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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**BARINGO COUNTY MICRO AND SMALL  
ENTERPRISES FUND**

**FOR THE YEAR ENDED  
30 JUNE, 2020**

PAPERS LAID	
DATE	28/04/2022
TABLED BY	SML
COMMITTEE	—
CLERK AT THE TABLE	NTHIRI



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**BARINGO COUNTY GOVERNMENT**  
**MICRO AND SMALL ENTERPRISES FUND**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED**  
**JUNE 30, 2020**

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

**TABLE OF CONTENTS**

TABLE OF CONTENTS	1
1. KEY ENTITY INFORMATION AND MANAGEMENT	2
2. MANAGEMENT TEAM	4
3. BOARD/FUND CHAIRPERSON'S REPORT	5
4. REPORT OF THE FUND ADMINISTRATOR	6
5. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES	7
6. REPORT OF THE INDEPENDENT AUDITOR FINANCIAL STATEMENTS	8
6.1. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 <sup>th</sup> JUNE 2020 .....	9
6.2. STATEMENT OF FINANCIAL POSITION AS AT 30 <sup>th</sup> JUNE 2020 .....	10
6.3. STATEMENT OF CHANGES IN NET ASSETS AS AT 30 <sup>th</sup> JUNE 2020 .....	11
6.4. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 <sup>th</sup> JUNE 2020 .....	12
6.5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 <sup>th</sup> JUNE 2020 .....	13
6.6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES .....	14
6.7. NOTES TO THE FINANCIAL STATEMENTS .....	28
7. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS	39

**1. KEY ENTITY INFORMATION AND MANAGEMENT**

**a) Background information**

- b) Baringo County Small and medium Enterprises Fund is established by and derives its authority and accountability from section 116(1) of the Public Finance Management Act 2012. The Fund is wholly owned by the County Government of Baringo.
- c) The Fund's objective is to allow the County Executive to make lending to Micro, Small and Medium Enterprises in the County.
- d) The Fund's principal activity is to lend money to needy traders in the County

**e) Principal Activities**

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

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

**f) Board of Trustees/Fund Administration Committee**

Ref	Name	Position
1	Hon. Dr. David C. Sergon	Chairperson - CECM for Trade Affairs - Baringo County Government
2	John Kisang	Chief Officer - Treasury
3	Elisha Kiplagat	Chair Person (KNCC&I)
4	Moses Lokidor	Chief Officer - Trade
5	Luke Imbusi	County Trade Development Officer

**g) Key Management**

Ref	Name	Position
1	Hon. Dr. David C.Sergon	Chairperson CECM for Trade Affairs - Baringo County Government
2	John Kisang	Chief Officer - Treasury
3	Elisha Kiplagat	Chair Person (KNCC&I)
4	Moses Lokidor	Chief Officer - Trade
5	Luke Imbusi	County Trade Development Officer

**h) Registered Offices**

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

**i) Fund Contacts**

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

**j) Fund Bankers**

Equity Bank  
Kabarnet Branch  
Account Name: Baringo County Small and Medium Enterprises Fund  
Account Number: **1 3 9 0 2 6 2 5 7 2 7 5 8**

**k) Independent Auditors**

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

**l) Principal Legal Adviser**

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

**2. MANAGEMENT TEAM**

<b>Ref</b>	<b>Name</b>	<b>Position</b>
1	Hon. Dr. David C. Sergon	Chairperson CECM for Trade Affairs - Baringo County Government
2	John Kisang	Chief Officer - Treasury
3	Elisha Kiplagat	Chair Person (KNCC&I)
4	Moses Lokidor	Chief Officer - Trade
5	Luke Imbusi	County Trade Development Officer

### 3. BOARD/FUND CHAIRPERSON'S REPORT

During the year under review, the fund did not witness any change in the composition of its board and management team. Despite financial constraints, the fund was able to utilize the available resources at its disposal to meet its objectives. Total loan recoveries was ksh. **4,290,536.00** while total expenses was **ksh 222,240.00**. For a fruitful impact, the fund should be allocated more funds.

Signed: \_\_\_\_\_

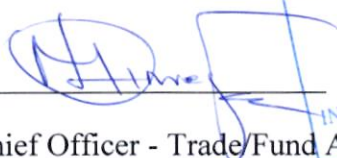
Hon. Dr. David Sergon - Chairman



**4. REPORT OF THE FUND ADMINISTRATOR**

The performance of the fund was low due to limited resources hence could not meet the Fund's objectives as stipulated in the law. Total revenue was ksh 7,903,610.00 out of which kshs. 1,665,448.00 was transfer from county government.

Signed: \_\_\_\_\_



Moses Lokidor -Chief Officer - Trade/Fund Administrator



## **5. 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 Baringo County Micro and Small Enterprises Fund established by *the Public Finance Management Act 2012* shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

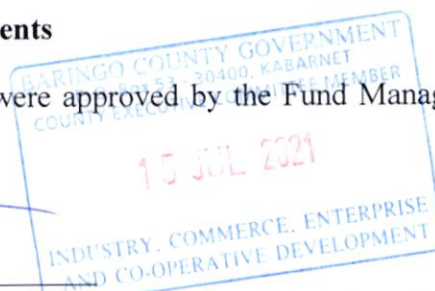
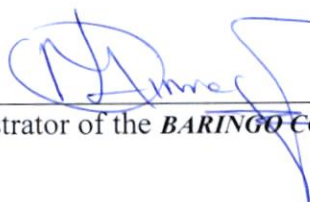
The Administrator of the Baringo County Micro and Small Enterprises Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2020. This 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 Baringo County Micro and Small Enterprises Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Baringo County Small and Medium Enterprises 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, 2020, 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 Baringo County Micro and Small Enterprises 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**

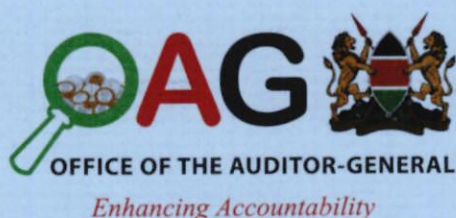
The Fund's financial statements were approved by the Fund Management Committee on 10-07-2020 and signed on its behalf by:



Administrator of the **BARINGO COUNTY MICRO AND SMALL ENTERPRISES FUND**

# REPUBLIC OF KENYA

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



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

## **REPORT OF THE AUDITOR-GENERAL ON BARINGO COUNTY MICRO AND SMALL ENTERPRISES FUND FOR THE YEAR ENDED 30 JUNE, 2020**

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### REPORT ON THE FINANCIAL STATEMENTS

#### **Disclaimer of Opinion**

I have audited the accompanying financial statements of Baringo County Micro and Small Enterprises Fund set out on pages 9 to 39, which comprise the statement of financial position as at 30 June, 2020, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015.

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

#### **Basis for Disclaimer of Opinion**

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

The financial statements for the year ended 30 June, 2020 presented for audit had the following inaccuracies: -

- 1.1. The Board/Fund Chairperson's report on page 5 reflects loan recovery balance of Kshs.4,290,536 whereas the statement of financial performance reflects an amount of Kshs.2,293,550 resulting to unreconciled nor explained variance of Kshs.1,996,986.
- 1.2. The Fund Administrator's report on page 6 reflects total revenue balance of Kshs.7,903,610 which differed from an amount of Kshs.4,290,536 reflected in the statements of financial performance resulting to an unreconciled variance of Kshs.3,613,074.

- 1.3. The loan recovery balance of Kshs.2,293,550 has been disclosed in the statement of financial performance instead of the statement of financial position contrary the requirements of International Public Sector Accounting Standards No.1 on presentation of the financial statements.
- 1.4. The statement of financial position reflects a revolving fund balance of Kshs.3,847,410 which differed from a balance of Kshs.8,137,946 reflected in the statements of changes in net assets resulting to an unreconciled variance of Kshs.4,290,536.
- 1.5. The statement of changes in net assets reflects revolving fund balance of Kshs.8,137,946 as at 30 June, 2020. However, recasting revealed a total of Kshs.12,194,146 resulting to an unreconciled variance of Kshs.4,056,200.
- 1.6. The statements of financial performance reflects an interest income balance of Kshs.331,538. However, no disclosure in respect of the balance was made in the statement of cash flows.

Consequently, the accuracy and completeness of the financial statements for the year ended 30 June, 2020 could not be confirmed.

## **2. Unsupported Interest Income**

The statements of financial performance for the year ended 30 June, 2020 reflects interest income of Kshs.331,538 while the corresponding Note 4 to the financial statements is blank. Further, supporting schedules such as statement of interest earned, interest received, and outstanding interest receivables were not provided for audit review.

In the circumstances, the accuracy and completeness of interest income balance of Kshs.331,538 for the year ended 30 June, 2020 could not be confirmed.

## **3. Unsupported Loan Recovery**

The statement of financial performance reflects loan recovery balance of Kshs.2,293,550 while the corresponding Note 5 to the financial statements is blank. Further, the supporting schedules provided for audit reflected an amount of Kshs.2,625,088 resulting to an unreconciled variance of Kshs.331,538. In addition, loan movement schedules indicating the principal amounts, interest, loan duration, repayments and the outstanding balances were not provided for audit review.

Consequently, the accuracy and completeness of the loan recovery of Kshs.2,293,550 for the year ended 30 June, 2020 could not be confirmed.

#### **4. Imprest Management**

The statement of financial performance reflects operations expenses of Kshs.222,240. However, the supporting schedule provided included imprest issued to two officers for operational costs with no details of the purpose or activities undertaken. The imprest was expensed at the time of issue instead of after the surrender.

In the circumstances, the accuracy and completeness of operation expenses balance of Kshs.222,240 for the year ended 30 June, 2020 could not be confirmed.

#### **5. Cash and Cash Equivalents**

The statement of financial position reflects a cash and cash equivalents balance of Kshs.7,903,610 which was not supported with bank reconciliation statements.

Consequently, the accuracy and completeness of cash and cash equivalent balance of Kshs.7,903,610 as at 30 June, 2020 could not be confirmed.

#### **6. Unconfirmed Long-Term Receivables from Exchange Transactions**

The statement of financial position reflects a Nil balance in respect of current and long-term portions of receivables from exchange transactions. However, the movement schedule showing the opening balance, amounts issued during the year, account recovered and closing balance was not provided for audit review.

As a result, the accuracy and completeness of the reported nil balance for current portion and long-term receivables from exchange transactions as at 30 June, 2020 could not be confirmed.

#### **7. Misstatement of Revolving Fund**

The statement of changes in net assets reflects revolving fund balance of Kshs.8,137,946 as at 30 June 2020. However, analysis of bank statements of amounts received by the Fund since inception in the financial year 2014/2015 revealed transfer from the County Government totalling to Kshs.22,078,448 resulting to an unreconciled variance of Kshs.13,940,502.

In the circumstances, the accuracy and completeness of the revolving fund balance of Kshs.8,137,946 as at 30 June, 2020 could not be confirmed.

#### **8. Lack of an Approved Budget**

The statement of financial performance for the year ended 30 June, 2020 reflects total receipts and payments of Kshs.4,290,536 and Kshs.234,336 respectively. However, the approved budget estimates in support of the revenue and expenditure was not provided for audit. This contravenes Regulation 31(a) of the Public Financial

Management (County Governments) Regulations, 2015 which requires that all revenue and expenditure shall be entered into the county government budget estimates and approved for one year only.

Consequently, the Fund is in breach of the law.

## **9. Lack of a Risk Management Policy**

During the year under review, the Fund did not have a Risk Management Policy. This is contrary to Regulation 158(1)(a) and (b) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Accounting Officer to develop risk management strategies, which include fraud prevention mechanism and internal control that builds robust business operations.

In the circumstances the adequacy and effectiveness of the risk management strategies and controls put in place could not be established.

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

### **Conclusion**

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

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

### **Conclusion**

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

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

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain 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 are in compliance with the authorities which govern them, and that public resources are applied in an effective way.


Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how the 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 Baringo County Micro and Small Enterprises Fund financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

In addition, my responsibility is to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them, and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution. I also consider internal control, risk management and governance processes and systems in order to give an assurance on the effectiveness of internal controls, risk management and governance in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit conclusion on lawfulness and effectiveness in use of public resources, and on effectiveness of internal controls, risk management and governance.

I am independent of Baringo County Micro and Small Enterprises Fund Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya.

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

16 February, 2022

**BARINGO COUNTY MICRO AND SMALL ENTERPRISES FUND**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

**6.1. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED  
30<sup>th</sup> JUNE 2020**

	Note	2019/2020	2018/2019
		KShs	KShs
<b>Revenue from non-exchange transactions</b>			
Public contributions and donations	1	0	0
Transfers from the County Government	2	1,665,448	0
Fines, penalties and other levies	3	0	0
<b>Revenue from exchange transactions</b>			
Interest income	4	331,538.45	
Loan recovery	5	2,293,549.5	
<b>Total revenue</b>		<b>4,290,536</b>	
<b>Expenses</b>			
Loan issued to Traders	6	0	-
Operation expenses	7	222,240	-
Bank charges	8	12,096	-
		234,336	-
<b>Total expenses</b>			
<b>Other gains/losses</b>		<b>0</b>	
Gain/loss on disposal of assets	9	0	
<b>Surplus/( deficit) for the period c/d</b>		<b>4,056,200</b>	<b>-</b>

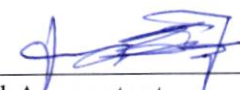
**BARINGO COUNTY MICRO AND SMALL ENTERPRISES FUND**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

**6.2. STATEMENT OF FINANCIAL POSITION AS AT 30<sup>th</sup> JUNE 2020**

	Note	2019/2020	2018/2019
		KShs	KShs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	11	7,903,610	
Current portion of long term receivables from exchange transactions	12	0	-
Prepayments	13	0	-
Inventories	14	0	-
<b>Non-current assets</b>			-
Property, plant and equipment	15	0	-
Intangible assets	16	0	-
Long term receivables from exchange transactions	12	0	-
<b>Total assets</b>		<b>7,903,610</b>	<b>-</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	17	0	-
Provisions	18	-	-
Current portion of borrowings	19	-	-
Employee benefit obligations	20	-	-
<b>Non-current liabilities</b>			
Non-current employee benefit obligation	20	-	-
Long term portion of borrowings	20	-	-
<b>Total liabilities</b>		<b>0</b>	<b>-</b>
<b>Net assets</b>			-
Revolving Fund		3,847,410	-
Reserves		0	-
Accumulated surplus		<b>4,056,200</b>	-
<b>Total net assets and liabilities</b>		<b>7,903,610</b>	<b>-</b>

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 10/07/2019 and signed by

  
 Administrator of the Fund  
 BARINGO COUNTY GOVERNMENT  
 P.O. Box 50 - 30400, KABARNET  
 COUNTY EXECUTIVE COMMITTEE MEMBER  
 15 JUL 2021  
 INDUSTRY, COMMERCE, ENTERPRISE  
 AND CO-OPERATIVE DEVELOPMENT

  
 Fund Accountant  
 ICPAK Member Number: 18980

**6.3. STATEMENT OF CHANGES IN NET ASSETS AS AT 30<sup>th</sup> JUNE 2020**

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
<b>Balance as at 1 July 2019</b>	3,847,410	-	-	-
Surplus/(deficit) for the period	<b>4,056,200</b>	-		
Funds received during the year	4,290,536	-		
Revaluation gain	0	-		
<b>Balance as at 30 June 2020</b>	<b>8,137,946</b>	-		
<b>Balance as at 1 July 2020</b>	<b>8,137,946</b>	-		
Surplus/(deficit)for the period	<b>0</b>	-		
Funds received during the year	-	-		
Revaluation gain	-	-		
<b>Balance as at 30 June 2021</b>	<b>-</b>	<b>-</b>		

**6.4. STATEMENT OF CASHF LOWS FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2020**

	Note	2019/2020	2018/2019
		KShs	KShs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Public contributions and donations		0	-
Transfers from the County Government		1,665,448	-
Loan recovery		2,625,088	-
Receipts from other operating activities		0	-
<b>Total Receipts</b>		<b>4,290,536</b>	<b>-</b>
<b>Payments</b>			
Loans issued to societies		0	-
General expenses-operations		222,240	-
Banks charges		12,096	-
<b>Total Payments</b>		<b>234,336</b>	<b>-</b>
<b>Net cash flows from operating activities</b>		<b>4,056,200</b>	<b>-</b>
<b>Cash flows from investing activities</b>			

**6.5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30<sup>th</sup> JUNE 2020**

	Originalbudget	Adjustment	Finalbudget	Actualon	Performance difference		% of
	et	s	et	comparable			
	2019	2019	2019	2019	2019		2016
<b>Revenue</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>		
Public contributions and donations	-	-	-	-	-	-	
Transfers from County Govt.							
Interest income							
Other income-Loan Recovery							
<b>Total income</b>							
<b>Expenses</b>		-					
Loan issued							
General expenses							
Bank charges							
<b>Total expenditure</b>							
<b>Surplus for the period</b>							

**6.6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1. 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.

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

**a) Relevant new standards and amendments to published standards effective for the year ended 30 June 2019**

Standard	Impact
<b>IPSAS 40:</b> Public Sector Combinations	<b>Applicable: 1<sup>st</sup> January 2019</b> The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.

**b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2019**

Standard	Effective date and impact:
<b>IPSAS 41:</b> Financial Instruments	<b>Applicable: 1<sup>st</sup> January 2022:</b> The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing;</li> </ul>

Standard	Effective date and impact:
	<p>and</p> <ul style="list-style-type: none"> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
<p><b>IPSAS 42: Social Benefits</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2022</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the entity’s financial performance, financial position and cash flows.</p>

**c) Early adoption of standards**

The Baringo County Micro and Small Enterprises Fund did not early – adopt any new or amended standards in year 2020.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3. 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.

**4. Budget information**

The original budget for FY 2019/2020 was approved by the County Assembly on 30<sup>th</sup> June 2019. 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 nil on the FY 2019/2020 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.

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 actual as per the statement of financial performance has been presented under section 12.5 of these financial statements.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**5. 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.

**6. 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.

**7. Financial instruments**

*Financial assets*

*Initial recognition and measurement*

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

*Loans and receivables*

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Held-to-maturity***

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

***Impairment of financial assets***

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

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

***Financial liabilities***

***Initial recognition and measurement***

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

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

***Loans and borrowing***

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

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**8. 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.

**9. Provisions**

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

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

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

***Contingent liabilities***

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Contingent assets***

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

**10. Nature and purpose of reserves**

The Entity creates and maintains reserves in terms of specific requirements. Changes in accounting policies and estimates

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

**11. Employee benefits– Retirement benefit plans**

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

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

**12. Foreign currency transactions**

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**13. 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.

**14. Related parties**

The Baringo County Micro and Small Enterprises Fund regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Baringo County Micro and Small Enterprises Fund, or vice versa. Members of key management are regarded as related parties and comprise the Chairperson, Fund Administrator, and Members from private sector of related organizations.

**15. 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.

**16. Comparative figures**

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

**17. Events after the reporting period**

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

**18. Ultimate and Holding Entity**

The emergency fund is a County Public Fund established by Public Finance Management Act 2012 and Baringo County Micro and Small Enterprises Fund under the department of County Treasury. Its ultimate parent is the County Government of Baringo.

**19. Currency**

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**20. Significant judgments and sources of estimation uncertainty**

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

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

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

**Useful lives and residual values**

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

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

**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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**21. 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:

	Total amount KShs	Fully performing KShs	Past due KShs	Impaired KShs
<b>At 30 June 2018</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2017</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non exchange transactions	-	-	-	-
Bank balances	-	-	-	-
<b>Total</b>	-	-	-	-

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 nil

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.

	Less than 1 month	Between 1- 3 months	Over 5 months	Total
	KShs	KShs	KShs	KShs
<b>At 30 June 2018</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2017</b>				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	-	-

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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:

		Other currencies	Total
	KShs	KShs	KShs
<b>At 30 June 2018</b>			
Financial assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ receivables	-	-	-
<b>Liabilities</b>			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	KShs	KShs	KShs
<b>2018</b>			
Euro	10%	-	-
USD	10%	-	-
<b>2017</b>			
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 0 (2019: KShs 0 ). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs 0 (2018 – KShs 0)

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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:

	2019/2020	2018/2019
	KShs	KShs
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	-	-
<b>Total funds</b>	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
<b>Gearing</b>	xx%	xx%

**6.7. NOTES TO THE FINANCIAL STATEMENTS**

**1. Public contributions and donations**

Description	2019/2020	2018/2019
	KShs	KShs
Donation from development partners	-	-
Contributions from the public	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**2. Transfers from County Government**

Description	2019/2020	2018/2019
	KShs	KShs
Transfers from County Govt.		
Payments by County on behalf of the entity		-
<b>Total</b>		

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

Description	2019/2020	2018/2019
	KShs	KShs
Late payment penalties	-	-
Fines	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**4. Interest income**

Description	2019/2020	2018/2019
	KShs	KShs
Interest income from Mortgage loans	-	-
Interest income from car loans	-	-
Interest income from investments	-	-
Interest income on bank deposits		
<b>Total interest income</b>		

**BARINGO COUNTY MICRO AND SMALL ENTERPRISES FUND**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

**5. Other income**

Description	2019/2020	2018/2019
	KShs	KShs
Insurance recoveries	-	-
Income from sale of tender documents	-	-
Loans Recovery	-	-
<b>Total other income</b>	-	-

**6. Fund administration expenses**

Description	2019/2020	2018/2019
	KShs	KShs
Staff costs (Note 7)	-	-
Loan processing costs	-	-
Professional services costs	-	-
Administration fees	-	-
<b>Total</b>	-	-

**7. Staff costs**

Description	2019/2020	2018/2019
	KShs	KShs
Salaries and wages	-	-
Staff gratuity	-	-
Staff training expenses	-	-
Social security contribution	-	-
Other staff costs	-	-
<b>Total</b>	-	-

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**8. General expenses**

Description	2019/2020	2018/2019
	KShs	KShs
Consumables	-	-
Electricity and water expenses	-	-
Fuel and oil costs		
Insurance costs	-	-
Postage	-	-
Printing and stationery	-	-
Rental costs	-	-
Security costs	-	-
Telecommunication	-	-
Bank Charges		
Hospitality		-
Depreciation and amortization costs		-
Other expenses		
<b>Total</b>		

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**9. Finance costs**

Description	2019/2020	2018/2019
	KShs	KShs
Interest on Bankoverdrafts	-	-
Interest on loans from banks	-	-
<b>Total</b>	-	-

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

Description	2019/2020	2018/2019
Property, plant and equipment	-	-
Intangible assets	-	-
<b>Total</b>	-	-

**11. Cash and cash equivalents**

Description	2019/2020	2018/2019
	KShs	KShs
Baringo County Car loan account	-	-
Baringo County mortgage account	-	-
Baringo County Co-operative Development Fund Account		
Fixed deposits account		
On – call deposits		-
Current account		-
Others		-
<b>Total cash and cash equivalents</b>		

**BARINGO COUNTY MICRO AND SMALL ENTERPRISES FUND**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** Detailed analysis of the cash and cash equivalents are as follows:

Financial institution	Account number	2019/2020 KShs	2018/2019 KShs
<b>a) Fixed deposits account</b>			
Kenya Commercial bank		-	-
Equity Bank, etc		-	-
<b>Sub- total</b>		-	-
<b>b) On - call deposits</b>			
Kenya Commercial bank		-	-
Equity Bank - etc		-	-
<b>Sub- total</b>		-	-
<b>c) Current account</b>			
Kenya Commercial bank		-	-
Bank B		-	-
<b>Sub- total</b>		-	-
<b>d) Others(specify)</b>			
Cash in transit		-	-
Cash in hand		-	-
M Pesa		-	-
<b>Sub- total</b>		-	-
<b>Grand total</b>		-	-

**12. Receivables from exchange transactions**

Description	2019/2020 KShs	2018/2019 KShs
<b>Current Receivables</b>		
Interest receivable	-	-
Current loan repayments due	-	-
Other exchange debtors	-	-
Less:impairmentallowance	-	-
<b>Total Current receivables</b>	-	-
<b>Non Current receivables</b>		
Long term loan repayments due	-	-
<b>Total Non- current receivables</b>	-	-
<b>Total receivables from exchange transactions</b>	-	-

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**13. Prepayments**

Description	2019/2020	2018/2019
	KShs	KShs
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	-	-
Other prepayments(specify)	-	-
<b>Total</b>	-	-

**14. Inventories**

Description	2019/2020	2018/2019
	KShs	KShs
Consumable stores	-	-
Spare parts and meters	-	-
Catering	-	-
Other inventories(specify)	-	-
<b>Total inventories at the lower of cost and net realizable value</b>	-	-

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**15. Property, plant and equipment**

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	KShs	KShs	KShs	KShs	KShs
<b>At 1<sup>st</sup> July 2017</b>	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-
<b>At 30<sup>th</sup> June 2018</b>	-	-	-	-	-
<b>At 1<sup>st</sup> July 2017</b>	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-
<b>At 30<sup>th</sup> June 2018</b>	-	-	-	-	-
<b>Depreciation and impairment</b>					
<b>At 1<sup>st</sup> July 2017</b>	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
<b>At 30<sup>th</sup> June 2018</b>	-	-	-	-	-
<b>At 1<sup>st</sup> July 2017</b>	-	-	-	-	-
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-
<b>At 30<sup>th</sup> June 2018</b>	-	-	-	-	-
<b>Net book values</b>					
<b>At 30<sup>th</sup> June 2018</b>	-	-	-	-	-
<b>At 30<sup>th</sup> June 2019</b>	-	-	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**16. Intangible assets-software**

Description	2018/2019	2017/2018
	KShs	KShs
<b>Cost</b>		
At beginning of the year	-	-
Additions	-	-
At end of the year	-	-
<b>Amortization and impairment</b>		
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
<b>NBV</b>	-	-

**17. Trade and other payables from exchange transactions**

Description	2019/2020	2018/2019
	KShs	KShs
Trade payables	-	-
Refundable deposits	-	-
Accrued expenses	-	-
Other payables	-	-
<b>Total trade and other payables</b>	-	-

**18. Provisions**

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year (1.07.2017)	-	-	-	-
Additional Provisions	-	-	-	-
Provision utilised	-	-	-	-
Change due to discount and time value for money	-	-	-	-
Transfers from non-current provisions	-	-	-	-
<b>Balance at the end of the year (30.06.2018)</b>	-	-	-	-

**BARINGO COUNTY MICRO AND SMALL ENTERPRISES FUND**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**19. Borrowings**

Description	2019/2020	2018/2019
	KShs	KShs
<b>Balance at beginning of the period</b>	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the period	-	-
Repayments of domestic borrowings during the period	-	-
<b>Balance at end of the period</b>	-	-

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

	2019/2020	2018/2019
<b>External Borrowings</b>		
Dollar denominated loan	-	-
Sterling Pound denominated loan	-	-
Euro denominated loan	-	-
<b>Domestic Borrowings</b>	-	-
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Borrowings from other government institutions	-	-
<b>Total balance at end of the year</b>	-	-

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

Description	2019/2020	2018/2019
	KShs	KShs
Short term borrowings(current portion)	-	-
Long term borrowings	-	-
<b>Total</b>	-	-

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**20. Employee benefit obligations**

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	Total
	KShs	KShs	KShs	KShs
Current benefit obligation	-	-	-	-
Non-current benefit obligation	-	-	-	-
<b>Totalemployee benefits obligation</b>	-	-	-	-

**21. Cash generated from operations**

	2019/2020	2018/2019
<b>Surplus/ (deficit) for the year before tax</b>		
<b>Adjusted for:</b>		
Depreciation		-
Amortisation		-
Gains/ losses on disposal of assets		-
Interest income		-
Finance cost		-
<b>Working Capital adjustments</b>		
Increase in inventory		-
Increase in receivables		-
Increase in payables		-
<b>Net cash flow from operating activities</b>		

**22. 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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**b) Related party transactions**

	2019/2020	2018/2019
	KShs	KShs
Transfers from related parties'		
Transfers to related parties	-	-

**c) Key management remuneration**

	2019/2020	2018/2019
Board of Trustees	-	-
Key Management Compensation	-	-
<b>Total</b>	-	-

**d) Due from related parties**

	2019/2020	2018/2019
	KShs	KShs
Due from parent Ministry	-	-
Due from County Government	-	-
<b>Total</b>	-	-

**e) Due to related parties**

	2019/2020	2018/2019
	KShs	KShs
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
<b>Total</b>	-	-

**23. Contingent assets and contingent liabilities**

Contingent liabilities	2019/2020	2018/2019
	KShs	KShs
Court case against the Fund	-	-
Bank guarantees	-	-
<b>Total</b>	-	-

**7. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

**Guidance Notes:**

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

