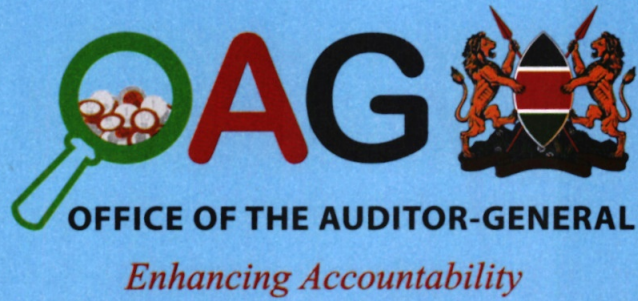


REPUBLIC OF KENYA



# REPORT

OF

PARLIAMENT  
OF KENYA  
LIBRARY

THE AUDITOR-GENERAL

ON

**UASIN GISHU COUNTY COOPERATIVE  
ENTERPRISE DEVELOPMENT FUND**

**FOR THE YEAR ENDED  
30 JUNE, 2023**

| PAPERS LAID        |                 |
|--------------------|-----------------|
| DATE               | 12/03/2024      |
| TABLED BY          | MAJORITY LEADER |
| COMMITTEE          | FINANCE         |
| CLERK AT THE TABLE | CHERO P         |





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**COUNTY GOVERNMENT OF UASIN GISHU  
COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2023**

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





**Uasin Gishu County Cooperative Enterprise Development Fund**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2023**

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**Annual Report and Financial Statements**  
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**1. Acronyms and Glossary of Terms**

|       |                                                    |
|-------|----------------------------------------------------|
| BOM   | Board of Management                                |
| ICPAK | Institute of Certified Public Accountants of Kenya |
| IPSAS | International Public Sector Accounting Standards   |
| PFM   | Public Finance Management                          |
| PSASB | Public Sector Accounting Standards Board           |
| Kshs  | Kenya Shillings                                    |
| CECM  | County Executive Committee Member                  |
| FY    | Financial Year                                     |
| WEF   | Women Enterprise Fund                              |
| CBO   | Community Based Organization                       |



**Uasin Gishu County Cooperative Enterprise Development Fund  
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**2. Key Entity Information and Management**

**a) Background information**

Uasin Gishu County Cooperative Enterprise Development Fund is established by and derives its authority and accountability from The Uasin Gishu County Cooperative Enterprise Development Fund Act, 2016. The Fund is wholly owned by the County Government of Uasin Gishu and is domiciled in Kenya.

**b) Principal Activities**

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

**Vision**

To be a leading agency in promoting cooperative and enterprise development.

**Mission**

Provide access to affordable credit to accelerate the growth of a viable Co-operative sector for sustainable socio-economic development.

**Core objectives**

- 1) To provide funds to support, revive and initiate the cooperative sector institutions in areas that can have an immediate impact to household economy.
- 2) To attract and facilitate investment in cooperative sector institutions that have linkages to micro, small & medium enterprises that benefit the youth.
- 3) To provide financial support to cooperative sector institution that support strategic and high return intervention which directly and indirectly have the potential to trigger growth and sector-wide impact.
- 4) To attract and facilitate investment in the cooperative sector institutions that have linkages to low-income persons, CBOs and women groups.
- 5) To provide funds to the cooperative sector institutions to facilitate marketing of products and services both in the domestic and international markets.

**Uasin Gishu County Cooperative Enterprise Development Fund**  
**Annual Report and Financial Statements**  
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**c) Board of Trustees/Fund Administration Committee**

| Ref | Name          | Position         |
|-----|---------------|------------------|
| 1   | Philip Mamet  | Chairperson      |
| 2   | Annet Rop     | Vice chairperson |
| 3   | Ruth Samoei   | Member           |
| 3   | Silas Rono    | Member           |
| 4   | Roselyne Rae  | Member           |
| 5   | Loice Kebenei | Member           |
| 6   | Stanley Koech | Member           |

**d) Key Management team**

| Ref | Name           | Position                                           |
|-----|----------------|----------------------------------------------------|
| 1   | Martha Cheruto | CECM-Trade, Cooperative and Enterprise Development |
| 2   | Isaac Lagat    | Fund Manager/ Administrator                        |
| 3   | Doris Jeruto   | Fund Accountant                                    |

**Key Entity and Management (Continued)**

**e) Fiduciary Oversight Arrangements**

| SN | Position                                             | Name                                                                                                                                              |
|----|------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| 1  | County Audit Committee                               | Chair – Zephania Rutto<br>Member – James Sambu<br>Member – Noellyne Munng'kaiy<br>Secretary – Mary Kiarie                                         |
| 2  | Uasingishu County Assembly Public Accounts Committee | Hon.Gilbert Kosgei<br>Hon.Francis Muya<br>Hon.Hillary Toroitich<br>Hon.Patrick Kimayo<br>Hon.David Tarus<br>Hon.Peter Wanjohi<br>Hon.Rebeca Jerop |



**Uasin Gishu County Cooperative Enterprise Development Fund  
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**Registered Offices**

Uasin Gishu County Cooperative Enterprise Development Fund Headquarters

Kapsoya Cooperative Offices.

P.O. Box 40-30100,

Eldoret, Kenya.

**f) Fund Contacts**

Uasin Gishu County Cooperative Enterprise Development Fund Contacts

Telephone: (254) -053-2016215

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

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

**g) Fund Bankers**

1. Access Bank

P. O. BOX 560-30100

TEL: 053-2062241

ELDORET.

2. Family Bank

P.O BOX 74145-00200

TEL: 254 703 095 445

NAIROBI

**Uasin Gishu County Cooperative Enterprise Development Fund**  
**Annual Report and Financial Statements**  
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**Key Entity and Management (Continued)**

**h) Independent Auditors**

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

**i) Principal Legal Adviser**

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

**j) County Attorney**

The County Attorney  
County Hall  
Uganda Road  
P.O. Box 40  
Eldoret, Kenya



**Uasin Gishu County Cooperative Enterprise Development Fund**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2023**

**3. Board of Trustees/ Fund Administration Committee**

| Name                                                                                                          | Details of qualifications and experience                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|---------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>1. PHILIP MAMET</p>       | <p><b>Member/Chairman-County Cooperative Enterprise Development Fund</b></p> <p>Mr Philip Kipchirchir Mamet was born in the year 1982, is a career banker with over 15 years' experience in, Operations, Personal, Business and corporate Banking; he is the immediate Relationship Manager, Middle East Bank Kenya Limited. He holds a Master Degree in Business Administration (MBA) in Finance from University of Nairobi, a Bachelor's Degree in Business Management-(2<sup>nd</sup> Class honours –upper division)-Finance and Banking option from Moi University and a post graduate Diploma in Procurement from Kenya Institute of Management (KIM), he is currently the Project Manager at Aliaise Capital.</p> |
| <p>2. ANET JEMUTAI ROP</p>  | <p><b>Member-County Cooperative Enterprise Development Fund</b></p> <p>Born in 1987, Annet is a career banker and holds a Bachelor's Degree in <b>Business Administration-Finance</b> with <b>Information Technology</b> (First Class Honors) from Maseno University.</p> <p>Currently working as a Relationship Manager with Cooperative Bank of Kenya Limited. Has experience in Banking Operations, lending, corporate and business banking as well as debt recoveries in the Banking sector from 2013 to Date.</p>                                                                                                                                                                                                  |
| <p>3.RUTH SAMOEI</p>       | <p><b>Member/Chief Officer for County Cooperatives and Enterprise Development</b></p> <p>Currently the Chief Officer Department of Cooperatives &amp; Enterprise Development who holds a Master's Degree in MEd, Bachelor's Degree in B.Ed. Diploma in Special Education and a Certificate in PTE. She has over 25 years working experience in education sector and private sector institutions.</p>                                                                                                                                                                                                                                                                                                                    |

**Uasin Gishu County Cooperative Enterprise Development Fund  
Annual Report and Financial Statements  
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|                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                         |
|---------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                         |
| <p><b>4. SILAS RONO</b></p>        | <p>Member/County Director of Finance</p> <p>Born in 1972. holds a Bachelor's degree in business management and a holder of CPA-K. He has wealth of experience and knowledge in public finance and accountancy. The member has over 13 years of experience in public service</p>                                                                                                                         |
| <p><b>5. ROSELYNE A. RAE</b></p>  | <p><b>Member-County Enterprise Development Fund</b></p> <p>Born in 1965, Roselyne A. Rae is the Assistant Commissioner for Cooperative Development. She holds;</p> <p>A Masters in Business Administration (Strategic Management), Bachelor of Business Management (Marketing Option)</p> <p>Diploma in Cooperative Management</p> <p>She has 30 years' experience working as a Cooperative Officer</p> |
| <p><b>6. LOYCE KEBENEI</b></p>   | <p><b>Member-County Enterprise Development Fund</b></p> <p>Born 1986. An Advocate of the High Court of Kenya with 5 years' experience post admission. Works at the 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 University School of Law.</p>                                              |
| <p><b>7. STANLEY KOECH</b></p>   | <p><b>Member-County Enterprise Development Fund</b></p> <p>Born in 1981. He holds a bachelor degree in Tourism Management. He has a wealth experience in Dairy Farming and a seasoned consultant</p>                                                                                                                                                                                                    |



**Uasin Gishu County Cooperative Enterprise Development Fund  
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**8.ISAAC LAGAT**



**Secretary to the Committee/Fund Administrator/  
Director**

He holds an undergraduate degree in Business management and currently pursuing a Master's degree in Project Planning and Management from UON. The officer has over 13 years' experience in credit management and administration in both the private sector commercial financial institutions and public sector financial institutions. He is well versed with public sector management with over 10 years in public sector management.



**Uasin Gishu County Cooperative Enterprise Development Fund  
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**4.Management Team**

| Name                                                                                                       | Details of qualifications and experience                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>1. MARTHA CHERUTO</p>  | <p>Currently the county executive member for Cooperatives and Enterprise Development Fund, Uasin Gishu County Government. She holds Masters in Business Administration from Nairobi University and undergraduate from Moi University.</p> <p>A competent and committed professional in the Co-operative Development, Marketing and Public Relation field.</p> <p>She has over 20 years' experience in the Co-operative Movement, Insurance and Financial services sector.</p> <p>She's specialized in Marketing, Strategic Planning and Customer Service.</p> |
| <p>2. ISAAC LAGAT</p>   | <p><b>Fund Administrator</b></p> <p>He holds a Master's degree in Project Planning and Management and an undergraduate degree in Business management. The officer has over 13 years' experience in credit management and administration in both the private sector commercial financial institutions and public sector financial institutions. He is well versed with public sector management with over 10 years in public sector management</p>                                                                                                             |
| <p>3. DORIS JERUTO</p>  | <p>Currently she is the Accountant of Uasin Gishu Cooperative Enterprise Development Fund. She holds a Bachelor's degree in bachelor of commerce Accounting Option and a holder of CPA-K. She has experience and knowledge in public finance and accountancy. She has over 7 years of experience in public service</p>                                                                                                                                                                                                                                        |

**Uasin Gishu County Cooperative Enterprise Development Fund**  
**Annual Report and Financial Statements**  
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**Board/Fund Chairperson's Report**

The Uasin Gishu County Cooperative Enterprise Development Fund Committee which oversees the management of the fund was appointed in December 2020 for a five-year term.

The role of County Cooperative Enterprise Development Fund Committee is to formulate policy guidelines on cooperative sector funding, ensure that all projects funded are consistent with the county's priorities specified in the relevant policy documents, approve proposals submitted to it by the Unit, formulate or approve standards, guidelines and procedures for funding proposals and approve the organizational structure of the Unit.

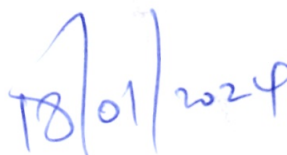
During the financial year 2022/23 the County Cooperative Enterprise Development Fund Committee held successful Committee meetings.

The Committee managed to approve and supervise disbursement of loans amounting Kshs 95 Million to 98 Cooperatives societies.

The Fund has supported several cooperatives to acquire assets to spur their economic growth and development for the benefit of their members through asset financing by purchase of pickups and lorries to transport milk. This has enabled farmer-based cooperatives to transport their farm produce with ease and reduced costs.

Going forward, I recommend the conversion of County Cooperative Enterprise Development Fund Committee into County Cooperative Enterprise Development Fund Board owing to the current size of the fund portfolio and operations.

I wish to sincerely appreciate the establishment of this Fund, whose main focus is County's Cooperative societies. The Fund has transformed the livelihood of the people of Uasin Gishu County through the access of affordable credit.



Name: Philip Mamet Signature.....Date.....

Chairperson of the Board/Fund



**Uasin Gishu County Cooperative Enterprise Development Fund  
Annual Report and Financial Statements  
for the year ended June 30, 2023**

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**6. Report of The Fund Administrator**

Section 163 of the Public Finance Management (PFM) Act, 2012 requires the County Treasury for the county government to consolidate the annual financial statements in respect of all the county government entities in formats to be prescribed by the Public Sector Accounting Standards Board (PSASB). The annual financial statement therefore presents all payments made into and out of the County Cooperative Enterprise Development Fund Account; gives a summary of the appropriation accounts and statements prepared by accounting officers; highlights all revenue collected, received and recovered by the receiver of revenue during the financial year; states debts of the County Cooperative Enterprise Development Fund outstanding at the end of financial year, and those guaranteed by the national government; and a summary of the accounts of the county assembly. During the period under review, the priorities outlined in the CIDP, County Cooperative Enterprise Fund Act of 2016 amendment of 2019 and the five pillars mentioned in the CFSP 2014 guided the development agenda of the County Cooperative Enterprise Development Fund. It is also worth mentioning that substantial progress has been made by the County Cooperative Enterprise development Fund towards realization of these goals.

In the financial year 2022-2023, despite the negative effects of Covid 19 on the economy and the co-operative sector institutions, the Fund disbursed a total of Ksh 95 Million to cooperative societies .The funds disbursed benefitted Farmer-based cooperative societies and Saccos for working capital, asset finance, on-lending and development purposes with an aim of improving access to affordable credit and enhance household incomes and create employment .The Fund managed to collect Kshs 42 Million as loan repayments.

Finally, let me take the earliest opportunity to thank all members of the technical team for their time and sacrifice in consolidating the annual financial statement. I also wish to re-affirm our commitments to enhanced financial discipline and fiscal responsibilities for the betterment of our county.

.....  


**Name: Isaac Lagat**

**Fund Administrator**

**Uasin Gishu County Cooperative Enterprise Development Fund**  
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**7. Statement of Performance Against the County Fund's Predetermined Objectives**

**Progress on attainment of Strategic development objectives**

Below we provide the progress on attaining the stated objectives:

| <b>Program</b>                            | <b>Objective</b>                                                                    | <b>Outcome</b>                                                               | <b>Indicator</b>                                             | <b>Performance</b>                                                  |
|-------------------------------------------|-------------------------------------------------------------------------------------|------------------------------------------------------------------------------|--------------------------------------------------------------|---------------------------------------------------------------------|
| Provision of credit to cooperatives       | To provide access to affordable loans to cooperative societies                      | Improved access to affordable credit by cooperative societies                | -Number of cooperatives Funded<br>-Amount of loans disbursed | In FY 22/23;<br>-98 Co-operatives Societies<br>95 Million Disbursed |
| Capacity building for funded cooperatives | To strengthen entrepreneurial skills, financial literacy and improve accountability | Enhanced entrepreneurial skills and accountability among funded cooperatives | Number of Cooperatives Trained                               | In FY 22/23<br>98 funded cooperatives   societies were trained      |



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**8. Corporate Governance Statement**

**Establishment of the Cooperative Enterprise Development Fund Committee**

The Cooperative Enterprise Development Fund Committee consist of: -

- (a) The County Chief Officer in the County department for the time being responsible for matters relating to cooperative development or a representative appointed in writing;
- (b) The County Chief Officer in the County department for the time being responsible for Finance or a representative appointed in writing.
- (c) The Head of legal services in the county or a representative appointed in writing;
- (d) Four persons, one of whom shall be the Chairperson of the Committee, not being public officers, who shall be appointed by the Member of the Executive Committee through a competitive and transparent recruitment process; and
- (e) The secretary to the Committee.

Every member of the committee shall hold office for a term of five years renewable for one further term.

A person shall be qualified for appointment if;

- (a) holds a degree from a university recognized in Kenya
- (b) has at least five years professional experience in the relevant field; and
- (c) meets the requirements of leadership and integrity as provided for in Chapter 6 of the Constitution or relevant national legislation.

**Uasin Gishu County Cooperative Enterprise Development Fund**  
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**Terms and conditions of service**

The members of the Committee shall be paid such allowances as the Member of the Executive Committee shall determine in consultation with the County Public Service Board

**Vacation of office of member**

The office of a member of the Committee appointed shall become vacant if the member: -

- (a) is adjudged bankrupt
- (b) is convicted of a criminal offence and sentenced to a term of imprisonment of not less than six months;
- (c) is convicted of an offence involving fraud or dishonesty;
- (d) is absent, without reasonable cause, from three consecutive meetings of the Committee;
- (e) resigns in writing addressed to the Member of the Executive Committee;
- (f) is removed from office by the Member of the Executive Committee for: -
  - (i) being unable to perform the functions of his office by reason of mental or physical infirmity; or (ii) failing to declare his interest in any matter being considered or to be considered by the Committee; or (iii) any other sufficient reason as may be prescribed.
- (g) Dies.

**Functions of the Committee**

The functions of the Committee are to:-

- (a) formulate policy guidelines on cooperative sector funding;
- (b) ensure that all projects funded are consistent with the county's priorities specified in the relevant policy documents;
- (c) approve proposals submitted to it by the Unit.
- (d) authorize allocations from the Fund;
- (f) formulate or approve standards, guidelines and procedures for funding proposals.
- (g) approve the organizational structure of the Unit;
- (h) Provide oversight in the utilization of the Fund.

**Meetings.**



**Uasin Gishu County Cooperative Enterprise Development Fund**  
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- 1) The Committee shall meet at such place in Kenya as the chairperson may determine and the meetings shall be convened by the chairperson.
- 2) The Committee shall have at least four meetings in every financial year and not more than three months shall elapse between one meeting and the next meeting.
- 3) Unless three quarters of the members otherwise agree, at least seven days' notice in
  - a. writing of a meeting shall be given to every member by the Director of the unit.
- 4) The chairperson may, at his discretion or at the written request made by at least half of the members of the Committee and within seven days of the request, convene an extraordinary meeting at such time and place and he may appoint.
- 5) Meetings shall be presided over by the chairperson or in his or her absence by the vice-chairperson.
- 6) The members of a Committee shall elect a vice- chairperson from among themselves-
  - (a) at the first sitting of the Committee; and
  - (b) whenever it is necessary to fill the vacancy in the office of the vice-chairperson.
- 7) Where the chairperson or vice-chairperson is absent, the members shall appoint from among themselves, a person to chair the meeting of the Committee.
- 8) The Committee may invite any person to attend any of its meetings and to participate in its deliberations, but such person shall not have a vote in any decision of the Committee.

**Conflict of interest**

If any person has a personal or fiduciary interest in a project, proposed contract or any matter before the Committee, and is present at a meeting of the Committee at which any matter is the subject of consideration, that person shall as soon as is practicable after the commencement of the meeting, declare such interest and shall not take part in any consideration or discussion of, or vote on any question touching such matter. A disclosure of interest made above shall be recorded in the minutes of the meeting at which it is made.

**Quorum**

The quorum of the meeting shall not be less than half of the appointed members of the Committee. Where the persons present at a meeting of the Committee do not constitute the quorum necessary to hold a meeting or where by reason of exclusion of a member from a meeting, the number of

**Uasin Gishu County Cooperative Enterprise Development Fund**  
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members present falls below the quorum necessary to hold a meeting, the Committee shall postpone the consideration of the matter in question until there is a quorum.

**Voting**

A question before the Committee shall be decided by simple majority of the members present and voting and the chairperson shall, in the case of an equality of votes, have a casting vote.



**Uasin Gishu County Cooperative Enterprise Development Fund  
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**9. Management Discussion and Analysis**

The Enterprise Development Fund financing has impacted positively on livelihoods and household economy of the residents of Uasin Gishu County. This has been achieved through the following ways:

- The Fund has enabled cooperative societies to access to affordable credit at an interest rate of 5% for farmer-based co-operatives and 8% for Saccos which trickles down to members
- The Fund has recorded a positive loan repayment during the financial year. This was attributed to the fund's rigorous loan recovery strategies implemented in the year.
- Asset financing for Dairy Cooperative Societies and farmer based cooperative. This facility has enabled the societies i.e. Kong'asis Kina, Olendu Elders, New Progressive Farmers Cooperative Society and Tuiyoluk Farmers' cooperative society to purchase tractors, trucks and pickups to support them in milk collection and transportation to the processors.
- The availability of enterprise financing to cooperatives has increased goodwill by members of public to embrace cooperatives.

The Fund was able to train officials from cooperative societies during the financial year, the training was to improve on governance of the cooperative societies and sacco's and instill the financial knowledge to reduce delinquency.

The Fund was able to disburse a total of 95 Million to various cooperative societies as in form of working capital, asset financing and development loans. These loans have direct impact on the livelihood of the members.

The Fund conducted a monitoring and evaluation programme to determine and gauge the performance and assist in providing a basis of comparison from the previous year's performance. The data was obtained was important in determining the strategic and future outlook of the cooperative societies

**Challenges**

1. The emergence of COVID 19 pandemic has adversely affected loan repayment. Most of the cooperative society's businesses were affected by the slowdown in the economy, hence requesting for loans to be rescheduled.
2. Unpredictable weather conditions which affects the supply of farm produce in the market. This adversely affect the market price stability which eventually has negative impact on profit margins for the cooperative and loan repayments for the enterprise Fund.

**Uasin Gishu County Cooperative Enterprise Development Fund  
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**10. Environmental and Sustainability Reporting**

The Fund was able to partner with Women Enterprise Fund (WEF) to assist women especially in rural areas to get support from the unit through affordable loans



**Uasin Gishu County Cooperative Enterprise Development Fund**  
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**11. Report of The Trustees**

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2023 which show the state of the Fund affairs.

**Principal activities**

The principal activities of the Fund are set out on page iv

**Results**

The results of the Fund for the year ended June 30, 2023 are set out on page 1 and 2.

**Trustees**

The members of the Board of Trustees who served during the year are shown on page viii, ix, x and xi. The changes in the Board during the financial year are as shown below:

**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 to carry out the audit of the Uasin Gishu County Cooperative Enterprise Development Fund for the year ended June 30, 2023 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit By Order of the Board



.....  
**Chair of the Board/Fund Administration Committee**

**Date:**

18/01/2024

**Uasin Gishu County Cooperative Enterprise Development Fund**  
**Annual Report and Financial Statements**  
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**12. Statement of Management's Responsibilities**

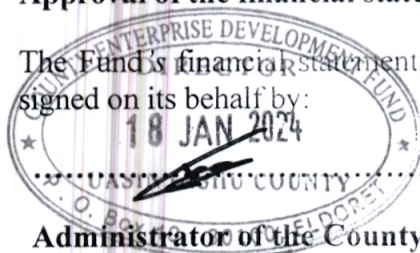
The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2023. This responsibility includes: (i) 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 Uasin Gishu County Cooperative Enterprise Development Fund Act, 2016. 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, 2023, 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 \_\_\_\_\_ 2023 and signed on its behalf by:

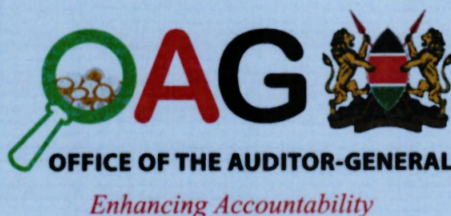


.....  
**Administrator of the County Public Fund**



# REPUBLIC OF KENYA

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**HEADQUARTERS**  
Anniversary Towers  
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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON UASIN GISHU COUNTY COOPERATIVE ENTERPRISE DEVELOPMENT FUND FOR THE YEAR ENDED 30 JUNE, 2023**

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### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Uasin Gishu County Cooperative Enterprise Development Fund set out on pages 1 to 39, which comprise of the statement

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*Report of the Auditor-General on Uasin Gishu County Cooperative Enterprise Development Fund for the year ended 30 June, 2023*



of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cashflows 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, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Uasin Gishu County Cooperative Enterprise Development Fund as at 30 June, 2023, 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 Cooperative Enterprise Development Fund Act, 2016.

### **Basis for Qualified Opinion**

#### **Inaccurate and Doubtful Collectability of Long-term Receivables from Exchange Transactions Balance**

The statement of financial position and Note 13 to the financial statements reflects long-term receivables from exchange transactions balance of Kshs.454,815,823 in respect of outstanding balances on loans advanced to one hundred and ninety - one (191) Co-operative Societies. Included in this balance is Kshs.67,930,034 in respect of loans advanced to forty - four (44) Cooperative Societies for which repayment has not been received and prove of effort to enforce repayment has not been provided. In addition, the credit risk in the long-term receivables from exchange transactions balance of Kshs.454,815,823, allowance for uncollectible balances and assessment for impairment of outstanding receivables have not been disclosed.

In the circumstances, the accuracy and collectability of the receivables from exchange transactions balance of Kshs.454,815,823 could not be confirmed.

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

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis amount of Kshs.276,636,377 and Kshs.249,923,712 respectively resulting to an under-funding of Kshs.26,712,665 or 10% of the budget.



Similarly, the Fund expended an amount of Kshs.176,211,029 against an approved budget of Kshs.276,636,377 resulting to an under-expenditure of Kshs.100,425,348 or 36% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

### **Other Matter**

### **Unresolved Prior Year Matters**

In the audit report of the previous year, several paragraphs were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the issues remain unresolved contrary to Section 149 (2) (I) of the Public Finance Management Act, 2012 which require accounting officers designated for county government entities to try to resolve any issues resulting from an audit that remain outstanding.

## **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, I confirm that, nothing 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**

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

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

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall 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 governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to abolish 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 overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

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

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



or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Because of its inherent limitations, internal controls 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.

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

09 February, 2024



**Uasin Gishu County Cooperative Enterprise Development Fund**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2023**

**14. Statement of Financial Performance for the Year Ended 30<sup>th</sup> June 2023**

| Description                                   | Note | 2022-2023         | 2021-2022          |
|-----------------------------------------------|------|-------------------|--------------------|
|                                               |      | Kshs              | Kshs               |
| <b>Revenue From Non-Exchange Transactions</b> |      |                   |                    |
| Public Contributions and Donations            | 1    | 0                 | 0                  |
| Transfers From the County Government          | 2    | 55,900,000        | 70,000,000         |
| Fines, Penalties and Other Levies             | 3    | 0                 | 0                  |
|                                               |      | <b>55,900,000</b> | <b>70,000,000</b>  |
| <b>Revenue From Exchange Transactions</b>     |      |                   |                    |
| Interest Income                               | 4    | 10,433,062        | 11,389,014.        |
| Other Income                                  | 5    | 0                 | 0                  |
|                                               |      | <b>10,433,062</b> | <b>11,389,014.</b> |
| <b>Total Revenue</b>                          |      | <b>66,333,062</b> | <b>81,389,014</b>  |
|                                               |      |                   |                    |
| <b>Expenses</b>                               |      |                   |                    |
| Employee Costs                                | 6    | 0                 | 0                  |
| Use of goods and services                     | 7    | 65,557,049        | 43,421,093         |
| Depreciation and Amortization Expense         | 8    | 578,598           | 731,802            |
| Finance Costs                                 | 9    | 58,704            | 44,982             |
| <b>Total Expenses</b>                         |      | <b>66,194,351</b> | <b>44,197,877</b>  |
| <b>Other Gains/Losses</b>                     |      | <b>0</b>          | <b>0</b>           |
| Gain/Loss on Disposal of Assets               | 10   | 0                 | 0                  |
| Gain /Loss on fair value of investments       | 11   | 0                 | 0                  |
| <b>Surplus/(Deficit) for the Period</b>       |      | <b>138,711</b>    | <b>37,191,137</b>  |

.....  
**Name: Isaac Pagan**  
**Administrator of the Fund**

.....  
**Name: Doris Jeruto**  
**Fund Accountant**  
**ICPAK Member Number: 2811**

**Uasin Gishu County Cooperative Enterprise Development Fund**  
**Annual Report and Financial Statements**  
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**15. Statement of Financial Position As at 30 June 2023**

| Description                                                          | Note | 2022-2023          | 2021-2022          |
|----------------------------------------------------------------------|------|--------------------|--------------------|
|                                                                      |      | Kshs               | Kshs               |
| <b>Assets</b>                                                        |      |                    |                    |
| <b>Current Assets</b>                                                |      |                    |                    |
| Cash and Cash Equivalents                                            | 12   | 73,712,683         | 148,236,377        |
| Current Portion of Long- Term Receivables From Exchange Transactions | 13   | 0                  | 0                  |
| Prepayments                                                          | 14   | 0                  | 0                  |
| Inventories                                                          | 15   | 0                  | 0                  |
| Investments in financial assets                                      | 16   | 0                  | 0                  |
| <b>Total current assets</b>                                          |      | <b>73,712,683</b>  | <b>148,236,377</b> |
| <b>Non-Current Assets</b>                                            |      |                    |                    |
| Interest accrued                                                     | 13   | 26,088,030         | 19,105,604         |
| Property, Plant and Equipment                                        | 17   | 12,793,008         | 8,277,610          |
| Intangible Assets                                                    | 18   | 0                  |                    |
| Long Term Receivables from Exchange Transactions                     | 13   | 454,815,823        | 391,647,246        |
| Investment Property                                                  | 19   | 0                  |                    |
| <b>Total non- current assets</b>                                     |      | <b>493,696,861</b> | <b>419,030,460</b> |
| <b>Total Assets</b>                                                  |      | <b>567,409,544</b> | <b>567,266,837</b> |
| <b>Liabilities</b>                                                   |      |                    |                    |
| <b>Current Liabilities</b>                                           |      |                    |                    |
| Trade and Other Payables from Exchange Transactions                  | 20   | 0                  | 0                  |
| Current Portion of Borrowings                                        | 22   | 0                  | 0                  |
| Employee Benefit Obligations                                         | 23   | 0                  | 0                  |
| Social benefit liabilities                                           | 24   | 0                  | 0                  |
| <b>Total current liabilities</b>                                     |      | <b>0</b>           | <b>0</b>           |
| <b>Non-Current Liabilities</b>                                       |      |                    |                    |
| Long Term Portion of Borrowings                                      | 22   | 0                  | 0                  |
| Non-Current Employee Benefit Obligation                              | 23   | 0                  | 0                  |
| Social benefit liabilities                                           | 24   | 0                  | 0                  |
| <b>Total Liabilities</b>                                             |      | <b>0</b>           | <b>0</b>           |
| <b>Net Assets</b>                                                    |      |                    |                    |
| Revolving Fund                                                       |      | 567,266,837        | 530,075,699        |
| Reserves                                                             |      | 0                  | 0                  |
| Accumulated Surplus                                                  |      | 138,711            | 37,191,137         |
| Prior Year Adjustment                                                |      | 3,996              |                    |
| <b>Total Net Assets and Liabilities</b>                              |      | <b>567,409,544</b> | <b>567,266,837</b> |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 18 JAN 2024 and signed by

Name: Isaac Lagat  
Administrator of the Fund

Name: Doris Jeruto  
Fund Accountant: 2811  
ICPAK Member Number:



**Uasin Gishu County Cooperative Enterprise Development Fund  
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**16. Statement Of Changes in Net Assets for the year ended 30<sup>th</sup> June 2023**

| Description                       | Revolving Fund     | Revaluation Reserve | Accumulated surplus | Total              |
|-----------------------------------|--------------------|---------------------|---------------------|--------------------|
|                                   |                    | Kshs                | Kshs                | Kshs               |
| <b>Balance As At 1 July 2021</b>  | 530,075,699        |                     | 0                   | 530,075,699        |
| Surplus/(Deficit) For the Period  | 0                  | -                   | 37,191,137          | 37,191,137         |
| Funds Received During the Year    | 0                  | -                   | 0                   | 0                  |
| Transfers                         | 0                  |                     | 0                   | 0                  |
| Revaluation Gain                  | 0                  |                     | 0                   | 0                  |
| <b>Balance As At 30 June 2022</b> | <b>530,075,699</b> |                     | <b>37,191,137</b>   | <b>567,266,836</b> |
|                                   |                    |                     |                     |                    |
| <b>Balance As At 1 July 2022</b>  | 530,075,699        |                     | 37,191,137          | 567,266,836        |
| Surplus/(Deficit) For the Period  | 0                  | -                   | 138,712             | 138,712            |
| Prior Year Adjustments            | 0                  |                     | 3996                | 3996               |
| Funds Received During the Year    | 0                  | -                   | 0                   | 0                  |
| Transfers                         | 0                  |                     | 0                   | 0                  |
| Revaluation Gain                  | 0                  |                     | 0                   | 0                  |
| <b>Balance As At 30 June 2023</b> | <b>530,075,699</b> |                     | <b>37,333,845</b>   | <b>567,409,544</b> |

**Uasin Gishu County Cooperative Enterprise Development Fund**  
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**17. Statement of Cash Flows for The Year Ended 30 June 2023**

| Description                                                   | Note | 2022-2023           | 2021-2022           |
|---------------------------------------------------------------|------|---------------------|---------------------|
|                                                               |      | Kshs                | Kshs                |
| <b>Cash flows from operating activities</b>                   |      |                     |                     |
| <b>Receipts</b>                                               |      |                     |                     |
| Public contributions and donations                            | 1    | 0                   | 0                   |
| Transfers from the county government                          | 2    | 55,900,000          | 70,000,000          |
| Interest received                                             | 4    | 3,450,636           | 3,102,111           |
| Receipts from other operating activities                      |      | 0                   | 0                   |
| <b>Total receipts</b>                                         |      | <b>59,350,636</b>   | <b>73,102,111</b>   |
| <b>Payments</b>                                               |      |                     |                     |
| Use of goods                                                  | 7    | (65,557,049)        | (43,421,093)        |
| Finance cost                                                  | 9    | (58,703)            | (44,982)            |
| Other payments                                                |      |                     |                     |
|                                                               |      | <b>(65,615,752)</b> | <b>(43,466,075)</b> |
| <b>Net cash flows from operating activities</b>               | 25   | <b>(6,265,116)</b>  | <b>29,636,036</b>   |
| <b>Cash flows from investing activities</b>                   |      |                     |                     |
| Purchase of property, plant, equipment and Intangible assets  |      | (5,090,000)         | (1,598,311)         |
| Proceeds from sale of property, plant & equipment             |      | 0                   | 0                   |
| Proceeds from loan principal repayments                       |      | 42,336,699          | 55,439,095          |
| Loan disbursements paid out                                   |      | (105,505,277)       | (85,071,624)        |
| <b>Net cash flows used in investing activities</b>            |      | <b>(68,258,578)</b> | <b>(31,230,840)</b> |
| <b>Cash flows from financing activities</b>                   |      |                     |                     |
| Proceeds from revolving fund receipts                         |      | 0                   | 0                   |
| Additional borrowings                                         |      | 0                   | 0                   |
| Repayment of borrowings                                       |      | 0                   | 0                   |
| <b>Net cash flows used in financing activities</b>            |      | <b>0</b>            | <b>0</b>            |
| <b>Net increase/(decrease) in cash &amp; cash Equivalents</b> |      | <b>(74,523,694)</b> | <b>(1,594,804)</b>  |
| Cash and cash equivalents at 1 July                           |      | 148,236,377         | 149,831,181         |
| <b>Cash and cash equivalents at 30 June</b>                   |      | <b>73,712,683</b>   | <b>148,236,777</b>  |



18. Statement Of Comparison Of Budget And Actual Amounts For The Period

| Description                   | Original budget    | Adjustments       | Final budget       | Actual on comparable basis | Performance difference | % Utilization |
|-------------------------------|--------------------|-------------------|--------------------|----------------------------|------------------------|---------------|
|                               | Kshs               | Kshs              | Kshs               | Kshs                       | Kshs                   |               |
|                               | a                  | B                 | C=(a+b)            | d                          | e=(c-d)                | f=d/c*100     |
| <b>Revenue</b>                |                    |                   |                    |                            |                        |               |
| Transfers From County Govt.   | 55,900,000         | 12,500,000        | 68,400,000         | 55,900,000                 | 12,500,000             |               |
| Interest Income               |                    |                   |                    | 3,450,636                  | (3,450,636)            |               |
| Loan Repayments               | 60,000,000         |                   | 60,000,000         | 42,336,699                 | 17,663,301             | 79            |
| Bal b/d FY2021-2022           | 148,236,377        | 0                 | 148,236,377        | 148,236,377                | 148,236,377            |               |
| <b>Total Income</b>           | <b>264,136,377</b> | <b>12,500,000</b> | <b>276,636,377</b> | <b>249,923,712</b>         | <b>26,712,665</b>      |               |
| <b>Expenses</b>               |                    |                   |                    |                            |                        |               |
| Use of goods and services     | 71,399,091         |                   | 71,399,091         | 65,557,049                 | 5,842,042              | 92            |
| Acquisition of other assets   | 5,200,000          |                   | 5,200,000          | 5,090,000                  | 110,000                | 98            |
| Loans disbursed               | 187,537,286        | 10,000,000        | 197,537,286        | 105,505,277                | 92,032,009             | 53            |
| Finance Cost                  | 0                  | 0                 | 0                  | 58,703                     | 0                      |               |
| <b>Total Expenditure</b>      | <b>264,136,377</b> | <b>12,500,000</b> | <b>276,636,377</b> | <b>176,211,029</b>         | <b>100,425,348</b>     |               |
| <b>Surplus For the Period</b> | <b>0</b>           | <b>0</b>          | <b>0</b>           | <b>73,712,683</b>          | <b>0</b>               |               |
| <b>Capital expenditure</b>    | <b>0</b>           | <b>0</b>          | <b>0</b>           | <b>0</b>                   | <b>0</b>               |               |

**Uasin Gishu County Cooperative Enterprise Development Fund  
Annual Report and Financial Statements  
for the year ended June 30, 2023**

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**19. Notes to the Financial Statements**

**1. General Information**

The Cooperative Enterprise Development Fund e is established by and derives its authority and accountability from the Uasin Gishu Cooperative Enterprise Development Fund Act 2016. The entity is wholly owned by the Uasin Gishu County Government and is domiciled in Kenya. The entity's principal activity is to provide affordable credit to Cooperative societies.

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

The Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

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

- (i) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023

| Standard                               | Effective date and impact                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>IPSAS 41: Financial Instruments</b> | <p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> </ul> |



**Uasin Gishu County Cooperative Enterprise Development Fund**  
**Annual Report and Financial Statements**  
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| Standard                                                                        | Effective date and impact                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|---------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                 | <ul style="list-style-type: none"> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>                                                                                                                                                                                                                                     |
| <b>IPSAS 42: Social Benefits</b>                                                | <p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the Entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</li> </ul> |
| <b>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</b> | <p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li> </ul>                                                                                                                                          |

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| <b>Standard</b>             | <b>Effective date and impact</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                             | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Other improvements to IPSAS | <p><i>Applicable 1<sup>st</sup> January 2023</i></p> <ul style="list-style-type: none"> <li>IPSAS 22 <i>Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>IPSAS 39: <i>Employee Benefits</i></li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li><b>IPSAS 29: Financial instruments: Recognition and Measurement</b></li> </ul> <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023</p> |

(ii) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

| <b>Standard</b>                   | <b>Effective date and impact:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| IPSAS 43                          | <p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> |
| IPSAS 44: Non-Current Assets Held | <p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The Standard requires,</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |



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| <b>Standard</b>                            | <b>Effective date and impact:</b>                                                                                                                                                                                                                                                                                                                                                                                                                            |
|--------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| for Sale and<br>Discontinued<br>Operations | Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:<br><br>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. |

**(iii) Early adoption of standards**

The Entity did not early – adopt any new or amended standards in the financial year or the entity adopted the following standards early

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**1. Significant Accounting Policies**

**a) 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.

**Dividends**

Dividends or similar distributions must be recognized when the shareholder's or the Entity's right to receive payments is established.

**Rental income**

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

**b) Budget information**

The original budget for FY 2022/2023 was approved by the County Assembly on 13 July 2022. 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 recorded additional appropriations of 55,900,000 on the FY 2022/23 budget following the governing body's approval.

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.



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**Summary of 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 xxx of these financial statements.

**c) Property, plant and equipment**

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

**d) Intangible Assets**

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

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

**e) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an -year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

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

**f) Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements). A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

**Financial assets**

**Classification of financial assets**

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

**Subsequent measurement**

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.



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

**Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through net assets/ equity**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through surplus or deficit**

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

**Trade and other receivables**

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

**Impairment**

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

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**Significant Accounting Policies (Continued)**

**Financial liabilities**

**Classification**

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

**g) Inventories**

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

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

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

**h) Provisions**

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

**i) Social Benefits**

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.



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

**j) 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.

**k) Nature and purpose of reserves**

The Entity creates and maintains reserves in terms of specific requirements. 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.

**l) 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.

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

**m) 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.

**n) 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.

**o) Related parties**

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

**p) Cash and cash equivalents**

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

**q) Comparative figures**

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



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

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

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

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

**a) Estimates and assumptions –**

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

**b) Useful lives and residual values**

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

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

**c) Provisions**

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

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

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**6. Notes To The Financial Statements**

**1. Public contributions and donations**

| Description                        | 2022-2023 | 2021-2022 |
|------------------------------------|-----------|-----------|
|                                    | Kshs      | Kshs      |
| Donation From Development Partners | 0         | 0         |
| Contributions From The Public      | 0         | 0         |
| <b>Total</b>                       | <b>0</b>  | <b>0</b>  |

**2. Transfers from County Government**

| Description                                | 2022-2023         | 2021-2022         |
|--------------------------------------------|-------------------|-------------------|
|                                            | Kshs              | Kshs              |
| Transfers From County Govt. –Operations    | 55,900,000        | 70,000,000        |
| Payments By County On Behalf Of The Entity | 0                 | 0                 |
| Unconditional Development grants           | 0                 | 0                 |
| <b>Total</b>                               | <b>55,900,000</b> | <b>70,000,000</b> |

**3. Fines, penalties and other levies**

| Description            | 2022-2023 | 2021-2022 |
|------------------------|-----------|-----------|
|                        | Kshs      | Kshs      |
| Late Payment Penalties | 0         | 0         |
| Fines                  | 0         | 0         |
| <b>Total</b>           | <b>0</b>  | <b>0</b>  |

**4. Interest income**

| Description                                          | 2022-2023         | 2021-2022         |
|------------------------------------------------------|-------------------|-------------------|
|                                                      | Kshs              | Kshs              |
| Interest Income from Loans disbursed                 | 3,450,636         | 3,102,111         |
| Interest Income From Investments in financial assets |                   |                   |
| Interest Income On Bank Deposits                     |                   |                   |
| Interest Accrued                                     | 6,982,426         | 8,286,903         |
| <b>Total Interest Income</b>                         | <b>10,433,062</b> | <b>11,389,014</b> |



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**Notes to the Financial Statements Continued**

**5. Other income**

| Description                          | 2022-2023 | 2021-2022 |
|--------------------------------------|-----------|-----------|
|                                      | Kshs      | Kshs      |
| Insurance Recoveries                 | 0         | 0         |
| Income from Sale of Tender Documents | 0         | 0         |
| Bad debts recovered                  | 0         | 0         |
| <b>Total Other Income</b>            | <b>0</b>  | <b>0</b>  |

**6. Employee Costs**

| Description                  | 2022-2023 | 2021-2022 |
|------------------------------|-----------|-----------|
|                              | Kshs      | Kshs      |
| Salaries And Wages           | 0         | 0         |
| Staff Gratuity               | 0         | 0         |
| Staff Training Expenses      | 0         | 0         |
| Social Security Contribution | 0         | 0         |
| Other ( <i>Specify</i> )     | 0         | 0         |
| <b>Total</b>                 | <b>0</b>  | <b>0</b>  |

**7. Use of Goods and Services**

| Description                                        | 2022-2023  | 2021-2022 |
|----------------------------------------------------|------------|-----------|
|                                                    | Kshs.      | Kshs.     |
| loan recovery for cooperatives                     | 193,600    | 4,361,660 |
| Mobilization of shares for cooperatives,           | 0          | 4,441,288 |
| CEDF Committee expenses                            | 2,369,620  |           |
| Administration Expenses                            | 0          | 5,125,620 |
| Monitoring and Evaluation expense                  | 2,478,000  |           |
| Share Mobilisation Expense                         | 1,680,360  |           |
| Fuel And Motor vehicle expense                     | 111,981    | 108,533   |
| Training on ICT                                    | 1,716,780  | 3,420,000 |
| Training and Capacity Building                     | 10,041,200 | 8,154,640 |
| Credit Administration and Risk Management Training | 3,858,600  | 0         |
| Office and general supplies                        | 810,876    | 753,700   |

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|                               |                   |                   |
|-------------------------------|-------------------|-------------------|
| Catering Services             | 757,000           | 0                 |
| Consultancy training expenses | 11,166,454        | 14,338,944        |
| Sensitization of Cooperatives | 3,641,568         | 0                 |
| Staff training                | 1,693,280         | 0                 |
| Taxes                         | 1,847,367         | 1,044,755         |
| Utilities                     | 164,173           | 0                 |
| Other Operating Expenses      | 2,682,888         | 1,671,953         |
| Ward Fund Programmes          | 20,343,302        | 0                 |
| <b>Total</b>                  | <b>65,557,049</b> | <b>43,421,093</b> |

**8. Depreciation and Amortization Expense**

| Description                  | 2022-2023      | 2021-2022      |
|------------------------------|----------------|----------------|
|                              | Kshs.          | Kshs.          |
| Property Plant and Equipment | 578,598        | 731,802        |
| Intangible Assets            | 0              | 0              |
| <b>Total</b>                 | <b>578,598</b> | <b>731,802</b> |

**9. Finance costs**

| Description                  | 2022-2023     | 2021-2022     |
|------------------------------|---------------|---------------|
|                              | Kshs          | Kshs          |
| Bank Charges                 | 58,704        | 44,982        |
| Interest On Bank Overdrafts  | 0             | 0             |
| Interest On Loans From Banks | 0             | 0             |
| <b>Total</b>                 | <b>58,704</b> | <b>44,982</b> |

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

| Description                   | 2022-2023 | 2021-2022 |
|-------------------------------|-----------|-----------|
|                               | Kshs      | Kshs      |
| Property, Plant and Equipment | 0         | 0         |
| Intangible Assets             | 0         | 0         |
| <b>Total</b>                  | <b>0</b>  | <b>0</b>  |



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**11. Gain/ (loss) on Fair Value Investments**

| Description                                   | 2022-2023 | 2021-2022 |
|-----------------------------------------------|-----------|-----------|
|                                               | Kshs      | Kshs      |
| Investments at Fair Value- Equity investments | 0         | 0         |
| Fair value – Investment property              | 0         | 0         |
| Fair value- other financial assets (specify)  | 0         | 0         |
| <b>Total Gain</b>                             | <b>0</b>  | <b>0</b>  |

**12. Cash and cash equivalents**

| Description                            | 2022-2023         | 2021-2022          |
|----------------------------------------|-------------------|--------------------|
|                                        | Kshs              | Kshs               |
| Car Loan Account                       | 0                 | 0                  |
| County Mortgage Account                | 0                 | 0                  |
| Fixed Deposits Account                 | 0                 | 0                  |
| On – Call Deposits                     | 0                 | 0                  |
| Current Account                        | 73,712,683        | 148,236,377        |
| Others ( <i>Specify</i> )              | 0                 | 0                  |
| <b>Total Cash And Cash Equivalents</b> | <b>73,712,683</b> | <b>148,236,377</b> |

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**Notes to the Financial Statements Continued**

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

| Financial Institution            | Account number | 2022-2023         | 2021-2022          |
|----------------------------------|----------------|-------------------|--------------------|
|                                  |                | Kshs              | Kshs               |
| <b>a) Fixed Deposits Account</b> |                |                   |                    |
| Kenya Commercial Bank            |                | 0                 | 0                  |
| Equity Bank, Etc.                |                | 0                 | 0                  |
| <b>Sub- Total</b>                |                | <b>0</b>          | <b>0</b>           |
|                                  |                |                   |                    |
| <b>b) On - Call Deposits</b>     |                |                   |                    |
| Kenya Commercial Bank            |                | 0                 | 0                  |
| Equity Bank - Etc.               |                | 0                 | 0                  |
| <b>Sub- Total</b>                |                | <b>0</b>          | <b>0</b>           |
|                                  |                |                   |                    |
| <b>c) Current Account</b>        |                |                   |                    |
| Access Bank Kenya                | 30100000279    | 805,780           | 785,616            |
| Family Bank                      | 085000096027   | 72,906,903        | 147,450,761        |
| <b>Sub- Total</b>                |                | <b>73,712,683</b> | <b>148,236,377</b> |
|                                  |                |                   |                    |
| <b>d) Others(Specify)</b>        |                | 0                 | 0                  |
| Cash In Transit                  |                | 0                 | 0                  |
| Cash In Hand                     |                | 0                 | 0                  |
| <b>Sub- Total</b>                |                | <b>0</b>          | <b>0</b>           |
| <b>Grand Total</b>               |                | <b>0</b>          | <b>0</b>           |

**13. Receivables from exchange transactions**

| Description                                         | 2022-2023          | 2021-2022          |
|-----------------------------------------------------|--------------------|--------------------|
|                                                     | Kshs               | Kshs               |
| <b>Current Receivables</b>                          |                    |                    |
| Interest Receivable                                 | 26,088,030         | 19,105,604         |
| Current Loan Repayments Due                         | 0                  | 0                  |
| Other Exchange Debtors                              | 0                  | 0                  |
| Less: Impairment Allowance                          | 0                  | 0                  |
| <b>Total Current Receivables</b>                    | <b>26,088,030</b>  | <b>19,105,604</b>  |
| <b>Non-Current Receivables</b>                      |                    |                    |
| Long Term Loan Repayments Due                       | 454,815,823        | 391,647,246        |
| <b>Total Non- Current Receivables</b>               | <b>454,815,823</b> | <b>391,647,246</b> |
| <b>Total Receivables From Exchange Transactions</b> | <b>480,903,853</b> | <b>410,752,850</b> |

**Notes to the Financial Statements Continue**



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**Additional disclosure on interest receivable**

| Description                                                                            | 2022-2023 | 2021-2022 |
|----------------------------------------------------------------------------------------|-----------|-----------|
|                                                                                        | Kshs      | Kshs      |
| <b>Interest Receivable</b>                                                             |           |           |
| Interest receivable from current portion of long-term loans of previous years          | 3,450,636 | 3,102,111 |
| Accrued interest receivable from of long-term loans of previous years                  | 6,982,426 | 8,286,903 |
| Interest receivable from current portion of long-term loans issued in the current year | 0         | 0         |
| <b>Current loan repayments due</b>                                                     |           |           |
| Current portion of long-term loans from previous years                                 | 0         | 0         |
| Accrued principal from long-terms loans from previous periods                          | 0         | 0         |
| Current portion of long-term loans issued in the current year                          | 0         | 0         |

**14. Prepayments**

| Description                          | 2022-2023 | 2021-2022 |
|--------------------------------------|-----------|-----------|
|                                      | Kshs      | Kshs      |
| Prepaid Rent                         | 0         | 0         |
| Prepaid Insurance                    | 0         | 0         |
| Prepaid Electricity Costs            | 0         | 0         |
| Other Prepayments ( <i>Specify</i> ) | 0         | 0         |
| <b>Total</b>                         | <b>0</b>  | <b>0</b>  |

**15. Inventories**

| Description                                                            | 2022-2023 | 2021-2022 |
|------------------------------------------------------------------------|-----------|-----------|
|                                                                        | Kshs      | Kshs      |
| Consumable Stores                                                      | 0         | 0         |
| Spare Parts And Meters                                                 | 0         | 0         |
| Catering                                                               | 0         | 0         |
| Other Inventories ( <i>Specify</i> )                                   | 0         | 0         |
| <b>Total Inventories at The Lower of Cost and Net Realizable Value</b> | <b>0</b>  | <b>0</b>  |

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**16. Investments in financial assets**

| Description                                             | 2022-2023 | 2021-2022 |
|---------------------------------------------------------|-----------|-----------|
|                                                         | Kshs      | Kshs      |
| <b>a. Investment in Treasury bills and bonds</b>        |           |           |
| Financial institution                                   |           |           |
| CBK                                                     | 0         | 0         |
| CBK                                                     | 0         | 0         |
| Sub- total                                              | 0         | 0         |
| <b>b. Investment with Financial Institutions/ Banks</b> |           |           |
| Bank x                                                  | 0         | 0         |
| Bank y                                                  | 0         | 0         |
| Sub- total                                              | 0         | 0         |
| <b>c. Equity investments (specify)</b>                  |           |           |
| Equity/ shares in Entity xxx                            | 0         | 0         |
| Sub- total                                              | 0         | 0         |
| <b>Grand total</b>                                      | <b>0</b>  | <b>0</b>  |

**Movement of Equity Investments**

| Impairment allowance/ provision                                     | Insert Current<br>FY | Insert Previous.<br>FY |
|---------------------------------------------------------------------|----------------------|------------------------|
|                                                                     | Kshs                 | Kshs                   |
| At the beginning of the year                                        | 0                    | 0                      |
| Purchase of investments in the year                                 | 0                    | 0                      |
| Sale of investments during the year                                 | 0                    | 0                      |
| Gain/(loss) in fair value of investments through surplus or deficit | 0                    | 0                      |
| <b>At the end of the year</b>                                       | <b>0</b>             | <b>0</b>               |

**e) Shareholding in other entities**

| Name of Entity<br>where<br>investment is<br>held | No of shares           |                          |                           | Nominal<br>value of<br>shares | Fair value<br>of shares | Fair<br>value of<br>shares |
|--------------------------------------------------|------------------------|--------------------------|---------------------------|-------------------------------|-------------------------|----------------------------|
|                                                  | Direct<br>shareholding | Indirect<br>shareholding | Effective<br>shareholding |                               | Current<br>year         | Prior<br>year              |
|                                                  | %                      | %                        | %                         | Kshs                          | Kshs                    | Kshs                       |
| Entity A                                         | 0                      | 0                        | 0                         | 0                             | 0                       | 0                          |
| Entity B                                         | 0                      | 0                        | 0                         | 0                             | 0                       | 0                          |
| Entity C                                         | 0                      | 0                        | 0                         | 0                             | 0                       | 0                          |
|                                                  | 0                      | 0                        | 0                         | 0                             | 0                       | 0                          |



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**17. Property, plant and equipment**

|                                          | Land<br>and<br>Build<br>ings | Motor<br>vehicles | Furniture<br>and<br>fittings | Computer<br>Software | Computer<br>s and<br>office<br>equipment | Total      |
|------------------------------------------|------------------------------|-------------------|------------------------------|----------------------|------------------------------------------|------------|
| Cost                                     | Kshs                         | Kshs              | Kshs                         | Kshs                 | Kshs                                     | Kshs       |
| At 1 <sup>st</sup> July 2021             | 0                            | 1,284,396         | 1,201,704                    | 3,805,500            | 1,119,501                                | 7,411,101  |
| Additions                                | 0                            |                   |                              |                      | 1,598,311                                | 1,598,311  |
| Disposals                                |                              |                   |                              |                      |                                          |            |
| Transfers/Adjustments                    |                              |                   |                              |                      |                                          |            |
| At 30 <sup>th</sup> June 2022            | 0                            | 1,284,396         | 1,201,704                    | 3,805,500            | 2,717,812                                | 9,009,412  |
| At 1 <sup>st</sup> July 2022             | 0                            | 1,284,396         | 1,201,704                    | 3,805,500            | 2,717,812                                | 9,009,412  |
| Additions                                |                              | 0                 |                              | 3,895,000            | 1,195,000                                | 5,090,000  |
| Disposals                                |                              |                   |                              |                      |                                          |            |
| Transfer/Adjustments                     |                              |                   |                              |                      |                                          |            |
| At 30 <sup>th</sup> June 2023            |                              | 1,284,396         | 1,201,704                    | 7,700,500            | 3,912,812                                | 14,099,412 |
| <b>Depreciation And<br/>Impairment</b>   |                              |                   |                              |                      |                                          |            |
| At 1 <sup>st</sup> July 2021             |                              |                   |                              |                      |                                          |            |
| Depreciation                             |                              | (374,616)         | (129,634)                    | (63,425)             | (156,136)                                | (723,811)  |
| Impairment                               |                              |                   |                              |                      |                                          |            |
| At 30 <sup>th</sup> June 2022            | 0                            | 909,780           | 1,072,070                    | 7,637,075            | 3,756,676                                | 13,375,601 |
| At 1 <sup>st</sup> July 2022             |                              | 909,780           | 1,072,070                    | 7,637,075            | 3,756,676                                | 13,375,601 |
| Depreciation                             |                              | (265,353)         | (113,694)                    | (68,860)             | (130,691)                                | (578,598)  |
| Disposals                                | 0                            | 0                 | 0                            | 0                    | 0                                        | 0          |
| Impairment                               |                              |                   |                              |                      |                                          |            |
| Adjustment on Prior<br>year Depreciation |                              |                   |                              |                      |                                          | (3,996)    |
| At 30 <sup>th</sup> June 2023            | 0                            | 644,427           | 958,376                      | 7,568,215            | 3,625,985                                | 12,793,007 |
| <b>Net Book Values</b>                   |                              |                   |                              |                      |                                          |            |
| At 30 <sup>th</sup> June 2022            | 0                            | 909,780           | 1,072,070                    | 3,742,075            | 2,550,170                                | 8,277,610  |
| At 30 <sup>th</sup> June 2023            | 0                            | 644,427           | 958,376                      | 7,568,215            | 3,625,985                                | 12,793,007 |

**NB: The standard capital deductions rates were used in computations of depreciations.**

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**18. Intangible assets**

| Description                        | 2022-2023 | 2021-2022 |
|------------------------------------|-----------|-----------|
|                                    | Kshs      | Kshs      |
| <b>Cost</b>                        |           |           |
| <b>At Beginning of The Year</b>    | 0         | 0         |
| Additions                          | 0         | 0         |
| <b>At End of The Year</b>          | 0         | 0         |
| <b>Amortization And Impairment</b> | <b>0</b>  | <b>0</b>  |
| <b>At Beginning of The Year</b>    | 0         | 0         |
| Amortization                       | 0         | 0         |
| <b>At End of The Year</b>          | 0         | 0         |
| Impairment Loss                    | <b>0</b>  | <b>0</b>  |
| <b>At End of The Year</b>          | 0         | 0         |
| <b>NBV</b>                         | 0         | 0         |

**19. Investment Property**

| Description                                          | 2022-2023 | 2021-2022 |
|------------------------------------------------------|-----------|-----------|
|                                                      | Kshs      | Kshs      |
| <b>At beginning of the year</b>                      | 0         | 0         |
| Additions                                            | 0         | 0         |
| Disposal during the year                             | 0         | 0         |
| Depreciation                                         | <b>0</b>  | <b>0</b>  |
| Impairment                                           | 0         | 0         |
| Gain/(loss) in fair value (if fair value is elected) | 0         | 0         |
| <b>At end of the year</b>                            | 0         | 0         |



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**20. Trade and other payables from exchange transactions**

| Description                                | 2022-2023  |                | 2021-2022      |                |
|--------------------------------------------|------------|----------------|----------------|----------------|
|                                            | Kshs       |                | Kshs           |                |
| Trade Payables                             | 0          |                | 0              |                |
| Refundable Deposits                        | 0          |                | 0              |                |
| Accrued Expenses                           | 0          |                | 0              |                |
| Other Payables                             | 0          |                | 0              |                |
| Total Trade and Other Payables             | 0          |                | 0              |                |
|                                            |            |                |                |                |
| Ageing analysis (Trade and other payables) | Current FY | % of the Total | Comparative FY | % of the Total |
| Under one year                             | 0          | 0              | 0              | 0              |
| 1-2 years                                  | 0          | 0              | 0              | 0              |
| 2-3 years                                  | 0          | 0              | 0              | 0              |
| Over 3 years                               | 0          | 0              | 0              | 0              |
| Total (tie to above total)                 |            |                |                |                |

**21. Provisions**

| Description                                     | Leave provision | Bonus provision | Other provision | Total |
|-------------------------------------------------|-----------------|-----------------|-----------------|-------|
|                                                 | Kshs            | Kshs            | Kshs            | Kshs  |
| Balance At the Beginning Of The Year            | 0               | 0               | 0               | 0     |
| Additional Provisions                           | 0               | 0               | 0               | 0     |
| Provision Utilised                              | 0               | 0               | 0               | 0     |
| Change Due To Discount And Time Value For Money | 0               | 0               | 0               | 0     |
| Transfers From Non -Current Provisions          | 0               | 0               | 0               | 0     |
| <b>Balance At The End of The Year</b>           | 0               | 0               | 0               | 0     |

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**22. Borrowings**

| Description                                         | 2022-2023 | 2021-2022 |
|-----------------------------------------------------|-----------|-----------|
|                                                     | Kshs      | Kshs      |
| <b>Balance At Beginning of The Period</b>           | 0         | 0         |
| External Borrowings During the Year                 | 0         | 0         |
| Domestic Borrowings During the Year                 | 0         | 0         |
| Repayments Of External Borrowings During the Period | 0         | 0         |
| Repayments Of Domestic Borrowings During the Period | 0         | 0         |
| <b>Balance At End of The Period</b>                 | 0         | 0         |

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

| Description                                           | 2022-2023 | 2021-2022 |
|-------------------------------------------------------|-----------|-----------|
|                                                       | Kshs      | Kshs      |
| <b>External Borrowings</b>                            |           |           |
| Dollar Denominated Loan From 'X Organization'         | 0         | 0         |
| Sterling Pound Denominated Loan From 'Y Organization' | 0         | 0         |
| Euro Denominated Loan from Z Organization'            | 0         | 0         |
| <b>Domestic Borrowings</b>                            | 0         | 0         |
| Kenya Shilling Loan From KCB                          | 0         | 0         |
| Kenya Shilling Loan from Barclays Bank                | 0         | 0         |
| Kenya Shilling Loan from Consolidated Bank            | 0         | 0         |
| Borrowings From Other Government Institutions         | 0         | 0         |
| <b>Total Balance at End of The Year</b>               | 0         | 0         |

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

| Description                             | 2022-2023 | 2021-2022 |
|-----------------------------------------|-----------|-----------|
|                                         | Kshs      | Kshs      |
| Short Term Borrowings (Current Portion) | 0         | 0         |
| Long Term Borrowings                    | 0         | 0         |
| <b>Total</b>                            | 0         | 0         |



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**23. Employee benefit obligations**

| Description                    | Defined benefit plan | Post employment medical benefits | Other Provisions | Insert Current FY | Insert Comparative FY |
|--------------------------------|----------------------|----------------------------------|------------------|-------------------|-----------------------|
|                                | Kshs                 | Kshs                             | Kshs             | Kshs              | Kshs                  |
| Current Benefit Obligation     | 0                    | 0                                | 0                | 0                 | 0                     |
| Non-Current Benefit Obligation | 0                    | 0                                | 0                | 0                 | 0                     |
| <b>Total</b>                   | 0                    | 0                                | 0                | 0                 | 0                     |

**24. Social Benefit Liabilities**

| Description                            | 2022-2023 | 2021-2022 |
|----------------------------------------|-----------|-----------|
|                                        | Kshs      | Kshs      |
| Health social benefit scheme           | 0         | 0         |
| Unemployment social benefit scheme     | 0         | 0         |
| Orphaned and vulnerable benefit scheme | 0         | 0         |
| Elderly social benefit scheme          | 0         | 0         |
| Bursary social benefits                | 0         | 0         |
| <b>Total</b>                           | 0         | 0         |
|                                        | 0         | 0         |
| Current social benefits                | 0         | 0         |
| Non- current social benefits           | 0         | 0         |
| <b>Total (tie to totals above)</b>     | 0         | 0         |

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**25. Cash generated from operations**

| Description                                       | 2022-2023          | 2021-2022   |
|---------------------------------------------------|--------------------|-------------|
|                                                   | Kshs               | Kshs        |
| <b>Surplus/ (Deficit) For the Year Before Tax</b> | 138,711            | 37,191,137  |
| <b>Adjusted For:</b>                              |                    |             |
| Depreciation                                      | 578,598            | 731,802     |
| Amortisation                                      | 0                  | 0           |
| Gains/ Losses On Disposal Of Assets               | 0                  | 0           |
| Interest Income                                   | 0                  | 0           |
| Finance Cost                                      | 0                  | 0           |
| <b>Working Capital Adjustments</b>                | 0                  | 0           |
| Increase In Inventory                             | 0                  | 0           |
| Increase In Receivables                           | (6,982,426)        | 0           |
| Increase In Payables                              | 0                  | (8,286,903) |
| <b>Net Cash Flow from Operating Activities</b>    | <b>(6,265,117)</b> | 29,636,036  |



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**26. Related party balances**

**a) Nature of related party relationships**

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

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

**b) Related party transactions**

| Description                     | 2022-2023 | 2021-2022 |
|---------------------------------|-----------|-----------|
|                                 | Kshs      | Kshs      |
| Transfers From Related Parties' | 0         | 0         |
| Transfers To Related Parties    | 0         | 0         |

**c) Key management remuneration**

| Description                 | 2022-2023 | 2021-2022 |
|-----------------------------|-----------|-----------|
|                             | Kshs      | Kshs      |
| Board Of Trustees           | 0         | 0         |
| Key Management Compensation | 0         | 0         |
| <b>Total</b>                | 0         | 0         |

**d) Due from related parties**

| Description                | 2022-2023 | 2021-2022 |
|----------------------------|-----------|-----------|
|                            | Kshs      | Kshs      |
| Due From Parent Ministry   | 0         | 0         |
| Due From County Government | 0         | 0         |
| <b>Total</b>               | 0         | 0         |

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**Other Disclosures Continued**

**e) Due to related parties**

| <b>Description</b>              | <b>2022-2023</b> | <b>2021-2022</b> |
|---------------------------------|------------------|------------------|
|                                 | <b>Kshs</b>      | <b>Kshs</b>      |
| Due To Parent Ministry          | 0                | 0                |
| Due To County Government        | 0                | 0                |
| Due To Key Management Personnel | 0                | 0                |
| <b>Total</b>                    | <b>0</b>         | <b>0</b>         |

**27. Contingent assets and contingent liabilities**

| <b>Contingent Liabilities</b> | <b>2022-2023</b> | <b>2021-2022</b> |
|-------------------------------|------------------|------------------|
|                               | <b>Kshs</b>      | <b>Kshs</b>      |
| Court Case Against the Fund   | 0                | 0                |
| Bank Guarantees               | 0                | 0                |
| <b>Total</b>                  | <b>0</b>         | <b>0</b>         |



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**28. Financial risk management**

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

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

**a) Credit risk**

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

| <b>Description</b>                         | <b>Total amount<br/>Kshs</b> | <b>Fully performing<br/>Kshs</b> | <b>Past due<br/>Kshs</b> | <b>Impaired<br/>Kshs</b> |
|--------------------------------------------|------------------------------|----------------------------------|--------------------------|--------------------------|
| <b>At 30 June 2022</b>                     |                              |                                  |                          |                          |
| Receivables From Exchange Transactions     | 0                            | 386,885,788.70                   | 19,549,298.37            | 48,380,735.93            |
| Receivables From Non-Exchange Transactions | 0                            | 0                                | 0                        | 0                        |
| Bank Balances                              | 0                            | 0                                | 0                        | 0                        |
| <b>Total</b>                               | <b>0</b>                     | <b>386,885,788.70</b>            | <b>19,549,298.37</b>     | <b>48,380,735.93</b>     |
| <b>At 30 June 2021</b>                     | 0                            | 319,641,418.67                   | 23,189,537.57            | 48,816,289.93            |
| Receivables From Exchange Transactions     | 0                            | 0                                | 0                        | 0                        |
| Receivables From Non-Exchange Transactions | 0                            | 0                                | 0                        | 0                        |
| Bank Balances                              | 0                            | 0                                | 0                        | 0                        |
| <b>Total</b>                               | <b>0</b>                     | <b>319,641,418.67</b>            | <b>23,189,537.57</b>     | <b>48,816,289.93</b>     |

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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 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.

| Description                        | Less than 1 month | Between 1-3 months | Over 5 months | Total |
|------------------------------------|-------------------|--------------------|---------------|-------|
|                                    | Kshs              | Kshs               | Kshs          | Kshs  |
| <b>At 30 June (Current FY)</b>     |                   |                    |               |       |
| Trade Payables                     | 0                 | 0                  | 0             | 0     |
| Current Portion Of Borrowings      | 0                 | 0                  | 0             | 0     |
| Provisions                         | 0                 | 0                  | 0             | 0     |
| Employee Benefit Obligation        | 0                 | 0                  | 0             | 0     |
| <b>Total</b>                       | 0                 | 0                  | 0             | 0     |
| <b>At 30 June (Comparative FY)</b> |                   |                    |               |       |
| Trade Payables                     | 0                 | 0                  | 0             | 0     |
| Current Portion Of Borrowings      | 0                 | 0                  | 0             | 0     |
| Provisions                         | 0                 | 0                  | 0             | 0     |
| Employee Benefit Obligation        | 0                 | 0                  | 0             | 0     |
| <b>Total</b>                       | 0                 | 0                  | 0             | 0     |



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**Notes To The Financial Statements (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.

**i. Foreign currency risk**

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

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

| Description                                   |      | Other currencies | Total |
|-----------------------------------------------|------|------------------|-------|
|                                               | Kshs | Kshs             | Kshs  |
| <b>At 30 June (Current FY)</b>                |      |                  |       |
| Financial Assets                              | 0    | 0                | 0     |
| Investments                                   | 0    | 0                | 0     |
| Cash                                          | 0    | 0                | 0     |
| Debtors/ Receivables                          | 0    | 0                | 0     |
| <b>Liabilities</b>                            | 0    | 0                | 0     |
| Trade And Other Payables                      | 0    | 0                | 0     |
| Borrowings                                    | 0    | 0                | 0     |
| <b>Net Foreign Currency Asset/(Liability)</b> | 0    | 0                | 0     |

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**Notes To the Financial Statements (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.

| Description             | Change in<br>currency rate | Effect on surplus/<br>deficit | Effect on<br>equity |
|-------------------------|----------------------------|-------------------------------|---------------------|
|                         | Kshs                       | Kshs                          | Kshs                |
| <b>(Current FY)</b>     |                            |                               |                     |
| Euro                    | 10%                        | 0                             | 0                   |
| USD                     | 10%                        | 0                             | 0                   |
| <b>(Comparative FY)</b> |                            | 0                             | 0                   |
| Euro                    | 10%                        | 0                             | 0                   |
| USD                     | 10%                        | 0                             | 0                   |

**ii. Interest rate risk**

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

**Management of interest rate risk**

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

**Sensitivity analysis**

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase.



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**Notes To The Financial Statements (Continued)**

**d) 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:

| Description                                 | Current FY | Comparative FY     |
|---------------------------------------------|------------|--------------------|
|                                             | Kshs       | Kshs               |
| Revaluation reserve                         | 0          | 0                  |
| Revolving fund                              | 0          | 530,075,699        |
| Accumulated surplus                         | 0          | 37,191,137         |
| <b>Total funds</b>                          | <b>0</b>   | <b>567,266,837</b> |
|                                             |            |                    |
| Total borrowings                            | 0          | 391,647,246        |
| Less: cash and bank balances                | 0          | 148,236,377        |
| Net debt/(excess cash and cash equivalents) | 0          | 243,410,869        |
| <b>Gearing</b>                              | <b>0</b>   | <b>43%</b>         |

**29. Events after the reporting period**

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

**30. Ultimate and Holding Entity**

The entity is a County Public Fund established by County Cooperative Enterprise Development Act 2016 Act under the Ministry of Trade, Industrialization, Tourism ,Cooperative and Enterprise Development. Its ultimate parent is the County Government of Uasin Gishu.

**31. Currency**

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

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**20. Annexes**

**Annex I: 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.

| <b>Reference No. on the external audit Report</b> | <b>Issue / Observations from Auditor</b>                                 | <b>Management comments</b>                                                                                                                       | <b>Status: (Resolved / Not Resolved)</b> | <b>Timeframe: (Put a date when you expect the issue to be resolved)</b> |
|---------------------------------------------------|--------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|-------------------------------------------------------------------------|
| 1.0                                               | Inaccuracy of Long-term Receivables from Exchange Transactions           | In FY 2021-2022 the Financial Statements were amended                                                                                            | Resolved                                 | NA                                                                      |
| 2.0                                               | Inaccuracies in Statement of Changes in Net Assets                       | In FY 2021-2022 the Financial Statements were amended                                                                                            | Resolved                                 | NA                                                                      |
| 3.0                                               | Inaccuracies in the Statement of Comparison of Budget and Actual Amounts | In FY 2021-2022 the Financial Statements were amended                                                                                            | Resolved                                 | NA                                                                      |
| 1                                                 | Budgetary Control and Performance                                        | The underfunding was as a result of low demand for loans from cooperative societies due to effects of covid 19.                                  | Not Resolved                             | 2024                                                                    |
| 2                                                 | Unresolved Prior Year Adjustments                                        | The Management will comply                                                                                                                       | Not Resolved                             | 2023                                                                    |
| 3                                                 | Lack of Occupational Safety and Health                                   | the fund management will initiate institution of the said committee and also request for thorough safety and health audit to address the matter. | Not Resolved                             | 2025                                                                    |
| 4                                                 | Conflicting Roles of the Fund Administrator and the Oversight Committee` | The fund management will adhere to the laid down laws and regulations.                                                                           | Resolved                                 | June 2023                                                               |



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Isaac Lagat

Fund Manager/Accounting Officer

Uasin Gishu County Cooperative Enterprise Development Fund

**Date**.....

## Annex II: Inter-Fund Confirmation Letter

The Uasin Gishu County Cooperative Enterprise Development Fund wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below. Please sign and stamp this request in the space provided and return it to us.

| Confirmation of amounts received by Uasin Gishu County Cooperative Enterprise Development Fund as at 30 <sup>th</sup> June 2023 |                |                                                                             |                   |                       |                   |                                                                                   |                              |
|---------------------------------------------------------------------------------------------------------------------------------|----------------|-----------------------------------------------------------------------------|-------------------|-----------------------|-------------------|-----------------------------------------------------------------------------------|------------------------------|
| Reference Number                                                                                                                | Date Disbursed | Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30 <sup>th</sup> June 2023 |                   |                       |                   | Amount Received by [beneficiary Fund] (KShs) as at 30 <sup>th</sup> June 2023 (E) | Differences (KShs) (F)=(D-E) |
|                                                                                                                                 |                | Recurrent (A)                                                               | Development (B)   | Inter-Ministerial (C) | Total (D)=(A+B+C) |                                                                                   |                              |
| TRANSFERS FROM UASINGISHU COUNTY                                                                                                | 1-Feb-2023     |                                                                             | 30,000,000        |                       | 30,000,000        |                                                                                   |                              |
| TRANSFERS FROM UASINGISHU COUNTY                                                                                                | 1-Feb-2023     |                                                                             | 25,900,000        |                       | 25,900,000        |                                                                                   |                              |
| Total                                                                                                                           |                |                                                                             | <u>55,900,000</u> |                       | <u>55,900,000</u> |                                                                                   |                              |

In confirm that the amounts shown above are correct as of the date indicated.

**Head of Accountants department of beneficiary Fund:**

Name For Silac Rouo Sign [Signature] Date 18/07/2024



