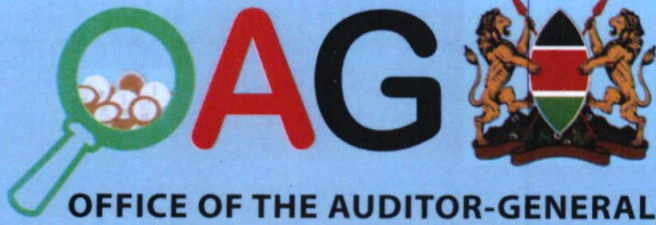
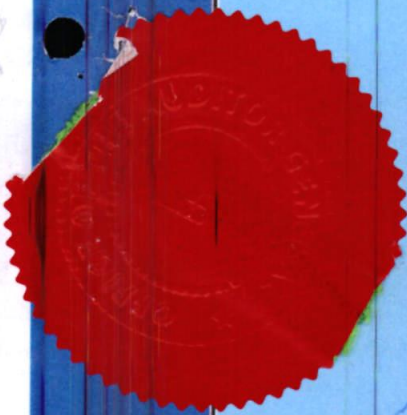


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability



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REPORT

OF

THE AUDITOR-GENERAL

ON

**BARINGO COUNTY CO-OPERATIVE
DEVELOPMENT FUND**

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



BARINGO COUNTY CO-OPERATIVE DEVELOPMENT FUND

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2024**

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

Baringo County Co-operative Development Fund
Annual Report and Financial Statements for the year ended June 30, 2024

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1. Acronyms and Glossary of Terms

a) Acronyms

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

b) Glossary of Terms

Fiduciary Management	The key management personnel who had financial responsibility
----------------------	---

2. 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 2014 and revised regulations 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 and issue grants to Co-operative Societies in Baringo County.
- III. The Fund's principal activity is to lend money to Cooperative societies in the County and issue grants to Co-operative Societies in Baringo County.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to manage loans promptly, monitor and evaluate grant and loan beneficiaries 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.
- v. Disburse grants to eligible Co-operative Societies.
- vi. Capacity building of grant beneficiaries and those in need.
- vii. Carry out monitoring and evaluation on the grant 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 and grants 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.

Baringo County Co-operative Development Fund
Annual Report and Financial Statements for the year ended June 30, 2024

c) Fund Administration Committee

Ref	Name	Position
1	Hon. Zakari Kiprotich	Fund Chairperson
2	Joseph Waiyaru	Fund Administrator
3	Gikono Kiptoo	Chief Officer for Finance-Member
4	Moses Toroitich	Fund Secretary- County Co-operative Commissioner
5	Stephen Chemjor	Committee Member, representing BCCU Ltd
6	Farida Toma Haji	Committee Member, Representing Boresha DT Sacco Society Ltd
7	Pamela Koskei Kimeto	Committee Member, Representing BAMSCOS Union Ltd

d) Key Management team

Ref	Name	Position
1	Hon. Zakary Kiprotich	Fund Chairperson
2	Joseph waiharo	Fund Administrator
3	Gikono Kiptoo	Chief Officer for Finance-Committee Member
4	Moses Toroitich	County Co-operative Commissioner – Secretary

Key Fund and Management (Continued)

e) Fiduciary Oversight Arrangements

SN	Position	Name
1	Directorate Internal Audit	Catherine Kibet

f) Registered Offices

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

g) Fund Contacts

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

h) Fund Bankers

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

Key Fund and Management (Continued)

i) Independent Auditors

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

j) Principal Legal Adviser



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

k) County Attorney

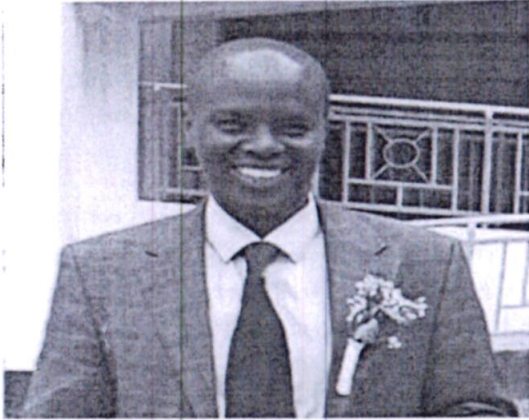
The county Attorney
county Law Office
P.O. Box 54
Kabarnet

Baringo County Co-operative Development Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Fund Administration Committee

Name	Details of qualifications and experience
 <p>Hon. Zachary Kiprotich - CECM; Trade & Co-operatives</p>	<p>Date of Birth: 20/11/1968</p> <p>Academic and professional Qualifications; B.A. Degree; CPA III</p> <p>Work experience; Over 20 years in NGOs, Commercial Company, Hospitality & Managing Co-operative Society</p> <p>Chairperson to the Fund: Baringo County Co-operative Development Fund</p>
 <p>Joseph Waiharo – Chief Officer – Trade & Co-operatives</p>	<p>Date of Birth: 20/10/1989</p> <p>Academic qualifications: United States International University, Master of Science in Management and Organization Development – To date United Nations Summer School in UN Headquarters, Geneva, Switzerland – 2016 Arizona States University College of Public Service and Community Solutions – 2015 United States International University, Bachelor of Science in International Business Administration with Concentration in Finance and Management – 2013 Baringo High School, Kenya Certificate of Secondary Education (KCSE) – 2007</p>

Baringo County Co-operative Development Fund
Annual Report and Financial Statements for the year ended June 30, 2024



Gikono Kiptoo-Chief Officer Finance



Date of Birth: 19th Aug 1980
 Key Academic & Professional qualifications: Masters in Business Administration, BBA, CPA K, CIFA, Diploma in Human Resource
 Work experience:
 Chief officer Baringo county treasury, Director Finance , Chair Audit Committee Baringo County Assembly, Internal Audit Boresha.

Committee member: Baringo County Co-operative Development Fund



Moses Toroitich -Director Co-Operatives

Date of Birth: 1988
 Academic and professional qualifications:
 Master of Science in Procurement and Logistics
 Degree in Procurement and supply Chain Management.
 Advanced Diploma in Procurement and Logistics.
 Work experience:
 2021 to date-Director Co-Operative Development, Baringo County Government.
 2019-2021-Director Supply Chain Management, Baringo County Government.
 Secretary: Baringo County Co-operative Development Fund committee.

	<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>
<p><i>Stephen Chemjor, Baringo County o-operative Union</i></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>
	<p>Farida Haji, Boresha Sacco Society Ltd</p>



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 Ltd

3. Fund Chairperson's Report

During the Financial Year under review, the Fund did witness changes in its composition of the management team. The Fund regulation provides for the County Executive Committee member for Co-operatives to be the Chairperson of the Fund Committee, Hon. Zachary Kiprotich.

At the level of Fund administrator, the Fund Regulations provides for the Chief Officer in charge of Co-Operatives as the Fund Administrator.

Despite financial constraints, the fund was able to utilize the available resources at its disposal to meet some of its objectives. The Fund did not have adequate funds to disburse during the financial year. For a fruitful impact, the fund should be allocated more funds to accommodate the whole County.

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

The loans are administered and advanced by the Department in-charge of Co-operative Development through Co-operative's office (the county office). The day to day running of the Fund is vested with the County Director Co-operative Development Officer under delegated powers by the respective Chief Officer.

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

Name Hon Zachary Kiprotich Signature.....Date.....

Chairperson of the Fund

**Baringo County Co-operative Development Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

4. Report of The Fund Administration committee

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.

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.

5. 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 23/24 there 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 23/24 a total of Kshs.456,270 was recovered from loanees.

6. 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

7. Management Discussion and Analysis

As stated elsewhere the recoveries were low during the period under review where total collection was Kshs **456,720**. Operational expenditure was majorly for meetings and bank charges total-ling Kshs **1,605,022.02**.

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 managerialresources.

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.

8. 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

9. Report of The fund administration committee

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

Principal activities

The principal activities of the Fund are

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

Results

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

Trustees

The Fund 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.

.....
Hon. Zakary Kiprotich

Chair of the Fund Administration Committee

10. Statement of Management’s Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by Baringo County Co-operative Development Fund regulations, 2014 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 30th, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The 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 2014. 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 June 2024, 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

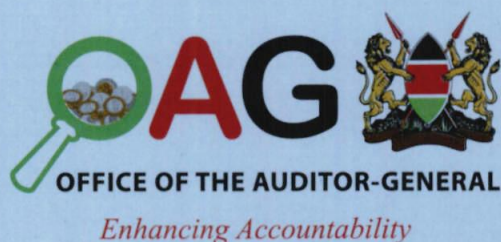
The Fund’s financial statements were approved by the Fund on **26 August /2024** and signed on its behalf by:



.....
Collins Nakedi

Administrator of the County Public Fund

REPUBLIC OF KENYA



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

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

REPORT OF THE AUDITOR-GENERAL ON BARINGO COUNTY CO-OPERATIVE DEVELOPMENT FUND FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Baringo County Co-operative

Development Fund set out on pages 1 to 39, which comprise of the statement of financial position as at 30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and 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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Baringo County Co-operative Development fund as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do comply with the Public Finance Management (Baringo County Co-operative Development Fund) (Amendment) Regulations, 2022 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Inaccuracies in the Financial Statements

The statement of financial position reflects net assets balance of Kshs.37,557,099. However, the recomputed amount is Kshs.37,537,099 resulting in an unexplained variance of Kshs.20,000. Further, the statement reflects long-term portion of receivables from exchange transactions amounting to Kshs.17,572,451. However, the corresponding Note 13 to the financial statements reflects a Nil balance resulting in an unexplained variance of Kshs.17,572,451. In addition, the statement reflects revolving fund and accumulated surplus opening balances of Kshs.36,726,977 and Kshs.475,499 respectively. However, the previous year's audited financial statements reflect amounts of Kshs.21,333,982 and Kshs.(369,140) resulting in unexplained variances of Kshs.15,392,995 and 844,639 respectively.

The statement of changes in net assets reflects total opening balance of Kshs.37,202,476. However, the previous year's audited financial statements reflect an amount of Kshs.20,964,842 resulting in an unexplained variance of Kshs.16,237,634.

The statement of cashflows reflects the net cash flows from investing activities amount of Kshs.1,192,930. However, the recomputed amount is Kshs.(1,192,930) resulting in an unexplained variance of Kshs.2,385,860.

The statement of comparison of budget and actual amounts reflects actual total expenditure of Kshs.662,638. However, the recomputed amount is Kshs.1,166,437 resulting in an unexplained variance of Kshs.503,799. Further, the statement reflects a Nil performance difference in relation to the interest income component. However, the recomputed balance is Kshs.78,988 resulting in an unexplained variance of Kshs.78,988.

In the circumstances the accuracy and completeness of the financial statements could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final income budget and actual on comparable basis of Kshs.10,100,000 and Kshs.21,012 respectively resulting to an under- funding of Kshs.10,078,988 or 99.8% of the budget. Further, the statement reflects final expenditure budget of Kshs.503,799 and actual on comparable basis total expenses of Kshs.1,166,437 resulting to over-expenditure of Kshs.662,638 or 131% of the budget.

However, no approved budget was provided to confirm the transfers from the County Government and general expenses budgeted amounts of Kshs.10,000,000 and Kshs.503,799 respectively.

In the circumstances, the underfunding and over-expenditure affected the planned activities of the Fund and may have impacted negatively on service delivery to the public.

My opinion is however unmodified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several paragraphs were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, Management has not resolved the issues or given any explanation for the failure to adhere to the provisions of the Public Sector Accounting Standards Board template.

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Sustainability of the Fund's Activities

Review of records indicated that the amount of money received by the Fund from the County Government of Baringo has been on the decline since the inception of the Fund in the year 2014. A report of the Fund Administrator indicated that the amount disbursed to the fund in financial years 2014/2015, 2015/2016 and 2016/2017 were Kshs.11,000,000, Kshs.5,000,000 and Kshs.5,000,000 respectively. No disbursements to the beneficiaries were done from the financial year 2017/2018 to the year under review. Further, available records indicate that loanees have defaulted on the loan's repayments to the Fund.

In the circumstances, the ability of the Fund to continue its operations in the foreseeable future could not be confirmed.

2. Failure to Recover Long Outstanding Loans

The statement of financial position reflects current and long-term portions of receivables from exchange transactions amounting to Kshs.17,572,451 and Kshs.17,572,451 respectively. Included in the current portion of the receivables are loan repayments due amounting to Kshs.17,136,180 and interest receivable amounting to Kshs.436,271 as disclosed in Note 13 to the financial statements. Review of loan records provided for audit indicate that the current loan repayment due amounting to Kshs.17,136,180 was disbursed to twenty-three (23) Co-operative Societies. Management has not taken any measures to recover the loans. This is contrary to Regulation 13 of Public Finance Management (Baringo County Co-operative Development Fund) Regulations, 2020 which states that a loan issued under the Regulations shall be fully paid within three years in accordance with the loan agreement entered into between the County Government and the Co-operative Societies.

In the circumstances, Management was in breach of the regulations and the recoverability of the current portion of long-term receivables from exchange transactions balance of Kshs.17,572,451 could not be confirmed.

3. Irregular Maintenance of Bank Account

The statement of financial position reflects cash and cash equivalents totaling to Kshs.2,541,297 as disclosed in Note 12 to the financial statements. Review of records revealed that the Fund maintains a bank account in a saving and credit Co-operative society. This is contrary to Regulation 82 of the Public Finance Management (County Governments) Regulations, 2015 which states that all Government bank accounts shall be opened at Central Bank of Kenya except the imprest account.

In the circumstances, Management is in breach of the law

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 2315 and 2330. The Standards require that I plan and perform

the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

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

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

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

Auditor-General's Responsibilities for the Audit


My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the INTOSAI Framework of Professional Pronouncements (IFPP). The Framework requires that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected

to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

31 December, 2024

12. Statement of Financial Performance for the Year Ended 30th June 2024

Description	Note	FY 2023/2024	FY 2022/2023
		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	21,012	69,445
Other Income	5	-	-
		-	-
Total Revenue		21,012	69,445
Expenses			
Employee Costs	6	-	-
Use of goods and services	7	1,166,437	438,585
Depreciation and Amortization Expense	8	-	-
Finance Costs	9	-	-
Total Expenses		1,166,437	438,585
Other Gains/Losses			
Gain/Loss on Disposal of Assets	10	-	-
Gain /Loss on fair value of investments	11	-	-
Surplus/(Deficit) for the Period		(1,145,425)	(369,141)



.....
Name:
Administrator of the Fund



.....
Name: DAVID CHESANG
Fund Accountant
ICPAK Member Number:11481

Baringo County Co-operative Development Fund
Annual Report and Financial Statements for the year ended June 30, 2024

13. Statement of Financial Position As at 30 June 2024

Description	Note	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	12	2,541,297	4,879,153
Current Portion of Long- Term Receivables From Exchange Transactions	13	17,572,451	16,236,212
Prepayments	14	-	-
Inventories	15	-	-
Investments in financial assets	16	-	-
Total current assets		20,133,748	21,115,364
Non-Current Assets			
Property, Plant and Equipment	17	-	-
Intangible Assets	18	-	-
Long Term Receivables from Exchange Transactions	13	17,572,451	16,236,212
Investment Property	19	-	-
Total non- current assets		17,572,451	16,236,212
Total Assets		37,706,199	37,351,576
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	20	149,100	149,100
Current Portion of Borrowings	21	-	-
Employee Benefit Obligations	22	-	-
Social benefit liabilities	23	-	-
Total current liabilities		149,100	149,100
Non-Current Liabilities			
Long Term Portion of Borrowings	21	-	-
Non-Current Employee Benefit Obligation	22	-	-
Social benefit liabilities	23	-	-
Total Liabilities		149,100	149,100.00
		37,557,099	37,202,476

Baringo County Co-operative Development Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Description	Note	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
Net Assets		37,557,099	37,202,476.
Revolving Fund		38,227,025	36,726,977
Reserves		-	-
Accumulated Surplus		(669,926)	475,499
Total Net Assets and Liabilities		37,557,099	37,202,476

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on _____ 2024 and signed by:



.....
Name:
Administrator of the Fund



.....
Name: DAVID CHESANG
Fund Accountant
ICPAK Member Number:11481

14. Statement Of Changes in Net Assets for the year ended 30th June 2024

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July (FY2021/2022)	20,489,343	-	844,639	21,333,982
Surplus/(Deficit) For the Period	-	-	(369,140)	(369,140)
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	16,237,634	-	-	16,237,634
Balance As At 30 June (FY2021/2022)	36,726,977	-	475,499	37,202,476
Balance As At 1 July (FY2022/2023)	36,726,977	-	475,499	37,202,476
Surplus/(Deficit) For the Period		-	(1,145,425.05)	(1,145,425)
Funds Received During the Year	-	-	-	
Transfers	-	-	-	
Revaluation Gain	1,500,048	-	-	1,500,048
Balance As At 30 June (FY2023/2024)	38,227,025	-	(669,926)	37,557,099

Baringo County Co-operative Development Fund
Annual Report and Financial Statements for the year ended June 30, 2024

15. Statement of Cash Flows for The Year Ended 30 June 2024

Description	Note	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the county government		-	-
Interest received		21,012	69,445
Receipts from other operating activities		-	-
Total receipts		21,012	69,445
Payments			
Fund administration expenses		-	-
General expenses		1,166,437	438,585
Finance cost		-	-
Other payments		-	-
		1,166,437	438,585
Net cash flows from operating activities	24	(1,145,425)	(369,141)
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		(507,070)	57,220
Loan disbursements paid out		1,700,000	-
Net cash flows used in investing activities		1,192,930	57,220
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		(2,338,355)	(313,664)
Cash and cash equivalents at 1 July 2023		4,879,652	5,193,316
Cash and cash equivalents at 30 June 2024		2,541,297	4,879,652

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Public Contributions and Donations	-	-	-	-	-	
Transfers From County Govt.	10,000,000.00	-	10,000,000.00	-	10,000,000	-
Interest Income	100,000.00	-	100,000.00	21,012	-	21%
Other Income	-	-	-	-	-	
Total Income	10,100,000.00	-	10,100,000.00	-	10,100,000.00	-
Expenses						
Fund Administration Expenses	-	-	-	-	-	
General Expenses	503,799.00	-	503,799.00	1,166,437	-662,638.00	232%
Finance Cost	-	-	-	-	-	
Total Expenditure	503,799.00	-	503,799.00	662,638	-158,839.00	132%
Surplus For the Period	9,596,201.00	-	9,596,201.00	-	9,596,201.00	
Capital expenditure	-	-	-	-	-	

Baringo County Co-operative development Fund
Annual Report and Financial Statements for the year ended June 30, 2024

17. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Baringo county co-operative development fund is established by and derives its authority and accountability from Baringo county cooperative development fund regulation 2014 and revised regulation 2022. The fund is wholly owned by the Baringo County Government and is domiciled in Kenya. The entity's principal activity is xxx.

2. Statement of compliance and basis of preparation

The Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

3. Adoption of new and revised standards

(i) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024

There were no new and amended standards issued in the financial year.

(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 44: Non- Current Assets Held	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the</p>

Baringo County Co-operative development Fund
Annual Report and Financial Statements for the year ended June 30, 2024

for Sale and Discontinued Operations	<p>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> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 46 Measurement	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 47- Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared</p>

Baringo County Co-operative development Fund
Annual Report and Financial Statements for the year ended June 30, 2024

	to provide guidance to entities that provide transfers on accounting for such transfers. <i>State the expected impact of the standard to the Entity if relevant</i>
IPSAS 49- Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan. <i>State the expected impact of the standard to the Entity if relevant</i>

(i) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.)*

**Baringo County Co-operative development Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

1. Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 20xx was approved by the County Assembly on xxxx. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of xxxxx on the FY 20xx budget following the governing body's approval.

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

Baringo County Co-operative development Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Summary of Significant Accounting Policies (Continued)

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

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

c) Property, plant and equipment

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

a) 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.

b) Investment property

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

Baringo County Co-operative development Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Summary of Significant Accounting Policies (Continued)

c) Financial instruments

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Baringo County Co-operative development Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Summary of Significant Accounting Policies (Continued)

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Baringo County Co-operative development Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

d) Inventories

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

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

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

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

e) 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 Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

f) Social Benefits

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

Baringo County Co-operative development Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Summary of Significant Accounting Policies (Continued)

g) 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.

Contingent assets

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

h) Nature and purpose of reserves

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

i) Employee benefits – Retirement benefit plans

The Fund provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Fund pays fixed contributions into a separate Fund (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.

Baringo County Co-operative development Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Summary of Significant Accounting Policies (Continued)

j) 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.

k) 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.

l) 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.

m) Cash and cash equivalents

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

n) Comparative figures

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

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

State all judgements, estimates and assumptions made e.g.

a) Estimates and assumptions –

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

b) Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by the 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, 2024

6. Notes To The Financial Statements

1. Public contributions and donations

Description	FY2023/2024	FY 2022/2023
	Kshs	Kshs
Donation From Development Partners	-	-
Contributions From The Public	-	-
Total	-	-

2. Transfers from County Government

Description	FY2023/2024	FY 2022/2023
	Kshs	Kshs
Transfers From County Govt. –Operations	-	-
Payments By County On Behalf Of The Entity	-	-
Unconditional Development grants	-	-
Total	-	-

3. Fines, penalties and other levies

Description	FY2023/2024	FY 2022/2023
	Kshs	Kshs
Late Payment Penalties	-	-
Fines	-	-
Total	-	-

4. Interest income

Description	FY2023/2024	FY 2022/2023
	Kshs	Kshs
Interest Income from Mortgage Loans	-	-
Interest Income From Car Loans	-	-
Interest Income From Investments in financial assets	-	-
Interest Income On Bank Deposits	21,012	69,445
Total Interest Income	21,012	69,445

Baringo County Co-operative development Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements Continued

5. Other income

Description	FY2023/2024	FY 2022/2023
	Kshs	Kshs
Insurance Recoveries	-	-
Income from Sale of Tender Documents	-	-
Bad debts recovered	-	-
Miscellaneous Income	-	-
Total Other Income	-	-

6. Employee Costs

Description	FY2023/2024	FY 2022/2023
	Kshs	Kshs
Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	-	-
Social Security Contribution	-	-
Other (<i>Specify</i>)	-	-
Total	-	-

7. Use of Goods and Services

Description	FY2023/2024	FY 2021/2022
	Kshs.	Kshs.
General Office Expenses	-	-
Loan Processing Costs	-	-
Professional Services Costs	-	-
Administration Fees	1,161,000	426,700.00
Committee Allowances	-	-
Bank Charges	5,265	11,885
Electricity And Water Expenses	-	-
Fuel And Oil Costs	-	-
Insurance Costs	-	-

Baringo County Co-operative development Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Description	FY2023/2024	FY 2021/2022
	Kshs.	Kshs.
Postage And Courier	-	-
Printing And Stationery	-	-
Rental Costs	-	-
Security Costs	-	-
Telephone And Communication Expenses	-	-
Bank Charges	-	-
Audit Fees	-	-
Provision For Doubtful Debts	-	-
Other (<i>Specify</i>)	-	-
Social benefit expenses*	-	-
Total	1,166,437.28	369,141

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42

8. Depreciation and Amortization Expense

Description	FY2023/2024	FY 2022/2024
	Kshs.	Kshs.
Property Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

9. Finance costs

Description	FY2023/2024	FY 2022/2023
	Kshs	Kshs
Interest On Bank Overdrafts	-	-
Interest On Loans From Banks	-	-
Total	-	-

10. Gain/(loss) on disposal of assets

Description	FY2023/2024	FY 2022/2023
	Kshs	Kshs
Property, Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

Baringo County Co-operative development Fund
Annual Report and Financial Statements for the year ended June 30, 2024

11. Gain/ (loss) on Fair Value Investments

Description	FY2023/2024	FY 2022/2023
	Kshs	Kshs
Investments at Fair Value- Equity investments	-	-
Fair value – Investment property	-	-
Fair value- other financial assets (specify)	-	-
Total Gain	-	-

12. Cash and cash equivalents

Description	FY2023/2024	FY 2022/2023
	Kshs	Kshs
Car Loan Account	-	-
County Mortgage Account	-	-
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	-	-
Others (<i>Specify</i>)	-	-
Total Cash And Cash Equivalents	2,541,297	4,879,652

Baringo County Co-operative development Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements Continued

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

Financial Institution	Account number	FY2023/2024	FY 2022/2023
		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		2,541,297	4,879,652
Boresha Sacco	50451152201	2,564,297	4,879,652
Sub- Total		-	-
d) Others(Specify)			
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		2,541,297	4,879,652

13. Receivables from exchange transactions

Description	FY2023/2024	FY 2022/2023
	Kshs	Kshs
Current Receivables		
Interest Receivable	436,271	489,956
Current Loan Repayments Due	17,136,180	15,746,256
Other Exchange Debtors	-	-
Less: Impairment Allowance	-	-
Total Current Receivables	17,572,452	16,236,212
Non-Current Receivables		
Long Term Loan Repayments Due	-	-
Total Non- Current Receivables	-	-
Total Receivables From Exchange Transactions	17,572,452	16,236,212

**Baringo County Co-operative development Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Notes to the Financial Statements Continued

Additional disclosure on interest receivable

Description	FY2023/2024	FY 2022/2023
	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	489,956
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	17,136,180	15,746,256
Current portion of long-term loans issued in the current year	-	-

14. Prepayments

Description	FY2023/2024	FY 2022/2023
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Other Prepayments	-	-
Total	-	-

15. Inventories

Description	FY2023/2024	FY 2022/2023
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts And Meters	-	-
Catering	-	-
Other Inventories	-	-
Total Inventories at The Lower of Cost and Net Realizable Value	-	-

Notes to the Financial Statements Continued

Baringo County Co-operative development Fund
Annual Report and Financial Statements for the year ended June 30, 2024

16. Investments in financial assets

Description	FY2023/2024	FY 2022/2023
	Kshs	Kshs
a. Investment in Treasury bills and bonds		
Financial institution		
CBK	-	-
CBK	-	-
Sub- total	-	-
b. Investment with Financial Institutions/ Banks		
Bank x	-	-
Bank y	-	-
Sub- total	-	-
c. Equity investments (specify)		
Equity/ shares in Entity xxx	-	-
Sub- total	-	-
Grand total	-	-

Movement of Equity Investments

Impairment allowance/ provision	FY2023/2024	FY 2022/2023
	Kshs	Kshs
At the beginning of the year	-	-
Purchase of investments in the year	-	-
Sale of investments during the year	-	-
Gain/(loss) in fair value of investments through surplus or deficit	-	-
At the end of the year	-	-

e) Shareholding in other entities

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

Baringo County Co-operative development Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

17. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At 1st July FY2021/2022)	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-
At 30th June FY2021/2022)	-	-	-	-	-
At 1st July FY2022/2023)					
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
At 30th June FY2022/2023)	-	-	-	-	-
Depreciation And Impairment					
At 1 st July FY2021/2022)	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
At 30th June FY2021/2022)	-	-	-	-	-
At 1st July FY2022/2023)					
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-
At 30th June FY 2022/2023)	-	-	-	-	-
Net Book Values					
At 30th June FY2021/2022)	-	-	-	-	-
At 30th June FY2023/2024)	-	-	-	-	-

Baringo County Co-operative development Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

18. Intangible assets

Description	FY2023/2024	FY 2022/2023
	Kshs	Kshs
Cost		
At Beginning of The Year	-	-
Additions	-	-
At End of The Year	-	-
Amortization And Impairment		
At Beginning of The Year	-	-
Amortization	-	-
At End of The Year	-	-
Impairment Loss	-	-
At End of The Year	-	-
NBV	-	-

19. Investment Property

Description	FY2023/2024	FY 2022/2023
	Kshs	Kshs
At beginning of the year	-	-
Additions	-	-
Disposal during the year	-	-
Depreciation	-	-
Impairment	-	-
Gain/(loss) in fair value (if fair value is elected)	-	-
At end of the year	-	-

Baringo County Co-operative development Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

20. Trade and other payables from exchange transactions

Description	FY 2023/2024		FY 2022/2023	
	Kshs		Kshs	
Trade Payables	-		-	
Refundable Deposits	10,490		10,490.00	
Accrued Expenses	-		-	
Other Payables	138,610		138,610.00	
Total Trade and Other Payables	149,100		149,100.00	
Ageing analysis (Trade and other payables)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (tie to above total)	-		-	

21. Provisions

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

**Baringo County Co-operative development Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Notes To The Financial Statements (Continued)

22. Borrowings

Description	FY2023/2024	FY 2022/2023
	Kshs	Kshs
Balance At Beginning of The Period	-	-
External Borrowings During the Year	-	-
Domestic Borrowings During the Year	-	-
Repayments Of External Borrowings During the Period	-	-
Repayments Of Domestic Borrowings During the Period	-	-
Balance At End of The Period	-	-

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

Description	FY2023/2024	FY 2022/2023
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan From 'X Organization'	-	-
Sterling Pound Denominated Loan From 'Y Organization'	-	-
Euro Denominated Loan from Z Organization'	-	-
Domestic Borrowings		
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Borrowings From Other Government Institutions	-	-
Total Balance at End of The Year	-	-

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

Description	FY2023/2024	FY 2022/2023
	Kshs	Kshs
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

**Baringo County Co-operative development Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Notes To The Financial Statements (Continued)

23. Employee benefit obligations

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

24. Social Benefit Liabilities

Description	FY2023/2024	FY 2022/2023
	Kshs	Kshs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
Total	-	-
Current social benefits	-	-
Non- current social benefits	-	-
Total (tie to totals above)	-	-

Baringo County Co-operative development Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

25. Cash generated from operations

Description	FY2023/2024	FY 2022/2023
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	-1,145,425.05	369,140
Adjusted For:		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	21,012.23	69,445
Finance Cost	-	-
Working Capital Adjustments		
Increase In Inventory	-	-
Increase In Receivables	-	-
Increase In Payables	-	-
Net Cash Flow From Operating Activities	1,166,437.28	-369,141

(The total of this statement should tie to the cash flow section on net cash flows from operating activities)

**Baringo County Co-operative development Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Notes To The Financial Statements (Continued)

26. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

Description	FY2023/2024	FY 2022/2023
	Kshs	Kshs
Transfers From Related Parties'	-	-
Transfers To Related Parties	-	-

c) Key management remuneration

Description	FY2023/2024	FY 2022/2023
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

Description	FY2023/2024	FY 2022/2023
	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Government	-	-
Total	-	-

Baringo County Co-operative development Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Other Disclosures Continued

e) Due to related parties

Description	FY2023/2024	FY 2022/2023
	Kshs	Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
Total	-	-

27. Contingent assets and contingent liabilities

Contingent Liabilities	FY2023/2024	FY 2022/2023
	Kshs	Kshs
Court Case Against the Fund	-	-
Bank Guarantees	-	-
Total	-	-

**Baringo County Co-operative development Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Notes To The Financial Statements (Continued)

28. Financial risk management

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

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

a) Credit risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 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	-	-	-	-

**Baringo County Co-operative development Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Notes To The Financial Statements (Continued)

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

The entity has significant concentration of credit risk on amounts due from xxxx

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

b) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June (FY2023/2024)				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
At 30 June (FY 2021/2022)				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

**Baringo County Co-operative development Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Notes To The Financial Statements (Continued)

c) Market risk

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

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

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

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

i. Foreign currency risk

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

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

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

Baringo County Co-operative development Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on surplus/ deficit	Effect on Equity
	Kshs	Kshs	Kshs
(FY 2022/2023)			
Euro	10%	-	-
USD	10%	-	-
(FY2021/2022)			
Euro	10%	-	-
USD	10%	-	-

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs - (2022: Kshs -). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs - (2021 - Kshs -).

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Notes To The Financial Statements (Continued)

d) Capital risk management.

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

Description	FY2023/2024	FY 2022/2023
	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	-%	-%

29. Events after the reporting period

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

30. Ultimate and Holding Entity

Baringo County **Co-operative Development Fund** is established by and derives its authority and accountability from Baringo County Cooperative Development Fund Regulation 2014 and revised regulations 2022. The Fund is wholly owned by the County Government of Baringo. and is domiciled in Kenya

31. Currency

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

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18. Annexes

Annex I: Progress on Follow Up Of Prior Year Auditor’s Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Inaccuracies in the Financial Statements			2024/2025
2	Unsupported Interest Income			2024/2025
3	Unsupported Trade and Other Payables Balance			2024/2025
4	Unrealized Transfers from County Government			2024/2025
5	Non-Compliance with Law on Recovery of Loans			2024/2025

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management.
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Fund responsible for implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

Fund Manager

Date.....

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Annex II: Inter-Fund Confirmation Letter

The *[insert SC/SAGA/Fund name here]* wishes to confirm the amounts disbursed to you as at 30th June 2024 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received Baringo county cooperative development fund as at 30 th June 2024							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30 th June 2024				Amount Received by [beneficiary Fund] (KShs) as at 30 th June 20xx (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
Total							

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

Head of Accountants department of beneficiary Fund:

Name SignDate

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Annex III: Reporting of Climate Relevant Expenditures

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

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Annex IV: Reporting on Disaster Management Expenditure

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