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REPORT

OF

THE AUDITOR-GENERAL

ON

**UASIN GISHU COUNTY INUA
BIASHARA FUND**

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

Revised Template 30th June 2021



OFFICE OF THE AUDITOR-GENERAL
NORTH RIFT REGIONAL OFFICE

22 JUN 2022

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P O Box 2774-30100, ELDORET

COUNTY GOVERNMENT OF UASINN GISHU
UASIN GISHU COUNTY INUA BIASHARA 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)**

UASIN GISHU COUNTY INUA BIASHARA FUND
Reports and Financial Statements
For the year ended June 30, 2021

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1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

The Uasin Gishu County Inua Biashara Fund was established by the Uasin Gishu County Inua Biashara Fund Act 2018 amended 2020, and derives its authority and accountability from this Act. The Fund is wholly owned by the County Government of Uasin Gishu and is domiciled in Kenya.

The fund's objective is to promote the establishment of new small business and Industries and to promote the development of existing small businesses and for connected purposes. The Fund's principal activity is to provide access to capital and financing facilities to micro and small enterprises owned by the residents of Uasin Gishu County especially those owned by youth, women and other special interest persons

b) Principal Activities

The principal activities of the Fund as provided by Uasin Gishu County Inua Biashara Fund Act, 2018 section 3 are to;

- i. Establish and administer the Uasin Gishu County Inua Biashara Fund
- ii. Promote new small enterprises in the Uasin Gishu County especially those owned by special interest groups
- iii. Promote existing small enterprises in the Uasin Gishu County especially those owned by special interest groups

c) Fund Administration Committee

The Fund is supported in its functions by a fund committee which has been set up pursuant to Section 5 of the Uasin Gishu County Inua Biashara Fund Act, 2018. The Committee provides management and administration of the fund. The committee members who served in the Board during the reporting period are as follows:

| Ref | Position | Name |
|------------|---|----------------------|
| 1 | Chairperson of the Board | Mrs Rebecca Chirchir |
| 2 | Chief Officer Trade & Industrialization | Mr. Simon Tanui |
| 3 | Chief Officer finance | Mr. Peter Chesos |
| 4 | Member | Ms. Carolyn Cheron |
| 5 | Member | Ms. Peris Njeri |
| 6 | Member | Mr Abdi Ibrahim |
| 7 | Member | Mr Kipleting Mengich |
| 8 | Member | Mr Hosea Mengich |
| 9 | Member | Mr Loice Kebenei |
| 10 | Fund Administrator | Ms Joanne Mutai |

d) Key Management

| Ref | Position | Name |
|------------|-----------------|-------------|
|------------|-----------------|-------------|

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| | | |
|---|-----------------|--------------------|
| 1 | Fund Manager | Ms Joanne Mutai |
| 2 | Fund Accountant | CPA Kalya C. Irene |

e) Fiduciary Oversight Arrangements

The Fund Committee

The committee has the overall responsibility to ensure the achievement of the fund objectives and mandate as set out under the Inua Biashara Fund Act. The Board also ensures that strategic direction is given to management who are responsible for the day to day operations of the organization to achieve commonality of purpose.

f) Registered Offices

Uasin Gishu County Government,
P.O. Box 40-30100,
KVDA Plaza,
Oloo Street Eldoret.
Eldoret, KENYA.

g) Fund Contacts

The Fund Administrator
Inua Biashara Fund
Telephone: (254) -053-2016215
-053-2016600
E-mail: info@uasingishu.go.ke
Website: www.uasingishu.go.ke

h) Fund Bankers

Family Bank
Eldoret Branch
Kenyatta Street
Eldoret, Kenya

i) Independent Auditors

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

UASIN GISHU COUNTY INUA BIASHARA FUND
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j) Principal Legal Adviser




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

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2. THE BOARD OF TRUSTEES/ FUND ADMINISTRATION COMMITTEE (or any other corporate governance body for the Fund)

| Name | Details of qualifications and experience |
|---|---|
|  | <p>MRS REBECCA CHIRCHIR – CHAIRPERSON She worked in the Ministry of Agriculture and livestock, National Agriculture and National Extension program as program coordinator in Transzoia County. She was also part of the Kenya Agriculture Productivity Project as M&E personell for 5 years in Uasin Gishu County. She was also part of the Agricultural Sector Development Support Program as a coordinator in Nandi County for 4 years. She holds a Masters Degree in Rural system management, BSc in Animal Science and Diploma in Animal husbandry</p> |
|  | <p>MR SIMON TANUI – VICE CHAIRPERSON He has a Masters Degree in Business Administration and Bachelors in Business Administration He is currently the Chief Officer Trade and Industrialization- County Government of Uasin Gishu. He has worked in the managerial team at the Kenya Institute of Management and as a CDF Manager – Moiben Subcounty.</p> |
|  | <p>MR KIPLETING MENGICH - MEMBER He holds a Masters Degree in Statistics, Michigan State University, Undergraduate double major Economics and maths from Kenyatta University. Since 2001 to 2015 he was a Lecturer at Devry University, Columbus Ohio, Lecturer Oakland Community College, Michigan Lecturer Franklin University, Ohio. Worked at Barclays Bank for 3 years and currently he is the Director Trade, County Government of Uasin Gishu.</p> |

UASIN GISHU COUNTY INUA BIASHARA FUND

Reports and Financial Statements

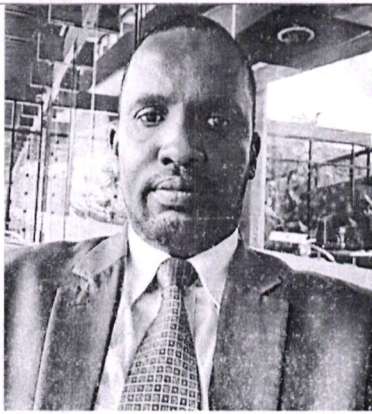
For the year ended June 30, 2021.



MR PETER CHESOS - MEMBER

Chief Officer Finance- County Government of Uasin Gishu

He is the Chief Officer for Finance and been a member of the fund since inception. Has a Bachelor of commerce and over 27years working experience in the banking sector.



MR ABDI IBRAHIM - MEMBER

Member of the Uasin Gishu business Community. He is the director Earthlink Construction Limited Company. Chairman Muslim Assosiation Uasin Gishu County. He works with Nairobi Metropolitan Services, Mbagathi Hospital and Mama Lucy Hospital as a supplier on medical equipments and construction works.



MR HOSEA MENGICH – MEMBER

He is a member of the Uasin Gishu business community. He has a Masters Degree in Entrepreneurship from JKUAT, Bsc.International Business Administration – Finance-United states International University. He is an expert in financial analysis.He worked at ICDC as a Financial Analyst.He also worked at IT Works Communication – Finance and Administration.

UASIN GISHU COUNTY INUA BIASHARA FUND

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MS CAROLINE CHERONO - MEMBER

She is the Director of Sana East Ltd. A member of the Uasin Gishu business community. She has a Masters Degree in Development Studies, Catholic University Undergraduate BCOM Finance – University of Nairobi Development Studies MKU Project Planning and Management , KIM



MS PERIS NJERI - MEMBER

Member of Uasin Gishu Business owners association. She has knowledge on loans to MSMEs in agribusiness. She was trainer of trainers in Faulu bank ,representing women in MSMEs in Uasin Gishu. She is also a director in RIAKIA Investment Ltd.



MS LOICE KEBENEI - MEMBER

She is an advocate of the high court of Kenya with 5 years of experience post admission .She works at County Government of Uasin Gishu as a legal officer since 2015 to date. Holds a post graduate diploma from Kenya School of Law and an LLB Degree from Moi School of Law.



MS JOANNE MUTAI – FUND MANAGER

She has an MBA Finance - University of Nairobi. BSc in International Business Administration (Finance) – United States International University Africa. She was a Business Analyst at Captiva Africa 2014, a Regional Head (Digital Skills for Africa) - Google Africa 2017-2019 and currently a Fund Manager- County Government of Uasin Gishu.

UASIN GISHU COUNTY INUA BIASHARA FUND
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**3. STATEMENT OF PERFORMANCE AGAINST COUNTY ENTITY'S
PREDETERMINED OBJECTIVES**

Uasin Gishu County Inua Biashara Fund is a fund developed by the County Government of Uasin Gishu through an Act of County Assembly 2018. Its purpose is to provide for the establishments of Inua Biashara Fund to promote the establishment of new small businesses and industries and/or to promote the development of existing small businesses and for connected purposes. The Inua Biashara Fund is tasked to giving loans to SMEs at a subsidized interest rate and a friendly repayment period.

Inua Biashara Fund had an annual budget to disburse Ksh 30,000,000 in the FY 2020/2021. This was the first disbursement and the plan was to give out this amount to provide capital and financing to different establishment. The plan therefore was executed.

The Fund was able to advance loans to 469 beneficiaries. The key development objectives of the Inua Biashara Fund in the FY 2020/2021 were:

- a) Provide access to capital and financing facilities to micro and small enterprises owned by the residents of Uasin Gishu
- b) Attracting and facilitating investment in micro and small enterprises oriented commercial infrastructure
- c) Supporting micro and small enterprises to develop linkages with large enterprises
- d) Facilitating marketing of products and services

UASIN GISHU COUNTY INUA BIASHARA FUND
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Below we provide the progress on attaining the stated objectives:




| Program | Objective | Outcome | Indicator | Performance |
|--|--|---|---|--|
| Provide access to capital and financing activities | Credit disbursed to MSMEs. | Increased number of MSMEs funded | No of loans disbursed | In FY 2020/2021 the loan beneficiaries are repaying. |
| Attracting and facilitating investment in micro and small enterprises oriented commercial infrastructure | Development of proposals to attract investors and donor Funding establishments | Proposals developed and funded | Number of proposals | Yet to be accomplished |
| | Exhibitions Social media marketing | Investment guide and policies for seamless intergration of investors Investment promotion agency | Amount of resources attracted | |
| Supporting micro and small enterprises to develop linkages with large enterprises | Linking SMEs to markets | Marketing Enhanced | No of MSMEs marketed locally | Yet to be accomplished |
| | | | No of MSMEs marketed to International markets | |
| Supporting MSMEs to develop linkages with large enterprises | Identification of MSMEs | Linkages established and strengthened | No of MSMEs linked with large enterprises | Yet to be accomplished |

UASIN GISHU COUNTY INUA BLASHARA FUND

Reports and Financial Statements

For the year ended June 30, 2021.

4. MANAGEMENT TEAM

| Name | Details of qualifications and experience |
|--|--|
|  | <p>MRS REBECCA CHIRCHIR - CHAIRPERSON</p> <p>She worked in the Ministry of Agriculture and livestock, National Agriculture and National Extension program as program coordinator in Transzoia County. She was also part of the Kenya Agriculture Productivity Project as M&E personell for 5 years in Uasin Gishu County. She was also part of the Agricultural Sector Development Support Program as a coordinator in Nandi County for 4 years. She holds a Masters Degree in Rural system management, BSc in Animal Science and Diploma in Animal husbandry</p> |
| <p>2.MR SIMEON TANUI</p>  | <p>MR SIMON TANUI – VICE CHAIRPERSON</p> <p>He has a Master’s Degree in Business Administration and Bachelors in Business Administration He is currently the Chief Officer Trade and Industrialization- County Government of Uasin Gishu. He has worked in the managerial team at the Kenya Institute of Management and as a CDF Manager – Moiben Subcounty.</p> |
|  | <p>MR PETER CHESOS</p> <p>He is currently the Chief Officer for Finance and been a member of the fund since inception. Has a Bachelor of commerce and over 27years working experience in the banking sector and the County government of Uasin Gishu as Chief Officer Finance.</p> |
| | <p>MS JOANNE MUTAI – FUND MANAGER</p> <p>She has an MBA Finance - University of Nairobi. BSc in International Business Administration (Finance) – United States International University Africa. She was a Business Analyst at Captiva Africa 2014, a Regional Head (Digital Skills for Africa)-</p> |

UASIN GISHU COUNTY INUA BIASHARA FUND
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For the year ended June 30, 2021.



Google Africa 2017-2019 and currently a Fund Manager- County Government of Uasin Gishu.

UASIN GISHU COUNTY INUA BIASHARA FUND
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5. FUND ADMINISTRATION COMMITTEE CHAIRPERSON'S REPORT

Inua Biashara Fund being newly established has been a success. The Inua Biashara Fund was aimed at touching the lives of the people of Uasin Gishu County. The Fund is deemed empowering the economy mostly the women, Youth and special groups. This is the reason the legislation on this particular Fund is very clear on relatively low interest rates of 5% per annum. In the FY 2020/2021 business people were able to benefit from the Fund.

The Uasin Gishu County Inua Biashara Fund Committee oversees the management of the Fund. I wish to sincerely appreciate the establishment of this Fund, whose main focus is the Uasin Gishu County's Women, Youth and Special groups; to empower them acquire the necessary skills, awarding them loans and necessary linkages, as a very noble idea by the County Government of Uasin Gishu. Since inception, the Fund's performance has been outstanding.

In order to ensure transparency and accountability in optimal loan disbursement and recovery, the Board envisages automating all the Fund's operations. Development of an ICT system is on course.

Most entrepreneurs are currently looking up to funding from this establishment terming their reasons to be the low friendly interest rates and the friendly repayment period of two years.

Signed: _____



Chairperson



UASIN GISHU COUNTY INUA BIASHARA FUND
Reports and Financial Statements
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6. REPORT OF THE FUND MANAGER

Uasin Gishu County Inua Biashara Fund is a fund developed by the County Government of Uasin Gishu through an Act of County Assembly 2018. Its purpose is to provide for the establishments of Inua Biashara Fund to promote the establishment of new small businesses and industries and/or to promote the development of existing small businesses and for connected purposes. The Inua Biashara Fund is tasked to giving loans to SMEs at a subsidized interest rate and a friendly repayment period.

The County Government of Uasin Gishu Inua Biashara Fund has a committee that manages it. Comprising of a Non-executive Chairperson, Chief Officer responsible for finance, Chief Officer responsible for Trade, Director responsible for Trade, Fund Administrator who is also the secretary to the committee, County Attorney and three other persons appointed by the CECM.

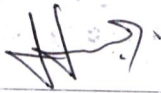
The fund operates as a revolving fund and it is expected to be recovered monthly from the beneficiary for a period of two years.

During the year 2020/2021, the board held eight meetings. The Committee allowances are paid from the 3% administration fee of the Fund.

This FY2020/2021 the Fund advanced loans to 77 groups, 392 individuals.

The estimated budget for the year 2020/2021 was Kes 30,000,000. The Fund was able to advance the amount as budgeted.

Signed: _____



Fund Administrator



UASIN GISHU COUNTY INUA BIASHARA FUND
Reports and Financial Statements
For the year ended June 30, 2021.

7. CORPORATE GOVERNANCE STATEMENT

In the FY 2020/2021 there were a total of 7 committee meetings.

Meeting 1 – 26th August 2020

Meeting 2 – 27th November 2020

Meeting 3 – 2nd December 2020

Meeting 4 – 26th March 2021

Meeting 5 – 23rd June 2021

Meeting 6 – 30th June 2021

Meeting 7 – 10th June 2021

Meeting 8 – 8th July 2021

The committee consists of

- (1) Non-executive Chairperson
- (2) Chief Officer Finance
- (3) Chief Officer Trade
- (4) Director Trade
- (5) County Attorney
- (6) Fund Manager
- (7) Three other persons appointed by CECM

The committee shall have power to

- a) Receive reports and accounts from the Fund Administrator and forward the same to the County Executive Member for Finance and Economic planning
- b) Prepare or cause to be prepared estimates of the revenue and expenditure of the Fund for that financial year
- c) Receive loan applications from the fund administrator and identify beneficiaries
- d) Perform any other function that can be delegated from time to time by the CECM for Finance and Economic planning.

The committee receives allowances from the Fund after every sitting as provided in the Act. 3% administration fee.

The accounts of the fund shall be examined, audited and reported upon annually by the Auditor-General in accordance with the Public Audit Act 2015.

UASIN GISHU COUNTY INUA BIASHARA FUND
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For the year ended June 30, 2021.

8. MANAGEMENT DISCUSSION AND ANALYSIS

The Fund has successfully supported 469 MSMEs across Uasin Gishu County. Some of them being businesses that needed to be boosted and others as start-ups. The MSMEs are spread across the County.

The Fund received 3505 loan applications and the Funds available for FY2020/2021 was 30 Million Shillings. The Funds were not enough to meet the demand. 13% of the total applicants were funded.

The repayment period for the loan is 2 years.

The recovered money is to be deposited into Uasin Gishu County Inua Biashara Fund Account Family Bank.

The department has made steps towards recovery of the funds i.e.

All beneficiaries have received SMS and calls reminding them to repay their loans. There are some beneficiaries who have who have made an effort of repaying the loans.

9. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Inua Biashara Fund exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on sustainability and environmental performance pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar.

The Fund sole responsibility is to change the livelihood of the citizens of Uasin Gishu through empowering MSMEs.

The Fund in this Financial Year did not have any budget for CSR but plans are underway to incorporate it in the subsequent years.

UASIN GISHU COUNTY INUA BIASHARA FUND
Reports and Financial Statements
For the year ended June 30, 2021.

10. REPORT OF THE TRUSTEES/ FUND ADMINISTRATION COMMITTEE

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2021, which show the state of the Fund affairs.

10.1 Principal activities

The principal activities of the Fund are to provide access to capital and financing, marketing MSMEs and providing linkages to the MSMEs.

10.2 Performance

The performance of the Fund for the year ended June 30, 2021, are set out on page 14

10.3 Trustees

The members of the Board of Trustee who served during the year are shown on page 4,5,6 .

10.4 Auditors

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

By Order of the Board

Sign: 

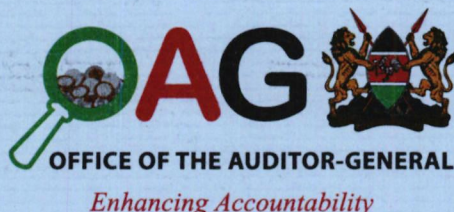
Name: JOANNE MURIUKI

Date: 21 JUN 22



REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON UASIN GISHU COUNTY INUA BIASHARA 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

Opinion

I have audited the accompanying financial statements of Uasin Gishu County Inua Biashara Fund set out on pages 20 to 58, which comprise of the statement of financial position as at 30 June, 2021 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting

policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Uasin Gishu County Inua Biashara 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 Public Finance Management Act, 2012 and the Uasin Gishu County Inua Biashara Fund (Amendment) Act, 2020.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Uasin Gishu County Inua Biashara 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 opinion.

Key Audit Matters

Key audit matters are those matters which, 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

Unauthorised Borrowing

The statement of financial position and as disclosed in Note 19 to the financial statements reflects long term portion of borrowings balance of Kshs.20,000,000 as at 30 June, 2021. This represents the outstanding loans borrowed from the Uasin Gishu County Enterprise Fund which were not supported by County Assembly approval and acknowledgement of funds by County Treasury. This is contrary to Section 142(1) of the Public Finance Management Act, 2012 which states that The County Assembly may

authorize short term borrowing by county government entities for cash management purposes only.

In the circumstances, the Fund is not likely to meet its objective of promotion of new or existing small enterprises in the County especially those owned by youth, women and other special interest groups.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

Those charged with governance are responsible for overseeing the 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 overall 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 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

UASIN GISHU COUNTY INUA BIASHARA FUND
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For the year ended June 30, 2021.

11. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by *Inua Biashara Fund Act 2018* 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 *Inua Biashara Fund Act 2018 amended 2020*. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2021, and of the Fund's financial position as at that date.


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

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

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

Approval of the financial statements

The Fund's financial statements were approved by the Board on 15th sept 2021 and signed on its behalf by:

Name:  JOANNE MUTAI
Administrator of the County Public Fund



UASIN GISHU COUNTY INUA BIASHARA 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 | 900,000 | - |
| Fines, penalties and other levies | 3 | - | - |
| | | | |
| Revenue from exchange transactions | | | |
| Interest income | 4 | 215,690 | - |
| Other income | 5 | - | - |
| | | | |
| Total revenue | | 1,115,690 | - |
| Expenses | | | |
| Fund administration expenses | 6 | 638,000 | - |
| General expenses | 7 | 16,120 | - |
| Finance costs | 8 | - | - |
| Total expenses | | 654,120 | - |
| Other gains/losses | | | |
| Gain/loss on disposal of assets | 9 | - | - |
| Surplus/(deficit) for the period | | 461,570 | - |

The notes set out on pages 44 to 58 form an integral part of these Financial Statements.

13.2 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

| | Note | 2020/2021 | 2019/2020 |
|--|------|-------------------|-----------|
| | | KShs | KShs |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 10 | 20,131,392 | - |
| Current portion of long- term receivables from exchange transactions | 11 | 14,284,678 | - |
| Receivables from Non- exchange transactions | 12 | - | - |
| Prepayments | 13 | - | - |
| Inventories | 14 | - | - |
| | | 34,416,070 | - |
| Non-current assets | | | |
| Long term receivables from exchange transactions | 11 | 15,145,500 | - |
| Property, plant and equipment | 15 | - | - |
| Intangible assets | 16 | - | - |
| | | 15,145,500 | - |
| Total assets | | 49,561,570 | |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables from exchange transactions | 17 | - | - |
| Provisions | 18 | - | - |
| Current portion of borrowings | 19 | - | - |
| Employee benefit obligations | 20 | - | - |
| | | - | - |
| Non-current liabilities | | | |
| Long term portion of borrowings | 19 | 20,000,000 | - |
| Non-current employee benefit obligation | 20 | - | - |
| Total liabilities | | - | - |
| Net assets | | | |
| Revolving Fund | | 29,100,000 | - |
| Reserves | | - | - |
| Accumulated surplus | | 461,570 | - |
| Total net assets and liabilities | | 49,561,570 | - |
| | | - | - |

UASIN GISHU COUNTY INUA BIASHARA FUND
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The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 15th Sept 2021 and signed by:



Administrator of the Fund
Name: JOANNE MUTAI



Fund Accountant
Name: **Kalya C. Irene**
ICPAK Member Number: **17967**



UASIN GISHU COUNTY INUA BIASHARA FUND
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13.3 STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2021

| | Revolving Fund | Revaluation Reserve KShs | Accumulated surplus KShs | Total KShs |
|-----------------------------------|-------------------|--------------------------------|--------------------------------|-------------------|
| Balance as at 1 July 2019 | | | | |
| Surplus/(deficit) for the period | - | - | - | - |
| Funds received during the year | - | - | - | - |
| Revaluation gain | - | - | - | - |
| Balance as at 30 June 2020 | - | - | - | - |
| Balance as at 1 July 2020 | | | | |
| Surplus/(deficit) for the period | | - | 461,570 | 461,570 |
| Funds received during the year | 29,100,000 | - | - | 29,100,000 |
| Revaluation gain | - | - | - | - |
| Balance as at 30 June 2021 | 29,100,000 | | 461,570 | 29,561,570 |

UASIN GISHU COUNTY INUA BIASHARA FUND
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13.4 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

| | Note | 2020/2021 | 2019/2020 |
|--|------|---------------------|-----------|
| | | KShs | KShs |
| Cash flows from operating activities | | | |
| Receipts | | | |
| Public contributions and donations | | - | - |
| Transfers from the County Government | 2 | 900,000 | - |
| Interest received | 4 | 51,262 | - |
| Receipts from other operating activities | 5 | - | - |
| Total Receipts | | 951,262 | - |
| Payments | | | |
| Fund administration expenses | 6 | 638,000 | - |
| General expenses | 7 | 16,120 | - |
| Finance cost | 8 | - | - |
| Total Payments | | 654,120 | - |
| Net cash flows from operating activities | | 297,142 | - |
| Cash flows from investing activities | | | |
| Purchase of property, plant, equipment and intangible assets | | - | - |
| Proceeds from sale of property, plant and equipment | 9 | - | - |
| Proceeds from loan principal repayments | | 1,025,250 | - |
| Loan disbursements paid out | | 30,291,000 | - |
| Net cash flows used in investing activities | | (29,265,750) | - |
| Cash flows from financing activities | | | |
| Transfers from the County Government | 2 | 29,100,000 | - |
| Proceeds from revolving fund receipts | | - | - |
| Additional borrowings | | 20,000,000 | - |
| Repayment of borrowings | | - | - |
| Net cash flows used in financing activities | | 49,100,000 | - |
| Net increase/(decrease) in cash and cash equivalents | | - | - |
| Cash and cash equivalents at 1 JULY | 10 | - | - |
| Cash and cash equivalents at 30 JUNE | | 20,131,392 | - |

UASIN GISHU COUNTY INUA BIASHARA FUND
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Handwritten mark resembling a plus sign or a stylized 'H'.

UASIN GISHU COUNTY INUA BIASHARA FUND

Reports and Financial Statements

For the year ended June 30, 2021

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 |
| | KShs | KShs | KShs | KShs | |
| Revenue | | | | | |
| Public contributions and donations | - | - | - | - | - |
| Transfers from County Govt. | 30,000,000 | - | 30,000,000 | 30,000,000 | 100% |
| Interest income | 215,690 | - | 215,690 | 51,262 | 24% |
| Loan Repayments | 4,313,792 | | 4,313,792 | 1,025,250 | 24% |
| Other income | - | - | - | - | |
| Total income | 34,529,482 | 0 | 34,529,482 | 31,076,512 | 90% |
| Expenses | | | | | |
| Fund administration expenses | 900,000 | - | 900,000 | 638,000 | 71% |
| General expenses | - | - | - | 16,120 | |
| Finance cost | - | - | - | - | |
| Loan Issued | 29,100,000 | - | 29,100,000 | 30,291,000 | 104% |
| Total expenditure | 30,000,000 | - | 30,000,000 | 30,945,120 | 103% |
| Surplus for the period | 4,529,482 | - | 4,529,482 | 131,392 | 3% |

Budget notes

1. The difference is caused by fund administration expenses underutilization and non-capitalization of the interest income IPSAS 24.14
2. There are no changes between original and final budget. (IPSAS 24.29)
3. The total of actual on comparable basis don't tie to the statement of financial performance totals because of difference in accounting methods for income and expenditure. Income is reported using IPSASA Cash while expenditure is accounted using IPSAS Accrual

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.

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 entity did not apply any of the transitional provisions in the FY 2020/2021 |
| c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets. | There was no impact of the amendment to IPSAS 21 and IPSAS 26 with respect to the current financial report as the entity does not have Non-Cash Generating Assets and neither did it have impaired cash generating assets. |
| d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard | |

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

| Standard | Effective date and impact: |
|---|--|
| <p>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 entity’s future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • 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 entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. |
| <p>IPSAS 42: Social Benefits</p> | <p>Applicable: 1st January 2022 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity’s financial performance, financial position and cash flows. |
| <p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p> | <p>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.</p> |

UASIN GISHU COUNTY INUA BIASHARA FUND

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| Standard | Effective date and impact: |
|----------|---|
| | <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> |

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Early adoption of standards

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

3. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

4. Budget information

The original budget for FY 2020/2021 was approved by the County Assembly on 30th June 2020. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund did not recorded additional appropriations

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were

Recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

UASIN GISHU COUNTY INUA BIASHARA FUND

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

2. Intangible assets

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

3. Financial instruments

a) Financial assets

Initial recognition and measurement

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

UASIN GISHU COUNTY INUA BIASHARA FUND

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Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

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

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

b) Financial liabilities

Initial recognition and measurement

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

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

UASIN GISHU COUNTY INUA BIASHARA FUND

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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.

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

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

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

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

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

5. Provisions

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

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

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

UASIN GISHU COUNTY INUA BIASHARA FUND

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Contingent liabilities

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

Contingent assets

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

6. Nature and purpose of reserves

The Entity doesn't maintain reserves in terms of specific requirements.

7. Changes in accounting policies and estimates

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

8. Employee benefits – Retirement benefit plans

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

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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

UASIN GISHU COUNTY INUA BIAHARA FUND

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9. Foreign currency transactions

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

10. Borrowing costs

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

11. Related parties

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

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 Central Bank of Kenya (**Remove if not applicable**) and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

14. Events after the reporting period

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

15. Ultimate and Holding Entity

The entity is a County Public Fund established by the Uasin Gishu County Inua Biashara Fund Act 2018 under the Department of Trade and Industrialization. Its ultimate parent is the County Government of Uasin Gishu.

16. Currency

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

17. Significant judgments and sources of estimation uncertainty

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

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

a) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

b) Useful lives and residual values

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

- i) The condition of the asset based on the assessment of experts employed by the Entity
- ii) The nature of the asset, its susceptibility and adaptability to changes in technology and processes

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

UASIN GISHU COUNTY INUA BIAHARA FUND

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- 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

c) Provisions

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

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

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 entity's management based on prior experience and their assessment of the current economic environment.

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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

UASIN GISHU COUNTY INUA BIASHARA FUND**Reports and Financial Statements****For the year ended June 30, 2021.**

| | Total amount | Fully performing | Past due | Impaired |
|--|-------------------|-------------------|----------|----------|
| | KShs | KShs | KShs | KShs |
| At 30 June 2021 | | | | |
| Receivables from exchange transactions | 29,430,178 | 29,430,178 | - | - |
| Receivables from non-exchange transactions | - | - | - | - |
| Bank balances | 131,392 | 131,392 | - | - |
| Total | 29,561,570 | 29,561,570 | - | - |
| At 30 June 2020 | | | | |
| Receivables from exchange transactions | - | - | - | - |
| Receivables from non-exchange transactions | - | - | - | - |
| Bank balances | - | - | - | - |

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

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

b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the Fund under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

UASIN GISHU COUNTY INUA BIASHARA FUND

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| | 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 | - | - | - | - |

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Market risk

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

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

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

d) Foreign currency risk

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

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

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

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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% | - | - |

e) Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

Interest rate in this case is risk free. It remain constant at the rate of 5%

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Capital risk management

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

| | 2020/2021 | 2019/2020 |
|---|-------------------|-----------|
| | KShs | KShs |
| Revaluation reserve | - | - |
| Revolving fund | 29,100,000 | - |
| Accumulated surplus | 461,570 | - |
| Total funds | 29,561,570 | - |
| | | - |
| Total borrowings | 20,000,000 | - |
| Less: cash and bank balances | (20,131,392) | - |
| Net debt/(excess cash and cash equivalents) | 131,392 | - |
| Gearing | 0.44% | - |

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14. NOTES TO THE FINANCIAL STATEMENTS**1. Public contributions and donations**

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

2. Transfers from County Government

| Description | 2020/2021 | 2019/2020 |
|--|----------------|-----------|
| | KShs | KShs |
| Transfers from County Govt. – operations | 900,000 | - |
| Payments by County on behalf of the entity | - | - |
| Total | 900,000 | - |

3. Fines, penalties and other levies

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

4. Interest income

| Description | 2020/2021 | 2019/2020 |
|-------------------------------------|----------------|-----------|
| | KShs | KShs |
| Interest income from Mortgage loans | - | - |
| Interest income from car loans | - | - |
| Interest income from investments | 215,690 | - |
| Interest income on bank deposits | - | - |
| Total interest income | 215,690 | - |

This is interest from loan issued for year ended 30th June 2021

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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 | - | - |
| Administration fees | 638,000 | - |
| Total | 638,000 | - |

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 | - | - |

N/B The total amount under staff costs has been included in note 6 as part of Fund Administration Expenses chiefly because most funds do not have separate employee but rather the cost would relate to allowances drawn in line fund administration.

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| Description | 2020/2021 | 2019/2020 |
|-------------------------------------|---------------|-----------|
| | KShs | KShs |
| Consumables | - | - |
| Electricity and water expenses | - | - |
| Fuel and oil costs | - | - |
| Insurance costs | - | - |
| Postage | - | - |
| Printing and stationery | - | - |
| Rental costs | - | - |
| Security costs | - | - |
| Telecommunication | - | - |
| Bank Charges | 16,120 | - |
| Hospitality | - | - |
| Depreciation and amortization costs | - | - |
| Other expenses | - | - |
| Total | 16,120 | - |

8. Finance costs

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

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 |
| Car loan account | - | - |
| County mortgage account | - | - |
| Fixed deposits account | - | - |
| On – call deposits | - | - |
| Current account | 20,131,392 | - |
| Others | - | - |
| Total cash and cash equivalents | 20,131,392 | - |

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

| Financial institution | Account number | 2020/2021 | 2019/2020 |
|-------------------------------------|----------------|-------------------|-----------|
| | | KShs | KShs |
| a) a) Fixed deposits account | | | |
| Kenya Commercial bank | - | - | - |
| Equity Bank, etc | - | - | - |
| Sub- total | | - | - |
| b) b) On - call deposits | | | |
| Kenya Commercial bank | - | - | - |
| Equity Bank - etc | - | - | - |
| Sub- total | | - | - |
| c) c) Current account | | | |
| Kenya Commercial bank | - | - | - |
| Family Bank | 85000092749 | 20,131,392 | - |
| Sub- total | | 20,131,392 | - |
| d) d) Others(specify) | | | |
| Cash in transit | - | - | - |
| Cash in hand | - | - | - |
| Mobile Money | - | - | - |
| Sub- total | | - | - |
| Grand total | | 20,131,392 | - |

UASIN GISHU COUNTY INUA BIAHARA FUND**Reports and Financial Statements****For the year ended June 30, 2021.****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****11. Receivables from exchange transactions**

| Description | 2020/2021 | 2019/2020 |
|--|-------------------|-----------|
| | KShs | KShs |
| Current Receivables | | |
| Interest receivable | 164,428 | - |
| Current loan repayments due | 3,288,542 | - |
| Other exchange debtors (Current portion of long term receivable) | 10,831,708 | - |
| Less: impairment allowance | - | - |
| Total Current receivables | 14,284,678 | - |
| Non-Current receivables | | |
| Long term loan repayments due | 15,145,500 | - |
| Total Non- current receivables | 15,145,500 | - |
| Total receivables from exchange transactions | 29,430,178 | - |

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 | 164,427 | - |
| 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 | 14,120,250 | - |

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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 Inua Biashara Fund | - | - |
| Total receivables 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) | - | - |
| Total inventories at the lower of cost and net realizable value | - | - |

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Property, plant and equipment

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

UASIN GISHU COUNTY INUA BIASHARA FUND

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

UASIN GISHU COUNTY INUA BIASHARA FUND**Reports and Financial Statements****For the year ended June 30, 2021.****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 | - | - |
| Refundable deposits | - | - |
| Accrued expenses | - | - |
| Other payables | - | - |
| Total trade and other payables | - | - |

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) | - | - | - | - |

UASIN GISHU COUNTY INUA BIASHARA FUND

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 | 20,000,000 | - |
| Repayments of external borrowings during the period | - | - |
| Repayments of domestic borrowings during the period | - | - |
| Balance at end of the period | 20,000,000 | - |

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

| | 2020/2021 | 2019/2020 |
|---|-------------------|-----------|
| | KShs | KShs |
| External Borrowings | | |
| Dollar denominated loan | - | - |
| Sterling Pound denominated loan | - | - |
| Euro denominated loan | - | - |
| Domestic Borrowings | | |
| Kenya Shilling loan from KCB | - | - |
| Kenya Shilling loan from Barclays Bank | - | - |
| Kenya Shilling loan from Consolidated Bank | - | - |
| Borrowings from other government institutions- Uasin Gishu Enterprise Fund | 20,000,000 | - |
| Total balance at end of the year | 20,000,000 | - |

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) | 20,000,000 | - |
| Long term borrowings | - | - |
| Total | 20,000,000 | - |

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 | 461,570 | - |
| Adjusted for: | | - |
| Depreciation | - | - |
| Amortisation | - | - |
| Gains/ losses on disposal of assets | - | - |
| Interest income | (164,427) | - |
| Finance cost | - | - |
| Working Capital adjustments | | |
| Increase in inventory | - | - |
| Increase in receivables | - | - |
| Increase in payables | - | - |
| Net cash flow from operating activities | 297,143 | - |

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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 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' | 20,000,000 | - |
| 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 against the Fund | - | - |
| Bank guarantees | - | - |
| Total | - | - |

UASIN GISHU COUNTY INUA BIASHARA FUND

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For the year ended June 30, 2021.

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

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

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

Guidance Notes:

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

UASIN GISHU COUNTY INUA BIASHARA FUND

Reports and Financial Statements

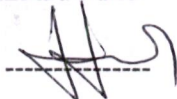
For the year ended June 30, 2021

16. APPENDIX I: INTER-ENTITY TRANSFERS

| ENTITY NAME: | | | | |
|--|--------------------|----------------------------|---------------|---|
| Break down of Transfers from the County Executive of Uasin Gishu County Government | | | | |
| FY 2020/2021 | | | | |
| a. | Recurrent Grants | Bank Statement Date | Amount (KShs) | Indicate the FY to which the amounts relate |
| | | | - | |
| | | | - | |
| | | Total | - | |
| b. | Development Grants | Bank Statement Date | Amount (KShs) | Indicate the FY to which the amounts relate |
| | | 21st July 2020 | 10,000,000 | 2020/2021 FY |
| | | 21st January 2021 | 20,000,000 | Borrowing |
| | | 22 nd July 2021 | 20,000,000 | 2020/2021 FY |
| | | Total | 50,000,000 | |
| c. | Direct Payments | Bank Statement Date | Amount (KShs) | Indicate the FY to which the amounts relate |
| | | | - | |
| | | | - | |
| | | | - | |
| | | Total | - | |

The above amounts have been communicated to and reconciled with the parent Ministry
Fund Manager
Inua Biashara Fund

Sign



Head of County Treasury at
Uasin Gishu County

Sign



COUNTY GOVERNMENT OF
UASIN GISHU
21 JUN 2022
INUA BIASHARA FUND MANAGER
P. O. Box 40-30100, ELDORET

