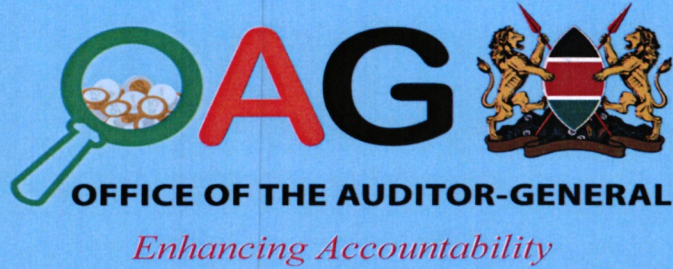
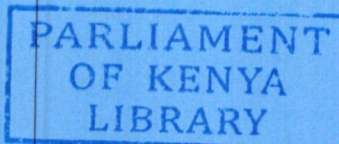


REPUBLIC OF KENYA



PAPERS LAID	
DATE	03/05/2023
TABLED BY	Sen. Majority Whip
COMMITTEE	<u>                    </u>
CLERK AT THE TABLE	M. Adj. bodou

**REPORT**



**OF**

**THE AUDITOR-GENERAL**

**ON**

**BARINGO COUNTY MICRO AND SMALL  
ENTERPRISES FUND**

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





---

**BARINGO COUNTY GOVERNMENT**

**BARINGO COUNTY MICRO AND SMALL ENTERPRISES FUND**

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

**JUNE 30, 2022**

---

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

**Baringo County Micro and Small Enterprises Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

---

**Table of Content**

1. Key Fund Information and Management .....	II
2. Fund Administration Committee .....	III
3. The Fund Committee.....	V
4. Key Management Team .....	VIII
5. FUND ADMINISTRATION COMMITTEE CHAIRPERSON'S REPORT .....	X
6. Report of The Fund Administrator .....	XII
7. Statement of Performance Against the County Fund's Predetermined Objectives .....	XIV
8. CORPORATE GOVERNANCE STATEMENT .....	XVI
9. Management Discussion and Analysis .....	XVIII
10. Environmental and Sustainability Reporting.....	XIX
11. Fund Administration Committee Report.....	
12. Statement of Management's Responsibilities .....	XXI
13. Report of the Auditor General .....	XXII
14. Statement of Financial Performance For The Year Ended 30th June 2022 .....	1
15. Statement of Financial Position As At 30 June 2022.....	2
16. Statement Of Changes in Net Assets for the year ended 30 <sup>th</sup> June 2022 .....	4
17. Statement Of Cash Flows For The Year Ended 30 June 2022 .....	5
18. Statement Of Comparison Of Budget And Actual Amounts For The Period.....	7
19. Notes to the Financial Statements.....	8
20. Progress On Follow Up Of Prior Year Auditor's Recommendations .....	36

**1. KEY FUND INFORMATION AND MANAGEMENT**

**a) Background information**

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

**b) Principal Activities**

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

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

**Core objectives of the fund**

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

**Baringo County Micro and Small Enterprises Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

**2. Fund Administration Committee**

Sl. No.	Name	Position
1	Hon. Dr. David C. Sergon	Fund Chairperson
2	John Kisang'	Fund Administrator
3	Dr. Jane Barus	Chief Officer for Finance-Member
4	Lemale Sauroki	Director for Trade - Member
5	Elisha Kiplagat	Chairperson(KNCCI) - Member
6	Brian T. Kiplagat	KNCCI Representative - Member
7	Abigael Jerutich	CEO - KNCCI - Member
8	Rispah Kibolol	PLWDs Representative - Member
9	Luke Imbusi	Assistant Director - Trade - Secretary

**c) Key Management**

Sl. No.	Name	Position
1	Hon. Dr. David Chesire Sergon	Fund Chairperson
2	John Kisang'	Fund Administrator
3	Dr. Jane Barus	Chief Officer for Finance-Member
4	Lemale Sauroki	Director for Trade - Member
5	Luke Imbusi	Assistant Director - Trade - Secretary

**d) Registered Offices**

P.O. Box 53-30400  
Mwalimu Plaza 1<sup>ST</sup> Floor  
Kabarnet, KENYA

**e) Fund Contacts**

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

**f) Fund Bankers**

**Equity Bank**

**Branch:** Kabarnet Branch

**Bank Name:** Baringo County Small and Medium Enterprises Fund

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

**Kabarnet Branch, Kenya**




**g) Independent Auditors**

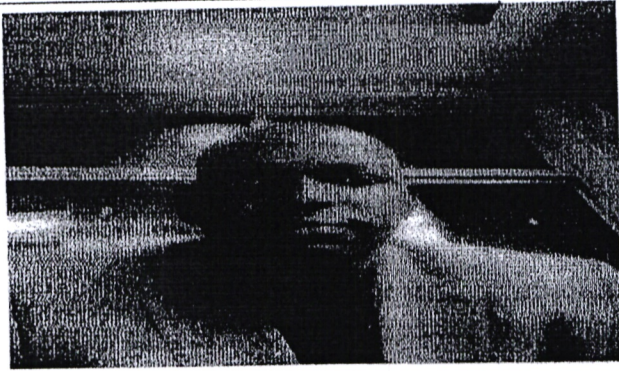
Auditor General  
Office of the Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084  
GOP 00100  
Nairobi, Kenya

**h) Principal Legal Adviser**

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

**3. The Fund Committee**

 <p>Hon. Dr. David C. Sergon - Chairperson to the Fund</p>	<p><b>Year of Birth:</b> 1974</p> <p><b>Key Qualifications:</b> Doctorate in Entrepreneurship Studies (Moi University), Masters in Business Administration (KU), B.ED (Accounting and Mathematics) UON.</p> <p><b>Work Experience:</b> 21 Years</p> <p><b>Chairperson to the Fund:</b> Baringo County Micro and Small Enterprises Fund</p>
 <p>Mr. John Kisang - Chief Officer - Trade(Fund Administrator)</p>	<p><b>Year of Birth:</b> 15/10/1972</p> <p><b>Key Qualifications:</b> Bachelor of Science Natural Resource Management. SMC and several workshops and Seminars</p> <p><b>Work Experience:</b> 4 years in Public Service as Chief Officer , Baringo County and Ten years in the NGO at Technical and Managerial levels.</p> <p><b>Fund Administrator:</b> Baringo County Micro and Small Enterprises Fund</p>
 <p>Dr. Jane Barus - Chief Officer for Finance and Economic Planning</p>	<p><b>Year of Birth:</b> 1979</p> <p><b>Key Qualifications:</b> PHD Finance - JKUAT, B.COM, CPA(K),Senior Management Course and SLDP</p> <p><b>Work Experience:</b> 20 Years</p> <p><b>Committee member:</b> Baringo County Micro and Small Enterprises Fund</p>



Lemale Sauroki - County Director - Trade

**Date of Birth:**24/8/1974

**Academic and professional qualifications:**

**Work experience:** County Director for Trade in Department of Industry, Commerce, Enterprises and Co-operatives

**Committee member:** Baringo County Micro and Small Enterprises Fund



Luke Imbusi - County Trade Development Officer

**Date of Birth:**07-05-1969

**Academic and professional qualifications:**

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

**Work experience:** County Trade Development Officer in department of Industry, Commerce, Enterprises and Co-operatives for 28 years.

**Secretary/Treasurer:** Baringo County Micro and Small Enterprises Fund



Brian T. Kiplagat - Member(KNCCI)

**Date of Birth:**21/9/1981

**Academic and professional qualifications:**

**Form Four**

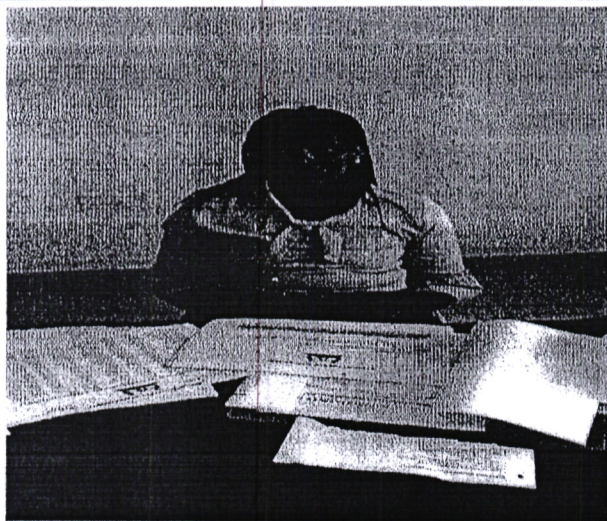
**Work experience:** 21 years in Business and Non-Governmental Organization called Elma Barnet Children's home

21 Years in Clothing business and Events management as Director

**Kenya National Chamber of Commerce &**

**Industry Representative -Committee Member:**

Baringo County Micro and Small Enterprises Fund



Abigael Jerutich - Member -CEO (KNCCI)

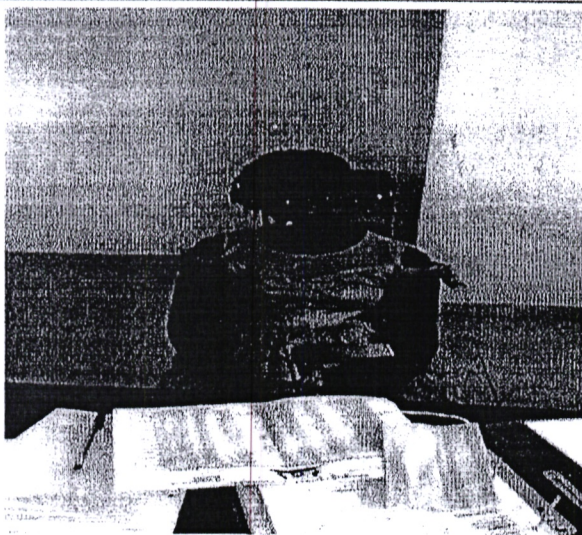
**Date of Birth:** 1987

**Academic and professional qualifications:**

Diploma in Purchasing and Supplies management

**Work experience:** 5 years as Programme Officer and 3 years as CEO of KNCCI, Kabarnet Branch.

**Kenya National Chamber of Commerce & Industry CEO-Committee Member:** Baringo County Micro and Small Enterprises Fund



Rispah Kibolol - Member (PWDs Representative)

**Date of Birth:** 1985

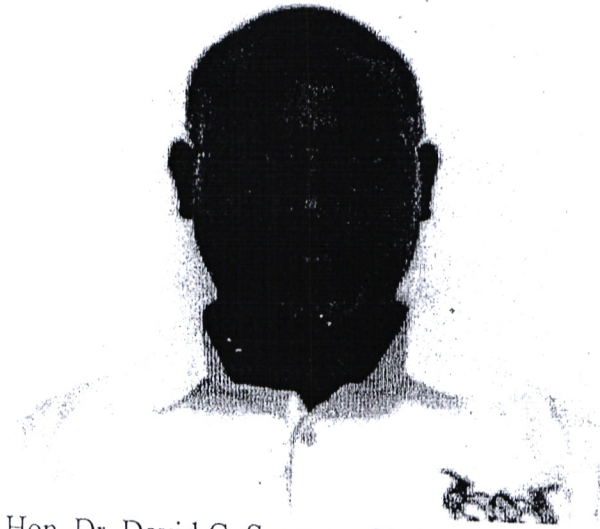
**Academic and professional qualifications:**

Diploma in Health Records - Kisii University

**Work experience:** Business Woman for Three years

**Kenya National Chamber of Commerce & Industry Representative -Committee Member:** Baringo County Micro and Small Enterprises Fund

4. Key Management Team



Hon. Dr. David C. Sergon - Chairperson to the Fund

**Year of Birth:** 1974

**Key Qualifications:** Doctorate in Entrepreneurship Studies (Moi University), Masters in Business Administration (KU), B.ED (Accounting and Mathematics) UON.

**Work Experience:** 21 Years

**Chairperson to the Fund:** Baringo County Micro and Small Enterprises Fund



John Kisang -Chief Officer - Trade(Fund Administrator)

**Year of Birth:** 15/10/1972

**Key Qualifications:** Bachelor of Science Natural Resource Management. SMC and several workshops and Seminars

**Work Experience:** 4 years in Public Service as Chief Officer , Baringo County and Ten years in the NGO at Technical and Managerial levels.

**Fund Administrator:** Baringo County Micro and Small Enterprises Fund



**Dr. Jane Barus - Chief Officer for Finance and Economic Planning**

**Year of Birth:** 1979

**Key Qualifications:** PHD Finance - JKUAT, B.COM, CPA(K), Senior Management Course and SLDP

**Work Experience:** 20 Years

**Committee member:** Baringo County Micro and Small Enterprises Fund



**Lemale Sauroki -County Director -Trade**

**Date of Birth:**24/8/1974

**Academic and professional qualifications:**

**Work experience:** County Director for Trade in Department of Industry, Commerce, Enterprises and Co-operatives

**Committee member:** Baringo County Micro and Small Enterprises Fund



**Luke Imbusi - County Trade Development Officer**

**Date of Birth:**07-05-1969

**Academic and professional qualifications:**

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

**Work experience:** County Trade Development Officer in department of Industry, Commerce, Enterprises and Co-operatives for 28 years.

**Secretary/Treasurer:** Baringo County Micro and Small Enterprises Fund

## 5. FUND ADMINISTRATION COMMITTEE CHAIRPERSON'S REPORT

During the year under review, the Fund did witness only **one change** in the composition of its board and management team. The Fund regulation provides for the County Executive Committee member for Trade to be the Chairperson of the Fund Committee. With the resignation of CECM, Hon. Clement Lomaring'oria in March, 2022 it meant he ceased to be the Chair of the Fund. His successor, the current CECM, Hon Dr. David Sergon is now Chairperson.

Despite financial constraints, the fund was able to utilize the available resources at its disposal to meet some of its objectives. The Fund was able to disburse Kshs.6,590,000 to 91 traders in a meeting held on 3<sup>rd</sup> April, 2022. For a fruitful impact, the fund should be allocated more funds.

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

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

The businesses which benefit from the loan scheme include:

- Light industries
- Services
- Wholesale and Retail Establishments

Purposes for which the loans may be advanced

- Purchase of trading stocks
- Purchase of raw materials/simple equipment for small scale industry/artisan.
- commercial activity.
- Any other specific purpose which is a **trade** or an **industrial** venture.

How to qualify for the loan

- You must be a an indigenous Kenyan
- You must have been in business for at 6 months
- You must satisfy the loan authority that you keep simple books of accounts

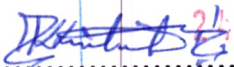
**Baringo County Micro and Small Enterprises Fund  
Annual Report and Financial Statements for the year ended June 30, 2022**

---

- You must have a lockable premises
- You must be the owner-manager of the business
- You must be carrying out a legal business recognized by the relevant government organs.
- You must secure the loan through one of the following: title deed, share certificate and life insurance policy.

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

BARINGO COUNTY GOVERNMENT  
P. O. BOX 53 - 30400, KABARNET  
COUNTY EXECUTIVE COMMITTEE MEMBER

 21 JAN 2023

INDUSTRY, COMMERCE, ENTERPRISE  
AND CO-OPERATIVE DEVELOPMENT

.....  
**Name: Hon. Zackary Kiprotich**

**Chairperson**

**6. Report of The Fund Administrator**

In FY 2021/2022, we had anticipated to advance kshs. 8,000,000.00 to traders but did actual disbursement of ksh.6,950,000/=. The other cumulative sums on disbursements are as in next paragraph.

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

FINANCIAL YEAR	AMOUNT RECEIVED BY THE FUND FROM COUNTY GOVERNMENT (Ksh.)		AMOUNT DISBURSED (Ksh.)	
	DATE	KSHS	DATE	KSHS
2014/2015	23/1/2015	7,500,000	20/2/2015	<b>13,450,000</b>
	20/2/2015	7,500,000	22/4/2015	<b>1,360,000</b>
2015/2016	10/12/2015	2,413,000	14/12/2015	<b>6,810,000</b>
2016/2017	1/11/2016	3,000,000	13/12/2016	<b>8,040,000</b>
2018/2019			28/9/2018	<b>8,980,000</b>
2019/2020	11/3/2020	1,665,448		
2019/2020			01/07/2020	<b>7,730,000</b>
2021/2022			03/4/2022	<b>6,860,000</b>
<b>TOTAL</b>		<b>22,078,448</b>		<b>53,230,000</b>

The most recent meeting for disbursement was on 03/4/2022 when the Fund Committee disbursed **Ksh. 6,950,000.00** to **91 beneficiaries**.

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

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

**CURRENT DEPARTMENTAL OBSERVATIONS**

**1.Un equitable distribution of the Fund at inception**

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

**2. Under Staffing**

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

**3. Mobility of administering the Fund**

**Baringo County Micro and Small Enterprises Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

---

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

**RECOMMENDATIONS**

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

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

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

  
BARINGO COUNTY GOVERNMENT  
P. O. Box 53 - 30400, KABARNET  
COUNTY EXECUTIVE COMMITTEE MEMBER  
24 JAN 2023

---

**Name: Lemale Sauroki**

**Fund Administrator**

**7. Statement of Performance Against the County Fund's Predetermined Objectives**

**Introduction**

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

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

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

**Challenges include**

**1. Un equitable distribution of the Fund at inception**

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

**2. Under Staffing**

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

**3. Mobility of administering the Fund**

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

Below we provide the progress on attaining the stated objectives:

Micro and Small Enterprises Fund <b>loan advance</b>	To promote small-scale enterprises through provision of affordable credit	Increased number of traders getting affordable credit	Number of traders accessing loans and amount of loans disbursed	<b>In FY 21/22 a total of kshs. 6,950,000.00 was disbursed to 92 traders across the County</b>
Micro and Small Enterprises Fund <b>Loan recoveries</b>	To make appropriate recoveries as it is a revolving fund for others to benefit	Increased amounts to benefit other borrowers	Amount recovered during the period	<b>For FY 21/22 a total of kshs.1,908,461 was recovered from loanees</b>
Micro and Small Enterprises Fund <b>recipients training</b>	To enable loan recipients gain experience in loan management so that they can graduate to source funds from established financial institutions.	Increased number of beneficiaries getting trained and experience in loan management	Number of loan beneficiaries trained, gained experience in loan management and graduation	<b>In FY 2021/2022 we Trained 90 traders/loan recipients Loan recoveries were made amounting to kshs1,908,461</b>
Micro and Small Enterprises Fund <b>public sensitization</b>	Introduce small scale traders into borrowing funds for business	Public awareness of the existence of the Fund	Number of traders sensitized	There were various sensitization sessions both in office and field on the existence and benefits of the loans.

## **8. CORPORATE GOVERNANCE STATEMENT**

The committee members are appointed and gazetted for a term period of three years and eligible for re-appointment for one more term. The current committee members were gazetted on 28/2/2020.

Currently we have a Micro and Small Enterprises Fund brochure that we display and distribute during events such as Trade shows and other exhibitions. The main features are;

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

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

6. (1) There is established a committee to be known as the Fund Management Committee, which shall consist of-

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

- (e) one person representing people living with disabilities and should have a minimum of KCSE certificate or its equivalent and currently engaged in business;
  - (f) two officers representing Department of Commerce and Co-operatives;
- (2) The appointed members shall hold office for a period of three years and are eligible for reappointment for one more term and shall be gazetted on appointment.

The functions of the Committee shall be to -

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

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

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

**Members Disclosure of Interest**

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

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

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

**9. Management Discussion and Analysis**

As stated elsewhere the recoveries were low during the period under review where total collection was ksh.1,908,461 . Operational expenditure were majorly for meetings and bank charges total-ling ksh278,448

,As per the public finance management (Baringo County-Micro and Small Enterprises Fund) regulations, 2020

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

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

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

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

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

## **10. Environmental and Sustainability Reporting**

The Baringo County Micro and Small Enterprises Fund exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on Baringo County Micro and Small Enterprises pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

### **1. Sustainability strategy and profile**

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

### **2. Environmental performance**

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

### **3. Employee welfare**

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

### **4. Market place practices-**

The organization should outline its efforts to:

#### a) Responsible competition practice.

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

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

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

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

### **5. Community Engagements-**

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

## **11. Fund Administration Committee Report**

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2022 which show the state of the Fund affairs.

### **Principal activities**

The principal activities of the Fund are

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

### **Results**

The results of the Fund for the year ended June 30, 2022 are set out on page 1

### **Trustees**

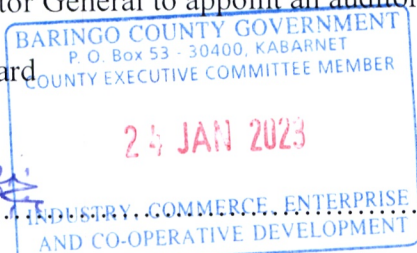
The Fund administration committee who served during the year are shown on page iv

### **Auditors**

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015. OR [institute of Certified Public Accountants were nominated by the Auditor General to carry out the audit of the fund for the year/period ended June 30, 2022 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf].

By Order of the Board

Sign.....



**Hon. Zachary Kiprotich**  
**Chair of the Fund Administration Committee**  
**Date:**

## 12. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by **the public finance management Act, (Baringo County Micro and Small Enterprises Fund) regulations, 2020** shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

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

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the **Baringo County Micro and Small Enterprises Fund) regulations, 2020**. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2022, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

### Approval of the financial statements

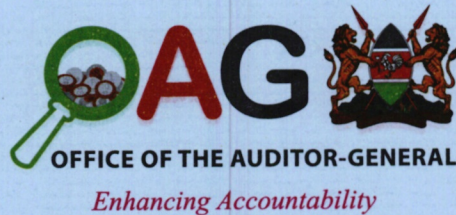
The Fund's financial statements were approved by the Fund on **15/07/2022** and signed on its behalf by:

.....  
**Lemale Sauroki**  
**Administrator of the County Public Fund**



# REPUBLIC OF KENYA

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



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

## **REPORT OF THE AUDITOR-GENERAL ON BARINGO COUNTY MICRO AND SMALL ENTERPRISES FUND FOR THE YEAR ENDED 30 JUNE, 2022**

---

### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Disclaimer of Opinion**

I have audited the accompanying financial statements of Baringo County Micro and Small Enterprises Fund set out on pages 1 to 36, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial performance, the 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

---

*Report of the Auditor-General on Baringo County Micro and Small Enterprises Fund for the year ended 30 June, 2022*

policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015.

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

## **Basis for Disclaimer of Opinion**

### **1. Inaccuracies in the Financial Statements**

The statement of financial position reflects total assets balance of Kshs.11,928,727, whereas the recomputed balance yielded Kshs.11,748,679, resulting to unreconciled variance of Kshs.180,048. Further, the total net assets and liabilities of Kshs.10,723,230 differed with the total net assets balance of Kshs.10,628,238 resulting to unreconciled variance of Kshs.94,792. Further, the statement of financial position reflects a revolving fund balance of Kshs.10,580,796, whereas the fund administrator report at pages Xii and and Xiii indicates a balance of Kshs.22,078,448 resulting to unreconciled variance of Kshs.11,497,651.

In the circumstances, the accuracy and completeness of the financial statements for the year ended 30 June, 2022 could not be confirmed.

### **2. Unsupported Balances in the Financial Statements**

The balances in the financial statements differed with the supporting schedules as detailed below:

<b>Particulars</b>	<b>Financial Statement Balance (Kshs.)</b>	<b>Supporting Schedule Balance (Kshs.)</b>	<b>Variance (Kshs.)</b>
Interest Income	420,882	0	420,882
Use of Goods and Services	278,448		278,448
Current Portion of Long-term Receivables from Exchange Transactions	7,713,517	0	7,713,517
Long-term Receivables from Exchange Transactions	3,007,301	0	3,007,301
Trade and Other Payables	1,300,489	0	1,300,489
Revolving Fund	10,580,797	0	10,580,797

In the circumstances, the accuracy and completeness of the financial statements for the year ended 30 June, 2022 could not be confirmed.

### **3. Internal Control Weakness in Loan Disbursements**

The statement of cash flows reflects loan disbursements paid out of Kshs.6,950,000 out of which Kshs.1,200,000 was issued to fourteen (14) beneficiaries but were not supported by way of application forms, copies of securities, vetting appraisal forms, valid business

permit copy of identity card, recent colored photo and photograph of business premises or area of operation.

In the circumstances, the loan processing internal controls were not working effectively as intended.

#### **4. Default in Loan Repayment**

The statement of financial position reflects current portion of long-term receivables and long-term receivables from exchange transactions balances of Kshs.7,713,518 and Kshs.3,007,301 respectively all totalling Kshs.10,720,819. However, records provided for audit indicate that loans valued at Kshs.4,360,325 were in default. No plausible explanation was given by Management why recovery measures or legal action has not been taken against the borrowers in breach of section 22 of the Public Finance Management (Baringo County Micro and Small Enterprises Fund) Regulations, 2020.

In the circumstances, the recoverability of loans valued at Kshs.4,369,325 is in doubt.

#### **5. Budget and Budgetary Control**

The statement of comparison of budget and actual amounts reflects total income budget and actual on comparable basis of Kshs.300,000 and Kshs.420,882 respectively resulting to over performance of Kshs.120,882. The statement also reflects a total income budget of Kshs.300,000 against total expenditure budget of Kshs.352,520 resulting to an unbalanced budget by Kshs.52,520.

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

#### **6. Unresolved Prior Year Matters**

Various prior year audit issues remained unresolved as at 30 June, 2022. Management has not indicated the progress in resolving the prior year audit issues. This is contrary to the requirements of the Public Sector Accounting Standards Board reporting guidelines.

In the circumstances, Management has not complied with the reporting guidelines.

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

#### **Key Audit Matters**

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

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

### **Conclusion**

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

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

### **Conclusion**

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

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

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

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

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

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

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

governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

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

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

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

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

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

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


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

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

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

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

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

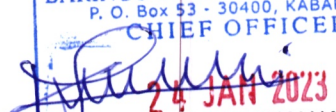
  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL


Nairobi

11 April, 2023

14. Statement of Financial Performance For The Year Ended 30th June 2022

<b>Revenue From Non-Exchange Transactions</b>			
Public Contributions and Donations	1	-	-
Transfers From the County Government	2	-	7,903,610.00
Fines, Penalties and Other Levies	3	-	-
		-	<b>7,903,610.00</b>
<b>Revenue From Exchange Transactions</b>			
Interest Income	4	420,882.22	330,264
Other Income	5	-	2,315,109.98
		<b>420,882.22</b>	<b>2,645,373.98</b>
<b>Total Revenue</b>		<b>420,882.22</b>	<b>10,548,984.54</b>
<b>Expenses</b>			
Employee Costs	6	-	-
Use of goods and services	7	278,448.3	141,798
Depreciation and Amortization Expense	8		7,730,000.00
Finance Costs	9	-	-
<b>Total Expenses</b>		<b>278,448.30</b>	<b>7,871,798.00</b>
<b>Other Gains/Losses</b>			
Gain/Loss on Disposal of Assets	10	-	-
<b>Surplus/(Deficit) For The Period</b>		<b>142,433.92</b>	<b>2,677,186.59</b>

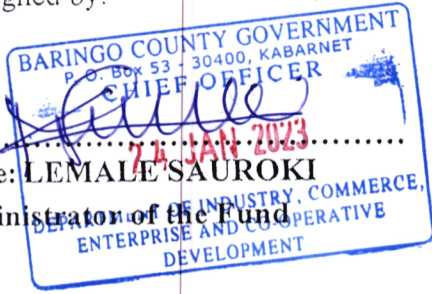
  
 BARINGO COUNTY GOVERNMENT  
 P. O. Box 53 - 30400, KABARNET  
 CHIEF OFFICER  
 24 JAN 2023  
 Name: **LEMALE SAUROKI**  
 DEPARTMENT OF BUSINESS, COMMERCE,  
 ENTERPRISE AND CO-OPERATIVE  
 DEVELOPMENT  
 Administrator of the Fund

  
 Name: **GEORGE KIPROTICH**  
 Fund Accountant  
 ICPAK Member Number: 18980

15. Statement of Financial Position As At 30 June 2022

Assets			
<b>Current Assets</b>			
Cash and Cash Equivalents	11	1,027,860.58	5,117,358.98
Current Portion of Long- Term Receivables From Exchange Transactions	12	7,713,517.58	1,698,927.36
Prepayments	13	-	273,515.00
Inventories	14	-	-
		<b>8,741,378.16</b>	<b>7,089,801.34</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	15	-	-
Intangible Assets	16	-	-
Long Term Receivables from Exchange Transactions	12	3,007,301.44	3,591,484.68
		<b>3,187,348.93</b>	<b>3,591,484.68</b>
		<b>11,928,727.09</b>	<b>10,681,286.02</b>
<b>Total Assets</b>			
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables from Exchange Transactions	17	1,300,488.90	-
Provisions	18	-	-
Current Portion of Borrowings	19	-	-
Employee Benefit Obligations	20	-	-
		-	-
<b>Non-Current Liabilities</b>			
Non-Current Employee Benefit Obligation	20	-	-
Long Term Portion of Borrowings	19	-	-
		<b>1,300,488.90</b>	-
<b>Total Liabilities</b>			
		<b>10,628,238.19</b>	<b>10,681,286.02</b>
<b>Net Assets</b>			
Revolving Fund		10,580,796.54	7,903,610.00
Reserves		-	-
Accumulated Surplus		142,433.92	2,803,044.54
<b>Total Net Assets and Liabilities</b>		<b>10,723,230.46</b>	<b>10,706,654.54</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The fund financial statements were approved on 15/7/ 2022 and signed by:



.....  
Name: **LEMALE SAUROKI**

Administrator of the Fund

.....  
Name: **GEORGE KIPROTICH**


Fund Accountant

ICPAK Member Number: 18980

16. Statement Of Changes in Net Assets for the year ended 30<sup>th</sup> June 2022

Balance As At 1 July 2020	7,903,610.00	-	-	7,903,610.00
Surplus/(Deficit) For the Period	-	-	2,677,186	2,677,186.00
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
BalanceAsAt30 June 2021	7,903,610	-	2,677,186.00	10,580,796.00
Balance As At 1 July 2021	10,580,796	-	-	10,580,796.00
Surplus/(Deficit)For thePeriod	-	-	142,433.92	142,433.92
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
BalanceAsAt30 June 2022	10,580,796	-	329,544.22	10,910,340.22


  
 Name: .....  
 Administrator of the Fund


  
 Name: GEORGE KIPROTICH  
 Fund Accountant  
 ICPAK Member Number: 18980

**17. Statement of Cash Flows For The Year Ended 30 June 2022**

		2021	2020
<b>Cashflowsfromoperatingactivities</b>			
<b>Receipts</b>			
Publiccontributionsanddonations		-	-
Transfers from the county government		-	7,903,610
Interest received		393,683.63	300,646.16
Receipts from other operating activities		1,300,488.90	4,784,900.82
<b>Total receipts</b>		<b>1,694,172.53</b>	<b>12,989,156.98</b>
<b>Payments</b>			
Fund administration expenses		274,308.30	125,858.00
General expenses		-	7,730,000.00
Financecost		4,140.00	15,940.00
Other payments		278,448.30	7,871,798.00
<b>Netcashflowsfromoperatingactivities</b>	21	<b>1,415,724.23</b>	<b>5,117,358.98</b>
<b>Cash flows from investing activities</b>		-	-
Purchase of property, plant, equipment and Intangibleassets		-	-
Proceedsfromsaleofproperty,plant& equipment			
Proceeds from loan principal repayments		1,514,777.37	-
Loan disbursements paid out		(6,950,000.00)	-
<b>Netcashflowsusedininvestingactivities</b>		<b>(5,505,222.63)</b>	-
<b>Cashflowsfromfinancingactivities</b>			-
Proceedsfromrevolving fund receipts			-
Additional borrowings		-	-
Repaymentofborrowings		-	-
<b>Netcashflowsusedinfinancingactivities</b>		-	-
<b>Netincrease/(decrease)incash&amp;cash Equivalents</b>		<b>(4,089,498.40)</b>	<b>5,117,358.98</b>
Cashandcashequivalentsat1july 2021	11	5,117,358.98	-
<b>Cashandcashequivalentsat30 June 2022</b>	11	<b>1,027,860.58</b>	<b>5,117,358.98</b>



Name:

Administrator of the Fund

.....  
Name: **GEORGE KIPROTICH**

Fund Accountant

ICPAK Member Number:18980

*Baringo County Micro and Small Enterprises Fund*  
 Annual Report and Financial Statements for the year ended June 30, 2022

18. Statement Of Comparison Of Budget And Actual Amounts For The Period

Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Public Contributions And Donations	-	-	-	-	-	
Transfers From County Govt.						
Interest Income	300,000	-	-	420,882.22	120,882.22	40%
Other Income	-	-	-	-	-	-
<b>Total Income</b>	<b>300,000</b>	<b>-</b>	<b>-</b>	<b>420,882.22</b>	<b>120,882.22</b>	<b>40%</b>
<b>Expenses</b>						
Fund Administration Expenses	352,520	-	-	278,448.30	74,071.7	21%
General Expenses	-	-	-	-	-	-
Finance Cost	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>352,520</b>	<b>-</b>	<b>-</b>	<b>278,448.30</b>	<b>74,071.7</b>	<b>21%</b>
<b>Surplus For The Period</b>	<b>(52,520)</b>	<b>-</b>	<b>-</b>	<b>142,433.92</b>	<b>46,810.52</b>	

**19. Notes to the Financial Statements**

**1. General Information**

*IV.* Micro and small enterprise fund entity is established by and derives its authority and accountability from section 116(1) of the Public Finance Management Act 2012 Act. The Fund is wholly owned by the Baringo County Government and is domiciled in Kenya. The Fund principal activity is to lend money to needy traders in the County.

**2. Statement of compliance and basis of preparation**

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

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

**3. Adoption of new and revised standards**

**(i) Relevant new standards and amendments to published standards effective for the year ended 30 June 2022**

IPSASB deferred the application date of standards from 1<sup>st</sup> January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1<sup>st</sup> January 2023.

**(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022**

<p><b>IPSAS 41: Financial Instruments</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of Baringo county micro and small enterprise future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p>
---	--

	<ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Fund's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
<p>IPSAS 42: Social Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting micro and small enterprise provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the micro and small enterprise fund;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the Baringo county micro and small enterprise fund financial performance, financial position and cash flows.</li> </ul>
<p>Amendments to Other</p>	<p><b>Applicable: 1st January 2023:</b></p>

<p>IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<p><i>Applicable 1<sup>st</sup> January 2023</i></p> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b></li> </ul> <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</p>
<p>IPSAS 43</p>	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>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 cash flows of a fund. The new standard requires funds to recognize, measure and present information on right of use assets and lease liabilities.</p>

Financial Statement Disclosures	
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>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:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

**(iii) Early adoption of standards**

The entity did not early – adopt any new or amended standards in year 2022.

**1. Significant Accounting Policies**

**a) Revenue recognition**

**i. Revenue from non-exchange transactions**

Transfers from other government funds.

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

**ii. Revenue from exchange transactions**

*Interest income*

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

**b) Budget information**

The original budget for FY 2021-2022 was approved by the County Assembly on 30<sup>th</sup> June 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the fund upon receiving the respective approvals in order to conclude the final budget.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance.

***Summary Of Significant Accounting Policies (Continued)***

**c) Property, plant and equipment**

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

**d) 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.

**e) Financial instruments**

***Financial assets***

***Initial recognition and measurement***

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

***Loans and receivables***

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

*Summary Of Significant Accounting Policies (Continued)*

*Held-to-maturity*

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

*Impairment of financial assets*

The fund assesses at each reporting date whether there is objective evidence that a financial asset or a entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the fund of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or a fund of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

*Financial liabilities*

*Initial recognition and measurement*

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Fund determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

*Loans and borrowing*

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

*Summary Of Significant Accounting Policies (Continued)*

**f) Inventories**

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

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

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

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

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

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

**g) Provisions**

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

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

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

***Contingent liabilities***

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

***Summary Of Significant Accounting Policies (Continued)***

***Contingent assets***

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

**h) Nature and purpose of reserves**

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

**i) Changes in accounting policies and estimates**

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

**j) Employee benefits – Retirement benefit plans**

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

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

**k) 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.

**Summary Of Significant Accounting Policies (Continued)**

**l) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

**m) Related parties**

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

**n) Cash and cash equivalents**

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

**o) Comparative figures**

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

**p) Events after the reporting period**

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

**q) Ultimate and Holding Entity**

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

**r) Currency**

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

*Summary Of Significant Accounting Policies (Continued)*

**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 e.g.

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

**b) Useful lives and residual values**

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

The condition of the asset based on the assessment of experts employed by the fund

The nature of the asset, its susceptibility and adaptability to changes in technology and processes

The nature of the processes in which the asset is deployed

Availability of funding to replace the asset

Changes in the market in relation to the asset

**c) Provisions**

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

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

**6. Notes To The Financial Statements**

**1. Public contributions and donations**

Donation From Development Partners	-	-
Contributions From The Public	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**2. Transfers from County Government**

Transfers From County Govt. –Operations	-	7,903,610.00
Payments By County On Behalf Of The Entity	-	
<b>Total</b>	<b>-</b>	<b>7,903,610.00</b>

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

Late Payment Penalties	-	-
Fines	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**4. Interest income**

Interest income from Micro and Small enterprise fund	420,882.22	300,646.16
Interest Income From Car Loans	-	-
Interest Income From Investments	-	-
Interest Income On Bank Deposits	-	-
<b>Total Interest Income</b>	<b>420,882.22</b>	<b>300,646.16</b>

**Notes to the Financial Statements Continued**

**5. Other income**

Insurance Recoveries	-	-
Income From Sale Of Tender Documents	-	-
Miscellaneous Income	-	2,315,109.98
<b>TotalOtherIncome</b>	-	<b>2,315,109.98</b>

**6. Employee Costs**

Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	-	-
Social Security Contribution	-	-
Other ( <i>Specify</i> )	-	-
<b>Total</b>	-	-

**7. Use of Goods and Services**

General Office Expenses	-	-
Loan Processing Costs	-	-
Professional Services Costs	-	-
Administration Fees	274,308.30	125,858.00
Committee Allowances	-	-
Bank Charges	4,140.00	15,940
Electricity And Water Expenses	-	-
Fuel And Oil Costs	-	-
Insurance Costs	-	-
Postage And Courier	-	-

**Baringo County Micro and Small Enterprises Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

Printing And Stationery	-	-
Rental Costs	-	-
Security Costs	-	-
Telephone And Communication Expenses	-	-
Bank Charges	-	-
Audit Fees	-	-
Provision For Doubtful Debts	-	-
Other (Specify)	-	-
<b>Total</b>	<b>278,448.3</b>	<b>141,798</b>

**8. Depreciation and Amortization Expense**

Property Plant and Equipment	-	-
Intangible Assets	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**9. Finance costs**

Interest On BankOverdrafts	-	-
Interest On Loans From Banks	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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

Property, Plant And Equipment	-	-
Intangible Assets	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

Notes to the Financial Statements Continued  
 11. Cash and cash equivalents

Baringo county Micro and Small enterprise fund	1,027,860.58	5,117,358.98
County Mortgage Account	-	-
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	-	-
Others	-	-
<b>TotalCashAndCashEquivalents</b>	<b>1,027,860.58</b>	<b>5,117,358.98</b>

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

<b>a) Fixed Deposits Account</b>			
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
<b>Sub- Total</b>		-	-
<b>b) On - Call Deposits</b>			
Kenya Commercial Bank		-	-
Equity Bank - Etc.		-	-
<b>Sub- Total</b>		-	-
<b>c) Current Account</b>			
Kenya Commercial Bank		-	-
Equity Bank	1390262572758	1,027,860.58	5117358.98
<b>Sub- Total</b>		<b>1,027,860.58</b>	<b>5117358.98</b>
<b>d) Others(Specify)</b>			
Cash In Transit		-	-
Cash In Hand		-	-
<b>Sub- Total</b>		-	-

**Baringo County Micro and Small Enterprises Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

<b>Grand Total</b>		-	-
--------------------	--	---	---

**12. Receivables from exchange transactions**

<b>Current Receivables</b>			
Interest Receivable		56,816.99	29,618.40
Current Loan Repayments Due		7,713,517.58	1,669,308.96
Other Exchange Debtors			
Less: Impairment Allowance			
<b>Total Current Receivables</b>		<b>7,770,334.57</b>	<b>1,698,927.36</b>
<b>Non-Current Receivables</b>			
Long Term Loan Repayments Due			
<b>Total Non- Current Receivables</b>		<b>3,007,301.44</b>	<b>3,591,484.68</b>
<b>Total Receivables From Exchange Transactions</b>		<b>3,007,301.44</b>	<b>3,591,484.68</b>

**Additional disclosure on interest receivable**

<b>Interest Receivable</b>			
Interest receivable from current portion of long-term loans of previous years		-	-
Accrued interest receivable from of long-term loans of previous years		-	-
Interest receivable from current portion of long-term loans issued in the current year		-	-
<b>Current loan repayments due</b>			
Current portion of long-term loans from previous years		-	-
Accrued principal from long-terms loans from previous periods		-	-
Current portion of long-term loans issued in the current year		-	-

**13. Prepayments**

<b>Prepaid Rent</b>			
Prepaid Rent		-	-
<b>Prepaid Insurance</b>			
Prepaid Insurance		-	-
<b>Prepaid Electricity Costs</b>			
Prepaid Electricity Costs		-	-
<b>Other Prepayments (Specify)</b>			
Other Prepayments (Specify)		-	273,515.00
<b>Total</b>		<b>-</b>	<b>273,515.00</b>

14. Inventories

ConsumableStores	-	-
SparePartsAndMeters	-	-
Catering	-	-
Other Inventories (Specify)	-	-
<b>Total Inventories At The Lower Of Cost And Net Realizable Value</b>	-	-

**Baringo County Micro and Small Enterprises Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

**Notes To The Financial Statements (Continued)**

**15. Property, plant and equipment**

<b>At 1<sup>st</sup> July 2020</b>	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-
<b>At 30<sup>th</sup> June 2021</b>	-	-	-	-	-
<b>At 1<sup>st</sup> July 2021</b>					
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
<b>At 30<sup>th</sup> June 2022</b>	-	-	-	-	-
<b>Depreciation And Impairment</b>					
At 1 <sup>st</sup> July 2020	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
<b>At 30<sup>th</sup> June 2021</b>	-	-	-	-	-
<b>At 1<sup>st</sup> July 2021</b>					
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-
<b>At 30<sup>th</sup> June 2022</b>	-	-	-	-	-
<b>Net Book Values</b>					
At 30 <sup>th</sup> June 2021	-	-	-	-	-
At 30 <sup>th</sup> June 2022	-	-	-	-	-

**Notes To The Financial Statements (Continued)**

**16. Intangible assets**

Intangible Assets		
<b>Cost</b>		
<b>At Beginning Of The Year</b>	-	-
Additions	-	-
<b>At End Of The Year</b>	-	-
<b>Amortization And Impairment</b>		
<b>At Beginning Of The Year</b>	-	-
Amortization	-	-
<b>At End Of The Year</b>	-	-
Impairment Loss	-	-
<b>At End Of The Year</b>	-	-
<b>NBV</b>	-	-

**17. Trade and other payable s from exchange transactions**

Trade and other payable s from exchange transactions		
TradePayable s	-	-
Refundable Deposits	-	-
Accrued Expenses	-	-
OtherPayable s	1,300,488.90	-
<b>TotalTradeAndOtherPayable s</b>	<b>1,300,488.90</b>	-

**18. Provisions**

Provisions				
Balance At The Beginning Of The Year (1.07.2021)	-	-	-	-
Additional Provisions	-	-	-	-
Provision Utilized	-	-	-	-
Change Due To Discount And Time Value For Money	-	-	-	-

**Baringo County Micro and Small Enterprises Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

Transfers From Non -Current Provisions	-	-	-	-
Balance At The End Of The Year (30.06.2022)	-	-	-	-

Notes To The Financial Statements (Continued)

19. Borrowings

<b>Balance At Beginning of The Period</b>	-	-
External Borrowings During the Year	-	-
Domestic Borrowings During the Year	-	-
Repayments Of External Borrowings During the Period	-	-
Repayments Of Domestic Borrowings During the Period	-	-
<b>Balance At End of The Period</b>	-	-

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

<b>External Borrowings</b>		
Dollar Denominated Loan From Micro and small Enterprise fund	-	-
Sterling Pound Denominated Loan From Micro and small Enterprise fund	-	-
Euro Denominated Loan from Micro and small Enterprise fund	-	-
<b>Domestic Borrowings</b>		
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Borrowings From Other Government Institutions	-	-
<b>Total Balance at End Of The Year</b>	-	-

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

Short Term Borrowings(Current Portion)	-	-
Long Term Borrowings	-	-
<b>Total</b>	-	-

Notes To The Financial Statements (Continued)

20. Employee benefit obligations

	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

21. Cash generated from operations

<b>Surplus/ (Deficit) For the Year Before Tax</b>	<b>142,433.92</b>	<b>2,647,568.14</b>
<b>Adjusted For:</b>		
Depreciation	-	-
Amortization	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	420,882.22	300,646.16
Finance Cost	4,140.00	15,940.00
<b>Working Capital Adjustments</b>		
Increase In Inventory	-	-
Increase In Receivables	-	-
Increase In Payables	-	-
<b>Net Cash Flow From Operating Activities</b>	<b>567,456.14</b>	<b>2,964,154.3</b>

**Other Disclosures**

**22. Related party balances**

**a) Nature of related party relationships**

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

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

**b) Related party transactions**

Transfers From Related Parties'	-	-
Transfers To Related Parties	-	-

**c) Key management remuneration**

Board Of Trustees	-	-
Key Management Compensation	-	-
<b>Total</b>	-	-

**d) Due from related parties**

Due From Parent Ministry	-	-
Due From County Government	-	-
<b>Total</b>	-	-

**Other Disclosures Continued**

e) **Due to related parties**

Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
<b>Total</b>	-	-

**23. Contingent assets and contingent liabilities**

Court Case Against The Fund	-	-
Bank Guarantees	-	-
<b>Total</b>	-	-

**Other Disclosures Continued**

**24. Financial risk management**

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

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

**a) Credit risk**

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

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

**Baringo County Micro and Small Enterprises Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

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

<b>At 30 June 2022</b>				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2021</b>				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
<b>Total</b>	-	-	-	-

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

The fund has significant concentration of credit risk on amounts due from loaness

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

**b) Liquidity risk management**

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

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

**Baringo County Micro and Small Enterprises Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

<b>At 30 June 2022</b>				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 30 June 2021</b>				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**c) Market risk**

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

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

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

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

**i. Foreign currency risk**

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

**Baringo County Micro and Small Enterprises Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

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

<b>At 30 June 2021</b>			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables			
<b>Liabilities</b>			
Trade And Other Payable s	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

**Foreign currency sensitivity analysis**

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

<b>2022</b>			
Euro	10%	-	-
USD	10%	-	-
<b>2021</b>			
Euro	10%	-	-
USD	10%	-	-

**ii. Interest rate risk**

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

*Management of interest rate risk*

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

*Sensitivity analysis*

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

**d) Capital risk management**

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

	2022	2021
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	-	-
<b>Total funds</b>	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
<b>Gearing</b>	-	-

*Baringo County Micro and Small Enterprises Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2022**

**20. Progress On Follow Up Of Prior Year Auditor's Recommendations**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. of the Audit Report	Key Observation	Management Response	Time Frame for Resolution	Responsible Person