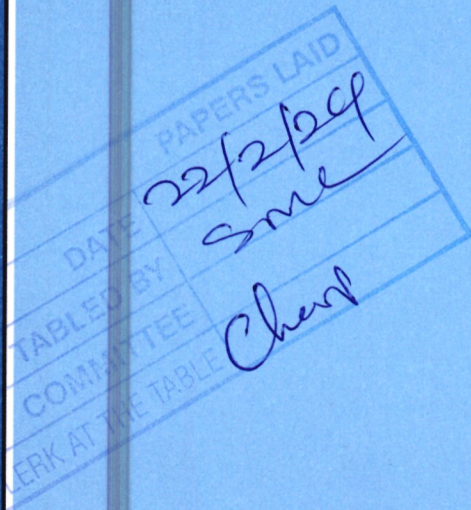


REPUBLIC OF KENYA



Enhancing Accountability



REPORT

OF

THE AUDITOR-GENERAL

ON

**KIRINYAGA COUNTY ASSEMBLY CAR
LOAN FUND**

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



KIRINYAGA COUNTY ASSEMBLY

CAR LOAN FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2023

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



County Government Of Kirinyaga
Kirinyaga County Assembly Car Loan Fund
Annual Report and Financial Statements for the year ended June 30, 2023

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County Government Of Kirinyaga
Kirinyaga County Assembly Car Loan Fund
Annual Report and Financial Statements for the year ended June 30, 2023

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1. Acronyms And Glossary Of Terms

a) Acronyms

| | |
|-------|--|
| 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 |

b) Glossary of Terms

| | |
|----------------------|---|
| Fiduciary Management | The key management personnel who had financial responsibility |
|----------------------|---|

2 Key Entity Information And Management

a) Background information

Kirinyaga County Assembly Car Loan Fund is established by and derives its authority and accountability Section 15 (1) (d) of the Public Finance Management (Kirinyaga County Car Loan (Members) Scheme Fund Regulations, 2014. The Fund is wholly owned by the County Assembly of Kirinyaga and is domiciled in Kenya.

The fund's objective is to offer car loan to its members.

b) Principal Activities

The principal activity/mission/ mandate of the Fund are to gives car loan.

c) Board of Trustees/Fund Administration Committee

| Ref | Name | Position |
|-----|-------------------------------|----------|
| 1 | County Assembly Service Board | Members |
| 2 | Office Of Speaker | Speaker |
| 3 | Office Of Clerk | Clerk |
| 4 | | |
| 5 | | |

d) Key Management

| Ref | Name | Position |
|-----|--------------------------|--|
| 1 | Kamau Aidi | Fund Administrator –Clerk |
| 2 | Cpa Michael Munene Njogu | Fund Accountant-Director Fin & Account |
| 3 | Ms Leah Ireri | Fund sectetary |
| 4 | | |
| 5 | | |

e) Fiduciary Oversight Arrangements

| Ref | Position | Name |
|-----|----------------------------|--|
| 1 | Directorate Internal Audit | Peter nyaga njoroge-principal Internal auditor |
| 2 | | |
| 3 | | |

f) Registered Offices

P.O. Box 55-10300
Kirinyaga County Assembly
Along Kutus-Karatina road
Kerugoya- Kenya

g) Fund Contacts

Telephone: (060) 06021800
E-mail: kirinyagacountyassembly@gmail.com
Website: kirinyaga.go.ke

h) Fund Bankers

Fortune Sacco Ltd
P.O Box 559 – 10300
Kerugoya







i) Independent Auditors

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




j) Principal Legal Adviser

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

3 The Board Of Trustees/ County Assembly Service Board

| Ref | Name | Position |
|-----|---|---|
| 1 |  | Hon. Muteti Julius Murimi Speaker – Chair of The Board Of Trustees |
| 2 |  | Hon. Daniel Muriithi Mbungu Leader Of Majority |
| 3 |  | Kamau Aidi Clerk - Secretary |
| 4 |  | Hon. Thomas Mwangi Muriuki Member |
| 5 |  | Ms. Edith Kangangi Member |
| 6 |  | Mr. John Maina Muchiri Member |

4 Management Team

| Name | Details of qualifications and experience |
|---|--|
| <p>1. </p> | <p>Mr. Kamau Aidi is the Clerk of the County Assembly.</p> <p>He possesses a Master’s Degree in Management and Organizational Development from the United States International University (USIU), and Bachelor’s Degree in Education. Mr. Aidi, an expert in pedagogy, governance and strategic management, has a wealth of experience spanning over 20 years gained from multi-sectoral fields.</p> |
| <p>2. </p> | <p>Mr. Michael Munene Njogu is the Director Finance and Accounting.</p> <p>He possesses a Master of Science in Finance and Economics from KCA university and a Bachelor of Commerce; Finance from the same university. He is also Certified Public Accountant (CPAK) and a member of ICPAK member no: 8031</p> <p>Mr. Munene is an expert in financial management and reporting, budgeting, accounting, other financial matters and wealthy experiences spanning over 20 years in financial matters.</p> |
| <p>3. </p> | <p>Ms. Leah Ileri is the Director HR and Accounting.</p> <p>She possesses a Master of Business Administration from Kenyatta university and a Bachelor of Art Human Resources from the same university.</p> <p>MS Ileri is an expert governance and strategic management and human managements with wealthy experiences spanning over 20 years in financial matters.</p> |

5. Report Of The Fund Administrator

Kirinyaga County Assembly Car loan fund was established to perform among others carrying out the functions of the directorate which are broad, and giving loan schemes that is, car loans schemes to its members. The Fund caters for county assembly state and public officers who are either on permanent employment or on contract for a period of three years or more.

During 2022/2023 financial year the Kirinyaga Assembly Car Loan Fund recorded an average number of borrowers and it operated with interest received from car loans. However, the fund had the following challenges;

- The County Government is new set of Public Management which has never been practised anywhere in the world, this caused lack of previous experiences and reference to refer to in times of uncertainties. There were no existing structures to operate from and the devolved units together with former Local Authorities never had a transitional platform.
- The delay in disbursements of funds to County Assemblies by the County government has persisted since inception. The Kirinyaga County Assembly Car Loan Fund therefore had limited resources, hurting timely implementation of the budget during the period under review.

Further the fund management will engage the county Assembly committee in charge of department with an aim of conveying clear information regarding the functions of the Kirinyaga County Assembly Car Loan fund with an aim of having more allocation for the fund.

CONCLUSION

The fund has great potential to provide services to its members hence this can only be achieved if adequate funding is provided. I would also like to thank the officers from the National Treasury, the Office of the Controller of Budget, the Commission on Revenue Allocation and Office of the Auditor General for the advice and guidance.

Signed: _____ 

Name: Kamau Aidi

Fund Administrator

**CLERK
COUNTY ASSEMBLY OF KIRINYAGA**

27 NOV 2023

Sign:.....

P. O. Box 55 -10300, KERUGOYA

6. Statement Of Performance Against The County Fund's Predetermined Objectives

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each County Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity's performance against predetermined objectives.

Key objectives

The key objectives of the Kirinyaga County Assembly Car Loan Fund are to:

1. To provide a loan scheme for purchase of vehicles by staff and members of county assembly
2. Raise funds for the implementation of the above stated objectives

| Program | Objective | Outcome | Indicator | Performance |
|----------------|--|---|---------------------------------------|---|
| Car loan | To support Staffs and Members to access loan to buy vehicles | Increased number of staffs and members accessing loan | 31% increase in number of beneficiary | In FY 22/23 we increased loan disbursements by 31%. |

7. Corporate Governance Statement

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each County Government Entity Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity's performance against predetermined objectives.

The key mandate of the Kirinyaga County Assembly Car Loan Fund is to provide loan scheme for members of the scheme and refinancing loan schemes. To achieve this, the fund program is to document in terms of objective, key performance indicators, and output, to enable members and staffs to grow in the Assembly has being giving Car Loan to them.


8. Management Discussion And Analysis

The Administrator submit their report together with the audited financial statements for the year ended June 30, 2023 which show the state of the County Assembly of Kirinyaga Car Loan Fund affairs.

Results

During the financial year ending June 30, 2023, the Fund made a Surplus of Kshs.232,536 from its operation as indicated in the statement of financial performance. The outstanding principle amount at the close of financial year stood at Kshs.76, 105,882. Further, Kshs.2,468,539 had been repaid during the same period. This comprised of both Principle and Interest.

Am glad therefore to forward the financial statement in respect of Kirinyaga County Assembly Car Loan Scheme Fund for Financial year 2022/2023 to the Office of Auditor General, CEC-Finance, Controller of Budget and The Commission on Revenue Allocation for necessary action.

Sign.......... Date.....

KAMAU AIDI
Clerk to County Assembly-FUND ADMINISTRATOR/CHAIRMAN

CLERK
COUNTY ASSEMBLY OF KIRINYAGA
27 NOV 2023
Sign:.....
P. O. Box 55 -10300, KERUGOYA

9. Environmental And Sustainability Reporting

As management of Kirinyaga County Assembly Car Loan Fund understand that we have a responsibility to our society and we have made Corporate Social Responsibility as an integral part of our organization's culture. Though our Corporate Social Responsibility Programme (CSR), the Kirinyaga County Assembly Car Loan Fund works with employees and other stakeholders to identify areas that need participation and attention. As an institution, we are responsible for the community and environment in which we operate.

1. Sustainability strategy and profile

The CSR activities and policies are centered on improving the lives of the communities around given that one of our core responsibilities is representation of the people at the County Assembly level.

We have developed our CSR programs with our employees in mind and we strive to focus our energies and resources allocated to CSR to activities that make our employees proud.

We are very adaptive to the need of our communities and strive to ensure that we remain relevant and connect to the needs of our communities.

The Kirinyaga County Assembly County Car Loan Fund's CSR policy aims to meet and exceed the needs of our stakeholders such as, employees, Members of the County Assembly, suppliers and the community at large.

Our CSR programs are funded from resources allocated by the exchequer and before we engage in CSR we ensure that our financial performance is capable of sustaining such initiatives. The Kirinyaga County Assembly Car Loan Fund commits a substantial amount from its annual budgets to CSR activities.

2. Environmental performance

We are actively involved in environmental conservation programmes. We are aware that our some of activities impact on the environment and for this reason we embedded CSR in our operations, with the environment being at the center of our focus.

Together with the Ministry of Environment and other partners the Kirinyaga County Assembly Car Loan Fund has embraced the national tree planting campaign. This is part of our contribution to ensuring improved forest cover and biodiversity in our areas of work and our surroundings.

The Kirinyaga County Assembly Car Loan Fund also worked with and other organizations to lead and sustain environmental clean-ups in the major towns within the county and to promote the use of alternatives to plastics.

We have further taken advantage of the latest technologies like the use of tablets, computers and smart phones to store and share our files to save on printing paper.

The Kirinyaga County Assembly Car Loan Fund has also set the practice to strictly adhere to the laws and policies guiding the disposal and management of waste within the assembly precincts.

3. Employee welfare

The Kirinyaga County Assembly Car Loan as a practice treats all its employees fairly and provides for a safe and conducive working environment. There is strict adherence to the public service code of conduct and professional standards guiding operations in public service. We actively encourage participation of CSR activities so that employees can volunteer their time and skills towards community service as well as contribute to develop a strategy for CSR initiatives for better outcomes in the community.

Hiring of staff is on merit with strict adherence to fair competition and merit as the basis of appointment and promotion within the County Assembly. We have managed also put in place measures to achieve the 2/3 gender principal and have attained a 50:50 ratios in terms of gender for our employees.

We do encourage our employees to develop their abilities and improve their skills and competencies by facilitating career planning through guidance, training, and mentorship and coaching programmes.

Career progression is based on performance, qualifications and other requirements as provided in the public service guidelines career progression guidelines

The safety and welfare of our employees is guaranteed with measures to be undertaken by both the management of the Kirinyaga County Assembly Car Loan Fund and the employees provided for in our Human Resources Manual. We also have a Health and Safety Committee in place to ensure the management complies with the provisions of the Health and Safety Act, 2007 and to advise on the adequacy of the safety measures undertaken by the management.

4. Market place practices

The procurement process in the Kirinyaga County Assembly Car Loan Fund is regulated by the Public Procurement and Disposal Act, 2015

We have also adopted best practices to provide ample room for the implementation of sustainable procurement practices and innovation. These include supplier integration, supplier accreditation, training and capacity building, and information sharing. Through these the Kirinyaga County Assembly Car Loan has not only met its target but also reduced procurement costs in the process.

We have also put in place measures to avoid disadvantaging small and medium sized enterprises. Professionalism, integrity, efficiency, fairness and honesty are at the core of all our procurement processes. We have in place a structured supplier assessment process designed to effectively evaluate the capabilities of potential and existing suppliers.

5. Community Engagements

We are keen to implement corporate social responsibility initiatives that help strengthen partnerships with our partners and with local communities

The Kirinyaga County Assembly Car Loan Fund has constantly participated in programs aimed at supporting the healthcare of the communities by partnering with the Rotary Club of Kirinyaga to undertake a free medical camp on annual basis.

We are also actively involved in the promotion of sports talents amongst the youth through our participation and sponsorships to various sports ventures. For the third year running the Count Assembly has been a proud sponsor of the Kerugoya Spikers ladies volley ball team.

We do also conduct school outreach programs and encourage student visits to the Kirinyaga County Car Loan Fund as part of our efforts to promote education.

10. 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 is to give out car loan to staffs and Members.

Results

The results of the Fund for the year ended June 30, 2023 is as reported in this financial year Report.

Trustees

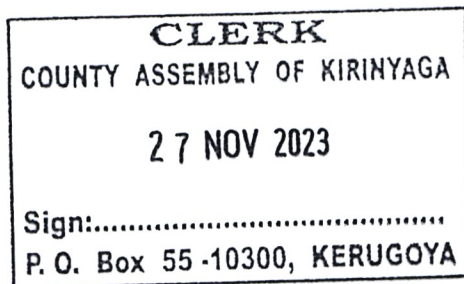
The members of the Board of Trustees is as attached in management Teams/Board.

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 is to carry out the audit of the *Assembly car loan* for the year/period ended June 30, 2022 in accordance to section 23 of the Public Audit Act, 2015.



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

Date:



11. Statement Of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by *(The Fund should state the appropriate legislation establishing the Fund)* shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the 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 *(quote the applicable legislation establishing the County Public Fund)*. 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.

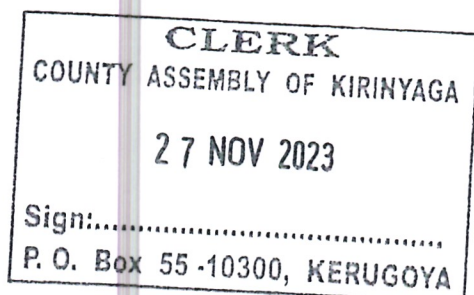
In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention 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 7th September, 2023 and signed on its behalf by:

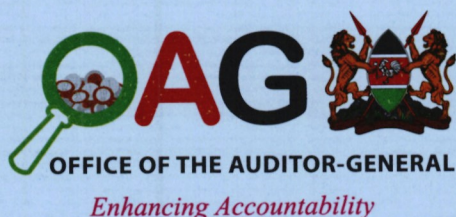


.....
Administrator of the County Public Fund



REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KIRINYAGA COUNTY ASSEMBLY CAR LOAN FUND FOR THE YEAR ENDED 30 JUNE, 2023

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 the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the 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 internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kirinyaga County Assembly Car Loan Fund set out on pages 1 to 36, which comprise the statement of financial position

as at 30 June, 2023 and the statement of financial performance, the statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kirinyaga County Assembly Car Loan 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 Public Finance Management (The Kirinyaga County Assembly Car Loan (Members) Scheme Fund) Amendment Regulations, 2016 and The Public Finance Management (Kirinyaga County Assembly Car Loan (Staff) Scheme Fund) Regulations, 2014.

Basis for Opinion

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

Emphasis of matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.2,021,000 and Kshs.240,766 respectively resulting to an under performance of Kshs.1,759,234 or 87% of the budget. Similarly, the statement of comparison of budget and actual amounts reflects a final expenditure budget and actual on comparable basis of Kshs.2,021,000 and Kshs.8,230 respectively resulting to an under expenditure of Kshs.2,012,770 or 99% of the budget.

In the circumstances, the underperformance and under expenditure meant that the Fund did not meet its mandate.

My opinion is however not modified in respect of the above 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.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution and 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 the International Standards for Supreme Audit Institutions (ISSAIs) 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 comply 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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 2315 and 2330. The Standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, 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 continue to sustain services, disclosing, as applicable, matters related to

sustainability of services and using the basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls 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 controls would not necessarily disclose all matters in the internal controls 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 controls components does

not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- 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 controls 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

05 January, 2024

County Government Of Kirinyaga
 Kirinyaga County Assembly Car Loan Fund
 Annual Report and Financial Statements for the year ended June 30, 2023

13. Statement Of Financial Performance For The Year Ended 30th June 2023

| | Note | 2022-2023 | 2021-2022 |
|---|------|----------------|----------------|
| | | Kshs | Kshs |
| Revenue From Non-Exchange Transactions | | | |
| Public Contributions and Donations | 1 | | - |
| Transfers From the County Government | 2 | | - |
| Fines, Penalties and Other Levies | 3 | | - |
| | | | |
| Revenue From Exchange Transactions | | | |
| Interest Income | 4 | 240,766 | 519,674 |
| Other Income | 5 | | 30,533 |
| | | | |
| Total Revenue | | 240,766 | 550,207 |
| Expenses | | | |
| Employee Costs | 6 | | - |
| Use of goods and services | 7 | 8,230 | 10,326 |
| Depreciation and Amortization Expense | 8 | | - |
| Finance Costs | 9 | | - |
| Total Expenses | | 8,230 | 10,326 |
| Other Gains/Losses | | | |
| Gain/Loss on Disposal of Assets | 10 | | - |
| Surplus/(Deficit) For The Period | | 232,536 | 539,881 |

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 7th September, 2023 and signed by:

.....
 Administrator of the Fund-Clerk
 Name: KAMAU AIDI

.....
 Fund Accountant
 Name: MICHAEL MUNENE
 ICPAK Member Number: 8031

CLERK
 COUNTY ASSEMBLY OF KIRINYAGA
 27 NOV 2023
 Sign:.....
 P. O. Box 55-10300, KERUGOYA

COUNTY ASSEMBLY OF KIRINYAGA
 DIRECTOR - FINANCE & ACCOUNTING
 27 NOV 2023
 P.O. Box 55 - 10300,
 KERUGOYA.

**County Government Of Kirinyaga
Kirinyaga County Assembly Car Loan Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

14. Statement Of Financial Position As At 30 June 2023

| | Note | 2022-2023 | 2021-2022 |
|--|------|-------------------|-------------------|
| | | Kshs | Kshs |
| Assets | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | 11 | 296,725 | 6,070,183 |
| Current Portion of Long- Term Receivables From Exchange Transactions | 12 | 8,856,156 | 4,084,046 |
| Prepayments | 13 | | - |
| Inventories | 14 | | - |
| Total | | 9,152,883 | 10,154,229 |
| Non-Current Assets | | | |
| Property, Plant and Equipment | 15 | | - |
| Intangible Assets | 16 | | - |
| Long Term Receivables from Exchange Transactions | 12 | 76,105,882 | 74,872,000 |
| Total Assets | | 85,258,765 | 85,026,229 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and Other Payables from Exchange Transactions | 17 | | - |
| Employee Benefit Obligations | 20 | | - |
| Non-Current Liabilities | | | |
| Non-Current Employee Benefit Obligation | 20 | | - |
| Long Term Portion of Borrowings | 19 | | - |
| Total Liabilities | | | |
| Net Assets | | 85,258,765 | 85,026,229 |
| Revolving Fund | | 81,144,574 | 81,144,574 |
| Reserves | | | |
| Accumulated Surplus | | 4,114,191 | 3,881,655 |
| Total Net Assets and Liabilities | | 85,258,765 | 85,026,229 |

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 7th September, 2023 and signed by:

.....
Administrator of the Fund-Clerk
Name: KAMAU AIDI

.....
Fund Accountant
Name: MICHAEL MUNENE
ICPAK Member Number 8031

CLERK
COUNTY ASSEMBLY OF KIRINYAGA

27 NOV 2023

Sign:.....
P. O. Box 55 -10300, KERUGOYA

COUNTY ASSEMBLY OF KIRINYAGA
DIRECTOR - FINANCE & ACCOUNTING

27 NOV 2023

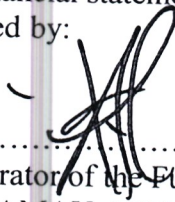
P.O. Box 55 - 10300,
KERUGOYA.

County Government Of Kirinyaga
 Kirinyaga County Assembly Car Loan Fund
 Annual Report and Financial Statements for the year ended June 30, 2023


15. Statement Of Changes In Net Assets For The Year Ended 30th June 2023

| | Revolving Fund | Revaluation Reserve | Accumulated surplus | Total |
|-----------------------------------|----------------|---------------------|---------------------|------------|
| | | Kshs | Kshs | Kshs |
| Balance As At 1 July 2020 | 81,144,574 | | 3,341,774 | 84,486,348 |
| Surplus/(Deficit) For the Period | | | 539,881 | 539,881 |
| Funds Received During the Year | | | | |
| Transfers | | | | |
| Revaluation Gain | | | | |
| Balance As At 30 June 2022 | 81,144,574 | | 3,881,655 | 85,026,229 |
| Balance As At 1 July 2022 | 81,144,574 | | 3,881,655 | 85,026,229 |
| Surplus/(Deficit) For the Period | | | 232,536 | 232,536 |
| Funds Received During the Year | | | | |
| Transfers | | | | |
| Revaluation Gain | | | | |
| Balance As At 30 June 2023 | 81,144,574 | | 4,114,191 | 85,258,765 |

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 7th September, 2023 and signed by:



 Administrator of the Fund-Clerk
 Name: KAMAU AIDI



 Fund Accountant
 Name: MICHAEL MUNENE
 ICPAK Member Number: 8031

CLERK
 COUNTY ASSEMBLY OF KIRINYAGA

 27 NOV 2023

 Sign:.....
 P. O. Box 55 -10300, KERUGOYA

COUNTY ASSEMBLY OF KIRINYAGA
 DIRECTOR - FINANCE & ACCOUNTING

 27 NOV 2023

 P.O. Box 55 - 10300,
 KERUGOYA.

**County Government Of Kirinyaga
Kirinyaga County Assembly Car Loan Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

16. Statement Of Cash Flows For The Year Ended 30 June 2023

| | Note | 2022-2023 Kshs | 2021-2022 Kshs |
|---|------|--------------------|--------------------|
| Cash flows from operating activities | | | |
| Receipts | | | |
| Transfers from the county government | | | - |
| Interest received | | 240,766 | 519,674 |
| Receipts from other operating activities | | | 30533 |
| Total receipts | | 240,766 | 550,207 |
| Payments | | | |
| Fund administration expenses | | 8,230 | 10,326 |
| General expenses | | | - |
| Finance cost | | | - |
| Total Payments | | 8,230 | 10,326 |
| Net cash flows from operating activities | 21 | 232,536 | 539,881 |
| Cash flows from investing activities | | | |
| Purchase of property, plant, equipment and Intangible assets | | | - |
| Proceeds from loan principal repayments | | 2,468,539 | 24,832,194 |
| Loan disbursements paid out | | (8,474,533) | (28,224,228) |
| Net cash flows used in investing activities | | (6,005,994) | (3,392,034) |
| Cash flows from financing activities | | | |
| Proceeds from revolving fund receipts | | | - |
| Additional borrowings | | | - |
| Net cash flows used in financing activities | | | - |

County Government Of Kirinyaga
 Kirinyaga County Assembly Car Loan Fund
 Annual Report and Financial Statements for the year ended June 30, 2023

| Net increase/(decrease) in cash & cash Equivalents | | (5,773,458) | (2,852,153) |
|--|-----------|----------------|------------------|
| Cash and cash equivalents at 1 July | 11 | 6,070,183 | 8,922,336 |
| Cash and cash equivalents at 30 June | 11 | 296,725 | 6,070,183 |

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 7th September, 2023 and signed by:

.....
 Administrator of the fund-Clerk
 Name: KAMAU AIDI

.....
 Fund Accountant
 Name: MICHAEL MUNENE
 ICPAK Member Number: 8031

CLERK
 COUNTY ASSEMBLY OF KIRINYAGA
 27 NOV 2023
 Sign:.....
 P. O. Box 55-10300, KERUGOYA

COUNTY ASSEMBLY OF KIRINYAGA
 DIRECTOR - FINANCE & ACCOUNTING
 27 NOV 2023
 P. O. Box 55 - 10300,
 KERUGOYA.

**County Government Of Kirinyaga
Kirinyaga County Assembly Car Loan Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

17. Statement Of Comparison Of Budget And Actual Amounts For The Period Ended 30th June, 2023

| | Original budget 2023 | Adjustm ents 2023 | Final budget 2023 | Actual comparable basis 2023 | Performance differences 2023 | % utilization 2023 |
|------------------------------------|-------------------------|-------------------------|----------------------|------------------------------------|------------------------------------|-----------------------|
| | KShs | KShs | KShs | KShs | KShs | |
| Revenue | | | | | | |
| Public contributions and donations | - | - | - | - | - | - |
| Transfers from County Govt. | - | - | - | - | - | - |
| Interest income | 2,000,000 | - | 2,000,000 | 240,766 | 1,759,234 | 12% |
| Other income-Bank Interest | 21,000 | - | 21,000 | - | - | 142% |
| Total income | 2,021,000 | - | 2,021,000 | 240,766 | 1,759,234 | 0.12 |
| | | | | | | |
| Expenses | | | | | | |
| Fund administration expenses | 10,000 | - | 10,000 | 8,230 | 1,770 | 82.3% |
| General expenses | 2,011,000.00 | - | 2,011,000 | - | - | - |
| Finance cost | - | - | - | - | - | - |
| Total expenditure | 2,021,000 | - | 2,021,000 | 8,230 | 2,012,770 | 0.004% |
| Surplus for the period | - | - | - | 232,536 | | |

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 7th September, 2023 and signed by:-



Administrator of the Fund-Clerk
Name: KAMAU AIDI
CLERK

COUNTY ASSEMBLY OF KIRINYAGA

27 NOV 2023

Sign:

COUNTY ASSEMBLY OF KIRINYAGA
DIRECTOR - FINANCE & ACCOUNTING
27 NOV 2023
P.O. Box 55 - 10300,
NAIROBI

18. Notes To The Financial Statements

1. General Information

Kirinyaga County Assembly Car Loan Fund is established by and derives its authority and accountability Section 15 (1) (d) of the Public Finance Management (Kirinyaga County Car Loan (Members) Scheme Fund Regulations, 2014. The Fund is wholly owned by the County Assembly of Kirinyaga and is domiciled in Kenya.

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) Relevant new standards and amendments to published standards effective for the year ended 30 June 2023

IPSASB deferred the application date of standards from 1st January 2023 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

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

| Standard | Effective date and impact: |
|---|--|
| <p>IPSAS 41: Financial Instruments</p> | <p>Applicable: 1st January 2023:</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> |

County Government Of Kirinyaga
 Kirinyaga County Assembly Car Loan Fund
 Annual Report and Financial Statements for the year ended June 30, 2023

| Standard | Effective date and impact: |
|---|---|
| | <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. |
| <p>IPSAS 42: Social Benefits</p> | <p>Applicable: 1st January 2023</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> <p>(a) The nature of such social benefits provided by the Entity;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p> |
| <p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p> | <p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> |

County Government Of Kirinyaga
 Kirinyaga County Assembly Car Loan Fund
 Annual Report and Financial Statements for the year ended June 30, 2023

| Standard | Effective date and impact: |
|-----------------------------|--|
| | <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> |
| Other improvements to IPSAS | <p><i>Applicable 1st January 2023</i></p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2022 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p> |
| IPSAS 43 | <p><i>Applicable 1st 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> |

County Government Of Kirinyaga
 Kirinyaga County Assembly Car Loan Fund
 Annual Report and Financial Statements for the year ended June 30, 2023

| Standard | Effective date and impact: |
|--|---|
| IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations | <p><i>Applicable 1st January 2025</i></p> <p>The Standard requires, 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:</p> <p>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.</p> |

(iii) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2023.

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.

b) Budget information

The original budget for FY 2022-2023 was approved by the County Assembly on xxxx. 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 - on the FY 2022-2023 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.

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.

Summary Of Significant Accounting Policies (Continued)

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.

a) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Summary Of Significant Accounting Policies (Continued)

Held-to-maturity

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

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

Summary of Significant Accounting Policies (Continued)

b) 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.

c) 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.

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.

Summary Of Significant Accounting Policies (Continued)

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.

d) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. *Entity to state the reserves maintained and appropriate policies adopted.*

e) 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.

f) 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.

g) 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.

Summary Of Significant Accounting Policies (Continued)

h) 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.

i) 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.

j) 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.

k) Comparative figures

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

l) Events after the reporting period

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

m) Ultimate and Holding Entity

Kirinyaga County Assembly Car Loan Fund is established by and derives its authority and accountability Section 15 (1) (d) of the Public Finance Management (Kirinyaga County Car Loan (Members) Scheme Fund Regulations, 2014. The Fund is wholly owned by the County Assembly of Kirinyaga and is domiciled in Kenya.

n) Currency

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

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. Additional disclosure of these estimates of provisions is included in Note xxx.

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

(Include provisions applicable for your organisation e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions)

6. Notes To The Financial Statements

1. Public contributions and donations

| Description | 2022-2023 | 2021-2022 |
|------------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Donation From Development Partners | | - |
| Contributions From The Public | | - |
| Total | | - |

2. Transfers from County Government

| Description | 2022-2023 | 2021-2023 |
|--|-----------|-----------|
| | Kshs | Kshs |
| Transfers From County Govt. –Operations | | - |
| Payments By County On Behalf Of The Entity | | - |
| Total | | - |

3. Fines, penalties and other levies

| Description | 2022-2023 | 2021-2023 |
|------------------------|-----------|-----------|
| | Kshs | Kshs |
| Late Payment Penalties | | - |
| Fines | | - |
| Total | | - |

4. Interest income

| Description | 2022-2023 | 2021-2022 |
|-------------------------------------|----------------|----------------|
| | Kshs | Kshs |
| Interest Income From Mortgage Loans | | - |
| Interest Income From Car Loans | 240,766 | 519,881 |
| Interest Income From Investments | | - |
| Interest Income On Bank Deposits | | - |
| Total Interest Income | 240,766 | 519,881 |

(Provide brief explanation for this revenue)

County Government Of Kirinyaga
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Notes to the Financial Statements Continued

5. Other income

| Description | 2022-2023 | 2021-2022 |
|--------------------------------------|-----------|---------------|
| | Kshs | Kshs |
| Insurance Recoveries | | - |
| Income From Sale Of Tender Documents | | - |
| Miscellaneous Income | | 30,533 |
| Total Other Income | | 30,533 |

6. Employee Costs

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

7. Use of Goods and Services

| Description | 2022/23 | 2021/22 |
|--------------------------------|---------|---------|
| | Kshs. | Kshs. |
| General Office Expenses | | - |
| Loan Processing Costs | | - |
| Professional Services Costs | | - |
| Administration Fees | 8,230 | 10,326 |
| Committee Allowances | | - |
| Bank Charges | | - |
| Electricity And Water Expenses | | - |
| Fuel And Oil Costs | | - |
| Insurance Costs | | - |
| Postage And Courier | | - |
| Printing And Stationery | | - |
| Description | 2022/23 | 2021/22 |
| | Kshs. | Kshs. |

County Government Of Kirinyaga
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| | | |
|--------------------------------------|--------------|---------------|
| Rental Costs | | - |
| Security Costs | | - |
| Telephone And Communication Expenses | | - |
| Bank Charges | | - |
| Audit Fees | | - |
| Provision For Doubtful Debts | | - |
| Other (<i>Specify</i>) | | - |
| Total | 8,230 | 10,326 |

8. Depreciation and Amortization Expense

| Description | 2022/23 | 2021/22 |
|------------------------------|---------|---------|
| | Kshs. | Kshs. |
| Property Plant and Equipment | | - |
| Intangible Assets | | - |
| Total | | - |

9. Finance costs

| Description | 2022-2023 | 2021-2022 |
|------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Interest On Bank Overdrafts | | - |
| Interest On Loans From Banks | | - |
| Total | | - |

10. Gain/(loss) on disposal of assets

| Description | 2022-2023 | 2021-2022 |
|-------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Property, Plant And Equipment | | - |
| Intangible Assets | | - |
| Total | | - |

County Government Of Kirinyaga
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Notes to the Financial Statements Continued

11. Cash and cash equivalents

| Description | 2022-2023 | 2021-2022 |
|--|----------------|------------------|
| | Kshs | Kshs |
| Car Loan Account | | - |
| County Mortgage Account | | - |
| Fixed Deposits Account | | - |
| On – Call Deposits | | - |
| Current Account | | - |
| Fortune Sacco-1011901485290015 | 108,351 | 5,002,026 |
| Fortune Sacco-1011518644290030 | 188,374 | 1,068,157 |
| Total Cash And Cash Equivalents | 296,725 | 6,070,183 |

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

| Financial Institution | Account number | 2022-2023 | 2021-2022 |
|----------------------------------|------------------|----------------|------------------|
| | | Kshs | Kshs |
| a) Fixed Deposits Account | | | |
| Kenya Commercial Bank | | | - |
| Equity Bank, Etc. | | | - |
| Sub- Total | | | - |
| b) On - Call Deposits | | | |
| Kenya Commercial Bank | | | - |
| Equity Bank - Etc. | | | - |
| Sub- Total | | | - |
| c) Current Account | | | |
| Fortune Sacco | 1011901485290015 | 108,351 | 5,002,026 |
| Fortune Sacco | 1011518645290030 | 188,374 | 1,068,157 |
| Sub- Total | | | - |
| d) Others(Specify) | | | |
| Cash In Transit | | | - |
| Cash In Hand | | | - |
| Sub- Total | | | - |
| Grand Total | | 296,725 | 6,070,183 |

County Government Of Kirinyaga
 Kirinyaga County Assembly Car Loan Fund
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12. Receivables from exchange transactions

| Description | 2022-2023 | 2021-2023 |
|---|-------------------|-------------------|
| | Kshs | Kshs |
| Current Receivables | | |
| Interest Receivable | 8,856,156 | 3,906,473 |
| Current Loan Repayments Due | | - |
| Other Exchange Debtors | | - |
| Less: Impairment Allowance | | - |
| Total Current Receivables | 8,856,156 | 3,906,473 |
| Non-Current Receivables | | |
| Long Term Loan Repayments Due | 76,105,882 | 75,049,573 |
| Total Non- Current Receivables | 76,105,882 | 75,049,573 |
| Total Receivables From Exchange Transactions | 84,962,038 | 78,956,046 |

Additional disclosure on interest receivable

| Description | 2022-2023 | 2021-2022 |
|--|-----------|-----------|
| | Kshs | Kshs |
| Interest Receivable | | |
| Interest receivable from current portion of long-term loans of previous years | | - |
| Accrued interest receivable from of long-term loans of previous years | | - |
| Interest receivable from current portion of long-term loans issued in the current year | | - |
| Current loan repayments due | | |
| Current portion of long-term loans from previous years | | - |
| Accrued principal from long-terms loans from previous periods | | - |
| Current portion of long-term loans issued in the current year | | - |

13. Prepayments

| Description | 2022-2023 | 2021-2022 |
|-----------------------------|-----------|-----------|
| | Kshs | Kshs |
| Prepaid Rent | | - |
| Prepaid Insurance | | - |
| Prepaid Electricity Costs | | - |
| Other Prepayments (Specify) | | - |
| Total | | - |

**County Government Of Kirinyaga
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14. Inventories

| Description | 2022-2023 | 2021-2022 |
|--|------------------|------------------|
| | Kshs | Kshs |
| Consumable Stores | | - |
| Spare Parts And Meters | | - |
| Catering | | - |
| Other Inventories (Specify) | | - |
| Total Inventories At The Lower Of Cost And Net Realizable Value | | - |

**County Government Of Kirinyaga
Kirinyaga County Assembly Car Loan Fund
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Notes To The Financial Statements (Continued)

15. Property, plant and equipment

| Cost | Land and Buildings | Motor vehicles | Furniture and fittings | Computers and office equipment | Total |
|------------------------------------|--------------------|----------------|------------------------|--------------------------------|-------|
| | Kshs | Kshs | Kshs | Kshs | Kshs |
| At 1 st July 2020 | - | - | - | - | - |
| Additions | - | - | - | - | - |
| Disposals | (-) | (-) | - | - | (-) |
| Transfers/Adjustments | - | (-) | - | (-) | (-) |
| At 30 th June 2022 | - | - | - | - | - |
| At 1 st July 2022 | - | - | - | - | - |
| Additions | - | - | - | - | - |
| Disposals | (-) | - | - | - | (-) |
| Transfer/Adjustments | (-) | - | - | (-) | (-) |
| At 30 th June 2023 | - | - | - | - | - |
| Depreciation And Impairment | | | | | |
| At 1 st July 2020 | (-) | (-) | (-) | (-) | (-) |
| Depreciation | (-) | (-) | (-) | (-) | (-) |
| Impairment | (-) | - | - | - | (-) |
| At 30 th June 2022 | - | - | - | - | - |
| At 1 st July 2022 | (-) | (-) | (-) | - | (-) |
| Depreciation | (-) | (-) | (-) | - | (-) |
| Disposals | - | - | - | - | - |
| Impairment | (-) | (-) | - | - | (-) |

**County Government Of Kirinyaga
Kirinyaga County Assembly Car Loan Fund
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| Cost | Land and Buildings | Motor vehicles | Furniture and fittings | Computers and office equipment | Total |
|-------------------------------|--------------------|----------------|------------------------|--------------------------------|-------|
| | Kshs | Kshs | Kshs | Kshs | Kshs |
| Transfer/Adjustment | - | (-) | (-) | - | - |
| At 30 th June 2023 | - | - | - | - | - |
| Net Book Values | | | | | |
| At 30 th June 2022 | - | - | - | - | - |
| At 30 th June 2023 | - | - | - | - | - |

KIRINYAGA COUNTY ASSEMBLY CAR LOAN FUND
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

16. Intangible assets

| Description | 2022-2023 | 2021-2022 |
|------------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Cost | | |
| At Beginning Of The Year | | - |
| Additions | | - |
| At End Of The Year | | - |
| Amortization And Impairment | | |
| At Beginning Of The Year | | - |
| Amortization | | - |
| At End Of The Year | | - |
| Impairment Loss | | - |
| At End Of The Year | | - |
| NBV | | - |

17. Trade and other payables from exchange transactions

| Description | 2022-2023 | 2021-2022 |
|---------------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Trade Payables | | - |
| Refundable Deposits | | - |
| Accrued Expenses | | - |
| Other Payables | | - |
| Total Trade And Other Payables | | - |

18. Provisions

| Description | Leave provision | Bonus provision | Other provision | Total |
|--|-----------------|-----------------|-----------------|-------|
| | Kshs | Kshs | Kshs | Kshs |
| Balance At The Beginning Of The Year (1.07.2022) | - | - | - | - |
| Additional Provisions | - | - | - | - |
| Provision Utilised | (-) | (-) | (-) | (-) |
| Change Due To Discount And Time Value For Money | (-) | (-) | (-) | (-) |
| Transfers From Non -Current Provisions | - | - | - | - |
| Balance At The End Of The Year (30.06.2023) | - | - | - | - |

KIRINYAGA COUNTY ASSEMBLY CAR LOAN FUND
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Notes To The Financial Statements (Continued)

19. Borrowings

| Description | 2022-2023 | 2021-2022 |
|---|-----------|-----------|
| | Kshs | Kshs |
| Balance At Beginning of The Period | | - |
| External Borrowings During the Year | | - |
| Domestic Borrowings During the Year | | - |
| Repayments Of External Borrowings During the Period | | (-) |
| Repayments Of Domestic Borrowings During the Period | | (-) |
| Balance At End of The Period | | - |

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

| | 2022-2023 | 2021-2022 |
|---|-----------|-----------|
| | Kshs | Kshs |
| External Borrowings | | |
| Dollar Denominated Loan From 'X Organisation' | | - |
| Sterling Pound Denominated Loan From 'Y Organisation' | | - |
| Euro Denominated Loan from Z Organisation' | | - |
| Domestic Borrowings | | |
| Kenya Shilling Loan From KCB | | - |
| Kenya Shilling Loan from Barclays Bank | | - |
| Kenya Shilling Loan from Consolidated Bank | | - |
| Borrowings From Other Government Institutions | | - |
| Total Balance at End Of The Year | | - |

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

| Description | 2022-2023 | 2021-2022 |
|--|-----------|-----------|
| | Kshs | Kshs |
| Short Term Borrowings(Current Portion) | | - |
| Long Term Borrowings | | - |
| Total | | - |

(NB: the total of this statement should tie to note 18 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed)

KIRINYAGA COUNTY ASSEMBLY CAR LOAN FUND
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

20. Employee benefit obligations

| Description | Defined benefit plan | Post employment medical benefits | Other Provisions | 2022-2023 | 2021-2022 |
|--------------------------------|----------------------|----------------------------------|------------------|-----------|-----------|
| | Kshs | Kshs | Kshs | Kshs | Kshs |
| Current Benefit Obligation | - | - | - | - | - |
| Non-Current Benefit Obligation | - | - | - | - | - |
| Total | - | - | - | - | - |

21. Cash generated from operations

| | 2022-2023 | 2021-2022 |
|---|----------------|----------------|
| | Kshs | Kshs |
| Surplus/ (Deficit) For the Year Before Tax | 232,536 | 539,881 |
| Adjusted For: | | |
| Depreciation | | - |
| Amortisation | | - |
| Gains/ Losses On Disposal Of Assets | | (-) |
| Interest Income | | (-) |
| Finance Cost | | - |
| Working Capital Adjustments | | |
| Increase In Inventory | | (-) |
| Increase In Receivables | | (-) |
| Increase In Payables | | - |
| Net Cash Flow From Operating Activities | 232,536 | 539,881 |

KIRINYAGA COUNTY ASSEMBLY CAR LOAN FUND
Annual Report and Financial Statements for the year ended June 30, 2023

Other Disclosures

22. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

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

c) Key management remuneration

| | 2022-2023 | 2021-2022 |
|-----------------------------|-----------|-----------|
| | Kshs | Kshs |
| Board Of Trustees | | - |
| Key Management Compensation | | - |
| Total | | - |

d) Due from related parties

| | 2022-2023 | 2021-2022 |
|----------------------------|-----------|-----------|
| | Kshs | Kshs |
| Due From Parent Ministry | | - |
| Due From County Government | | - |
| Total | | - |

KIRINYAGA COUNTY ASSEMBLY CAR LOAN FUND
Annual Report and Financial Statements for the year ended June 30, 2023

Other Disclosures Continued

e) Due to related parties

| | 2022-2023 | 2021-2022 |
|---------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Due To Parent Ministry | | - |
| Due To County Government | | - |
| Due To Key Management Personnel | | - |
| Total | | - |

23. Contingent assets and contingent liabilities

| Contingent Liabilities | 2022-2023 | 2021-2022 |
|---------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Court Case Xxx Against The Fund | | - |
| Bank Guarantees | | - |
| Total | | - |

(Give details)

KIRINYAGA COUNTY ASSEMBLY CAR LOAN FUND
Annual Report and Financial Statements for the year ended June 30, 2023

Other Disclosures Continued

24. 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:

| | Total amount Kshs | Fully performing Kshs | Past due Kshs | Impaired Kshs |
|--|------------------------------|----------------------------------|--------------------------|--------------------------|
| At 30 June 2023 | | | | |
| Receivables From Exchange Transactions | - | - | - | - |
| Receivables From Non-Exchange Transactions | - | - | - | - |
| Bank Balances | - | - | - | - |
| Total | - | - | - | - |
| At 30 June 2022 | - | - | - | - |
| Receivables From Exchange Transactions | - | - | - | - |
| Receivables From Non Exchange Transactions | - | - | - | - |
| Bank Balances | - | - | - | - |
| Total | - | - | - | - |

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(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

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

The entity has significant concentration of credit risk on amounts due from xxxx

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.

| | Less than 1 month | Between 1-3 months | Over 5 months | Total |
|-------------------------------|-------------------|--------------------|---------------|-------|
| | Kshs | Kshs | Kshs | Kshs |
| At 30 June 2023 | | | | |
| Trade Payables | - | - | - | - |
| Current Portion Of Borrowings | - | - | - | - |
| Provisions | - | - | - | - |
| Employee Benefit Obligation | - | - | - | - |
| Total | - | - | - | - |
| At 30 June 2022 | | | | |
| Trade Payables | - | - | - | - |
| Current Portion Of Borrowings | - | - | - | - |
| Provisions | - | - | - | - |
| Employee Benefit Obligation | - | - | - | - |
| Total | - | - | - | - |

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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:

| | | Other currencies | Total |
|--|------|------------------|-------|
| | Kshs | Kshs | Kshs |
| At 30 June 2022 | | | |
| Financial Assets | - | - | - |
| Investments | - | - | - |
| Cash | - | - | - |
| Debtors/ Receivables | - | - | - |
| Liabilities | | | |
| Trade And Other Payables | - | - | - |
| Borrowings | - | - | - |
| Net Foreign Currency Asset/(Liability) | - | - | - |

The Fund manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

Foreign currency sensitivity analysis

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

| | Change in currency rate | Effect on surplus/ deficit | Effect on equity |
|-------------|----------------------------|-------------------------------|---------------------|
| | Kshs | Kshs | Kshs |
| 2023 | | | |
| Euro | 10% | - | - |
| USD | 10% | - | - |
| 2022 | | | |
| Euro | 10% | - | - |
| USD | 10% | - | - |

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 of KShs xxx (2023: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs xxx (2022 – KShs xxx)

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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:

| | 2022-2023 | 2021-2022 |
|---|-----------|-----------|
| | Kshs | Kshs |
| Revaluation reserve | | - |
| Revolving fund | | - |
| Accumulated surplus | | - |
| Total funds | | - |
| | | |
| Total borrowings | | - |
| Less: cash and bank balances | | (-) |
| Net debt/(excess cash and cash equivalents) | | - |
| Gearing | | -% |

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

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

| 1. Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|---|---------------------------------------|------------------------------------|-----------------------------------|--|
| | | | | |
| REPORT OF AUDITOR-GENERAL ON COUNTY ASSEMBLY | 1.0 Budgetary Control and performance | All audit quarries were dealt with | Resolved | Done |
| OAG/CRO/KIR.CA/C.L/CLMF/2020/2022/(26) | | | | |
| | | | | |
| | | | | |
| | | | | |



.....
Clerk of the County Assembly

Date

CLERK
COUNTY ASSEMBLY OF KIRINYAGA

27 NOV 2023

Sign:.....
P. O. Box 55 -10300, KERUGOYA