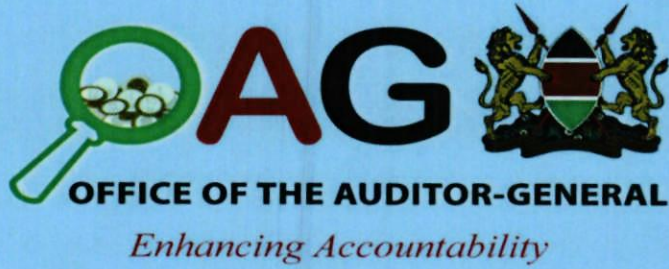


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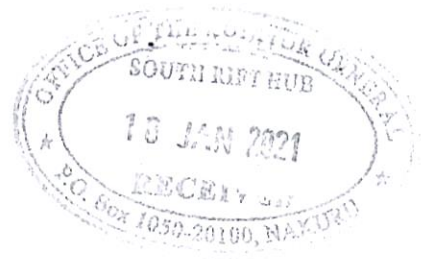
THE AUDITOR-GENERAL

ON

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| DATE | 23/02/2022 |
| TABLED BY | SML |
| COMMITTEE | - |
| CLERK AT THE TABLE | GETRUDE |

**BARINGO COUNTY EXECUTIVE
CAR LOAN SCHEME FUND**

**FOR THE YEAR ENDED
30 JUNE, 2020**



BARINGO COUNTY
EXECUTIVE CAR LOAN SCHEME FUND
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2020

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

BARINGO COUNTY EXECUTIVE CAR LOAN SCHEME FUND

Reports and Financial Statements

For the year ended June 30, 2020

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BARINGO COUNTY EXECUTIVE CAR LOAN SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2020

1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

Baringo County Executive Members' Car Loan is established by and derives its authority and accountability from the Public Finance Management (Baringo County Executive Members Car Loan Scheme Fund Regulations 2014 and the Public Finance Management (Baringo County Executive Members Car loan Scheme Fund Regulations 2016). The Fund is wholly owned by the County Executive of Baringo and is domiciled in Kenya.

The fund's object and purpose is to provide a loan scheme for the purchase of motor vehicles by members of the County Executive as is prescribed by the Salaries and Remuneration Commission in their letter dated 27 November 2013.

b) Principal Activities

The Fund's principal activity is the provision of car loans to the Members of County Executive and ensuring that loans advanced are recovered.

c) Board of Trustees/Fund Administration Committee

| Ref | Name | Position |
|-----|------------------------|-----------------------------------|
| 1 | Elijah Kipkoros | Chairman |
| 2 | David Sergon | Member |
| 3 | KibiwottKoima | Member |
| 4 | Alexander Lomaringoria | Member |
| 5 | Richard Rotich | Member |
| 6. | Joseph Korir | Member |
| 7. | Francis Komen | Member |
| 8. | Samson Kibiy | Member |
| 9. | John Kisang | Fund Administrator |
| 10. | Julius Tarus | Legal Officer(ex-official member) |

d) Key Management

| Ref | Name | Position |
|-----|---------------|-----------------------------------|
| 1. | John Kisang | Fund Administrator |
| 2. | GikonoKiptoo | Fund manager |
| 3. | David Rerimoi | Fund Accountant |
| 4. | Julius Tarus | Legal Officer(ex-official member) |

BARINGO COUNTY EXECUTIVE CAR LOAN SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2020

e) Registered Offices

P.O. Box 53-30400
AFC Building
Kabarnet-Iten Road
Kabarnet Kenya.

f) Fund Contacts

Telephone:053-22290
E-mail: cectreasurybaringo@gmail.com.
Website: www.baringo.go.ke

g) FundBankers

Kenya Commercial Bank
A/C 1179328914
Kabarnet Branch
P.O. Box 175-30400
Kabarnet

h) Independent Auditors

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

BARINGO COUNTY EXECUTIVE CAR LOAN SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2020

2. THE BOARD OF TRUSTEES

| Name | Details of qualifications and experience |
|---------------------------|---|
| 1. Elijah Kipkoros | <p>Key Qualifications: Masters degree in Human resource, a degree in Education & diploma in Human resource. Completed SMC and SLDP. Work experience: Currently CECM Roads, transport and Infrastructure Baringo County Government. Previous work experience: principal, RCEA BiwottNgele/Tarit Secondary School and Kapngetuny Boys High School.</p> |
| 2. David Sergon | <p>Key Qualifications: PHD in Entrepreneurship, Masters in Entrepreneurship and Management, bachelor's degree in accounting and mathematics. Completed :SLDP and SMC. Currently CECM Trade, Industry, Commerce, and Cooperative and Enterprise Development. Work experience: 1998 and 2008 teacher Oinobmoi Boys High School and Kapkenda Girls. 2008-2017 lecturer Moi University</p> |
| 3. KibiwottKoima | <p>Key Qualifications: PHD holder in Applied Statistics, Masters of science in Statistic, Bachelor of Science in Mathematics and Statistics. Work experience: Currently, CEC Lands Housing and Urban Development. Previous work experience: HOD in the department of computer at Kabarak University.</p> |
| 4. Alexander Lomaringoria | <p>Key Qualifications: Bachelors degree in education, Diploma in education certificate. Work experience: currently, CEC Education, Sports, and Social Services Previously work experience: principal of Barpelo High School.</p> |
| 5. Richard Rotich | <p>Key Qualifications: PHD in strategic management, Masters degree in Business Administration, Bachelors of Art degree, public administration & Economic planning Work experience: Currently CECM, Finance and Economic Planning. Previous work experience :13-year experience gained in National Social Security Fund (NSSF) as branch</p> |

BARINGO COUNTY EXECUTIVE CAR LOAN SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2020

| | |
|------------------|---|
| | manager.2015-2017- Part time lecturer at University of Eldoret. |
| 6. Joseph Korir | Key Qualifications: Masters Degree Work experience: Currently Chairman Baringo County Public Service Board |
| 7. Francis Komen | Key Qualifications: Masters Degree Work experience: Currently County Secretary and head of public service. |
| 8. Samson Kibiy | Key Qualifications: MBA (Strategic Mgt); B.Com. (Bus.Admin.); CPS(K) Work experience: Currently Secretary Baringo County Government Public Service Board . |
| 9. John Kisang | Key Qualifications: Degree Work experience: Currently Chief Officer Finance |
| 10. Julius Tarus | Key Qualifications: LLB degree Work experience: currently County Attorney Previous work experience: 23 years in private practice |

**3. STATEMENT OF PERFORMANCE AGAINST COUNTY ENTITY'S
PREDETERMINED OBJECTIVES**

Introduction

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

The object and purpose of the Baringo County Executive Members Car Loan Scheme Fund is to provide a loan scheme for the purchase of vehicles for state officers and public servants as prescribed by Salaries and Remuneration Commission.

State officers and public servants who have benefited from this facility are currently repaying their loans thus building up the revolving fund for on lending to other staff.

BARINGO COUNTY EXECUTIVE CAR LOAN SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2020

4. MANAGEMENT TEAM

| Name | Details of qualifications and experience |
|------------------|--|
| 1. John Kisang | Year of birth:1972 Key Qualifications:Degree |
| 2. David Rerimoi | Year of birth 1980 Key Qualifications: Masters in Business Administration ,BBA,CPA(K) |
| 3. GikonoKiptoo | Year of Birth:1980 Key Qualifications: Masters in Business Administration (UON),BCOM,CPA(K) Senior Management Course |

BARINGO COUNTY EXECUTIVE CAR LOAN SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2020

5. BOARD/FUND CHAIRPERSON'S REPORT

It is my pleasure to present the Baringo County Executive Members Car Loan Scheme Fund financial statements for the year ended 30th June 2020. The financial statements present the financial performance of the Fund over the past year.

(a) Funds received during the year

During the period under review, Ksh.5,000,000.00 was received from the Exchequer as additional Fund capital for onward lending to the Members.

(b) Loan disbursements and recoveries

During the year ended 30 June 2020, a total of Ksh. 2,000,000 was disbursed as car loans to the Members.

Out of the total loans disbursed, Ksh5,322,024 was recovered from the Members during the period.

(c) Surplus for the period

During the year ended 30 June 2020, the Fund realized a surplus of Ksh 150,930 as compared to Ksh 95,633 during FY 2018/2019.

(d) Future Outlook of the Fund

Some members of the County Executive who were eligible to the car loans & mortgage in the period under review have already been advanced and recoveries are under way while others are still waiting for their disbursements due to lack of funds. The Loans Management Committee plans to disburse loans in the future to the members of staff subject to the availability of funds and individual capability in respective payslips.

(e) Conclusion

In conclusion, FY 2019/2020 was a good year in general. Good progress was made in streamlining legal and operational aspects of the fund. The Fund has been instrumental in facilitating the Members purchase motor vehicles and/or purchase or develop residential property to improve their welfare and enable them deliver on their mandate.

BARINGO COUNTY EXECUTIVE CAR LOAN SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2020

I thank all fund management committee members and staff in the entire County Executive for their continued commitment and dedication through hard work in delivering services to the people of Baringo County despite a constrained resource envelop.

Signed: _____



Name of Chairperson: Hon Elijah Kipkoros

6. REPORT OF THE FUND ADMINISTRATOR

It is my pleasure to present the Baringo County Executive Members Car Loan Scheme Fund financial statements for the year ended 30th June 2020. The financial statements present the financial performance of the Fund over the past year.

The performance of the Fund can be summarized in the following major areas:

(a) Key Management Team

The Fund's key management team is comprised of the Fund Administrator, Director Finance and administration, Legal Officer and the Fund Accountant.

(b) Funds received during the year

During the period under review, Ksh.5,000,000 was received from the Exchequer as additional funds for onward lending to the Members

(c) Loan disbursements and recoveries

During the year ended 30 June 2020, a total of Ksh. 2,000,000 was disbursed as car loans to the Members. Out of the total loans disbursed, Ksh.5,322,024 was recovered from the Members during the period .

Surplus for the period

During the year ended 30 June 2020, the Fund realized a surplus of Ksh. 150,930 as compared to ksh 95,633 in the 2018/2019 FY. Interest income earned during the period under review was Ksh 155,325 compared to Ksh 98,733 in FY 2018/2019. Expenses in the period were Ksh 4,395 while in FY 2018/2019 was ksh 3,100.

(d) Future Outlook of the Fund

Due to resource constrains, few members got their disbursement in time while others are still waiting. There is a high demand for the loans by all staff. The Loans Management Committee plans to disburse loans in future to more members of staff subject to the availability of funds.

BARINGO COUNTY EXECUTIVE CAR LOAN SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2020

(e) Conclusion

Financial Year 2019/2020 was fairly good. Good progress was made in streamlining legal and operational aspects of the fund. The Fund has facilitated the Members purchase motor vehicles and/or purchase or develop residential property to improve their welfare and enable them deliver on their mandate.

I salute all fund management committee members, staff and other stakeholders for their continued commitment and dedication through hard work in delivering services to the people of Baringo County.

Signed: _____



Date _____

15/1/2021

Name of Fund Administrator: John Kisang

BARINGO COUNTY EXECUTIVE CAR LOAN SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2020

7. CORPORATE GOVERNANCE STATEMENT

Baringo County Executive consists of elected and appointed Members. Currently, the County Executive is composed of the Governor, Deputy Governor and 10 County Executive Committee Members appointed by the Governor. The County Executive is headed by the Governor who is elected by residents of Baringo County.

During financial year 2019-2020, the Loans Management Committee held 3 meetings. The meetings of the Committee are convened by the Chairperson or in the absence of the Chairperson, by a member designated by the Chairperson and shall be convened at such times as may be necessary for the discharge of the Committee's functions. The quorum for a meeting of the Committee shall be Chairperson and any other three members.

The Committee administers the Fund by:

- (a) Processing applications for loans in accordance with the existing terms and conditions of borrowing;
- (b) Liaising with the housing company (if any) to set up a revolving fund for the disbursements of the loans; and
- (c) Supervising the day-to-day running of the Fund.

The allowances payable to the Committee members are determined by the Salaries and Remuneration Commission and payable out of the fund.

The annual financial statements of the Fund are subject to audit by the Auditor- General.

8. MANAGEMENT DISCUSSION AND ANALYSIS

The major risk facing the Baringo County Executive Car Loan Scheme Fund is loan default in case of the death of a member. However, this risk has been mitigated by insuring all the members' loans for the benefit of the member of the scheme. This will ensure that in the unfortunate death of a member of the Fund, the loan balance due to the Fund will be reimbursed by the insurance company.

Where a repayment of loan is not made in accordance with the terms and conditions of the Regulations, the sums of money due and owing to the Fund shall be recoverable by the Loans Committee, without prejudice to any other remedy, in civil proceedings in the High Court.

All car loans granted to the Members are currently being recovered through the payroll check-off system. There is currently no major financial improbity as reported by internal audit/Board audit committee, external auditors, or other County Government Agencies providing oversight.

9. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Baringo County Government Executive Members Car Loan Scheme Fund exists to transform performance of its workforce by providing affordable credit facility for the purchase of vehicles. This will enhance their efficiency in service delivery which ultimately translates to citizen satisfaction. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on three pillars: putting the Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

1. Sustainability strategy and profile

This is a revolving fund meant to benefit all staff. The fund has put measures to ensure that money is repaid back for sustainability purposes.

2. Environmental performance

The kinds of vehicles financed are environmentally sound by the fact that vehicles of more than 8 years cannot be financed.

3. Employee welfare

While processing the loans two thirds of basic salary is normally factored in so that staff are not affected financially.

4. Market place practices

Baringo County Executive Car Loan Loan Scheme Fund strives to ensure that there is fair competition in the procurement processes of insurance for the vehicles purchased using scheme money. The life protection policy is sourced competitively.

5. Community Engagements

Staff that have benefited from the facility have assisted their families and the community in various ways by providing transport services.

10. REPORT OF THE TRUSTEES

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2020 which show the state of the Fund affairs.

Principal activities

The principal activities of the Fund are to provide a loan scheme for the purchase of motor vehicles as prescribed by the Salaries and Remuneration Commission.

Results

The results of the Fund for the year ended June 30, 2020 are set out on page 19 to 23.

Trustees

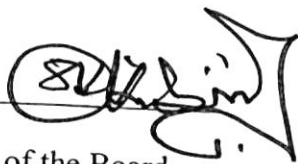
The members of the Board of Trustees who served during the year are shown on page 6. There were minor changes in the Board during the financial year. New entrants were Joseph Korir (Chairman County Public Service Board) and Samson Kibiy (Secretary Public Service Board).

Auditors

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board

Date: _____



Member of the Board

BARINGO COUNTY EXECUTIVE CAR LOAN SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2020

11. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a Baringo County Executive Car Loan Scheme Fund established by the Baringo County Executive Car Loan Scheme Regulations 2014 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 Baringo County Executive Car Loan Scheme 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 30 June 2020. 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 Baringo County Executive Car Loan Scheme 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 Public Finance Management Act, 2012 and the Baringo County Executive Members Car Loan Scheme Regulations 2014. 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 30 June 2020, 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 Baringo County Executive Car Loan Scheme Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

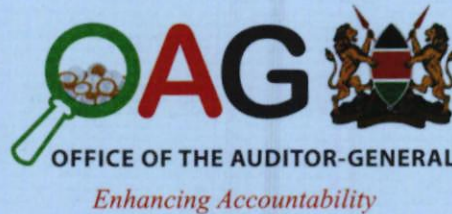
The Fund's financial statements were approved by the Board on 15/1/2021 2020 and signed on its behalf by:



Administrator of the County Public Fund

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON BARINGO COUNTY EXECUTIVE CAR LOAN SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Disclaimer of Opinion

I have audited the accompanying financial statements of Baringo County Executive Car Loan Scheme Fund set out on pages 19 to 52, which comprise of the statement of financial position as at 30 June, 2020, and 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.

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

Basis for Disclaimer of Opinion

1.0 Presentation of the Financial Statements

The financial statements presented for audit contained the following errors:

- 1.1 The financial statements do not have page numbering 1, 2, 21, 22 and 23,
- 1.2 Details of the Management team on page 8 do not have passport-size photos of the Management team,
- 1.3 The Board/Fund chairperson's report is not dated,
- 1.4 Paragraph 3 of the statement of Management's responsibilities on Page 17 refers to "the Baringo County Executive Members Car Loan Scheme Regulations, 2014" instead of "the Public Finance Management (Baringo County Executive Members Car Loan Scheme Fund) Regulations, 2016 and

- 1.5 The Statement of Management Responsibilities indicate the year of enactment of the Public Finance Management (Baringo County Executive Car Loan Scheme Fund) Regulations as 2014 instead of 2016.

Consequently, the set of financial statements for the year ended 30 June, 2020 were not prepared in accordance with the requirements of the International Public Sector Accounting Standard No.1 and the reporting template as prescribed by the Public Sector Accounting Standards Board.

2.0 Inaccuracies in the Financial Statements

The financial statements presented for audit had the following inaccuracies:

- 2.1 The statement of financial position as at 30 June, 2020 reflects net assets of Kshs.26,767,505 which differs with the total net assets and liabilities of Kshs.26,918,435 resulting to an unexplained and unreconciled variance of Kshs.150,930. Similarly the statement reflects comparative net assets of Kshs.23,464,586 which differs with the reported total net assets and liabilities of Kshs.32,131,144 resulting to an unexplained variance of Kshs.8,666,558. As a result the statement did not balance.
- 2.2 The statement of financial position reflects total net assets and liabilities of Kshs.26,918,435 while the statement of changes in net assets reflects total net assets of Kshs.5,071,472 resulting to an unreconciled and unexplained variance of Kshs.21,846,963;
- 2.3 The statement of cash flows reflects cash and cash equivalents as at 30 June, 2020 of Kshs.9,161,866 while a recast revealed a total of Kshs.9,320,782 resulting to an unreconciled and unexplained variance of Kshs.158,916 and;
- 2.4 The statement of financial performance reflects comparative interest income of Kshs.98,733 while Note 4 to the financial statements reflects an amount of Kshs.60,294 resulting to an unreconciled variance of Kshs.38,439.

Consequently, the accuracy and completeness of the financial statements for the year ended 30 June, 2020 could not be confirmed.

3.0 Inaccuracy of Comparative Year Figures

The comparative year balances in the financial statements differed from the balances reflected in the audited financial statements as shown below:

| Component | Comparative Figures Reported Kshs. | 2018/2019 Audited Figures Kshs. | Variance Kshs. |
|---|---|--|---------------------------|
| Statement of Financial Performance | | | |
| Total Revenue | 98,733 | 7,611,236 | (7,512,503) |
| Total Payments | 3,100 | 6,803,101 | (6,800,001) |
| Surplus | 95,633 | 808,135 | (712,502) |
| Statement of Financial Position | | | |
| Current portion of Long-Term Receivables from Exchange Transactions | 1,726,786 | - | 1,726,786 |
| Long term receivables from Exchange Transactions | 20,929,665 | - | 20,929,665 |
| Revolving Fund | 32,086,481 | - | 32,086,481 |
| Accumulated surplus | 95,633 | 808,135 | (712,502) |
| Statement of Cash flows | | | |
| Total receipts | 60,291 | 7,611,236 | (7,550,945) |
| Total Payments | 3,100 | 6,803,101 | (6,800,001) |
| Proceeds from Loan Principal Repayments | 4,967,205 | - | 4,967,205 |
| Loan Disbursements paid out | (6,800,000) | - | (6,800,000) |
| Net increase in Cash and Cash Equivalent | (1,775,604) | - | (1,775,604) |
| Cash and Cash Equivalent as at 01 July, 2019 | 2,583,739 | - | 2,583,739 |
| Cash and Cash Equivalent as at 30 June, 2019 | 808,135 | - | 808,135 |

Consequently, the accuracy and completeness of the financial statements for the year ended 30 June, 2020 could not be confirmed.

4.0 Unsupported Interest Income

The statement of financial performance reflects interest income of Kshs.155,325 as disclosed under Note 4 to the financial statements. However, recasting of schedule provided revealed a total of Kshs.600,524 resulting to an unreconciled and unexplained variance of Kshs.445,199.

In the circumstances, the accuracy and completeness of interest income for the year ended 30 June, 2020 could not be confirmed.

5.0 Variances in Receivables from Exchange Transactions

The statement of financial position reflects current portion of long-term receivables and long-term receivables from exchange transactions of Kshs.1,835,482 and Kshs.15,770,159 respectively. However, the balances differed with amounts of Kshs.6,428,820 and Kshs.8,038,683 reflected in schedules provided resulting to an unreconciled variance of Kshs.4,593,338 and Kshs.7,731,476 respectively.

Consequently, the accuracy and completeness of receivables from exchange transactions as at 30 June, 2020 could not be confirmed.

6.0 Unsupported Loan Repayments

The statement of cash flows reflects an amount of Kshs.5,322,024 in respect of proceeds from loan principal repayments during the year under review. However, the loan recovery schedule did not have details of the principal amount, repayments and outstanding balance.

In the circumstances, the accuracy and completeness of proceeds from loan principal repayments of Kshs.5,322,024 for the year ended 30 June, 2020 could not be confirmed.

7.0 Unsupported Net Assets/Fund Balances

The statement of financial position reflects total net assets and liabilities balance of Kshs.26,918,435 while the statement of changes in net assets reflects total net assets of Kshs.5,071,472 resulting to an unreconciled and unexplained variance of Kshs.21,846,963. Further, the statement of changes in net assets reflects revaluation gain (excess loan repayment) of Kshs.79,458 which is also reflected in the statement of cash flow as proceeds from sale of property, plant and equipment. The Management has not provided explanations, schedule or reconciliation for these amounts.

Under the circumstances, the accuracy and completeness of fund balance of Kshs.26,918,435 as at 30 June, 2020 could not be confirmed.

8.0 Lack of Approved Budget

The statement of comparison of budget and actual amounts reflects final receipts budget of Kshs.155,325 and final expenses budget of Kshs.4,395. However, the Fund's annual budget estimates and work plans were not provided for audit review. This contravenes Regulation 92(1) of the Public Finance Management (County Governments) Regulations, 2015 which provides that the approved budget estimates of expenditure shall form the basis of the financial statements for the financial year.

In the circumstances, the Fund is in breach of the law.

9.0 Non-Compliance with the Fund's Regulations

Review of car loan records revealed that the Fund has since inception disbursed loans totaling to Kshs.40,610,000. However, as previously reported, the Fund Management failed to comply with the Public Finance Management (Baringo County Executive Members Car Loan Scheme Fund) Regulations, 2016 as detailed below:

| No. | Regulation | Provision of the Regulations | Observation |
|-----|------------|---|--|
| 1 | 10(2) | The log book of a vehicle subject to a loan from the Fund shall be issued jointly between the Baringo County Government and the member of the Scheme and shall be kept in the custody of the officer administering the Fund until the loan is repaid in full by the member of the Scheme. | Copies of motor vehicle log books provided were not jointly registered between Baringo County Government and the member of the Scheme. |
| 2 | 16(4) | Every loan granted under these Regulations shall be insured through an Insurance Service Provider competitively sourced by the Committee for the benefit of the member of the Scheme and the premium in respect thereof shall be added to the account of the member. | There is no evidence that loans issued were insured. |
| 3 | 18(1)(a) | The responsibilities of the financial institution appointed under these regulations shall be (a) to operate individual accounts for each borrower, which shall provide details of recoveries of loan. | No evidence of appointment of Financial Institution and no evidence of maintenance of individual account for each borrower. |
| 4 | 20(3) | The Officer administering the Fund shall cause to be prepared quarterly reports to be submitted to the County Executive Member and Committee on or before the tenth day after the end of the quarter. | No evidence of submission of quarterly reports to County Executive Member and to the Committee. |
| 5 | 22(2)(a) | Subject to these Regulations, the Committee shall issue guidelines on (a) the criteria for approving and disbursing loans to borrowers. | Documents indicating the criteria for approving and disbursing loans were not availed for audit review. |

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

10.0 Failure to Remit Fringe Benefit Tax

As disclosed in Note 12 to the financial statements, the statement of financial position reflects current portion of long-term receivables from exchange transactions balance of Kshs.1,835,482 and long-term receivables from exchange transactions balance of Kshs.15,770,159. These balances relate to low interest loans granted to employees at the rate of 3%. However, no evidence was provided to confirm that the Management deducted and remitted fringe benefit tax to Kenya Revenue Authority as required by the provisions of Section 12B of the Income Tax Act.

As a result, the Fund is at risk of incurring unnecessary penalties and interest.

11.0 Lack of Fire and Risk Management Policy

The Baringo County Executive Car Loan Scheme Fund did not have a fire and risk management strategy. This is contrary to Regulation 158(1)(a) and (b) of the Public Finance Management (County Governments) Regulations, 2015 which requires the accounting officer to develop risk management strategies, which include fraud prevention mechanism and internal controls that builds robust business operations.

In the circumstances, risk management, development of strategies and controls may not have been implemented as required.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

I do not express a conclusion on the effectiveness of internal controls, risk management and governance as required by Section 7(1)(a) of the Public Audit Act, 2015. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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 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 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.

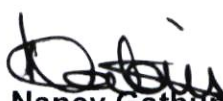
Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how the Fund Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of Baringo County Executive Car Loan Scheme Fund financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

In addition, my responsibility is to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them, and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution. I also consider internal control, risk management and governance processes and systems in order to give an assurance on the effectiveness of internal controls, risk management and governance in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit conclusion.

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

04 February, 2022

BARINGO COUNTY EXECUTIVE CAR LOAN SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2020

13. FINANCIAL STATEMENTS

**13.1. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED
 30th JUNE 2020**

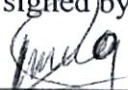
| | Note | 2019/2020 | 2018/2019 |
|---|------|-------------------|------------------|
| | | KShs | KShs |
| Revenue from non-exchange transactions | | | |
| Public contributions and donations | 1 | - | - |
| Transfers from the County Government | 2 | | |
| Fines, penalties and other levies | 3 | - | - |
| | | | |
| Revenue from exchange transactions | | | |
| Interest income | 4 | 155,325.00 | 98,733.00 |
| Other income | 5 | - | - |
| | | | |
| Total revenue | | 155,325.00 | 98,733.00 |
| Expenses | | | |
| Fund administration expenses | 6 | - | - |
| Staff cost | 7 | | |
| General expenses | 8 | 4,395.00 | 3,100.00 |
| Finance costs | 9 | - | - |
| Total expenses | | | |
| Other gains/losses | | | |
| Gain/loss on disposal of assets | 9 | - | - |
| Surplus/(deficit) for the period | | 150,930.00 | 95,633.00 |
| | | | |


BARINGO COUNTY EXECUTIVE CAR LOAN SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2020

13.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

| | Not € | 2019/2020 KShs | 2018/2019 KShs |
|---|----------|----------------------|----------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 11 | 9,161,866.00 | 808,135.00 |
| Current portion of long term receivables from exchange transactions | 12 | 1,835,482.00 | 1,726,786.00 |
| Prepayments | 13 | - | - |
| Inventories | 14 | - | - |
| | | 10,997,348.00 | 2,534,921.00 |
| Non-current assets | | | |
| Property, plant and equipment | 15 | - | - |
| Intangible assets | 16 | - | - |
| Long term receivables from exchange transactions | 12 | 15,770,159.00 | 20,929,665.00 |
| | | | |
| Total assets | | 26,767,505.00 | 23,464,586.00 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables from exchange transactions | 17 | - | - |
| Provisions | 18 | - | - |
| Current portion of borrowings | 19 | - | - |
| Employee benefit obligations | 20 | - | - |
| | | | |
| Non-current liabilities | | | |
| Non-current employee benefit obligation | 20 | - | - |
| Long term portion of borrowings | 20 | - | - |
| | | | |
| Total liabilities | | 0.00 | 0.00 |
| | | | |
| Net assets | | 26,767,505.00 | 23,464,586.00 |
| Revolving Fund | | 26,767,505.00 | 32,086,481.00 |
| Reserves | | 0.00 | 0.00 |
| Accumulated surplus | | 150,930.00 | 95,633.00 |
| Total net assets and liabilities | | 26,918,435.00 | 32,131,144.00 |

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 18/11/2021 2020 and signed by:


 Administrator of the Fund
 Name: John Kisang


 Fund Accountant
 Name: David Rerimoi

BARINGO COUNTY EXECUTIVE CAR LOAN SCHEME FUND**Reports and Financial Statements****For the year ended June 30, 2020****13.3. STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2020**

| | Revolving Fund | Revaluation Reserve | Accumulate d surplus | Total |
|--|---------------------|------------------------|-------------------------|---------------------|
| | KShs | KShs | KShs | KShs |
| Balance as at 1 July 2018 | - | - | | |
| Surplus/(deficit) for the period | - | - | | |
| Funds received during the year | - | - | - | - |
| Revaluation gain | - | - | - | - |
| Balance as at 30 June 2019 | - | - | | |
| Balance as at 1 July 2019 | - | - | | |
| Surplus/(deficit) for the period | 150,930.00 | 0.00 | 0.00 | 150,930.00 |
| Funds received during the year | 5,000,000.00 | 0.00 | 0.00 | 5,000,000.00 |
| Revaluation gain (excess loan repay) | (79,458.00) | 0.00 | 0.00 | (79,458.00) |
| Balance as at 30 June 2020 | 5,071,472.00 | 0.00 | 0.00 | 5,071,472.00 |

BARINGO COUNTY EXECUTIVE CAR LOAN SCHEME FUND**Reports and Financial Statements****For the year ended June 30, 2020****13.4. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2020**

| | Note | 2019/2020 | 2018/2019 |
|---|------|---------------------|-----------------------|
| | | KShs | KShs |
| Cash flows from operating activities | | | |
| Receipts | | | |
| Public contributions and donations | 1 | - | - |
| Transfers from the County Government | 2 | | |
| Interest received | 3 | - | - |
| Receipts from other operating activities | 4 | 115,560.00 | 60,291.00 |
| Public contributions and donations | 5 | - | - |
| Total Receipts | | 115,560.00 | 60,291.00 |
| Payments | | | |
| Fund administration expenses | 6 | - | - |
| Staff cost | 7 | | |
| General expenses | 8 | 4,395.00 | 3,100.00 |
| Finance cost | 9 | - | - |
| Total Payments | | 0.00 | 0.00 |
| Net cash flows from operating activities | | 111,165.00 | 57,191.00 |
| Cash flows from investing activities | | | |
| Purchase of property, plant, equipment and intangible assets | | | |
| Proceeds from sale of property, plant and equipment | | 79,458.00 | 0.00 |
| Proceeds from loan principal repayments | | 5,322,024.00 | 4,967,205.00 |
| Loan disbursements paid out | | (2,000,000.00) | (6,800,000.00) |
| Net cash flows used in investing activities | | 3,401,482.00 | (1,832,795.00) |
| Cash flows from financing activities | | | |
| Proceeds from revolving fund receipts | | 5,000,000.00 | 0.00 |
| Additional borrowings | | - | - |
| Repayment of borrowings | | | |
| Net cash flows used in financing activities | | 5,000,000.00 | 0.00 |
| Net increase/(decrease) in cash and cash equivalents | | 8,512,647.00 | (1,775,604.00) |
| Cash and cash equivalents at 1st JULY 2019 | 11 | 808,135.00 | 2,583,739.00 |
| Cash and cash equivalents at 30th JUNE 2020 | 11 | 9,161,866.00 | 808,135.00 |

13.5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30th JUNE 2020

| | Original budget | Adjustments | Final budget | Actual on comparable basis | Performance difference | % utilization |
|------------------------------------|-------------------|-------------|-------------------|----------------------------|------------------------|---------------|
| | 2020 | 2020 | 2020 | 2020 | 2020 | 2020 |
| | KShs | KShs | KShs | KShs | KShs | |
| Revenue | | | | | | |
| Public contributions and donations | - | - | - | - | - | - |
| Transfers from County Govt. | | - | | | | |
| Interest income | 155,325.00 | 0.00 | 155,325.00 | 155,325.00 | 0.00 | 100% |
| Other income | - | - | - | - | - | - |
| Total income | 155,325.00 | 0.00 | 155,325.00 | 155,325.00 | 0.00 | 100% |
| | | | | | | |
| Expenses | | | | | | |
| Fund administration expenses | - | - | - | - | - | - |
| Staff cost | - | - | - | - | - | - |
| General expenses | 4,395.00 | 0.00 | 4,395.00 | 4,395.00 | 0.00 | 100% |
| Finance cost | - | - | - | - | - | - |
| Total expenditure | 4,395.00 | 0.00 | 4,395.00 | 4,395.00 | 0.00 | 100% |
| Surplus for the period | 150,930.00 | 0.00 | 150,930.00 | 150,930.00 | 0.00 | 100% |

BARINGO COUNTY EXECUTIVE CAR LOAN SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2020

13.6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Statement of compliance and basis of preparation

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

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

2. Adoption of new and revised standards

a) Relevant new standards and amendments to published standards effective for the year ended 30 June 2020

| Standard | Impact |
|---|---|
| IPSAS 40: Public Sector Combinations | Applicable: 1st 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. |

b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020

| Standard | Effective date and impact: |
|--|--|
| IPSAS 41: Financial Instruments | Applicable: 1st 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 statements for their assessment of the amounts, timing and uncertainty of an entity's future cashflows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; |

BARINGO COUNTY EXECUTIVE CAR LOAN SCHEME FUND
Reports and Financial Statements
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| Standard | Effective date and impact: |
|---|---|
| | <ul style="list-style-type: none"> • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. |
| <p>IPSAS 42: Social Benefits</p> | <p>Applicable: 1st January 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 statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</p> |
| <p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p> | <p>Applicable: 1st January 2022:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> |
| <p>Other Improvements to IPSAS</p> | <p>Applicable: 1st January 2021:</p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and</p> |

BARINGO COUNTY EXECUTIVE CAR LOAN SCHEME FUND
Reports and Financial Statements
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| Standard | Effective date and impact: |
|----------|---|
| | <p>Equipment.</p> <p>Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets.</p> <p>Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs).</p> <p>Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard</p> |
| | <p>IPSAS 40, Public Sector Combinations.</p> <p>Amendments to include the effective date paragraph which were inadvertently omitted when IPSAS 40 was issued</p> |

c) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2020.

BARINGO COUNTY EXECUTIVE CAR LOAN SCHEME FUND
Reports and Financial Statements
For the year ended June 30, 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

4. Budget information

The original budget for FY 2019/2020 was approved by the County Assembly on 30th June 2019. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 13.5 of these financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Property, plant and equipment

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

6. Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

7. Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Held-to-maturity

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

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or 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 has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cashflows 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Inventories

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

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

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and 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.

9. Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

The Entity does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

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For the year ended June 30, 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingent assets

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

10. Nature and purpose of reserves

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

11. Employee benefits– Retirement benefit plans

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

12. 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.

BARINGO COUNTY EXECUTIVE CAR LOAN SCHEME FUND
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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

13. 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.

14. 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.

15. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

16. Comparative figures

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

17. Events after the reporting period

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

18. Ultimate and Holding Entity

The Baringo County Executive Car Loan Scheme Fund is a County Public Fund established by Public Finance Management Act 2012 and Baringo County Executive Car Loan Scheme Fund Regulation 2016 under the Department of County Treasury. Its ultimate parent is the County Government of Baringo.

19. Currency

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

20. 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.

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx.

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

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

21. Financial risk management

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

a) Credit risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

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

| | Total amount KShs | Fully performing KShs | Past due KShs | Impa ired KShs |
|--|----------------------|-----------------------------|---------------------|----------------------|
| At 30 June 2019 | | | | |
| Receivables from exchange transactions | 22,656,451.00 | 22,656,451.00 | 0.00 | 0.00 |
| Receivables from non exchange transactions | - | - | - | - |
| Bank balances | 808,135.00 | 808,135.00 | 0.00 | 0.00 |
| Total | 23,464,586.00 | 23,464,586.00 | 0.00 | 0.00 |
| At 30 June 2020 | | | | |
| Receivables from exchange transactions | 17,605,641.00 | 17,605,641.00 | 0.00 | 0.00 |
| Receivables from non exchange transactions | | | 0.00 | 0.00 |
| Bank balances | 9,161,866.00 | 9,161,866.00 | 0.00 | 0.00 |
| Total | 26,767,507.00 | 26,767,507.00 | 0.00 | 0.00 |

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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 recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

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

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

b) Liquidity risk management

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

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

| | Less than 1 month | Between 1-3 months | Over 3 months | Total |
|-------------------------------|-------------------|--------------------|---------------|-------------|
| | KShs | KShs | KShs | KShs |
| At 30 June 2019 | | | | |
| Trade payables | 0.00 | 0.00 | 0.00 | 0.00 |
| Current portion of borrowings | 0.00 | 0.00 | 0.00 | 0.00 |
| Provisions | 0.00 | 0.00 | 0.00 | 0.00 |
| Employee benefit obligation | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 0.00 | 0.00 | 0.00 | 0.00 |
| At 30 June 2020 | | | | |
| Trade payables | 0.00 | 0.00 | 0.00 | 0.00 |
| Current portion of borrowings | 0.00 | 0.00 | 0.00 | 0.00 |
| Provisions | 0.00 | 0.00 | 0.00 | 0.00 |
| Employee benefit obligation | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 0.00 | 0.00 | 0.00 | 0.00 |

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Market risk

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

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

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

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

i. Foreign currency risk

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

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

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

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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 | Effect on surplus/ | Effect on |
|-------------|---------------|--------------------|-----------|
| | currency rate | deficit | equity |
| | KShs | KShs | KShs |
| 2019 | | | |
| Euro | 10% | - | - |
| USD | 10% | - | - |
| 2020 | | | |
| Euro | 10% | - | - |
| USD | 10% | - | - |

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs 0 (2020: KShs. 0). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs 0 (2019- KShs 0)

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Capital risk management

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

| | 2020 | 2019 |
|---|----------------------|-------------------|
| | KShs | KShs |
| Revaluation reserve | | |
| Revolving fund | 26,581,080.00 | 18,600,000.00 |
| Accumulated surplus | 186,427.00 | 0.00 |
| Total funds | 26,767,505.00 | 18,600,000 |
| Total borrowings | 0.00 | 0.00 |
| Less: cash and bank balances | (9,161,866.00) | (2,583,739) |
| Net debt/(excess cash and cash equivalents) | (9,161,866.00) | (2,583,739.00) |
| Gearing | xx% | xx% |

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13.7. NOTES TO THE FINANCIAL STATEMENTS

1. Public contributions and donations

| Description | 2019/2020 | 2018/2019 |
|------------------------------------|-----------|-----------|
| | KShs | KShs |
| Donation from development partners | - | - |
| Contributions from the public | - | - |
| Total | - | - |

2. Transfers from County Government

| Description | 2019/2020 | 2018/2019 |
|--|-----------|-----------|
| | KShs | KShs |
| Transfers from County Govt. – operations | | |
| Payments by County on behalf of the entity | - | - |
| Total | | |

3. Fines, penalties and other levies

| Description | 2019/2020 | 2018/2019 |
|------------------------|-----------|-----------|
| | KShs | KShs |
| Late payment penalties | - | - |
| Fines | - | - |
| Total | - | - |

4. Interest income

| Description | 2019/2020 | 2018/2019 |
|-------------------------------------|-------------------|------------------|
| | KShs | KShs |
| Interest income from Mortgage loans | - | - |
| Interest income from car loans | 155,325.00 | 60,294.00 |
| Interest income from investments | - | - |
| Interest income on bank deposits | | |
| Total interest income | 155,325.00 | 60,294.00 |

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5. Other income

| Description | 2019/2020 | 2018/2019 |
|--------------------------------------|-----------|-----------|
| | KShs | KShs |
| Insurance recoveries | - | - |
| Income from sale of tender documents | - | - |
| Miscellaneous income | - | - |
| Total other income | - | - |

6. Fund administration expenses

| Description | 2019/2020 | 2018/2019 |
|-----------------------------|-----------|-----------|
| | KShs | KShs |
| Staff costs (Note 7) | - | - |
| Loan processing costs | - | - |
| Professional services costs | - | - |
| Administration fees | - | - |
| Total | - | - |

7. Staff costs

| Description | 2019/2020 | 2018/2019 |
|------------------------------|-----------|-----------|
| | KShs | KShs |
| Salaries and wages | - | - |
| Staff gratuity | - | - |
| Staff training expenses | - | - |
| Social security contribution | - | - |
| Other staff costs | - | - |
| Total | - | - |

BARINGO COUNTY EXECUTIVE CAR LOAN SCHEME FUND
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. General expenses

| Description | 2019/2020 | 2018/2019 |
|-------------------------------------|-----------|-----------|
| | KShs | KShs |
| Consumables | - | - |
| Electricity and water expenses | - | - |
| Fuel and oil costs | - | - |
| Insurance costs | - | - |
| Postage | - | - |
| Printing and stationery | - | - |
| Rental costs | - | - |
| Security costs | - | - |
| Telecommunication | - | - |
| Bank Charges | 4,395.00 | 3,100.00 |
| Hospitality | - | - |
| Depreciation and amortization costs | - | - |
| Other expenses | - | - |
| Total | | |

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Finance costs

| Description | 2019/2020 | 2018/2019 |
|------------------------------|-----------|-----------|
| | KShs | KShs |
| Interest on Bankoverdrafts | - | - |
| Interest on loans from banks | - | - |
| Total | - | - |

10. Gain/(loss) on disposal of assets

| Description | 2019/2020 | 2018/2019 |
|-------------------------------|-----------|-----------|
| | KShs | KShs |
| Property, plant and equipment | - | - |
| Intangible assets | - | - |
| Total | - | - |

11. Cash and cash equivalents

| Description | 2019/2020 | 2018/2019 |
|--|---------------------|-------------------|
| | KShs | KShs |
| Baringo County Car loan account | - | - |
| Baringo County mortgage account | - | - |
| Baringo County Emergency Fund Account | - | - |
| Fixed deposits account | - | - |
| On – call deposits | - | - |
| Current account | 9,161,866.00 | 808,135.00 |
| Others | - | - |
| Total cash and cash equivalents | 9,161,866.00 | 808,135.00 |

BARINGO COUNTY EXECUTIVE CAR LOAN SCHEME FUND
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

| Financial institution | Account number | 2019/2020 | 2018/2019 |
|----------------------------------|----------------|---------------------|-------------------|
| | | KShs | KShs |
| a) Fixed deposits account | | | |
| Kenya Commercial bank | | - | - |
| Equity Bank, etc | | - | - |
| Sub- total | | - | - |
| b) On - call deposits | | | |
| Kenya Commercial bank | | - | - |
| Equity Bank - etc | | - | - |
| Sub- total | | - | - |
| c) Current account | | | |
| Kenya Commercial Bank | 1152063324 | 9,161,866.00 | 808,135.00 |
| Bank B | | - | - |
| Sub- total | | | |
| d) Others(specify) | | | |
| Cash in transit | | - | - |
| Cash in hand | | - | - |
| M Pesa | | - | - |
| Sub- total | | - | - |
| Grand total | | 9,161,866.00 | 808,135.00 |

12. Receivables from exchange transactions

| Description | 2019/2020 | 2018/2019 |
|---------------------------------------|----------------------|----------------------|
| | KShs | KShs |
| Current Receivables | | |
| Interest receivable | 39,765.00 | 38,442.00 |
| Current loan repayments due | 1,795,717.00 | 1,688,344.00 |
| Otherexchangedebtors | | |
| Less:impairmentallowance | | |
| Total Current receivables | 1,835,482.00 | 1,726,786.00 |
| Non Current receivables | | |
| Long term loan repayments due | 15,770,159.00 | 20,929,665.00 |
| Total Non- current receivables | 15,770,159.00 | 20,929,665.00 |

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| | | |
|--|---------------|---------------|
| Totalreceivables from exchange transactions | 17,605,641.00 | 22,656,451.00 |
|--|---------------|---------------|

Additional disclosure on interest receivable

| Description | 2019/2020 | 2018/2019 |
|--|-----------|-----------|
| | KShs | KShs |
| Interest receivable | | |
| Interest receivable from current portion of long-term loans of previous years | - | - |
| Accrued interest receivable from of long-term loans of previous years | - | - |
| Interest receivable from current portion of long-term loans issued in the current year | - | - |
| Current loan repayments due | | |
| Current portion of long-term loans from previous years | - | - |
| Accrued principal from long-terms loans from previous periods | - | - |
| Current portion of long-term loans issued in the current year | - | - |

13. Revenue from Non-Exchange transaction

| Description | KShs | KShs |
|--|-----------|-----------|
| | 2019/2020 | 2018/2019 |
| | KShs | KShs |
| Transfer to County Executive | - | - |
| Transfer to Emergency Fund | - | - |
| Totalreceivables from non-exchange transactions | - | - |

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Prepayments

| Description | 2019/2020 | 2018/2019 |
|----------------------------|-----------|-----------|
| | KShs | KShs |
| Prepaid rent | - | - |
| Prepaid insurance | - | - |
| Prepaid electricity costs | - | - |
| Other prepayments(specify) | - | - |
| Total | - | - |

15. Inventories

| Description | 2019/2020 | 2018/2019 |
|--|-----------|-----------|
| | KShs | KShs |
| Consumable stores | - | - |
| Spare parts and meters | - | - |
| Catering | - | - |
| Other inventories(specify) | - | - |
| Total inventories at the lower of cost and net realizable value | - | - |

BARINGO COUNTY EXECUTIVE CAR LOAN SCHEME FUND
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Property, plant and equipment

| | Land and Buildings | Motor vehicles | Plant and fittings | Computers and office equipment | Total |
|-------------------------------------|--------------------|----------------|--------------------|--------------------------------|-------|
| Cost | KShs | KShs | KShs | KShs | KShs |
| At 1st July 2019 | - | - | - | - | - |
| Additions | - | - | - | - | - |
| Disposals | - | - | - | - | - |
| Transfers/adjustments | - | - | - | - | - |
| At 30th June 2020 | - | - | - | - | - |
| At 1st July 2019 | - | - | - | - | - |
| Additions | - | - | - | - | - |
| Disposals | - | - | - | - | - |
| Transfer/adjustments | - | - | - | - | - |
| At 30th June 2020 | - | - | - | - | - |
| Depreciation and impairment | | | | | |
| At 1st July 2019 | - | - | - | - | - |
| Depreciation | - | - | - | - | - |
| Impairment | - | - | - | - | - |
| At 30th June 2020 | - | - | - | - | - |
| At 1st July 2019 | - | - | - | - | - |
| Depreciation | - | - | - | - | - |
| Disposals | - | - | - | - | - |
| Impairment | - | - | - | - | - |
| Transfer/adjustment | - | - | - | - | - |
| At 30th June 2020 | - | - | - | - | - |
| Net book values | | | | | |
| At 30th June 2019 | - | - | - | - | - |
| At 30th June 2020 | - | - | - | - | - |

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. Intangible assets-software

| Description | 2019/2020 | 2018/2019 |
|------------------------------------|-----------|-----------|
| | 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 | - | - |

18. Trade and other payables from exchange transactions

| Description | 2019/2020 | 2018/2019 |
|---------------------------------------|-----------|-----------|
| | KShs | KShs |
| Trade payables | - | - |
| Refundable deposits | - | - |
| Accrued expenses | - | - |
| Other payables | - | - |
| Total trade and other payables | - | - |

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. Borrowings

| Description | 2019/2020 | 2018/2019 |
|---|-----------|-----------|
| | KShs | KShs |
| Balance at beginning of the period | - | - |
| External borrowings during the year | - | - |
| Domestic borrowings during the year | - | - |
| Repayments of external borrowings during the period | - | - |
| Repayments of domestic borrowings during the period | - | - |
| Balance at end of the period | - | - |

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

| Description | 2019/2020 | 2018/2019 |
|---|-----------|-----------|
| | KShs | KShs |
| External Borrowings | | |
| Dollar denominated loan | - | - |
| Sterling Pound denominated loan | - | - |
| Euro denominated loan | - | - |
| Domestic Borrowings | | |
| Kenya Shilling loan from KCB | - | - |
| Kenya Shilling loan from Barclays Bank | - | - |
| Kenya Shilling loan from Consolidated Bank | - | - |
| Borrowings from other government institutions | - | - |
| Total balance at end of the year | - | - |

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

| Description | 2019/2020 | 2018/2019 |
|--|-----------|-----------|
| | KShs | KShs |
| Short term borrowings(current portion) | - | - |
| Long term borrowings | - | - |
| Total | - | - |

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. CHANGES IN RECEIVABLE

| Description of the error | 2019 - 2020 | 2018 - 2019 |
|--|---------------|--------------|
| | KShs | KShs |
| Account receivable as at 1 st July 2019 (A) | 20,929,665.00 | 15,902,168.3 |
| Account receivable issued during the year (B) | 2,000,000.00 | 6,800,000.00 |
| Account receivable settled during the Year (C) | 5,322,024.00 | 4,967,205.00 |
| Net changes in account receivables D= A+B-C | 17,607,641.00 | 17,734,963.3 |

22. CHANGES IN ACCOUNTS PAYABLE

| Description of the error | 2019 - 2020 | 2018 - 2019 |
|--|-------------|-------------|
| | KShs | KShs |
| Accounts Payable as at 1 st July 2019 (A) | - | - |
| Accounts Payable held during the year (B) | - | - |
| Accounts Payable paid during the Year (C) | - | - |
| Net changes in account receivables D= A+B-C | - | - |

23. 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 | - | - | - | - |

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. Cash generated from operations

| | 2019/2020 | 2018/2019 |
|---|-----------|-----------|
| | KShs | KShs |
| Surplus/ (deficit) for the year before tax | | |
| Adjusted for: | | |
| Depreciation | | |
| Amortisation | - | - |
| Gains/ losses on disposal of assets | - | - |
| Interest income | - | - |
| Finance cost | - | - |
| Working Capital adjustments | | |
| Increase in inventory | | |
| Increase in receivables | - | - |
| Increase in payables | - | - |
| Net cash flow from operating activities | | |

25. Related party balances

a) Nature of related party relationships

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

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