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REPORT

OF

THE AUDITOR-GENERAL

ON

**COUNTY ASSEMBLY OF NYERI CAR
LOAN AND MORTGAGE (STAFF)
SCHEME FUND**

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





COUNTY ASSEMBLY OF NYERI



COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME
FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2021

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

OFFICE OF THE AUDITOR GENERAL
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COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME FUND

Reports and Financial Statements

For the year ended June 30, 2021.

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COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME FUND

Reports and Financial Statements For the year ended June 30, 2021.

1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund is established by and derives its authority and accountability from Salaries and Remuneration Commission (SRC) Circular Number SRC/ADM/CIR/1/13/VOL.111 (128) dated 17th December, 2014. SRC/ADM/CIR/1/13/VOL.111 (130) dated 29th January, 2015, SRC/ADM/CIR/1/13/VOL.111 (142), of 25th August, 2016 and Nyeri County Assembly Car Loan and Mortgage Scheme Fund Regulations, 2017; Kenya Gazette Supplement No.14 dated 22nd November, 2017. Section 167 of the Public Finance Management (PFM) Act 2015 mandates the administrator of public funds with the preparation of annual financial statements.

The Fund is wholly owned by the County assembly of Nyeri and is domiciled in Kenya.

The fund's objective is to provide Mortgage and Car loans to Staff of the County Assembly

The Fund's principal activity is to offer subsidized loans to Staff of the County Assembly.

b) Principal Activities

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

Vision

“The fund of choice for Members of County Assembly”

Mission

“To provide affordable, accessible and sustainable car loans to Members of County Assembly”

Core Values

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

c) Board of Trustees/Fund Administration Committee

| Ref | Name | Position |
|-----|------------------------|--------------------|
| 1 | Francis Kabuikariuki | Chairman |
| 2 | JernardMwiggeh | Fund Administrator |
| 3 | Eustace M Kingori | Fund Manager |
| 4 | Peter MainaKaruru | Member |
| 5 | Scola Wambui | Member |
| 6 | Josiah MathengeWahinya | Member |
| 7 | Denis Omangi | Member |

a) Registered Offices

**COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME
FUND**

Reports and Financial Statements

For the year ended June 30, 2021.

P.O. Box 162 – 10100

County Assembly Building
Nyeri Nairobi Road
Nyeri, KENYA

b) Fund Contacts

Tel No.0612037100

c) Fund Bankers

Family Bank
Head Office
P.O. Box 74145 - 00200
MuindiMbingu Street

Thro. Nyeri Branch

d) Independent Auditors

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

e) Principal Legal Adviser

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

**COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME
FUND**

Reports and Financial Statements

For the year ended June 30, 2021.

1. THE BOARD OF TRUSTEES/ FUND ADMINISTRATION COMMITTEE

Board of Trustees/Fund Administration Committee Members are ;

| Ref | Name | Position |
|------------|------------------------|--------------------|
| 1 | Francis Kabuikariuki | Chairman |
| 2 | JernardMwiggeh | Fund Administrator |
| 3 | Eustace M Kingori | Fund Manager |
| 4 | Peter MainaKaruru | Member |
| 5 | Scola Wambui | Member |
| 6 | Josiah MathengeWahinya | Member |
| 7 | Denis Omangi | Member |

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME FUND

Reports and Financial Statements

For the year ended June 30, 2021.

2. STATEMENT OF PERFORMANCE AGAINST COUNTY NYERI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE (STAFF)SCHEME FUND'S PREDETERMINED OBJECTIVES

Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer when preparing financial statements of each County Government Nyeri County Assembly Car Loan and Mortgage (Staff)Scheme Fund Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the County Government Nyeri County Assembly Car Loan and Mortgage (Staff)Scheme Fund's performance against predetermined objectives.

Staff Capacity building and development to support the Assembly in the Nyeri County Assembly strategic plan 2019-2023 plans are to:

Housing for officers of the Assembly

Provision of vehicles for staff and Members'

| Program | Objective | Outcome | Indicator | Performance |
|-----------------------------|--|----------------------------------|-------------------------------|--|
| Provision of Mortgage Loans | Housing for officers of the Assembly | Number of mortgage loans applied | Completed houses by June 2021 | Increase in number of staff owning houses |
| Provision of Car Loans | Provision of vehicles for staff and Members' | Number of mortgage loans applied | Cars bought | Increase in number of staff owning vehicles by June 2021 |

**COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME
FUND**

**Reports and Financial Statements
For the year ended June 30, 2021.**

3. MANAGEMENT TEAM

| Ref | Name | Position |
|------------|------------------------|--------------------|
| 1 | Francis Kabuikariuki | Chairman |
| 2 | JernardMwiggeh | Fund Administrator |
| 3 | Eustace M Kingori | Fund Manager |
| 4 | Peter MainaKaruru | Member |
| 5 | Scola Wambui | Member |
| 6 | Josiah MathengeWahinya | Member |
| 7 | Denis Omangi | Member |

**COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME
FUND**

Reports and Financial Statements

For the year ended June 30, 2021.

4. BOARD/FUNDADMINISTRATION COMMITTEE CHAIRPERSON'S REPORT

It is my pleasure to present, on behalf of the Car Loan and Mortgage committees, financial statements for the year ended as at 3rd quarter 2021. The financial statements present the financial performance of the fund over the past year.

Sustainability

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 earned income amounting to Kshs. 2,025,744 from interest earned on loans.

The performance was also attributed to a favourable opening cash balance of Kshs. 25,895,306 at the beginning the financial year.

Expenditures

The total expenditures during the period amounted to KShs. 1,544,483 these is composed of interest paid to Bank for managing the funds amounting to Kshs 674,558and Bank charges amounting to Kshs 7,800,hospitality 112,125 and fridge benefit of Ksh.750,000.

Future outlook

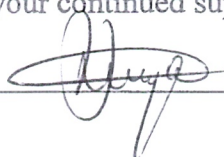
The outlook of the Fund for FY 2020/2021 looks brighter. The fund focus is looking to build a robust and sustainable fund with a motivated workforce and structures that enhance efficiency and effectiveness in the service delivery. The fund looks forward to continued support from the County Assembly and development partners to the realization of its mandate.

Appreciation

I take this opportunity to express my sincere gratitude and appreciation to the County Assembly, development partners, stakeholders, management, staff and the Car Loan and Mortgage committees for their continued support which made us achieve these results.

I look forward to your continued support in the year 2021/2022.

Signed: _____
Francis Kariuki



COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME FUND

Reports and Financial Statements

For the year ended June 30, 2021.

5. REPORT OF THE FUND MANAGER/ ADMINISTRATOR

It is my pleasure to present the County Assembly of Nyeri Car Loan and Mortgage financial statements for the year ended June, 2021. The financial statements present the financial performance of the fund over the past year.

The fund was established on 1st May 2017. The fund was operationalized in the financial year 2018-2019 when amount of Kshs. 22,818,125 was received from the exchequer. Further amount of Kshs. 20,200,000 was received from the exchequer in the subsequent financial year. In the financial year ended June, 2019 the Fund received additional fund amounting to Kshs.40,000,000. In the year under review ended 30th June, 2021 the fund received an additional funding amounting to Kshs. 30,000,000. The Mortgage Committee has disbursed Loans to 20 beneficiaries' amounting to Kshs. 90,075,812.00. The Fund continues to receive new applications throughout the financial year which will be funded through the current approved budget for the year 2021/2022 amounting to Kshs.30,000,000(Thirty Million).

Loans

During the financial year 2020/21, the fund disbursed Kshs. 28,624,000 new loans bringing the total loan disbursed to beneficiaries to date to KSh.90,075,812.


Cash flows

In the FY 2020/2021, we have experienced liquidity disruptions resulting to late disbursement of funds from exchequer. This was as a result of reduced revenues due to Covid-19, thus denying our members accessing loans in time

Conclusion

FY 2020/2021 was a good year in general. Good progress was made and the momentum has been created to enable County Assembly of Nyeri Car Loan & Mortgage 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 Car Loan and Mortgage Committee for their support. I would also want to thank all staff who we have worked hand in hand to ensure that County Assembly of Nyeri Car Loan & Mortgage fund achieves its mission.

Signed: 

Jenard Mwiggeh

Fund Administrator

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME FUND

Reports and Financial Statements For the year ended June 30, 2021.

6. CORPORATE GOVERNANCE STATEMENT

During the year under review, the Car loan and Mortgage Committee held 15 meetings which were attended by all the seven members of the committee.

The officer administering the Fund shall be an ex-officio member of the Committee and the secretary to the Committee

Roles and functions of the Administration Committee members are as follows;

The Committee shall administer the Fund and shall review applications for loans in accordance with the existing terms and conditions of borrowing.

Notwithstanding Sub-regulation above, the Board may, if it considers it appropriate to do so, appoint a mortgage institution to administer the Fund.

The Committee may appoint a secretariat from among the staff members to attend its meetings and assist it with its operations. Process and approve loans in accordance with these regulations;

liaise with the financial institution where necessary to set up a Fund for the disbursement of the loans;

oversee the management of the Fund;

monitor and evaluate the performance of the Fund;

approve annual work programmes and procurement plans for the Fund;

recommend the investment of any surplus funds not immediately required in securities approved by the Board, for the purposes of realizing the objects and purpose for which the Fund is established;

Cause to be kept all proper books and records of account of the income, expenditure, assets and liabilities of the Fund;

receive any gifts, donations, grants or endowments made to the Fund;

Consider and recommend approval of the financial. Statements to the officer administering the Fund;

recommend as when required the procurement of a financial institution to administer the Fund on its behalf

perform any other functions that are ancillary to the objects and purpose for which the Fund is established; and

Determine its own procedures for conducting its business.

The committee regularly attends induction training as well as benchmarking with other County Assembly on how best to administer the fund. Member's performance is evaluated on annually basis through self-assessment and Chairman Assessment. Before the start of the committee meetings members, are required to declare whether they have conflict of interest on any of the agenda before the start of the meeting. The Committee remuneration is catered for through interest generated by the fund. The fund is regularly audited every end of financial year by the office of the Auditor General.

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME FUND

Reports and Financial Statements

For the year ended June 30, 2021.

7. MANAGEMENT DISCUSSION AND ANALYSIS

The Car Loan & Mortgage Committee is established under loan County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund Regulations, 2017. It is composed of the following members;

- a) The Deputy Clerk of the County Assembly who shall be the Chairperson;
- b) Head of Human Resource and Administration who shall be the Vice Chairperson;
- c) The Principal Legal Counsel of the Assembly;
- d) One officer from the Department of Finance who shall be the fund manager;
- e) The Internal Auditor of the County Assembly;
- f) One member of staff of the Assembly elected by all staff who shall not be below CASB 7;

The committee is guided and operates within the established regulations to perform its functions. However, major risks faced by the fund are lack of adequate funding from the exchequer due to limited resources further the impact of COVID 19 pandemic has greatly affected the availability of funds set aside in the approved budget.

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME FUND

Reports and Financial Statements

For the year ended June 30, 2021.

8. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund exists to transform Staff welfare. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on Nyeri County Assembly pillars: putting the staff first, delivering services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

Sustainability strategy and profile

County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund has well established a management committee, This Committee ensures that the welfare of the staff comes first through following the guidelines as per stipulated in the Funds Regulations.

County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund has in place Regulations that guide the management in executing its mandates.

Environmental performance

The organization does not have an environmental policy to guide the organization. However The County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund is guided by the national Kenya national environment policy 2013, the policy provides a framework for an integrated approach to sustainable management environment and natural resources

Employee welfare

The County Assembly of Nyeri County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund is guided by the constitution of Kenya chapter 226 in matters concerning employment. The management ensures that applicant for Loans is done on first come basis.

Market place practices-

In regards to the above matter, the County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund being part of the County Assembly of Nyeri, Follows and adheres to the following;

a) Generally, the Assembly operates in a highly political environment on a day-to-day basis.

However, despite the influence this can have in operations, the institution sees to it that procedures are followed and this ensures that there are no issues with bodies like the EACC. The Assembly competes fairly on all aspects as situations may demand. Responsible competition practice.

b) The County Assembly of Nyeri maintains an updated list of Registered Suppliers. The list is developed competitively by placing an advert in the dailies and having all interested bidders submit their tender. This then goes through an evaluation process which ensures the qualified suppliers are shortlisted for the stated period. The list is further developed on a continuous basis as provided for in the PPAD 2015 Act. The Assembly ensures that payments to suppliers are done in good time; on a first come, first served basis

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME FUND

Reports and Financial Statements

For the year ended June 30, 2021.

c) Whenever the Assembly requires to run an advertisement, it does so either on the dailies with a wide circulation in the Country or via its website. This ensures that the advertisement reaches a wide population as it should without any agenda to withhold information from reaching any particular group.

d) The Assembly is among other duties, charged with the responsibility of serving the electorate. Thus, it ensures that whatever engagements it is involved in on a day-to-day basis, the interests of the electorate come first. Product stewardship- outline efforts to safeguard consumer rights and interests

Community Engagements-

Nyeri Car Loan and Mortgage (Staff) Scheme Fund has not budgeted for corporate social responsibly; this was informed by the council of budget that county assemblies should not be involved in the CSP activities because there is a very likelihood that may easily conflict with assembly oversight role. While on the other hand the office of the controller of the budget also felt that CSP activities could also be used to gain political mileage to the detriment of the Assembly's mandate of representation'

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME FUND

**Reports and Financial Statements
For the year ended June 30, 2021.**

9. REPORT OF THE TRUSTEES/ FUND ADMINISTRATION COMMITTEE

It is my pleasure to present, on behalf of the Car Loan and Mortgage committees, financial statements for the year ended as at 3rd quarter 2021. The financial statements present the financial performance of the fund over the past year.

Sustainability

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Future outlook

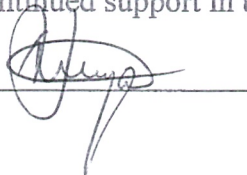
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Appreciation

I take this opportunity to express my sincere gratitude and appreciation to the County Assembly, development partners, stakeholders, management, staff and the Car Loan and Mortgage committees for their continued support which made us achieve these results.

I look forward to your continued support in the year 2021/2022.

Signed: _____



Francis Kariuki

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME FUND

Reports and Financial Statements

For the year ended June 30, 2021.

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 Administrator of a County Public Fund established by (Nyeri County Assembly Car Loan and Mortgage (Staff) Scheme Fund Regulations, 2017 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the fund; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the fund; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (Nyeri County Assembly Car Loan and Mortgage (Staff) Scheme Fund Regulations, 2017). The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2021, and of the Fund's financial position as at that date.

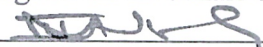
The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Fund's financial statements were approved by the Committee on 11/11 2021 and signed on its behalf by:



Name: JENARD MWIGGHE

Administrator of the County Assembly Car Loan & Mortgage Fund

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME FUND

Reports and Financial Statements

For the year ended June 30, 2021.

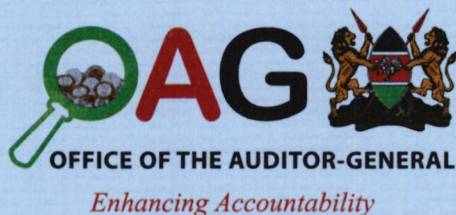
13. FINANCIAL STATEMENTS

13.1 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30th JUNE 2021.

| | Note | 2020/2021 | 2019/2020 |
|---|------|------------------|------------------|
| | | KShs | KShs |
| Revenue from non-exchange transactions | | | |
| Public contributions and donations | 1 | - | - |
| Transfers from the County Government | 2 | - | - |
| Fines, penalties and other levies | 3 | - | - |
| | | | |
| Revenue from exchange transactions | | | |
| Interest income | 4 | 2,025,744 | 1,370,523 |
| Other income | 5 | - | - |
| | | 2,025,744 | 1,370,523 |
| Total revenue | | 2,025,744 | 1,370,523 |
| Expenses | | | |
| Fund administration expenses | 6 | 674,558 | 1,064,000 |
| General expenses | 7 | 869,925 | - |
| Finance costs | 8 | - | 11,400 |
| Total expenses | | 1,544,483 | 1,075,400 |
| Other gains/losses | | | |
| Gain/loss on disposal of assets | 9 | - | - |
| Surplus/(deficit) for the period | | 481,262 | 295,123 |

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund set out on pages 17 to 56, which comprise the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement

Report of the Auditor-General on County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund for the year ended 30 June, 2021

of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis), and comply with the County Assembly of Nyeri Car Loan and Mortgage (Staff) Scheme Fund Regulations, 2017 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 Inaccuracies in the Financial Statements

1.1 Statement of Financial Performance

The statement of financial performance reflects interest income from mortgage loans balance of Kshs.2,025,745. However, this amount differs with the amount of Kshs.395,914 reflected in the schedule provided for audit resulting to an unreconciled variance of Kshs.1,629,831.

1.2 Statement of Financial Position

The statement of financial position reflects current portion of long-term receivables and long-term receivables from exchange transactions balance of Kshs.80,000,192 and Nil balance respectively. However, review of the audited financial statement for the financial year 2019/2020 reflects current long-term receivables from exchange transactions of Kshs.57,606,263. The schedule provided for audit revealed that out of the balance of Kshs.57,606,263 an amount of Kshs.4,895,137 had been repaid resulting to long-term receivables of Kshs.52,711,127 and not the Nil balance reflected as at 30 June, 2021. Further, the repaid balance of Kshs.4,895,137 reflected in the schedules provided varies with the balance of proceeds from the loan principal repayments of Kshs.6,037,746 reflected in the statement of cash flows resulting to an unreconciled balance of Kshs.1,142,609.

1.3 Statement of Cash Flows

The statement of cash flows reflects loan disbursement paid out of Kshs.28,624,000 which varies with the actual amount of Kshs.28,570,000 by Kshs.54,000. In addition, the statement reflects current portion of long-term receivables from exchange transactions balance of Kshs.80,000,192. However, review of the schedules provided for audit reflects a balance of Kshs.27,289,066 resulting to an unreconciled variance of Kshs.52,711,126.

In the circumstances, the accuracy and completeness of the financial statements for the year ended 30 June, 2021 could not be ascertained.

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

Key Audit Matters

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

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 Maintain Mortgage Protection and Fire Policy

The statement of financial position reflects long term receivables from exchange transactions balance of Kshs.80,000,192 as at 30 June, 2021. This amount relates to a balance of Kshs.90,021,812 loans issued to twenty (20) applicants between 8 April, 2019 and 23 December, 2020. However, the Fund had not maintained a mortgage protection policy and fire policy against the advanced mortgages. This is contrary to Regulation 14(1) of the Public Finance Management Act: Nyeri County Assembly Car Loan and Mortgage Scheme (Staff) Fund, 2017 which states that a borrower shall in the case of a Mortgage take out a mortgage protection and fire policy. This implies that the Fund may not be able to recover the outstanding loan balances in case of any unforeseen occurrence or default in repayment.

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

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that

govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to sustain 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.

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

22 July, 2022

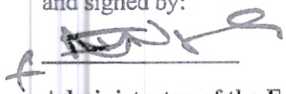
COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME FUND


**Reports and Financial Statements
For the year ended 30 June, 2021.**

13.2 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

| Assets | | | |
|--|----|--------------------|-------------------|
| Current assets | | | |
| Cash and cash equivalents | 10 | 33,790,314 | 25,895,306 |
| Current portion of long- term receivables from exchange transactions | 11 | 80,000,192 | 57,606,263 |
| Receivables from Non- exchange transactions | 12 | - | - |
| Prepayments | 13 | - | - |
| Inventories | 14 | - | - |
| | | 113,790,506 | 83,501,569 |
| Non-current assets | | | |
| Long term receivables from exchange transactions | 11 | - | - |
| Property, plant and equipment | 15 | - | - |
| Intangible assets | 16 | - | - |
| Total assets | | 113,790,506 | 83,501,569 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables from exchange transactions | 17 | 1,197,041 | 192,325 |
| Provisions | 18 | - | - |
| Current portion of borrowings | 19 | - | - |
| Employee benefit obligations | 20 | - | - |
| | | 1,197,041 | 192,325 |
| Non-current liabilities | | | |
| Long term portion of borrowings | 19 | - | - |
| Non-current employee benefit obligation | 20 | - | - |
| Total liabilities | | 1,197,041 | 192,325 |
| Net assets | | 112,593,465 | 83,309,245 |
| Revolving Fund | | 113,014,122 | 83,014,122 |
| Reserves | | - | - |
| Accumulated surplus | | (420,656) | 295,123 |
| Total net assets and liabilities | | 112,593,465 | 83,309,245 |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Nyeri County Assembly Car Loan and Mortgage (Staff) Scheme Fund financial statements were approved on 16/11 2021 and signed by:


Administrator of the Fund
 Name:


Fund Accountant
 Name: EUSTAS MUKINGI
 ICPAK Member Number: 15953

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME FUND

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For the year ended 30 June, 2021.

13.3 STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2021

| | Revolving Fund | Revaluation Reserve | Accumulated surplus | Total |
|--|-----------------------|----------------------------|----------------------------|--------------------|
| | | KShs | KShs | KShs |
| Balance as at 1 July 2019 | 43,014,122 | - | 97,290 | 43,111,412 |
| Surplus/(deficit) for the period | - | - | 197,830 | 197,833 |
| Funds received during the year | 40,000,000 | - | - | 40,000,000 |
| Revaluation gain | - | - | - | - |
| Balance as at 30 June 2020 | 83,014,122 | - | 295,123 | 83,309,245 |
| Balance as at 1 July 2020 | 83,014,122 | - | 295,123 | 83,309,245 |
| Surplus/(deficit) for the period | | | 481,262 | 481,263 |
| Funds received during the year | 30,000,000 | - | - | 30,000,000 |
| Revaluation gain (accrued exp. of fridge benefits) | - | - | (1,197,041) | (1,197,041) |
| Balance as at 30 June 2021 | 113,014,122 | - | (420,657) | 112,593,465 |

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME FUND

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For the year ended June 30, 2021.

13.4 STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2021

| | Note | 2020/2021 | 2019/2020 |
|--|------|---------------------|---------------------|
| | | KShs | KShs |
| Cashflows from operating activities | | | |
| Receipts | | | |
| Public contributions and donations | | - | - |
| Transfers from the County Government | | - | - |
| Interest received | 4 | 2,025,744 | 1,370,523 |
| Receipts from other operating activities | | - | - |
| Total Receipts | | 2,025,744 | 1,370,523 |
| Payments | | | |
| Fund administration expenses | 6 | 674,558 | 1,064,000 |
| General expenses | 7 | 869,925 | - |
| Finance cost | | | 11,400 |
| Total Payments | | 1,544,483 | 1,075,400 |
| Net cash flows from operating activities | | 481,262 | 102,798 |
| Cash flows from investing activities | | | |
| Purchase of property, plant, equipment and intangible assets | | - | - |
| Proceeds from sale of property, plant and equipment | | - | - |
| Proceeds from loan principal repayments | | 6,037,746 | 4,037,873 |
| Loan disbursements paid out | | (28,624,000) | 61,451,812) |
| Net cash flows used in investing activities | | (22,586,254) | (57,413,939) |
| Cash flows from financing activities | | | |
| Proceeds from revolving fund receipts | | 30,000,000 | 83,014,123 |
| Additional borrowings | | - | - |
| Repayment of borrowings | | - | - |
| Net cash flows used in financing activities | | 30,000,000 | 83,014,123 |
| Net increase/(decrease) in cash and cash equivalents | | 7,895,008 | 25,895,306 |
| Cash and cash equivalents at 1 JULY | 10 | 25,895,306 | |
| Cash and cash equivalents at 30 JUNE | 10 | 33,790,314 | 25,895,306 |

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME FUND
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13.5 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30th JUNE 2021.

| | Original budget | Adjustments | Final budget | Actual on comparable basis | % utilisation |
|------------------------------------|----------------------------|--------------------|---------------------|---------------------------------------|----------------------|
| | 2021 | 2021 | 2021 | 2021 | 2021 |
| Revenue | KShs | KShs | KShs | KShs | |
| Public contributions and donations | - | - | - | - | |
| Transfers from County Govt. | 15,000,000 | 15,000,000 | 30,000,000 | 30,000,000 | 100% |
| Interest income | 2,025,744 | | 2,025,744 | 2,025,744 | 100% |
| Other income | - | - | - | - | |
| Total income | 17,023,673 | 15,000,000 | 32,023,673 | 32,023,673 | 100% |
| Expenses | | | | | |
| Fund administration expenses | 674,558 | - | 674,558 | 674,558 | 100% |
| General expenses | 869,925 | - | 869,925 | 869,925 | 100% |
| Finance cost | - | - | - | - | |
| Totalexpenditure | 1,544,483 | - | 1,544,483 | 1,544,483 | 100% |

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13.6 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.

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Adoption of new and revised standards

a) Relevant new standards and amendments to published standards effective for the year ended 30 June 2021

| Standard/ Amendments : Applicable: 1 st January 2021: | Impact |
|--|--|
| a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks | There was no impact of the amendment to IPSAS 13 with respect to the current financial report |
| b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved | There was no impact of the amendment to IPSAS 13 and IPSAS 17 with respect to the current financial report as the Nyeri County Assembly Car Loan and Mortgage (Staff)Scheme Fund did not apply any of the transitional provisions in the FY 2020/2021 |
| c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets. | There was no impact of the amendment to IPSAS 21 and IPSAS 26 with respect to the current financial report as the Nyeri County Assembly Car Loan and Mortgage (Staff)Scheme Fund does not have Non-Cash Generating Assets and neither did it have impaired cash generating assets. |

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

| | |
|--|---|
| <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard</p> | <p><i>Document the impact if the fund is reporting for the first time on accrual/ Otherwise indicate that there was no impact</i></p> |
|--|---|

b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021

| Standard | Effective date and impact: |
|--|---|
| <p>IPSAS 41: Financial Instruments</p> | <p>Applicable: 1st January 2022: 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 Nyeri County Assembly Car Loan and Mortgage (Staff)Scheme Fund’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"> • 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; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Nyeri County Assembly Car Loan and Mortgage |

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME FUND
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| Standard | Effective date and impact: |
|---|--|
| | (Staff)Scheme Fund's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. |
| IPSAS 42: Social Benefits | Applicable: 1st January 2022 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Nyeri County Assembly Car Loan and Mortgage (Staff)Scheme Fund provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess: (a) The nature of such social benefits provided by the Nyeri County Assembly Car Loan and Mortgage (Staff)Scheme Fund; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Nyeri County Assembly Car Loan and Mortgage (Staff)Scheme Fund's financial performance, financial position and cash flows. |
| Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments | Applicable: 1st January 2022: 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. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which |

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| Standard | Effective date and impact: |
|----------|---|
| | were inadvertently omitted when IPSAS 41 was issued. 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. |

**COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF)
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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Early adoption of standards

The Nyeri County Assembly Car Loan and Mortgage (Staff)Scheme Fund did not early – adopt any new or amended standards in year 2020.

3. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

4. Budget information

The original budget for FY 2020/2021 was approved by the County Assembly on 000x (Date). Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Nyeri County Assembly Car Loan and Mortgage (Staff)Scheme Fund upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of kshs.30,000,000 on budget following the governing body's approval.

The Nyeri County Assembly Car Loan and Mortgage (Staff)Scheme 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

**COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF)
SCHEME FUND**

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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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 of these financial statements.

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 Nyeri County Assembly Car Loan and Mortgage (Staff)Scheme Fund recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

2. Intangible assets

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

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF)
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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Financial instruments

a) Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Nyeri County Assembly Car Loan and Mortgage (Staff)Scheme Fund determines the classification of its financial assets at initial recognition.

Loans and receivables

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

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Nyeri County Assembly Car Loan and Mortgage (Staff)Scheme 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 Nyeri County Assembly Car Loan and Mortgage (Staff)Scheme Fund assesses at each reporting date whether there is objective evidence that a financial asset or Nyeri County Assembly Car Loan and Mortgage (Staff)Scheme Fund of financial assets is impaired. A financial asset or Nyeri County Assembly Car Loan and Mortgage (Staff)Scheme Fund of financial assets is deemed to be impaired if, and only if, there is objective evidence of

**COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF)
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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial

asset or the Nyeri County Assembly Car Loan and Mortgage (Staff)Scheme Fund of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

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

b) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Nyeri County Assembly Car Loan and Mortgage (Staff)Scheme 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.

4. Inventories

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Nyeri County Assembly Car Loan and Mortgage (Staff)Scheme Fund.

5. Provisions

Provisions are recognized when the Nyeri County Assembly Car Loan and Mortgage (Staff)Scheme 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 Nyeri County Assembly Car Loan and Mortgage (Staff)Scheme 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 Nyeri County Assembly Car Loan and Mortgage (Staff)Scheme Fund does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent assets

The Nyeri County Assembly Car Loan and Mortgage (Staff)Scheme 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 Nyeri County Assembly Car Loan and Mortgage (Staff)Scheme 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.

6. Nature and purpose of reserves

The Nyeri County Assembly Car Loan and Mortgage (Staff)Scheme Fund creates and maintains reserves in terms of specific requirements.

7. Changes in accounting policies and estimates

The Nyeri County Assembly Car Loan and Mortgage (Staff)Scheme 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.

8. Employee benefits– Retirement benefit plans

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

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

9. Foreign currency transactions

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

10. Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

11. Related parties

The Nyeri County Assembly Car Loan and Mortgage (Staff)Scheme Fund regards a related party as a person or an Nyeri County Assembly Car Loan and Mortgage (Staff)Scheme Fund with the ability to exert control individually or jointly, or to exercise significant influence over the Nyeri County Assembly Car Loan and Mortgage (Staff)Scheme Fund, or vice versa. Members of key management are regarded as related parties and comprise the directors/Trustee, the Fund Managers and Fund Accountant.

12. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the family Bank of Kenya at the end

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

13. Comparative figures

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

14. Events after the reporting period

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

**15. Ultimate and Holding Nyeri County Assembly Car Loan and Mortgage
(Staff)Scheme Fund**

County Assembly of Nyeri Car Loan and Mortgage (staff) Scheme Fund is a County Public Fund established by The Public Finance Management (County Assembly of Nyeri Car Loan and Mortgage (staff) Scheme Fund Regulations, 2017.Act under the Department of Finance.. Its ultimate parent is the County Government of Nyeri.

16. Currency

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

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

17. Significant judgments and sources of estimation uncertainty

The preparation of the Nyeri County Assembly Car Loan and Mortgage (Staff)Scheme 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.

State all judgements, estimates and assumptions made: e.g

a) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Nyeri County Assembly Car Loan and Mortgage (Staff)Scheme Fund 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 Nyeri County Assembly Car Loan and Mortgage (Staff)Scheme Fund. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

b) Useful lives and residual values

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

- i) The condition of the asset based on the assessment of experts employed by the Nyeri County Assembly Car Loan and Mortgage (Staff)Scheme Fund
- ii) The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- iii) The nature of the processes in which the asset is deployed
- iv) Availability of funding to replace the asset
- v) Changes in the market in relation to the asset

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 000.

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.

18. Financial risk management

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

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

a) Credit risk

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

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

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The carrying amount of financial assets recorded in the financial statements representing the Nyeri County Assembly Car Loan and Mortgage (Staff) Scheme Fund's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

| | Total amount KShs | Fully performing KShs | Past due KShs | Impaired KShs |
|--|-------------------------|-----------------------------|------------------|------------------|
| At 30 June 2021 | | | | |
| Receivables from exchange transactions | - | - | - | - |
| Receivables from non-exchange transactions | - | - | - | - |
| Bank balances | - | - | - | - |
| Total | - | - | - | - |
| | - | - | - | - |
| At 30 June 2020 | - | - | - | - |
| Receivables from exchange transactions | - | - | - | - |
| Receivables from non-exchange transactions | - | - | - | - |
| Bank balances | - | - | - | - |
| Total | - | - | - | - |

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 Nyeri County Assembly Car Loan and Mortgage (Staff) Scheme Fund has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Nyeri County Assembly Car Loan and Mortgage (Staff) Scheme Fund has significant concentration of credit risk on amounts due from

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

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has built an appropriate liquidity risk management framework for the management of the Nyeri County Assembly Car Loan and Mortgage (Staff) Scheme Fund's short, medium and long-term funding and liquidity management requirements. The Nyeri County Assembly Car Loan and Mortgage (Staff) Scheme Fund manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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

| | Less than 1 month | Between 1- 3 months | Over 5 months | Total |
|-------------------------------|----------------------|------------------------|------------------|-------|
| | KShs | KShs | KShs | KShs |
| At 30 June 2021 | | | | |
| Trade payables | - | - | - | - |
| Current portion of borrowings | - | - | - | - |
| Provisions | - | - | - | - |
| Employee benefit obligation | - | - | - | - |
| Total | - | - | - | - |
| At 30 June 2020 | | | | |
| Trade payables | - | - | - | - |
| Current portion of borrowings | - | - | - | - |
| Provisions | - | - | - | - |
| Employee benefit obligation | - | - | - | - |
| Total | - | - | - | - |

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the Nyeri County Assembly Car Loan and Mortgage (Staff) Scheme Fund on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

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

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

There has been no change to the Nyeri County Assembly Car Loan and Mortgage (Staff)Scheme Fund's exposure to market risks or the manner in which it manages and measures the risk.

d) Foreign currency risk

The Nyeri County Assembly Car Loan and Mortgage (Staff) Scheme Fund has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The carrying amount of the Nyeri County Assembly Car Loan and Mortgage (Staff) Scheme Fund's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

| | | Other currencies | Total |
|--|------|------------------|-------|
| | KShs | KShs | KShs |
| At 30 June 2021 | | | |
| Financial assets | - | - | - |
| Investments | - | - | - |
| Cash | - | - | - |
| Debtors/ receivables | - | - | - |
| Liabilities | - | - | - |
| Trade and other payables | - | - | - |
| Borrowings | - | - | - |
| Net foreign currency asset/(liability) | - | - | - |

Foreign currency sensitivity analysis

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

| | Change in currency rate | Effect on surplus/ deficit | Effect on equity |
|-------------|----------------------------|-------------------------------|---------------------|
| | KShs | KShs | KShs |
| 2021 | | | |
| Euro | 10% | - | - |
| USD | 10% | - | - |
| 2020 | | | |
| Euro | 10% | - | - |
| USD | 10% | - | - |

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Interest rate risk

Interest rate risk is the risk that the Nyeri County Assembly Car Loan and Mortgage (Staff)Scheme Fund's financial condition may be adversely affected as a result of changes in interest rate levels. The Nyeri County Assembly Car Loan and Mortgage (Staff) Scheme Fund's interest rate risk arises from bank deposits. This exposes the Fund to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Fund's deposits.

Management of interest rate risk

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

Sensitivity analysis

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

f) Capital risk management

The objective of the Fund's capital risk management is to safeguard the Fund's ability to continue as a going concern. The Nyeri County Assembly Car Loan and Mortgage (Staff)Scheme Fund capital structure comprises of the following funds:

| | 2020/2021 | 2019/2020 |
|---|-----------|-----------|
| | KShs | KShs |
| Revaluation reserve | - | - |
| Revolving fund | - | - |
| Accumulated surplus | - | - |
| Total funds | - | - |
| | - | - |
| Total borrowings | - | - |
| Less: cash and bank balances | - | - |
| Net debt/(excess cash and cash equivalents) | - | - |
| Gearing | - | - |

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14. NOTES TO THE FINANCIAL STATEMENTS

1. Public contributions and donations

| Description | 2020/2021 | 2019/2020 |
|------------------------------------|-----------|-----------|
| | KShs | KShs |
| Donation from development partners | - | - |
| Contributions from the public | - | - |
| Total | - | - |

(Provide brief explanation for this revenue)

2. Transfers from County Government

| Description | 2020/2021 | 2019/2020 |
|--|-----------|-----------|
| | KShs | KShs |
| Transfers from County Govt. – operations | - | - |
| Payments by County on behalf of the Nyeri County Assembly Car Loan and Mortgage (Staff)Scheme Fund | - | - |
| Total | - | - |

3. Fines, penalties and other levies

| Description | 2020/2021 | 2019/2020 |
|------------------------|-----------|-----------|
| | KShs | KShs |
| Late payment penalties | - | - |
| Fines | - | - |
| Levies | - | - |
| Licences | - | - |
| Total | - | - |

4.

| Description | 2020/2021 | 2019/2020 |
|-------------------------------------|------------------|------------------|
| | KShs | KShs |
| Interest income from Mortgage loans | 2,025,745 | 1,370,523 |
| Interest income from car loans | - | - |
| Interest income from investments | - | - |
| Interest income on bank deposits | - | - |
| Total interest income | 2,025,745 | 1,370,523 |

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Other income

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

6. Fund administration expenses

| Description | 2020/2021 | 2019/2020 |
|-----------------------------|----------------|------------------|
| | KShs | KShs |
| Staff costs (Note 6a) | - | - |
| Loan processing costs | - | - |
| Professional services costs | - | 456,841 |
| Administration fees | 674,558 | 607,159 |
| Total | 674,558 | 1,064,000 |

6A. Staff costs

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. General expenses

| Description | 2020/2021 | 2019/2020 |
|--------------------------------|-----------|-----------|
| | KShs | KShs |
| Consumables | - | - |
| Electricity and water expenses | - | - |
| Fuel and oil costs | - | - |
| Insurance costs | - | - |
| Postage | - | - |
| Printing and stationery | - | - |

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| | | |
|-------------------------------------|---------|---|
| Rental costs | - | - |
| Security costs | - | - |
| Telecommunication | - | - |
| Bank Charges | 7,800 | - |
| Hospitality | 112,125 | - |
| Depreciation and amortization costs | - | - |
| Other expenses(Fridge benefits) | 750,000 | - |
| Total | 869,925 | - |

8. Finance costs

| Description | 2020/2021 | 2019/2020 |
|--------------------------------------|-----------|-----------|
| | KShs | KShs |
| Interest on Bank overdrafts | - | - |
| Interest on loans from banks charges | - | 11,400 |
| Total | - | 11,400 |

9. Gain/(loss) on disposal of assets

| Description | 2020/2021 | 2019/2020 |
|-------------------------------|-----------|-----------|
| | KShs | KShs |
| Property, plant and equipment | - | - |
| Intangible assets | - | - |
| Total | - | - |

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. Cash and cash equivalents

| Description | 2020/2021 | 2019/2020 |
|--|-------------------|-------------------|
| | KShs | KShs |
| Main Account | 30,074,311 | 21,551,511 |
| Collection Account | 2,957,961 | 4,330,163 |
| Interest Account | 758,043 | 13,632 |
| On – call deposits | - | - |
| Current account | - | - |
| Others | - | - |
| Total cash and cash equivalents | 33,790,315 | 25,895,306 |

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

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

| Financial institution | Account number | 2020/2021 | 2019/2020 |
|---------------------------|----------------|-------------------|-------------------|
| | | KShs | KShs |
| a) Fixed deposits account | | | |
| Sub- total | | - | - |
| b) On - call deposits | | | |
| Sub- total | | - | - |
| c) Current account | | | |
| Family bank | | - | - |
| Main Account | | 30,074,311 | 21,551,511 |
| Collection Account | | 2,957,961 | 4,330,163 |
| Interest Account | | 758,043 | 13,632 |
| Sub- total | | 33,790,315 | 25,895,306 |
| d) Others(specify) | | - | - |
| Cash in transit | | - | - |
| Cash in hand | | - | - |
| Mobile Money | | - | - |
| Sub- total | | - | - |
| Grand total | | 33,790,315 | 25,895,306 |

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

11. Receivables from exchange transactions

| Description | 2020/2021 | 2019/2020 |
|---|-------------------|-------------------|
| | KShs | KShs |
| Current Receivables | | |
| Interest receivable | - | 576,974 |
| Current loan repayments due | - | |
| Other exchange debtors | - | 384,726 |
| Less: impairment allowance | - | - |
| Total Current receivables | - | 961,700 |
| | - | - |
| Non-Current receivables | - | - |
| Long term loan repayments due | 80,000,192 | - |
| Total Non- current receivables | 80,000,192 | 56,644,563 |
| Total receivables from exchange transactions | 80,000,192 | 57,606,262 |

Additional disclosure on interest receivable

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. Receivables from Non-Exchange transaction

| Description | 2020/2021 | 2019/2020 |
|--|-----------|-----------|
| | KShs | KShs |
| Transfer from County Executive | - | - |
| Transfer from Fund | - | - |
| Totalreceivables from non-exchange transactions | - | - |

13. Prepayments

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

14. Inventories

| Description | 2020/2021 | 2019/2020 |
|--|-----------|-----------|
| | KShs | KShs |
| Consumable stores | - | - |
| Spare parts and meters | - | - |
| Catering | - | - |
| Other inventories(specify) | - | - |
| Totalinventoriesatthelowerofcostandnetrealizablevalue | - | - |

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15. Property, plant and equipment

| Cost | Land and Buildings | Motor vehicles | Furniture and fittings | Computers and office equipment | Total |
|------------------------------------|--------------------|----------------|------------------------|--------------------------------|-------|
| | KShs | KShs | KShs | KShs | KShs |
| At 1 st July 2019 | - | - | - | - | - |
| Additions | - | - | - | - | - |
| Disposals | - | - | - | - | - |
| Transfers/adjustments | - | - | - | - | - |
| At 30 th June 2020 | - | - | - | - | - |
| At 1 st July 2020 | - | - | - | - | - |
| Additions | - | - | - | - | - |
| Disposals | - | - | - | - | - |
| Transfer/adjustments | - | - | - | - | - |
| At 30 th June 2021 | - | - | - | - | - |
| Depreciation and impairment | - | - | - | - | - |
| At 1 st July 2019 | - | - | - | - | - |
| Depreciation | - | - | - | - | - |
| Impairment | - | - | - | - | - |
| At 30 th June 2020 | - | - | - | - | - |
| At 1 st July 2020 | - | - | - | - | - |
| Depreciation | - | - | - | - | - |
| Disposals | - | - | - | - | - |
| Impairment | - | - | - | - | - |
| Transfer/adjustment | - | - | - | - | - |

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| | Land and Buildings | Motor vehicles | Furniture and fittings | Computers and office equipment | Total |
|-------------------------------------|-------------------------------|-----------------------|-------------------------------|---|--------------|
| Cost | KShs | KShs | KShs | KShs | KShs |
| At 30th June 2021 | - | - | - | - | - |
| Net book values | - | - | - | - | - |
| At 30th June 2020 | - | - | - | - | - |
| At 30th June 2021 | - | - | - | - | - |

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Intangible assets-software

| Description | 2020/2021 | 2019/2020 |
|------------------------------------|-----------|-----------|
| | 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 | 2020/2021 | 2019/2020 |
|---------------------------------------|------------------|----------------|
| | KShs | KShs |
| Trade payables | - | 192,325 |
| Refundable deposits | - | - |
| Accrued expenses(FRIDGE BENEFITS) | 1,197,041 | - |
| Other payables | - | - |
| Total trade and other payables | 1,197,041 | 192,325 |

18. Provisions

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

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19. Borrowings

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

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

| | 2020/2021 | 2019/2020 |
|--|-----------|-----------|
| | KShs | KShs |
| External Borrowings | | |
| Dollar denominated loan from '000organization' | - | - |
| Sterling Pound denominated loan from organization' | - | - |
| Euro denominated loan from organization' | - | - |
| Domestic Borrowings | | |
| Kenya Shilling loan from KCB | - | - |
| Kenya Shilling loan from Barclays Bank | - | - |
| Kenya Shilling loan from Consolidated Bank | - | - |
| Borrowings from other government institutions | - | - |
| Total balance at end of the year | - | - |

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

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

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20. Employee benefit obligations

| Description | Defined benefit plan | Post employment medical benefits | Other Provisions | Total |
|---|----------------------|----------------------------------|------------------|-------|
| | KShs | KShs | KShs | KShs |
| Current benefit obligation | - | - | - | - |
| Non-current benefit obligation | - | - | - | - |
| Total employee benefits obligation | - | - | - | - |

21. Cash generated from operations

| | 2020/2021 | 2019/2020 |
|---|-----------|-----------|
| | KShs | KShs |
| Surplus/ (deficit) for the year before tax | - | - |
| Adjusted for: | - | - |
| Depreciation | - | - |
| Amortisation | - | - |
| Gains/ losses on disposal of assets | - | - |
| Interest income | - | - |
| Finance cost | - | - |
| Working Capital adjustments | - | - |
| Increase in inventory | - | - |
| Increase in receivables | - | - |
| Increase in payables | - | - |
| Net cash flow from operating activities | - | - |

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. Related party balances

a) Nature of related party relationships

Entities and other parties related to the Fund include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions.

Related parties include management personnel, their associates and close family members.

The fund/scheme is related to the following entities:

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

b) Related party transactions

| | 2020/2021 | 2019/2020 |
|---------------------------------|-----------|-----------|
| | KShs | KShs |
| Transfers from related parties' | - | - |
| Transfers to related parties | - | - |

c) Key management remuneration

| | 2020/2021 | 2019/2020 |
|-----------------------------|-----------|-----------|
| | KShs | KShs |
| Board of Trustees | - | - |
| Key Management Compensation | - | - |
| Total | - | - |

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d) Due from related parties

| | 2020/2021 | 2019/2020 |
|----------------------------|-----------|-----------|
| | KShs | KShs |
| Due from parent Ministry | - | - |
| Due from County Government | - | - |
| Due from County Assembly | - | - |
| Total | - | - |

e) Due to related parties

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

23. Contingent assets and contingent liabilities

| Contingent liabilities | 2020/2021 | 2019/2020 |
|---------------------------------|-----------|-----------|
| | KShs | KShs |
| Court case 000 against the Fund | - | - |
| Bank guarantees | - | - |
| Total | - | - |

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

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

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

No Audit Certificate has been issued concerning previous audit done

COUNTY ASSEMBLY OF NYERI CAR LOAN AND MORTGAGE (STAFF) SCHEME FUND

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16. APPENDIX I: INTER-NYERI COUNTY ASSEMBLY CAR LOAN AND MORTGAGE (STAFF)SCHEME FUND TRANSFERS

| Break down of Transfers from the County Executive of 060 County Government | | | | |
|--|--------------------|----------------------------|----------------------|--|
| FY 2020/2021 | | | | |
| a. | Recurrent Grants | <u>Bank Statement Date</u> | <u>Amount (KShs)</u> | <u>Indicate the FY to which the amounts relate</u> |
| | | | 30,000,000 | 2020/2021 |
| | | | | |
| | | Total | 30,000,000 | 2020/2021 |
| b. | Development Grants | <u>Bank Statement Date</u> | <u>Amount (KShs)</u> | <u>Indicate the FY to which the amounts relate</u> |
| | | | | |
| | | | | |
| | | Total | - | |
| c. | Direct Payments | <u>Bank Statement Date</u> | <u>Amount (KShs)</u> | <u>Indicate the FY to which the amounts relate</u> |
| | | | | |
| | | | | |
| | | Total | - | |

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

Finance Manager

Staff Fund

Sign



Head of County Treasury at

Nyeri County

Sign

