

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

12 MAR 2024

TUESDAY

OF

TABLED
Hon. Owen Baya, MP
Deputy leader, majority party
In charge, untable

THE AUDITOR-GENERAL

ON

PARLIAMENT
OF KENYA
LIBRARY

**CO-OPERATIVE SOCIETIES LIQUIDATION
ACCOUNT**

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

STATE DEPARTMENT FOR CO-OPERATIVES



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY

06 MAR 2024

RECEIVED



**MINISTRY OF CO-OPERATIVES AND MICRO, SMALL AND MEDIUM ENTERPRISES
(MSMEs) DEVELOPMENT**

STATE DEPARTMENT FOR COOPERATIVES

LIQUIDATION ACCOUNT

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)

Liquidation Account
Annual Report and Financial Statements
For the year ended June 30, 2023

1. Key Entity Information and Management.....	iii
2. Account administration committee.....	iv
3. Key Management Team	v
4. Chairperson's Statement	vi
5. Report of the Administrator.....	vii
6. Corporate Governance Statement.....	viii
7. Management Discussion and Analysis	ix
8. Statement of Financial Performance for the year ended 30 June 2023.....	1
9. Statement of Financial Position as at 30 June 2023.....	2
10. Statements of Changes in Net Assets for the year ended 30 June 2023....	3
11. Statements of Cash Flows for the year ended 30 June 2023.....	4
12. Summary of Significant Accounting Policies.....	5
13. Notes to the Financial Statements.....	7
14. Appendices.....	8

**Liquidation Account
Annual Report and Financial Statements
For the year ended June 30, 2023**

1. KEY ENTITY INFORMATION AND MANAGEMENT

Background information

The Liquidation account of societies (to be called the Co-operative Societies Liquidation Account established under rule 49), is account kept by the Commissioner for Co-operatives with such bank as may be prescribed and administered in the prescribed manner. The Account is managed by the department for Co-operatives as authorized by the Co-operatives Societies Act CAP 490 Revised Edition 2012 and the Co-operatives Societies Act 2004 [Act No. 2 of 2004, Sch.]

Co-operatives Societies Act 2004 and the Co-operative Societies Rules 49;

49.(1) There is hereby established an account known as the Co-operative Societies Liquidation Account which shall be administered by the Commissioner or his representative.

(2) The following shall be paid into the liquidation account;-

- (a) All money realized in the liquidation where a bank account does not exist at the commencement of the liquidation.
- (b) Any unpaid claims on closure of a liquidation; and
- (c) Any surplus balance on closure of liquidation.

(3) The following may be paid from the Liquidation account.

- (a) Claims, previously unpaid, subject to certification by the Commissioner or a person nominated by him for the purpose, within a period of two years from the date of the closure of liquidation;

(b) Distribution in any liquidation under paragraph (a) of this sub rule.

(c)

(4) The Commissioner may authorise, after the expiration of two years from the date of closure of any liquidation, payment of balances of unpaid claims and surpluses from the Liquidation account into the Account.

Principal Activities

The principal activity of the account is to facilitate liquidation of Sacco's.

Core Values

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

**Liquidation Account
Annual Report and Financial Statements
For the year ended June 30, 2023**

2. ACCOUNT ADMINISTRATION COMMITTEE

a) Key Management

Ref	Name	Position
1	Patrick K Kilemi	Accounting Officer
2	David K. Obonyo	Commissioner for Co-operatives (HOD)
3	Javel Murira	Director Co-operative Audit (AIE Holder)
4	Margaret Nyaywera	Deputy Accountant General

b) Registered Offices

P.O. Box 30547-00100
NSSF Building
Bishop Road
Nairobi, Kenya.

c) Account Contacts

Telephone: (254) 020-273531-9
E-mail: ps.ushirika@gmail.com
Website: www.go.ke

d) Account Bankers

Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya.

e) Independent Auditors

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

f) Principal Legal Adviser

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

**Liquidation Account
Annual Report and Financial Statements
For the year ended June 30, 2023**

3.MANAGEMENT TEAM



Principal Secretary Patrick K. Kilemi

Patrick Kiburi Kilemi is the Principal Secretary (PS) in the Ministry of Co-operatives and Micro, Small & Medium Enterprises (MSMEs) Development, State Department for Co-operatives. His career spans over 20 years in sales, marketing, commercial planning and pricing experience in the petroleum industry in Kenya and the East and Central African region mainly with International Oil majors Total Kenya Limited (11 years), Chevron (Caltex) Kenya Limited (4 years) and Mobil Oil Kenya Limited (3 years). He holds a Masters Degree in Economics and Bachelors of Arts Degree in Economics from The University of Nairobi. He is a CPA (K) finalist.



Mr. David K. K. Obonyo

The Commissioner for Co-operatives Development and currently the head Finance and Marketing Division. Holds a Masters of Arts Rural Economics and Co-operation (Bundelkhand University, India); Bachelor of Arts, Economics, Sociology and Political Science and Diploma Industrial Relations. Has 24 years' service in the Co-operatives Administration serving as Ag. Secretary Ethics Commission for Co-operatives Societies (ECCOS), Head of Department, Co-operatives Finance and Banking, Co-operatives County commissioner, Provincial Co-operatives Officer and District Co-operatives Officer. A member of Kenya Society for Professional Co-operators. (KSPC).



Javel Muthee Murira

Deputy Director, Co-Operative Audit.

He holds a MBA in Finance, B.A in economics and sociology. KACE and KCE. He is a professional Accountant; He is in currently Director of Co-operatives Audit State department for Co-operatives. He has worked in various government units from the year 1994 to date. He is a member of ICPAK and Institute of internal auditors (IIA).



CPA Margaret Nyaywera

CPA Margaret Nyaywera is the Deputy Accountant General for the State Department. She is a holder of MBA(Finance) from Moi University and a CPA (K).

Her main role includes management, monitoring and reporting use of resources, and clear up audit queries, establish effective internal controls, improve expenditure management and transfers, banking arrangements and complete financial statements on time.

**Liquidation Account
Annual Report and Financial Statements
For the year ended June 30, 2023**

4. CHAIRPERSON'S REPORT

It is my pleasure to present, the Liquidation Account Financial Statements for the year ended 30th June, 2023. The financial statements present the financial performance of the account over the past year.

Appreciation

I take this opportunity to express my sincere gratitude and appreciation to the State Department for Co-operatives, Co-operative auditors, and other stakeholders, for their continued support which made us achieve these results.

I look forward to your continued support in the years to come.



Signed: _____

**Patrick K. Kilemi
Principal Secretary**

**Liquidation Account
Annual Report and Financial Statements
For the year ended June 30, 2023**

5. REPORT OF THE ADMINISTRATOR

Review of performance

The account received amount owing to beneficiaries amounting to KSh. 1,362,587.95 and paid out KSh 3, 937,151.75 during the financial year 2022/2023.

Entity's compliance with statutory requirements

During the reporting period the account has complied with all statutory requirements. The institution has no non-compliance that may expose it to potential contingent liability.

Key projects and investment decisions the entity is planning/implementing

There is no any key project or investment the account is planning to implement.

Major risks facing the entity

The account is exposed to liquidity risk. The account overall risk management framework focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risk on its performance by setting acceptable levels of risk.

Material arrears in statutory/financial obligations

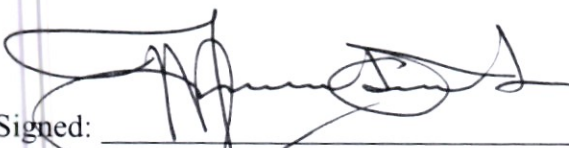
During the reporting period the Account has no material arrears and any financial obligations

The entity's financial probity and serious governance issues

During the reporting period the account has no case of financial improbity reported and no governance issues were raised.

Conclusion

I take this opportunity to thank all staff who we have worked hand in hand to ensure that Management and supervision Account achieves its mission.

Signed: 

David K. Obonyo
Commissioner for Co-operative Development.

6. CORPORATE GOVERNANCE STATEMENT

STATEMENT OF COMPLIANCE

The Account has throughout the FY2022/2023 complied with all statutory and regulatory requirements and that the account has been managed in accordance with the principles of good corporate governance.

INTERNAL CONTROL AND RISK MANAGEMENT

Internal Control

The management are responsible for reviewing the effectiveness of the Account's system of internal control which is designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against unauthorized use or disposition and the maintenance of proper accounting records and the reliability of financial information used within the business or for publication. These controls are designed to manage rather than eliminate the risk of failure to achieve business objectives due to circumstances which may reasonably be foreseen and can only provide reasonable and not absolute assurance against material misstatement or loss.

Organization Structure

A clear organizational structure exists, detailing lines of authority and control responsibilities. The professionalism and competence of staff is maintained both through rigorous recruitment policies and a performance appraisal system which establishes targets, reinforces accountability and awareness of controls, and identifies appropriate training requirements. Training plans are prepared and implemented to ensure that staff develop and maintain the required skills to fulfil their responsibilities, and that the account can meet its future management requirements.

Strategic Plan

The business of the account is determined by the strategic plan. The strategic plan sets out the objectives of the account, and the annual targets to be met to attain those objectives. The strategic plan is evaluated annually to assess the achievement of those objectives. The board on an annual basis approves the work plan supported by the financial plan for the year. Progress against the plan is monitored on a quarterly basis.

Internal Control Framework

The account continues to review its internal control framework to ensure it maintains a strong and effective internal control environment. Business processes and controls are reviewed on an ongoing basis.

Management Team

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

Auditor

The account is audited by the Auditor-General.

**Liquidation Account
Annual Report and Financial Statements
For the year ended June 30, 2023**

7. MANAGEMENT DISCUSSION AND ANALYSIS

Section 81 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of an Account shall prepare financial statements for the Account in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the Account is responsible for the preparation and presentation of the Account's financial statements, which give a true and fair view of the state of affairs of the Account 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 Account; (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 Account; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the Account accepts responsibility for the Account'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. The Administrator of the Account is of the opinion that the Account's financial statements give a true and fair view of the state of Account's transactions during the financial year ended June 30, 2023, and of the Account's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Account, which have been relied upon in the preparation of the Account's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the Account has assessed the Account'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 Account 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 Account's financial statements were approved by the accounting officer

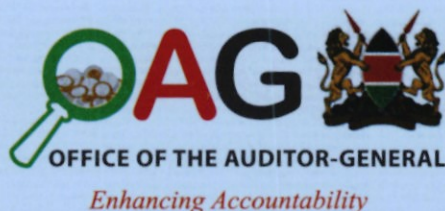
on 16/11/2023, 2023 and signed by:



**Patrick K. Kilemi
Principal Secretary**

REPUBLIC OF KENYA

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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 CO-OPERATIVE SOCIETIES LIQUIDATION ACCOUNT FOR THE YEAR ENDED 30 JUNE, 2023 - STATE DEPARTMENT FOR CO-OPERATIVES

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Co-operative Societies Liquidation Account set out on pages 1 to 7, which comprise of the statement of financial

Report of the Auditor-General on Co-operative Societies Liquidation Account for the year ended 30 June, 2023 - State Department for Co-operatives

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Cooperatives Societies Liquidation Account as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and complies with the Public Finance Management Act, 2012 and the Cooperatives Societies Act (Cap 490) Revised Edition 2012 and the Cooperatives Societies Act, 2004.

Basis for Qualified Opinion

Inaccuracy of Cash and Cash Equivalents Balance

The statement of financial position reflects cash and cash equivalents balance of Kshs.27,031,912 as disclosed in Note 3 to the financial statements. However, disclosure Note 3 reflects a balance of Kshs.23,214,792 resulting in unreconciled variance of Kshs.3,817,120. Although Management explained the variance to be as a result of payments made from the liquidation account that ought to have been paid from the recurrent account, documentation to support the explanation was not provided for audit.

In the circumstances, the completeness and accuracy of cash and cash equivalents balance of Kshs.27,037,912 could not be confirmed.

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, except for the matter discussed in the Basis for Conclusion on

Lawfulness and Effectiveness in Use of Public Resources, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Late Submission of Financial Statements

The Management submitted the financial statements for audit on 26 October, 2023, which was twenty-seven (27) days after the statutory deadline of 30 September, 2023 contrary to Section 81(4)(a) of the Public Finance Management Act, 2012 which requires accounting officers to submit financial statements to the Auditor-General within three (3) months after the end of each financial year.

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

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements which are free from material

misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Liquidation Account's ability to continue sustaining its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Liquidation Account 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 Liquidation Account'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 which 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 which govern them in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control which might be material weaknesses under the ISSAIs. A material weakness is a condition in which, the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatement 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 policies and procedures may deteriorate.


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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions which may cast significant doubt on the Liquidation Account's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Liquidation Account to cease 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 which achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Liquidation Account to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

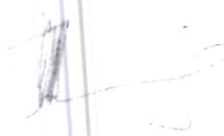
13 February, 2024

**Liquidation Account
Annual Report and Financial Statements
For the year ended June 30, 2023**


8. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2023

	Note	FY2022/2023	FY2021/2022
			KShs
Revenue from non-exchange transactions			
Liquidation Fees	1	1,362,588	66,133,767
Total revenue		1,362,588	66,133,767
Expenses			
Transfers to Liquidation beneficiaries	2	3,937,152	65,921,312
Total expenses		3,937,152	65,921,312
Surplus/(deficit)for the period		(2,574,564)	212,455


The notes set out on pages form an integral part of these Financial Statements. The Account's Financial Statements were approved by the accounting officer on 16/11/2023, 2023 and signed by



Patrick K. Kilemi
Principal Secretary



CPA Margaret Nyaywera
Deputy Accountant General
ICPAK Number:



David K. Obonyo
Commissioner for Co-operative Development.




Liquidation Account
Annual Report and Financial Statements
For the year ended June 30, 2023


9. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023.

	Note	FY2022/2023	FY2021/2022
		KShs	KShs
Assets			
Current assets			
Cash and cash equivalents	3	27,031,912	25,789,356
Current Liabilities		-	-
Net assets		27,031,912	25,789,356
Financed by			
Liquidation Account b/f		25,789,356	25,576,901
Accumulated surplus		(2,574,564)	212,455
Prior year adjustment 2019/2020		3,817,120	-
Total equity		27,031,912	25,789,356

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 16/11/2023, 2023 and signed by:



 Patrick K. Kilemi
 Principal Secretary



 CPA Margaret Nyaywera
 Deputy Accountant General
 ICPAK Number: 5429



 David K. Obonyo
 Commissioner for Co-operative Development.

Liquidation Account
Annual Report and Financial Statements
For the year ended June 30, 2023

10. STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2023.

	Revolving account	Accumulat ed Surplus KShs	Prior year adjustments	Total
Balance as at 30 June 2020	25,576,901	-	-	25,576,901
Surplus(Deficit) for the period	-	212,455	-	212,455
Balance as at 30 June 2021	25,576,901	212,455	-	25,789,356
Balance as at 30 June 2022	25,576,901	212,455	-	25,789,356
Surplus(Deficit) for the period	-	(2,574,564)	-	(2,574,564)
Prior year adjustment 2019/2020	-	-	3,817,120	3,817,120
Balance as at 30 June 2023	25,576,901	(2,574,564)	3,817,120	27,031,912

Note: Prior year adjustment of Ksh 3,817,120 is in relation to payments that were paid from Liquidation Account that ought to have been paid from Recurrent Account resulting in a loss.

**Liquidation Account
Annual Report and Financial Statements
For the year ended June 30, 2023**

11. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023.

	Note	FY2022/2023	FY2021/2022
			KShs
Cash flows from operating activities			
Receipts			
Liquidation	1	1,362,588	66,133,767
Total Receipts		1,362,588	66,133,767
Payments			
Transfers to Liquidation beneficiaries	2	3,937,152	65,921,312
Total Payments		3,937,152	65,921,312
Adjusted for			
Prior year adjustment 2019/2020		3,817,120	-
Net cash flows used in Operating activities		1,242,556	212,455
Net increase/(decrease)in cash and cash equivalents			
		1,242,556	212,455
Cashandcashequivalentsat1JULY		25,789,356	25,576,901
Cashandcashequivalentsat30 JUNE	3	27,031,912	25,789,356

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. Then entity financial statements with approved On 16/11/2023, 2023 and signed by



Patrick K. Kilemi
Principal Secretary



CPA Margaret Nyaywera
Deputy Accountant General
ICPAK Number: 5429



David K. Obonyo
Commissioner for Co-operative Development.

12. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Statement of compliance and basis of preparation

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

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

2. Adoption of new and revised standards

3. Revenue recognition

i) Revenue from non-exchange transactions

Liquidation fees

Liquidation fee is recognised when audited account is presented to commissioner for approval or registration are billed for payments. Currently no registration of account is allowed without full payments having been done.

4. 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.

5. Account surplus fees

Account surplus are realised from excess income over expenditure, the surplus is carried forward to the next financial year.

6. Changes in accounting policies and estimates

Liquidation Account
Annual Report and Financial Statements
For the year ended June 30, 2023

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.

7. Cash and cash equivalents

Bank account balances include amounts held at the Central Bank of Kenya at the end of the financial year.

8. Comparative figures

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

9. Events after the reporting period

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

10. Currency

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

11. 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.

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.

Provisions

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

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

**Liquidation Account
Annual Report and Financial Statements
For the year ended June 30, 2023**

13. NOTES TO THE FINANCIAL STATEMENTS

1. Liquidation

Description	FY2022/2023	FY2021/2022
		KShs
Cash received	1,362,588	66,133,767
Total	1,362,588	66,133,767

2. Transfers to beneficiaries

Description	FY2022/2023	FY2021/2022
		KShs
KIMUTE SACCO	-	65,753,437
WAMBUGU MURITHI ADVOCATES	-	167,875
AGIP SACCO	3,794,155	-
Acapulco Sacco	142,996	-
Total	3,937,152	65,921,312

3. Cash and cash equivalents

Description	FY2022/2023	FY2021/2022
	KShs	KShs
Cash and cash equivalents	23,214,792	29,606,476
Total cash and cash equivalents	23,214,792	29,606,476

**Liquidation Account
Annual Report and Financial Statements
For the year ended June 30, 2023**

14. Appendices

Appendix 1: Implementation Status of Auditor-General's Recommendations

There were no prior year issues.

Liquidation Account Manual Trial Balance

Accounts	Dr	Cr
Receipts		1,362,588.00
Account Capital		25,789,356.00
Payments	3,937,152.00	
Cash/Bank	23,214,792.00	
	27,151,944.00	27,151,944.00



LIQUIDATION

STATE DEPARTMENT FOR COOPERATIVES

F.O. 30

REPUBLIC OF KENYA

BANK RECONCILIATION

as at 30th June 2023

STATION

NAIROBI


	Sh.	Sh.
Balance as per Bank Certificate		27,008,919.00
Less —		
1. Payments in Cash Book not yet recorded in Bank Statement (Unpresented Cheques)	3,794,155.30	3,794,155.30
2 Receipts in Bank Statement not yet recorded in Cash book	0.00	
Add —		
3. Payment in Bank Statement not yet recorded in Cash Book		
4 Receipts in Cash Book not yet Recorded in Bank Statement		
Balance as per cash Book		23,214,792.70
Balance as per Cash Book		23,214,792.70

I certify that I have verified the Bank balance in the cash Book with the bank Statement and that the above reconciliation is correct.


Signature

Prepared by:
Accountant I
Designation

10/6/2023
Date


Signature

Reviewed by:
P.A.
Designation

10/7/2023
Date

Date 8th August 2023

Report of the Board of Survey on the Cash and Bank Balances of

100 034 7066

State Department for Cooperatives Liquidation Account

as at the close of

business on 30th June 2023

The Board, consisting of- (Names and Official titles)

Franco Wokesa Chairman

Joel Mkipi Secretary

Joshua Sitori Member

Joseph Kimani Member

Assembled at the office of

at (time) on the

Notes (Shs.)

Silver Shs.

copper Shs.

Cheques (as per details on reverse) Shs.

It was observed that cheques amounting to N/A Shs. cts

had been on hand for more than 14 days prior to the date of the survey.

The cash consists of East African currency and does not contain any demonetized coin or notes

The Cash Book reflected the following balances as at the close of business on the 30th June 2023

Cash on hand (Shs.)

Bank balance Shs. 23,928,799.80

23214792.70

The Bank Certificate of Balance showed a sum of Shs.

27,008,948

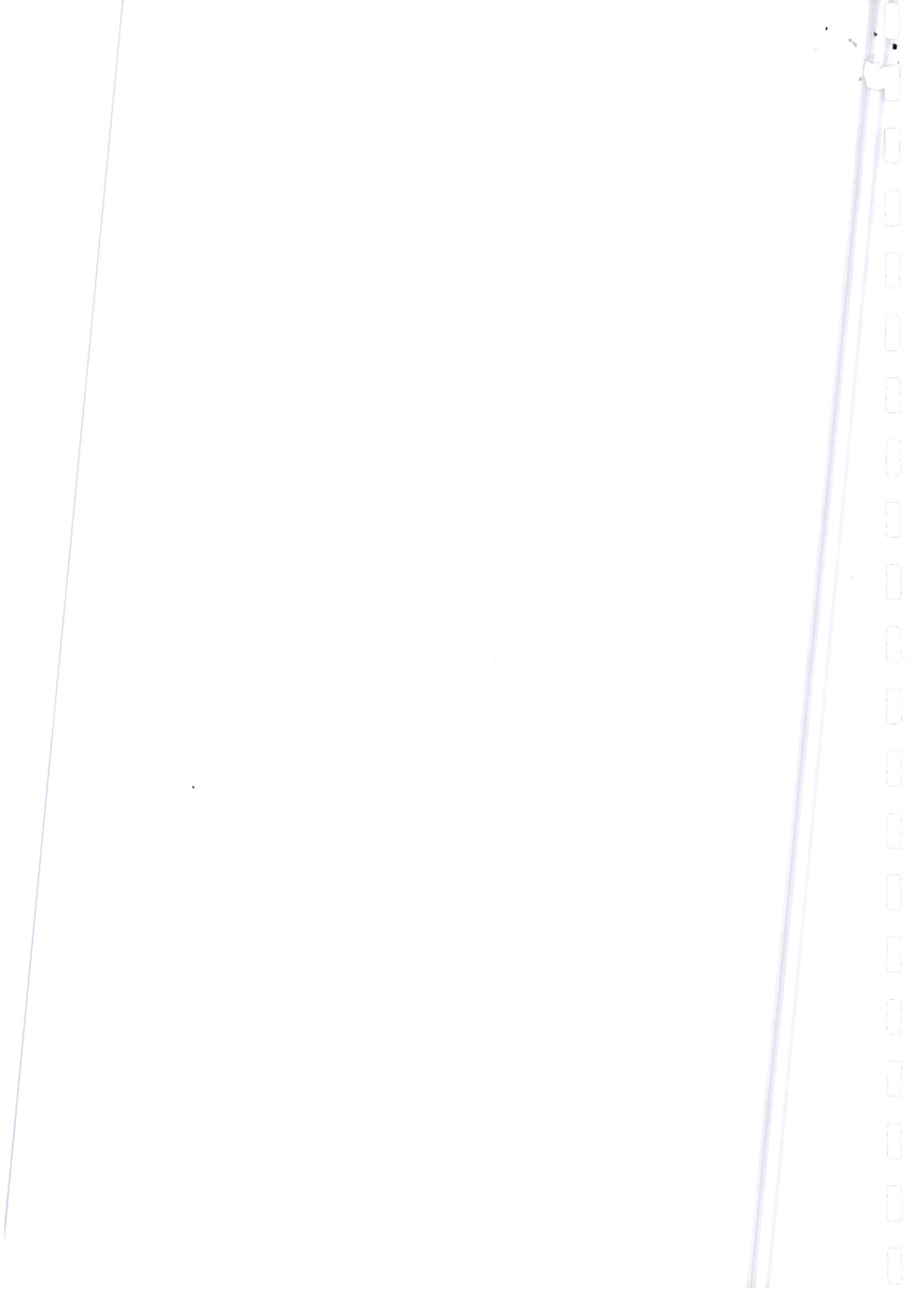
cts Fifteen cots (shs.) cts 15

Standing to the credit of the account on 30th June 2023

The difference between this figure and the Bank Balance as shown by the Cash Book is accounted for in the Bank Reconciliation Statement (F.O. 30) attached.

Joshua Sitori
Joel Mkipi Chairman
Joseph Kimani

Date



BANKI
KUU YA
KENYA



CENTRAL
BANK OF
KENYA

Haile Selassie Avenue
P.O. Box 60000 - 00200 Nairobi, Kenya
Telephone: 2860000, Fax: 3340192

July 12, 2023

CERTIFICATE OF BALANCES

Customer: 131177 STATE DEPT FOR CO-OPERATIVES
Balance
Date: 30-Jun-23

Account No	Account Name	Currency	Balance
1000303042	REC-STATE DEPT FOR CO-OPERATIVES	KES	110,251,209.80
1000303058	DEV-STATE DEPT FOR CO-OPERATIVES	KES	268,077.40
1000303069	DEP-STATE DEPT FOR CO-OPERATIVES	KES	3,296,598.60
1000303077	CBK165-STATE DEPT FOR CO-OPERATIV	KES	0.00
1000347066	COOPERATIVE SOCIETIES LIQUIDATION A	KES	27,008,948.00
1000643797	FINANCIAL INCLUSION FUND	KES	0.00

Priscilla Keitany (Mrs)
Authorised Signatory
Banking Services Division

Joyce Nasieku
Authorised Signatory
Banking Services Division

