

REPUBLIC OF KENYA



REPORT

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THE AUDITOR-GENERAL

ON

**BARINGO COUNTY CO-OPERATIVE
DEVELOPMENT FUND**

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

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BARINGO COUNTY GOVERNMENT

BARINGO COUNTY CO-OPERATIVE DEVELOPMENT FUND

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

JUNE 30, 2022

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

Baringo County Co-operative Development Fund
Annual Report and Financial Statements for the year ended June 30, 2022

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Baringo County Co-operative development fund
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1. Key Fund Information and Management

a) Background information

- I. Baringo County **Co-operative Development Fund** is established by and derives its authority and accountability from Baringo County Cooperative Development Fund Regulation 2022. The Fund is wholly owned by the County Government of Baringo.
- II. The Fund's objective is to allow the County Executive to make lending to Co-operative Societies in the County.
- III. The Fund's principal activity is to lend money to Cooperative societies in the County.

b) Principal Activities

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

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

Core objectives of the fund

1. Accelerate growth and development of registered Co-operative Societies in the County and promote access to business financial capital base.
2. Issuing of loans to finance viable project proposals prepared by eligible Co-operative Societies in the County..
3. Contribute to creation of employment and alleviation of poverty in the County.
4. Improvement of profitability and sustainability of business ventures in Co-operative Societies.
5. Promote access to affordable credit facilities to small scale Co-operators.

c) Fund Administration Committee

Ref	Name	Position
1	Hon. Dr. David C. Sergon	Fund Chairperson
2	John Kisang'	Fund Administrator
3	Dr. Jane Barus	Chief Officer for Finance-Member
4	Peter C.Kilel	Fund Secretary- County Co-operative Commissioner
5	Stephen Chemjor	Committee Member, representing BCCU Ltd
6	Farida Toma Haji	Committee Member, Representing Boresha DTSacco Society Ltd
7	Pamela Koskei Kimeto	Committee Member, Representing BAMSCOS Union Ltd

**Baringo County Co-operative development fund
Annual Report and Financial Statements for the year ended June 30, 2022**

d) Key Management

Ref	Name	Position
1	Hon. Dr. David Chesire Serگون	Fund Chairperson
2	John Kisang'	Fund Administrator
3	Dr. Jane Barus	Chief Officer for Finance-Committee Member
4	Peter C. Kilel	County Co-operative Commissioner - Secretary

Baringo County Co-operative development fund
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e) Registered Offices

P.O. Box 53-30400
Mwalimu Plaza 1ST Floor
Kabarnet, KENYA

f) Fund Contacts

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

g) Fund Bankers

Boresha sacco Society Ltd
Branch: Kabarnet Branch
Bank Name: Baringo County Cooperative Development Fund
Account Number: 50451152201

h) Independent Auditors



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


i) Principal Legal Adviser

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

**Baringo County Co-operative development fund
Annual Report and Financial Statements for the year ended June 30, 2022**

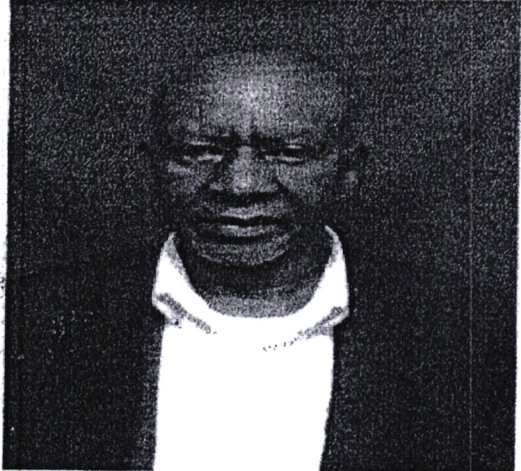

2. Fund Administration Committee

	Name	Details of qualifications and experience
1	 <p>Hon. Dr. David C. Sergon - Chairperson to the Fund</p>	<p>Year of Birth:1974</p> <p>Key Qualifications: Doctorate in Entrepreneurship Studies (Moi University), Masters in Business Administration (KU), B.ED (Accounting and Mathematics) UON.</p> <p>Work Experience: 21 Years</p> <p>Chairperson to the Fund: Baringo County Cooperative Development Fund</p>
2		<p>Date of Birth:1967</p> <p>Academic and professional qualifications:</p> <p>Work experience: Chief officer for Industry, Commerce, Enterprises and Co-operatives</p> <p>Fund administrator: Baringo County cooperative development Fund</p> <p>Name Moses Lokidor</p>



3	 A black and white portrait of a man with a shaved head, wearing a checkered button-down shirt. He is looking directly at the camera with a neutral expression. The background is a plain, light-colored wall.	<p>Date of Birth: 1972</p> <p>Academic and professional qualifications:</p> <p>Work experience: Chief Officer for Mining before appointment as Chief Officer for Finance</p> <p>Committee member: Baringo County cooperative development Fund</p>
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Mr. John Kisang - Chief Officer - Fund Administrator

**Baringo County Co-operative development fund
Annual Report and Financial Statements for the year ended June 30, 2022**




4		<p>Year of Birth: 1962</p> <p>Key Qualifications: Masters in Development Studies (Uo Maharishi Dayanand (Rohtak) India.) Strategic Leadership Programme 52 (KSG, Lower Kabete)</p> <p>County Co-operative Commissioner</p>
<p><i>Perter Kilel, County Co-operative Commissioner</i></p>		<p>Date of Birth: 1966</p> <p>Academic and professional qualifications: Degree in Bachelor of Arts, Community Development and Sociology.</p> <p>Work experience: Child Fund Kenya- Manager 1993-2007, Programme Coordinator UNDP-2009-2013, Development Consultant, Farmer and Business Man.</p> <p>Committee Member: Baringo County Co-operative Development Fund</p>
5		
<p><i>Stephen Chemjor, Baringo County o-operative Union</i></p>		

**Baringo County Co-operative development fund
Annual Report and Financial Statements for the year ended June 30, 2022**



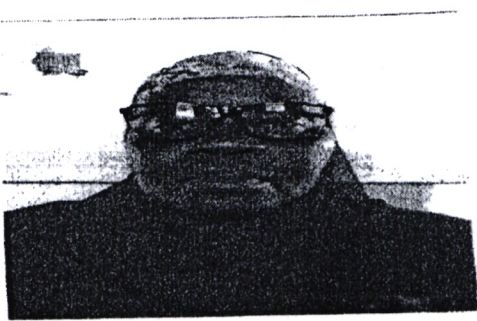
<p>6</p>		<p>Date of Birth: 1966</p> <p>Key Qualifications: O Level, Teacher, (ATSD)</p> <p>Work Experience: Boresha DT Sacco Society Ltd, Board of Management</p> <p>Committee Member; Baringo County Co-operative Development Fund</p>
<p>6</p>		<p>Date of Birth: 1969</p> <p>Academic and professional qualifications: Education O level</p> <p>Work experience: Worked in Private Sector 1993 to 1997 1997-2008 Worked with Electoral Commission of Kenya.</p> <p>Committee Member: Baringo County Co-operative Development Fund</p>
<p>Farida Haji, Boresha Sacco Society Ltd</p>		
<p>Pamela Koskei Kimeto, Bamscos Ltd</p>		

**Baringo County Co-operative development fund
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3. Management Team

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

**Baringo County Co-operative development fund
Annual Report and Financial Statements for the year ended June 30, 2022**

 <p><i>Perter Kilel, County Co-operative Commissioner</i></p>	<p>Year of Birth: 1962</p> <p>Key Qualifications: Masters in Development Studies (Uo Maharishi Dayanand (Rohtak) India,) Strategic Leadership Programme 52 (KSG, Lower Kabete)</p> <p>Work Experience: County Co-operative Commissioner</p> <p>Secretary: Baringo County Co-operative Development Fund</p>
 <p>Stephen Chemjor, Baringo County o-operative Union</p>	<p>Date of Birth: 1966</p> <p>Academic and professional qualifications: Degree in Bachelor of Arts, Community Development and Sociology</p> <p>Work experience: Child Fund Kenya- Manager 1993-2007, Programme Cordinator UNDP-2009-2013, Development Consultant, Farmer and Business Man</p> <p>Committee Member: Baringo County Co-operative Development Fund</p>
 <p>Farida Haji, Boresha Sacco Society Ltd</p>	<p>Date of Birth: 1966</p> <p>Key Qualifications: O Level, Teacher, (ATSI)</p> <p>Work Experience: Boresha DT Sacco Society Ltd, Board of Management</p> <p>Committee Member; Baringo County Co-operative Development Fund</p>

Baringo County Co-operative development fund
Annual Report and Financial Statements for the year ended June 30, 2022



Date of Birth: 1969

Academic and professional qualifications:

Education O level

Work experience: Worked in Private Sector 1993 to 1997

1997-2008 Worked with Electoral Commission of Kenya.

Committee Member: Baringo County Co-operative Development Fund

Pamela Koskei Kimeto, BAMSCOS Union Ltd

Baringo County Co-operative development fund
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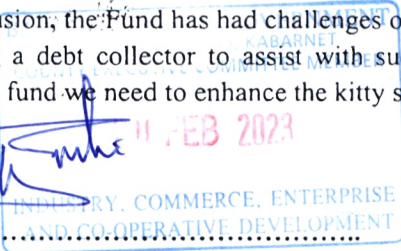
4. Fund Administration Committee Chairperson's Report

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

Despite financial constraints, the fund was able to utilize the available resources at its disposal to meet some of its objectives.

The loans are administered and advanced by the Department in-charge of Cooperative through cooperatives office (the county office).

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



Name: Hon. Dr. David Sergon

Chairperson

Baringo County Co-operative development fund
Annual Report and Financial Statements for the year ended June 30, 2022

5. Report of the Fund Administrator

During the year the Funds received the following amounts from Baringo County Government through appropriation by Baringo county Assembly total disbursement as follows;

FINANCIAL YEAR	AMOUNT RECEIVED BY THE FUND FROM COUNTY GOVERNMENT (Kshs.)		AMOUNT DISBURSED (Kshs.)	
	DATE	KSHS	DATE	KSHS
2014/2015	21/01/2015	6,000,000	2014/2015	11,000,000
2015/2016	13/2/2015	6,000,000	2015/2016	5,000,000
2015/2016	17/12/2015	5,791,200	2016/2017	5,00,0000
2016/2017	02.11.2016	3,000,000		
2016/2017	01.03.2017	899,399		
TOTAL		21,690,599		21,000,000

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

Implementation challenges

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

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

2. Under Staffing

There are only five technical officers manning the Fund.

3. Mobility of administering the Fund

There are no vehicles specifically meant for the Fund since this exercise require close supervision by visiting fund beneficiaries at their areas of operation.

Baringo County Co-operative development fund
Annual Report and Financial Statements for the year ended June 30, 2022

Recommendations

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

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

The Co-operative Societies which were advanced loans provided securities. Loan default is actually high and demand notices have been issued to none performers awaiting further legal action as per fund regulation, revised 2022.



Name: **LEMALE SAUROKI**
Fund Administrator

**Baringo County Co-operative development fund
Annual Report and Financial Statements for the year ended June 30, 2022**

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

Introduction

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

The key development objectives of the Baringo County Co-operative Development Fund are to:

- i. Accelerate growth and development of registered Co-operative Societies in the County and promote access to business financial capital base
- ii. Issuing of loans to finance viable project proposals prepared by eligible Co-operative Societies in the County.
- iii. Contribute to creation of employment and alleviation of poverty in the County,
- iv. Improvement of profitability and sustainability of business ventures in Co-operative Societies
- v. Promote access to affordable credit facilities to small scale Co-operators.

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Baringo County Co-operative Development Fund loan advance	To promote registered Co-operative Societies through provision of affordable credit.	Increased number of Co-operative Societies getting affordable credit.	Number of Co-operative Societies accessing loans and amount of loans disbursed.	In FY 21/22 their was ongoing repayments but no disbursement across the co-operative Societies.
Baringo County Co-operative Development Fund Loan recoveries	To make appropriate recoveries as it is a revolving fund for others to benefit.	Increased amounts to benefit other borrowers.	Amount recovered during the period.	For FY 21/22 a total of Kshs.58,610 was recovered from loanees.
Baringo County Co-operative Development Fund recipients training.	To enable loan recipients gain experience in loan management so that they can graduate to source funds from established financial institutions.	Increased number of beneficiaries getting trained and experience in loan management.	Number of loan beneficiaries trained, gained experience in loan management and graduation	In FY 2021/2022 we Trained 200 members and leaders of beneficiary Co-operative Societies Loan recoveries were made amounting to Kshs 58,610.

7. Corporate Governance Statement

The Fund Administration Committee held a meeting and the attendance to that meeting by members was satisfactory.

The succession plan of the fund is that when a member resigns or retires or removed a new member shall be appointed or replaced on such terms and conditions as may be specified in the instrument of appointment.

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

The induction and training of the County Cooperative Committee members and member's performance is not usually done due to insufficient management resources,

To address the conflict of interest the County Cooperative Committee members are advised to avoid any specific interest during loan awards, but if there is any it is stated that in case there is such incident then it should be declared early enough so the concerned member may not attend the meeting or may be exempted during the loan award process.,

The members of the board are not entitled for remuneration, but the allocation of 3% of the Fund, administrative expenses is used to pay sitting allowances and transport reimbursement during the meetings held.

The members are guided by Chapter Six of the constitution so as to work while observing the integrity issues on allocating loans. All beneficiaries shall be vetted through a transparent, equitable and fair process that is Community-based in order to ensure that prospective benefits of the fund are available to a widespread cross-section of groups.

Baringo County Co-operative development fund
Annual Report and Financial Statements for the year ended June 30, 2022

8. Management Discussion and Analysis

As stated elsewhere the recoveries were low during the period under review where total collection was Kshs **58,610**. Operational expenditure were majorly for meetings and bank charges total-ling Kshs **353,752**.

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

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

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

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

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

9. Environmental and Sustainability Reporting

Baringo County Cooperative Development Fund exists to transform lives by ensuring that a portion of the County Budget is devoted to the Cooperative Development for purposes of fighting poverty and improvement of their standard of living and social development. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on loan allocation pillar: putting the beneficiaries first, delivering equitable access to loans for the Cooperative Development, and improving operational excellence. Below is a brief highlight of our achievements in the pillar.

I. Sustainability strategy for Loan Allocation

The top management especially the accounting officer made reference to sustainable efforts, broad trends in loan Funds assistance affecting sustainability of business enterprises, in reference to the best practices for fair and equitable business opportunities.

II. Employee welfare

The Fund set aside 3% of the total budget allocation to cater for the Administration Expenses during County Cooperative Development Committee meeting allowances and transport reimbursements.

III. Market place practices

The Fund tries its best give notices for applicants to take opportunity at equal chance through proper communication.

IV. Responsible competition practice.

All applicants are vetted through a transparent, democratic, equitable and fair process that is Sub County -based in order to ensure that prospective benefits of the Fund are available to widespread cross-section of Cooperative Development in the entire Baringo County.

V. Responsible Supply chain and supplier relations

The Fund ensures that every Cooperative Development wishing to be considered for loans shall make an application to respective Sub county offices by filling a prescribed application form.

VI. Responsible marketing and advertisement

The Fund ensures that every applicant gets the prescribed form at convenient points, that is at Sub county level and low costs.

VII. Product stewardship

The Fund enables applicants to deposit their forms at Sub county level

Baringo County Co-operative development fund
Annual Report and Financial Statements for the year ended June 30, 2022

10. Report of the Fund Administration Committee

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

Principal activities

The principal activities of the Fund are

- Disburse loans to beneficiary Co-operative Societies
- Recovery of loan money from loanees.
- Capacity building of loan beneficiaries and those in need
- They are the custodian of loan securities for the loan beneficiaries

Results

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


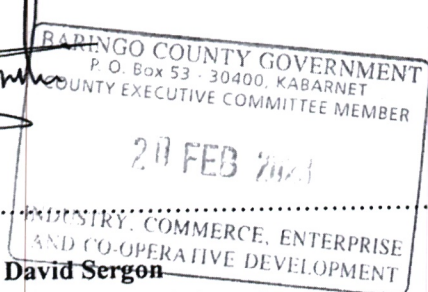
Trustees

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

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 Fund Administration committee.



Sign.....
Hon. Dr. David Serگون
Chair of the Fund Administration Committee
Date:

Baringo County Co-operative development fund
Annual Report and Financial Statements for the year ended June 30, 2022

11. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established Baringo County Co-operative Development Fund regulations, 2022 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

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

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Baringo County Cooperative Development Fund Regulations 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, 2022, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

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

.....
LEMALE SAUROKI

Administrator of the County Public Fund



REPUBLIC OF KENYA



Enhancing Accountability

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

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

REPORT OF THE AUDITOR-GENERAL ON BARINGO COUNTY CO-OPERATIVE DEVELOPMENT FUND FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and overall 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 Baringo County Co-operative Development Fund set out on pages 1 to 35, which comprise the statement of financial position as at 30 June, 2022 and the statement of financial performance, statement of

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Baringo County Co-operative Development Fund as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Public Finance Management (Baringo County Co-operative Development Fund) Regulations, 2020.

Basis for Qualified Opinion

1. Long Outstanding Current Portion of Long-Term Receivables from Exchange Transactions Balance

The statement of financial position reflects current portion of long-term receivables from exchange transactions balance of Kshs.16,289,766 which relates to principal loans and interest due from Co-operative Societies. A review of documents provided for audit in support of the balance revealed that twenty-three (23) Co-operative Societies were issued with loans totalling Kshs.22,000,000 out of which Kshs.16,289,766 has remained unpaid for more than three years. This is contrary to Regulation 13 of the Public Finance Management (Baringo County Co-operative Development Fund), Regulations, 2020 which requires loans issued to be fully paid within three years. Management has not taken any measures including initiating civil proceedings to recover the debts while no provisions have been made in case of non-recoverability.

In the circumstances, the accuracy, fair statement and recoverability of the current portion of the long-term receivables from exchange transactions balance of Kshs.16,289,766 as at 30 June, 2022 could not be confirmed.

2. Unsupported Trade and Other Payables from Exchange Transactions Balance

The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.149,100. However, supporting documents such as procurement records, contract, invoices, the nature of goods, works or services supplied were not provided for audit verification.

In the circumstances, the accuracy and fair statement of trade and other payables from exchange transactions balance of Kshs.149,100 as at 30 June, 2022 could not be confirmed.

3. Inaccurate Revolving Fund Balance

The statement of financial position reflects revolving fund balance of Kshs.20,489,343 which differs with the audited balance of Kshs.3,946,662 resulting to an unexplained

variance of Kshs.16,542,681. Further, the report of the Fund Administrator indicated that Kshs.21,690,999 had been received from the County Government on various dates. However, the amount was not disclosed in the financial statements.

In the circumstances, the accuracy and fair statement of the reported revolving fund balance of Kshs.20,489,343 as at 30 June, 2022 could not be confirmed.

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter 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

Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.5,193,316 representing cash held at a local Savings and Credit Cooperative Society. This is contrary to Regulation 82(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires all County Government bank accounts to be opened at the Central Bank of Kenya.

Management was therefore in breach of the law.

The audit was conducted in accordance with 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 are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Lack of a Risk Management Policy

The Fund does not have a risk management strategy contrary to the provisions of Regulation 158(1)(a) and (b) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Accounting Officer to develop risk management strategies, which include fraud prevention mechanism and internal control that builds robust business operations.

In the circumstances, the Fund is exposed to undocumented risks that may disrupt its activities .

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

Responsibilities of Management and those Charged with Governance

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

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the

activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall 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 the Management.
- Conclude on the appropriateness of the Management's use of the 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 continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

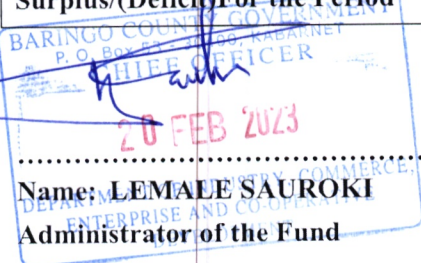
Nairobi

19 April, 2023

Baringo County Co-operative development fund
Annual Report and Financial Statements for the year ended June 30, 2022

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

	Note	2021-2022	2020-2021
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1	-	-
Transfers From the County Government	2	-	-
Fines, Penalties and Other Levies	3	-	-
		-	-
Revenue From Exchange Transactions			
Interest Income	4	19,655.00	50,644.00
Other Income	5	-	-
		-	-
Total Revenue		19,655.00	50,644.00
Expenses			
Employee Costs	6	-	-
Use of goods and services	7	353,752.00	402,628.00
Depreciation and Amortization Expense	8	-	-
Finance Costs	9	-	-
Total Expenses		353,752.00	402,628.00
Other Gains/Losses			
Gain/Loss on Disposal of Assets	10	-	-
Surplus/(Deficit) For the Period		(334,097.00)	(351,984.00)



 Name: **LEMALE SAUROKI**
 Administrator of the Fund



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

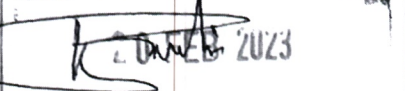
Baringo County Co-operative development fund
Annual Report and Financial Statements for the year ended June 30, 2022

14. Statement of Financial Position As At 30 June 2022

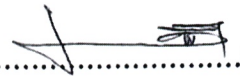
	Note	2021-2022	2020-2021
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	11	5,193,316.00	5,488,458.00
Current Portion of Long- Term Receivables From Exchange Transactions	12	16,289,766.00	-
Prepayments	13	-	-
Inventories	14	-	-
Suspense		-	-363,060.00
TOTAL ASSETS		21,483,083.00	5,125,398.00
Non-Current Assets			
Property ,Plant and Equipment	15	-	-
Intangible Assets	16	-	-
Long Term Receivables from Exchange Transactions	12	-	-
Total Assets		-	-
Liabilities			
Current Liabilities			
Trade and Other Parables from Exchange Transactions	17	149,100.00	-
Provisions	18	-	-
Current Portion of Borrowings	19	-	-
Employee Benefit Obligations	20	-	-
Non-Current Liabilities			
Non-Current Employee Benefit Obligation	20	-	-
Long Term Portion of Borrowings	19	-	-
Total Liabilities		149,100.00	-
		21,333,982.00	5,488,458.00
Net Assets			-
Revolving Fund		20,489,343.00	3,946,662.00
Reserves		-	-
Accumulated Surplus		844,639.00	1,178.736.00
Total Net Assets and Liabilities		21,333,982.00	5,125,398.00

**Baringo County Co-operative development fund
Annual Report and Financial Statements for the year ended June 30, 2022**

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

BARINGO COUNTY GOVERNMENT
CHIEF OFFICER

JULY 2023
DEPARTMENT OF INDUSTRY, COMMERCE,
ENTERPRISE AND CO-OPERATIVE
DEVELOPMENT

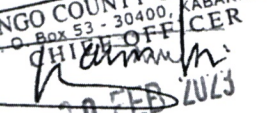
Name: LEMALE SAUROKI
Administrator of the Fund


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

**Baringo County Co-operative development fund
Annual Report and Financial Statements for the year ended June 30, 2022**

15. Statement Of Changes in Net Assets for the year ended 30th June 2022

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2020	20,430,733.00	-	1,530,720.00	21,961,453.00
Surplus/(Deficit) For the Period	-	-	(351.984.00)	(351.984.00)
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
BalanceAsAt30 June 2021	20,430,733.00	-	1,178,736.00	21,609,469.00
Balance As At 1 July 2021	20,430,733.00	-	1,178,736.00	21,609,469.00
Surplus/(Deficit)For the Period	-	-	(334,097.00)	(334,097.00)
Funds Received During the Year	58,610.00	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
BalanceAsAt30 June 2022	20,489,343.00	-	844,639.00	21,333,982.00

BARINGO COUNTY GOVERNMENT
 P.O. Box 53 - 30400, KABARNET
 CHIEF OFFICER

 20 FEB 2023
 Name: **LEMAESAUROKI**
 Administrator of the Fund
 DEPARTMENT OF INDUSTRY, COMMERCE,
 ENTERPRISE AND CO-OPERATIVE
 DEVELOPMENT

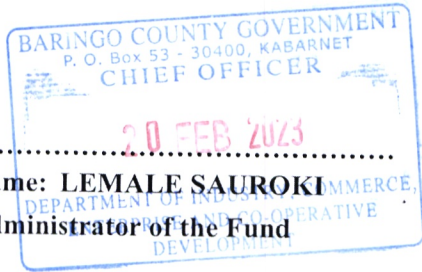


 Name: **GEORGE KIPROTICH**
 Fund Accountant
 ICPAK Member Number:18980

**Baringo County Co-operative development fund
Annual Report and Financial Statements for the year ended June 30, 2022**

16. Statement Of Cash Flows For The Year Ended 30 June 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the county government		-	-
Interest received		19,655.00	50 644.00
Receipts from other operating activities		-	-
Total receipts		19,655.00	50,644.00
Payments			
Fund administration expenses		-	392,200.00
General expenses		353,752.00	-
Finance cost		-	10,428.00
Total payments		353,752.00	402,628.00
Net cash flows from operating activities	21	(334,097.00)	(351,984.00)
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			
Loan disbursements paid out		38,955.00	1,156,050.00
Net cash flows used in investing activities		-	-
		38,955.00	1,156,050.00
Cash flows from financing activities			
Proceeds from revolving fund receipts			-
Additional borrowings			-
Repayment of borrowings		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease)in cash &cash Equivalents		-	-
Cash and cash equivalents at 1july 2021	11	(295,142.00)	804,066.00
Cash and cash equivalents at 30 June 2022	11	5,488,458.00	4,690,558.00
		5,193,316.00	5,488,458.00

Baringo County Co-operative development fund
Annual Report and Financial Statements for the year ended June 30, 2022



.....
Name: LEMALE SAUROKI
Administrator of the Fund



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

Baringo County Co-operative development fund
Annual Report and Financial Statements for the year ended June 30, 2022

17. Statement Of Comparison Of Budget And Actual Amounts For The Period 2021/2022

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilisation
	2022	2022	2022	2022	2022	2022
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Public Contributions And Donations	-	-	-	-	-	
Transfers From County Govt.						
Interest Income	-	-	-	-	-	
Other Income	-	-	-	-	-	
Total Income	-	-	-	-	-	
Expenses						
Fund Administration Expenses	-	-	-	-	-	
General Expenses	-	-	-	-	-	
Finance Cost	-	-	-	-	-	
Total Expenditure	-	-	-	-	-	
Surplus For The Period	-	-	-	-	-	

**Baringo County Co-operative Development Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

18. Notes to the Financial Statements

1. General Information

Co-operative Development fund is established by and derives its authority and accountability from section 116(1) of the Public Finance Management Act 2012 Act. The Fund is wholly owned by the Baringo County Government and is domiciled in Kenya. The Fund principal activity is to lend money to needy societies in the County.

2. Statement of compliance and basis of preparation

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

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

3. Adoption of new and revised standards

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

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

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

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 Baringo county micro and small enterprise future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • 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; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and

**Baringo County Co-operative Development Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

Standard	Effective date and impact:
	<ul style="list-style-type: none"> • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Fund's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<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 Cooperative Development provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Cooperative Development fund;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Baringo county Cooperative Development fund financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <p>Amendments to refer to the latest System of National Accounts (SNA 2008). 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 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>IPSAS 43</p>	<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</p>

Baringo County Co-operative Development Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Standard	Effective date and impact:
	<p>represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of a fund.</p> <p>The new standard requires funds to recognize, measure and present information on right of use assets and lease liabilities.</p>
<p>IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <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 fund did not early – adopt any new or amended standards in year 2022.

Baringo County Co-operative Development Fund
Annual Report and Financial Statements for the year ended June 30, 2022

1. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

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

ii. Revenue from exchange transactions

Interest income

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

Budget information

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

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

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

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

Baringo County Co-operative Development Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Summary Of Significant Accounting Policies (Continued)

b) Property, plant and equipment

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

d) Intangible Assets

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

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

a) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Baringo County Co-operative Development Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Summary Of Significant Accounting Policies (Continued)

Held-to-maturity

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

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

Baringo County Co-operative Development Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Summary Of Significant Accounting Policies (Continued)

b) Inventories

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

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

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

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

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

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

c) Provisions

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

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

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

Contingent liabilities

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

Baringo County Co-operative Development Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Summary Of Significant Accounting Policies (Continued)

Contingent assets

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

d) Nature and purpose of reserves

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

e) Changes in accounting policies and estimates

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

f) Employee benefits – Retirement benefit plans

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

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

g) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

Baringo County Co-operative Development Fund
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Summary Of Significant Accounting Policies (Continued)

h) 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.

i) Related parties

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

j) 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 imp rests and advances to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

k) Comparative figures

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

l) Events after the reporting period

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

m) Ultimate and Holding Entity

Baringo County *Co-operative Development Fund* is established by Baringo County *Co-operative Development Fund* is established by and derives its authority and accountability from section 116(1) of the Public Finance Management Act 2012. The Fund is wholly owned by the County Government of Baringo.

n) Currency

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

Baringo County Co-operative Development Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Summary Of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

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

b) Useful lives and residual values

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

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

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

The nature of the processes in which the asset is deployed

Availability of funding to replace the asset

Changes in the market in relation to the asset

c) Provisions

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

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

Baringo County Co-operative Development Fund
Annual Report and Financial Statements for the year ended June 30, 2022

6. Notes To The Financial Statements

1. Public contributions and donations

Description	2021-2022	2020-2021
	Kshs	Kshs
Donation From Development Partners	-	-
Contributions From The Public	-	-
Total	-	-

2. Transfers from County Government

Description	2021-2022	2020-2021
	Kshs	Kshs
Transfers From County Govt. –Operations	-	-
Payments By County On Behalf Of The Fund	-	-
Total	-	-

3. Fines, penalties and other levies

Description	2021-2022	2020-2021
	Kshs	Kshs
Late Payment Penalties	-	-
Fines	-	-
Total	-	-

4. Interest income

Description	2021-2022	2020-2021
	Kshs	Kshs
Interest Income From Car Loans	-	-
Interest Income From Investments	-	-
Interest Income On Bank Deposits	19,655.00	50,644.00
Total Interest Income	19,655.00	50,644.00

Baringo County Co-operative Development Fund
Annual Report and Financial Statements for the year ended June 30, 2022

5. Other income

Description	2021-2022	2020-2021
	Kshs	Kshs
Insurance Recoveries	-	-
Income From Sale Of Tender Documents	-	-
Miscellaneous Income	-	-
Total Other Income	-	-

6. Employee Costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	-	-
Social Security Contribution	-	-
Other	-	-
Total	-	-

7. Use of Goods and Services

Description	2021/22	2020/21
	Kshs.	Kshs.
General Office Expenses	-	230,000.00
Loan Processing Costs	-	-
Professional Services Costs	-	-
Administration Fees	351,300.00	162,200.00
Committee Allowances	-	-
Bank Charges	2,452.00	10,428.00
Electricity And Water Expenses	-	-
Fuel And Oil Costs	-	-
Insurance Costs	-	-
Postage And Courier	-	-
Printing And Stationery	-	-
Description	2021/22	2020/21
	Kshs.	Kshs.

Baringo County Co-operative Development Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Rental Costs	-	-
Security Costs	-	-
Telephone And Communication Expenses	-	-
Audit Fees	-	-
Provision For Doubtful Debts	-	-
Other	-	-
Total	353,752.00	402,628.00

8. Depreciation and Amortization Expense

Description	2021/22	2020/21
	Kshs.	Kshs.
Property Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

9. Finance costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Interest On Bank Overdrafts	-	-
Interest On Loans From Banks	-	-
Total	-	-

10. Gain/(loss) on disposal of assets

Description	2021-2022	2020-2021
	Kshs	Kshs
Property,Plant And Equipment	-	-
Intangible Assets	-	-
Total	-	-

Notes to the Financial Statements Continued

Baringo County Co-operative Development Fund
Annual Report and Financial Statements for the year ended June 30, 2022

11. Cash and cash equivalents

Description	2021-2022	2020-2021
	Kshs	Kshs
County Mortgage Account	-	-
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	5,193,316.00	5,488,458.00
Others	-	-
Total Cash And Cash Equivalents	5,193,316.00	5,488,458.00

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

Financial Institution	Account number	2021-2022	2020-2021
		Kshs	Kshs
a) Fixed Deposits Account			
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
Sub- Total		-	-
b) On - Call Deposits			
Kenya Commercial Bank		-	-
Equity Bank - Etc.		-	-
Sub- Total		-	-
c) Current Account			
Kenya Commercial Bank		-	-
Boresha Sacco	50451152201	5,193,316.00	5,488,458.00
Sub- Total		5,193,316.00	5,488,458.00
d) Others(Specify)			
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		-	-

Baringo County Co-operative Development Fund
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12. Receivables from exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Receivables		
Interest Receivable	436,271.00	-
Current Loan Repayments Due	15,853,495.00	-
Other Exchange Debtors	-	-
Less: Impairment Allowance	-	-
Total Current Receivables	16,289,766.00	-
Non-Current Receivables		
Long Term Loan Repayments Due	-	-
Total Non- Current Receivables	-	-
Total Receivables From Exchange Transactions	16,289,766.00	-

Additional disclosure on interest receivable

Description	2021-2022	2020-2021
	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	436,271.00	-
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	15,853,495.00	-
Current portion of long-term loans issued in the current year	-	-

13. Prepayments

Description	2021-2022	2020-2021
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Other Prepayments	-	-
Total	-	-

Baringo County Co-operative Development Fund
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14. Inventories

Description	2021-2022	2020-2021
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts and Meters	-	-
Catering	-	-
Other Inventories	-	-
Total Inventories At The Lower Of Cost And Net Realizable Value	-	-

Baringo County Micro and Small Enterprises Fund
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Notes To The Financial Statements (Continued)

15. 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 2022	-	-	-	-	-
Depreciation And Impairment					
At 1 st July 2020	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
At 30th June 2021	-	-	-	-	-
At 1st July 2021					
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-
At 30th June 2022	-	-	-	-	-
Net Book Values					
At 30th June 2021	-	-	-	-	-
At 30th June 2022	-	-	-	-	-

Baringo County Micro and Small Enterprises Fund
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Notes To The Financial Statements (Continued)

16. Intangible assets

Description	2021-2022	2020-2021
	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	-	-

17. Trade and other payable s from exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade Payable s	-	-
Over payments of loans	10,490.00	-
Accrued Expenses	-	-
Other Payable s	138,610.00	-
Total Trade And Other Payable s	149,100.00	-

18. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance At The Beginning Of The Year (1.07.2021)	-	-	-	-
Additional Provisions	-	-	-	-
Provision Utilized	-	-	-	-

Baringo County Micro and Small Enterprises Fund
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Change Due To Discount And Time Value For Money	-	-	-	-
Transfers From Non -Current Provisions	-	-	-	-
Balance At The End Of The Year (30.06.2022)	-	-	-	-

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

Notes To The Financial Statements (Continued)

19. Borrowings

Description	2021-2022	2020-2021
	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:

	2021-2022	2020-2021
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan From Cooperative Development fund	-	-
Sterling Pound Denominated Loan From Cooperative Development fund	-	-
Euro Denominated Loan from Cooperative Development fund	-	-
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	2021-2022	2020-2021
	Kshs	Kshs
Short Term Borrowings(Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

Baringo County Micro and Small Enterprises Fund
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Notes To The Financial Statements (Continued)

20. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	2021-2022	2020-2022
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total	-	-	-	-	-

21. Cash generated from operations

	2021-2022	2020-2021
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	-353,752.00	
Adjusted For:		
Depreciation	-	-
Amortization	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	19,655.00	50,644.00
Finance Cost	-	10,428.00
Working Capital Adjustments		
Increase In Inventory	-	-
Increase In Receivables	-	-
Increase In Payables	-	-
Net Cash Flow From Operating Activities	-334,097.00	-

Other Disclosures

22. Related party balances

a) Nature of related party relationships

Baringo county Cooperative Development fund and other parties related to the Fund include those parties who have ability to exercise control or exercise significant influence over its operating and

Baringo County Co-operative Development Fund
Annual Report and Financial Statements for the year ended June 30, 2022

financial decisions. Related parties include management personnel, their associates and close family members. The fund is related to the following entities:

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

b) Related party transactions

	2021-2022	2020-2021
	Kshs	Kshs
Transfers From Related Parties'	-	-
Transfers To Related Parties	-	-

c) Key management remuneration

	2021-2022	2020-2021
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

	2021-2022	2020-2021
	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Government	-	-
Total	-	-

Baringo County Co-operative Development Fund
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Other Disclosures Continued

e) Due to related parties

	2021-2022	2020-2021
	Kshs	Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
Total	-	-

23. Contingent assets and contingent liabilities

Contingent Liabilities	2021-2022	2020-2021
	Kshs	Kshs
Court Case Against The Fund	-	-
Bank Guarantees	-	-
Total	-	-

Other Disclosures Continued

24. Financial risk management

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

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

a) Credit risk

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

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

Baringo County Co-operative Development Fund
Annual Report and Financial Statements for the year ended June 30, 2022

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-
At 30 June 2021				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-

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

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

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

b) Liquidity risk management

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

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

Baringo County Co-operative Development Fund
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	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 2021				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

c) Market risk

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

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

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

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

i. Foreign currency risk

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

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

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

Foreign currency sensitivity analysis

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

	Change in currency rate	Effect on earnings	Effect on Equity
	Kshs	Kshs	Kshs
2022			
Euro	10%	-	-
USD	10%	-	-
2021			
Euro	10%	-	-
USD	10%	-	-

Baringo County Co-operative Development Fund
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ii. **Interest rate risk**

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

Management of interest rate risk

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

Sensitivity analysis

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

d) Capital risk management

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

	2021/2022	2020/2021
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	-	-
Total funds	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
Gearing	-	-

Baringo County Co-operative Development Fund
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19. Progress On Follow Up Of Prior Year Auditor's Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (If not resolved when you expect the issue to be resolved)
1.0	Inaccuracies in Financial Statements	Awaiting Assembly invitation	Not resolved	April 2023
2.0	Inaccurate Comparative Figures and Balances	Awaiting Assembly invitation	Not Resolved	April 2023
3.0	Unsupported Cash and Cash Equivalent	Awaiting Assembly invitation	Not Resolved	April 2023
4.0	Unsupported Interest Income	Awaiting Assembly invitation	Not Resolved	April 2023
5.0	Unsupported General Expense	Awaiting Assembly invitation	Not Resolved	April 2023
6.0	Undisclosed Transfer to the Revolving Fund	Awaiting Assembly invitation	Not Resolved	April 2023
7.0	Unexplained and Unreconciled Suspense Balance	Awaiting Assembly invitation	Not Resolved	April 2023
8.0	Undisclosed Receivable from Exchange transactions-loans to cooperative societies	Awaiting Assembly invitation	Not Resolved	April 2023

