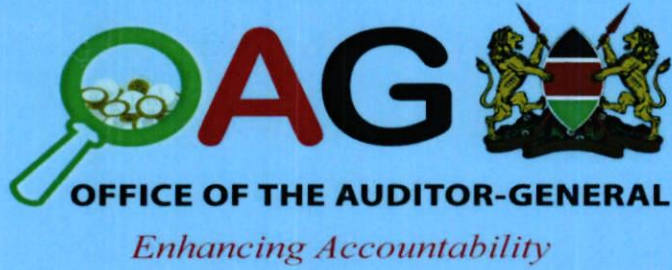
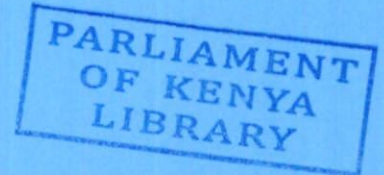


REPUBLIC OF KENYA

Scanned  
15/02/2022



**REPORT**



**OF**

**THE AUDITOR-GENERAL**

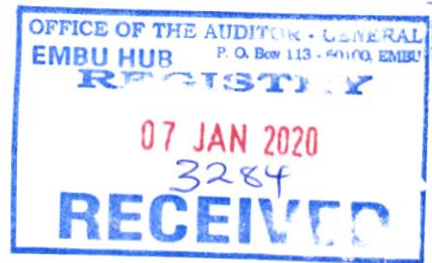
**ON**

**KIRINYAGA COUNTY ASSEMBLY CAR  
LOAN AND MORTGAGE FUND**

**FOR THE YEAR ENDED**

**30 JUNE, 2019**

	PAPER.
DATE	15-02-2022
TABLED BY	LEADER OF MAJORITY
COMMITTEE	
CLERK AT THE TABLE	M. ADJIBODU



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**COUNTY ASSEMBLY OF KIRINYAGA**  
**CAR LOAN AND MORTGAGE FUND**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED**  
**JUNE 30, 2019**

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

**COUNTY ASSEMBLY OF KIRINYAGA CAR LOAN AND MORTGAGE FUND  
REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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**1. KEY ENTITY INFORMATION AND MANAGEMENT**

**a) Background information**

The County assembly is constituted as per the constitution of Kenya is headed by the County speaker, who is responsible for the general policy and strategic direction of the County assembly.

**b) Key Management**

The entity day to day managements is under the following key organs:

1. County Assembly Service Board
2. House Business Committee
3. Office Of The Speaker
4. Office Of The Clerk

**c) Fiduciary Management**

The key management personnel who held office during the financial year ended 30 June, 2019 and who had direct fiduciary responsibility were:

<b>No</b>	<b>Designation</b>	<b>Name</b>
1.	Fund Administrator-clerk	Kamau Aidi
2.	Fund Accountant-Director-Accounting And Finance	Cpa Michael Munene M.no.8031

**Fiduciary Oversight Arrangements**

Assembly operations are oversighted by internal audit departments, Office of the Auditor General, and PAC/PIC of both county Assembly and Senates.

**(a) Entity Headquarters**

P.O. Box 55-10300  
Kirinyaga county assembly  
Along kutus-karatina road  
KERUGOYA, KENYA

**(b) Entity Contacts**

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

**(c) Entity Bankers**

FORTUNE Sacco Ltd  
P.O Box 559 – 10300  
Kerugoya

**(d) Independent Auditors**

**COUNTY ASSEMBLY OF KIRINYAGA CAR LOAN AND MORTGAGE FUND  
REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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

**(e) Principal Legal Adviser**

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

**2. THE BOARD OF DIRECTORS**

Fund has no board of directors .

**COUNTY ASSEMBLY OF KIRINYAGA CAR LOAN AND MORTGAGE FUND  
REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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**3. MANAGEMENT TEAM**

Management Team Include Fund Administrator, Director HR And Fund Accountant.

**4. CHAIRMAN'S STATEMENT**

There is no Chairman of Fund but Fund Administrator.



**COUNTY ASSEMBLY OF KIRINYAGA CAR LOAN AND MORTGAGE FUND  
REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

---

**5. REPORT OF THE FUND ADMINISTRATOR**

Most members of county assembly and staffs benefited from the fund, in fact is year where all members received their full benefits.

**6. CORPORATE GOVERNANCE STATEMENT**

The fund is well managed; members and staffs have benefit a lot from it

**COUNTY ASSEMBLY OF KIRINYAGA CAR LOAN AND MORTGAGE FUND  
REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

---

**7. CORPORATE SOCIAL RESPONSIBILITY STATEMENT**

There were no corporate social responsibility activities during the year.

**8. REPORT OF THE FUND ADMINISTRATOR**

The Administrator submit their report together with the audited financial statements for the year ended June 30, 2019 which show the state of the *county assembly of kirinyaga* affairs.

**Principal activities**

The principal activities of the entity are managing car loan and mortgage fund.

**Results**

During the financial year ending 30<sup>th</sup> June, 2019, the Fund made a Surplus of Kshs.6, 333,380 from its operation as indicated in the statement of financial performance.

The outstanding principle amount at the close of financial year stood at Kshs 280,841,520, Kshs, 129,407,644 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 Car Loan and Mortgage Scheme Fund for Financial year 2018/2019 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**

**COUNTY ASSEMBLY OF KIRINYAGA CAR LOAN AND MORTGAGE FUND  
REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

---

**9. MANAGEMENT DISCUSSION AND ANALYSIS**

During the financial year ending 30<sup>th</sup> June, 2019, the Fund made a Surplus of Kshs.6, 333,380 from its operation as indicated in the statement of financial performance.

The outstanding principle amount at the close of financial year stood at Kshs 280,841,520, Kshs, 129,407,644 had been repaid during the same period and at the same the managements was able disbursed kshs.215, 624,076 to staffs and members of the county assembly. This comprised of car loan and mortgage.

We are glad therefore to forward the financial statement in respect of Car Loan and Mortgage Scheme Fund for Financial year 2018/2019 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**

## **10. STATEMENT OF FUND ADMINISTRATOR RESPONSIBILITIES**

Section ... of the Public Finance Management Act, 2013 and section ... of the State Corporations Act, require the Fund Administrator to prepare financial statements in respect of that *county assembly of kirinyaga*, which give a true and fair view of the state of affairs of the *county assembly of kirinyaga* at the end of the financial year/period and the operating results of the *entity* for that year/period. The Fund Administrator is also required to ensure that the *Assembly* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *entity*. The Fund Administrator is also responsible for safeguarding the assets of the *assembly*.

The Fund Administrator are responsible for the preparation and presentation of the *county assembly of kirinyaga* financial statements, which give a true and fair view of the state of affairs of the *Assembly* for and as at the end of the financial year (period) ended on June 30, 2019. 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 *entity*; (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 *Assembly*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Fund Administrator accept responsibility for the *county assembly of kirinyaga* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act and the State Corporations Act. The Fund Administrator is of the opinion that the *county assembly of kirinyaga* financial statements give a true and fair view of the state of *Assembly* transactions during the financial year ended June 30, 2019, and of the *Assembly* financial position as at that date. The Fund Administrator further confirm the completeness of the accounting records maintained for the *Assembly*, which have been relied upon in the preparation of the *county assembly of kirinyaga* financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Fund Administrator to indicate that the *county assembly of kirinyaga* 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 Assembly's financial statements were approved and signed by the Clerk of the County Assembly on **September 1st, 2019**

CLERK  
COUNTY ASSEMBLY OF KIRINYAGA  
23 SEP 2019  
P. O. BOX 10300  
KERUGOYA

Fund Administrator-Clerk of the County Assembly

**COUNTY ASSEMBLY OF KIRINYAGA CAR LOAN AND MORTGAGE FUND  
REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

---

**10. REPORT OF THE INDEPENDENT AUDITOR**

# 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 AND MORTGAGE FUND FOR THE YEAR ENDED 30 JUNE, 2019**

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

#### **Disclaimer of Opinion**

I have audited the accompanying financial statements of Kirinyaga County Assembly Car Loan and Mortgage Fund set out on pages 1 to 25, which comprise of the statement of financial position as at 30 June, 2019, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015.

I do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

#### **Basis for Disclaimer of Opinion**

##### **1.0 Inappropriate Financial Statements**

The financial statements presented for audit review refers to Kirinyaga County Assembly Car Loan and Mortgage Fund. However, documents provided for audit review indicate that the Assembly operates two separate Funds namely; Kirinyaga County Assembly Car Loan (Members) Scheme Fund and Kirinyaga County Assembly Mortgage (Members) Scheme Fund.

In view of the above, the Management combined the financial statements of the two Funds which is contrary to Section 19(1)(d) of the Public Finance Management (Kirinyaga County Assembly Mortgage (Members) Scheme Fund) Regulations, 2014 and Section 15(1)(d) of the Public Finance Management (Kirinyaga County Car Loan (Members) Scheme Fund) Regulations, 2014 which requires the officer administering each Fund to prepare separate financial statements for each Fund and transmit to the Auditor General within three (3) months after the end of each financial year.



In the circumstances, it was not possible to express an opinion on each Fund based on the combined financial statements for the year ended 30 June, 2019.

## **2.0 Inaccuracies in the Financial Statements**

### **2.1 Accumulated Surplus**

The statement of financial position reflects Kshs.6,333,830 in respect to accumulated surplus. However, the statement of changes in net assets reflects Kshs.97,908,830 in respect to the same item resulting to an un-reconciled variance of Kshs.91,575,000. Further, a re-casting of the amounts resulted in a balance of Kshs.202,857,276 instead of Kshs.97,908,830 now shown resulting to misstatement by Kshs.104,948,446 that has not been corrected.

### **2.2 Statement of Changes in Net Assets**

The Fund's statement of changes in net assets reflects a nil balance in respect to revolving fund which however, differs with an amount of Kshs.316,575,000 reflected in the statement of financial position. The resulting difference of Kshs.316,575,000 between the two statements has not been reconciled or explained.

### **2.3 Unexplained Variance Between the Statement of Comparison of Budget and Actual Amounts and the Statement of Financial Performance**

The statement of comparison of budget and actual amounts reflects actual transfers from County Government and general expenses balance of Kshs.91,575,000 and Kshs.215,624,076 respectively. However, the statement of financial performance for the year ended 30 June, 2019 indicates nil balance in respect of the two items. No reconciliations have been provided for the variance between the two sets of statements.

Further, the statement of comparison of budget and actual amounts reflects a negative balance of Kshs.117,715,246 in respect to deficit for the period, which varies with a surplus of Kshs.6,333,830 reflected in the statement of financial performance for the same period, resulting in an unreconciled variance of negative Kshs.111,381,416.

Similarly, the statement of comparison of budget and actual amounts reflects actual total expenditure for the period of Kshs.26,711, which varies with a re-casted balance of Kshs.215,650,787, resulting in an unexplained variance of Kshs.215,624,076.

Under the circumstances, the accuracy completeness, and validity of the statement of financial performance and the statement of comparison of budget and actual amounts for the year ended 30 June, 2019 could not be confirmed.

## **3.0 Cash and Cash Equivalent**

As disclosed in Note 10 to the financial statements, the statement of financial position reflects bank balances amounting to Kshs.20,865,339 in respect to two bank accounts

held by the Fund. However, the cashbooks reflected total balance of Kshs.20,865,509 resulting to an unexplained difference of Kshs.170.

In the circumstances, the correctness and accuracy of cash and cash equivalent balance of Kshs.20,865,339 as at 30 June, 2019 could not be confirmed.

#### **4.0 Presentation of the Financial Statements**

The financial statements presented for audit review revealed the following anomalies:

- i) The Fund Administrator has not included passport size photos, names and concise description of both corporate governance body and management team in the financial statements contrary to Section 2 and 3 of Public Sector Accounting Standard Board (PSASB) template issued in June, 2019.
- ii) The statement of Fund Administrator Responsibilities, Report of the Independent Auditor and financial statements sections at pages xiii, xiv and 1 respectively are all numbered 10 instead of sequentially as 10, 11 and 12 contrary to the PSASB reporting format.
- iii) The Fund's financial statements reflect Key entity Information and Management section at page (iii) which does not include its principal activities and Fund Administration Committee details as required by the PSASB reporting template.

In the circumstances, the Fund's financial statements for the year under review were not prepared in accordance with the PSASB requirements.

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

The Fund's statement of comparison of budget and actual amounts for the year ended 30 June, 2019 reflect Kshs.45,000,000 in respect to budgeted revenue and Kshs.97,935,541 in respect to actual revenue resulting to revenue over-realization of Kshs.52,935,541 or 104%. The over-realization of revenue budget by Kshs.52,935,541 may be a pointer to low revenue targets.

Further, the statement reflects Kshs.45,000,000 in respect to budgeted expenditure against an actual expenditure Kshs.215,650,787 resulting to an over expenditure of Kshs.170,650,787 or 379%. However, the over expenditure was incurred without any indication of approval contrary to Section 43(2) of Public Finance Management (County Governments) Regulations, 2015 which states that County Government entities shall execute their approved budgets based on the annual appropriation legislation, and the approved annual cash flow plan with the exception of unforeseen and unavoidable spending dealt with through the County Executive Emergency Fund, or supplementary estimates.

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

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

### **Conclusion**

I do not express a conclusion on the lawfulness and effectiveness in the use of public resources as required by Article 229(6) of the Constitution. Because of the significance of the matters described in the Basis for Disclaimer of Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

### **Basis for Conclusion**

#### **Default in Loan Repayments**

Note 12 to the financial statements reflect receivables from exchange transactions balance of Kshs.280,841,520 as at 30 June, 2019. The balance includes Kshs.26,923,723 owed by eleven (11) former Members of County Assembly (MCA) who had left the service and defaulted on loan repayment.

The Fund has not recovered the outstanding balances contrary to Section 18 of Public Finance Management (Kirinyaga County Assembly Mortgage (Members) Scheme Fund) Regulations, 2014 which provides that the Fund may call in a loan and sell the charged property by public auction or private treaty where the borrower is in breach of the terms under the loan agreement, or the covenant contained in the charge of the mortgage instrument.

Further, the term of the Members of the County Assembly lapsed before they could clear their outstanding loan balances contrary to Salaries and Remuneration Commission circular No. SRC/CGOVT/3/61 dated 30 September, 2014 which stipulates that the loans advanced should be repaid within the term of the contract.

In the circumstances, the accuracy, completeness and full recoverability of the receivables from exchange transactions balance of Kshs.26,923,723 could not be ascertained.

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

### **Conclusion**

I do not express a conclusion on the effectiveness of internal controls, risk management and governance as required by Section 7(1)(a) of the Public Audit Act, 2015. Because of the significance of the matters described in the Basis for Disclaimer of Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of

my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

### **Responsibilities of Management and those Charged with Governance**

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

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

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

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

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

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

My responsibility is to conduct an audit of the financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) 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. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

In addition, my responsibility is 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. I also consider internal control, risk management and governance processes and systems in order to give an assurance on the effectiveness of internal controls, risk management and governance 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. However, because of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit conclusion.

I am independent of Kirinyaga County Assembly Car Loan and Mortgage Scheme Fund Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya.

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

24 November, 2021

**COUNTY ASSEMBLY OF KIRINYAGA CAR LOAN AND MORTGAGE FUND  
REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**10. FINANCIAL STATEMENTS**

**12.1 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30th  
JUNE 2019**

	Note	FY2018/2019	FY2017/2018
		KShs	KShs
<b>Revenue from non-exchange transactions</b>			
Public contributions and donations	1	0.00	0.00
Transfers from the County Government	2	0.00	90,000.0000
Fines, penalties and other levies	3	0.00	0.00
		<b>0.00</b>	<b>90,000,0000</b>
<b>Revenue from exchange transactions</b>			
Interest income	4	6,360,541	0.00
Other income	5	0.00	28,224,811
<b>Total revenue</b>		<b>6,360,541</b>	<b>118,224,811</b>
<b>Expenses</b>			
Fund administration expenses	6	26,711	2,794
Staff Costs	7	0.00	0.00
General expenses-Disbursements	8	0.00	22,813,300
Finance costs	9	0.00	0.00
<b>Total expenses</b>		<b>26,711</b>	<b>22,816,094</b>
<b>Other gains/losses</b>			
Gain/loss on disposal of assets	11	0.00	0.00
<b>Surplus/( deficit) for the period</b>		<b><u>6,333,830</u></b>	<b><u>95,408,717</u></b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 1<sup>st</sup> September, 2019 and signed by:

Administrator of the Fund-Clerk  
Name: KAMAU AIDI

CLERK  
COUNTY ASSEMBLY OF KIRINYAGA  
23 DEC 2019  
P.O. Box 55 10300  
KERUGOYA

COUNTY ASSEMBLY OF KIRINYAGA  
DIRECTOR - FINANCE & ACCOUNTING  
Fund Accountant  
Name: MICHAEL MUNENE  
ICPAK Member Number: 8031  
P.O. Box 55 10300  
KERUGOYA

**County Assembly of Kirinyaga car loan and mortgage Fund  
Reports and Financial Statements  
For the year ended June 30, 2019**

**12.2 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019**

	Note	FY2018/2019 KShs	FY2017/2018 KShs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	10	20,865,339	100,747,941
Current portion of long term receivables from exchange transactions-unpaid interest income	12	21,201,972	0.00
Prepayments	13	0.00	0.00
Inventories	14	0.00	0.00
		<b>42,067,311</b>	<b>100,747,941</b>
<b>Non-current assets</b>			
Property, plant and equipment	15	0.00	0.00
Intangible assets	16	0.00	0.00
Long term receivables from exchange transactions-net off interest	12	280,841,520	139,200,505
		<b>0.00</b>	<b>0.00</b>
<b>Total assets</b>		<b>322,908,831</b>	<b>239,948,446</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	17	0.00	135,000,000
Provisions	18	0.00	0.00
Employee benefit obligations	20	0.00	0.00
<b>Non-current liabilities</b>			
Non-current employee benefit obligation	20	0.00	0.00
Long term portion of borrowings	19	0.00	0.00
<b>Total liabilities</b>		<b>0.00</b>	<b>135,000,000</b>
<b>Net assets</b>		<b>322,908,831</b>	<b>104,948,446</b>
Revolving Fund		316,575,000	9,539,729
Reserves		0.00	0.00
Accumulated surplus		6,333,830	95,408,717
<b>Total net assets and liabilities</b>		<b>322,908,831</b>	<b>104,948,446</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 1<sup>st</sup> September, 2019 and signed by:

Administrator of the Fund-Clerk  
Name: KAMAU AIDI

Fund Accountant  
NAME: CPA MICHAEL MUNENE  
ICPAK Member Number: 8031

**COUNTY ASSEMBLY OF KIRINYAGA CAR LOAN AND MORTGAGE FUND  
REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**12.3 STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE  
2019**

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
<b>Balance as at 1 July 2017</b>	0.00	0.00	9,539,729	9,539,729
Surplus/(deficit) for the period	-	-	95,408,717	95,408,717
Funds received during the year	0.00	-	-	0.00
Revaluation gain	-	0.00	-	0.00
<b>Balance as at 30 June 2018</b>	<b>0.00</b>	<b>0.00</b>	<b>104,948,446</b>	<b>104,948,446</b>
<b>Balance as at 1 July 2018</b>	<b>0.00</b>	<b>0.00</b>	<b>104,948,446</b>	<b>104,948,446</b>
Surplus/(deficit) for the period		-	6,333,830	291,831
Funds received during the year	0.00	-	91,575,000	91,575,000
Revaluation gain	-	0.00	-	0.00
<b>Balance as at 30 June 2019</b>	<b>0.00</b>	<b>0.00</b>	<b>97,908,830</b>	<b>91,866,831</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on and 1<sup>st</sup> September, 2019 signed by

**CLERK**  
COUNTY ASSEMBLY OF KIRINYAGA  
**23 DEC 2019**  
P. O. Box 55- 10300  
KERUGOYA

Administrator of the Fund-Clerk  
Name: KAMAU AIDI

COUNTY ASSEMBLY OF KIRINYAGA  
DIRECTOR - FINANCE & ACCOUNTING  
**23 DEC 2019**  
Fund Accountant  
Name: MICHAEL MUNENE  
ICPAK Member Number: 8031  
P.O. Box 55-10300  
KERUGOYA



**COUNTY ASSEMBLY OF KIRINYAGA CAR LOAN AND MORTGAGE FUND  
REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**12.4 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019**

	Note	FY2018/2019	FY2017/2018
		KShs	KShs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Public contributions and donations		0.00	0.00
Transfers from the County Government		0.00	90,000,000
Interest received	4	6,360,541	0.00
Receipts from other operating activities		0.00	28,224,811
<b>Total Receipts</b>		<b>6,360,541</b>	<b>118,224,811</b>
<b>Payments</b>			
Fund administration expenses	6	26,711	2,794
General expenses		0.00	22,813,300
Finance cost			
<b>Total Payments</b>		<b>26,711</b>	<b>22,816,094</b>
<b>Net cash flows from operating activities</b>		<b>6,333,830</b>	<b>95,408,717</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		(0.00)	(0.00)
Proceeds from sale of property, plant and equipment		0.00	0.00
loan repayments	19	129,407,644	0.00
Loan disbursements	19	(215,624,076)	(0.00)
<b>Net cash flows used in investing activities</b>		<b>(86,216,432)</b>	<b>(0.00)</b>
<b>Cash flows from financing activities</b>			
Proceeds from revolving fund receipts		0.00	0.00
Additional borrowings		0.00	0.00
Repayment of borrowings		0.00	(0.00)
<b>Net cash flows used in financing activities</b>		<b>(0.00)</b>	<b>(0.00)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(79,882,602)</b>	<b>95,408,717</b>
Cash and cash equivalents at 1 JULY		100,747,941	5,339,225
<b>Cash and cash equivalents at 30 JUNE</b>	10	<b>20,865,339</b>	<b>100,747,941</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 1<sup>st</sup> September, 2019 and signed by

**CLERK**  
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23 DEC 2019  
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Administrator of the Fund-Clerk  
Name: KAMAU AIDI

COUNTY ASSEMBLY OF KIRINYAGA  
DIRECTOR - FINANCE & ACCOUNTING  
23 DEC 2019  
55 - 10300,  
KERUGOYA

Fund Accountant  
Name: MICHAEL MUNENE M.NO 8031

**COUNTY ASSEMBLY OF KIRINYAGA CAR LOAN AND MORTGAGE FUND  
REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**2.5 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE  
PERIOD ENDED 30<sup>th</sup> JUNE 2019**

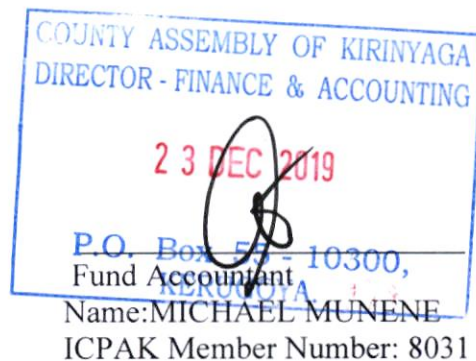
	Original budget 2019	Adjust- ment s 2019	Final budget 2019	Actual on comparable basis 2019	Performanc e difference Differences 2019	% utilization 2019
<b>Revenue</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	
Public contributions and donations						
Transfers from County Govt.	45,000,000		45,000,000	91,575,000	204%	204%
Interest income				6,360,541		
Other income-repayments						
<b>Total income</b>	<b>45,000,000</b>		<b>45,000,000</b>	<b>97,935,541</b>	<b>217%</b>	<b>217%</b>
<b>Expenses</b>						
Fund administration expenses				26,711		
General expenses	45,000,000		45,000,000	215,624,076	477%	477%
Finance cost						
<b>Total expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>26,711</b>		
<b>Surplus for the period</b>	<b>45,000,000</b>		<b>45,000,000</b>	<b>-117,715,246</b>		

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 1<sup>st</sup> September, 2019 and signed by:-

1. The amount kshs.46,575,000 received the current FY2018/2019 was for the previous year budget FY 2017/2018 which was received July, 2018.



Administrator of the Fund-Clerk  
Name: KAMAU AIDI



Name: MICHAEL MUNENE  
ICPAK Member Number: 8031

**COUNTY ASSEMBLY OF KIRINYAGA CAR LOAN AND MORTGAGE FUND  
REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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**12.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1) Statement of compliance and basis of preparation**

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

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

**2) Adoption of new and revised standards**

**a) Relevant new standards and amendments to published standards effective for the year ended 30 June 2019**

<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 39:</b> Employee Benefits	<b>Applicable: 1<sup>st</sup> January 2019</b> The objective to issue IPSAS 39 was to create convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to the amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach.

**b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2019**

<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 40:</b> Public Sector Combinations	<b>Applicable: 1<sup>st</sup> January 2019:</b> The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only) Business combinations and combinations arising from non-exchange transactions which are covered purely under Public Sector combinations as amalgamations.

**c) Early adoption of standards**

The entity did not early – adopt any new or amended standards in year 2019.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3) Revenue recognition**

**i) Revenue from non-exchange transactions**

**Transfers from other government entities**

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

**ii) Revenue from exchange transactions**

***Interest income***

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

**4) Budget information**

The original budget for FY 2018/2019 was approved by the County Assembly on June, 2019. 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.

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.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**5) Property, plant and equipment**

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

**6) 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.

**7) 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)**

**8) 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 labor 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.

**9) 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.

### **10) 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.

### **11) 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.

### **12) 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.

### **13) 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)**

**14) 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.

**15) 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.

**16) 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.

**17) Comparative figures**

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

**18) Events after the reporting period**

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

**19) Ultimate and Holding Entity**

The entity is a Fund established by county assembly car loan and mortgage Act under the CEC finance.

**20) Currency**

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

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 21) 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

**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.

### 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

### 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)

**COUNTY ASSEMBLY OF KIRINYAGA CAR LOAN AND MORTGAGE FUND  
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**12.7 NOTES TO THE FINANCIAL STATEMENTS**

**1) Public contributions and donations**

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Donation from development partners	0.00	0.00
Contributions from the public	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>

**2) Transfers from County Government**

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Transfers from County Govt. – operations	0.00	90,000,000
Payments by County on behalf of the entity	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>90,000,000</b>

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

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Late payment penalties	0.00	0.00
Fines	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>

**4) Interest income**

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Interest income from loans(mortgage or car loans)	6,360,541	0.00
<b>Total interest income</b>	<b>6,360,541</b>	<b>0.00</b>

**5) Other income**

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Insurance recoveries	0.00	0.00
Income from sale of tender documents	0.00	0.00
Loan repayments	0.00	28,224,811.00
<b>Total other income</b>	<b>0.00</b>	<b>28,224,811.00</b>

**COUNTY ASSEMBLY OF KIRINYAGA CAR LOAN AND MORTGAGE FUND  
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**6) Fund administration expenses**

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Staff costs (Note 7)	.0	
Loan processing costs	26,711	2,794
Professional services costs	0	0
<b>Total</b>	<b>26,711</b>	<b>2,794</b>

**7) Staff costs**

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Salaries and wages	0.00	0.00
Staff gratuity	0.00	0.00
Staff training expenses	0.00	0.00
Social security contribution	0.00	0.00
Other staff costs	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>

**8) General expenses**

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Consumables		
Electricity and water expenses		
Fuel and oil costs		
Insurance costs		
Postage		
Printing and stationery		
Rental costs		
Security costs		
Telecommunication		
Hospitality		
Depreciation and amortization costs		
Other expenses-disbursements	0.00	22,813,300
<b>Total</b>	<b>0.00</b>	<b>22,813,300</b>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**9) Finance costs**

Description	FY2018/2018	FY2017/2018
	KShs	KShs
Interest on Bank overdrafts	0.00	0.00
Interest on loans from banks	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>

**10) Cash and cash equivalents**

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Fixed deposits account	0.00	0.00
On – call deposits	0.00	0.00
Current account	20,865,339	100,747,941.00
Others	0.00	0.00
<b>Total cash and cash equivalents</b>	<b>20,865,339</b>	<b>100,747,941.00</b>

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

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

Financial institution	Account number	FY2018/2019	FY2017/2018
		KShs	KShs
<b>a) Fixed deposits account</b>			
Kenya Commercial bank		0.00	0.00
Equity Bank, etc		0.00	0.00
<b>Sub- total</b>		<b>0.00</b>	<b>0.00</b>
<b>b) On - call deposits</b>			
Kenya Commercial bank		0.00	0.00
Equity Bank - etc		0.00	0.00
<b>Sub- total</b>		<b>0.00</b>	<b>0.00</b>
<b>c) Current account</b>			
<b>Fortune Sacco</b>	<b>A/NO.1011356525210011</b>	15,876,423	0.00
<b>Fortune Sacco</b>	<b>A/NO.1011518645270016</b>	4,988,916	100,747,941
<b>Sub- total</b>		<b>20,865,339</b>	<b>100,747,941</b>
<b>d) Others(specify)</b>		0.00	0.00
Cash in transit		0.00	0.00
Cash in hand		0.00	0.00

**COUNTY ASSEMBLY OF KIRINYAGA CAR LOAN AND MORTGAGE FUND**  
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M Pesa		0.00	0.00
<b>Sub- total</b>		<b>0.00</b>	<b>0.00</b>
<b>Grand total</b>		<b>20,865,339</b>	<b>100,747,941</b>

**11) Gain on disposal of assets**

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Property, plant and equipment	0.00	0.00
Intangible assets	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>

**12) Receivables from exchange transactions**

Description	FY2018/2019	FY2017/2018
	KShs	KShs
<b>Current Receivables</b>		
Interest receivable	21,201,972	0.00
Current loan repayments due	0.00	0.00
Other exchange debtors	0.00	0.00
Less: impairment allowance	(0.00)	(0.00)
<b>Total Current receivables</b>	<b>21,201,972</b>	
<b>Non Current receivables</b>		
Long term loan repayments due	280,841,520	139,200,505
<b>Total Non current receivables</b>	<b>280,841,520</b>	<b>139,200,505</b>
<b>Total receivables from exchange transactions</b>	<b>280,841,520</b>	<b>139,200,505</b>

**13) Prepayments**

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Prepaid rent	0.00	0.00
Prepaid insurance	0.00	0.00
Prepaid electricity costs	(0.00)	(0.00)
<b>Total</b>	<b>0.00</b>	<b>0.00</b>

**14) Inventories**

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Consumable stores	0.00	0.00
Spare parts and meters	0.00	0.00
Catering	0.00	0.00
<b>Total inventories at the lower of cost and net realizable value</b>	<b>0.00</b>	<b>0.00</b>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**15) Property, plant and equipment**

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	KShs	KShs	KShs	KShs	KShs
<b>At 1<sup>st</sup> July 2017</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Additions	0.00	0.00	0.00	-	<b>0.00</b>
Disposals	(0.00)	(0.00)	-	-	<b>(0.00)</b>
Transfers/adjustments	0.00	(0.00)	<b>0.000</b>	(0.00)	<b>(0.00)</b>
<b>At 30<sup>th</sup> June 2018</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>At 1<sup>st</sup> July 2018</b>					
Additions	0.00	0.00	0.00	-	<b>0.00</b>
Disposals	(0.00)	-	-	-	<b>(0.00)</b>
Transfer/adjustments	(0.00)	0.00	0.00	(0.00)	<b>(0.00)</b>
<b>At 30<sup>th</sup> June 2019</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Depreciation and impairment</b>					
At 1 <sup>st</sup> July 2017	(0.00)	(0.00)	(0.00)	(0.00)	<b>(0.00)</b>
Depreciation	(0.00)	(0.00)	(0.00)	(0.00)	<b>(0.00)</b>
Impairment	(0.00)	-	-	-	<b>(0.00)</b>
<b>At 30<sup>th</sup> June 2018</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>At 1<sup>st</sup> July 2018</b>					
Depreciation	(0.00)	(0.00)	(0.00)	-	<b>(0.00)</b>
Disposals	0.00	-	-	-	<b>0.00</b>
Impairment	(0.00)	(0.00)	-	-	<b>(0.00)</b>
Transfer/adjustment	0.00	(0.00)	(0.00)	0.00	<b>0.00</b>
<b>At 30<sup>th</sup> June 2019</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Net book values</b>					
<b>At 30<sup>th</sup> June 2018</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>At 30<sup>th</sup> June 2019</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**16) Intangible assets-software**

Description	FY2018/2019	FY2017/2018
	KShs	KShs
<b>Cost</b>		
At beginning of the year	0.00	0.00
Additions	0.00	0.00
<b>At end of the year</b>	<b>0.00</b>	<b>0.00</b>
<b>Amortization and impairment</b>		
At beginning of the year	0.00	0.00
Amortization	0.00	0.00
<b>At end of the year</b>	<b>0.00</b>	<b>0.00</b>
Impairment loss	0.00	0.00
<b>At end of the year</b>	<b>0.00</b>	<b>0.00</b>
<b>NBV</b>	<b>0.00</b>	<b>0.00</b>

**17) Trade and other payables from exchange transactions**

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Trade payables	0.00	0.00
Refundable deposits	0.00	0.00
Accrued expenses	0.00	0.00
Other payables	0.00	135,000,000
<b>Total trade and other payables</b>	<b>0.00</b>	<b>135,000,000</b>

**18) Provisions**

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year	0.00	0.00	0.00	0.00
Additional Provisions	0.00	0.00	0.00	0.00
Provision utilised	(0.00)	(0.00)	(0.00)	(0.00)
Change due to discount and time value for money	(0.00)	(0.00)	(0.00)	(0.00)
Transfers from non -current provisions	0.00	0.00	0.00	0.00
<b>Total provisions</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

**19) Borrowings (Disbursement and repayments)**

Description	FY2018/2019	FY2017/2018
	KShs	KShs
LoanRepayments	129,407,644	(0.00)
Loan disbursed during the year.	(215,624,076)	(0.00)
<b>Net cash flow from investing activities</b>	<b>(86,216,432)</b>	<b>0.00</b>



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

	FY2018/2019	FY2017/2018
	KShs	KShs
<b>External Borrowings</b>		
Dollar denominated loan from 'xxx organisation'	0.00	0.00
Sterling Pound denominated loan from 'yyy organisation'	0.00	0.00
Euro denominated loan from zzz organisation'	0.00	0.00
<b>Domestic Borrowings</b>		
Kenya Shilling loan from KCB	0.00	0.00
Kenya Shilling loan from Barclays Bank	0.00	0.00
Kenya Shilling loan from Consolidated Bank	0.00	0.00
Borrowings from other government institutions	0.00	0.00
<b>Total balance at end of the year</b>	<b>0.00</b>	<b>0.00</b>

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

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Short term borrowings(current portion)	0.00	0.00
Long term borrowings	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>

**20) Employee benefit obligations**

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	Total
	KShs	KShs	KShs	KShs
Current benefit obligation	0.00	0.00	0.00	0.00
Non-current benefit obligation	0.00	0.00	0.00	0.00
<b>Total employee benefits obligation</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

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**21) Cash generated from operations**

	FY2018/2019	FY2017/2018
	KShs	KShs
<b>Surplus for the year before tax</b>		
<b>Adjusted for:</b>		
Depreciation	0.00	0.00
Gains/ losses on disposal of assets	(0.00)	(0.00)
Interest income	(0.00)	(0.00)
Finance cost	0.00	0.00
<b>Working Capital adjustments</b>		
Increase in inventory	(0.00)	(0.00)
Increase in receivables	(0.00)	(0.00)
Increase in payables	0.00	0.00
<b>Net cash flow from operating activities</b>	<b>0.00</b>	<b>0.00</b>

**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**

	FY2018/2019	FY2017/2018
	KShs	KShs
Transfers from related parties'	0.00	0.00
Transfers to related parties	0.00	0.00

**c) Key management remuneration**

	FY2018/2019	FY2017/2018
	KShs	KShs
Board of Trustees	0.00	0.00
Key Management Compensation	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>

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**d) Due from related parties**

	<b>FY2018/2019</b>	<b>FY2017/2018</b>
	<b>KShs</b>	<b>KShs</b>
Due from parent Ministry	0.00	0.00
Due from County Government	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>

**e) Due to related parties**

	<b>FY2018/2019</b>	<b>FY2017/2018</b>
	<b>KShs</b>	<b>KShs</b>
Due to parent Ministry	0.00	0.00
Due to County Government	0.00	0.00
Due to Key management personnel	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>

**f) Financed by:**

<b>Financed by:</b>	<b>FY2018/2019</b>	<b>FY2017/2018</b>
	<b>KShs</b>	<b>KShs</b>
Revolving Funds	316,575,000	0.00
Accumulated Surplus	6,333,830	0.00
<b>Total</b>	<b>322,908,831</b>	<b>0.00</b>

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**11. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
CEN/HUB/KRGA.C/ASS B/3B/26	Account Receivables –loan defaulters	Most of members have cleared outstanding car loan and mortgage. Further the office is instituting measures to ensure that loan advanced to the members is recovered by writing to them individually.	Fund Administrator-Clerk	Letters written and delivered to individual members defaulter	3 month

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)