

REPUBLIC OF KENYA



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REPORT

OF

THE AUDITOR-GENERAL

ON

**BOMET COUNTY ASSEMBLY CAR LOAN
AND MORTGAGE SCHEME FUND**

**FOR THE YEAR ENDED
30 JUNE, 2023**

PAPERS LAID	
DATE	20/3/2024
TABLED BY	Sen. J. Kirinya
COMMITTEE	_____
CLERK AT THE TABLE	Polycarp





BOMET COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2023

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

**Bomet County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

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**Bomet County Assembly Car Loan and Mortgage Scheme Fund
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1. Acronyms and Glossary of Terms

a) Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings

b) Glossary of Terms

Fiduciary Management	The key management personnel who had financial responsibility
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**Bomet County Assembly Car Loan and Mortgage Scheme Fund
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2. Key Entity Information and Management

a) Background information

The Bomet County Assembly Car Loan and Mortgage Scheme Fund is a revolving Fund established pursuant to the Salaries and Remuneration Commission (SRC) circular number SRC/TS/WH/3/14 of 14th February 2014. Section 167 of the Public Finance Management (PFM) Act 2012 mandates the administration of the public funds with the preparation of annual financial statements.

For proper management of the fund and as advised by the SRC in the circular under the reference, Bomet County Assembly adopted the Public Finance Management Regulations 2022 to guide in the operationalization of the fund. As advised by the SRC and as provided for under Regulation 16 of the said regulations, the County Assembly Service Board appointed the Clerk to manage the fund.

The SRC in its circular reference SRC/ADM/CIR/1/13 Vol III (128) dated 17th December 2014 provided guidelines for access of car loan and mortgage benefits by state and public officers. Arising there from, the County Assembly Service Board approved and adopted the Staff Loans Regulation on 2018.

The fund is wholly owned by the County Assembly of Bomet and is domiciled in Kenya.

b) Principal Activities

The mandate of the Fund is to provide loans to staff and members of the County Assembly.

c) Fund Administration Committee

.S/N	Name	Designation
1.	Cosmas Kipngetich Korir	Chairperson
2.	Nathan Ngetich	Secretary/ Fund manager
3.	Wesley Kiprotich	Member
4.	Anne Chepkemoi	Member
5.	Robert Kiprono Langat	Member
6.	Haron Ngeno	Member
7.	Diana Ngeno	Member
8.	Isaac Kitur	Member

**Bomet County Assembly Car Loan and Mortgage Scheme Fund
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d) Key Management Team

Ref	Position	Name
1	Fund Administrator	Isaac Kitur
2	Fund accountant	Geofrey Maritim
3	Senior legal counsel	Haron Ngeno
4	Head of human resource	Diana Ngeno
5	Fund Manager	Nathan Ngetich

Key Entity and Management

e) Fiduciary Oversight Arrangements

- (i) Bomet Internal Audit Committee
- (ii) Bomet Assembly Public Account Investment Committee
- (iii) Senate Public Accounts and Investment committee
- (iv) Bomet County Assembly Budget and Appropriation committee

f) Registered Offices

P.O. Box 345-00090
Bomet County Assembly Headquarters
Bomet- Sotik Highway
Bomet, KENYA

g) Fund Contacts

Telephone :(254) 728-123-456
E-mail: info@bometassembly.go.ke
Website: www.bometassembly.go.ke

**Bomet County Assembly Car Loan and Mortgage Scheme Fund
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h) Fund Bankers

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

Access Bank
Kipchamba Street
P.O Box 19828-00100
Bomet, Kenya.

Family Bank
Kipchamba Street
P.O Box
Bomet, Kenya

i) Independent Auditors





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

j) Principal Legal Adviser




County Attorney
County headquarters
P.O. Box 590-20400
BOMET.

**Bomet County Assembly Car Loan and Mortgage Scheme Fund
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3. Fund Administration Committee

Name	Details of qualifications and experience
	<p><u>Cosmas Korir-Fund Chairperson</u> Cosmas Korir is the 4th Speaker of the County Assembly of Bomet. He holds Bachelor Degree in Agribusiness Management from Egerton University and Master in Agrieconomics from Kabianga University As the Speaker of the Assembly he is the Chairperson of the Loans Management Committee. He was born in the year 1982 in Boito Ward.</p>
	<p><u>Isaac Kitur –Fund Administrator.</u> Isaac Kitur was appointed the 2nd Clerk of Bomet County Assembly in the year 2013. He holds a Bachelor of Law degree from the University of Nairobi. He was born in the year 1977 in Kericho County</p>
	<p><u>Wesley Kiprotich– Fund Vice chairperson</u> Wesley Kiprotich is a member of the County Assembly representing Chebchabas. He was elected by the members to be the Vice Chairperson of the Committee. He holds a Bachelor’s degree in Education Science and MSc Physics. from Moi University. He was born in the year 1983 in ChepchabasWard.</p>
	<p><u>Anne Chepkemai– Member of the Fund</u> Ann Chepkemai is a member of the County Assembly representing Township. She was born in the year 1976 in Bomet County</p>

**Bomet County Assembly Car Loan and Mortgage Scheme Fund
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	<p>She holds a Certificate in Land Survey in Survey and Mapping from Siaya Institute of Technology.</p>
	<p>Robert Langat- Member Robert Langat was appointed as the member of the Fund in the year 2022. He served as an MCA of Mutarakwa Ward. He holds a Certificate in Water Engineering from Kenya Water Institute, Diploma in Public Relations and Bsc Communications and Public Relations from Moi University. He was born in the year 1979 in Bomet County.</p>
	<p>Nathan Ngetich-Member Nathan Ngetich was appointed the Fund Manager of Bomet County Assembly in the year 2022. He holds a Bachelor's degree in Finance from Egerton University. He was born in the year 1984 in Mogogosiek Ward.</p>
	<p>Diana Ngeno-Member Diana Ngeno was appointed the Human Resource Officer of Bomet County Assembly in the year 2014. She holds a degree in Human Resource from Moi University She was born in the year 1986 in Boito Ward.</p>

**Bomet County Assembly Car Loan and Mortgage Scheme Fund
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Haron Ngeno-Member

Haron Ngeno was appointed the Legal Counsel of Bomet County Assembly in the year 2014. He holds a Bachelor of Law degree from the Moi University.

He was born in the year 1980 in Kericho County.

**Bomet County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

4. Management Team

Name	Details of qualifications and experience
<p>1. </p>	<p>Isaac Kitur – Fund Administrator Isaac Kitur was appointed as the Fund Administrator in the year 2017 Currently, he is the Accounting Officer of Bomet County Assembly. He is also a secretary of Bomet County Assembly Service Board. Mr. Kitur holds a Bachelor of Law Degree from Nairobi University. He was born in the year 1977 in Kericho District.</p>
<p>2. </p>	<p>Geoffrey Maritim – Fund Accountant Geoffrey Maritim was appointed as the Fund Accountant in the year 2018. Currently, he is the Principal Finance Officer of Bomet County Assembly. He holds a Bachelor of Commerce (Finance) from University of Kenyatta. He is also a Certified Public Accountant Kenya CPA(K). He was born in the year 1986 in Bomet District.</p>
<p>3. </p>	<p>Nathan Ngetich– Fund Manager Nathan Ngetich was appointed as the Fund Manager in the year 2022. He holds a Bachelor of Commerce (Finance) from University of Egerton. He was born in the year 1984 in Mogogosiek Ward.</p>

**Bomet County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

5. Board/Fund Chairperson's Report

REPORT

It is my pleasure to present, on behalf of the board of trustees, the Bomet County Assembly Car loan and Mortgage Scheme Fund financial statements for the year ended 30 June 2023. The financial statements present the financial performance of the fund over the past year.

Sustainability

The fund and its stakeholders are increasingly emphasizing on the need to ensure sustainability for both its investments and its resource mobilization and financing capabilities with an objective of ensuring that the fund's going concern is secured.

Fund Committee Changes

There were no changes on the composition of the Fund Administration Management Committee during the financial year

Review of performance

Income

The fund earned revenues amounting to KShs. 10,818,508 revenues from other exchange transactions.

Projects implementations during the period were carried out as per the plan with the coordinated efforts by all stakeholders. The performance was also attributed to favourable exchequer releases of KShs. 140,000,000 during the year.

Expenditure

During the year the Fund incurred expenses relating to fringe benefit amounting to Kshs 6,642,791

Future outlook

The outlook of the Fund for the year ending 30th June 2023 looks brighter. The fund focus is looking to build a robust and sustainable fund with a motivated workforce and structures that enhance efficiency and effectiveness in the service delivery. The fund looks forward to continued support from the County Assembly Service Board and the Budget Committee so that its allocate more money to the fund so that more staff can benefit from mortgages and car loan.

Appreciation

I take this opportunity to express my sincere gratitude and appreciation to the County Assembly Service Board and the County Assembly, stakeholders, management, staff and fellow members for their continued support which made us achieve these results.

I look forward to your continued support in the year 2023/2024.

.....


COSMAS KORIR

CHAIRPERSON OF THE FUND

**Bomet County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

6. Report of The Fund Administrator

It is my pleasure to present the Bomet County Assembly Car Loan and Mortgage Scheme Fund financial statements for the year ended 30th June 2023. The financial statements present the financial performance of the fund over past year.

Financial Performance

a) Revenue.

In the year ended 30th June 2023, the fund had projected revenues of KShs 152,000,000. Out of the projected revenue, the fund was able to realise KShs 150,818,508 in actual revenues and interest representing 99% performance.

In the table below, we present an analysis of revenue performance during the year.

Revenue classification	Revenue budget (KShs)	Actual (KShs)	Realization (%)
Revenue	KShs	KShs	
Public contributions and donations	-	-	
Transfers from County Govt.	140,000,000	140,000,000	100%
Interest income	12,000,000	10,818,508.12	90%
Fines, penalties and other levies	-	-	
Other income	-	-	-
Total income	152,000,000	150,818,508.12	99%

b) Loans

During the financial year 2022/2023, the fund disbursed 39 new loans bringing the total loan beneficiaries to date to 105.

Cash flows

In the FY 2022/2023, the exchequer releases were Kshs 140,000,000, this facilitated the staff and Members of the County Assembly acquire loans.

c) Conclusion

The financial year 2022/2023 was a good year in general. Good progress was made and the momentum has been created to enable Bomet County Assembly Car Loan and Mortgage Scheme Fund continue on a trajectory into prosperity. We have identified gaps and areas to improve on in the subsequent years.

Bomet County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

The Fund received value for the fund disbursed since all the members acquired properties and vehicles as per applications. This Fund earns interest at 3% and at the end of the year Kshs 10,818,508 was realised.

I take this opportunity to thank the Members of the Fund for their support. I would also want to thank all staff who we have worked hand in hand to ensure that Bomet County Assembly Car Loan and Mortgage Scheme Fund achieves its mission.



ISAAC KITUR
FUND ADMINISTRATOR

**Bomet County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

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

Guidance

The fund budget for the financial year ending 30 June 2023 was Kshs 152,000,000. The composition of this was Kshs 140,000,000 from transfer from government entities, and 12,000,000 from the interest income

Introduction

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

The key development objectives of the Fund as per the strategic plan for 2021-2027 are to:

- a) Enable the Members of the County Assembly and staff to have cars for movement within and without the County.
- b) Staff and Members of the County Assembly to have proper houses for habitation.

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Provision of Mortgage facilities to all members of staff	To ensure all staff have access to Mortgage facilities	Number mortgages successfully applied and approved	% of staff taking Mortgage facilities	During FY 20/2021 twenty eight (28) Members of staff accessed the facility and were able build their own houses
Provision of car loan facilities to all members of staff	To ensure staff and MCAs move with ease to the offices.	Number of car loans successfully applied and approved	% of members taking the loan facility	Thirty-nine (39) Members of the County Assembly acquired new vehicles.

**Bomet County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

8. Corporate Governance Statement

THE FUND ADMINISTRATION COMMITTEE

The Bomet County Assembly Car loan and Mortgage Scheme is a revolving fund established pursuant to the Salaries and Remuneration Commission (SRC) circular number SRC/TS/WH/3/14 of 14th February 2014. Section 167 of the Public Finance Management (PFM) Act 2012. Its mandate is to provide car loans to members of staff. The fund is committed to ensuring compliance with regulatory and supervisory corporate governance requirements. Essential to the establishment of a corporate governance framework in the fund is a formal governance structure with the committee members at its apex. The structure is designed to ensure an informed decision making process based on accurate reporting to the board.

Meetings

The committee held a total of 56 fifty-six meetings during the financial year under review, and its main agenda were to deliberate on Members loans applications and Compliance.

Roles and Functions of the Fund Administrative Committee

The major functions of the Committee were;

- i. Making recommendations with respect to the conditions under which a Car Loan and or Mortgage shall be granted or repaid under the regulations.
- ii. Processing applications for the granting of Car Loans and mortgages to beneficiaries of the Fund.
- iii. Supervising the day to day running of the Fund.

Remunerations

The Fund members were treated as a subcommittee of the board and were paid in accordance with the SRC circular on remuneration of board sub-committee.

Conflict of Interest

Beneficiaries of the loans who were members of the Fund Administrative Committee had to make full disclosure during the process and they did not take part in the decision of the approval of the loan.

Bomet County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

9. Report of the Trustee

The Trustee submit Their Report together with the audited financial statements for the year ended June 30, 2023 which show the state of the Fund affairs

Principal Activities

The principal activity of the fund is to provide financing to the members of the County Assembly and staff for mortgage financing and purchase of cars for personal use

Trustees

The members of the board of Trustees who served during the year are shown on page vii and viii

Auditors

The auditor General is responsible for the statutory audit of the fud in accordance with Article 229 of the constitution of Kenya and the Public Audit Act 2015.

By order of the Board


Nathan Ngetich
Member of the Board

Bomet County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

10. Management Discussion and Analysis

The fund has continued to grow over the years and the management has put measures in place to safeguard against risks.

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

The management has ensured that we comply with statutory requirements relating to the functions of the fund and also making sure that statutory deductions are remitted on time to avoid incurring penalties and interests for non-compliance.

BUSINESS PERFORMANCE

Revenue

The fund received revenues amounting to KShs. 140,000,000 from the county government. The Interest income amounted to KShs. 10,818,508.12

Cash flow

The cash and cash equivalents increased from KShs 20,339,056 as at 30 June 2022 to KShs 36,334,475.94 as at 30 June 2023.

Budget

The Fund had a budget of Ksh 152,000,000 which composed of Ksh 140,000,000 as transfer from other Government entities and Kshs 12,000,000 as interest income from exchange transactions.

The Fund realised Kshs 150,818,508.12 as actual revenue for the year.

Expenditure

The Fund incurred expenditure of Kshs 7,758,323 against actual budget of Kshs 12,000,000.

Financial Position of the Fund

The total net asset and liabilities of the Fund at the end of the year stands at Kshs 401,291,126.

OPERATIONAL PERFORMANCE

The fund's core operating activity is to offer car loans and mortgage to members of the county Assembly and staff.

Employees

Human capital is a critical ingredient towards ensuring realisation of our key strategic objectives and mandate. As our stakeholders increase their expectations, it is imperative to ensure adequate and motivated human resource capacity is available to provide services.

Expenditure

Conclusion

We appreciate the unrelenting support from the County Assembly Service board, management, staff and the county government. We look forward to the continued cooperation in areas of mutual interest in the FY 2022/2023.

11. Environmental and Sustainability Reporting

1. Sustainability strategy and profile -

The budget for the fund has been growing over the last 8 years and it is high time the fund is made to be self-sustaining. In this case therefore, going forward there will be no more capital injection so that that the money will revolve within the fund.

2. Environmental performance

The County Assembly adopted a report of the Committee on Energy, Environment, Water and Natural Resources on Bomet County Climate Change Action Plan 2022-2026 on 24th May 2023. The implementation of this report will go a long way in addressing the issues of climate change and its effects

3. Employee welfare

- i. The County Assembly have developed Human Resource and Procedure Manual which on all the processes of human capital.
- ii. The adoption of performance appraisal systems by the County Assembly Service Board has assisted in appraising and rewarding staff.
- iii. The Career Progression Guidelines were approved and implemented. This document has help in the career growth of the staff.

4. Market place practices-

a) Responsible Supply chain and supplier relations-

The County Assembly considers the fair competition in procurement opportunities within the Assembly. These measures include, consideration of persons with the disability, women and youths (AGPO) where the County Assembly gave the group 30% of the procurement opportunities, advertising through website and print media for ease of coverage, continuous registration of suppliers etc.

b) Responsible ethical practices-

The whistle Blowing Policy has played a key role in uprooting unethical practices within the assembly.

5. Community Engagements

The County Assembly through its various committees engaged in various community activities as follows.

Bomet County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

- ✓ The Committee of Gender, Culture and Social Services participated in distribution of items to vulnerable groups across the County on 2nd June 2023. They distributed various items which include sanitary items, incubators, water tanks, beehives, wheelchairs and foodstuff. This activity was made possible through collaborations with the department of Gender, Culture and Social Services.

**Bomet County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

12. Report of The Fund Administration Committee

The Fund Administrative Committee submit their report together with the audited financial statements for the year ended 30 June 2023 which show the state of the Fund affairs.

Principal activities

The principal activities of the Fund are to provide loans to staff and members of the County Assembly.

Results

The results of the Fund for the year ended 30 June 2023 are set out on page 1 to 39.

Fund Administrative Committee

The members of the Fund Administrative committee who served during the year are shown on page vii and viii. The following changes were made during the year due to expiry of their term as members of the County Assembly.

S/N	Name	Designation
1	Cosmas Korir	Chairperson
2	Wesley Kiprotich	Vice Chairperson
3	Robert Langat	Member
4	Nathan Ngetich	Secretary
5	Ann Chepkemoi	Member

Auditors

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

By Order of the Board

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COSMAS KORIR

Chair of the Fund Administration Committee

13. 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 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the fund; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the fund; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

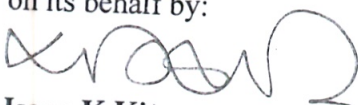
The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the Public Finance Management Act, 2012 and Bomet County Assembly Car loan and Mortgage Scheme Regulation 2022. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2023, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Fund's financial statements were approved by the Board on **29 September 2023** and signed

on its behalf by:

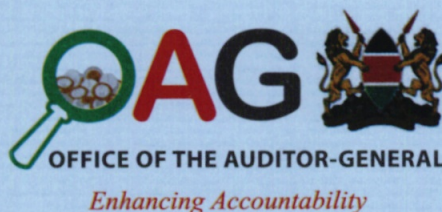


Isaac K Kitur

Administrator of the County Public Fund

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
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HEADQUARTERS
Anniversary Towers
Monrovia Street
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON BOMET COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND OR THE YEAR ENDED 30 JUNE, 2023

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 the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

Qualified Opinion

I have audited the accompanying financial statements of Bomet County Assembly Car Loan and Mortgage Scheme Fund set out on pages 1 to 39, which comprise the

Report of the Auditor-General on Bomet County Assembly Car Loan and Mortgage Scheme Fund for the year ended 30 June, 2023

statement of financial position as at 30 June 2023, the statement of financial performance; statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Bomet County Assembly Car Loan and Mortgage Scheme Fund as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis)] and comply with the Public Finance Management Act, 2012 and Bomet County Assembly Car Loan and Mortgage Scheme Fund Regulations, 2021.

Basis for Qualified Opinion

Unsupported Loan Disbursements Paid Out

The statement cash flows reflects a balance of Kshs.172,658,198 in respect of loan disbursements paid out. However, supporting documents including bank statements detailing beneficiaries of the loan disbursements was not provided for audit review.

In the circumstances, the accuracy and completeness of the loan disbursements balance of Kshs.172,658,198 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of budget and actual amounts reflects final total income budget and actual on comparable basis of Kshs.12,000,000 and Kshs.10,818,508 respectively resulting to an under-funding of Kshs.1,181,492 or 10% of the budget. Similarly, the statement reflects final budget expenditure and actual on comparable basis of Kshs.12,000,000 and Kshs.7,758,323 resulting to under-absorption of Kshs.4,241,677 or 35% of the budget.

The under-funding and under-absorption affected the planned activities and may have impacted negatively on service delivery to the residents of Bomet County.

My opinion is not modified in respect of the above matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

As disclosed under the progress on follow up of auditors recommendation section of the financial statements, the Management indicated that five (5) prior year audit issues were resolved with two other issues not resolved. However, Management did not provide reports and invitations from the oversight committee's detailing the deliberations and recommendations of the committees.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Failure to Register Charges on Securities

Review of log books securing the car loans revealed that the Fund had not taken into custody or registered charges on log books for six (6) motor vehicles financed at a cost of Kshs.23,900,000 in respect of security of the outstanding loans. This is contrary to Regulation 24(2) of the Bomet County Assembly Car Loan and Mortgage Fund Regulations, 2022 which requires the Fund to have a charge registered on the car or property financed through a loan granted and to have its name entered in all documents of ownership.

Further, the motor vehicles acquired through loans granted to members did not have comprehensive insurance policies contrary to Section 22 (1) of the Fund Regulations, 2022 which requires the borrower to comprehensively insure any vehicle purchased through the Scheme. This exposes the Fund to possible loss of public funds in case of any unforeseen occurrence.

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

2. Lack of an Approved Budget

The statement of financial performance reflects final revenue and expenditure amounts of Kshs.152,000,000 and Kshs.141,940,000 respectively. However, the management did not provide approved budget contrary to Regulations 39 (1) of the Public Finance Management (County Governments) Act, 2015 which states that each Accounting Officer shall within the guidelines of the supplementary budget circular and in conformity with budget guidelines issued by the County Executive Committee Member, prepare revised budget estimates in the format to be issued by the Cabinet Secretary.

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

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

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

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

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

Responsibilities of the Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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 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 Management.
- Conclude on the appropriateness of the Management's use of applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to 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 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 communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

25 January, 2024

**Bomet County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

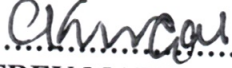
15. Statement of Financial Performance for the Year Ended 30th June 2023

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1	-	-
Transfers From the County Government	2	-	9,500,000
Fines, Penalties and Other Levies	3	-	-
		-	-
Revenue From Exchange Transactions			
Interest Income	4	10,818,508	6,961,362
Other Income	5	-	-
		10,818,508	16,461,362
Total Revenue		10,818,508	16,461,362
Expenses			
Employee Costs	6	-	-
Use of goods and services	7	7,758,323	16,177,224
Depreciation and Amortization Expense	8	-	-
Finance Costs	9	-	17,880
Total Expenses		7,758,323	16,195,104
Other Gains/Losses			
Gain/Loss on Disposal of Assets	10	-	-
Gain /Loss on fair value of investments	11	-	-
Surplus/(Deficit) for the Period		3,060,185	266,258

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on **29 September 2023** and signed by:



ISAAC K KITUR
FUND ADMINISTRATOR



GEOFREY MARITIM
FUND ACCOUNTANT
ICPAK MEMBER NO 12685

Bomet County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023


16. Statement of Financial Position as at 30 June 2023

Description	Note	2022-2023	2021-2022
		kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	12	36,334,475.94	20,339,056
Current Portion of Long- Term Receivables From Exchange Transactions	13	68,134,803.97	17,130,819
Prepayments	14	-	-
Inventories	15	-	-
Investments in financial assets	16	-	-
Total current assets		104,469,279.91	37,469,875
Non-Current Assets			
Property, Plant and Equipment	17	-	-
Intangible Assets	18	-	-
Long Term Receivables from Exchange Transactions	13	296,821,846	220,761,066
Investment Property	19	-	-
Total non- current assets		296,821,846	220,761,066
Total Assets		401,291,126	258,230,941
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	20	-	-
Current Portion of Borrowings	21	-	-
Employee Benefit Obligations	22	-	-
Social benefit liabilities	23	-	-
Total current liabilities		-	-
Non-Current Liabilities			
Long Term Portion of Borrowings	21	-	-
Non-Current Employee Benefit Obligation	22	-	-
Social benefit liabilities	23	-	-
Total Liabilities		-	-
Net Assets			

Bomet County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Description	Note	2022-2023	2021-2022
		kshs	Kshs
Revolving Fund		380,500,000	240,500,000
Reserves		-	-
Accumulated Surplus		20,791,126	17,730,941
Total Net Assets and Liabilities		401,291,126.	258,230,941

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on **29 September 2023** and signed by:



.....

ISAAC K KITUR
FUND ADMINISTRATOR



.....

GEOFFREY MARITIM
FUND ACCOUNTANT
ICPAK MEMBER NO 12685

Bomet County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

17. Statement of Changes in Net Assets for the year ended 30th June 2023

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2021	244,200,000	-	17,464,683	261,664,683
Surplus/(Deficit) For the Period	-	-	266,258	266,258
Grant Paid Out	(24,200,000)	-	-	(24,200,000)
Funds Received During the Year	20,500,000	-		20,500,000
Transfers	-		(-)	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2022	240,500,000	-	17,730,941	258,230,941
Balance As At 1 July 2022	240,500,000	-	17,730,941	258,230,941
Surplus/(Deficit) For the Period	-	-	3,060,185	3,060,185
Grant Paid Out	-	-	-	-
Funds Received During the Year	140,000,000	-	-	140,000,000
Transfers	-	-	(-)	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2023	380,500,000	-	20,791,126	401,291,126.12

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on **29 September 2023** and signed by:



ISAAC K KITUR
FUND ADMINISTRATOR



GEOFFREY MARITIM
FUND ACCOUNTANT
ICPAK MEMBER NO 12685

**Bomet County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

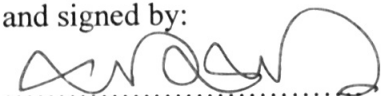
18. Statement of Cash Flows for The Year Ended 30 June 2023

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the county government		-	9,500,000
Interest received		10,818,508.12	6,961,362.00
Receipts from other operating activities		-	-
Total receipts		10,818,508.12	16,461,362.00
Payments			
Fund administration expenses		-	-
General expenses		7,758,323.00	16,177,224
Finance cost		-	17,880.00
Other payments		-	-
Net cash flows from operating activities	24	3,060,185.12	266,258
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets		(-)	(-)
Proceeds from sale of property, plant & equipment		-	-
Proceeds from loan principal repayments		45,593,432.82	45,041,028.1
Loan disbursements paid out		(172,658,198.00)	(58,301,751)
Transport Facilitation Allowance			24,200,000
Net cash flows used in investing activities		127,064,765.18	(37,460,723)
Cash flows from financing activities			
Proceeds from revolving fund receipts		140,000,000	20,500,000
Additional borrowings		-	-
Repayment of borrowings		(-)	(-)
Net cash flows used in financing activities		140,000,000	20,500,000
Net increase/(decrease) in cash & cash Equivalents		15,995,419.94	(16,694,464)
Cash and cash equivalents at 1 July 2022		20,339,056	37,033,521


**Bomet County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Cash and cash equivalents at 30 June 2023		36,334,475.94	20,339,056
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(The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on **29 September 2023** and signed by:



**ISAAC K KITUR
FUND ADMINISTRATOR**




**GEOFREY MARITIM
FUND ACCOUNTANT
ICPAK MEMBER NO 12685**

**Bomet County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

19. Statement of Comparison of Budget and Actual Amounts for The Period

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	A	b	C=(a+b)	D	e=(c-d)	f=d/c*100
Revenue						
Public Contributions and Donations	-	(-)	-	-	(-)	-
Transfers From County Govt.	0		0	0	-	-
Interest Income	12,000,000	-	12,000,000	10,818,508.12	1,181,491.88	90
Other Income(Fringe Benefit)	-	-	-	-	-	-
Total Income	12,000,000	(-)	12,000,000	10,818,508	1,181,491.88	99
Expenses						
Fund Administration Expenses	4,940,000	-	4,940,000	1,088,392.	3,851,608	22
General Expenses-Fringe Benefit	7,000,000	(-)	7,000,000	6,642,791	357,209	95
Finance Cost	60,000	(-)	60,000	27,140	32,860	45
Total Expenditure	12,000,000	(-)	12,000,000	7,758,323	4,241,677	65
Surplus For the Period	0	-	0	3,060,185	(3,060,185)	


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ISAAC K KITUR
FUND ADMINISTRATOR


.....
GEOFREY MARITIM
FUND ACCOUNTANT
ICPAK MEMBER NO 12685

Bomet County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

20. Notes to the Financial Statements

1. General Information

Bomet County Assembly Car Loan and Mortgage Scheme Fund is established by and derives its authority and accountability from PFM Act. The entity is wholly owned by the Bomet County Assembly and is domiciled in Kenya. The entity's principal activity is to provide financing to members of the County Assembly and staff to acquire houses and cars.

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) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023*

Standard	Effective date and impact
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023</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 an Entity's 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"> • 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;

**Bomet County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Standard	Effective date and impact
	<ul style="list-style-type: none"> • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <ul style="list-style-type: none"> 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. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.

**Bomet County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Standard	Effective date and impact
	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.
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>

(ii) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</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 cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non-Current Assets Held for Sale and	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p>

**Bomet County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Standard	Effective date and impact:
Discontinued Operations	<p>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 the financial year 2022-2023

Bomet County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

1. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Entity's right to receive payments is established.

Rental income

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

b) Budget information

The original budget for FY 2022-2023 was approved by the County Assembly on 30 June 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of kshs 140,000,000 on the FY 2022-2023 budget following the governing body's approval.

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

Summary of Significant Accounting Policies (Continued)

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 12.5 of these financial statements.

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

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) Investment property

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

Summary of Significant Accounting Policies (Continued)

f) Financial instruments

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Summary of Significant Accounting Policies (Continued)

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL)

Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

g) Inventories

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

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

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

h) Provisions

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

i) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

Summary of Significant Accounting Policies (Continued)

j) Contingent liabilities

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

Contingent assets

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

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates

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

m) Employee benefits – Retirement benefit plans

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

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

Summary of Significant Accounting Policies (Continued)

n) 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.

o) 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.

p) Related parties

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

q) Cash and cash equivalents

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

r) Comparative figures

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

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

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

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 Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

c) Provisions

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

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

Bomet County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

6. Notes to The Financial Statements

1. Public contributions and donations

Description	2022-2023	2021-2022
	Kshs	Kshs
Donation From Development Partners	-	-
Contributions From The Public	-	-
Total	-	-

2. Transfers from County Government

Description	2022-2023	2021-2022
	Kshs	Kshs
Transfers From County Govt. –Operations	-	9,500,000
Payments By County On Behalf Of The Entity	-	-
Unconditional Development grants	-	-
Total	-	9,500,000

3. Fines, penalties and other levies

Description	2022-2023	2021-2022
	Kshs	Kshs
Late Payment Penalties	-	-
Fines	-	-
Total	-	-

4. Interest income

Description	2022-2023	2021-2022
	Kshs	Kshs
Interest Income from Mortgage and car Loans	10,818,508.12	6,961,362.00
Interest Income From Investments in financial assets	-	-
Interest Income On Bank Deposits	-	-
Total Interest Income	10,818,508.12	6,961,362.00

**Bomet County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Notes to the Financial Statements Continued

5. Other income

Description	2022-2023	2021-2022
	Kshs	Kshs
Insurance Recoveries	-	-
Income from Sale of Tender Documents	-	-
Bad debts recovered	-	-
Miscellaneous Income	-	-
Total Other Income	-	-

6. Employee Costs

Description	2022-2023	2021-2022
	Kshs	Kshs
Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	-	-
Social Security Contribution	-	-
Other (<i>Specify</i>)	-	-
Total	-	-

7. Use of Goods and Services

Description	2022-2023	2021-2022
	Kshs.	Kshs.
General Office Expenses	1,088,392	-
Loan Processing Costs	-	-
Professional Services Costs	-	-
Administration Fees	-	-
Committee Allowances	-	-
Bank Charges	-	-
Electricity And Water Expenses	-	-
Fuel And Oil Costs	-	-
Insurance Costs	-	-
Postage And Courier	-	-
Printing And Stationery	-	-
Rental Costs	-	-

Bomet County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Security Costs	-	-
Telephone And Communication Expenses	-	-
Bank Charges	27,140.00	-
Audit Fees	-	-
Provision For Doubtful Debts	-	-
Fringe benefit	6,642,791	16,177,224
Social benefit expenses*	-	-
Total	7,758,323	16,177,224

8. Depreciation and Amortization Expense

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Property Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

9. Finance costs

Description	2022-2023	2021-2022
	Kshs	Kshs
Bank Charges	-	17,880.00
Interest On Loans From Banks	-	-
Total	-	17,880.00

10. Gain/(loss) on disposal of assets

Description	2022-2023	2021-2022
	Kshs	Kshs
Property, Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

**Bomet County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

11. Gain/ (loss) on Fair Value Investments

Description	2022-2023	2021-2022
	Kshs	Kshs
Investments at Fair Value- Equity investments	-	-
Fair value – Investment property	-	-
Fair value- other financial assets (specify)	-	-
Total Gain	-	-

12. Cash and cash equivalents

Description	2022-2023	2021-2022
	Kshs	Kshs
Car Loan Account	128,801.40	1,529,401.40
Mortgage Account	82,166.85	2,482,886.85
Fund Account	36,123,507.69	16,326,769
On – Call Deposits	-	-
Current Account	-	-
Others	-	-
Total Cash And Cash Equivalents	36,334,475.94	20,339,056

Bomet County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the Financial Statements Continued

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

Financial Institution	Account number	2022-2023	2021-2022
		Kshs	Kshs
a) Fund Account			
Access Bank	0170130000003	36,123,507.69	16,326,768
		-	-
Sub- Total		36,123,507.69	16,326,768
b) Car Loan			
Family Bank	084000024314	128,801.40	1,529,401.40
		-	-
Sub- Total		128,801.40	1,529,401.40
c) Mortgage			
Family Bank	084000024313	82,166.85	2,482,886.85
		-	-
Sub- Total		82,166.85	2,482,886.85
d) Others(Specify)			
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		36,334,475.94	20,339,056

13. Receivables from exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Receivables		
Interest Receivable	-	-
Current Loan Repayments Due	68,134,803.97	17,130,819.00
Other Exchange Debtors	-	-
Less: Impairment Allowance	-	-
Total Current Receivables	68,134,803.97	17,130,819.00
Non-Current Receivables		
Long Term Loan Repayments Due	296,821,846.22	220,761,066
Total Non- Current Receivables	296,821,846.22	220,761,066
Total Receivables From Exchange Transactions	364,956,650.19	237,891,885

Additional disclosure on interest receivable

Description	2022-2023	2021-2022
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
Current loan repayments due		
Current portion of long-term loans from previous years	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	-	-

14. Prepayments

Description	2022-2023	2021-2022
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Other Prepayments	-	-
Total	-	-

15. Inventories

Description	2022-2023	2021-2022
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts And Meters	-	-
Catering	-	-
Other Inventories	-	-
Total Inventories at The Lower of Cost and Net Realizable Value	-	-

**Bomet County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Notes to the Financial Statements Continued

16. Investments in financial assets

Description	2022-2023	2021-2022
	Kshs	Kshs
a. Investment in Treasury bills and bonds		
Financial institution		
CBK	-	-
CBK	-	-
Sub- total	-	-
b. Investment with Financial Institutions/ Banks		
Bank	-	-
Bank	-	-
Sub- total	-	-
c. Equity investments (specify)		
Equity/ shares in Entity	-	-
Sub- total	-	-
Grand total	-	-

Movement of Equity Investments

Impairment allowance/ provision	2022-2023	2021-2022
	Kshs	Kshs
At the beginning of the year	-	-
Purchase of investments in the year	-	-
Sale of investments during the year	(-)	(-)
Gain/(loss) in fair value of investments through surplus or deficit	-	-
At the end of the year	-	-

e) Shareholding in other entities

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

**Bomet County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Notes to The Financial Statements (Continued)

17. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At 1st July 2020	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-
At 30th June 2021	-	-	-	-	-
At 1st July 2021	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
At 30th June 2023	-	-	-	-	-
Depreciation And Impairment					
At 1st July 2022	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
At 30th June 2022	-	-	-	-	-
At 1st July 2023	-	-	-	-	-
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-
At 30th June 2023	-	-	-	-	-
Net Book Values					
At 30th June 2022	-	-	-	-	-
At 30th June 2023	-	-	-	-	-

**Bomet County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Notes to The Financial Statements (Continued)

18. Intangible assets

Description	2022-2023	2021-2022
	Kshs	Kshs
Cost		
At Beginning of The Year	-	-
Additions	-	-
At End of The Year	-	-
Amortization And Impairment		
At Beginning of The Year	-	-
Amortization	-	-
At End of The Year	-	-
Impairment Loss	-	-
At End of The Year	-	-
NBV	-	-

19. Investment Property

Description	2022-2023	2021-2022
	Kshs	Kshs
At beginning of the year	-	-
Additions	-	-
Disposal during the year	-	-
Depreciation	-	-
Impairment	-	-
Gain/(loss) in fair value (if fair value is elected)	-	-
At end of the year	-	-

**Bomet County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Notes to The Financial Statements (Continued)

20. Trade and other payables from exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Trade Payables	-	-
Refundable Deposits	-	-
Accrued Expenses	-	-
Other Payables	-	-
Total Trade and Other Payables	-	-

21. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance At the Beginning Of The Year	-	-	-	-
Additional Provisions	-	-	-	-
Provision Utilised	(-)	(-)	(-)	(-)
Change Due to Discount and Time Value For Money	(-)	(-)	(-)	(-)
Transfers From Non -Current Provisions	-	-	-	-
Balance At The End of The Year	-	-	-	-

**Bomet County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Notes to The Financial Statements (Continued)

22. Borrowings

Description	2022-2023	2021-2022
	Kshs	Kshs
Balance At Beginning of The Period	-	-
External Borrowings During the Year	-	-
Domestic Borrowings During the Year	-	-
Repayments Of External Borrowings During the Period	-	-
Repayments Of Domestic Borrowings During the Period	-	-
Balance At End of The Period	-	-

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

Description	2022-2023	2021-2022
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan From Organization'	-	-
Sterling Pound Denominated Loan From Organization'	-	-
Euro Denominated Loan from Organization'	-	-
Domestic Borrowings	-	-
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Borrowings From Other Government Institutions	-	-
Total Balance at End of The Year	-	-

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

Description	2022-2023	2021-2022
	Kshs	Kshs
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

**Bomet County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Notes to The Financial Statements (Continued)

23. Employee benefit obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	Insert Current FY	Insert Comparative FY
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total	-	-	-	-	-

24. Social Benefit Liabilities

Description	2022-2023	2021-2022
	Kshs	Kshs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
Total	-	-
	-	-
Current social benefits	-	-
Non-current social benefits	-	-
Total (tie to totals above)	-	-

**Bomet County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Notes to The Financial Statements (Continued)

25. Cash generated from operations

Description	2022-2023	2021-2022
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	-	-
Adjusted For:		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	-	-
Finance Cost	-	-
Working Capital Adjustments	-	-
Increase In Inventory	-	-
Increase In Receivables	-	-
Increase In Payables	-	-
Net Cash Flow From Operating Activities	-	-

**Bomet County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Notes to The Financial Statements (Continued)

26. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Transfers From Related Parties'	-	-
Transfers To Related Parties	-	-

c) Key management remuneration

Description	2022-2023	2021-2022
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

Description	2022-2023	2021-2022
	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Government	-	-
Total	-	-

**Bomet County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Other Disclosures Continued

e) Due to related parties

Description	2022-2023	2021-2022
	Kshs	Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
Total	-	-

27. Contingent assets and contingent liabilities

Contingent Liabilities	2022-2023	2021-2022
	Kshs	Kshs
Court Case Against the Fund	-	-
Bank Guarantees	-	-
Total	-	-

**Bomet County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Notes to The Financial Statements (Continued)

28. Financial risk management

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

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 entity's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2023				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-
At 30 June 2022				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-

**Bomet County Assembly Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Notes to The Financial Statements (Continued)

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

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

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

b) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2022				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

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Notes to The Financial Statements (Continued)

c) Market risk

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

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

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

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

i. Foreign currency risk

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

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

Description		Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2023			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables	-	-	-
Liabilities	-	-	-
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

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Notes To The Financial Statements (Continued)

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
(Current FY)			
Euro	10%	-	-
USD	10%	-	-
(Comparative FY)		-	-
Euro	10%	-	-
USD	10%	-	-

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

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Notes to The Financial Statements (Continued)

d) Capital risk management.

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

Description	2022-2023	2021-2022
	Kshs	Kshs
Revaluation reserve		
Revolving fund	380,500,000	240,500,000
Accumulated surplus	20,791,126	17,730,941
Total funds	401,291,126	258,230,941
	-	-
Total borrowings	296,821,846	220,761,066
Less: cash and bank balances	36,334,475	20,339,056
Net debt/(excess cash and cash equivalents)	260,487,371	200,422,010
Gearing	64%	77%

29. Events after the reporting period

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

30. Ultimate and Holding Entity

The entity is a County Public Fund established by PFM Act (Bomet County Assembly Car loan and Mortgage Regulation 2021) under the Bomet County Assembly. Its ultimate parent is the County Government of Bomet.

31. Currency

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

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21. Annexes

Annex I: 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.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Interest Income	The detailed schedules showing the loan opening balance has been provided and the interest rate of 3% had been disclosed. The statement of financial performance reflects interest income of Kshs. 6,961 ,362. However, a detailed schedule showing loan opening balance, issued in the year and rate of interest applied in arriving at the interest income was not provided for the audit	Resolved.	
2	Unsupported Use of Goods and Services The statement of financial performance also reflects use of goods and services expenditure of Kshs. 16,177,224 being amount incurred on fringe benefit tax on the loans. However, the tax burden is on the	The transfer to the fund had an amount for fringe benefit ,so the payment of Kshs 16,177,224 had been factored in .	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>employer and therefore the payments do not qualify as expenses related to the Fund. Further, no evidence was provided to indicate that the Fund received these receipts to match against the said payments.</p> <p>Consequently, the propriety and accuracy of use of goods and services balance of Kshs. 16,177,224 for the year ended 30 June, 2022 could not be confirmed.</p>			
3	<p>Current Portion of Long-Term Receivables from Exchange Transactions The statement of financial position reflects current portion of long term receivables balance of Kshs. 17,130,819. However, supporting schedule showing the opening balances and movements</p>	<p>The supporting schedules showing the opening balance has been provided for your audit verifications.</p>	Resolved.	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>during the year was not provided for audit. In the circumstances, the accuracy and fair statement of the current portion of long term receivables from exchange transactions balance of Kshs. 17,130,819 as at 30 June, 2022 could not be confirmed.</p>			
4	<p>Long Term Receivables from Exchange Transactions</p> <p>The statement of financial position also reflects long term receivable.s from exchange transaction balance of Kshs. 220,761 ,066. However, supporting schedule showing the opening balances and movements during the year was not provided for audit.</p> <p>In the circumstances, the accuracy and fair statement of</p>	<p>The schedules showing the opening balance has been provided.</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	long-term receivables from exchange transaction balance of Kshs. 220,761,066 as at 30 June, 2022 could not be confirmed			
5	<p>Revolving Fund</p> <p>The statement of financial position reflects revolving fund balance of Kshs. 240,500,000 which differed with previous year balance of Kshs. 244,200,000 resulting to unexplained variance of Kshs. 3,700,000. In the circumstances, the accuracy and fair statement of the revolving Fund balance of Kshs. 240,500,000 as at 30 June, 2022 could not be confirmed.</p>	The reason for the reduction of the revolving fund was due to payment of the transport facilitation allowance.	Resolved.	

Fund Manager



Date. 29/9/2023

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Annex II: Inter-Fund Confirmation Letter


BOMET COUNTY ASSEMBLY CAR LOAN AND MORTGAGE SCHEME FUND(BCAMSF)

The BCACMSF wishes to confirm the amounts disbursed to you as at 30th June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by Bomet County Assembly Fund as at 30 th June 20xx							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30 th June 2023				Amount Received by [beneficiary Fund] (KShs) as at 30 th June 20xx (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
TRO01	14.10.2022					40,000,000.00	
TRO02	07.12.2023					35,000,000.00	
TRO03	18.01.2023					20,000,000.00	
TRO04	05.04.2023					27,000,000.00	
TRO05	28.04.2023					3,000,000.00	
TRO06	11.05.2023					6,000,000.00	
TRO07	13.06.2023					5,000,000.00	
TRO08	26.06.2023					4,000,000.00	
Total						140,000,000	0

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

Head of Accountants department of beneficiary Fund:

Name NATHAN NUGUHA Sign  Date 29/9/2023

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Annex III: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

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Annex IV: Reporting on Disaster Management Expenditure

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