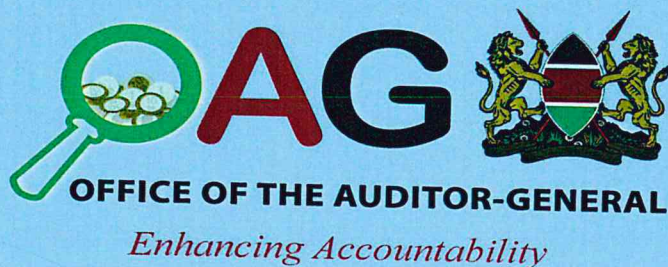


REPUBLIC OF KENYA



PAPERS LAID	
DATE	6/4/2022
TABLED BY	Sen. Fatuma Dullo
COMMITTEE	-
CLERK AT THE TABLE	A. Macharia

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**NYANDARUA COUNTY EMERGENCY FUND**

**FOR THE YEAR ENDED  
30 JUNE, 2019**





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**NYANDARUA COUNTY**

**EMERGENCY FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2019**

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





***Nyandarua County Emergency Fund***  
**Reports and Financial Statements For the Year Ended June 30, 2019**

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***Nyandarua County Emergency Fund***  
**Reports and Financial Statements For the Year Ended June 30, 2019**

**1. KEY ENTITY INFORMATION AND MANAGEMENT**

**a) Background information**

Nyandarua County Emergency Fund is established by and derives its authority and accountability from the PFM Act 116(1) which states that a County Executive Committee Member for Finance may establish other public funds with the approval of the County Executive Committee and County Assembly. To this end, the Nyandarua County Emergency Fund Regulation 2015 was enacted on 23<sup>rd</sup> March 2015. The Fund is wholly owned by the County Government of Nyandarua and is domiciled in Kenya.

The fund's objective is to enable payments to be made when an urgent and unforeseen need for expenditure arises for which there is no specific legislative authority and appropriation for funds.

**b) Principal Activities**

The Fund's principal activity is to meet unforeseen event which threatens or damages human life or welfare or threatens damage to the environment.

**c) Board of Trustees/Fund Administration Committee**

Ref	Name	Position
1	Hon. Mary Mugwanja	C.E.C.M. - Finance and Economic Development
2	Mr. John Gitau Njoroge	Chief Officer - Finance and Economic Development

**Nyandarua County Emergency Fund**  
**Reports and Financial Statements For the Year Ended June 30, 2019**

**d) Key Management**

Ref	Name	Position
1	Hon. Mary Mugwanja	C.E.C.M. - Finance and Economic Development
2	Mr. John Gitau Njoroge	Chief Officer - Finance and Economic Development
3	Phoebe Mbiyu	Ag. Director Expenditure and Financial Controls
4	Margaret Wangari Gachomo	Fund Accountant

**e) Registered Offices**

County Government of Nyandarua  
Headquarters Building  
P.O. Box 701-20303  
Olkalou Kenya

**f) Fund Contacts**

Telephone: (254) 20266859  
E-mail: [info@nyandarua.go.ke](mailto:info@nyandarua.go.ke)  
Website: [www.nyandarua.go.ke](http://www.nyandarua.go.ke)

**g) Fund Bankers**

- 1) Family Bank Ltd  
Olkalou Branch  
OLKALOU.
- 2) Equity Bank Kenya Ltd  
Olkalou Branch  
OLKALOU.

***Nyandarua County Emergency Fund***  
**Reports and Financial Statements For the Year Ended June 30, 2019**

**h) Independent Auditors**

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

**i) Principal Legal Adviser**

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

**Nyandarua County Emergency Fund**  
**Reports and Financial Statements For the Year Ended June 30, 2019**

**2. MANAGEMENT TEAM**

Ref	Name	Position
1	Hon. Mary Mugwanja	C.E.C.M. - Finance and Economic Development
2	Mr. John Gitau Njoroge	Chief Officer - Finance and Economic Development
3	Phoebe Mbiyu	Ag. Director Expenditure and Financial Controls
4	Margaret Wangari Gachomo	Fund Accountant

**Nyandarua County Emergency Fund**  
**Reports and Financial Statements For the Year Ended June 30, 2019**

**3. BOARD/FUND CHAIRPERSON'S REPORT**

During the FY 2018/19 the Fund management team remained as it was in the FY 2017/18 and as shown in page 6 of the Statements.

The County Assembly approved the FY 2018/19 Budget and appropriated Ksh 20,000,000 to the Fund and an addition of Ksh 3,324,744 which was received from other incomes. The opening balance of cash and cash equivalent from the FY 2017/18 amounted to Ksh 25,022,396. The total funds in the Emergency Fund account amounted to Ksh 48,347,140. The Fund was mostly utilized on fire disaster response, road accidents support, relief food and meeting unforeseen hospitalization expenditure for less fortunate citizens within Nyandarua County.

The County Emergency Fund of Ksh 36,598,052 in the Financial Year was utilized as follows;

- General expenses amounted to Ksh 26,573,680, this amount was utilized on fire disaster, Road Accident, Relief Food and Hospital expenses.
- Repair and Maintenance Ksh 10,011,527
- Finance cost Ksh 12,845

The Fund has gone a long way to alleviate immediate suffering for the County citizenry, more so the less fortunate. Its usage and application has been in line with the set Regulations. The PFM Act/Regulations provide that a County Government should provide at least 2% of its last audited Financial statements towards the Emergency Fund, as thus to timely and continually meet its objectives, it is expected that incremental allocations will be made to the Fund over the years in consideration to emergent issues and in line with the legal requirements. This will help promote the implementation of Budgeted programmes and projects without disruptions occasioned by unappropriated events.

In conclusion, the Fund management was in line with the requirements of the County Emergency Regulations of 2015 and all other applicable laws. I would like to thank the County Executive Committee, the County Assembly and the Fund Management for the continued support in actualizing the Socio Economic Transformative Agenda of the County.

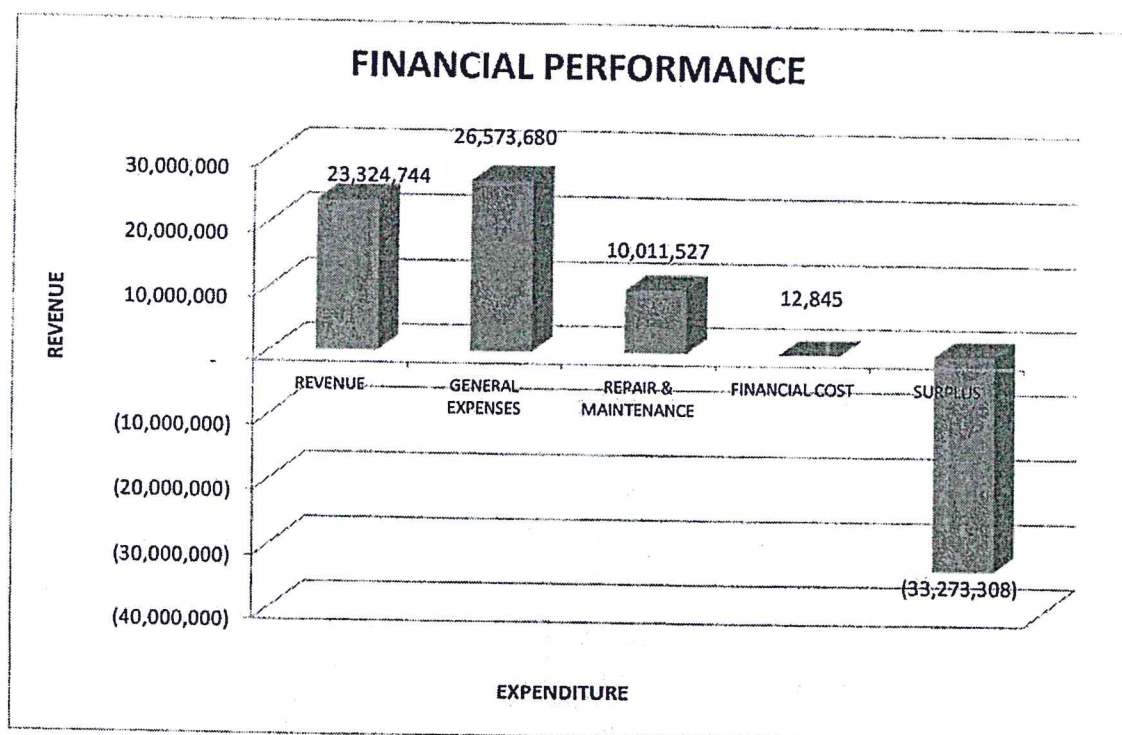


**HON. MARY MUGWANJA**  
**COUNTY EXECUTIVE COMMITTEE MEMBER - FINANCE AND ECONOMIC**  
**DEVELOPMENT**

**Nyandarua County Emergency Fund**  
**Reports and Financial Statements For the Year Ended June 30, 2019**

**4. REPORT OF THE FUND ADMINISTRATOR**

During the FY 2018/19 Ksh 20,000,000 (Twenty million) was injected to the fund and an addition miscellaneous of Ksh 3,324,744 (Twenty-three million three hundred and twenty-four thousand, seven hundred and forty-four). The actual disbursement was Ksh 36,598,052 (Thirty-six million, five hundred and ninety-eight thousand, and fifty-two). The reported deficit amounted to Ksh 33,273,308. This is illustrated in the bar chart below.



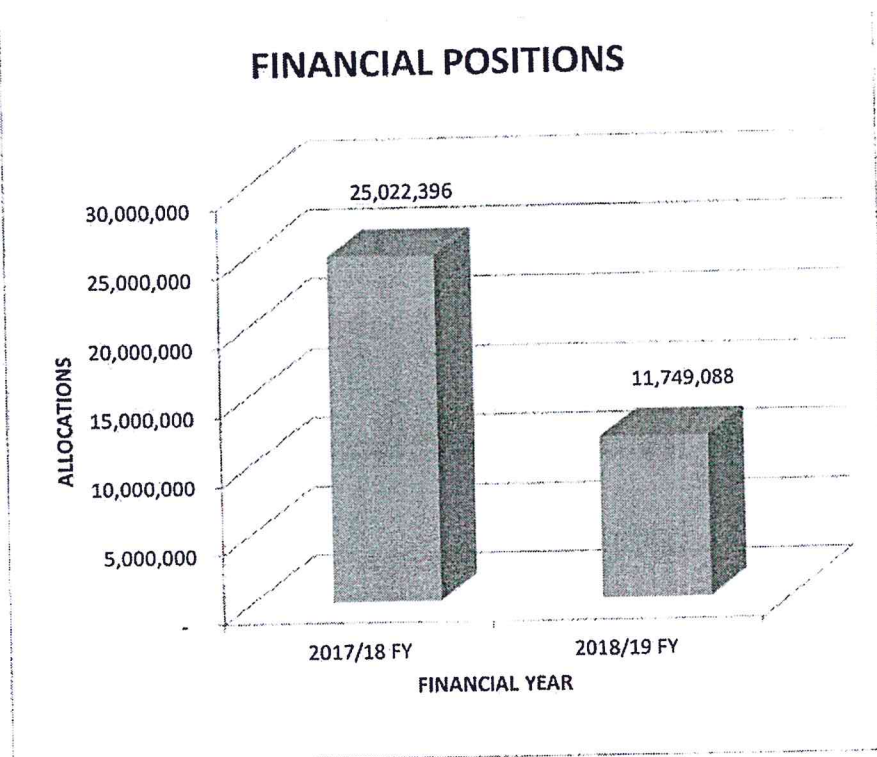
***Nyandarua County Emergency Fund***  
**Reports and Financial Statements For the Year Ended June 30, 2019**

**5. MANAGEMENT DISCUSSION AND ANALYSIS**

During the FY 2018/19 the over utilized Funds was Ksh -33,273,308 (Thirty three million, two hundred and seventy-three thousand, and three hundred and eight only). This decrease in net worth correlates with financial performance.

**Compliance with the statutory requirement**

The Management team of Nyandarua County Emergency Fund have exercised prudent financial management within the years.



## 6. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The very nature of an emergency is unpredictable and can change in scope and impact. Proper prior planning is critical to protecting lives, the environment, and property. The purpose of an Emergency Fund is to enable payments to be made in respect of a County when an urgent and unforeseen need for expenditure arises for which there is no specific legislative authority.

The objective is to be prepared to:

- Prevent fatalities and injuries;
- Reduce damage to buildings, stock, and equipment;
- Protect the environment and the community; and
- Accelerate the resumption of normalcy.

During the FY 2018/19, several unforeseen events occurred which included fire disasters, road accidents, hunger and sickness. These events are unplanned for since no one anticipated that they would happen. The County Government has set a fund under the Emergency Kitty to cater to these emerging events in case they occur.

The Fund has played a pivotal role to the County citizenry through settlement of hospital of the less fortunate citizens in the County, restoration of lives from calamities such fire disasters, providing relief food, construction of bridges, toilets, roads that threaten damage of human life welfare or threaten damage to the environment and other disasters caused by Acts of God.

Emergencies are recurrent, hence prior planning is essential to avoid a disruption in the implementation of County programmes and projects. This will help the community work in harmony and return to normalcy.

***Nyandarua County Emergency Fund***  
**Reports and Financial Statements For the Year Ended June 30, 2019**

**7. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES**

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by *Nyandarua County Emergency Fund Regulation 2015* shall prepare Financial Statement for the Fund following the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's Financial Statement, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 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 Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the Financial Statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's Financial Statement, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS) and in the manner required by the PFM Act, 2012 and *Nyandarua County Emergency Fund Regulation 2015*. The Administrator of the Fund is of the opinion that the Fund's Financial Statement gives a true and fair view of the state of Fund's transactions during the Financial Year ended June 30, 2018, and of the Fund's financial position as at that date. The Administrator further confirms the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's Financial Statement as well as the adequacy of the systems of internal financial control.

In preparing the Financial Statement, the Administrator of the County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the Financial Statement. Nothing has come to the attention

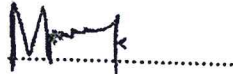
***Nyandarua County Emergency Fund***

**Reports and Financial Statements For the Year Ended June 30, 2019**

of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the Financial Statement**

The Fund's Financial Statement were approved by the Board on 26/06/2020 and signed on its behalf by:



HON. MARY MUGWANJA

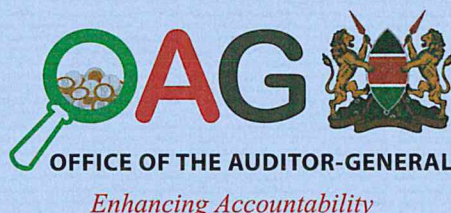
COUNTY EXECUTIVE COMMITTEE MEMBER

FINANCE AND ECONOMIC DEVELOPMENT



# REPUBLIC OF KENYA

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

## REPORT OF THE AUDITOR-GENERAL ON NYANDARUA COUNTY EMERGENCY FUND FOR THE YEAR ENDED 30 JUNE, 2019

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### REPORT ON THE FINANCIAL STATEMENTS

#### Adverse Opinion

I have audited the accompanying financial statements of Nyandarua County Emergency Fund set out on pages 14 to 44, 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 the 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.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of the Nyandarua County Emergency Fund as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Public Finance Management Act, 2012 and the Nyandarua County Emergency Fund Regulations, 2015.

#### Basis for Adverse Opinion

##### 1. Unsupported Other Income

The statement of financial performance reflects an amount of Kshs.3,324,744 under other income. However, the supporting schedules and other documentary evidence were not provided for audit review.

Consequently, the validity, accuracy and completeness of the reported other income amount of Kshs.3,324,744 for the year ended 30 June, 2019 could not be confirmed.

##### 2. Unsupported General Expenses

The statement of financial performance reflects an expenditure of Kshs.26,573,680 on general expenses during the year under review and as disclosed in Note 7 to the financial statements, the balance comprises of expenses in respect of fire disaster, road accident, relief food and hospitalization. However, review of records revealed that expenditures

amounting to Kshs.3,073,650 and Kshs.15,528,000 incurred on relief food, fire disasters and road accidents respectively were not supported with applications for assistance made by the victims, approval minutes by the Fund Committee, medical reports, police abstracts, photo evidences and signed list of beneficiaries.

Consequently, the validity, accuracy and completeness of the reported general expenses of Kshs.26,573,680 for the year ended 30 June, 2019 could not confirmed.

### **3. Unsupported Cash and Cash Equivalents**

The statement of financial position reflects cash and cash equivalents balance of Kshs.12,017,917. However, cashbooks, bank reconciliation statements and bank statements were not provided in support of the balance.

Consequently, the accuracy and fair statement of the reported cash and cash equivalents balance of Kshs.12,017,917 as at 30 June, 2019 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Nyandarua County Emergency Fund Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse 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, because of the significance of the matters discussed in the Basis for Adverse Opinion and the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resource sections of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **Unbalanced Budget**

The statement of comparison of budget and actual amounts reflects final revenue and expenditure budget of Kshs.23,324,744 and Kshs.36,598,052 respectively resulting to a

budget deficit of Kshs.13,273,308. This is contrary to Regulation 31(c) of the Public Finance Management (County Governments) Regulations, 2015 which requires that budget revenue and expenditure appropriations shall be balanced.

Consequently, the Fund Management was in breach of the law and the validity of the approved budget could not be confirmed.

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

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

### **Conclusion**

As required by Section 7(1) of the Public Audit Act, 2015 because of the significance of the matters discussed in the basis for Adverse Opinion section of my report, based on the audit procedures performed, I confirmed that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

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

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

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

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

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

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

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

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

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

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

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of

effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

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

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

14 February, 2022

**Nyandarua County Emergency Fund**  
**Reports and Financial Statements For the Year Ended June 30, 2019**

**9. FINANCIAL STATEMENTS**

**9.1 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2019**

	Note	2018/2019	2017/2018
		KShs	KShs
Revenue from non-exchange transactions			
Public contributions and donations	1		
Transfers from the County Government	2		22,817,000
Fines, penalties and other levies	3		
Revenue from exchange transactions			
Interest income	4		
Other income	5	3,324,744	2,000
<b>Total revenue</b>		<b>3,324,744</b>	<b>22,819,000</b>
Expenses			
Repair and Maintenance expenses	6a	10,011,527	2,160,817
General expenses	7	26,573,680	14,986,062
Grant and subsidies	8	-	1,348,488
Finance costs	9	12,845	2,433
<b>Total expenses</b>		<b>36,598,052</b>	<b>18,497,800</b>
Other gains/losses			
Gain/loss on disposal of assets			
<b>Surplus/( deficit) for the period</b>		<b>(33,273,308)</b>	<b>4,321,200</b>

The notes set out on page 34 to 44 form an integral part of this Financial Statement

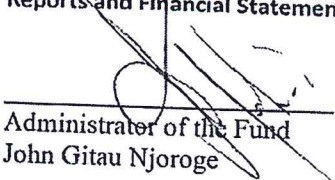
**Nyandarua County Emergency Fund**  
**Reports and Financial Statements For the Year Ended June 30, 2019**


**9.2 STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2019**

	Note	2018/2019	2017/2018
		KShs	KShs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	11	12,017,917	26,352,126
Current portion of long term receivables from exchange transactions	12		
Prepayments	13		
Inventories	14		
		<b>12,017,917</b>	<b>26,352,126</b>
<b>Non-current assets</b>			
Property, plant and equipment	15		
Intangible assets	16		
Long term receivables from exchange transactions	12		
<b>Total assets</b>		<b>12,017,917</b>	<b>26,352,126</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	17	268,829	1,329,730
Provisions	18		
Current portion of borrowings	19		
Employee benefit obligations	20		
<b>Non-current liabilities</b>			
Non-current employee benefit obligation	20		
Long term portion of borrowings	19		
<b>Total liabilities</b>		<b>268,829</b>	<b>1,329,730</b>
<b>Net assets</b>		<b>11,749,088</b>	<b>25,022,396</b>
Capital injection	21	20,000,000	
Reserve		25,022,396	20,701,196
Accumulated Surplus		(33,273,308)	4,321,200
<b>Total net assets and liabilities</b>		<b>11,749,088</b>	<b>25,022,396</b>

The accounting policies and explanatory notes to this Financial Statement form an integral part of the Financial Statement. The Entity Financial Statement were approved on 26/06/2020 and signed by:

***Nyandarua County Emergency Fund***  
**Reports and Financial Statements For the Year Ended June 30, 2019**

  
\_\_\_\_\_  
Administrator of the Fund  
John Gitau Njoroge

  
\_\_\_\_\_  
Fund Accountant  
Margaret Wangari Gachomo  
ICPAK Member No: 14009

**Nyandarua County Emergency Fund**  
**Reports and Financial Statements For the Year Ended June 30, 2019**

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

		KShs	KShs	KShs
<b>Balance as at 1 July 2017</b>	-	-	20,701,196	20,701,196
Surplus/(deficit) for the period	-	-	4,321,200	4,321,200
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
<b>Balance as at 30 June 2018</b>	-	-	25,022,396	25,022,396
<b>Balance as at 1 July 2018</b>	-	-	25,022,396	25,022,396
Surplus/(deficit) for the period		-	(33,273,308)	(33,273,308)
Capital injection during the year	-	-	20,000,000	20,000,000
Revaluation gain	-	-	-	-
<b>Balance as at 30 June 2019</b>	-	-	11,749,088	11,749,088

**Nyandarua County Emergency Fund**  
**Reports and Financial Statements For the Year Ended June 30, 2019**

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

	Note	2018/2019	2017/2018
		KShs	KShs
<b>Cash flows from operating activities</b>			
Receipts			
Public contributions and donations	1		
Transfers from the County Government	2		
Other Income	4	3,324,744	2,000
Receipts from other operating activities		-	-
<b>Total Receipts</b>		<b>3,324,744</b>	<b>2,000</b>
Payments			
Repair and Maintenance	6b	11,072,428	2,208,459
General expenses	7	26,573,680	15,167,189
Finance cost	9	12,845	2,433
<b>Total Payments</b>		<b>37,658,953</b>	<b>17,378,081</b>
<b>Net cash flows used in operating activities</b>	<b>22</b>	<b>(34,334,209)</b>	<b>(17,376,081)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		-	-
Proceeds from the sale of property, plant and equipment		-	-
Proceeds from loan principal repayments		-	-
Loan disbursements paid out		-	-
<b>Net cash flows used in investing activities</b>		<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Proceed from capital injected receipt	21	20,000,000	22,817,000
Additional borrowings		-	-
Repayment of borrowings		-	-
<b>Net cash flows from financing activities</b>		<b>20,000,000</b>	<b>22,817,000</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(14,334,209)</b>	<b>5,440,919</b>
<b>Cash and cash equivalents at 1 JULY 2018</b>	<b>11</b>	<b>26,352,126</b>	<b>20,911,207</b>
<b>Cash and cash equivalents at 30 JUNE 2019</b>	<b>11</b>	<b>12,017,917</b>	<b>26,352,126</b>

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**9.5 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR  
THE YEAR ENDED 30TH JUNE 2019**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilization
	2019	2019	2019	2019	2019	2019
Revenue	KShs	KShs	KShs	KShs	KShs	
Public contributions and donations	-	(0)	-	-	-	
Capital injection by County Govt.	20,000,000		20,000,000	20,000,000		100%
Interest income	-	-	-	-	-	
Misc income	3,324,744	-	3,324,744	3,324,744	0	100%
Total income	23,324,744	(0)	23,324,744	23,324,744	0	
Expenses						
Repair and Maintenance expenses	10,010,527	-	10,010,527	10,010,527	0	100%
General expenses	26,573,744	(0)	26,573,744	26,573,744		100%
Finance cost	12,845	(0)	12,845	12,845		100%
Total expenditure	36,598,052	(0)	36,598,052	36,598,052		100%
Deficit for the period	(13,273,308)	0	(13,273,308)	(13,273,308)		

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**10. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Statement of compliance and basis of preparation**

The Fund's Financial Statement has been prepared as per the International Public Sector Accounting Standards (IPSAS). The Financial Statement is 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 Statement has been prepared based on historical cost unless stated otherwise. The cash flow statement is prepared using the direct method. The Financial Statement are prepared on the accrual basis.

- Adoption of new and revised standards
- Relevant new standards and amendments to published standards effective for the Year ended 30 June 2019

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1 <sup>st</sup> January 2019 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 are covered purely under Public Sector combinations as amalgamations.

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

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1 <sup>st</sup> January 2022: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of Financial Statement for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of Financial Statement with more useful information than IPSAS 29, by: <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that consider the</li> </ul>

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	<p>characteristics of the asset's cash flows and the objective for which the asset is held;</p> <ul style="list-style-type: none"> <li>• Applying a single forward-looking expected credit loss model that applies to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
IPSAS 42: Social Benefits	<p>Applicable: 1<sup>st</sup> January 2022</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its Financial Statement about social benefits. The information provided should help users of the Financial Statement and general purpose financial reports assess:</p> <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the Entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</li> </ul>

- Early adoption of standards

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

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

**Revenue recognition**

**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.

- **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.

- **Budget information**

The original Budget for FY 2018/2019 was approved by the County Assembly 6<sup>th</sup> August 2018. Subsequent revisions or additional appropriations ought to be made to the approved Budget in accordance with specific approvals from the appropriate authorities. The Fund didn't receive any additional funds during subsequent Budgets.

The Entity's Budget is prepared on a different basis to the actual income and expenditure disclosed in the Financial Statement. The Financial Statement is prepared on an 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 Statement 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 Statement are also made for differences in the formats and classification schemes adopted for the presentation of the Financial Statement and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of Budget and actual amounts and the actual as per the statement of financial performance has been presented in this Financial Statement.

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

- **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.

- **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.

- **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.

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**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 a 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 an Entity of financial assets is impaired. A financial asset or an 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 have 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 an 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.

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

• **Inventories**

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

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

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

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

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

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

• **Provisions**

Provisions are recognized when an Entity has a present obligation (legal or constructive) as a result of a past event, an outflow of resources embodying economic benefits or service potential will probably 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 Statement unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

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**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 Statement. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the Financial Statement. 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 Statement of the period in which the change occurs.

- **Nature and purpose of reserves**

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

- **Changes in accounting policies and estimates**

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

- **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 a proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

- **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.

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

- **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.

- **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.

- **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 an insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and various commercial banks at the end of the financial year. For this Financial Statement, cash and cash equivalents also include short term cash imprest and advances to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

- **Comparative figures**

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

- **Events after the reporting period**

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

- **Ultimate and Holding Entity**

The Entity is a County Public Fund established by and derives its authority and accountability from PFM Act 116(1) under the Ministry of Finance and Economic Development. Its ultimate parent is the County Government of Nyandarua.

- **Currency**

The Financial Statement is presented in Kenya Shillings (KShs).

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

• **Significant judgments and sources of estimation uncertainty**

The preparation of the Entity's Financial Statement 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 Statement was 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.

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

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

• **Financial risk management**

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

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

• **Credit risk**

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, experience and other factors. Individual risk limits are set based on internal or external assessment following limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Entity's management based on prior experience and their assessment of the current economic environment.

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

	Total amount KShs	Fully performi ng KShs	Past due KShs	Impaired KShs
At 30 June 2019				
Receivables from exchange transactions				
Receivables from non-exchange transactions				
Bank balances				
Total	0	0		
At 30 June 2018				
Receivables from exchange transactions	0	0		
Receivables from non-exchange transactions				
Bank balances				
Total	0	0		

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

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

The Entity has a significant concentration of credit risk on amounts due from 23<sup>rd</sup> March, 2015.

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

- **Liquidity risk management**

The ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the Fund under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1- 3 months	Over 5 months	Total
	KShs	KShs	KShs	KShs
At 30 June 2019				
Trade payables			268,829	268,829
Current portion of borrowings				
Provisions				
Employee benefit obligation				
Total			268,829	268,829
At 30 June 2018				
Trade payables			1,329,730	1,329,730
Current portion of borrowings				
Provisions				
Employee benefit obligation				
Total			1,329,730	1,329,730

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

• **Market risk**

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Fund's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by the Audit and Risk Management Committee) and for the day to day implementation of those policies.

There has been no change to the Entity's exposure to market risks or how it manages and measures the risk.

• **Foreign currency risk**

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

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

		Other currencies	Total
	KShs	KShs	KShs
At 30 June 2019			
Financial assets	0	0	
Investments	0	0	
Cash	0	0	
Debtors/ receivables	0	0	
Liabilities	0	0	
Trade and other payables	0	0	
Borrowings	0	0	
Net foreign currency asset/(liability)			

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

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

**Foreign currency sensitivity analysis**

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

	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	KShs	KShs	KShs
2019			
Euro	10%	-	-
USD	10%	-	-
2018			
Euro	10%	-	-
USD	10%	-	-

• **Interest rate risk**

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

**Management of interest rate risk**

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

**Sensitivity analysis**

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

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

- **Capital risk management**

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

	2019	2018
	KShs	KShs
Revaluation reserve		
Revolving fund		
Accumulated surplus	-11,749,088	4,321,200
Total funds	-11,749,088	4,321,200
Total borrowings		
Less: cash and bank balances		
Net debt/(excess cash and cash equivalents)		
Gearing	%	%

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**11. NOTES TO THE FINANCIAL STATEMENT**

**1. Public contributions and donations**

Description	2018/2019	2017/2018
	KShs	KShs
Donation from development partners	-	-
Contributions from the public	-	-
Total	-	-

**2. Transfers from County Government**

	2018/2019	2017/2018
	KShs	KShs
Transfers from County Govt. – operations	-	22,817,000
Payments by County on behalf of the Entity	-	-
Total	-	22,817,000

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

Description	2018/2019	2017/2018
	KShs	KShs
Late payment penalties	0	0
Fines	0	0
Total	0	0

**4. Interest income**

Description	2018/2019	2017/2018
	KShs	KShs
Interest income from Mortgage loans	-	-
Interest income from car loans	-	-
Interest income from investments	-	-
Interest income on bank deposits	-	-
Total interest income	-	-

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**5. Other income**

Description	2018/2019	2017/2018
	KShs	KShs
Insurance recoveries		
Income from sale of tender documents		
Miscellaneous income	3,324,744	2,000
Total other income	3,324,744	2,000

**6 a. Repair and maintenance**

Description	2018/2019	2017/2018
	KShs	KShs
other	10,011,527	2,160,817
Total	10,011,527	2,160,817

**6 b**

Description	2018/2019	2017/2018
	KShs	KShs
other	10,011,527	2,160,817
Total	10,011,527	2,160,817

**7. General expenses**

Description	2018/2019	2017/2018
	KShs	KShs
Consumables		
Electricity and water expenses		
Fire disaster	17,993,750	
Insurance costs		
Road accident	3,704,000	
Printing and stationery		
Relief food	3,356,020	
Security costs		

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Telecommunication		
Bank Charges		
Hospitalization	1,519,910	
Depreciation and amortization costs		
Other expenses		14,986,062
<b>Total</b>	<b>26,573,680</b>	<b>14,986,062</b>

**8. Grants and subsidies**

Description	2018/2019	2017/2018
	KShs	KShs
Community development	0	1,348,488
<b>Total</b>	<b>0</b>	<b>1,348,488</b>

**9. Finance costs**

Description	2018/2019	2017/2018
	KShs	KShs
Bank Charges	12,845	2,433
Interest on loans from banks		
<b>Total</b>	<b>12,845</b>	<b>2,433</b>

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

Description	2018/2019	2017/2018
	KShs	KShs
Property, plant and equipment	-	-
Intangible assets	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**11. Cash and cash equivalents**

Description	2018/2019	2017/2018
	KShs	KShs
Car loan account		
County mortgage account		
Fixed deposits account		
On-call deposits		

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Current account	12,017,917	26,352,126
Others		
<b>Total cash and cash equivalents</b>	<b>12,017,917</b>	<b>26,352,126</b>

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

Financial institution	Account number	2018/2019 KShs	2017/2018 KShs
• Fixed deposits account			
Family bank	A/C037000083031	5,763,312	3,533,126
Equity Bank	A/C0620276530508	6,887,093	22,819,000
<b>Sub-total</b>		<b>12,650,405</b>	<b>26,352,126</b>
• Others(specify)			
Cash in transit			
Cash in hand			
M Pesa			
<b>Sub-total</b>		<b>12,650,405</b>	<b>26,352,126</b>
<b>Total</b>		<b>12,650,405</b>	<b>26,352,126</b>

**12. Receivables from exchange transactions**

Description	2018/2019 KShs	2017/2018 KShs
Current Receivables		
Interest receivable	-	-
Current loan repayments due	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
<b>Total Current receivables</b>		
Non-Current receivables		
Long term loan repayments due	-	-
<b>Total Non- current receivables</b>	-	-
<b>Total receivables from exchange transactions</b>	-	-

**13. Prepayments**

Description	2018/2019 KShs	2017/2018 KShs
Prepaid rent	-	-
Prepaid insurance	-	-

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Prepaid electricity costs	-	-
Other prepayments(specify)	-	-
<b>Total</b>	-	-

**14. Inventories**

Description	2018/2019	2017/2018
	KShs	KShs
Consumable stores	-	-
Spare parts and meters	-	-
Catering	-	-
Other inventories(specify)	-	-
Total inventories at the lower of cost and net realizable value	-	-

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

**15. Property, plant and equipment**

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

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**16. Intangible assets-software**

Description	2018/2019	2017/2018
	KShs	KShs
Cost		
At beginning of the year	-	-
Additions	-	-
At end of the year	-	-
Amortization and impairment		
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

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

Description	2018/2019	2017/2018
	KShs	KShs
Trade payables	268,829	1,329,129
Refundable deposits		
Accrued expenses		
Other payables		
Total trade and other payables	268,829	1,329,129

**18. Provisions**

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year(1.07.2018)	-	-	-	-
Additional Provisions	-	-	-	-
Provision utilised	-	-	-	-
Change due to discount and time value for money	-	-	-	-
Transfers from non -current provisions	-	-	-	-

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Balance at the end of the year (30.06.2019)	-	-	-	-
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**19. Borrowings**

Description	2018/2019	2017/2018
	KShs	KShs
Balance at beginning of the period	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the period	-	-
Repayments of domestics borrowings during the period	-	-
Balance at end of the period	-	-

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

	2018/2019	2017/2018
	KShs	KShs
External Borrowings		
Dollar-denominated loan from the organization'	-	-
Sterling Pound denominated loan from 'organization'	-	-
Euro-denominated loan from the organization'	-	-
Domestic Borrowings		
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Borrowings from other government institutions	-	-
Total balance at the end of the year	-	-

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

Description	2018/2019	2017/2018
	KShs	KShs
Short term borrowings(current portion)	-	-
Long term borrowings	-	-
Total	-	-

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

**20. Employee benefit obligations**

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	Total
	KShs	KShs	KShs	KShs
Current benefit obligation	-	-	-	-
Non-current benefit obligation	-	-	-	-
Total employee benefits obligation	-	-	-	-

**21. Capital injection**

Description	2018/2019	2017/2018
	KShs	KShs
Injection by county	20,000,000	-
Total capital injected	20,000,000	-

**22. Cash generated from operations**

	2018/2019	2017/2018
	KShs	KShs
Surplus/ (deficit) for the year before tax	-33,273,308	4,321,200
Adjusted for:		
Depreciation		
Amortization		
Gains/ losses on disposal of assets		
Interest income		
Finance cost		
Working Capital adjustments		
Increase in inventory		
Increase in receivables		
Decrease in payables	-1,060,901	1,197,719
<b>Net cash flow from operating activities</b>	<b>-34,334,209</b>	<b>5,440,919</b>

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

**23. 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:

- i. The County Government;
- ii. The Parent County Government Ministry;
- iii. Key management;
- iv. Board of Trustees; etc

**b) Related party transactions**

	2018/2019	2017/2018
	KShs	KShs
Transfers from related parties'	-	-
Transfers to related parties	-	-

**c) Key management remuneration**

	2018/2019	2017/2018
	KShs	KShs
Board of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

**d) Due from related parties**

	2018/2019	2017/2018
	KShs	KShs
Due from parent Ministry	-	-
Due from County Government	-	-
Total	-	-

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

**e) Due to related parties**

	2018/2019	2017/2018
	KShs	KShs
Due to parent Ministry	-	-
Due to County Government	-	-
Total	-	-

**24. Contingent assets and contingent liabilities**

Contingent liabilities	2018/2019	2017/2018
	KShs	KShs
Court case against the Fund	-	-
Bank guarantees	-	-
Total	-	-

