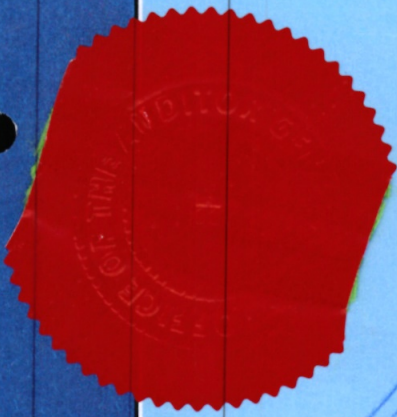




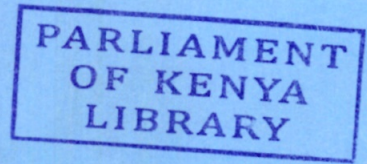
Enhancing Accountability



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REPORT

OF



THE AUDITOR-GENERAL

ON

**BARINGO COUNTY EXECUTIVE
MORTGAGE SCHEME FUND**

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



BARINGO COUNTY EXECUTIVE MORTGAGE SCHEME FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2024

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

**Baringo County Executive Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024.**

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**Baringo County Executive Mortgage Scheme Fund
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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.

**Baringo County Executive Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024.**

2. Key Entity Information and Management

(a) Background information

Baringo County Executive Mortgage Scheme Fund is established by and derives its authority and accountability from Public Finance Management (Baringo County Executive Members Mortgage Scheme Fund Regulations 2016) on 22nd February 2016. The Fund is wholly owned by the County Government of Baringo and is domiciled in Kenya.

The fund's objective is to provide a mortgage scheme for the purchase, development, renovation or repair of residential property by members of the County Executive as is prescribed by the Salaries and Remuneration Commission in their letter dated 27 November 2013.

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

(b) Principal Activities

The principal mandate of the Fund is to continue in provision of loan scheme for the purchase, development, renovation or repair of residential property by members of the County Executive as prescribed by the Salaries and Remuneration Commission. The funds' vision is to provide quality life to its' members through quality loan book.

(c) Key Management

Baringo County Executive Members Mortgage Scheme Fund day-to-day management is under the following key organs:

Ref	Name	Position
1	Reuben Rutto	Chairperson
	Wilson Cheserek Ruto Zachary Kiprotich Jacob Chepkwony Joseph Korir Gikono Kiptoo	Committee Members
2	Julius Tarus	
3	David Rerimoi	Fund Administrator

Baringo County Executive Mortgage Scheme Fund
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(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:

Ref	Name	Position
1	Gikono Kiptoo	Chief Officer Finance
2	David Rerimoi	Fund Administrator/ Head of Finance
3	Nicholas Kiprotich	Fund Accountant
4	Francis Karimi	Accountant

(e) Fiduciary Oversight Arrangements

SN	Position	Name
1	Directorate Internal Audit	Catherine Kibet
2	Staff Mortgage and car Loan Advisory Committee	Julius Tarus Patricia Tororei

(f) Entity Headquarters

P.o Box 53-30400
AFC Building
Kabarnet –Iten Road
Nairobi, Kenya

(g) Entity Contacts

Telephone:(254) 053-22115
E-mail: baringocountyexecutive@gmail.com
Website: www.baringoexecutive.go.ke

(h) Entity Bankers

Kenya Commercial Bank
Kabarnet Branch
P.o. Box 175-30400
Kabarnet
A/C No. 1179329708

**Baringo County Executive Mortgage Scheme Fund
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Key Entity Information and Management (continued)

(i) Independent Auditor

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


(j) Principal Legal Adviser

i) The Attorney General
State Law Office and Department of Justice
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya




ii) County Attorney
P.o Box 53-30400
Office of the Governor
Kabarnet Referral Hospital Road
Kabarnet, KENYA

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3. Fund Administration Committee

Name	Details of qualifications and experience
<p>1. Reuben Cheruiyot Rutto</p> 	<p>Hon. Reuben Rutto holds a Master of Urban Development degree from University of Nairobi and bachelor's degree in Building Science from University Nairobi. He is also a computer user Support Professional. He has attended Policy formulation and Implementation at Kenya Institute of Administration, Environmental Impact Assessment, Senior Management Course (KSG), Strategic Leadership Development Programme (KSG) and Qualitative and Data Analysis using SPSS (UON). Before joining Baringo Cabinet, he worked in Arc-One Consult Ltd as a Managing partner. Previously he worked with Judiciary as Deputy Director Building Services, Bungoma</p> <p>County as County Public Works Officer and Ministry of Roads and Public Works Headquarters as Ag Chief Supt Architect.</p> <p>He is a Member Board of Architects and Quantity Surveyors, Member Architectural Association of Kenya, Member Environmental Institute of Kenya and Member Town and County Planners Association of Kenya. Further, he is Board Chairman Baringo Technical Institute, Kapsogo Schwenk Secondary and Kapropita Girls High School.</p>
<p>2. Wilson Cheserek Ruto</p>	<p>Hon. Wilson Ruto holds a Master of Business Administration degree from Moi University and bachelor's degree in Commerce from Marathwada University in India. Before joining Baringo Cabinet, he worked in Access Bank Kenya, PLC as a General Manager having risen from Branch Manager and a Manager corporate</p>

**Baringo County Executive Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024.**





	<p>Banking. Hon. Ruto also worked at Oriental Commercial Bank as branch manager. He also worked as an Assistant Projects Officer in ICDC Central Province. He is Certified Trustee College of Insurance, Certified Trustee Access Bank Kenya PLC and a Fit and Proper Person Certification Central Bank of Kenya.</p>
<p>3. Zackary Kipsang Kiprotich</p>	<p>Hon. Zachary Kiprotich holds a Bachelor's Degree from Kenyatta University and a CPA part III. He has worked with Christian Children's Fund as the Project Development Officer in charge of Sponsor relating to community Mobilization, project implementation, Monitoring and evaluation, budgeting, planning and project appraisal. Previously he had worked at Kimani Kerretts Certified Public Accountants as an Auditor.</p>
	<p>4. Jacob Chepkwony</p> <p>H.E Jacob Chepkwony holds a Master's of science in Applied Mathematics from Egerton University, Njoro Campus and a Bachelor of Education (Science) with specialty in Education, Mathematics and Physics. He is currently undertaking Doctor of Philosophy in Applied Mathematics from University of Eldoret. Hon.Chepkwony started his teaching career on January 1997 at Sacho High School and later became a senior graduate teacher at Kapropita Girls High school from January 2005 to December 2006.</p> <p>After leaving the teaching career, HE. Chepkwony joined the Ministry of youth affairs and sports in January 2007 as a district youth officer and rose through the ranks until he become assistant director, youth training in the state department of vocational and technical training in 2017. He has also taught at Moi University and University of Eldoret (Chepkoilel) since 2005 to 2012 as a part time lecturer having taught students</p>
	

**Baringo County Executive Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024.**

	<p>ranging from 1st to 4th years. He brings on board 20 years' experience in public service in the field of education, training and management which is very instrumental in steering the County's affairs.</p>
<p>5. David Rerimoi</p> 	<p>Year of birth 1980 Key Qualifications: Masters in Business Administration(UON) ,BCOM,CPA(K) Senior Management Course, SLDP</p>
<p>6. Joseph Korir</p>	<p>Member of the Committee. Chairman Public Service Board</p>
<p>7. Gikono Kiptoo</p> 	<p>Year of Birth:1980 Key Qualifications: Masters in Business Administration (JKUAT),BCOM,CPA(K) Senior Management Course.</p>
<p>8. Julius Tarus</p>	<p>Member of the Committee. County Attorney</p>

**Baringo County Executive Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024.**

4. Key Management Team

Name	Details of qualifications and experience
<p>1. Gikono Kiptoo</p> 	<p>Chief Officer Finance and Revenue Management Year of Birth:1980 Key Qualifications: Masters in Business Administration (JKUAT),BCOM,CPA(K) Senior Management Course.</p>
<p>2. David Rerimoi</p> 	<p>Director Accounting Services. Fund Administrator. Year of birth 1980 Key Qualifications: Masters in Business Administration(UON) ,BCOM,CPA(K) Senior Management Course, SLDP</p>
<p>3. Nicholas Kiprotich</p> 	<p>Chief Accountant Year of birth 1981 Key Qualifications: Masters in Business Administration(UON) ,BCOM Senior Management Course, SLDP</p>
<p>4. Francis Karimi</p> 	<p>Senior Accountant Year of Birth 1981 Key Qualifications: BCOM,CPA(K) Senior Management Course</p>

**Baringo County Executive Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024.**

5. Chairman's Statement

It is my pleasure to present the Baringo County Executive Members Mortgage Scheme Fund performance report for the year ended 30 June 2024. The report presents the performance of the Fund over the past year. During the year under review, the fund did not witness a change in the composition of its board and management team. Reuben Ruto remained as Chairperson while members were Wilson Cheserek Ruto, Zachary Kiprotich, Jacob Chepkwony and Gikono Kiptoo, Joseph Korir, and Julius Tarus.

During the period under review, the fund received additional Fund capital of Kshs. 56,000,000 for onward lending to the Members from the exchequer. However, total income from interest and other operating activities was Kshs.2,552,936 while total expenses was Kshs. 1,823,048. During the year ended 30 June 2024, mortgage disbursements was Kshs. 62,825,000 and a total of Kshs.17,071,078 was received as proceeds from loan principal repayments. During the year ended 30 June 2024, the Fund realized a surplus of Kshs. 729,888.

The Fund intends to transfer its lending activity to a reputable Commercial Bank and also engage auctioneers to recover arrears. In conclusion, FY 2023/2024 was a good year in general despite the slow progress in the momentum created to enable the Fund on a trajectory into prosperity because of defaulted loans created by leadership change in the county. However, the Fund has been instrumental in facilitating the Members purchase or develop residential property to improve their welfare and enable them deliver on their mandate. I thank all Members and staff in the entire County Executive for their continued commitment and dedication through hard work in delivering services to the people of Baringo County.

Name.....*Reuben - C - Ruto*.....Signature..........Date.....*28/11/24*.....
Chairperson of the Fund

6. Report of the Fund Administrator

It is yet another time for me to present the Baringo County Executive Members Mortgage Scheme Fund financial statements for the year ended 30 June 2024. The financial statements present the financial performance of the Fund over the past year in detail. During the year under review, the fund management team were Gikono Kiptoo, David Rerimoi, Julius Tarus, Nicholas Kiprotich and Francis Karimi.

During the period under review, the fund received additional Fund capital of Kshs. 56,000,000 for onward lending to the Members from the exchequer unlike prior years.

Total income was Kshs. 2,552,936 (2022/2023 was Kshs. 1,631,542). For the year under review, total expenses were Kshs. 1,823,049 while in the year 2022/2023 was Kshs.103,671. The total expenses included bank charges, refund to car loan and life cover. During the year ended 30 June 2024, the fund realized a surplus of Kshs. 729,888 compared to Kshs. 1,527,871 in FY 2022/2023. During the year ended 30th June 2024, a total of Kshs. 62,825,000 was disbursed but a total of Kshs. 17,071,078 was received as proceeds from loan principal repayments. The current portion of long-term receivables from exchange transactions was Kshs. 39,888,436 (Kshs. 19,289,859 in FY 2022/2023). Long term receivables from exchange transactions were Kshs. 69,252,693 (Kshs. 43,361,338 in FY 2022/2023). During the year, Kshs. 1,135,145 was refunded to car loan scheme being insurance cover for mortgage insurance paid from car loan account.

The Loans Management Committee plans to disburse loans in the future to the members of staff subject to the availability of funds. The physical progress of the fund has not been impressive based on recovery and legal adherences. Therefore, the committee plans to strengthen loan controls by engaging financial institutions so as to ensure full compliance to loan requirements otherwise value for money will not be realized.

From the above financials, it is clear that the fund budgetary allocation is not consistent. Baringo County Executive Members Mortgage Scheme Fund faced a myriad of challenges while implementing its strategic objectives. Key challenge was allocation of limited resources to an ever-increasing demand. This curtailed the scope of impact the fund could have made. Going forward, the fund will analyse its prior year's income and expenditure so as to present a realistic budget. Further, the fund has laid strategies to increase its revenue by partnering with several financial institutions. To effectively manage risk, the fund through its committee has adopted the following risk management strategies: risk identification, risk analysis, risk evaluation, risk treatment, risk

**Baringo County Executive Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024.**

monitoring, risk avoidance, risk reduction and risk sharing. This was adopted from Baringo County Risk Management Policy.

In conclusion, FY 2023/2024 was a fair year in general despite an increase in defaulted loan due to a change in county leadership coupled with poor collateral charging on the loans issued. I thank all Members and staff in the entire County Executive for their continued commitment and dedication through hard work in repaying their loans.

Name..... DAVID KERIMO Signature.....  Date..... 28/1/24

Administrator of the Fund



**Baringo County Executive Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024.**

7. Statement of Performance against Predetermined Objectives for FY 2023/2024

Baringo County Executive Mortgage Scheme Fund has three strategic pillars and objectives within the current Strategic Plan for the FY 2023/2024. These strategic pillars are aligned with Kenya's Vision 2030 strategic Pillars:

Pillar1: Economic Pillar

Pillar2: Social Pillar

Pillar 3: Political Pillar

Baringo County Executive Mortgage Scheme Fund develops its annual work plans based on the above 3 pillars. Assessment of the Committee performance against its annual work plan is done on a quarterly basis. Baringo County Executive Mortgage Scheme Fund achieved its performance targets set for the FY 2023/2024 period for its 3 strategic pillars, as indicated in the table below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Economic Pillar	Maintain a constant fund growth and minimize losses from default	Change in financial parameters like asset base, defaulted loans, surplus and income	Asset base, surplus and income increased, defaulted loans increased	Asset base increased by 187.6% Income increased by 156.4% Surplus increased by 3,713% defaulted loans increased
Social Pillar	Maintain justice and fairness in loan approval	Gender balance in loan approval. Balance in staff cadres. Loan award to disabled	Fairness and transparency in loan award to both genders, all staff cadres and disabled	The disbursement was balanced depending on ability in payslip and terms of

Baringo County Executive Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024.

				service.
Political Pillar	Minimal political interference during appraisal	Objectivity during appraisal, disbursement and interest on loans.	Subject employees to the same conditions of loan appraisal and cost	All employees were subjected to the same conditions

8. Corporate Governance Statement

Baringo County Executive Members Mortgage Scheme Fund remains committed to the highest standards of corporate governance and ethics in order to deliver long term and sustainable stakeholder value. It continues to adhere to its obligations as a public entity in Kenya in compliance with Code of Corporate Governance Practices.

The primary role of Baringo County Executive Members Mortgage Scheme Fund is to:

- Process applications for loans in accordance with the existing terms and conditions of borrowing;
- Liaise with the housing company (if any) to set up a revolving fund for the disbursements of the loans; and
- Supervise the day-to-day running of the Fund so as to achieve sustainable long-term success.

The Committee is solely responsible for its agenda. However, it is the responsibility of the chairman and the fund administrator to come up with the annual committee work plan and an agenda for the meetings. Baringo County Executive Members Mortgage Scheme Fund meets at least four times a year and the meetings are structured in a way that allows for open discussions. During financial year 2023-2024, the Loans Management Committee held 5 meetings. The meetings of the Committee are convened by the Chairperson or in the absence of the Chairperson, by a member designated by the Chairperson and shall be convened at such times as may be necessary for the discharge of the Committee's functions. The quorum for a meeting of the Committee shall be Chairperson and any other three members.

Comprehensive board papers are prepared and circulated to all fund committee members for all substantive agenda items at least two weeks prior to the meeting. This allows time for the committee members to undertake an appropriate review of the board papers to facilitate full and effective discussions at the meetings.

The Board Charter is critical to the funds governance framework, and offers guidance on matters including but not limited to the following; The separation of the roles, functions, responsibilities and powers of the fund management committee and its individual members; Powers delegated to the fund committees; Matters reserved for final decision-making and approval by the fund management committee; Policies and practices of the fund management on matters of corporate governance, committees' declarations and conflict of interest, conduct of fund and fund committee meetings; and Nomination, appointment, induction, on-going training and performance evaluation of the fund and its committees.

Baringo County Executive Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024.

The committee members and chairman are obligated to fully disclose any real or potential conflict of interest, which comes to any committee's attention, whether direct or indirect. The statutory duty to avoid situations in which the committee have or may have interests that conflict with those of the fund has been observed by the board in the financial year under review. All business transactions with all parties, committee or their related parties are carried out at arm's length. An acknowledgement that should it come to the attention of a committee member that a matter concerning the fund may result in a conflict of interest, obligates the fund committee member to declare the same and exclude himself / herself from any discussion or decision over the matter in question.

Baringo County Executive Members Mortgage Scheme Fund committee members are expected to act with honesty, integrity and fairness in all their dealings with one another and with stakeholders and to respect the diverse cultures of the Kenyan people. The fund adopted Baringo County Government code of conduct. When joining the Fund management, committee members are provided with a copy of the code and must commit to abide by its requirements.

Committee members undergo regular training and education to enable them fulfil their responsibilities. All members receive an induction upon joining. This provides an overview of the fund, new developments in the environment in which the fund operates, accounting and financial reporting developments, as well as any regulatory changes. Committee members are appointed depending on the departmental representation however the committee is made up of employees on contract and permanent terms. This ensures that there is continuity at all times. The annual financial statements of the Fund are subject to audit by the Auditor- General. Fund committee members are not paid sitting allowance as the management of the fund is within their mandate.

9. Management Discussion and Analysis

During the period under review, the fund received additional Fund capital of Kshs. 56,000,000 for onward lending to the Members from the exchequer unlike prior years. Total income was Kshs. 2,552,936.67 (2022/2023 was Kshs. 1,631,542.03). For the year under review, total expenses were Kshs. 1,823,048.50 while in the year 2022/2023 was Kshs.103,671. The total expenses included bank charges, refund to car loan and life cover. During the year ended 30 June 2024, the fund realized a surplus of Kshs. 729,888.17 compared to Kshs. 1,527,871.03 in FY 2022/2023. During the year ended 30th June 2024, a total of Kshs. 62,825,000 was disbursed but a total of Kshs. 17,071,078.58 was received as proceeds from loan principal repayments. The current portion of long-term receivables from exchange transactions was Kshs. 39,888,436.60 (Kshs. 19,289,859.38 in FY 2022/2023). Long term receivables from exchange transactions were Kshs. 69,252,692.81 (Kshs. 43,361,338.23 in FY 2022/2023). Total revolving fund was Kshs. 116,052,160 (Kshs. 63,348,091 in FY 2022/2023). Total assets stand at Kshs. 121,585,723 against Kshs.s. 64,855,853 in the previous financial year. During the year, Kshs. 1,135,145 was refunded to car loan scheme being insurance cover for mortgage insurance paid from car loan account.

Baringo County Executive Members Mortgage Scheme Fund is in the process of engaging financial institution to manage the fund. The major risk facing the Fund is loan default in case of the death of a member. However, this risk has been mitigated by insuring all the members' loans for the benefit of the member of the scheme. This ensures that in the unfortunate death of a member of the Fund, the loan balance due to the Fund will be reimbursed by the insurance company. Further, the fund has never met its statutory obligation on the Fringe Benefit tax. This is also a major risk to the fund. Where a repayment of loan is not made in accordance with the terms and conditions of the Regulations, the sums of money due and owing to the Fund shall be recoverable by the Loans Committee, without prejudice to any other remedy, in civil proceedings in the High Court.

All mortgages granted to the Members are currently being recovered through the payroll check-off system from the members' monthly emolument. There is currently no major financial improbity as reported by internal audit/Board audit committee, external auditors, or other County Government Agencies providing oversight. The summarised performance statistics over the years is depicted in the table below.

**Baringo County Executive Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024.**

PERFORMANCE INDICATOR	FINANCIAL YEARS			
	2023/2024 KSH, Million	2022/2023 KSH, Million	2021/2022 KSH, Million	2020/2021 KSH, Million
Total Interest income	2.5	1.6	1.5	1.3
Total assets	121.5	64.7	63.9	63.6
Revolving fund	64.8	63.3	61.7	61.4
Disbursement	62.8	7.5	9	0
Recoveries	17	4.1	5	4.3

10. Environmental and Sustainability Reporting

Baringo County Executive Members Mortgage Scheme Fund exists to transform lives. We recognize that Corporate Social Investment (CSI) issues are of increasing importance to our stakeholders. Thus, a tradition that ensures we operate our business in a responsible manner at all times for the benefit of our customers, staff, suppliers, and the wider community. We exercise CSI by partnering with and investing in communities to find sustainable solutions. We also encourage employees of Baringo County Government to take part in CSI initiatives aimed at improving the standards of living of the communities that they come from. Our CSI activities for the financial year under review are disclosed herein.

i) Sustainability strategy and profile

Sustainable efforts adopted by the fund include recycling, reducing and reuse programs. Further, the fund has adopted responsible disposal and promotion of sustainable consumption of building materials. Specifically, members are encouraged to adopt green energy and building as part of environmental conservation and fight against the adverse effect of climate change.

ii) Environmental performance

Baringo County Executive Members Mortgage Scheme Fund aims to minimize any harmful effects and consider the development and implementation of environmental standards that are compatible with the topography of Baringo County. As such, we strongly encourage the internationally established 3 Rs: Reduce, Re-use and Recycle. Through the County department of Environment, the fund has a policy to guide its operations. Further, fund regulations stipulate adoption of environmentally compatible buildings and respect for environment. We seek to identify opportunities to optimise consumption of energy, water and other natural resources by striving to re-use and recycle where possible and dispose of non-recyclable items responsibly, thereby minimizing negative impact of waste on the environment.

iii) Employee welfare

Hiring process is guided by the Human Resource Manual. This is undertaken by the department of Human resource after receiving request from Baringo County Executive Members Mortgage Scheme Fund. Staffs is trained periodically on professional issues.

iv) Marketplace practices-

a) Responsible competition practice.

Baringo County Executive Members Mortgage Scheme Fund has maintained responsible competition practices by adopting various strategies. Code of ethics and anti- corruption declaration form is used to reduce instances of corruption malpractices. Open tenders, framework contracts and quotations are used to maintain fair competition amongst suppliers. Declaration of conflict of interest is usually adopted to avoid instances where stakeholders interfere with the activities of the fund.

b) Responsible Supply chain and supplier relations

Baringo County Executive Members Mortgage Scheme Fund maintains good business practices with suppliers through timely provision of information, prompt payments, good communication and proper record keeping of supplier documents. This has resulted in harmonious relationship.

c) Responsible marketing and advertisement

During members' awareness and loan recovery, Baringo County Executive Members Mortgage Scheme Fund ensures that advertisements are structured in such a manner that it does not infringe the rights of citizens and also ensures that confidentiality is kept.

d) Product stewardship

While making mortgage loans approval, Baringo County Executive Members Mortgage Scheme Fund committee ensures that members' rights and interest are protected apart from adhering to the recommended quality standards for the purpose of ensuring safety of beneficiaries.

v) Corporate Social Responsibility /Community Engagements

Training staff on mortgage loan.

Advisory services to its members on green building technology.

**Baringo County Executive Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024.**

11. Report of the Fund Committee

The Fund Committee submits their report together with the audited financial statements for the year ended June 30, 2024, which show the state of the Baringo County Executive Mortgage Scheme Fund affairs.

i) Principal activities

The principal activities of the Fund continued to be provision of loan scheme for the purchase, development, renovation or repair of residential property by members of the County Executive as prescribed by the Salaries and Remuneration Commission.

ii) Results

The results of the Entity for the year ended June 30, 2024, are set out on page 1 to 8.

iii) Fund Committee

The members of the Fund Committee who served during the year are shown on page Vii to ix.

iv) Auditors

The Auditor-General is responsible for the statutory audit of the Baringo County Executive Mortgage Scheme Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended June 30, 2024.

By Order of the Board

DAVID PERINTO

.....
Name

Secretary to the Committee



**Baringo County Executive Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024.**

12. Statement of Fund Committee Responsibilities

Section 167 of the Public Finance Management Act, 2012 and Baringo County Executive Members Mortgage Scheme Fund Regulations 2016 require the Fund Committee to prepare financial statements in respect of Baringo County Executive Members Mortgage Scheme Fund which give a true and fair view of the state of affairs of the fund at the end of the financial year and the operating results of the fund for that year. The Fund Committee are also required to ensure that the fund keeps proper accounting records which disclose with reasonable accuracy the financial position of the fund. The Fund Committee is also responsible for safeguarding the assets of the fund.

The Fund Committee are 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, 2024. 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 Fund Committee accept 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 Baringo County Executive Members Mortgage Scheme Fund Regulations 2016. The Fund Committee are of the opinion that the Fund's financial statements give a true and fair view of the state of the Fund's transactions during the financial year ended June 30, 2024, and of the Fund's financial position as at that date. The Fund Committee further confirms the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

**Baringo County Executive Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024.**

In preparing the financial statements, the Fund Committee have assessed the fund's ability to continue as a going concern. Nothing has come to the attention of the Fund Committee to indicate that the Baringo County Executive Mortgage Scheme Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Fund's financial statements were approved by the Board on 25/11/24 2024 and signed on its behalf by



Name: Reuben Rutto

Chairperson of the Fund Committee



Name: David Kerimoi

Fund Administrator

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON BARINGO COUNTY EXECUTIVE MORTGAGE SCHEME 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.

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.

- B. 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 Executive Mortgage Scheme Fund set out on pages 1 to 66, which comprise of the statement of

Report of the Auditor-General on Baringo County Executive Mortgage Scheme Fund for the year ended 30 June, 2024

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 the Baringo County Executive Mortgage Scheme Fund as at 30 June, 2023 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 the Public Finance Management Act, 2012 and the Public Finance Management (Baringo County Executive Mortgage Scheme Fund) Regulations, 2018

Basis for Qualified Opinion

Default on Loan Balances

The statement of financial position reflects current and non-current receivables from exchange transactions balances of Kshs.39,888,437 and Kshs.69,252,693 respectively all totaling Kshs.109,141,130. However, included in the balance were loans amounting to Kshs.9,909,129 owed by twelve (12) former County Executive Committee Members and staff who were in default of repayments. In addition, the loan management Committee had not repossessed the beneficiaries' properties and no steps had been taken to recover the long outstanding loans.

In the circumstances, the completeness and recoverability of the loan balances of Kshs.9,909,129 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 Executive Mortgage Scheme 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.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.59,000,000 and Kshs.2,552,937 respectively resulting to under-funding of Kshs.56,447,063 or 96% of the budget. Further, the Fund spent an amount of Kshs.1,823,048 against budgeted expenditure of Kshs.3,600,000 resulting to an under-utilization of Kshs.1,776,952 or 49% of the budget.

Further, the budgeted amounts were not supported with 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 Government entity during the 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.

In the circumstances, the under - funding and under expenditure affected the planned activities and may have impacted negatively on service delivery to the members of the Fund.

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. There were no key audit matters to report in the year under review.

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on the Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, Management did not provide evidence of progress made in resolving the prior year audit issues.

Other Information

The Management are responsible for the other information set out on page iii to xxiii which comprise of Key Entity Information and Management, Fund Administration Committee, Key Management Team, Chairman's Statement, Report of the Fund Administrator, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Fund Committee and Statement of Fund Committee's 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 the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

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 section of my report, 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

Failure to Charge Security on Properties on Mortgages Provided

The statement of cashflows reflects loan disbursements paid out of Kshs.62,825,000. However, there were no charges registered on the title deeds or properties financed through the Fund of Kshs.62,825,000. As a result, the Fund may not be able to recover the outstanding loan balances in an event of default on repayments. This is contrary to Regulation 19 (1) (b) of the Baringo County Executive Members Mortgage Scheme Fund Regulations, 2016 which states that the responsibilities of the mortgage institution appointed under the regulations shall be – to charge security on properties acquired through mortgages from the Fund to protect the interests of the Fund and act as custodian of such charges.

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

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 the 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

Long Outstanding Receivables

The statement of financial position reflects current and non-current receivables from exchange transactions balances of Kshs.39,888,437 and Kshs.69,252,693 respectively all totaling Kshs.109,141,130. The balance includes long outstanding receivables totaling Kshs.7,230,688 dating back to the year 2016. Management did not provide evidence of any debt recovery strategies applied by the Fund to recover the long outstanding debts.

In the circumstances, the effectiveness of internal controls in relation to debt 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 the Management and those Charged with Governance

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

The 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, the 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 INTOSAI Framework of Professional Pronouncements (IFPP). The Framework requires 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 IFPP 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 Executive Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024.**

14. Statement of Financial Performance for the year ended 30th 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	2,552,936.67	1,631,542.03
Rendering of services	10	-	-
Rental revenue from facilities and equipment	11	-	-
Fees and other charges	12	-	-
Other income	13	-	-
Total revenue		2,552,936.67	1,631,542.03
Expenses			
Use of goods and services	14	1,823,048.50	103,671.00
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		1,823,048.50	103,671.00
Surplus/deficit from operating activities		729,888.17	1,527,871.03
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		729,888.17	1,527,871.03
Taxation	26	-	-
Surplus/(deficit) for the Year		729,888.17	1,527,871.03
Net Surplus for the year		729,888.17	1,527,871.03

**Baringo County Executive Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024.**

The notes set out on pages 9 to 61 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 8 were signed on behalf of the Fund committee by


.....
Name: Reuben Rutto
Chairman Fund Committee
Date


.....
Name: Gikono Kiptoo
Accounting Officer
Date 28/11/24


.....
Name: David Rerimoi
Head of Finance
ICPAK M/No: 6624
Date

Baringo County Executive Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024.

15. Statement of Financial Position as at 30th June 2024

	Notes	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	27	12,444,550.55	2,138,294.00
Receivables from Exchange Transactions	28	39,888,436.60	19,289,859.38
Receivables from Non-Exchange Transactions	29	-	-
Inventories	30	-	-
Investments in financial assets	31	-	-
Total Current Assets		52,332,987.15	21,428,153.38
Non-Current Assets			
Receivables from Exchange Transactions	28	69,252,692.81	43,361,338.23
Investments in financial assets	31	-	-
Property, Plant and Equipment	32	-	-
Intangible Assets	33	-	-
Investment Property	34	-	-
Total Non- Current Assets		69,252,692.81	43,361,338.23
Total Assets (A)		121,585,679.96	64,789,491.61
Liabilities			
Current Liabilities			
Trade and Other Payables	35	-	-
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		-	-
Non-Current Liabilities			
Non-Current Provisions	37	-	-
Non-Current Employee Benefit Obligation	40	-	-

**Baringo County Executive Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024.**

	Notes	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
Borrowings	41	-	-
Service Concession Liability	43	-	-
Deferred Tax Liabilities	44	-	-
Total Non- Current Liabilities		-	-
Total Liabilities (B)		-	-
Net Assets (A-B)		121,585,679.96	64,789,491.61
Represented By:			
Reserves		-	-
Accumulated Surplus		5,533,563.20	1,527,871.03
Revolving Fund		116,052,160.00	63,327,964.98
Capital Fund		-	-
Net Assets		121,585,723.20	64,855,856.15

The financial statements set out on pages 1 to 8 were signed on behalf of the fund management committee by:

Name: Reuben Kutto

Chairman Fund Committee

Date

Name: Gikono Kiptoo

Accounting Officer

Date

Name: David Kerimoi

Head of Finance

ICPAK M/No: 6624

Date

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

Description	Revaluati on reserve	Fair value adjustm ent reserve	Accumulated surplus	Revolving Fund	Capita l/ Develo pment Grants /Fund	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As at July 1, 2022	-	-	3,275,804.00	60,052,160.00	-	63,327,964.00
Revaluation gain	-	-	-	-	-	-
Fair value adjustment on investments	-	-	-	-	-	-
Surplus/ deficit for the year	-	-	1,527,871.03	-	-	1,527,871.03
Funds received During the year	-	-	-	-	-	-
Transfers from accumulated surplus to revolving fund	-	-	-	-	-	-
Capital/development grants received during the year	-	-	-	-	-	-
As at June 30, 2023	-	-	4,803,675.03	60,052,160.00	-	64,855,835.03
As at July 1, 2023	-	-	4,803,675.03	60,052,160.00	-	64,855,835.03
Revaluation gain	-	-	-	-	-	-
Fair value adjustment on investments	-	-	-	-	-	-
Surplus/ (deficit) for the year	-	-	729,888.17	-	-	729,888.17
Funds received During the year	-	-	-	56,000,000.00	-	56,000,000.00
Transfers from accumulated surplus to revolving fund	-	-	-	-	-	-
Capital/development grants received during the year	-	-	-	-	-	-
As at June 30, 2024	-	-	5,533,563.20	116,052,160.00	-	121,585,723.20

Baringo County Executive Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024.

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

	Notes	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
Cashflows from operating activities			
Receipts			
Transfers from other governments entities		-	-
Public contributions and donations		-	-
Interest received		1,883,226.47	1,074,466.78
Rendering of services		-	-
Rental revenue from facilities and equipment		-	-
Fees and other charges		-	-
Other income(<i>specify</i>)		-	-
Total receipts		1,883,226.47	1,074,466.78
Payments			
Use of goods and services		(1,823,048.50)	(608,571.00)
Employee costs		-	-
Board Expenses		-	-
Repairs and maintenance		-	-
Contracted services		-	-
Grants and subsidies		-	-
Finance costs		-	-
Total payments		(1,823,048.50)	(608,571.00)
Net cashflows from/(used in) operating activities	45	60,177.97	465,895.78
Cash flows from investing activities			
Purchase of PPE		-	-
Purchase of Intangible assets		-	-
Proceeds from sale of PPE		-	-
Proceeds from loan principal repayments		17,071,078.58	4,155,675.04
Loan disbursements paid out		(62,825,000.00)	(7,500,000.00)
Purchase of investments		-	-
Proceeds from sale of investments		-	-
Net cashflows from/(used in) investing activities		(45,753,921.42)	(3,344,324.96)
Cashflows from financing activities			
Revolving fund receipts		56,000,000.00	-
Proceeds from borrowings		-	-
Repayment of borrowings		-	-

**Baringo County Executive Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024.**

	Notes	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
Net cash flows from financing Activities		56,000,000.00	-
Net increase/(decrease) in cash & Cash equivalents		10,306,256.55	(2,878,429.18)
Cash and cash equivalents at the beginning 1st July 2023	27	2,138,294.36	5,016,723.54
Cash and cash equivalents at the end 30th June 2024	27	12,444,550.91	2,138,294.36

Baringo County Executive Mortgage Scheme 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 30th June 2024

	Original budget	Adjustment s	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	f=d/c*100
	a	b	c=(a+b)	d	e=(c-d)	
Revenue						
Transfers from Other Governments entities	56,000,000.00	-	56,000,000.00	-	-	-
Public Contributions and Donations	-	-	-	-	-	-
Interest income	3,000,000.00	-	3,000,000.00	2,552,936.67	447,063.33	85%
Rendering of Services	-	-	-	-	-	-
Rental Revenue from Facilities and Equipment	-	-	-	-	-	-
Fees and other charges	-	-	-	-	-	-
Other Income	-	-	-	-	-	-
Total Income	59,000,000.00	-	59,000,000.00	2,552,936.67	56,447,063.33	4%
Expenses						
Use of Goods and Services	3,600,000.00	-	3,600,000.00	1,823,048.50	1,776,951.50	51%
Employee costs	-	-	-	-	-	-
Board Expenses	-	-	-	-	-	-
Repairs and Maintenance	-	-	-	-	-	-
Contracted Services	-	-	-	-	-	-
Grants and Subsidies	-	-	-	-	-	-
Finance costs	-	-	-	-	-	-
Total Expenditure	3,600,000.00	-	3,600,000.00	1,823,048.50	1,776,951.50	51%
Surplus for the period	55,400,000.00	-	55,400,000.00	729,888.17	(54,670,111.83)	-
Capital Expenditure	-	-	-	-	-	-

19. Notes to the Financial Statements

1. General Information

Baringo County Executive Mortgage Scheme Fund is established by and derives its authority and accountability from The Public Finance Management Act, 2012 and Baringo County Executive Members Mortgage Scheme Fund Regulations 2016. The fund is wholly owned by the Baringo County Government and is domiciled in Kenya. The fund's principal activity is lending funds for the purchase, development, renovation or repair of residential property by members of the County Executive as prescribed by the Salaries and Remuneration Commission.

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, Baringo County Executive Members Mortgage Scheme Fund Regulations 2016, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

**Baringo County Executive Mortgage Scheme Fund
Annual Reports 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	Effective date and impact:
<p>IPSAS 43: Leases</p>	<p><i>Applicable 1st January 2025</i> 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 an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. No impact.</p>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st January 2025</i> 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. No impact.</p>
<p>IPSAS45: Property Plant and Equipment</p>	<p><i>Applicable 1st January 2025</i> 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. No impact.</p>
<p>IPSAS 46: Measurement</p>	<p><i>Applicable 1st January 2025</i> 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.</p>

**Baringo County Executive Mortgage Scheme Fund
Annual Reports and Financial Statements for the year ended June 30, 2024.**

	<p>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</p> <p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>Standardization of measurement for comparison purposes.</p>
IPSAS47: Revenue	<p>Applicable 1st January 2026</p> <p>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 an entity 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>Positive impact.</p>
IPSAS48: Transfer Expenses	<p>Applicable 1st January 2026</p> <p>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 entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p>No impact.</p>
IPSAS49: Retirement Benefit Plans	<p>Applicable 1st January 2026</p> <p>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> <p>No impact.</p>

ii. **Early adoption of standards**

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

**Baringo County Executive Mortgage Scheme Fund
Annual Reports and Financial Statements for the year ended June 30, 2024.**

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees and other charges

The Entity 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 Entity and the fair value of the asset can be measured reliably.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services, and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the 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 Entity 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 FY2023/2024 was approved by the Fund Committee on 24th August 2023 being part of second supplementary budget. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Entity upon receiving the respective approvals to conclude the final budget. The Fund did not record additional appropriations on the 2024 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. The fund budget was considered and approved for implementation on 24th August 2023 through minute BCM 4/8/2023.

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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 entities, 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 entities, 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

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surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the 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 Entity 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. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period, or investment property is measured at fair value with gains and losses recognised through surplus or deficit. 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.

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

f) Leases

Finance leases are leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. 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 Entity 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 Entity 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 Entity. 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 Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity 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.

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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 entity 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 entity and a financial liability or equity instrument of another entity. At initial recognition, the entity 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 entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity, or fair value through surplus and deficit on the basis of both the entity'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 cashflows 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 an entity 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 entity 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.

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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 entity 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 entity 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 entity recognizes a loss allowance for such losses at each reporting date.

b) Financial liabilities

Classification

The entity 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 Entity.

j) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

k) Contingent liabilities

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

l) Contingent assets

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

m) Nature and purpose of reserves

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

n) Changes in accounting policies and estimates

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

o) Employee benefits

Retirement benefit plans

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

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 Entity 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 the Fund Committee, Fund Administrator, and senior managers.

s) Service concession arrangements

The Entity 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 Entity 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 Entity also recognizes corresponding liability, adjusted by a cash consideration paid or received.

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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 Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual value

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

- a) The condition of the asset is based on the assessment of experts employed by the Entity.
- b) The nature of the asset, its susceptibility, and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) 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.

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6. Transfers from Other Government entities

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Unconditional Grants		
Operational Grant	-	-
Unconditional development grants	-	-
Other Grants	-	-
Total Unconditional Grants	-	-
Conditional Grants amortised/ transferred to revenue		
Development Grant	-	-
Operational Grant	-	-
Other Organizational Grants	-	-
Total Government Grants and Subsidies	-	-

b)Transfers from County Departments

Name of The Entity Sending the Grant	Amount recognized to Statement of Financial performance, *	Amount deferred under deferred income.	Amount recognised in capital fund.	Total transfers(Current FY)	Insert Comparative FY
	Kshs	Kshs	Kshs	Kshs	Kshs
County Treasury	-	-	-	-	-
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	-	-
Total Transfers and Sponsorships	-	-
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 County Department on behalf of the entity	-	-
Others	-	-
Total Transfers in-kind	-	-

9. Interest income

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Interest on loans	2,552,936.67	1,631,542.03
Others	-	-
Total Interest income	2,552,936.67	1,631,542.03

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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	-	-
Total Fees and other charges	-	-

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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	-	96,000.00
Audit Fees	-	-
Conferences and Delegations	-	-
Consulting Fees	-	-
Consumables	-	-
Fuel and Oil	-	-
Insurance	678,630.00	-
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	9,273.50	7,671.00
Other – refund to car loan	1,135,145.00	-
Total	1,823,048.50	103,671.00

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15. Employee Costs

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
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
	Kshs	Kshs
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
	Kshs	Kshs
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	-	-

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21. Finance Costs

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
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 2023/2024	FY 2022/2023
	Kshs	Kshs
	-	-
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 2023/2024	FY 2022/2023
	Kshs	Kshs
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)	-	-
Total Gain	-	-

25. Impairment Loss

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Property, Plant and Equipment	-	-
Intangible Assets	-	-
Total Impairment Loss	-	-

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	-	-
Deferred tax: [note 44]	-	-
Original and reversal of temporary differences	-	-
Income tax expense reported in the statement of financial performance	-	-

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27. Cash and Cash Equivalents

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Bank balances	12,444,550.55	2,138,294.00
On - Call Deposits	-	-
Fixed Deposits Account	-	-
Others	-	-
Total Cash and Cash Equivalents	12,444,550.55	2,138,294.00

Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account number	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
a) Bank balances			
Kenya Commercial Bank	1179329708	12,444,550.55	2,138,294.00
Bank		-	-
Sub- Total		12,444,550.55	2,138,294.00
b) On - Call Deposits			
Bank		-	-
Bank		-	-
Sub- Total		-	-
c) Fixed Deposits Account			
Bank		-	-
Bank		-	-
Sub- Total		-	-
d) Others			
Cash In Transit		-	-
Cash In Hand		-	-
Mobile Money Accounts		-	-
Sub- Total		-	-
Grand Total		12,444,550.55	2,138,294.00

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28. Receivables from Exchange Transactions

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Current Receivables		
Loan interest receivable	2,248,595.6	1,578,885.41
Current Loan Repayments Due	35,850,421.95	17,710,973.97
Fees and other charges due	-	-
Accounts receivables	1,789,419.04	-
Less: Impairment Allowance	-	-
Total Current Receivables	39,888,436.60	19,289,859.38
Non-Current Receivables		
Long Term Loan Repayments Due	69,252,692.81	43,361,338.23
Total Non- Current Receivables	69,252,692.81	43,361,338.23
Total Receivables from Exchange Transactions	109,141,129.41	62,651,197.61

(b) Ageing analysis for Receivables from exchange transactions

Description	FY 2023/2024		FY 2022/2023	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	30,371,836.8	76%	3,234,620.31	16.9%
Between 1- 2 years	2,073,524.8	5%	6,630,018.68	34.3%
Between 2-3 years	2,105,080	5.7%	-	0%
Over 3 years	5,337,995	13.3%	9,425,220.39	48.8%
Total (a+b)	39,888,436.60	100%	19,289,859.38	100%

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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 2023/2024		FY 2022/2023	
	Kshs		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	-	-

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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	-	-
Sub- total	-	-
Grand total	-	-

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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			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding		Current year	Comparative year
	%	%	%	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 2023	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-	-	-	-
As at 30 th June 2023	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-	-	-
As at 30th June 2024	-	-	-	-	-	-	-	-	-
Depreciation And Impairment	-	-	-	-	-	-	-	-	-
At 1 July 2023	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
Transfers/ Adjustments	-	-	-	-	-	-	-	-	-
As At 30 th June 2024	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-	-
As at 30th June 2024	-	-	-	-	-	-	-	-	-
Net Book Values	-	-	-	-	-	-	-	-	-
As at 30th June 2023	-	-	-	-	-	-	-	-	-
As at 30th June 2024	-	-	-	-	-	-	-	-	-

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Valuation

Land and buildings/ Equipment 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 Depreciation	NBV
	Kshs	Kshs	Kshs
Land	-	-	-
Buildings	-	-	-
Plant And Machinery	-	-	-
Motor Vehicles, Including Motorcycles	-	-	-
Computers And Related Equipment	-	-	-
Office Equipment	-	-	-
Furniture and Fittings	-	-	-
Others (specify)	-	-	-
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	-	-

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35. Trade and Other Payables

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

36. Refundable Deposits Customers

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

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37. Provisions

Description	Leave provision	Bonus provision	Gratuity Provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
Balance brought forward at the beginning of the year	-	-	-	-	-
Additional provisions during the year	-	-	-	-	-
Provision utilised 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	FY 2023/2024	FY 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	-

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The deferred income movement is as follows:

39. Deferred Income

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
National/ County Government	-	-
Public Contributions and Donations	-	-
Total Deferred Income	-	-

	National/ County Govern- ment	Public contributions and donations	Total
	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	Defined benefit plan	Post- employem- t medical benefits	Other Benefits	(Current FY)	(Comparat- ive FY)
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total Employee Benefits Obligation	-	-	-	-	-

Retirement benefit Asset/ Liability

The Entity does not operate a defined benefit scheme for all full-time employees from July 1, 2023. 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 IPSAS39 was carried out as at by actuarial valuers on this 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:

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Description	FY 2023/2024	FY 2022/2023
Discount Rates	-	-
Future Salary Increases	-	-
Future Pension Increases	-	-
Mortality (pre- retirement)	-	-
Mortality (post-retirement)	-	-
Withdrawals	-	-
Ill Health	-	-
Retirement	-	-

Recognition of Retirement Benefit Asset/ Liability

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

Description	FY 2023/2024 Kshs	FY 2022/2023 Kshs
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	-	-
Remeasurement of the net defined benefit liability (asset)	-	-

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b) Amounts recognised in the Statement of Financial Position

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

The Entity does not contribute to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at nil per employee per month. Other than NSSF the Entity has not defined contribution scheme operated by Pension Fund. Employees contribute 0% while employers contribute 0% of basic salary. Employer contributions are recognized as expenses in the statement of financial performance within the period they are incurred.

41. Borrowings

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
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	-	-

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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	-	-

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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	-	-

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	FY 2023/2024	FY 2022/2023
	Kshs	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	-	-

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45. Cash Generated from Operations

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Surplus/Deficit for the year	729,888.17	-
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	(669,710.20)	-
Increase in deferred income	-	-
Increase in payables	-	-
Increase in payments received in advance	-	-
Net cash flow from operating activities	60,177.97	-

46. Financial Risk Management

The Entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Entity'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 Entity 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 Entity's financial risk management objectives and policies are detailed below:

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i) Credit risk

The Entity 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 Entity'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 Entity's maximum exposure to credit risk without taking account the value of any collateral obtained is made up as follows:

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2024				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
As at 30 June 2023				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

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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 Entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Entity does not have a significant concentration of credit risk. The board of directors sets the Entity'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 Entity's directors, who have built an appropriate liquidity risk management framework for the management of the Entity's short, medium, and long-term funding and liquidity management requirements. The Entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the Entity 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	Less than 1 month	Between 1-3 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 Entity has put in place an internal audit function to assist it in assessing the risk faced by the Entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rates, equity prices, and foreign exchange rates which will affect the Entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Entity's Department is responsible for the development of detailed risk management policies (subject to review and approval by the Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Entity's exposure to market risks or the way it manages and measures the risk.

a) Foreign currency risk

The Entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The Entity 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 Entity's foreign currency-denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Current FY

Description	In Kshs	Other currencies	Total
	Kshs	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

Current FY

Description	In Kshs	Other currencies	Total
	Kshs	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 Entity'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	Effect on Profit before tax	Effect on Equity/Net assets
	Kshs	Kshs	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 Entity's financial condition may be adversely affected as a result of changes in interest rate levels. The Entity's interest rate risk arises from bank deposits. This exposes the Entity to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Entity'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 Entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

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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 *Entity'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 *Entity* 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	Level 1	Level 2	Level 3	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 Entity's capital risk management is to safeguard the Entity's ability to continue as a going concern. The Entity capital structure comprises of the following funds:

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
Revaluation Reserve	-	-
Retained Earnings	-	-
Reserve	-	-
Total Funds	-	-
Total Borrowings	-	-
Less: Cash and Bank Balances	-	-
Net Debt/(Excess Cash And Cash Equivalentents)	-	-
Gearing	0%	0%

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47. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the Entity 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 Entity, holding 100% of the Entity's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Entity, 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 2023/2024	FY 2022/2023
	Kshs	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 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 organisation 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 Entity	-	-
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 County Public Fund established by Public Finance Management (Baringo County Executive Members Mortgage Scheme Fund) Regulations 2016 Act. The Fund is wholly owned by the County Government of Baringo and is domiciled in Kenya.

53. Currency

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

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20. Appendices

Appendix1: 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	The statement of financial position reflects net assets amounting to Kshs.64,789,492 which differs with the total net assets and liabilities amounting to Kshs.64,855,836 resulting to a variance of Kshs.66,344 or unbalanced statement	The error was noted but a correction was done in the current financial statements under review.	Not resolved	To be checked during current year audit.
1.2	The statement of changes in net assets reflects revolving fund opening balance amounting to Kshs.63,327,985 which differs with the audited balance amounting to Kshs.60,052,160 resulting to unexplained variance of Kshs.3,275,825. Further, the statement reflects nil accumulated surplus opening balance which differ with the audited amounting to Kshs.3,275,804 resulting to unexplained variance of Kshs.3,275,804	The statement of changes in net assets was rectified to reflect Kshs. 60,052,160 as the opening balance for revolving fund and Kshs. 3,275,804 as the opening balance for accumulated surplus.	Not resolved	To be checked during current year audit.
1.3	The statement of financial position reflects accumulated surplus balance of	In the statement of change in net assets, accumulated surplus	Not resolved	To be checked during current year audit.

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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)
	Kshs. 1,527,871 which differs with statement of changes of net asset balance of kshs.4,803,675 resulting to unreconciled and unexplained variance of Kshs 3,275,804. Further, statement of change in net assets reflect a comparative surplus of Kshs. 3,275,804 which differs with the previous audited balance of Kshs. 1,558,798 resulting to an overstatement by Kshs. 1,717,007.	comprises of kshs. 3,275,804 surplus brought forward and kshs. 1,527,871 as surplus for the period under review.		
1.4	The statement of cash flows reflects interest received amounting to Kshs.1,074,467 which differs with the amount of Kshs.1,631,542 reflected in the statement of financial performance resulting to unexplained variance of Kshs.557,075.Further,the statement reflects a net cashflow from operating activities amounting to kshs. 465,896 which differs with nil amount reflected in note 25 to the financial statements.	The statement of cash flows the interest reflected there on is the actual amount that the fund received in their accounts whereas the interest reflected in the statement of financial performance is interest earned since the financial statements are prepared in accrual basis of accounting.	Not resolved	To be checked during current year audit.

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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)
2.0	<p>The statement of financial position reflects current portion of long term receivables from exchange transactions amounting to Kshs.19,289,859 as further disclosed under Note 13 to the financial statements. However, the provided schedule provided reflected an amount of kshs. 5,293,163 resulting a variance of Kshs.13,996,696 which has not reconciled.</p> <p>Further, the statement of financial position reflects long term receivables from exchange transactions totalling to Kshs.43,361,338 as further disclosed in Note 13 of the financial statements. However, the ageing analysis for the receivables was not provided for audit.</p>	<p>Kshs.19,289,859 reflected in note 13 comprises of;</p> <ul style="list-style-type: none"> • Interest receivable of Kshs. 178,885 • Short term loan receivable of kshs. 8,285,753 • Defaulted loan repayments of kshs. 9,425,220 <p>The breakdown of the above is contained in the individual ledgers provided.</p>	Not resolved	To be checked during current year audit.
	<p>Budgetary control and performance In the statement of comparison of budget and actual reflects total revenue budget and actual on comparable basis of kshs.</p>	<p>There was a delay on releasing funds to the county in financial year 2022/2023 hence this delay affected funding of the</p>		To be checked during current year audit.

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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)
	<p>57,500,000 and kshs. 1,631,452 respectively , resulting to an under funding of kshs. 55,868,457 or 97% of the budget.</p> <p>Further, the fund spent kshs. 103,671 against an approved budget of kshs. 755,000 resulting to under expenditure of kshs. 651,329. The underfunding and under utilization of the fund impacted on the planned activities of the fund while the management was in breach of the law.</p>	<p>County's fund on time. However, kshs. 56,000,000 was disbursed in July 2023 from the County Government. All planned activities that were to be undertaken in the prior year were under taken on early September 2023.</p>		
	<p>Various prior year audit issues remained unresolved as at 30th June 2022. Management did not provide the progress made in resolving prior year audit issues.</p>	<p>The issues have been addressed.</p>	<p>Not resolved</p>	<p>To be checked during current year audit</p>
<p>1.0</p>	<p>In the statement of financial position reflects long term receivables of kshs. 43,361,338 which includes disbursement of kshs. 9,000,000 to 3 applicants in previous year. However, the loans were not supported by loan applications, design of house plans duly approved by relevant Government departments, bill of</p>	<p>Before disbursements are made, employees normally fill loan applications and submit with supporting documents such as house designs, bill of quantities, official search, valuation reports sale agreements where applicable.</p>	<p>resolved</p>	<p>N/a</p>

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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)
	quantities, official search for titles of the properties, certified copies of sale agreements and valuation report from registered valuers.	Therefore it is not true to say that the disbursement was not supported.		
2.0	<p>In the statement of financial position reflects the current portion of long term receivables and long term receivables from exchange transactions of kshs. 19,289,589 and kshs. 43,316,338 respectively, all amounting to kshs. 62,651,197. However, no mortgage protection policy has been taken against the assets financed or charges registered against the properties.</p> <p>Further the fund Committee did not into custody the ownership documents and title deeds contrary to Section 19(b) of PFM(Baringo County Executive Mortgage Scheme Fund) Regulations 2018. This implies that the fund may not recover the outstanding loan in an event of loan default repayment.</p>	Fund management committee has perfected the securities of the new loans. For old loans, the committee is in the process of engaging auctioneers to recover the money.		6 months.
	Lack of risk management and fraud	The policy is awaiting	Not resolved	3 weeks

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status (Resolved/ Not Resolved)	Time frame (Put a date when you expect the issue to be resolved)
	policies contrary to Section 158(1)(a) and (b) of Public Management Management(County Government) Regulations 2015.	gazettement at the government printers.		


 Fund Administrator
 Date: 25/11/24



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Appendix II: Projects implemented by Baringo County Executive Members Mortgage Scheme 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/D evelopment/ 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	
Baringo County Government	-	Recurrent	-	-	-	-	-	-	-
-	-	Development	-	-	-	-	-	-	-
Total			-	-	-	-	-	-	-

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Appendix V- Inter-Entity Confirmation Letter

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

Name of beneficiary entity: **Baringo County Executive Members Mortgage Scheme Fund**

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30th June (Current FY)

Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
D571	11.07.23	56,000,000.00	-	56,000,000.00	Received
-	-	-	-	-	-
-	-	-	-	-	-
Total		56,000,000.00	-	56,000,000.00	-

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

Head of Accounts:
 Name Alhoro Kiptoo Sign [Signature] Date 28 NOV 2024

Fund Administrator:
 Name DAVID RERIMO Sign [Signature] Date 28 NOV 2024

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Appendix VI: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities	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
-	-	-	-	-	-	-
-	-	-	-	-	-	-