

REPUBLIC OF KENYA



Enhancing Accountability



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REPORT

OF

PARLIAMENT
OF KENYA
LIBRARY

THE AUDITOR-GENERAL

ON

**BARINGO COUNTY MICRO AND SMALL
ENTERPRISES FUND**

**FOR THE YEAR ENDED
30 JUNE, 2024**



BARINGO COUNTY GOVERNMENT

BARINGO COUNTY MICRO AND SMALL ENTERPRISES FUND

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED**

JUNE 30, 2024

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

Baringo County Micro and Small Enterprises Fund
Annual Report and Financial Statements for the year ended June 30, 2024

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1. Acronyms, Abbreviations, and Definition of Key Terms

A: Acronyms and Abbreviations

CBK	Central Bank of Kenya
CECM	County Executive Committee Member
CEO	Chief Executive Officer
CO	Chief Officer
DG	Director General
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
MD	Managing Director
NT	National Treasury
OAG	Office of the Auditor General
OCOB	Office of the Controller of Budget
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
WB	World Bank

B: Definition of Key Terms

Fiduciary Management- Members of Management that are directly entrusted with the responsibility of financial resources of the organisation.

Comparative Year- Means the prior period.

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2. Key Fund Information And Management

(a) Background information

- I. Baringo County **MICRO AND SMALL ENTERPRISES FUND** is established by and derives its authority and accountability from section 116(1) of the Public Finance Management Act 2012. The Fund is wholly owned by the County Government of Baringo.
- II. The Fund's objective is to allow the County Executive to make lending to Micro, Small and Medium Enterprises in the County.
- III. The Fund's principal activity is to lend money to needy traders in the County.

(b) Principal Activities

The principal activity/mission/ mandate of the Fund is to manage loans promptly and the objectives are:

- i. Disburse loans to traders
- ii. Recovery of loan money from loanees
- iii. Capacity building of loan beneficiaries and those in need
- iv. They are the custodian of loan securities for the loan beneficiaries

Core objectives of the fund

1. To promote small-scale enterprises through provision of affordable credit.
2. To enable loan recipients gain experience in loan management so that they can graduate to source funds from established financial institutions.
3. Introduce small scale traders into borrowing funds for business
4. Reduce rural –urban migration
5. Create employment, stimulate income earnings and reduce poverty.

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(c) Key Management

The Fund's day-to-day management is under the following key organs:

No.	Details
1.	Fund Committee
2.	Fund Chairperson
3.	Fund Administrator
4.	Director -Trade-Member
5.	Chief Officer for Finance-Member
6.	Chairperson(KNCCI) - Member
7.	KNCCI Representative - Member
8.	CEO - KNCCI - Baringo- Member
9.	PLWDs Representative - Member
10.	Assistant Director - Trade - Secretary

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Fund Chairperson	Hon. Zachary Kiprotich
2.	Fund Administrator	Collins Nakedi
3.	Chief Officer for Finance	GikonoKiptoo
4.	Director -Trade	LemaleSauroki
5.	Chairperson(KNCCI) - Member	Musa Mulwa
6.	KNCCI Representative - Member	Brian T. Kiplagat
7.	CEO - KNCCI - Baringo- Member	John Kisang
8.	PLWDs Representative - Member	RispahKibolol
9.	Assistant Director - Trade - Secretary	Luke Imbusi

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Key Entity Information and Management (continued)

(e) Fiduciary Oversight Arrangements

SN	Position	Name
1	Directorate Internal Audit	Catherine Kibet

(f) Registered Offices

Department of Industry, Commerce, Tourism and Co-operatives Development
P.O. Box 53-30400
Mwalimu Plaza 1ST Floor
Kabarnet, KENYA

(g) Fund Contacts

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

(h) Fund Bankers

Equity Bank

Branch: Kabarnet Branch

Bank Name: Baringo County Micro and Small Enterprises Fund

Account Number: 1 3 9 0 2 6 2 5 7 2 7 5 8

Kabarnet Branch, Kenya

(i) Independent Auditors

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

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(j) Principal Legal Adviser



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

(i) County Attorney



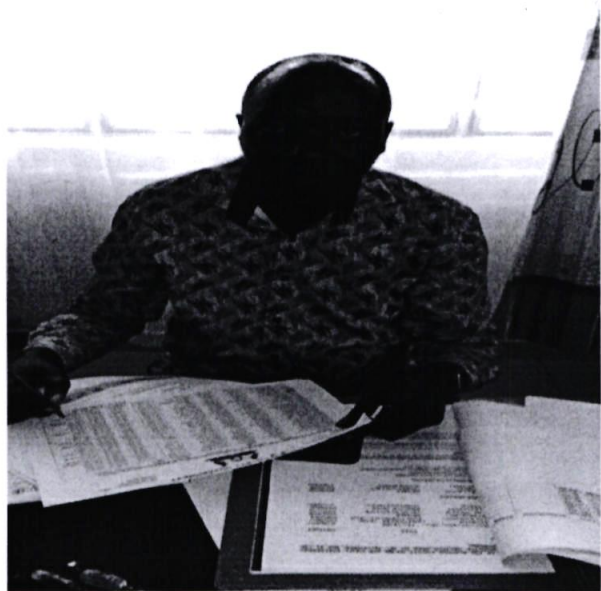
P.O. Box 53- 30400
Kabarnet, Kenya

**Baringo County Micro and Small Enterprises Fund
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3. Fund Committee

Name	Details of qualifications and experience
 <p>Hon. Zachary K. Kobetbet- CECM; Trade</p>	<p>Date of Birth: 20/11/1968</p> <p>Academic and professional Qualifications; B.A. Degree; CPA III</p> <p>Work experience; Over 20years in NGOs, Commercial Company, Hospitality & Managing Co-operative Society</p> <p>Chairperson to the Fund: Baringo County Micro and Small Enterprises Fund</p>
 <p>Collins Nakedi – Chief Officer- Industry, Trade & Co-operatives Development</p>	<p>Date of Birth:</p> <p>Academic and professional Qualifications:</p> <p>Work experience:</p> <p>Fund Administrator: Baringo County Micro and Small Enterprises Fund</p>

**Baringo County Micro and Small Enterprises Fund
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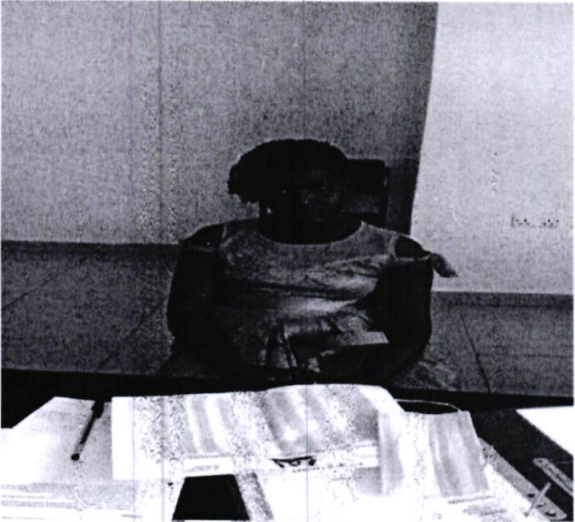
	<p>Date of Birth:24/8/1974</p> <p>Academic and professional qualifications:</p> <p>Work experience: County Director for Trade in Department of Industry, Commerce, Enterprises and Co-operatives</p> <p>Member: Baringo County Micro and Small Enterprises Fund</p>
	<p>Date of Birth: 19th Aug 1980</p> <p>Key Academic & Professional qualifications: Masters in Business Administration, BBA, CPA K, CIFA, Diploma in Human Resource</p> <p>Work experience: Chief officer Baringo county treasury, Director Finance , Chair Audit Committee Baringo County Assembly, Internal Audit Boresha.</p>
	<p>Date of Birth:21/9/1981</p> <p>Academic and professional qualifications: Form Four</p> <p>Work experience: 21 years in Business and Non- Governmental Organization called Elma Barnet Children's home</p> <p>21 Years in Clothing business and Events management as Director</p> <p>Kenya National Chamber of Commerce & Industry Representative -Committee</p> <p>Member: Baringo County Micro and Small Enterprises Fund</p>

Lemale Sauroki - County Director - Trade

Gikono Kiptoo-Chief Officer for Finance

Brian T. Kiplagat - Director(KNCCI, Ravine)

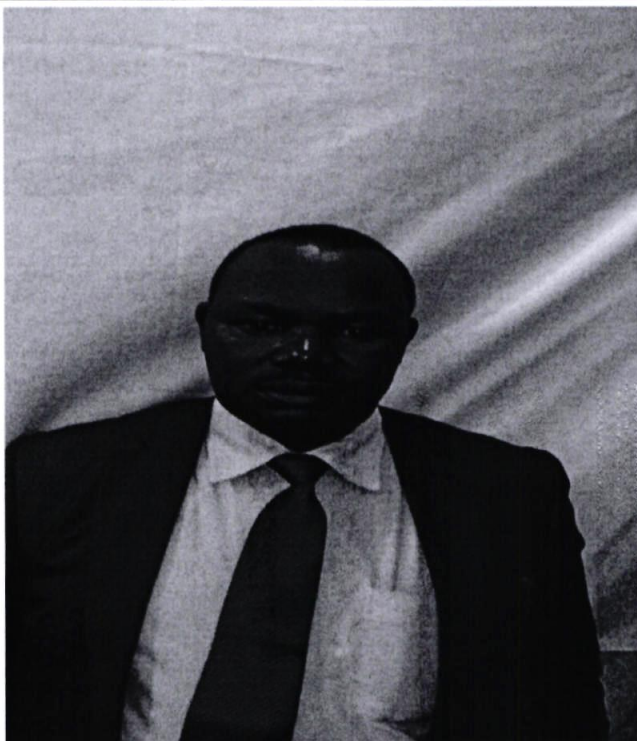
**Baringo County Micro and Small Enterprises Fund
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	<p>Date of Birth: 1987</p> <p>Academic and professional qualifications: Diploma in Purchasing and Supplies management</p> <p>Work experience: \$ years as Programme Officer and 3 years as CEO of KNCCI, Kabarnet Branch.</p> <p>Kenya National Chamber of Commerce & Industry CEO-Committee Member: Baringo County Micro and Small Enterprises Fund</p>
	<p>Date of Birth: 1985</p> <p>Academic and professional qualifications: Diploma in Health Records - Kisii University</p> <p>Work experience: Business Woman for Three years</p> <p>Member: Baringo County Micro and Small Enterprises Fund</p>

Abigael Jerotich -CEO (KNCCI, Baringo)

Rispah Kibolol - PWDs Representative

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Mr. Luke Imbusi - Assistant Director Trade

Date of Birth:07-05-1969

Academic and professional qualifications:



Bachelor of Art, Economics, Project Planning and management Course, Senior Management Course

Work experience: Trade Development Officer in department of Industry, Commerce, Enterprises and Co-operatives for 30 years.



Secretary/Treasurer: Baringo County Micro and Small Enterprises Fund

**Baringo County Micro and Small Enterprises Fund
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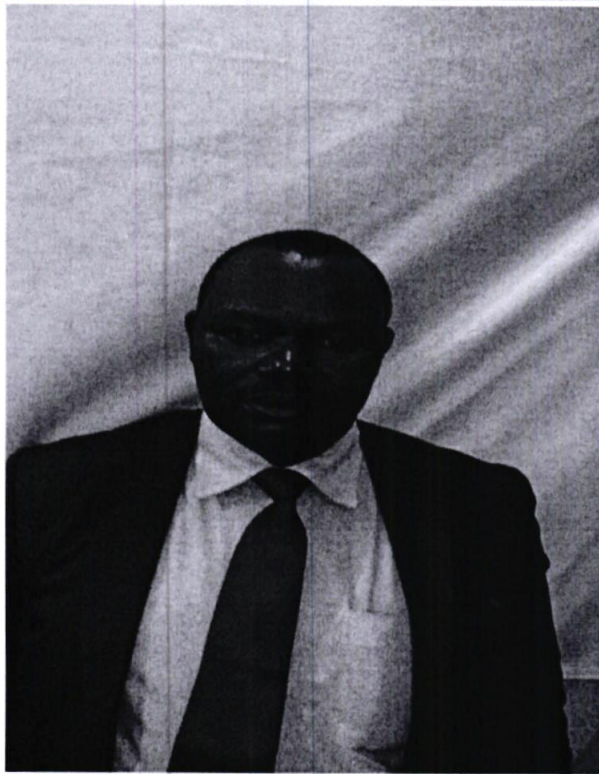
4. Key Management Team

Name	Details of qualifications and experience
 <p>Hon. Zachary K. Kobetbet - CECM; Trade</p>	<p>Academic and professional</p> <p>Qualifications; B.A. Degree; CPA III</p> <p>Chairperson to the Fund: Baringo County Micro and Small Enterprises Fund</p>
 <p>Collins Nakedi – Chief Officer- Industry, Trade & Co-operatives Development</p>	<p>Academic and professional</p> <p>Qualifications:</p> <p>Fund Administrator: Baringo County Micro and Small Enterprises Fund</p>

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	<p>Academic and professional qualifications:</p> <p>Work experience: County Director for Trade in Department of Industry, Commerce, Enterprises and Co-operatives</p> <p>Member: Baringo County Micro and Small Enterprises Fund</p>
<p>Lemale Sauroki - County Director - Trade</p>	<p>Key Academic & Professional qualifications: Masters in Business Administration, BBA, CPA K, CIFA, Diploma in Human Resource</p> <p>Member: Baringo County Micro and Small Enterprises Fund</p>
	
<p>Gikono Kiptoo - Chief Officer for Finance</p>	

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Mr. Luke Imbusi- Assistant Director for Trade

Academic and professional qualifications:
Bachelor of Art, Economics, Project Planning and management Course, Senior Management Course

Secretary/Treasurer: Baringo County Micro and Small Enterprises Fund

Baringo County Micro and Small Enterprises Fund
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5. Chairperson's Statement

During the Financial Year under review, the Fund did witness changes in its composition of the management team. The Fund regulation provides for the County Executive Committee member for Trade to be the Chairperson of the Fund Committee while the Chief Officer for Trade acts as Fund administrator. With the change in the executive after the last general elections the Ag. Fund administrator Director Lemale Sauroki was replaced Mr. Collins Nakedi and that meant Mr. Sauroki ceased to be the Fund administrator.

There were also changes at the local chamber of commerce where Chairmanship changed from Elisha Kiplagat to Musa Mulwa and CEO's position changed from Abigail Jerutich to John Kisang. Both positions are members of Fund management committee.

Despite financial constraints, the Fund was able to utilize the available resources at its disposal to meet some of its objectives. The Fund was able to disburse **Kshs. 5,510,000 to 74 traders** between march and June in a meeting held on **11th March, 2024**. For a fruitful impact, the fund should be allocated more funds to accommodate the whole County. Thanks for the last FY 2023/24 budget where **Ksh. 2,000,000** was set aside to boost the kitty.

This is a Fund established in 2014 by the County Government of Baringo realization that a majority of the entrepreneurs cannot access credit from mainstream banks due to lack of credit worthiness.

The loans are administered and advanced by the Department in-charge of Trade through Trade's office (the county office). Currently there are 2 offices stationed in Kabarnet and Eldama Ravine respectively. The day to day running of the Fund is vested with the County Trade Development Officer under delegated powers by the respective Chief Officer.

In conclusion, the Fund has had challenges of default in some parts of the county and are in process of engaging a debt collector to assist with such cases. Since the demand for loan is higher than the available fund we need to enhance the kitty so as to make impact to the traders.

.....
Name: Hon. Zachary K. Kobetbet
Chairperson



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6. Report of The Fund Administrator

In FY 2023/2024, we had anticipated to advance Ksh. 6,000,000.00 to traders but did actual disbursement of **ksh.5,510,000/=**. The other cumulative sums on disbursements are as in next paragraph.

Amounts received from Baringo County Government through appropriation by Baringo County Assembly and total cumulative disbursements are as follows;

FINANCIAL YEAR	AMOUNT RECEIVED BY THE FUND FROM COUNTY GOVERNMENT (Ksh.)		AMOUNT DISBURSED (Ksh.)	
	DATE	KSHS	DATE	KSHS
2014/2015	23/1/2015	7,500,000	20/2/2015	13,450,000
	20/2/2015	7,500,000	22/4/2015	1,360,000
2015/2016	10/12/2015	2,413,000	14/12/2015	6,810,000
2016/2017	1/11/2016	3,000,000	13/12/2016	8,040,000
2018/2019			28/9/2018	8,980,000
2019/2020	11/3/2020	1,665,448		
2019/2020			01/07/2020	7,730,000
2021/2022			03/04/2022	6,950,000
2022/2023			04/05/2023	3,145,000
2023/2024	10/01/2024	2,000,000	11/03/2024	5,510,000
TOTAL		22,078,448		61,975,000

The most recent meeting for disbursement was on 11/03/2024 when the Fund Committee disbursed **Ksh. 5,510,000,00** to **74 beneficiaries**.

Loan repayments are on-going and beneficiaries have made profits and actually added stock hence actually expanded their businesses.

The implementation challenges are diverse and include but not limited to the following;

CURRENT DEPARTMENTAL OBSERVATIONS

1. Un equitable distribution of the Fund at inception

There was no uniform sharing of the Fund amongst the six sub counties

2. Under Staffing

There are only Two officers manning the Fund, one at Kabarnet and the other at Eldama Ravine with no support staff at Kabarnet office.

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3. Mobility of administering the Fund

There are no vehicles specifically meant for the Fund since this exercise require close supervision by visiting traders at their premises.

RECOMMENDATIONS

1. The department recommends equitable allocations amongst the six Sub-counties to have fare distribution across the whole County
2. We recommend improvement on staffing for better service delivery
3. We recommend for provision of a vehicle for the Fund to ease of mobility of the officers.
4. There is need for improved sensitization of traders on availability and use of the Fund. This will include up scaled capacity building for the traders on small business management courses across the whole County.

The performance of the fund was low due to limited resources hence could not meet the Fund's objectives as stipulated in the law.

Traders who were advanced loans provided securities. Loan default is actually high and demand notices have been issued to none performers awaiting further legal action as per fund regulation, revised 2020.

Name: **Collins Nakedi**
Fund Administrator



7. Statement of Performance Against the County Fund'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 Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government fund's performance against predetermined objectives.

The key development objectives of the Baringo County Micro and small Enterprises Fund are to:

- a) To promote small-scale enterprises through provision of affordable credit.
- b) To enable loan recipients gain experience in loan management so that they can graduate to source funds from established financial institutions.
- c) Introduce small scale traders into borrowing funds for business
- d) Reduce rural –urban migration
- e) Create employment, stimulate income earnings and reduce poverty.

Challenges include

1. Un equitable distribution of the Fund at inception

There was no uniform sharing of the Fund amongst the six sub counties

2. Under Staffing

There are only Two officers manning the Fund, one at Kabarnet and the other at Eldama Ravine with no support staff at Kabarnet office.

3. Mobility of administering the Fund

There are no vehicles specifically meant for the Fund since this exercise require close supervision by visiting traders at their premises

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Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Micro and Small Enterprises Fund loan advance	To promote small-scale enterprises through provision of affordable credit	Increased number of traders getting affordable credit	Number of traders accessing loans and amount of loans disbursed	In FY 2023/24 a total of kshs. 5,510,000.00 was disbursed to 74 traders across the County
Micro and Small Enterprises Fund Loan recoveries	To make appropriate recoveries as it is a revolving fund for others to benefit	Increased amounts to benefit other borrowers	Amount recovered during the period	In FY 2023/24 a total of kshs.2,631,120 was recovered from loanees
Micro and Small Enterprises Fund recipients training	To enable loan recipients gain experience in loan management so that they can graduate to source funds from established financial institutions.	Increased number of beneficiaries getting trained and experience in loan management	Number of loan beneficiaries trained, gained experience in loan management and graduation	In FY 2023/24 We trained 74 traders/loan recipients
Micro and Small Enterprises Fund public sensitization	Introduce small scale traders into borrowing funds for business	Public awareness of the existence of the Fund	Number of traders sensitized	There were various sensitization sessions both in office and field on the existence and benefits of the loans.

8. Corporate Governance Statement

The committee members are appointed and gazetted for a term period of three years and eligible for re-appointment for one more term. Currently we have a Micro and Small Enterprises Fund brochure that we display and distribute during events such as Trade shows and other exhibitions. The main features are;

- i) Year of establishment of the Fund
- ii) How the loans are given
- iii) Objectives of the Fund
- iv) The businesses which benefit from the loan scheme include
- v) Purposes for which the loans may be advanced
- vi) How to qualify for the loan
- vii) Procedure for accessing the loan
- viii) Loan Levels
- ix) Terms and conditions of the loan
- x) Repayment of the loan
- xi) Monthly repayment statements
- xii) Repeat loans
- xiii) Other Services and advantages of this Loan Scheme

Loans Management Fund Committee (The Fund regulations provide the following)

There is established a committee to be known as the Fund Management Committee, which shall consist of-

- (a) County Executive Committee Member responsible for Industry and Commerce who shall be the Chairperson of the Committee.
- (b) The Chief Officer responsible for Trade who shall be the Fund Administrator
- (c) one person from department of Finance appointed by the Executive Committee Member responsible for Finance and Economic Planning;
- (d) The Chairperson Kenya National Chamber of Commerce and Industry, Baringo Branch and two other members representing the local business community nominated by the same business community and appointed by the County Executive Member responsible for Industry and Commerce, at least one from either gender and has a minimum qualification of post secondary education and experience in enterprises development
- (e) one person representing people living with disabilities and should have a minimum of KCSE certificate or its equivalent and currently engaged in business;

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- (f) two officers representing Department of Commerce and Co-operatives;
- (2) The appointed members shall hold office for a period of three years and are eligible for reappointment for one more term and shall be gazetted on appointment.

The functions of the Committee shall be to -

- (a) review appraisals and approve Fund applications consistent with the policy and regulations;
- (b) ensure timely and efficient disbursement of Funds to the successful applicants;
- (c) ensure efficient management of the Fund;
- (d) receive and discuss quarterly and annual reports and returns from the Fund;
- (e) receive and address complaints and disputes and take any appropriate action in consultation with Chief Officer Trade;
- (f) oversee the efficient management and operation of the Fund and other matters that may arise in relation to the Fund;
- (g) formulate and continually review the policy framework of the Fund; and
- (h) Perform such other function as may be necessary for the proper discharge of its mandate.

The induction and training of committee members was done after their gazettement in May, 2020.

Currently there have been no cases of conflict of interest. The regulations provides as follows;

Members Disclosure of Interest

(1) A member who has an interest in any matter present at a meeting, shall as soon as reasonably practicable after the commencement of the meeting, disclose the fact thereof and shall not take part in the consideration or discussion of, or vote on, any questions with respect to the matter, or be counted in the quorum of the meeting during consideration of the matter.

(2) A disclosure of interest made under paragraph 15 (1) shall be recorded in the minutes of the meeting at which it is made.

The committee is remunerated as per regulation which limit administrative expenditure at 3% of budget available for sitting allowance.

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9. Management Discussion and Analysis

As stated elsewhere the recoveries were improved from previous year during the period under review where total collection was **ksh 2,631,120.00**. Operational expenditure were majorly for meetings and bank charges total-lingksh**3,282/=**

,As per the Public Finance Management (Baringo County-Micro and Small Enterprises Fund) regulations, 2020.

To ensure conformity with Fund requirements, consistency and regional fairness in loaning and a prudent assessment of the credit risks, all prospective borrowers shall follow the professional and standard process in loan processing consisting of the steps under these regulations

All loans issued by the Committee shall be repaid in accordance with the terms and conditions contained in the loan agreement, using mobile phone money transfer, banker's cheques, postal orders, standing orders or direct deposits to the bank account of the Fund.

The annual financial statements of the Fund shall be subject to audit by the Auditor-General

The adequate management of credit risk in micro and small enterprise fund is critical for the survival and growth of financial institutions. In the case of micro and small enterprise fund, the issue of credit risk is of greater concern because of the higher levels of perceived risk resulting from some of the characteristics of clients and business conditions that they find themselves in credit risk management is a structured approach to managing uncertainties through risk assessment, development of strategies to manage it and mitigation of risk using managerial resources.

The strategies include transferring, issue of demand notice , avoiding the risk by following due process, reducing the negative effects of the risk, and accepting some or all of the consequences of a particular risk and taking legal action.

10. Environmental and Sustainability Reporting

The Baringo County Micro and Small Enterprises Fund exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on Baringo County Micro and Small Enterprises pillars: putting the customer/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

The top management especially the accounting officer should make reference to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure.

2. Environmental performance

Outline clearly, environmental policy guiding the organization, provide evidence of the policy. Outline successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organization's products.

3. Employee welfare

Give account of the policies guiding the hiring process and whether they take into account the gender ratio, whether they take in stakeholder engagements and how often they are improved. Explain efforts made in improving skills and managing careers, appraisal and reward systems. The organisation should also disclose their policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA).

4. Market place practices-

The organization should outline its efforts to:

a) Responsible competition practice.

Explain how the organization ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors

b) Responsible Supply chain and supplier relations- explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.

c) Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices

d) Product stewardship- outline efforts to safeguard consumer rights and interests

5. Community Engagements-

Give evidence of community engagement including charitable giving (cash & material), Community Social Investment and any other forms of community

i) Corporate Social Responsibility / Community Engagements

The organisation gives details of CSR activities carried out in the year and their impact on society. Give evidence of community engagement including charitable giving (cash and material), Corporate Social Investment, and other forms of community engagement.

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11. Report of The Trustees

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2024 which show the state of the Fund affairs.

Principal activities

The principal activities of the Fund are

- Disburse loans to traders
- Recovery of loan money from loanees
- Capacity building of loan beneficiaries and those in need
- They are the custodian of loan Securities for the loan beneficiaries

Results

The results of the Fund for the year ended June 30, 2024 are set out on page 1

Trustees

The Fund committee who served during the year are shown on page vii

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. OR [institute of Certified Public Accountants were nominated by the Auditor General to carry out the audit of the fund for the year/period ended June 30, 2024 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf].

By order of the Fund Committee

Hon. Zachary K. Kobetbet
Chair to the Committee



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12. Statement of Fund Committee Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by **the public finance management Act, (Baringo County Micro and Small Enterprises Fund) regulations, 2020** 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 County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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 County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the **Baringo County Micro and Small Enterprises Fund regulations, 2020**. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2023, 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 County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial 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 Fund on 15/07/2024 and signed on its behalf by:


Name: Zackary Kobetbet
Chairperson of the Fund Committee

(Stamp: BARINGO COUNTY GOVERNMENT, COUNTY EXECUTIVE COMMITTEE MEMBER, NOV 2024, DEPARTMENT OF INDUSTRY, COMMERCE, ENTERPRISE AND CO-OPERATIVE DEVELOPMENT)


Name: Collins Nakedi
Fund Administrator

(Stamp: BARINGO COUNTY GOVERNMENT, NOV 2024, DEPARTMENT OF INDUSTRY, COMMERCE, ENTERPRISE AND CO-OPERATIVE DEVELOPMENT)

REPUBLIC OF KENYA

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



Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON BARINGO COUNTY MICRO AND SMALL ENTERPRISES FUND FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Baringo County Micro and Small Enterprises Fund set out on pages 1 to 61, which comprise of the statement of financial

position as at 30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Baringo County Micro and Small Enterprises Fund as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with Baringo County Micro and Small Enterprise Fund Regulation 2020 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Interest Income

The statement of financial performance reflects interest income amount of Kshs.270,503. However, a detailed schedule in supporting the amount was not provided for audit review.

In the circumstances, the accuracy and completeness of interest income amount of Kshs.270,503 could not be confirmed.

2. Unsupported Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance amounting to Kshs.164,250 as disclosed in Note 27 to the financial statements. However, certificates of bank balances, bank reconciliation statements and bank statements were not provided for audit review.

In the circumstances, the accuracy, completeness and existence of cash and cash equivalents balance of Kshs.164,250 could not be confirmed.

3. Inaccurate Receivables from Exchange Transactions

The statement of financial position reflects current portion of long-term receivables from exchange transactions and long-term receivables from exchange transactions balances of Kshs.4,293,223 and Kshs.2,699,030 respectively. However, detailed schedules for the balances were not provided for audit review.

In addition, review of loan repayment schedule revealed that loans amounting to Kshs.7,788,627 were in arrears and were not included in the receivables from exchange transactions and reported in the statement of financial position. Further the Loan Management Committee has not taken any legal action to recover the loans. This is contrary to Regulation 22 of the Public Finance Management (Baringo County Micro and

Small Enterprises Fund) Regulations, 2020 which requires the Loan Management Committee to take legal action to recover loans that have fallen due.

In the circumstances, the accuracy and completeness of current portion of long-term receivables from exchange transactions and long-term receivables from exchange transactions balances of Kshs.4,293,223 and Kshs.2,699,030 respectively could not be confirmed.

4. Unsupported Trade and Other Payables from Exchange Transactions

The statement of financial position reflects trade and other payables from exchange transactions balance amounting to Kshs.927,443 which relates to trade payables as disclosed in Note 35 to the financial statements. Review of records provided indicates that the balance represents loan repayments which were not credited to loanees' accounts. However, detailed schedules in support of the balance were not provided for audit review.

In the circumstances, the accuracy and completeness of trade payables balance amount of Kshs.927,443 could not be confirmed.

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

Other Matter

Unresolved Prior Year Matters

Various prior year audit issues remained unresolved as at 30 June, 2023. Management has not indicated the progress in resolving the prior year audit issues in the financial statement. This is contrary to the requirement of the Public Sector Accounting Standards Board reporting guidelines.

Other Information

The Management is responsible for the other information set out on page iii to xxiv which comprise of Key Fund Information and Management, of the Fund Administrator, Management Team, Report of the Fund Administrator, Statement of Performance Against the County Fund's Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of The Trustees and Statement of the Fund Committee Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Fund's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Lack of Approved Budget

The Fund did not have an approved budget. This is contrary to Regulation 29 of the Public Finance Management (County Governments) Regulations, 2015 which stipulates that the Accounting Officer is responsible for ensuring that all services which can be reasonably foreseen are included in the estimates and that they are within the capacity of her or his County Governments entity during the financial year, the estimates have been prepared and are complete and accurate as possible and the requisite authority has been obtained, where necessary, before the provision is made in the estimates. The approved estimates of expenditure shall form the basis of accounts for the financial year. Further, the County Executive of Baringo did not make a budget provision for the Fund in the 2023/2024 annual budget.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain

assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Ineffective Internal Audit Function

Audit committee minutes and internal audit reports for the year under review were not provided for audit. This is contrary to Regulation 172 of the Public Finance Management (County Governments) Regulations, 2015(1) that requires the Accounting Officer of the concerned entity to implement recommendations made in the audit reports. In the circumstances, the management is in breach of the Regulation 172 of the Public Finance Management (County Governments) Regulations, 2015(1) and (2).

In the circumstances, the effectiveness of internal controls and risk management could not be confirmed.

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls 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 controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related

to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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


Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

31 December, 2024

Baringo County Micro and Small Enterprises Fund
Annual Report and Financial Statements for the year ended June 30, 2024.

14. Statement of Financial Performance for the year ended 30 June 2024

	Notes	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from other governments entities	6	-	-
Public contributions and donations	7	-	-
Transfers in-kind	8	-	-
		-	-
Revenue from exchange transactions			
Interest income	9	270,502.87	398,963.53
Rendering of services	10	-	-
Rental revenue from facilities and equipment	11	-	-
Fees and other charges	12	11,500.00	-
Other income	13	-	-
Total revenue		282,003.00	398,963.53
Expenses			
Use of goods and services	14	700,118.50	439,660.00
Employee costs	15	-	-
Board Expenses	16	-	-
Depreciation and amortization expense	17	-	-
Repairs and maintenance	18	-	-
Contracted services	19	-	-
Grants and subsidies	20	-	-
Finance costs	21	-	-
Total expenses		700,118.50	439,660.00
Surplus/deficit from operating activities		(418,116.00)	(40,696.47)
Other gains/(losses)			
Gain/Loss on sale of assets	22	-	-
Gain/Loss on foreign exchange transactions	23	-	-
Gain /Loss on fair value of investments	24	-	-
Impairment loss	25	-	-
Surplus/ (deficit) before tax		-	-
Taxation	26	-	-
Surplus/(deficit) for the Year		-	-
Net Surplus for the year		(418,116.00)	(40,696.47)

**Baringo County Micro and Small Enterprises Fund
Annual Report and Financial Statements for the year ended June 30, 2024.**

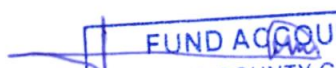
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Financial Statements were signed on behalf of Fund committee by:


BARINGO COUNTY GOVERNMENT
P. O. BOX 513800, KABARNET
COUNTY EXECUTIVE COMMITTEE MEMBER
Name:
Chairman fund
19 NOV 2024
INDUSTRY, COMMERCE, ENTERPRISE
AND CO-OPERATIVE DEVELOPMENT
Date

BARINGO COUNTY GOVERNMENT
P. O. BOX 513800, KABARNET
COUNTY EXECUTIVE COMMITTEE MEMBER

19 NOV 2024
Name: Collins Nakedi
DEPARTMENT OF INDUSTRY, COMMERCE,
ENTERPRISE AND CO-OPERATIVE
DEVELOPMENT
Accounting Officer

Date

FUND ACCOUNTANT

BARINGO COUNTY GOVERNMENT
P. O. BOX 513800, KABARNET
Name: GEORGE KIPROTICH
19 NOV 2024
Head of Finance
ICPAK M/No: 18980
P. O. BOX 513800, KABARNET
Date

Baringo County Micro and Small Enterprises Fund
Annual Report and Financial Statements for the year ended June 30, 2024.

15. Statement of Financial Position as at 30 June 2024

		2023/2024	2022/2023
		KShs	KShs
Assets			
Current Assets			
Cash and Cash equivalents	27	164,249.50	803,805.00
Receivables from Exchange Transactions	28	4,293,223.45	4,319,050.00
Receivables from Non-Exchange Transactions	29	-	-
Inventories	30	-	-
suspense		6,035,358.00	-
Investments in financial assets	31	-	-
Prepayments			19,631.00
			6,142,551.64
Total Current Assets		10,492,830.00	11,285,037.64
Non-Current Assets			
Receivables from Exchange Transactions	28	2,699,030.00	1,631,970.00
Investments in financial assets	31	-	-
Property, Plant and Equipment	32	-	-
Intangible Assets	33	-	-
Investment Property	34	-	-
Total Non- Current Assets		2,699,030.00	1,631,970.00
Total Assets (A)		13,191,860.9	12,917,007.64
Liabilities			
Current Liabilities			
Trade and Other Payables	35	927,443.00	2,234,473.65
Refundable Deposits from Customers	36	-	-
Current Provision	37	-	-
Finance Lease Obligation	38	-	-
Deferred Income	39	-	-
Employee Benefit Obligations	40	-	-
Current Portion of Borrowings	41	-	-
Taxation	42	-	-
Total Current Liabilities		927,443.00	2,234,473.65

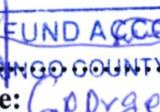
Baringo County Micro and Small Enterprises Fund
Annual Report and Financial Statements for the year ended June 30, 2024.

2022/2023			
Non-Current Liabilities			
Non-Current Provisions	37	-	-
Non-Current Employee Benefit Obligation	40	-	-
Borrowings	41	-	-
Service Concession Liability	43	-	-
Deferred Tax Liabilities	44	-	-
Total Non- Current Liabilities			-
Total Liabilities (B)		927,443.00	-
Net Assets (A-B)		12,264,418.00	10,682,533.99
Represented By:			
Reserves		-	-
Accumulated Surplus		(418,116.00)	(40,696.47)
Revolving Fund		12,682,534.00	10,723,230.46
Capital Fund		-	-
Net Assets		12,264,418.00	10,682,533.99

The financial statements set out on pages 3 to 4 were signed on behalf of the Fund committee by:


 BARINGO COUNTY GOVERNMENT
 P. O. Box 53, 30400, KABARNET
 COUNTY EXECUTIVE COMMITTEE
Name:
Chairman Fund
 19 NOV 2024
 DEPT. OF INDUSTRY, COMMERCE, ENTERPRISE
 AND CO-OPERATIVE DEVELOPMENT
Date


 BARINGO COUNTY GOVERNMENT
 P. O. Box 53, 30400, KABARNET
 CHIEF OFFICER
Name:
 19 NOV 2024
 DEPT. OF INDUSTRY, COMMERCE,
 ENTERPRISE AND CO-OPERATIVE
 DEVELOPMENT
Accounting Officer
Date


 FUND ACCOUNTANT
 BARINGO COUNTY GOVERNMENT
Name:
 George Kiprotich
 19 NOV 2024
Head of Finance
 ICPAK M/No: 18980
 P. O. BOX 53, 30400 KABARNET
Date

Baringo County Micro and Small Enterprises Fund
Annual Report and Financial Statements for the year ended June 30, 2024.

16. Statement of Changes in Net Assets for the year ended 30 June 2024

Description	Revaluation reserve	Fair value adjustment reserve	Accumulated surplus	Revolving Fund	Capital / Development Grants Fund	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As at July 1,2022	-	-	-	10,580,796.00	-	10,580,796.00
Revaluation gain	-	-	-	-	-	-
Fair value adjustment on investments	-	-	-	-	-	-
Surplus/ deficit for the year	-	-	101,735.45	-	-	101,735.45
Funds received During the year	-	-	-	-	-	-
Transfers from accumulated surplus to revolving fund	-	-	-	-	-	-
Capital/development grants received during the year	-	-	-	-	-	-
As at June 30, 2023	-	-	101,735.45	10,580,796.00	-	10,682,531.00
As at July 1, 2023	-	-	101,735.45	10,580,796.00	-	10,682,531.00
Revaluation gain	-	-	-	-	-	-
Fair value adjustment on investments	-	-	-	-	-	-
Surplus/ (deficit) for the year	-	-	(418,116.00)	-	-	(418,116.00)
Funds received During the year	-	-	-	2,000,000.00	-	2,000,000.00
Transfers from accumulated surplus to revolving fund	-	-	-	-	-	-
Capital/development grants received during the year	-	-	-	-	-	-
As at June 30, 2024	-	-	(316,381.00)	12,580,796.00	-	12,264,415.08

Baringo County Micro and Small Enterprises Fund
Annual Report and Financial Statements for the year ended June 30, 2024.

17. Statement of Cash Flows for the year ended 30 June 2024

		FY 2023/2024	FY 2022/2023
		KShs	
Cashflows from operating activities			
Receipts			
Transfers from other governments entities		-	-
Public contributions and donations		-	-
Interest received		60,889.87	398,963.53
Rendering of services		-	-
Rental revenue from facilities and equipment		-	-
Fees and other charges		11,500.00	-
Other income (<i>Revolving fund</i>)		2,000,000.00	
Other income (<i>trade payables</i>)		927,443.00	933,985.65
Total receipts		2,999,832.41	1,332,949.18
Payments			
Use of goods and services		700,118.50	439,660.00
Employee costs		-	-
Board Expenses		-	-
Repairs and maintenance		-	-
Contracted services		-	-
Grants and subsidies		-	-
Finance costs		-	-
Total payments		700,118.50	439,660.00
Net cash flows from/(used in) operating activities	45	2,299,713.91	893,289.18
Cash flows from investing activities			
Purchase of PPE		-	-
Purchase of Intangible assets		-	-
Proceeds from sale of PPE		-	-
Proceeds from loan principal repayments		2,570,730.59	2,028,185.94
Loan disbursements paid out		(5,510,000.00)	(3,145,000)
Purchase of investments		-	-
Proceeds from sale of investments		-	-
Net cash flows from/(used in) investing activities		(2,939,269.41)	(1,116,814.06)
Cash flows from financing activities			
Revolving fund receipts		-	-
Proceeds from borrowings		-	-

Baringo County Micro and Small Enterprises Fund
Annual Report and Financial Statements for the year ended June 30, 2024.

		FY 2023/2024	FY 2022/2023
	Notes	Kshs	Kshs
Repayment of borrowings		-	-
Net cash flows from financing Activities		-	-
Net increase/(decrease) in cash & Cash equivalents		(639,555.5)	(223,524.88)
Cash and cash equivalents at the beginning (1st July 2023)	27	803,805.00	1,027,860.58
Cash and cash equivalents at the end (30th June 2024)	27	164,249.50	803,805.00

**Baringo County Micro and Small Enterprises Fund
Annual Report and Financial Statements for the year ended June 30, 2024.**

18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2024

	Original budget	Adjusted amounts	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	c= (a+b)	d	e=(c-d)	f=d/c* 100
Revenue						
Transfers from Other Governments entities	-	-	-	-	-	-
Public Contributions and Donations	-	-	-	-	-	-
Interest income	-	-	-	-	-	-
Rendering of Services	-	-	-	-	-	-
Rental Revenue from Facilities and Equipment	-	-	-	-	-	-
Fees and other charges	-	-	-	-	-	-
Other Income (<i>specify</i>)	-	-	-	-	-	-
Total Income	-	-	-	-	-	-
Expenses						
Use of Goods and Services	-	-	-	-	-	-
Employee costs	-	-	-	-	-	-
Board Expenses	-	-	-	-	-	-
Repairs and Maintenance	-	-	-	-	-	-
Contracted Services	-	-	-	-	-	-
Grants and Subsidies	-	-	-	-	-	-
Finance costs	-	-	-	-	-	-
Total Expenditure	-	-	-	-	-	-
Surplus for the period	-	-	-	-	-	-
Capital Expenditure	-	-	-	-	-	-

19. Notes to the Financial Statements

1. General Information

Baringo County **MICRO AND SMALL ENTERPRISES FUND** is established by and derives its authority and accountability from section 116(1) of the Public Finance Management Act 2012. The Fund is wholly owned by the County Government of Baringo and is domiciled in Kenya. The fund's principal activity is

- Disburse loans to traders
- Recovery of loan money from loanees
- Capacity building of loan beneficiaries and those in need

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts, and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Fund. The financial statements have been prepared in accordance with the PFM Act 2012, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

**Baringo County Micro and Small Enterprises Fund
Annual Report and Financial Statements for the year ended June 30, 2024.**

3. Adoption of New and Revised Standards

- i. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.*

Standard	
<p>IPSAS 43: Leases</p>	<p>Applicable 1st January 2025 The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of fund. The new standard requires funds to recognise, measure and present information on right of use assets and lease liabilities.</p>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p>Applicable 1st January 2025 The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
<p>IPSAS 45: Property Plant and Equipment</p>	<p>Applicable 1st January 2025 The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46: Measurement</p>	<p>Applicable 1st January 2025 The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value.</p>

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<p>IPSAS 47: Revenue</p>	<p>Applicable 1st January 2026 This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that fund shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
<p>IPSAS 48: Transfer Expenses</p>	<p>Applicable 1st January 2026 The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector funds geared to provide guidance to funds that provide transfers on accounting for such transfers.</p>
<p>IPSAS 49: Retirement Benefit Plans</p>	<p>Applicable 1st January 2026 The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>

ii. Early adoption of standards

The fund did not early – adopt any new or amended standards in the financial year.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees and other charges

The Fund recognizes revenues from fees and other charges when the event occurs, and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Fund and the fair value of the asset can be measured reliably.

Transfers from other government entities

Revenues from non-exchange transactions with other government funds 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 Fund and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that have been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

The Fund recognizes revenue from the rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

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.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget information

The original budget for the Current FY2023/2024 was approved by the County Assembly on 30th June 2023. 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 Fund upon receiving the respective approvals to conclude the final budget. The Fund recorded additional appropriations of 2 million on the 2023 budget following the governing body's approval. The Fund'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 an accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial 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 in these financial statements.

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the fund operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled funds, associates, and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits, and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled funds, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the

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underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable Fund and the same taxation authority.

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- ii) When receivables and payables are stated with the amount of sales tax included
The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e) 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 fund recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus, or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

f) Leases

Finance leases are leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the Fund. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Fund also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Fund will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Fund. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) 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. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

h) Research and development costs

The Fund expends research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Fund can demonstrate:

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale.
- ii) Its intention to complete and its ability to use or sell the asset.
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset.
- v) The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

Financial instruments

IPSAS 41 addresses the classification, measurement, and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The fund does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. A financial instrument is any contract that gives rise to a financial asset of one fund and a financial liability or equity instrument of another fund. At initial recognition, the fund measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

a) Financial assets

Classification of financial assets

The fund classifies its financial assets as subsequently measured at amortized cost, fair value through net assets/ equity, or fair value through surplus and deficit on the basis of both the fund's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless fund has made an irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the fund classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for the collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue, and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year-end.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/equity are measured at fair value through surplus or deficit. A business model where the fund manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through a surplus or deficit model.

Impairment

The fund assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The fund recognizes a loss allowance for such losses at each reporting date.

b) Financial liabilities

Classification

The fund classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

i) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) 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 Fund.

j) Provisions

Provisions are recognized when the Fund 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 Fund 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.

k) Contingent liabilities

The Fund 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.

l) Contingent assets

The fund 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 fund 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.

m) Nature and purpose of reserves

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

n) Changes in accounting policies and estimates

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

o) Employee benefits

Retirement benefit plans

The Fund provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Fund pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

p) 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.

q) 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 the construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

r) Related parties

The Fund regards a related party as a person or an Fund with the ability to exert control individually or jointly or to exercise significant influence over the Fund, or vice versa. Members of key management are regarded as related parties and comprise Fund Committees, the Fund Administrator, and senior managers.

s) Service concession arrangements

The Fund analyses all aspects of service concession arrangements that it enters in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Fund recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement, or otherwise any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Fund also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

t) Cash and cash equivalents.

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call, and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and various commercial banks at the end of the financial year.

u) Comparative figures

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

v) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2024.

5. Significant Judgments and Sources of Estimation Uncertainty

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

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 Fund 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 Fund. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual value

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 is based on the assessment of experts employed by the Fund.

- 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 37. 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.

6. Transfers from Other Government entities

Description

FY 2023/2024

FY 2022/2023

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	Kshs	Kshs
Unconditional Grants		
Operational Grant	-	-
Unconditional development grants	2,000,000	-
Other Grants (specify)	-	-
Total Unconditional Grants	-	-
Conditional Grants amortised/ transferred to revenue		
Development Grant	-	-
Operational Grant	-	-
Other Organizational Grants (specify)	-	-
Total Government Grants and Subsidies	2,000,000.00	-

To increase number of beneficiaries

b) Transfers from County Departments

Name of The Entity Sending the Grant	Amount Recognized in the Statement of Financial Position	Amount Recognized in Capital Fund	Total Transfers (Current FY)	Insert Comparative FY
	Kshs	Kshs	Kshs	Kshs
County Department trade	-	-	-	-
Ministry	-	-	-	-
Total	-	-	-	-

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7. Public Contributions and Donations

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Research Donations	-	-
Donations transferred to revenue on conditions being met.	-	-
Other Public Donations (Specify)	-	-
Total Transfers and Sponsorship's	-	-
Reconciliation of Public Contributions and Donations		
Balance Unspent at Beginning of The Year	-	-
Current Year Receipts	-	-
Conditions Met - Transferred to Revenue	-	-
Conditions To Be Met - Remain Liabilities	-	-

8. Transfers in-kind.

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Payments by Ministry/County Department on behalf of the entity	-	-
Others(<i>specify</i>)	-	-
Total Transfers in-kind	-	-

9. Interest income

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Interest on loans	270,502.58	398,963.53
Others(<i>specify</i>)	-	-
Total Interest income	270,502.58	398,963.53

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10. Rendering of Services

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Training Fees	-	-
Others (specify)	-	-
Total Revenue from The Rendering of Services	-	-

11. Rental Revenue from Facilities and Equipment

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Operating Lease Revenues	-	-
Contingent Rentals*	-	-
Total Rentals	-	-

12. Fees and other charges

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Fees	-	-
Charges from defaults	-	-
Others (<i>Application fee</i>)	11,000.00	-
Total Fees and other charges	11,000.00	-

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13. Other Income

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Interest on cash investments and fixed deposits	-	-
Interest on Bank balances	-	-
Interest income from Treasury Bills	-	-
Interest income from Treasury Bonds	-	-
Insurance recoveries	-	-
Income from sale of tender	-	-
Services concession income	-	-
Skills development levy	-	-
Bad debts recovered	-	-
Miscellaneous incomes	-	-
Total Other income	-	-

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14. Use of Goods and Services

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Electricity	-	-
Water	-	-
Subscriptions	-	-
Advertising	-	-
Admin Fees	696,836.00	436,540.00
Audit Fees	-	-
Conferences and Delegations	-	-
Consulting Fees	-	-
Consumables	-	-
Fuel and Oil	-	-
Insurance	-	-
Legal Expenses	-	-
Licenses and Permits	-	-
Postage	-	-
Printing and Stationery	-	-
Hire Charges	-	-
Rent expenses	-	-
Security Costs	-	-
Skills Development Levies	-	-
Inventory Scrapping	-	-
Telecommunication	-	-
Training	-	-
Travel, Subsistence & Other Allowances*	-	-
Bank charges	3,282.50	3,120.00
Other program support expenses(<i>specify</i>)	-	-
Total	700,118.50	439,660.00

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15. Employee Costs

Description	FY 2023/2024	FY 2022/2023
	KSh	KSh
Salaries and wages	-	-
Employer contribution to health insurance schemes	-	-
Employer contribution to pension schemes	-	-
Travel, accommodation, subsistence, & other allowances	-	-
Housing benefits and allowances	-	-
Overtime payments	-	-
Performance and other bonuses	-	-
Social contributions	-	-
Gratuity	-	-
Extraneous	-	-
Other employee related costs *	-	-
Employee costs	-	-

16. Board Expenses

Description	FY 2023/2024	FY 2022/2023
	KSh	KSh
Chairman/Directors' Honoraria	-	-
Sitting Allowances	-	-
Medical Insurance	-	-
Induction and Training	-	-
Travel and Accommodation	-	-
Other Allowances	-	-
Total	-	-

17. Depreciation and Amortization Expense

Description	FY 2023/2024	FY 2022/2023
	KSh	KSh
Property, plant, and equipment	-	-
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	-	-

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18. Repairs and Maintenance

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Property and equipment	-	-
Investment Property	-	-
Equipment and Machinery	-	-
Vehicles	-	-
Furniture and Fittings	-	-
Computers	-	-
Others (specify)	-	-
Total Repairs and Maintenance	-	-

19. Contracted Services

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Actuarial Valuations	-	-
Investment Valuations	-	-
Property Valuations	-	-
Others (specify)	-	-
Total Contracted Services	-	-

20. Grants and Subsidies

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Community Development	-	-
Education Initiatives and Programs	-	-
Social Development	-	-
Community Trust	-	-
Sporting Bodies	-	-
Others (specify)	-	-
Total Grants and Subsidies	-	-

Baringo County Micro and Small Enterprises Fund
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21. Finance Costs

Description	FY 2022/2023	
	KSh	KSh
Borrowings (amortized cost) *	-	-
Finance leases (amortized cost)	-	-
Unwinding of discount on lease liabilities	-	-
Interest on bank overdrafts	-	-
Interest on loans from commercial banks	-	-
Total finance costs	-	-

22. Gain/Loss on Sale of Assets

Description	FY 2022/2023	
	KSh	KSh
	-	-
Property, plant and equipment	-	-
Intangible assets	-	-
Other assets not capitalised	-	-
Total gain on sale of assets	-	-

23. Gain/Loss on foreign exchange transactions

Description	FY 2022/2023	
	KSh	KSh
Gain on foreign exchange transactions	-	-
Loss on foreign exchange transactions	-	-
Total Gain/Loss	-	-

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24. Gain/ (loss) on Fair Value Investments

Description	FY 2023/2024	FY 2022/2023
	KShs	KShs
Investments at Fair Value- Equity investments	-	-
Fair value – Investment property	-	-
Fair value- other financial assets (specify)	-	-
TotalGain	-	-

25. Impairment Loss

Description	FY 2023/2024	FY 2022/2023
	KShs	KShs
Property, Plant and Equipment	-	-
Intangible Assets	-	-
TotalImpairmentLoss	-	-

26. Taxation

Description	FY 2023/2024	FY 2022/2023
	KShs	KShs
Current income tax charge	-	-
Tax charged on rental income	-	-
Tax charged on interest income	-	-
Deferredtax: [note 44]	-	-
Original and reversal of temporary differences	-	-
Income tax expense reported in the statement of financial performance	-	-

Baringo County Micro and Small Enterprises Fund
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27. Cash and Cash Equivalents

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Bank balances (Baringo County Micro and Small Enterprise Fund)	164,249.50	803,805.00
On - Call Deposits	-	-
Fixed Deposits Account (<i>below 3 months</i>)	-	-
Others (<i>Specify</i>)	-	-
Total Cash and Cash Equivalents	164,249.50	803,805.00

Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account Number	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
a) Bank balances			
Equity Bank	1390262572758	164,249.50	803,805.00
Kenya Commercial Bank		-	-
Sub- Total		164,249.50	803,805.00
b) On - Call Deposits			
Equity Bank		-	-
Kenya Commercial Bank		-	-
Sub- Total		-	-
c) Fixed Deposits Account			
Equity Bank		-	-
Kenya Commercial Bank		-	-
Sub- Total		-	-
d) Others (Specify)			
Cash In Transit		-	-
Cash In Hand		-	-
Mobile Money Accounts		-	-
Sub- Total		164,249.50	803,805.00
Grand Total		164,249.50	803,805.00

**Baringo County Micro and Small Enterprises Fund
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28. Receivables from Exchange Transactions

Description	FY 2023/2024		FY 2022/2023	
	Kshs			
Current Receivables				
Loan interest receivable		173,202.06		65,347.00
Current Loan Repayments Due		4,293,223.45		4,319,050.00
Fees and other charges due		-		-
Other (specify)		-		-
Less: Impairment Allowance		-		-
Total Current Receivables		4,466,425.51		4,384,397.00
Non-Current Receivables				
Long Term Loan Repayments Due		2,699,030.00		1,631,970.00
Total Non- Current Receivables		2,699,030.00		1,631,970.00
Total Receivables from Exchange Transactions		7,165,455.51		6,016,367.00

(b) Ageing analysis for Receivables from exchange transactions

Description	FY 2023/2024			
	Kshs			
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	-	%	-	%

Baringo County Micro and Small Enterprises Fund

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(c) Reconciliation for Impairment Allowance on Receivables from Exchange Transactions

Impairment allowance/ provision	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
At the beginning of the year	-	-
Additional provisions during the year	-	-
Recovered during the year	-	-
Written off during the year	-	-
At the end of the year	-	-

29. Receivables from Non-Exchange Transactions

Description	FY 2022/2023			
	Kshs			
Specify	-	-	-	-
Total receivables	-	-	-	-
Ageing Analysis- Receivables from non-exchange transactions	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	-	%	-	%
Between 1-2 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
At the beginning of the year	-	-
Additional provisions during the year	-	-
Recovered during the year	-	-
Written off during the year	-	-
At the end of the year	-	-

**Baringo County Micro and Small Enterprises Fund
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30. Inventories

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Consumable stores	-	-
Other goods held for resale	-	-
Catering	-	-
Others (specify)	-	-
Less: allowance for impairment	-	-
Total inventories at the lower of cost and net realizable value	-	-

31. Investments in financial assets

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
a) Investment in Treasury bills and bonds		
Financial institution		
CBK	-	-
CBK	-	-
Sub- total	-	-
b) Investment with Financial Institutions/ Banks		
Bank x	-	-
Bank y	-	-
Sub- total	-	-
c) Equity investments (specify)		
Equity/ shares in Entity xxx	-	-
Sub- total	-	-
Grand total	-	-

d) Movement of Equity Investments

Impairment allowance/ provision	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
At the beginning of the year	-	-
Purchase of investments in the year	-	-
Sale of investments during the year	-	-
Gain/(loss) in fair value of investments through surplus or deficit	-	-
At the end of the year	-	-

e) Shareholding in other entities

For investments in equity share listed under note 31 above, list down the equity investments under the following categories:

Name of Entity where investment is held	No of shares			Current year	Comparative year	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding	Kshs	Kshs	Kshs
	%	%	%			
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
	-	-	-	-	-	-

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32. Property, Plant and Equipment

Cost/Revalued amount	Land	Buildings	Motor vehicles	Furniture and fittings	ICT Equipment	Office Equipment	Other Assets (specify)	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Depreciation rate	-	-	-	-	-	-	-	-	-
As At 1 July (comparative FY)	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-	-	-	-
As at 30 th June (comparative FY)	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-	-	-
As at 30th June (Current FY)	-	-	-	-	-	-	-	-	-
Depreciation And Impairment									
At 1 July (comparative FY)	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
Transfers/ Adjustments	-	-	-	-	-	-	-	-	-
As At 30 th (Current FY)	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-	-
As at 30th June (Current FY)	-	-	-	-	-	-	-	-	-
Net Book Values	-	-	-	-	-	-	-	-	-
As at 30 th June (comparative FY)	-	-	-	-	-	-	-	-	-
As at 30 th June (Current FY)	-	-	-	-	-	-	-	-	-

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Valuation

Land and buildings/ Equipment (be specific) were valued by valuers in line with the National Assets and Liabilities Management Policy and Guidelines (issued 30th June 2020).

(b) Property, Plant and Equipment at Cost

If the freehold land, buildings, and other assets were stated on the historical cost basis the amounts would be as follows:

Description	Cost	Accumulated	NBV
	Kshs	Kshs	Kshs
Land	-	-	-
Buildings	-	-	-
Plant And Machinery	-	-	-
Motor Vehicles, Including Motorcycles	-	-	-
Computers And Related Equipment	-	-	-
Office Equipment	-	-	-
Furniture and Fittings	-	-	-
Others (<i>specify</i>)	-	-	-
Total	-	-	-

Property plant and Equipment includes the following assets that are fully depreciated:

Description	Cost or valuation	Normal annual depreciation charge
Plant and Machinery	-	-
Motor Vehicles including Motorcycles	-	-
Computers and Related Equipment	-	-
Office Equipment	-	-
Furniture and Fittings	-	-
Others (specify)	-	-
Total	-	-

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33. Intangible Assets

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Cost		
At beginning of the year	-	-
Additions	-	-
At end of the year	-	-
Amortization and impairment		
At beginning of the year	-	-
Amortization	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

34. Investment Property

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
At beginning of the year	-	-
Additions	-	-
Disposal during the year	-	-
Depreciation	-	-
Impairment	-	-
Gain/(loss) in fair value (if fair value is elected)	-	-
At end of the year	-	-

Baringo County Micro and Small Enterprises Fund
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35. Trade and Other Payables

Description				
Trade payables	927,443.00		2,234,473.65	
Employee payables	-		-	
Third-party payments	-		-	
Other payables	-		-	
Total trade and other payables	927,443.00		2,234,473.65	
	FY 2023/2024	% of the Total	FY 2022/2023	FY 2022/2023
Ageing analysis: (Trade and other payables)				
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (tie to above total)	-		-	

36. Refundable Deposits Customers

Description				
Customer deposits	-		-	
Prepayments	-		-	
Other deposits	-		-	
Total deposits	-		-	
	FY 2023/2024	% of the Total	FY 2022/2023	FY 2022/2023
Ageing analysis: (Refundable deposits)				
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-		-	

Baringo County Micro and Small Enterprises Fund
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37. Provisions

Description	Specific provision	General Provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance brought forward at the beginning of the year	-	-	-	-
Additional provisions during the year	-	-	-	-
Provision utilized during the year	-	-	-	-
Change due to discount and time value for money	-	-	-	-
Total provisions at the end year	-	-	-	-
Analysed as:				
Current Provisions	-	-	-	-
Non-Current Provisions	-	-	-	-

38. Finance Lease Obligation

Description	2022/2023	PY 2022/2023
	Kshs	Kshs
At the start of the year	-	-
Discount interest on lease liability	-	-
Paid during the year	-	-
At end of the year	-	-

Maturity Analysis

Period	Amount (Kshs)
Year 1	-
Year 2	-
Year 3	-
Year 4	-
Year 5 And Onwards	-
Less: Unearned Interest	-
Total	-

Analysed as:

Description	Amount (Kshs)
Current	-
Non- Current	-
Total	-

Baringo County Micro and Small Enterprises Fund

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The deferred income movement is as follows:

39. Deferred Income

Description	FY 2023/2023	
	Kshs	Kshs
County Government	-	-
Public Contributions and Donations	-	-
Total Deferred Income	-	-

Description	FY 2023/2023		Total
	Government	Contributions and Donations	
	Kshs	Kshs	Kshs
Balance Brought Forward	-	-	-
Additions	-	-	-
Transfers To Capital Fund	-	-	-
Transfers To Income Statement	-	-	-
Other Transfers	-	-	-
Balance Carried Forward	-	-	-

40. Employee Benefit Obligations

Description	FY 2023/2023				FY 2022/2023
	Current	Non-Current	Total	Total	
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total Employee Benefits Obligation	-	-	-	-	-

Retirement benefit Asset/ Liability

The Fund operates a defined benefit scheme for all full-time employees . The scheme is administered by the custodian of the scheme. The scheme is based on percentage of the salary of an employee at the time of retirement. An actuarial valuation to fulfill the financial reporting disclosure requirements of IPSAS 39 was carried out by actuarial valuers on the basis the present value of the defined benefit obligation and the related current service cost and past service cost were measured using the Projected Unit Credit Method. The principal assumptions used for the purposes of valuation are as follows:

**Baringo County Micro and Small Enterprises Fund
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Description	FY 2023/2024	FY 2022/2023
Discount Rates	0%	0%
Future Salary Increases	0%	0%
Future Pension Increases	0%	0%
Mortality (pre- retirement)	0%	0%
Mortality (post-retirement)	0%	0%
Withdrawals	-	-
Ill Health	-	-
Retirement	0 years	0 years

Recognition of Retirement Benefit Asset/ Liability

a) Amounts recognised under other gains/ Losses in the statement of Financial Performance:

Description	FY 2023/2024 KSh	FY 2022/2023 KSh
The return on defined plan assets	-	-
Actuarial gains/ losses arising from changes in demographic assumptions	-	-
Actuarial gains/ losses arising from changes in financial assumptions	-	-
Actuarial gains and losses arising from experience adjustments	-	-
Others (specify)	-	-
Adjustments for restrictions on the defined benefit asset	-	-
Re-measurement of the net defined benefit liability (asset)	-	-

Baringo County Micro and Small Enterprises Fund

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A) Amounts recognised in the Statement of Financial Position

Description	FY 2023/2024 KSh	FY 2022/2023 KSh
Present value of defined benefit obligations(a)	-	-
Fair value of plan assets(b)	-	-
Funded status (=a-b)	-	-
Restrictions on asset recognized	-	-
Others (<i>specify</i>)	-	-
Net asset or liability arising from defined benefit obligation	-	-

The Fund also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Fund's obligation under the scheme is limited to specific contributions legislated from time to time. Other than NSSF the Fund also has a defined contribution scheme operated by Pension Fund. Employer contributions are recognized as expenses in the statement of financial performance within the period they are incurred.

41. Borrowings

Description	FY 2023/2024 KSh	FY 2022/2023 KSh
a) External borrowings		
Balance at beginning of the year	-	-
External borrowings during the year	-	-
Repayments of during the year	-	-
Balance at end of the year	-	-
b) Domestic borrowings		
Balance at beginning of the year	-	-
Domestic borrowings during the year	-	-
Repayments during the year	-	-
Balance at end of the year	-	-
Balance at end of the period- domestic and External borrowings c = a+b	-	-
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

**Baringo County Micro and Small Enterprises Fund
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The analyses of both external and domestic borrowings are as follows:

	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan From 'X Organisation'	-	-
Sterling Pound Denominated Loan From 'Y Organisation'	-	-
Euro Denominated Loan from Z Organisation'	-	-
Domestic Borrowings		
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Total Balance at End Of The Year	-	-

42. Taxation

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
At beginning of the year	-	-
Income tax charge for the year (note 26)	-	-
Under/(over) provision in prior year/s (note 26)	-	-
Income tax paid during the year	-	-
At end of the year	-	-

43. Service Concession Liability

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Fair value of service concession assets recognized under PPE	-	-
Accumulated depreciation to date	-	-
Net carrying amount	-	-
Service concession liability at beginning of the year	-	-
Service concession revenue recognized	-	-
Service concession liability at end of the year	-	-

Baringo County Micro and Small Enterprises Fund
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44. Deferred Tax Liability

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%. The net deferred tax liability at year-end is attributable to the following items:

Description	2023/2024 Kshs	2022/2023 Kshs
Accelerated capital allowances	-	-
Unrealised exchange gains/(losses)	-	-
Revaluation surplus	-	-
Tax losses carried forward	-	-
Provisions for liabilities and charges	-	-
Net deferred tax liability/(asset)	-	-
The movement on the deferred tax account is as follows:		
Balance at beginning of the year	-	-
Credit to revaluation reserve	-	-
Under provision in prior year	-	-
Income statement charge/(credit)	-	-
Balance at end of the year	-	-

45. Cash Generated from Operations

Description	2023/2024 Kshs	2022/2023 Kshs
Surplus/Deficit for the year	1,581,884.08	40,696.47
Adjusted for:		
Depreciation	-	-
Non-cash grants received	-	-
Contributed assets	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Working capital adjustments		
Increase in inventory	-	-
Increase in receivables	-	-
Increase in deferred income	11,500.00	398,963.53
Increase in payables	-	-
Increase in payments received in advance	700,118.08	-
Net cash flow from operating activities	2,299,713.91	439,660.00

46. financial Risk Management

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Fund's overall risk management programme focuses on the unpredictability of changes in the business environment and seeks to 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. The Fund's financial risk management objectives and policies are detailed below:

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i) 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 assessments 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 Fund's management based on prior experience and their assessment of the current economic environment.

Financial Risk Management

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

Description	Total carrying amount			Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30th June (Current FY)				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
As at 30 June (Previous FY)				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

**Baringo County Micro and Small Enterprises Fund
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Financial Risk Management

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 Fund has recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Fund has a significant concentration of credit risk. The board of directors sets the Fund's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Fund's committee, who have built an appropriate liquidity risk management framework for the management of the Fund's short, medium, and long-term funding and liquidity management requirements. The Fund 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.

Description	Up to 12 months	Over 12 months and up to 5 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2024				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Others (<i>specify</i>)	-	-	-	-
Total	-	-	-	-
As at 30th June 2023				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Others (<i>specify</i>)	-	-	-	-
Total	-	-	-	-

Financial Risk Management

iii) Market risk

The Fund has put in place an internal audit function to assist it in assessing the risk faced by the Fund 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 rates, equity prices, and foreign exchange rates which will affect the Fund'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 County Department is responsible for the development of detailed risk management policies (subject to review and approval by the Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Fund's exposure to market risks or the way it manages and measures the risk.

a) Foreign currency risk

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

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Financial Risk Management

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

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Description		Other currencies	Total
		Kshs	Kshs
As at 30th June 2024			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors	-	-	-
Total Financial Assets	-	-	-
Financial Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Total Financial Liabilities	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

Foreign currency sensitivity analysis

JUNE 2024

Description		Other currencies	Total
		Kshs	Kshs
As at 30th June 2024			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors	-	-	-
Total Financial Assets	-	-	-
Financial Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Total Financial Liabilities	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

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Financial Risk Management

The following table demonstrates the effect of the Fund’s statement of comprehensive income 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.

Description	Change in currency rate Kshs	Effect on Profit before tax Kshs	Effect on Equity/Net assets Kshs
Current FY			
Euro	0%	-	-
USD	0%	-	-
Sterling pound	0%	-	-
Previous FY			
Euro	0%	-	-
USD	0%	-	-
Sterling pound	0%	-	-

b) Interest rate risk

Interest rate risk is the risk that the Fund’s financial condition may be adversely affected as a result of changes in interest rate levels. The Fund’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.

Fair value of financial assets and liabilities

a) Financial instruments are measured at fair value.

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Fund's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The Fund considers relevant and observable market prices in its valuations where possible.

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Financial Risk Management

The following table shows an analysis of financial and non-financial instruments recorded at fair value by level of the fair value hierarchy:

Description	CY 2023/2024			Total
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2024				
Financial Assets				
Quoted Equity Investments	-	-	-	-
Non- Financial Assets				
Investment Property	-	-	-	-
Total	-	-	-	-
As at 30th June 2023				
Financial Assets				
Quoted Equity Investments	-	-	-	-
Non- Financial Assets				
Investment Property	-	-	-	-
Total	-	-	-	-

There were no transfers between levels 1, 2, and 3 during the year. Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

iv) 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 fund capital structure comprises of the following funds:

Description	CY 2022/2023	
	Kshs	
Revaluation Reserve	-	-
Retained Earnings	-	-
Reserve	-	-
Total Funds	-	-
Total Borrowings	-	-
Less: Cash and Bank Balances	-	-
Net Debt/(Excess Cash And Cash Equivalents)	-	-
Gearing	0%	0%

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47. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the fund include those parties who have the 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.

Government of Kenya

The Government of Kenya is the principal shareholder of the fund, holding 100% of the fund's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the fund, both domestic and external.

Other related parties include:

- i) The Parent Ministry.
- ii) County Governments
- iii) Other SCs and SAGAs
- iv) Key management.
- v) Board of Directors/Fund Committees.
- vi) Others (*specify*)

Description	FY 2024 Kshs	FY 2022/2023 Kshs
Transactions with related parties		
a) Sales to related parties		
Rent income from govt. Agencies	-	-
Others (specify)	-	-
Total	-	-
b) Purchases from related parties		
Purchases of electricity from KPLC	-	-
Purchase of water from govt service providers	-	-
Rent expenses paid to govt agencies	-	-
Training and conference fees paid to govt. Agencies	-	-
Others (specify)	-	-
Total	-	-
c) Grants /transfers from the government		
Grants from National government	-	-
Grants from County government	-	-
Donations in kind	-	-
Total	-	-
a) Expenses incurred on behalf of related party		
Salaries and wages for xxx employees	-	-

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Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Goods and services	-	-
Others (<i>specify</i>)	-	-
Total		
b) Key management compensation		
Directors' emoluments	-	-
Compensation to key management	-	-
Total	-	-

48. Segment Information

Where an organization operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an Entity to present segmental information of each geographic region or department to enable users understand the Entity's performance and allocation of resources to different segments

49. Contingent Assets and Contingent Liabilities

Contingent Assets

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Contingent Assets		
Insurance Reimbursements	-	-
Assets Arising from Determination of Court Cases	-	-
Reimbursable Indemnities and Guarantees	-	-
Receivables From Other Government Entities	-	-
Others (Specify)	-	-
Total	-	-

Contingent Liabilities

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Contingent Liabilities	-	-
Court Case against the fund	-	-
Bank Guarantees in Favour of Subsidiary	-	-
Contingent Liabilities arising from Contracts Including PPPs	-	-
Others (Specify)	-	-
Total	-	-

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50. Capital Commitments

Capital Commitments	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Authorised for	-	-
Authorised and contracted for	-	-
Total	-	-

51. Events after the Reporting Period

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

52. Ultimate And Holding Entity

The Fund is a Semi-Autonomous Government Agency under the County of Baringo. Its ultimate parent is the Government of Kenya.

53. Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

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20. Appendices

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

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
(1) 1.1	Inaccuracy in statement of cash flow		Not resolved	3 Months
1.2	Inaccuracy in comparative figures		Not resolved	3 Months
2	Unsupported suspense		Not resolved	3 Months
3	Inaccuracy of receivables from exchange transaction		Not resolved	3 Months
4	Unsupported trade and other payable s from exchange transaction		Not resolved	3 Months
1.2(1)	Lack of approved Budget		Not resolved	3 Months
(2)	Default in loan repayment		Not resolved	3 Months

.....
Fund Administrator

Date:



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Appendix II: Projects implemented by the fund

Projects implemented by the Fund Funded by development partners and/ or the Government.

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)

Status of Project Completion

S/No	Project Name	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds

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Appendix IV: Transfers from Other Government Entities

Name of the Entity Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development /Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Reserve	Deferred Income	Receivables	Others - must be specific	
-	-	Recurrent	-	-	-	-	-	-	-
Baringo County	10/01/2024	Development	2,000,000.00	2,000,000.00	-	-	-	-	2,000,000.00
Total			2,000,000.00	2,000,000.00	-	-	-	-	2,000,000.00

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Appendix V- Inter-Entity Confirmation Letter

Name of transferring entity:.....**Baringo County**.....

Name of beneficiary entity:.....**Baringo County Micro and Small Enterprise Fund**

Confirmation of amounts received by Baringo County Micro and Small Enterprise Fund as at 30th June 2024

Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
FT24010LKXD	10/01/2024	0	2,000,000.00	2,000,000.00	
Total			2,000,000.00	2,000,000.00	

I confirm that the amounts shown above are correct as of the date indicated.

Head of Accounts Department - Disbursing Entity:
 Name *David Renjoro* Sign *[Signature]* Date..... *19/10/2024*

Head of Accounts Department - Beneficiary Entity:
 Name *Collins Njokedi* Sign *[Signature]* Date..... *19/11/2024*



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Appendix VI: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Location	Project Activity	Quarter				Source of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

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Appendix VII: Reporting on Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments