

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

THE NATIONAL ASSEMBLY
PAPERS TAD

DATE: 22 MAR 2023

DAY
Wed

OF

TABLED
BY:

Deputy LOMI

CLERK AT
THE TABLE:

Macho

THE AUDITOR-GENERAL

ON

**CO-OPERATIVE SOCIETIES
LIQUIDATION FUND**

**FOR THE YEAR ENDED
30 JUNE, 2022**

**STATE DEPARTMENT FOR
CO-OPERATIVES**

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

02 DEC 2022

RECEIVED



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

STATE DEPARTMENT FOR CO-OPERATIVES

LIQUIDATION FUND ACCOUNT

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2022.

Table of Contents

1.	KEY ENTITY INFORMATION AND MANAGEMENT	i
2.	FUND ADMINISTRATION COMMITTEE.....	iii
3.	STATEMENT OF PERFORMANCE AGAINST FUNDS PREDETERMINED OBJECTIVES	iv
4.	MANAGEMENT TEAM	v
5.	FUND CHAIRPERSON'S REPORT	vi
6.	REPORT OF THE FUND ADMINISTRATOR	vii
7.	CORPORATE GOVERNANCE STATEMENT	viii
8.	MANAGEMENT DISCUSSION AND ANALYSIS	ix
9.	CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING.	x
10.	STATEMENT OF MANAGEMENT RESPONSIBILITIES.....	xi
11.	REPORT OF THE INDEPENDENT AUDITOR.....	xii
12.	FINANCIAL STATEMENTS	1
	12.1 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 th JUNE 2022.....	1
	12.2 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022.....	2
	12.3 STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2022.	3
	12.4 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022.....	4
13.	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	5
14.	NOTES TO THE FINANCIAL STATEMENTS.....	7
15.	PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS	9

**Liquidation Fund
Reports and Financial Statements
For the year ended June 30, 2022**

1. KEY ENTITY INFORMATION AND MANAGEMENT

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

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

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

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

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

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

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

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

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

a) Principal Activities

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

Core Values

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

**Liquidation Fund
Annual Report and Financial Statements
For the year ended June 30, 2022**

b) Key Management

Ref	Name	Position
1	Ali Noor Ismail, CBS	Accounting Officer
2	David K. Obonyo	Commissioner for Co-operatives (HOD)
3	Gladys Waithaka	Principal Accounts Controller

c) Registered Offices

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

d) Fund Contacts

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

e) Fund Bankers

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

f) Independent Auditors

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

g) Principal Legal Adviser

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

**Liquidation Fund
Annual Report and Financial Statements
For the year ended June 30, 2022**

2. FUND ADMINISTRATION COMMITTEE

Liquidation account has no board of trustees only an account under the Office of the Commissioner for Co-operatives as per the Co-operatives Societies Act.

3. STATEMENT OF PERFORMANCE AGAINST FUNDS PREDETERMINED OBJECTIVES

The principal objective of the fund is to facilitate liquidation of Saccos.

Progress on attainment of Strategic Objectives

The business of the fund was determined by the strategic plan. The objectives of the fund were set out in the strategic plan of the department and the annual targets to be met to attain those objectives. During the reporting period the fund transferred all the monies that were due to the beneficiaries of the liquidated Saccos.

4. MANAGEMENT TEAM



Principal Secretary Ali Noor Ismail, CBS

Mr Ali Noor Ismail, CBS is the Principal Secretary (PS) in the State Department for Co-operatives, Ministry of Agriculture, Livestock, Fisheries and Co-operatives. He holds a Master's of Science Degree in Human Resource Management. His career spans over 35years at management level in both private and public sectors. He has held the position of Principal Secretary since his appointment by H.E the President of the Republic of Kenya. He was the Principal Secretary in the Ministry of Environment and Forestry and Principal Secretary in the Ministry of Labour, Social Security and Services, and the State Department for Co-operatives.



Mr. David K. K. Obonyo

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



CPA Gladys Njeri Waithaka.

CPA Gladys Njeri Waithaka is the Principal Accounts controller in The State department for Co-operatives. She holds a Bachelor's degree in Business administration (Account option) from Kenya Methodist University. She is in charge of accounting and financial reporting as well as designing, implementing and fair presentation of financial statements. She is a CPA (K) finalist and a member of The Institute of Certified Public Accountants, Kenya (ICPAK).

**Liquidation Fund
Annual Report and Financial Statements
For the year ended June 30, 2022**

5. FUND CHAIRPERSON'S REPORT

It is my pleasure to present, the Liquidation Fund Financial Statements for the year ended 30th June, 2022. The financial statements present the financial performance of the fund over the past year.

Appreciation

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

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

Signed: _____



**Ali Noor Ismail, CBS
Principal Secretary**

6. REPORT OF THE FUND ADMINISTRATOR

Review of performance

The fund received amount owing to beneficiaries amounting to KSh. 66,133,767 which was paid out during the financial year 2021/2022.

Entity's compliance with statutory requirements

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

Key projects and investment decisions the entity is planning/implementing

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

Major risks facing the entity

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

Material arrears in statutory/financial obligations

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


The entity's financial probity and serious governance issues

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

Conclusion

I take this opportunity to thank all staff who we have worked hand in hand to ensure that Liquidation Fund achieves its mission.

Signed: _____



**David K. Obonyo
Commissioner for Co-operative Development.**

7. CORPORATE GOVERNANCE STATEMENT

STATEMENT OF COMPLIANCE

The fund has throughout the FY2021/2022 complied with all statutory and regulatory requirements and that the fund has been managed in accordance with the principles of good corporate governance.

INTERNAL CONTROL AND RISK MANAGEMENT

Internal Control

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

Organization Structure

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

Strategic Plan

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

Internal Control Framework

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

Management Team

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

Auditor

The fund is audited by the Auditor-General.

8. MANAGEMENT DISCUSSION AND ANALYSIS

Liquidation fund had receipts of sh 66,133,767 from administrative fees and expenditures were the transfers to beneficiaries of sh 65,921,312. Depending on the requirements of the Sacco, the liquidators were able to make refunds to members of the affected societies and pay creditor claims from the funds approved.

With the expected operationalization of the new National Co-operative Policy and finalization of the new Co-operative Bill liquidation will be initiated and recommended by the counties and none will be done without recommendation of the county government. This will likely reduce the liquidation activity at the State Department and therefore receipt into the fund is likely to decline in the future.

Key risks faced during Implementation

1. Sale of shares were affected by limited availability of buyers due to a slowdown of the economy.
2. Most societies under liquidation were heavily indebted and so the amount available was in some cases not able to meet all the debts.
3. Court cases made the sale of society property of part of the liquidation process difficult.

The activities for the year slowed down because of the covid-19 pandemic which affected the business because of the restrictions in movement, lockdowns, ban on gatherings and many people working from home. The restrictions affected the general performance of the economy which in turn reduced sale of cooperative shares and society property due to limited liquidity.

9. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

The Liquidation account is a deposit holding account for liquidated saccos for onward transfers to the beneficiaries and is kept by the Commissioner for Co-operatives. Due to the nature of the account it does not have structures by itself but is managed under the Commissioner of Co-operatives.

Liquidation Fund
Annual Report and Financial Statements
For the year ended June 30, 2022

10. STATEMENT OF MANAGEMENT RESPONSIBILITIES

Section 84 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a Fund shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

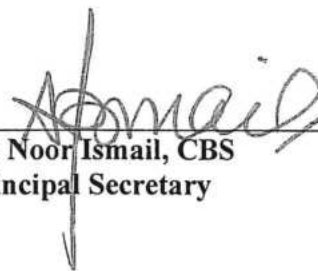
The Administrator of the Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2022, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

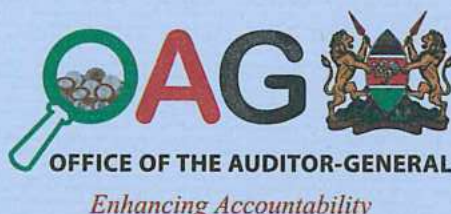
The Fund's financial statements were approved by the accounting officer on 2nd December, 2022 and signed by:



Ali Noor Ismail, CBS
Principal Secretary

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 CO-OPERATIVE SOCIETIES LIQUIDATION FUND FOR THE YEAR ENDED 30 JUNE, 2022 – STATE DEPARTMENT FOR CO-OPERATIVES

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Co-operative Societies Liquidation Fund set out on pages 1 to 9, which comprise of the statement of financial

position as at 30 June, 2022, and the statement of financial performance, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amount for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Co-operative Societies Liquidation Fund as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Co-operative Societies Liquidation 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 opinion.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and 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 processes and systems of internal controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal 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

21 December, 2022


**Liquidation Fund
Annual Report and Financial Statements
For the year ended June 30, 2022**

12. FINANCIAL STATEMENTS

**12.1 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR
ENDED 30th JUNE 2022.**

	Note	FY2021/2022	FY2020/2021
			KShs
Revenue from non-exchange transactions			
Cash Received	1	66,133,767	8,065,311
Total revenue		66,133,767	8,065,311
Expenses			
Fund administration expenses	2	-	857,460
Transfers to Liquidation beneficiaries	3	65,921,312	32,279,365
Total expenses		65,921,312	33,136,826
Surplus/(deficit) for the period		212,455	(25,071,514)


The notes set out on pages form an integral part of these Financial Statements. The Fund's Financial Statements were approved by the accounting officer on 2nd December 2022 and signed by



Ali Noor Ismail, CBS
Principal Secretary



CPA Gladys Waithaka
Principal Accounts Controller
ICPAK Number:



David K. Obonyo
Commissioner for Co-operative Development.


**Liquidation Fund
Annual Report and Financial Statements
For the year ended June 30, 2022**


12.2 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022.

	Note	FY2021/2022	FY2020/2021
		KShs	KShs
Assets			
Current assets			
Cash and cash equivalents	4	25,789,356	25,576,902
Current Liabilities			
Net assets	5	25,789,356	25,576,902
Financed by			
Liquidation Fund bf		25,576,902	50,648,416
Accumulated surplus		212,455	(25,071,514)
Total equity	5	25,789,356	25,576,902

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 2nd December, 2022 and signed by:


 Ali Noor Ismail, CBS
 Principal Secretary


 CPA Gladys Waithaka
 Principal Accounts Controller
 ICPAK Number:


 David K. Obonyo
 Commissioner for Co-operative Development.

Liquidation Fund
Annual Report and Financial Statements
For the year ended June 30, 2022

12.3 STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2022.

	Revolving fund	Total
		KShs
Balance as at 30 June 2021	25,576,902	25,576,902
Funds received during the year	66,133,767	212,455
Funds paid out during the year	(65,921,312)	
Revaluation gain	212,455	-
Balance as at 30 June 2022	25,789,356	25,789,356


**Liquidation Fund
Annual Report and Financial Statements
For the year ended June 30, 2022**

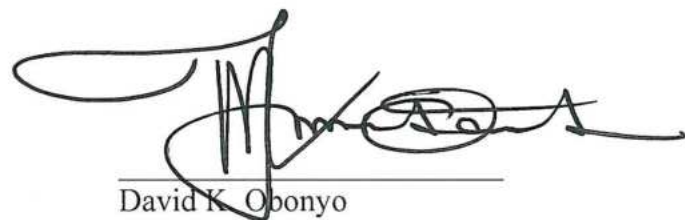
12.4 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022.

	Note	FY2021/2022	FY2020/2021
			KShs
Cash flows from operating activities			
Receipts			
Liquidation receipts	1	66,133,767	8,065,311
Total Receipts		66,133,767	8,065,311
Payments			
Fund administration expenses	2	-	857,460
Transfers to Liquidation beneficiaries	3	65,921,312	32,279,365
Total Payments		65,921,312	33,136,825
Net cash flows from operating activities		212,455	(25,071,514)
Adjusted for changes in receivables/payables		-	-
Purchase of PPE and intangible assets		-	-
Net cash flows used in investing activities		-	-
Net increase/(decrease) in cash and cash equivalents		212,455	(25,071,514)
Cash and cash equivalents at 1 JULY	4	25,576,901	50,648,416
Cash and cash equivalents at 30 JUNE	5	25,789,356	25,576,902

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. Then entity financial statements with approved On 2nd December, 2022 and signed by


Ali Noor Ismail, CBS
Principal Secretary


CPA Gladys Waithaka
Principal Accounts Controller
ICPAK Number:


David K. Obonyo
Commissioner for Co-operative Development.

13. 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) Accrual. 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

3. Revenue recognition

i) Revenue from non-exchange transactions

Liquidation fees

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

4. Property, plant and equipment

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

5. Fund surplus fees

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

6. Changes in accounting policies and estimates

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

7. Cash and cash equivalents

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

8. Comparative figures

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

9. Events after the reporting period

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

10. Currency

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

11. Significant judgments and sources of estimation uncertainty

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

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

Provisions

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

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

Liquidation Fund
Annual Report and Financial Statements
For the year ended June 30, 2022

14. NOTES TO THE FINANCIAL STATEMENTS

1. Liquidation Fees

Description	FY2021/2022	FY2020/2021
		KShs
Cash received	66,133,767	8,065,311
Total	66,133,767	8,065,311

2. Fund admin expenses

Description	FY2021/2022	FY2020/2021
		KShs
Fund admin expenses	-	857,460
Total	-	857,460

3. Transfers to beneficiaries

Description	FY2021/2022	FY2020/2021
		KShs
TELEPOST SACCO		10,029,796.00
GITONGA MWANIKI ADV CO.		11,000,000.00
KIVUIRI FCS		360,461.25
STEEL COOP		
NEW KIVIVURI FCS		364,008.20
NAIROBI WATER		
NEW RUNYENGES FCS		974,087.75
JOHN NDUNGI		3,260.00
JANE WAIRIMU		35,509.00
KENYA NATIONAL FOOD		
GREGORY WAWERU		130,000.00
MOSES RONO		460,011.00
NAWIRI SACCO		
JACOB MUSEE		152,336.00
ESTHER NYAKINYUA		163,551.00
BULLVARD SACCO		
GITONGA MWANIKI		614,875.00
NACICO SACCO		450,000.00
ALPINE COOLENT LTD		9,775.00
GEOFFREY MATHIA		49,316.00
PAUL MANYWANDA		32,747.55
KUSSCO LTD		554,232.70
GLOPLAN K HIMTEL		1,003,230.00

Liquidation Fund
Annual Report and Financial Statements
For the year ended June 30, 2022

HORTIFLO SACCO		5,895,430.00
KIMUTE SACCO	65,753,437	
WAMBUGU MURITHI ADVOCATES	167,875	
Total	65,921,312	32,282,625.45

4. Cash and cash equivalents

Description	FY2021/2022	FY2020/2021
		KShs
Cash and cash equivalents	25,789,356	25,576,902
Total cash and cash equivalents	25,789,356	25,576,902

5. Financed by;

Description	FY2021/2022	FY2020/2021
Liquidation Fund-Capital	25,789,356	25,576,902
Total Capital	25,789,356	25,576,902

Liquidation Fund
Annual Report and Financial Statements
For the year ended June 30, 2022

15. 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)
1450	Failure to submit Financial Statements	Financial statements submitted as evidenced in the report of Auditor General 2009/2010.	DAG	Resolved	-
1451.1	Late Submission of Financial Statements	The issue had been brought before Committee on 22 nd August, 2019 and committee marked as resolved	DAG	Resolved	-
1451.2	Unsupported Balances	Supporting documents was availed	DAG	Resolved	-
1451.3	Incomplete set of Financial Statements	There were no transactions relating to the liquidation	DAG	Resolved	-

Liquidation Fund
Annual Report and Financial Statements
For the year ended June 30, 2022

Liquidation Fund Manual Trial Balance

Account	DR	CR
Fund Capital		25,576,902
Liquidation fees		66,133,,767
Bank	25,789,356	
Transfers to Beneficiaries	65,921,312	
	<u>91,710,668</u>	<u>91,710,669</u>