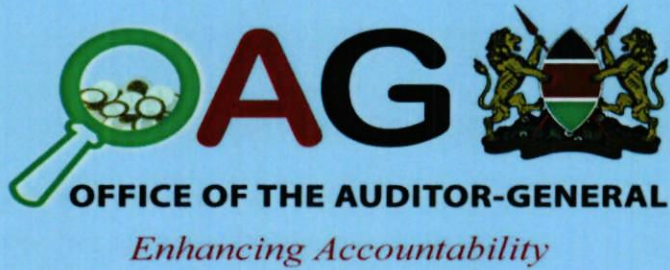


REPUBLIC OF KENYA



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# REPORT

OF

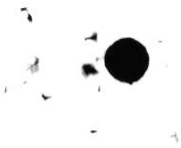
**THE AUDITOR-GENERAL**

ON

**SAMBURU COUNTY YOUTH AND WOMEN  
ENTERPRISE DEVELOPMENT FUND**

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

PAPERS LAID	
DATE	05/04/2022
TABLED BY	DLM
COMMITTEE	—
CLERK AT THE TABLE	MR. AMOLO





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**SAMBURU COUNTY EXECUTIVE YOUTH AND WOMEN ENTERPRISE  
DEVELOPMENT FUND**

**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)**

**Samburu County Youth And Women Enterprise Development Fund  
Reports and Financial Statements  
For the year ended June 30, 2020**

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**Samburu County Youth And Women Enterprise Development Fund  
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**1. KEY ENTITY INFORMATION AND MANAGEMENT**

**a) Background information**

Samburu County Youth and Women Enterprise Development Fund is established and derives its authority and accountability from Samburu County Youth and Women Enterprise Development Act, 2014. The fund is wholly owned by the county government of Samburu and is domiciled in Kenya.

The object and the purpose of the Fund is to provide funds to be used for granting loans to assist women and youth living in Samburu County to promote their enterprises at such a cost which is affordable within the County.

**b) Principal Activities**

The principal activity/mission/ mandate of the fund is to provide loans to eligible women and youth to promote and grow businesses.

**c) Fund Administration Committee**

Ref	Name	Position
1	Mr. Julius Lalampaa	Chair Person
2	Mr. Mark Ngireu	Vice Chair Person
3	Mr. KomituLeshoomo	Secretary
4	Ms. Daniella Leparkery	Treasurer
5	Ms. Mary Lepartobiko	Member
6	Mr. NauwanaLenairoshi	Member
7	Mr. Jackson Lekatap	Member
8	Mr. Catherine Lenturkan	Member
9	Mr. Samuel Lentaam	Member
10	Mr. Eric Lekolii	Member
11	Ms. Susan Lelemoyog	Fund Administrator

**d) Key Management**

Ref	Name	Position
1	Ms. Susan Lelemoyog	Fund Administrator
2	Mr. Felix Letiwa	Accountant
3	Mr. Noah Lekisima	Trade officer Samburu Central
4	Mr. David Lekilelei	Trade officer Samburu East
5	Mr. Emmanuel Lengees	Trade officer Samburu North

**Samburu County Youth And Women Enterprise Development Fund  
Reports and Financial Statements  
For the year ended June 30, 2020**

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**e) Registered Offices**

P.O. Box 3 – 20600  
Samburu County Headquarters,  
Maralal-Nyahururu Road,  
Maralal, KENYA

**f) Fund Contacts**

Telephone: +254 065 62456, +254 65 62075

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

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

**g) FundBankers**

Kenya Commercial Bank

P.O. Box 260

Maralal, Kenya

**h) Independent Auditors**




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

**i) Principal Legal Adviser**




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

**Samburu County Youth And Women Enterprise Development Fund  
Reports and Financial Statements  
For the year ended June 30, 2020**




**2. THE COMMITTEE OF THE FUND**

	<p><b><u>Mr. Julius Lalampaa</u></b> Julius Lalampaa was appointed as the Chairperson for Samburu county Youth and women Enterprise Development fund on 20<sup>th</sup> June 2018. He holds a Diploma in Social development policy, planning and practice from University of London. Formerly, he was a programCoordinator atAction Aid Kenya for 15 years from 1980.He was also a manager/ founder of Samburu wings of mercy an NGO that worked for the community development work for 12 years and a business person since 2008.</p>
	<p><b>Mr. Mark Nkireu</b> Mark Nkireu was appointed as the Vice Chairperson for the Youth and Women Enterprise Development Fundfrom 20<sup>th</sup> June 2018. He holds a Bachelor of Arts degree in Education from Laikipia University. Formerly, he was a teacher atNgobitGirl's High School from 2016.</p>
	<p><b>Ms. Daniela Leparkeri</b> Ms. Daniela Leparkeri was appointed as the Treasurer for Youth and Women Enterprise Development Fundfrom 20<sup>th</sup> June 2018. Formerly, she served as a loan officer at Jamii Bora Bank from 2011 to 2014. She worked as a Project Coordinating Committee member with Child Fund. She holds a certificate in Tour Guiding from Achievers College.</p>




**Samburu County Youth And Women Enterprise Development Fund  
 Reports and Financial Statements  
 For the year ended June 30, 2020**

	<p><b>Mr. Komitu Leshomo Frank</b>          Mr. Leshomo Komitu Frank was appointed as the Secretary for Youth and Women Enterprise Development Fund from 20<sup>th</sup> June 2018. Formerly, he was a Programs Coordinator at Child Fund Kenya Isiolo, Marsabit area from 2007 to 2018. He holds Master's Degree in Project Planning and Management from the University of Nairobi and a Bachelor of Commerce from Doctor Ambedkar University India.</p>
	<p><b>Ms. Catherine Lenturkan</b>          Ms. Catherine Lenturkan was appointed as a Committee Member for Youth and Women Enterprise Development Fund from 20<sup>th</sup> June 2018. Formerly she was a business woman within Maralal Town from 2008 to date.</p>
	<p><b>Ms. Mary Lepartobiko</b>          Ms. Mary Lepartobiko was appointed as a Committee Member for Youth and Women Enterprise Development Fund from 20<sup>th</sup> June 2018. Formerly she was a Program Officer for Three and half year at Afaalmarisha Program. She holds a diplomas in Community Development and Community Health from Menengai Training College.</p>

**Samburu County Youth And Women Enterprise Development Fund  
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For the year ended June 30, 2020**

	<p><b>Lukas lesaayia</b> Mr. Lukas Lesaayia was appointed as a Committee Member for Youth and Women Enterprise Development Fund from 20<sup>th</sup> June 2018. Formerly he was a businessman in Maralal Town from 2011.</p>
	<p><b>Mr. Erick Lekolii</b> Mr. Erick Lekolii was appointed as a Committee Member Youth and Women Enterprise Development Fund on 20<sup>th</sup> June 2018. Formerly, he was a Restaurant Manager from 2008 to 2012 and Tour Guide from 2012-2016 at Sasaab Lodge. He holds diploma in Hotel Management and Tour Guiding from Utalii College and Them College respectively</p>
	<p><b>Mr. Samuel Lentaam</b> Mr. Samuel Lentaam was appointed as a Committee Member Youth and Women Enterprise Development Fund from 20<sup>th</sup> June 2018. Fomerly, he was a manager at Meibae Wildlife Conservancy in Samburu for eight years .He holds a Bachelors Degree in Development Studies from Mt. Kenya University. He also has a diploma in Community Development and Social Work from Mt. Kenya University.</p>

**Samburu County Youth And Women Enterprise Development Fund  
 Reports and Financial Statements  
 For the year ended June 30, 2020**

	<p><b>Ms. Susan Lelemoyog</b>          Ms. Susan Lelemoyog is the Chief Officer in charge of Trade, Cooperatives and Enterprise Development Samburu County Government. She was appointed as a Fund Administrator from 20<sup>th</sup> June 2018. She is a Certified Public Accountant of Kenya and a member of ICPAK. She holds a Master's Degree in Business Administration (Finance) from the University of Nairobi and a Bachelor's Degree in Commerce (Accounting) from the University of Nairobi.</p>
	<p><b>Mr. Nawuana Lenairoshi</b>          Mr. Nawuana Lenairoshi was appointed as a Committee Member for Youth and Women Enterprise Development Fund on 20<sup>th</sup> June 2018. Formerly, he was a Senior Officer in Kenya Army from 1985 to 2007 and a Senior Security Officer at Amboseli National Park for a period of five years. He is also a business man from 2013 to date.</p>
	<p><b>Mr. Jackson Lekatap</b>          Mr. Jackson Lekatap was appointed as a Committee Member for Youth and Women Enterprise Development Fund from 20<sup>th</sup> June 2018. Formerly, he was a teacher at Komongo Secondary School Kapsabet from 2013. He holds a diploma in Education from Kenya Highland Evangelical University College.</p>

**Samburu County Youth And Women Enterprise Development Fund  
Reports and Financial Statements  
For the year ended June 30, 2020**

**3. STATEMENT OF PERFORMANCE AGAINST YOUTH AND ENTERPRISE DEVELOPMENT FUND PREDETERMINED OBJECTIVES**

**Introduction**

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Fund Administrator for Youth and Women Enterprise Development Fund when preparing financial statements of the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the fund's performance against predetermined objectives.

The key development objectives of the Samburu Youth and Women Enterprise Development Fund are:

- a) To create business enabling environment in which youth and women entrepreneurs in the county can fulfill their own initiatives for advancement.
- b) To promote investment in micro, small and medium enterprises oriented infrastructure such as business markets or business incubators that will be beneficial to women and youth enterprises.
- c) To support women and youth oriented micro, small and medium enterprises to develop linkages with large enterprises.
- d) To facilitate marketing of products and services of women and youth groups.
- e) To strengthen entrepreneurial capabilities and promote self-help efforts of small scale entrepreneurs.
- f) To improve business performance of MSME'S owned by youth and women entrepreneurs.





**Progress on attainment of Strategic development objectives**

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Issuance of Loans to Groups	To issue loans to all groups submitting applications in the year.	No of groups vetted and issued with loans	% groups issued with loans	3 Youth and women groups issued with loan capital to carry out livestock and retail business
	To improve business skills and capacity of groups	Improved business management and decision making	% of successful groups	3 groups of women and youth trained in business management
	To facilitate marketing of products and services of women and youth groups	Enhanced linkage and channel of goods from the producers to their ultimate	% increase of local producer to their product market a	3 youth and women groups sensitized on the existing large scale markets

**Samburu County Youth And Women Enterprise Development Fund  
Reports and Financial Statements  
For the year ended June 30, 2020**

**4. MANAGEMENT TEAM**

	<p><b>Ms. Susan Lelemoyog – Fund Administrator</b> Ms. Susan Lelemoyog is the Chief Officer in charge of Trade, Cooperatives and Enterprise Development Samburu County Government. She was appointed as a Fund Administrator from 20<sup>th</sup> June 2018. She is a Certified Public Accountant of Kenya and a member of ICPAK. She holds a Master’s Degree in Business Administration (Finance) from the University of Nairobi and a Bachelors Degree in Commerce (Accounting) from the University of Nairobi.</p>
	<p><b>Mr. Felix Letiwa – Fund Accountant</b> Felix Letiwa is the Accountant for Youth and Women Enterprise Development Fund. He is an Accountant for the Department of Tourism, Trade, Cooperatives and Enterprise Development Department. He is a Certified Public Accountant of Kenya from Kenya College of Accountancy University.</p>
	<p><b>Mr.Noah Lekisima</b> Noah Lekisima is a Sub County Trade Officer for Samburu Central. He holds a Bachelor of Commerce Degree from Laikipia University. He is incharge of the fund operations in Samburu Central.</p>
	<p><b>Mr. David Lekilelei</b> David Lekilelei a Sub County Trade Officer Samburu East. Formerly an accountant with Samburu East Constituency Development Fund in the year 2015. He holds a Bachelor of commerce Degree in Finance from the University of Nairobi and Diploma in Management from Kenya Institute of Management.</p>

**Samburu County Youth And Women Enterprise Development Fund**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

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**5. FUND CHAIRPERSON'S REPORT**

It is my pleasure to present, on behalf of the committee, the Samburu Youth and Women Enterprise Development Fund financial statements for the year ended 30<sup>th</sup> June 2020. The financial statements present the financial performance of the fund in the past year.

**Sustainability**

The fund had a cumulative Revolving Fund balance of Kshs.75, 000,000 since inception. However, over the year the amount has reduced to Kshs.43, 034,166 thereby negatively affecting the long term sustainability of the Fund.

The Fund Committee is in the process of looking at ways and means of reversing the trend and requesting for additional funds from the county government in order to achieve the Fund objectives.

In addition, the committee is also in the process of formulating both financial and operational policies to facilitate efficient business operations and strengthen the internal control environment,

The fund and its stakeholders are increasingly emphasizing on the need to ensure sustainability for both its investments and its resource mobilization and financing capabilities with an objective of ensuring that the fund's going concern is secured.

The fund has conducted a basic assessment of available options for feasible financing tools that would assure the fund of its long term sustainability. The fund has reviewed its current resource mobilization strategies and proposed feasible sustainability financing options.

**Review of performance**

**Income**

The fund interest income from exchange transactions for the year ended 30 June 2020 KShs. 582,984.

The income for the year was negatively affected by effects of Covid – 19 on small businesses and lack of additional funding from the County Government in the year.

**Expenditures**

The total expenditures for the Fund during the year KShs. 3,470,250 as reflected in the statement of financial performance.

**Future outlook**

The Fund Management is in the process of amending the Act stabilizing it, in order to seal gaps noted over the years and improve its operation structure.

**- Samburu County Youth And Women Enterprise Development Fund  
Reports and Financial Statements  
For the year ended June 30, 2020**

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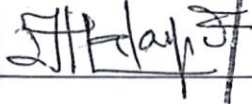
effectiveness. The fund looks forward to continued support from the county government and development partners to realize its mandate.

**Appreciation**

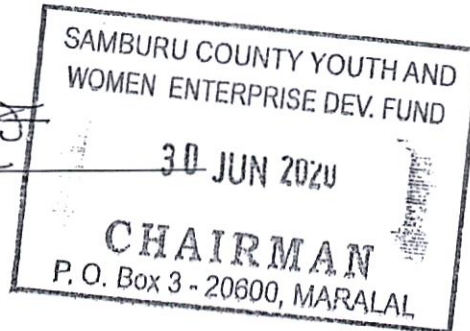
I take this opportunity to express my sincere gratitude and appreciation to the county government, development partners, stakeholders, management, staff and fellow committee members for their continued support which made us achieve these results.

I look forward to your continued support in the year 2020/2021.

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



**Julius Lalampaa  
Committee Chairman**



**Samburu County Youth And Women Enterprise Development Fund  
Reports and Financial Statements  
For the year ended June 30, 2020**

**6. REPORT OF THE FUND ADMINISTRATOR**

It is my pleasure to present the Samburu Youth and Women Enterprise Development Fund financial statements for the year ended 30<sup>th</sup> June 2020. The financial statements present the financial performance of the fund in the past year.

The fund was established on 24<sup>th</sup> June 2014 and started with an initial capital of KShs.50M and a further KShs.25M was received over the years. Since then, a total of 492 loan beneficiaries have received cumulative borrowings of KShs.83.5M out of which KShs.56M have been repaid over the years and a balance of KShs.29M was outstanding as at the reporting date.

**Financial Performance**

**a) Revenue**

In the year ended 30<sup>th</sup> June 2020, the fund had projected revenues of KShs.10, 700,000. Out of the projected revenue, the fund was able to realise KShs.582, 984 in actual revenues, representing 17% performance.

In the table below, we present an analysis of revenue performance during the year.

Revenue classification	Revenue budget (KShs)	Actual (KShs)	Realisation (%)
Revenue	KShs	KShs	
Public contributions and donations	0	0	0%
Transfers from County Govt.	10,000,000	0	0%
Interest income	700,000	582,984	80%
Fines, penalties and other levies	0	0	0%
Other income	0	0	0%
<b>Total income</b>	<b>10,700,000</b>	<b>582,984</b>	<b>17%</b>

**b) Loans**

During the financial year 2019/2020, the fund disbursed new loans to three groups bringing the total loan beneficiaries to date to 492.

**c) Cash flows**

In the financial year 2019/2020, the cash and cash equivalents increased from KShs 9,077,284 as at 30<sup>th</sup> June 2019 to KShs. 11,933,851 as at 30<sup>th</sup> June 2020.

**d) Conclusion**

Despite the various challenges in financial year 2019/2020, the fund has made good progress and the momentum has been created to enable Samburu Youth and Women Enterprise Development

**Samburu County Youth And Women Enterprise Development Fund**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

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fund continue on a trajectory into prosperity. We have identified gaps and areas to improve on in the subsequent years.

I take this opportunity to thank the committee of the fund for their support. I would also want to thank all staff who we have worked hand in hand to ensure that Samburu Youth and Women Enterprise Development Fund achieves its mission.

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



**Susan Lelemoyog**  
**Fund Administrator**

**Samburu County Youth And Women Enterprise Development Fund  
Reports and Financial Statements  
For the year ended June 30, 2020**

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**7. CORPORATE GOVERNANCE STATEMENT**

**THE ESTABLISHMENT OF THE FUND**

Samburu County Youth and Women Enterprise Development Fund is established and derives its authority and accountability from section 10 (1) of Samburu County Youth and Women Enterprise Development Act, 2014. Section 167 of the Public Finance Management (PFM) Act 2012. Its mandate is to provide loans to eligible women and youth to promote and grow businesses.

The fund is committed to ensuring compliance with regulatory and supervisory corporate governance requirements. Essential to the establishment of a corporate governance framework in the fund is a formal governance structure with the committee of the fund at its apex. The operations of the fund are governed by the Act made on 2<sup>nd</sup> June, 2014. The structure is designed to ensure an informed decision making process based on accurate reporting to the Fund Committee.

**THE COMMITTEE OF THE FUND**

Section 5 (1) of the Act provides that the committee of the fund shall be made up of eight committee members and shall consist of a chairperson and seven other members identified for appointment by the County Executive Committee Member in charge of Trade. The committee of the fund is responsible for the long-term strategic direction of the fund. The committee of the fund exercises leadership, enterprise, integrity and judgment in directing the Fund.

The committee members are provided with full, appropriate and timely information that enables them to maintain full and effective control over the strategic, financial, operational and compliance issues. The day-to-day running of the operations of the fund is delegated to the Fund Administrator but the committee of the fund is responsible for establishing and maintaining the fund's system of internal controls for the realization of its mandate of providing financial support for improved access to water and sanitation in areas without adequate services.

The Fund Act of 2014, had many errors and gaps and key among them is the lack of a specific provisions on the designated Fund Administrator. The Accounting Officer in charge of Trade is currently the Administrator of the Fund. The department is in the process of reviewing the Act and amending it appropriately to reflect the governance and administrative roles therein.

All members of the committee of the fund have been taken through a comprehensive induction programme, and are adequately trained on their roles as committee members. The committee members are professional, committed and guided by the mission, vision and core values of the Fund in execution of their duties.

**Samburu County Youth And Women Enterprise Development Fund  
Reports and Financial Statements  
For the year ended June 30, 2020**

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### **COMMITTEE MEETINGS**

The committee of the fund meets quarterly or as required in order to monitor the implementation of the fund's strategic plan and achievement of the targets. During the year under review the committee held two Meetings. The committee of the fund also plays an oversight role over all other financial and operational issues.

### **STATEMENT OF COMPLIANCE**

The committee of the Fund confirms that the Fund has complied with all statutory and regulatory requirements during the year and that it has been managed in accordance with the principles of good corporate governance.

The fund conducted an external legal audit which confirmed that the institution had complied with all relevant laws, regulations and requirements.

With regard to compliance the fund did not fully meet the requirement that the committee of the fund ought to be between 8 in number; the fund has informed the appointing authority on this requirement.

### **INTERNAL CONTROL AND RISK MANAGEMENT**

#### **Internal Control**

The committee members 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.

#### **Strategic Plan**

The business of the fund is determined by the strategic plan. The fund is in the process of coming up with a strategic plan that will set out the objectives of the fund, and the annual targets to be met to attain those objectives. The strategic plan will be evaluated annually to assess the achievement of those objectives. Progress against the plan will be 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. The fund does not currently have a risk management framework in place and will prioritise one in the coming financial year.

**Samburu County Youth And Women Enterprise Development Fund  
Reports and Financial Statements  
For the year ended June 30, 2020**

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**STATEMENT OF CORPORATE GOVERNANCE (Continued)**

**Management Team**

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

**Auditor**

The fund is audited by the Auditor-General.

**Samburu County Youth And Women Enterprise Development Fund  
Reports and Financial Statements  
For the year ended June 30, 2020**

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**8. MANAGEMENT DISCUSSION AND ANALYSIS**

The Fund has continued to grow over the years and the management has put measures in place to safeguard against risks. The fund's activities expose it to a variety of financial risks including credit and liquidity risks. 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 measures to ensure that credit is only extended to groups which have thoroughly been vetted from the village level to the county level. The group members guarantee each other.

**BUSINESS PERFORMANCE**

**Revenue**

The fund earned revenues amounting to KShs.582, 984 from exchange transactions. The fund is projecting increased support from the county government.

**Cash flow**

The cash and cash equivalents increased to Kshs.11, 933,851 as at 30 June 2020 from the previous reported amount of KShs. 9,077,284 as at 30 June 2019.

**OPERATIONAL PERFORMANCE**

The Fund received loan applications of Kshs.10,900, 000 during the year. However, only Kshs.900,000 was issued to three groups whereas loan applications from sixty groups valued at Kshs.10,000,000 were put on hold due to lack of funding by the County Government.

**Conclusion**

We appreciate the unrelenting support from the Fund Committee, staff, the County Government, development partners and all the key stakeholders. We look forward to continued partnerships and cooperation in areas of mutual interest in the financial year 2020-2021.

**Samburu County Youth And Women Enterprise Development Fund  
Reports and Financial Statements  
For the year ended June 30, 2020**

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**9. REPORT OF THE FUND COMMITTEE**

The Fund Committee submits their report together with the Annual Report and Financial Statements for the year ended June 30, 2020 which show the state of the fund affairs.

**Principal activities**

The principal activity of the fund is to provide loans to eligible women and youth groups within the geographical area of Samburu County to promote and grow business undertakings.

**Results**

The financial and operation performance of the Fund for the year ended June 30, 2020 are set out on pages 14 to 44.

**Committee**

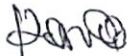
The Fund Committee members who served during the year are shown on page 4. There were no changes in the committee during the financial year 2019/2020.

**Auditors**

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and section 35 of the Public Audit Act 2015.

By Order of the Fund Committee

Komitu Leshoomo



Secretary of the Fund Committee

Date: 30<sup>th</sup> June 2020

**Samburu County Youth And Women Enterprise Development Fund  
Reports and Financial Statements  
For the year ended June 30, 2020**

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**10. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES**

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


The Fund Administrator 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 Fund Administrator 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) on accrual basis, and in the manner required by the PFM Act, 2012. The Fund Administrator 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 Fund 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 Fund Administrator 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 Fund 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 Fund Committee on 30/6  
2020 and signed on its behalf by:

  
\_\_\_\_\_  
Susan Lelemoyog  
Fund Administrator

# REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke  
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Anniversary Towers  
Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON SAMBURU COUNTY YOUTH AND WOMEN ENTERPRISE DEVELOPMENT FUND FOR THE YEAR ENDED 30 JUNE, 2020

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### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Samburu County Youth and Women Enterprise Development Fund set out on pages 23 to 56, which comprise the statement of financial position as at 30 June, 2020, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Samburu County Youth and Women Enterprise Development Fund as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Samburu County Youth and Women Enterprise Development Fund Act, 2014 and the Public Finance Management Act, 2012.

#### Basis for Qualified Opinion

##### 1. Presentation of the Financial Statements

The annual reports and the financial statements presented for audit contained several errors on numbering of explanatory notes referenced to various statements, incomplete information and other inconsistencies.

Consequently, the financial statements were not prepared in accordance with the requirements of the Public Sector Accounting Standards Board.

##### 2. Variances Between Financial Statements Balances and Ledger/ Schedules

A review of the supporting schedules/ledger for the year ended 30 June, 2020 revealed variances between the reported balances in the financial statements and the ledger which have not been explained or reconciled as follows:

<b>Particulars</b>	<b>Note</b>	<b>Financial Statements Balance (Kshs.)</b>	<b>Supporting Schedules/ Ledger (Kshs.)</b>	<b>Variance (Kshs.)</b>
Interest Income	4	582,984	242,285	340,699
Fund Administration Expenses	6	3,470,250	4,301,250	(831,000)
Current Portion of Long-term Receivables from Exchange Transactions	11	1,497,674	-	1,497,674
Long-Term Receivables from Exchange Transactions	11	28,452,641	26,930,848	1,521,793

Consequently, the accuracy and completeness of the reported balances in the financial statements could not be confirmed.

### **3. Fund Administration Expenses**

The statement of financial performance reflects fund administration expenses balance of Kshs.3,470,250 whose explanatory note has been indicated to be Note 7 to the financial statements. However, the same Note is referenced to general expenses and finance costs. Further, Note 7 reflects a balance of Kshs.4,638,583 resulting to an unexplained variance of Kshs.1,168,333. In addition, the fund administration expenses included an amount of Kshs.292,500 in respect of cash withdrawals made from the Fund's bank account for which supporting documents were not provided.

Consequently, the accuracy and completeness of the fund administration expenses of Kshs.3,470,250 could not be confirmed.

### **4. Accumulated Surplus**

The statement of financial position reflects a negative accumulated surplus balance of Kshs.31,965,835 (2019- negative balance of Kshs.22,924,460) representing a decrease of Kshs.9,041,375 which differs with the deficit of Kshs.4,055,599 reflected in the statement of financial performance by an unexplained variance of Kshs.4,985,776. Further, the statement of changes in net assets reflects an accumulated deficit of Kshs.7,687,074 as at 30 June, 2019 which differs with the audited balance of Kshs.22,924,460 by an unreconciled variance of Kshs.15,237,386.

In addition, the statement of changes in net assets reflects a revaluation loss of Kshs.20,241,496 for which no supporting documents were provided.

In the circumstances, the accuracy of the accumulated deficit balance could not be confirmed.

### **5. Unsupported Receivables from Exchange Transactions**

The statement of financial position reflects current portion of long-term receivables and long-term receivables from exchange transactions balance of Kshs.1,497,674 and Kshs.28,452,641 respectively, as at 20 June, 2020. However, the supporting schedules, vetting reports and details of the guarantors have not been provided for audit review.

Consequently, the accuracy and recoverability of receivables from exchange transactions as at 30 June, 2020 could not be confirmed.

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

### **Key Audit Matters**

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

### **Other Matter**

### **Unresolved Prior Year Audit Matters**

In the report of the previous year, several paragraphs were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, the issues have not been resolved and the Management has not given reasons for failure to disclose the issues under progress on follow up of auditor's recommendation section of the financial statements.

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **Failure to Observe Fiscal Responsibility Principles**

The statement of financial performance reflects fund administration expenses of Kshs.3,470,250 or 33.3% of the approved Fund budget for the year ended 30 June, 2020. This amount is in excess of three percent (3%) limit of the approved budget of Kshs.10,414,691 provided under Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015, which requires administration cost of the Fund not to exceed a maximum of three (3%) percent of the approved budget of the Fund.

Consequently, the Fund 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**

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

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

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

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

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

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how the Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective

processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a

basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

**Nairobi**

**16 February, 2022**

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**12. FINANCIAL STATEMENTS**

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

	Note	2019/2020	2018/2019
		KShs	KShs
<b>Revenue from non-exchange transactions</b>			
Public contributions and donations	1	-	-
Transfers from the County Government	2	-	-
Fines, penalties and other levies	3	-	-
		-	-
<b>Revenue from exchange transactions</b>			
Interest income	4	582,984	-
Other income	5		-
<b>Total revenue</b>		<b>582,984</b>	<b>-</b>
<b>Expenses</b>			
Fund administration expenses	7	3,470,250	3,800,146
General expenses	7	1,150,000	3,450,000
Finance costs	7	18,333	4,605
<b>Total expenses</b>		<b>4,638,583</b>	<b>7,254,751</b>
<b>Other gains/losses</b>			
Gain/loss on disposal of assets	9	0	
<b>Surplus/( deficit) for the period</b>		<b>(4,055,599)</b>	<b>(7,254,751)</b>


The notes set out on pages 29 to 55 form an integral part of these Financial Statements

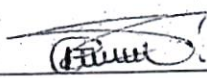
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**12.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020**

	Note	2019/2020 KShs	2018/2019 KShs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	10	11,933,851	9,077,284
Current portion of long- term receivables from exchange transactions	11	1,497,674	-
Prepayments	12	-	-
Inventories	13	-	-
		<b>13,431,525</b>	<b>9,077,284</b>
<b>Non-current assets</b>			
Property, plant and equipment	14	1,150,000	2,300,000
Intangible assets	15	-	-
Long term receivables from exchange transactions	11	28,452,641	40,698,256
<b>Total assets</b>		<b>43,034,166</b>	<b>52,075,540</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	16	-	-
Provisions	17	-	-
Current portion of borrowings	18	-	-
Employee benefit obligations	19	-	-
		-	-
<b>Non-current liabilities</b>			
Non-current employee benefit obligation	19	-	-
Long term portion of borrowings	18	-	-
		-	-
<b>Total liabilities</b>			
<b>Net assets</b>		<b>43,034,166</b>	<b>52,075,540</b>
Revolving Fund		75,000,000	75,000,000
Reserves		-	-
Accumulated surplus		-31,965,835	-22,924,460
<b>Total net assets and liabilities</b>		<b>43,034,166</b>	<b>52,075,540</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 30/6 2020 and signed by:

  
\_\_\_\_\_  
Administrator of the Fund  
Name: Susan Lelemoyog

  
\_\_\_\_\_  
Fund Accountant  
Name: Felix Letiwa

**Samburu County Youth And Women Enterprise Development Fund  
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**12.3. STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2020**

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
<b>Balance as at 1 July 2018</b>	<b>65,000,000</b>	<b>0</b>	<b>-432,323</b>	<b>64,567,677</b>
Surplus/(deficit) for the period	0	0	-7,254,750.50	-7,254,750.50
Funds received during the year	10,000,000	-	-	10,000,000
Revaluation gain	-	0	-	-
<b>Balance as at 30 June 2019</b>	<b>75,000,000</b>	<b>0</b>	<b>-7,687,073.50</b>	<b>67,312,926.50</b>
<b>Balance as at 1 July 2019</b>	<b>75,000,000</b>	<b>0</b>	<b>-7,687,073.50</b>	<b>67,312,926.50</b>
Surplus/(deficit) for the period	-	-	-4,055,599	-4,055,599
Funds received during the year	-	-	-	0
Revaluation gain/Loss	-	0	-20,241,495.5	-20,241,495.5
<b>Balance as at 30 June 2020</b>	<b>75,000,000</b>	<b>0</b>	<b>-31,965,835</b>	<b>43,034,165</b>

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**12.4. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2019/2020	2018/2019
		KShs	KShs
<b>Cashflows from operating activities</b>			
<b>Receipts</b>			
Public contributions and donations		-	-
Transfers from the County Government		-	10,000,000
Interest received	4	582,984	-
Receipts from other operating activities		-	-
<b>Total Receipts</b>		<b>582,984</b>	<b>10,000,000</b>
<b>Payments</b>			
Fund administration expenses	7	3,470,250	3,800,146
General expenses		-	-
Finance cost	7	18,333	4,605
		<b>3,488,583</b>	<b>3,804,751</b>
<b>Adjusted for:</b>			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	21	5,762,166	-8,249,256
Increase/(Decrease) in Accounts Payable: (deposits and retention)	22	-	-
<b>Net cash flows from operating activities</b>		<b>2,856,567</b>	<b>-4,354,007</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		-	-
Proceeds from sale of property, plant and equipment		-	-
Proceeds from loan principal repayments		-	-
Loan disbursements paid out		-	-
<b>Net cash flows used in investing activities</b>			<b>-</b>
<b>Cash flows from financing activities</b>			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		-	-
<b>Net cash flows used in financing activities</b>		<b>(0)</b>	<b>(0)</b>

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<b>Netincrease/(decrease)incashandcash equivalents</b>		<b>2,856,567</b>	<b>(4,354,007)</b>
Cash and cash equivalents at 1 JULY	15	9,077,284	13,431,290
<b>Cashandcashequivalentsat30 JUNE</b>	<b>15</b>	<b>11,933,851</b>	<b>9,077,284</b>

For the year ended June 30, 2020

12.5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30<sup>th</sup> JUNE 2020

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation
	2020	2020	2020	2020	2020	2020
<b>Revenue</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	
Public contributions and donations	-	-	-	-	-	-
Transfers from County Govt.	10,000,000	-	10,000,000	-	(10,000,000)	0%
Interest income	614,691	-	614,691	582,984	168,292	141%
Other income		-	-	-	-	0%
<b>Total income</b>	<b>10,614,691</b>	<b>-</b>	<b>10,614,691</b>	<b>582,984</b>	<b>(9,831,707)</b>	<b>-</b>
<b>Expenses</b>						
Loan disbursements	3,993,691		3,993,691	900,000	2,900,000	
Fund administration expenses	6,609,000	-	6,609,000	3,470,250	3,150,000	52%
Contingencies	0	-	0	0	0	100%
Finance cost	12,000	-	12,000	18,333	(6,333)	153%
<b>Total expenditure</b>	<b>10,614,691</b>	<b>-</b>	<b>10,614,691</b>	<b>4,388,583</b>	<b>6,043,667</b>	
<b>Surplus for the period</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>(3,805,599)</b>	<b>(3,788,040)</b>	

## Budget notes

1. The amount of Ksh.10m from the county government was not received in the financial year ended 20<sup>th</sup> June 2020
2. The finance costs exceeded the budget due to bank charges on prior year bank balance certificates.

3. *Reconciliation of Statement of Financial Performance against Budget.*

Surplus for the period	(3,805,599)
Add loan disbursements	900,000
Less depreciation charge	1,150,000
Surplus as per financial performance	(4,055,599)

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**12.6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

**2. Adoption of new and revised standards**

**a) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020**

<b>Standard</b>	<b>Effective date and impact:</b>
<p><b>IPSAS 41: Financial Instruments</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2022:</b>                      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.                      IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
<p><b>IPSAS 42: Social Benefits</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2022</b>                      The objective of this Standard is to improve the relevance, faithful</p>

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Standard	Effective date and impact:
	<p>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> <p>(a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1st January 2022:</b></p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other Improvements to IPSAS</p>	<p><b>Applicable: 1<sup>st</sup> January 2021:</b></p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment.</p> <p>Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets.</p> <p>Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs).</p>

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Standard	Effective date and impact:
	Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard
	IPSAS 40, Public Sector Combinations. Amendments to include the effective date paragraph which were inadvertently omitted when IPSAS 40 was issued

**b) Early adoption of standards**

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3. Revenue recognition**

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

**Transfers from other government entities**

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

**ii) Revenue from exchange transactions**

***Interest income***

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

**4. Budget information**

The original budget for FY 2019/2020 was approved by the fund committee members on 30<sup>th</sup> June 2019. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

The fund'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 12.5 of these financial statements.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**5. Property, plant and equipment**

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

**6. Intangible assets**

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

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

**7. Financial instruments**

*Financial assets*

*Initial recognition and measurement*

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

*Loans and receivables*

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

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### ***Held-to-maturity***

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Fund 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 fund assesses at each reporting date whether there is objective evidence that a financial asset is impaired. A financial asset 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 cashflows of the financial asset that can be reliably estimated. Evidence of impairment may include the following indicators:

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

### ***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 Fund determines the classification of its financial liabilities at initial recognition.

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

#### ***Loans and borrowing***

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

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**8. Provisions**

Provisions are recognized when the Fund 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 fund 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 fund 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.

***Contingent assets***

The fund 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 Fund 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.

**9. Nature and purpose of reserves**

The fund has not created any reserves since inception.

**10. Changes in accounting policies and estimates**

The fund recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**11. 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.

**12. Related parties**

The fund 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 Fund, or vice versa. Members of Fund Committee are regarded as related parties and comprise the Fund Administrator and the Committee members.

**13. 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 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 Fund officers which were not surrendered or accounted for at the end of the financial year.

**14. Comparative figures**

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

**15. Events after the reporting period**

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

**16. Ultimate and Holding of the Fund**

The fund is established by section 10 (1) of Samburu County Youth and Women Enterprise Development Act, 2014 and falls under the Department of Trade, Tourism, Co-operatives and Enterprise Development. Its ultimate parent is the County Government of Samburu.

**17. Currency**

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**18. Significant judgments and sources of estimation uncertainty**

The preparation of the fund'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 Fund based its assumptions and estimates on parameters available when the annual report and 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 Fund. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

**Useful lives and residual values**

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

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

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**19. Financial risk management**

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks. 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.

**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:

	Total amount KShs	Fully performing KShs	Past due KShs	Impaired KShs
<b>At 30 June 2020</b>				
Receivables from exchange transactions	29,950,315	29,950,315	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	11,933,851	11,933,851	-	-
<b>Total</b>	<b>41,884,166</b>	<b>41,884,166</b>	<b>-</b>	<b>-</b>
<b>At 30 June 2019</b>				
Receivables from exchange transactions	40,698,256	40,698,256	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	9,077,284	90,077,284	-	-
<b>Total</b>	<b>49,775,540</b>	<b>49,755,540</b>	<b>-</b>	<b>-</b>

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

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

**a) 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 3 months	Total
	KShs	KShs	KShs	KShs
<b>At 30 June 2020</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2019</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**b) Capital risk management**

The objective of the Fund's capital risk management is to safeguard the Fund's ability to continue as a going concern. The entity capital structure comprises of the following funds:

	2019/2020	2018/2019
	KShs	KShs
Revaluation reserve	0	0
Revolving fund	75,000,000	75,000,000
Accumulated surplus	-31,965,835	-22,924,460
<b>Total funds</b>	<b>43,034,165</b>	<b>52,075,540</b>
Total borrowings	-	-
Less: cash and bank balances	11,933,851	9,077,284
Net debt/(excess cash and cash equivalents)	-	-
<b>Gearing</b>	<b>-</b>	<b>-</b>

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12.7. NOTES TO THE FINANCIAL STATEMENTS

1. Public contributions and donations

Description	2019/2020	2018/2019
	KShs	KShs
Donation from development partners	-	-
Contributions from the public	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

Transfers from County Government

Description	2019/2020	2018/2019
	KShs	KShs
Transfers from County Govt. – operations	-	10,000,000
Payments by County on behalf of the entity	-	-
<b>Total</b>	<b>-</b>	<b>10,000,000</b>

2. Fines, penalties and other levies

Description	2019/2020	2018/2019
	KShs	KShs
Late payment penalties	-	-
Fines	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

3. Interest income

Description	2019/2020	2018/2019
	KShs	KShs
Interest income from loans	582,984	-
<b>Total interest income</b>	<b>582,984</b>	<b>-</b>

The Interest income is accrued on longterm receivables and loans issued at the rate of 3% pa on reducing balance.

4. Other income

Description	2019/2020	2018/2019
	KShs	KShs
Insurance recoveries	-	-
Income from sale of tender documents	-	-

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Miscellaneous income		
<b>Total other income</b>	-	-

**5. Fund administration expenses**

<b>Description</b>	<b>2019/2020</b>	<b>2018/2019</b>
	<b>KShs</b>	<b>KShs</b>
Staff costs (Note 7)	-	-
Loan processing costs	-	-
Professional services costs	-	-
Administration fees	-	-
<b>Total</b>	-	-

**6. Staff costs**

<b>Description</b>	<b>2019/2020</b>	<b>2018/2019</b>
	<b>KShs</b>	<b>KShs</b>
Salaries and wages	-	-
Staff gratuity	-	-
Staff training expenses	-	-
Social security contribution	-	-
Other staff costs	-	-
<b>Total</b>	-	-

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

**7. General expenses**

<b>Description</b>	<b>2019/2020</b>	<b>2018/2019</b>
	<b>KShs</b>	<b>KShs</b>
Consumables	-	-
Electricity and water expenses	-	-
Fuel and oil costs	384,200	-
Insurance costs	8,500	-
Postage	-	-
Printing and stationery	118,600	-
Rental costs	-	-
Security costs	-	-
Telecommunication	260,000	-
Bank Charges	18,333	4,605
Hospitality	-	-
Depreciation and amortization costs	1,150,000	2,300,000
Other expenses	2,698,950	3,800,146
<b>Total</b>	<b>4,638,583</b>	<b>6,104,751</b>

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

**8. Finance costs**

Description	2019/2020	2018/2019
	KShs	KShs
Interest on Bank overdrafts	-	-
Interest on loans from banks	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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

Description	2019/2020	2018/2019
	KShs	KShs
Property, plant and equipment	-	-
Intangible assets	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**10. Cash and cash equivalents**

Description	2019/2020	2018/2019
	KShs	KShs
Xxx Car loan account	-	-
Xxx County mortgage account	-	-
Fixed deposits account	-	-
On – call deposits	-	-
Current account	11,933,851	9,077,284
Others	-	-
<b>Total cash and cash equivalents</b>	<b>11,933,851</b>	<b>9,077,284</b>

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

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

		2019/2020	2018/2019
Financial institution	Account number	KShs	KShs
<b>a) Fixed deposits account</b>			
Kenya Commercial bank		-	-
Equity Bank, etc		-	-
<b>Sub- total</b>		-	-
<b>b) On - call deposits</b>			
Kenya Commercial bank		-	-
Equity Bank - etc		-	-
<b>Sub- total</b>		-	-
<b>c) Current account</b>			
Kenya Commercial bank	1155380533	11,933,851	9,077,284
<b>Sub- total</b>		<b>11,933,851</b>	<b>9,077,284</b>
<b>d) Others(specify)</b>			
Cash in transit		-	-
Cash in hand		-	-
M Pesa		-	-
<b>Sub- total</b>		-	-
<b>Grand total</b>		<b>11,933,851</b>	<b>9,077,284</b>

**11. Receivables from exchange transactions**

Description	2019/2020	2018/2019
	KShs	KShs
<b>Current Receivables</b>		
Interest receivable	582,984	80,000
Current loan repayments due	914,690	0
Other exchange debtors	-	-
Less: impairment allowance	-	-
<b>Total Current receivables</b>	<b>1,497,674</b>	
<b>Non-Current receivables</b>		
Long term loan repayments due	28,452,641	-
<b>Total Non- current receivables</b>	<b>28,452,641</b>	-
<b>Totalreceivables from exchange transactions</b>	<b>29,950,315</b>	-

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**Additional disclosure on interest receivable**

<b>Description</b>	<b>2019/2020</b>	<b>2018/2019</b>
	<b>KShs</b>	<b>KShs</b>
<b>Interest receivable</b>		
Interest receivable from current portion of long-term loans of previous years		-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year		-
<b>Current loan repayments due</b>		
Current portion of long-term loans from previous years	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	-	-

**12. Revenue from Non-Exchange transaction**

	<b>KShs</b>	<b>KShs</b>
<b>Description</b>	<b>2019/2020</b>	<b>2018/2019</b>
	<b>KShs</b>	<b>KShs</b>
Transfer to County Executive	-	-
Transfer to Samburu Youth and Women Fund	-	-
<b>Totalreceivables from non-exchange transactions</b>	<b>-</b>	<b>-</b>

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

**13. Prepayments**

Description	2019/2020	2018/2019
	KShs	KShs
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	-	-
Other prepayments(specify)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**14. Inventories**

Description	2019/2020	2018/2019
	KShs	KShs
Consumable stores	-	-
Spare parts and meters	-	-
Catering	-	-
Other inventories(specify)	-	-
<b>Total inventories at the lower of cost and net realizable value</b>	<b>-</b>	<b>-</b>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Property, plant and equipment

Cost	Land and Buildings KShs	Motor vehicles KShs	Furniture and fittings KShs	Computers and office equipment KShs	Total KShs
At 1 <sup>st</sup> July 2017	-	5,750,000	-	-	5,750,000
Additions	-	0	-	-	0
Disposals	-	0	-	-	0
Transfers/adjustments	-	0	-	-	0
At 30 <sup>th</sup> June 2018	-	5,750,000	-	-	5,750,000
At 1 <sup>st</sup> July 2018	-	5,750,000	-	-	5,750,000
Additions	-	0	-	-	0
Disposals	-	0	-	-	0
Transfers/adjustments	-	0	-	-	0
At 30 <sup>th</sup> June 2019	-	5,750,000	-	-	5,750,000
At 1 <sup>st</sup> July 2019	-	5,750,000	-	-	5,750,000
Additions	-	0	-	-	0
Disposals	-	0	-	-	0
Transfer/adjustments	-	0	-	-	0
At 30 <sup>th</sup> June 2020	-	5,750,000	-	-	5,750,000
<b>Depreciation and impairment</b>	-	-	-	-	-
At 1 <sup>st</sup> July 2017	-	(1,150,000)	-	-	(1,150,000)
Depreciation	-	(1,150,000)	-	-	(1,150,000)
Impairment	-	-	-	-	-
At 30 <sup>th</sup> June 2018	-	(2,300,000)	-	-	(2,300,000)
At 1 <sup>st</sup> July 2018	-	(2,300,000)	-	-	(2,300,000)
Depreciation	-	(1,150,000)	-	-	(1,150,000)
Impairment	-	-	-	-	-
At 30 <sup>th</sup> June 2019	-	(3,450,000)	-	-	(3,450,000)

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<b>At 1<sup>st</sup> July 2019</b>	-	<b>(3,450,000)</b>	-	-	<b>(3,450,000)</b>
Depreciation	-	(1,150,000)	-	-	(1,150,000)
Disposals	-	-	-	-	-
Impairment	-	(0)	-	-	(0)
Transfer/adjustment	-	(0)	-	-	(0)
<b>At 30<sup>th</sup> June 2020</b>	-	<b>(4,600,000)</b>	-	-	<b>(4,600,000)</b>
<b>Net book values</b>	-	<b>1,150,000</b>	-	-	<b>1,150,000</b>
<b>At 30<sup>th</sup> June 2019</b>	-	<b>2,300,000</b>	-	-	<b>2,300,000</b>
<b>At 30<sup>th</sup> June 2020</b>	-	<b>1,150,000</b>	-	-	<b>1,150,000</b>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Intangible assets-software

Description	2019/2020	2018/2019
	KShs	KShs
Cost	-	-
At beginning of the year	-	-
Additions	-	-
At end of the year	-	-
Amortization and impairment	-	-
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

17. Trade and other payables from exchange transactions

Description	2019/2020	2018/2019
	KShs	KShs
Trade payables	-	-
Refundable deposits	-	-
Accrued expenses	-	-
Other payables	-	-
<b>Total trade and other payables</b>	-	-

18. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year(1.07.2019)	-	-	-	-
Additional Provisions	-	-	-	-
Provision utilised	-	-	-	-
Change due to discount and time value for money	-	-	-	-
Transfers from non -current provisions	-	-	-	-
<b>Balance at the end of the year (30.06.2020)</b>	-	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. Borrowings

Description	2019/2020	2018/2019
	KShs	KShs
Balance at beginning of the period	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the period	-	-
Repayments of domestics borrowings during the period	-	-
Balance at end of the period	-	-

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

	2019/2020	2018/2019
	KShs	KShs
<b>External Borrowings</b>		
Dollar denominated loan from 'xxx organization'	-	-
Sterling Pound denominated loan from 'yyyorganization'	-	-
Euro denominated loan from zzzorganization'	-	-
<b>Domestic Borrowings</b>	-	-
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Borrowings from other government institutions	-	-
<b>Total balance at end of the year</b>	-	-

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

Description	2019/2020	2018/2019
	KShs	KShs
Short term borrowings(current portion)	-	-
Long term borrowings	-	-
<b>Total</b>	-	-

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

**20. CHANGES IN RECEIVABLE**

Description of the error	2019 - 2020	2018 - 2019
	KShs	KShs
Account receivable as at 1 <sup>st</sup> July 2019 (A)	40,698,256	32,449,000
Account receivable issued during the year (B)	900,000	
Account receivable settled during the Year (C)	11,647,941	
Net changes in account receivables D= A+B-C	29,950,315	40,698,256

**21. CHANGES IN ACCOUNTS PAYABLE**

Description of the error	2019 - 2020	2018 - 2019
	KShs	KShs
Accounts Payable as at 1 <sup>st</sup> July 2019 (A)	-	-
Accounts Payable held during the year (B)	-	-
Accounts Payable paid during the Year (C)	-	-
Net changes in account receivables D= A+B-C	-	-

**22. Employee benefit obligations**

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

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**23. Cash generated from operations**

	2019/2020	2018/2019
	KShs	KShs
<b>Surplus/ (deficit) for the year before tax</b>	<b>-4,055,599</b>	<b>-7,254,751</b>
<b>Adjusted for:</b>		
Depreciation	1,150,000	3,450,000
Amortisation	-	-
Gains/ losses on disposal of assets	-	-
Interest income	-	-
Finance cost	18,333	4,605
<b>Working Capital adjustments</b>		
Increase in inventory	-	-
Increase in receivables	-	-
Increase in payables	-	-
<b>Net cash flow from operating activities</b>	<b>-2,856,567</b>	<b>-4,354,007</b>

**24. 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 fundis related to the following entities:

- a) The County Government;
- b) Department of Trade Tourism and Cooperatives
- c) Key management;
- d) Committee of the fund

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**b) Related party transactions**

	2019/2020	2018/2019
	KShs	KShs
Transfers from related parties'	-	-
Transfers to related parties	-	-

**c) Key management remuneration**

	2019/2020	2018/2019
	KShs	KShs
Committee members	-	-
Key Management Compensation	-	-
<b>Total</b>	-	-

**d) Due from related parties**

	2019/2020	2018/2019
	KShs	KShs
Due from parent Ministry	-	-
Due from County Government	-	-
<b>Total</b>	-	-

**e) Due to related parties**

	2019/2020	2018/2019
	KShs	KShs
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
<b>Total</b>	-	-

**25. Contingent assets and contingent liabilities**

Contingent liabilities	2019/2020	2018/2019
	KShs	KShs
Court case against the Fund	-	-
Bank guarantees	-	-
<b>Total</b>	-	-

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13. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S RECOMMENDATIONS

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

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

We are yet to receive the final audited accounts

**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.

