

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

PAPERS LAID	
DATE	6/3/2024
TABLED BY	Mr. Leader
COMMITTEE	OF
CLERK AT THE TABLE	Angele

THE AUDITOR-GENERAL

PARLIAMENT
OF KENYA
LIBRARY

ON

**BARINGO COUNTY MICRO AND
SMALL ENTERPRISES FUND**

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



BARINGO COUNTY GOVERNMENT

BARINGO COUNTY MICRO AND SMALL ENTERPRISES FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2023

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

Baringo County Micro and Small Enterprises Fund
Annual Report and Financial Statements for the year ended June 30, 2023

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Baringo County Micro and Small Enterprises Fund
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1. Acronyms and Glossary of Terms

a) Acronyms

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

b) Glossary of Terms

Fiduciary Management	The key management personnel who had financial responsibility
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Baringo County Micro and Small Enterprises Fund
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2. Key Fund Information And Management

a) Background information

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

b) Principal Activities

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

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

Core objectives of the fund

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

Baringo County Micro and Small Enterprises Fund
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3. Fund Administration Committee

Ref	Name	Position
1	Hon. Zachary Kiprotich	Fund Chairperson
2	Mr. LemaleSauroki	Fund Administrator
3	GikonoKiptoo	Chief Officer for Finance-Member
4	Elisha Kiplagat	Chairperson(KNCCI) - Member
5	Brian T. Kiplagat	KNCCI Representative - Member
6	AbigaelJerotich	CEO - KNCCI - Baringo- Member
7	RispahKibolol	PLWDs Representative - Member
8	Luke Imbusi	Assistant Director - Trade - Secretary

Key Management

Ref	Name	Position
1	Hon. Zachary Kiprotich	Fund Chairperson
2	LemaleSauroki	Fund Administrator
3	GikonoKiptoo	Chief Officer for Finance-Member
4	LemaleSauroki	Director for Trade - Member
5	Luke Imbusi	Assistant Director - Trade - Secretary

Key Fund and Management (Continued)

c) Fiduciary Oversight Arrangements

SN	Position	Name
1	Directorate Internal Audit	Catherine Kibet

d) Registered Offices

P.O. Box 53-30400

Mwalimu Plaza 1ST Floor

Kabarnet, KENYA

Baringo County Micro and Small Enterprises Fund
Annual Report and Financial Statements for the year ended June 30, 2023

e) Fund Contacts

Telephone: 053-22290.

E-mail: cectreasurybaringo@gmail.com.

Website: www.baringo.go.ke

f) Fund Bankers

Equity Bank

Branch: Kabarnet Branch,

Bank Name: Baringo County Small and Medium Enterprises Fund,

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

Kabarnet Branch, Kenya.

g) Independent Auditors

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GOP 00100

Nairobi, Kenya

h) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

Baringo County Micro and Small Enterprises Fund
Annual Report and Financial Statements for the year ended June 30, 2023

4. Fund Administration Committee

Name	Details of qualifications and experience
 Hon. Zachary Kiprotich - CECM; Trade	Date of Birth: 20/11/1968 Academic and professional Qualifications; B.A. Degree; CPA III. Work experience; Over 20years in NGOs, Commercial Company, Hospitality & Managing Co-operative Society. Chairperson to the Fund: Baringo County Micro and Small Enterprises Fund.
 Lemale Sauroki - County Director - Trade	Date of Birth: 24/8/1974 Academic and professional qualifications: Work experience: County Director for Trade in Department of Industry, Commerce, Enterprises and Co-operatives. Ag. Fund administrator: Baringo County Micro and Small Enterprises Fund.

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Gikono Kiptoo-Ag. Chief Officer for 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.



Brian T. Kiplagat - Director (KNCCI, Ravine)

Date of Birth: 21/9/1981

Academic and professional qualifications:

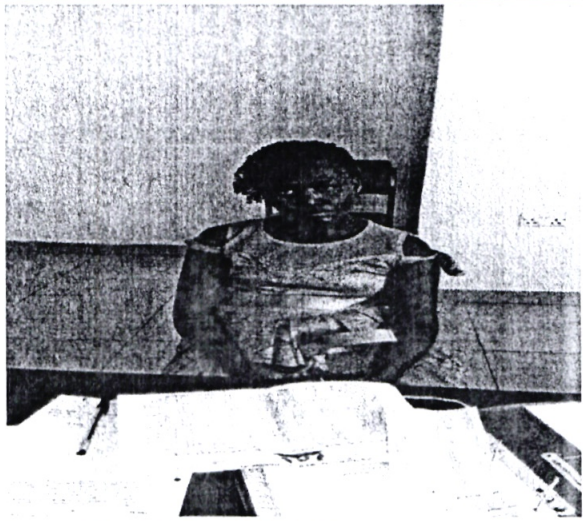
Form Four

Work experience: 21 years in Business and Non- Governmental Organization called Elma Barnet Children's home
 21 Years in Clothing business and Events management as Director.

Kenya National Chamber of Commerce & Industry Representative -Committee

Member: Baringo County Micro and Small Enterprises Fund.

Baringo County Micro and Small Enterprises Fund
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 Abigael Jerotich -CEO (KNCCI, Baringo)	Date of Birth: 1987 Academic and professional qualifications: Diploma in Purchasing and Supplies management. Work experience: 5 years as Programme Officer and 3 years as CEO of KNCCI, Kabarnet Branch. Kenya National Chamber of Commerce & Industry CEO-Committee Member: Baringo County Micro and Small Enterprises Fund.
 Rispah Kibolol - PWDs Representative	Date of Birth: 1985 Academic and professional qualifications: Diploma in Health Records - Kisii University. Work experience: Business Woman for three years. Member: Baringo County Micro and Small Enterprises Fund.

Baringo County Micro and Small Enterprises Fund
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Mr. Luke Imbusi - Assistant Director Trade

Date of Birth: 07-05-1969

Academic and professional qualifications: Bachelor of Art. Economics, Project Planning and management Course, Senior Management Course.

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

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

5. Management Team

Name	Details of qualifications and experience
 Hon. Zachary Kiprotich - CECM; Trade	Date of Birth: 20/11/1968. Academic and professional Qualifications; B.A. Degree; CPA III Work experience; Over 20years in NGOs, Commercial Company, Hospitality & Managing Co-operative Society. Chairperson to the Fund: Baringo County Micro and Small Enterprises Fund.
 Lemale Sauroki - County Director - Trade	Date of Birth: 24/8/1974 Academic and professional qualifications: Work experience: County Director for Trade in Department of Industry, Commerce, Enterprises and Co-operatives. Ag. Fund administrator: Baringo County Micro and Small Enterprises Fund.



Gikono Kiptoo -Ag. Chief Officer for 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.



Mr. Luke Imbusi - Assistant Director for Trade

Date of Birth:07-05-1969

Academic and professional qualifications:

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

Work experience: County Trade

Development Officer in department of
Industry, Commerce, Enterprises and Co-
operatives for 28 years.

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

6. Fund Administration Committee 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 Trade to be the Chairperson of the Fund Committee. With the change in the executive after the last general elections the Ag. CECM, Hon. David Serگون was replaced by Hon. Zachary Kiprotich and that meant Hon Serگون ceased to be Chair of the Fund.

At the level Fund administrator, Jane Barus left as Chief Officer and was replaced by Mr. Lemale Sauroki as Ag. Chief Officer hence, 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 was able to disburse **Kshs.3,145,000 to 41** traders in a meeting held on **4th May, 2023**. For a fruitful impact, the fund should be allocated more funds to accommodate the whole County. Thanks for the Current FY 2023/24 budget where **Ksh. 2,000,000** has been set aside to boost the kitty.

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

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

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
Chairperson



Baringo County Micro and Small Enterprises Fund
Annual Report and Financial Statements for the year ended June 30, 2023

7. Report of The Fund Administrator

In FY 2022/2023, we had anticipated to advance Ksh. 6,000,000.00 to traders but did actual disbursement of **ksh.3,145,000/=**. The other cumulative sums on disbursements are as in next paragraph.

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

FINANCIAL YEAR	AMOUNT RECEIVED BY THE FUND FROM COUNTY GOVERNMENT (Ksh.)		AMOUNT DISBURSED (Ksh.)	
	DATE	KSHS	DATE	KSHS
2014/2015	23/1/2015	7,500,000	20/2/2015	13,450,000
	20/2/2015	7,500,000	22/4/2015	1,360,000
2015/2016	10/12/2015	2,413,000	14/12/2015	6,810,000
2016/2017	1/11/2016	3,000,000	13/12/2016	8,040,000
2018/2019			28/9/2018	8,980,000
2019/2020	11/3/2020	1,665,448		
2019/2020			01/07/2020	7,730,000
2021/2022			03/04/2022	6,950,000
2022/2023			04/05/2023	3,145,000
TOTAL		22,078,448		56,465,000

The most recent meeting for disbursement was on 04/5/2023 when the Fund Committee disbursed **Ksh. 3,145,000.00** to **41 beneficiaries**.

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

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

Current Departmental Observations

1.Un equitable distribution of the Fund at inception

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

2. Under Staffing

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

3. Mobility of administering the Fund

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

Recommendations.

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

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

Traders who 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 2020.



.....
Name: LemaleSauroki
Fund Administrator

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

Introduction

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

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

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

Challenges include

1. Un equitable distribution of the Fund at inception

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

2. Under Staffing

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

3. Mobility of administering the Fund

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

Baringo County Micro and Small Enterprises Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Micro and Small Enterprises Fund loan advance	To promote small-scale enterprises through provision of affordable credit	Increased number of traders getting affordable credit	Number of traders accessing loans and amount of loans disbursed	In FY 2022/23 a total of kshs. 3,145,000.00 was disbursed to 41 traders across the County
Micro and Small Enterprises 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	In FY 2022/23 a total of kshs.3,628,351.65 was recovered from loanees
Micro and Small Enterprises Fund recipients training	To enable loan recipients gain experience in loan management so that they can graduate to source funds from established financial institutions.	Increased number of beneficiaries getting trained and experience in loan management	Number of loan beneficiaries trained, gained experience in loan management and graduation	In FY 2022/23 we Trained 41 traders/loan recipients Loan recoveries were made amounting to kshs.2,418,619.00
Micro and Small Enterprises Fund public sensitization	Introduce small scale traders into borrowing funds for business	Public awareness of the existence of the Fund	Number of traders sensitized	There were various sensitization sessions both in office and field on the existence and benefits of the loans.

9. Corporate Governance Statement

The committee members are appointed and gazetted for a term period of three years and eligible for re-appointment for one more term. Currently we have a Micro and Small Enterprises Fund brochure that we display and distribute during events such as Trade shows and other exhibitions.

The main features are;

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

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

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

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

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

The functions of the Committee shall be to -

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

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

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

Members Disclosure of Interest

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

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

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

10. Management Discussion and Analysis

As stated elsewhere the recoveries were improved from previous year during the period under review where total collection was Kshs 2,418,619.00. Operational expenditure were majorly for meetings and bank charges total-ing Kshs 439,660.00

As per the Public Finance Management (Baringo County-Micro and Small Enterprises Fund) regulations, 2020.

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

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

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

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

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

11. Environmental and Sustainability Reporting

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

1. Sustainability strategy and profile

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

2. Environmental performance

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

3. Employee welfare

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

4. Market place practices-

The organization should outline its efforts to:

- a) Responsible competition practice.
Explain how the organization ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors
- b) Responsible Supply chain and supplier relations- explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.
- c) Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices
- d) Product stewardship- outline efforts to safeguard consumer rights and interests

5. Community Engagements-

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

12. Report of The Trustees

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

Results

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

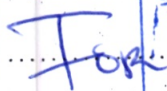
Trustees

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

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. Zachary Kiprotich

Chair of the Fund Administration Committee



13. Statement of Management's Responsibilities

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

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

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the **Baringo County Micro and Small Enterprises Fund) regulations, 2020**. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2023, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Fund's financial statements were approved by the Fund on **15/07/2023** and signed on its behalf by:


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

REPUBLIC OF KENYA



Enhancing Accountability

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 MICRO AND SMALL ENTERPRISES FUND FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Baringo County Micro and Small Enterprises Fund set out on pages 1 to 40, which comprise the statement of financial

position as at 30 June, 2023 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 have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Baringo County Micro and Small Enterprises Fund as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with Baringo County Micro and Small Enterprises Fund Regulations, 2020 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

1.1 Inaccuracy in Statement of Cash Flows

The statement of cash flows reflects receipts from other operating activities of Kshs.933,986 which has no corresponding disclosure Note to the financial statements. Further, the statement reflects net cash flows from operating activities amount of Kshs.893,289 which differs with the amount of Kshs.361,387 reflected in Note 25 to the financial statement resulting to unexplained variance of Kshs.531,902. In addition, the statement reflect Note 24 to be cash flows from operating activities while Note 24 to the financial statements reflect a nil balance in respect to social benefit liabilities.

1.2 Inaccuracy in Comparative Balances

The comparative balances in the financial statements does not agree with the prior year audited financial statements as shown below:-

Description	Financial Statement	Balances as Financial Statement (Kshs.)	Audited Financial Statements Balances (Kshs.)	Variance (Kshs.)
Suspense	Statement of Financial Position	275,040	0	(275,040)
Net assets	Statement of Financial Position	10,723,230	10,628,238	94,992
Suspense	Statement of Cash Flows	(61,000)	0	(61,000)
Net Cash Flows used in Investing Activities	Statement of Cash Flows	(5,496,223)	(5,505,223)	9,000

In the circumstances, the financial statements are inaccurate and are not in accordance with the format prescribed by International Public Sector Accounting Standards (Accrual Basis).

2. Unsupported Suspense

The statement of financial position reflects suspense balance of Kshs.6,142,552 which has no disclosure Note and is unsupported.

In the circumstances, the accuracy and completeness of suspense amount of Kshs.6,142,552 for the year ended 30 June, 2023 could not confirmed.

3. Inaccuracy of Receivables from Exchange Transactions

The statement of financial position reflects current portion of long-term receivables from exchange transactions and long-term receivables from exchange transactions balances of Kshs.4,319,050 and Kshs.1,631,970 respectively all totalling to Kshs.5,951,020. However, the amount does not include defaulted loans balances of Kshs.5,862,915 and yet no provision have been made for bad and doubtful debts. Further, the amount has not supported by way of individual loan accounts indicating the ageing analysis and the movements during the period.

In the circumstances, the accuracy and fair statement of receivables balances from exchange transactions totalling to Kshs.5,951,020 as at 30 June, 2023 could not be confirmed.

4. Unsupported Trade and Other Payables from Exchange Transactions

The statement of financial position and as disclosed in Note 20 to the financial statements reflects trade and other payables from exchange transactions balance of Kshs.2,234,474. The balance relates to loan repayments which have not been credited to loanees' individual accounts. Further, the schedules in support of the balance were not provided for audit review.

In the circumstances, the accuracy and fair statement of trade and other payables from exchange transactions balance of Kshs.2,234,474 as at 30 June, 2023 could be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Baringo County Micro and Small Enterprises 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.

Key Audit Matters

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

Other Matter

Prior Year Audit Issues

Various prior year audit issues remained unresolved as at 30 June, 2023. Management has not provided reasons for the delay in resolving the prior year audit issues nor disclose the prior audit issues in the financial statements. This is contrary to the requirement of the Public Sector Accounting Standards Board reporting guidelines.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution and based on the audit procedures performed, except for the matters described in the Basis for Conclusion in Lawfulness and Effectiveness in Use Public Resources, 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. Lack of Approved Budget

The Fund did not have an approved budget during the year under review contrary to Section 149(2)(h) and (i) of the Public Finance Management Act, 2012 which requires the Accounting Officer to prepare estimates of expenditure of the entity in conformity with the strategic plan and submit the estimates to the County Executive Committee Member for Finance.

In addition, the statement of comparison of budget and actual amounts reflects final revenue and expenditure amounting to Kshs.500,000 and Kshs.230,000 respectively resulting to unbalanced budget of Kshs.270,000. This is contrary to Regulation 31(c) of the Public Finance Management (County Governments) Regulations, 2015 which requires the budget revenue and expenditure appropriations to be balanced.

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

2. Default in Loan Repayment

A review of loan repayment schedule revealed that loans amounting to Kshs.5,862,915 was in arrears. However, the Loan Management Committee has not taken any legal action to recover the loans. This is contrary to Regulation 22 of the Public Finance Management (Baringo County Micro and Small Enterprises Fund) Regulations, 2020 which requires the Loan Management Committee to take legal action to recover loans that have fallen due.

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

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

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

Conclusion

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

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 the Management and those Charged with Governance

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

In preparing the financial statements, the 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 to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

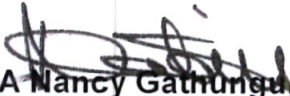
Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to sustain services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

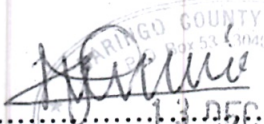
Nairobi

05 January, 2024

Baringo County Micro and Small Enterprises Fund
Annual Report and Financial Statements for the year ended June 30, 2023

15. Statement of Financial Performance for the Year Ended 30th June 20xx

Description	Note	FY 2022/2023	FY 2021/2022
		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	398,963.53	420,882.22
Other Income	5	-	-
		398,963.53	420,882.22
Total Revenue		398,963.53	420,882.22
Expenses			
Employee Costs	6	-	-
Use of goods and services	7	439,660.00	278,448.30
Depreciation and Amortization Expense	8	-	-
Finance Costs	9	-	-
Total Expenses		439,660.00	278,448.30
Other Gains/Losses			-
Gain/Loss on Disposal of Assets	10	-	-
Gain /Loss on fair value of investments	11	-	-
Surplus/(Deficit) for the Period		(40,696.47)	142,433.92


 13 DEC 2023
 Name: Lenate Samaki
 Administrator of the Fund

FUND ACCOUNTANT
 BARINGO COUNTY GOVERNMENT
 Name: George Kiprotich
 Fund Accountant
 ICPAK Member Number: 18980
 P O BOX 53.30400 KABARNET

Baringo County Micro and Small Enterprises Fund
Annual Report and Financial Statements for the year ended June 30, 2023

16. Statement of Financial Position Asat 30 June 2023

Description	Note	FY 2022/2023	FY 2021/2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	12	803,805.00	1,027,860.58
Current Portion of Long- Term Receivables From Exchange Transactions	13	4,319,050.00	7,713,517.58
Prepayments	14	19,631.00	-
Inventories	15	-	-
Investments in financial assets	16	-	-
Suspense		6,142,551.64	275,039.76
Total current assets		11,285,037.64	9,016,417.92
Non-Current Assets			
Property, Plant and Equipment	17	-	-
Intangible Assets	18	-	-
Long Term Receivables from Exchange Transactions	13	1,631,970.00	3,007,301.44
Investment Property	19	-	-
Total non- current assets		1,631,970.00	3,007,301.44
Total Assets		12,917,007.64	12,023,719.36
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	20	2,234,473.65	1,300,488.90
Current Portion of Borrowings	21	-	-
Employee Benefit Obligations	22	-	-
Social benefit liabilities	23	-	-
Total current liabilities		2,234,473.65	1,300,488.90
Non-Current Liabilities			
Long Term Portion of Borrowings	21	-	-
Non-Current Employee Benefit Obligation	22	-	-
Social benefit liabilities	23	-	-
Total Liabilities		2,234,473.65	1,300,488.90

Baringo County Micro and Small Enterprises Fund
Annual Report and Financial Statements for the year ended June 30, 2023.

Description	Note	FY 2022/2023	FY 2021/2022
		Kshs	Kshs
Net Assets		10,682,533.99	10,723,230.
Revolving Fund		10,723,230.46	10,580,796.54
Reserves		-	-
Accumulated Surplus		(40,696.47)	142,433.92
Total Net Assets and Liabilities		10,682,533.99	10,723,230.46

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 _____ 2023 and signed by:


 Name: Kemab Samone
 Administrator of the Fund


 Name: George Kiprotich
 Fund Accountant
 ICPAK Member Number: 18980

16. Statement of Financial Position Asat 30 June 2023

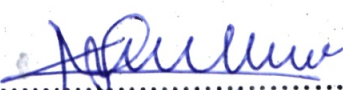
Description	Note	FY 2022/2023	FY 2021/2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	12	803,805.00	1,027,860.58
Current Portion of Long- Term Receivables From Exchange Transactions	13	4,319,050.00	7,713,517.58
Prepayments	14	19,631.00	-
Inventories	15	-	-
Investments in financial assets	16	-	-
Suspense		6,142,551.64	275,039.76
Total current assets		11,285,037.64	9,016,417.92
Non-Current Assets			
Property, Plant and Equipment	17	-	-
Intangible Assets	18	-	-
Long Term Receivables from Exchange Transactions	13	1,631,970.00	3,007,301.44
Investment Property	19	-	-
Total non- current assets		1,631,970.00	3,007,301.44
Total Assets		12,917,007.64	12,023,719.36
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	20	2,234,473.65	1,300,488.90
Current Portion of Borrowings	21	-	-
Employee Benefit Obligations	22	-	-
Social benefit liabilities	23	-	-
Total current liabilities		2,234,473.65	1,300,488.90
Non-Current Liabilities			
Long Term Portion of Borrowings	21	-	-
Non-Current Employee Benefit Obligation	22	-	-
Social benefit liabilities	23	-	-
Total Liabilities		2,234,473.65	1,300,488.90

Baringo County Micro and Small Enterprises Fund

Annual Report and Financial Statements for the year ended June 30, 2023

Description	Note	FY 2022/2023	FY 2021/2022
		Kshs	Kshs
Net Assets		10,682,533.99	10,723,230.46
Revolving Fund		10,723,230.46	10,580,796.46
Reserves		-	-
Accumulated Surplus		(40,696.47)	142,433.92
Total Net Assets and Liabilities		10,682,533.99	10,723,230.46

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 _____ 2023 and signed by:


 Name: Lemale Samrotu
 Administrator of the Fund


 Name: George Kiprotich
 Fund Accountant
 ICPAK Member Number: 18980

Baringo County Micro and Small Enterprises Fund
Annual Report and Financial Statements for the year ended June 30, 2023

15. Statement Of Changes in Net Assets for the year ended 30th June 2023

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2021	10,580,796.54	-	-	10,580,796.54
Surplus/(Deficit) For the Period	-	-	142,433.92	142,433.92
Funds Received During the Year	-	-		-
Transfers	-		-	
Revaluation Gain	-	-	-	-
BalanceAsAt30 June2022	10,580,796.54	-	142,433.92	10,723,230.46
Balance As At 1 July 2022	10,580,796.54	-	142,433.92	10,723,230.46
Surplus/(Deficit)For the Period		-	(40,696.47)	40,696.47
Funds Received During the Year	-	-	-	-
Transfers	-		-	
Revaluation Gain				
Balance As At 30 June 2023	10,580,796.54	-	101,735.45	10,682,534.46

Baringo County Micro and Small Enterprises Fund
Annual Report and Financial Statements for the year ended June 30, 2023

16. Statement of Cash Flows for the Year Ended 30 June 2023

Description	Note	FY 2022/2023	FY 2021/2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the county government		-	-
Interest received		398,963.53	393,683.63
Receipts from other operating activities		933,985.65	1,300,488.90
Total receipts		1,332,949.18	1,694,172.53
Payments			
Fund administration expenses		439,660.00	278,448.30
General expenses		-	-
Finance cost		-	-
Other payments		-	-
Net cash flows from operating activities	24	893,289.18	1,415,724.23
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		2,028,185.94	1,514,777.37
Loan disbursements paid out		(3,145,000)	(6,950,000.00)
Suspense			-61,000.00
Net cash flows used in investing activities		(1,116,814.06)	(5,496,222.63)
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		(223,524.88)	(4,089,498.40)
Cash and cash equivalents at 1July 2022		1,027,860.58	5,117,358.98
Cash and cash equivalents at 30 June 2023		803,805.00	1,027,860.58



Baringo County Micro and Small Enterprises Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Baringo County Micro and Small Enterprises Fund
Annual Report and Financial Statements for the year ended June 30, 2023

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

Description	Original budget	Adjustments	Finalbudget	Actualon 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.						
Interest Income	500,000.00	-	500,000.00	398,963.53	101,036.47	80%
Other Income	-	-	-	-	-	
Total Income	500,000.00	-	500,000.00	398,963.53	101,036.47	80%
Expenses						
Fund Administration Expenses	230,000.00	-	230,000.00	439,660.00	(209,660.00)	191%
General Expenses	-	-	-	-	-	
Finance Cost	-	-	-	-	-	
Total Expenditure	230,000.00	-	230,000.00	439,660.00	(209,660.00)	191%
Surplus For the Period	270,00.00	-	270,00.00	(40,696.47)	(108,623.53)	
Capital expenditure	-	-	-	-	-	

20. Notes to the Financial Statements

1. General Information

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

- Disburse loans to traders
- Recovery of loan money from loanees
- Capacity building of loan beneficiaries and those in need

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

Standard	Effective date and impact
IPSAS 41: Financial Instruments	Applicable: 1st January 2023 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: • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's

Baringo County Micro and Small Enterprises Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Standard	Description
	cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Fund's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Fund provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess: (a) The nature of such social benefits provided by the Fund; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Fund's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41. Financial Instruments	Applicable: 1st January 2023 a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which

Baringo County Micro and Small Enterprises Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Standard	Effective date and impact
	were inadvertently omitted when IPSAS 41 was issued. Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.
Other improvements to IPSAS	Applicable 1st January 2023 • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1 January 2023.

Standard	Effective date and impact
IPSAS 43	Applicable 1st January 2025 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 Fund. The new standard requires funds to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non-	Applicable 1st January 2025

Baringo County Micro and Small Enterprises Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Standard	Effective date and impact
Current Assets Held for Sale and Discontinued Operations	The Standard requires: Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: 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.

(i) Early adoption of standards

The Fund did not early – adopt any new or amended standards in the financial year. **Significant Accounting Policies**

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government funds

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

ii. Revenue from exchange transactions

Interest income

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

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the funds 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

Baringo County Micro and Small Enterprises Fund
Annual Report and Financial Statements for the year ended June 30, 2023

The original budget for FY 2022/2023 was approved by the County Assembly on 30th June 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the fund upon receiving the respective approvals in order to conclude the final budget.

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

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

d) Intangible Assets

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

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

e) Investment property

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

Summary of Significant Accounting Policies (Continued)

f) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. A financial instrument is any contract that gives rise to a financial asset of one fund and a financial liability or equity instrument of another fund. At initial recognition, the fund 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 fund 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 fund'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 fund has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

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

Summary of Significant Accounting Policies (Continued)

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The 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.

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.

g) Inventories

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

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

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

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

h) Provisions

Provisions are recognized when the 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.

i) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The 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.

Summary of Significant Accounting Policies (Continued)

j) 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.

k) 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.

l) 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 Micro and Small Enterprises Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Summary of Significant Accounting Policies (Continued)

m) 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.

n) 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.

o) 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.

p) 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.

q) 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 Micro and Small Enterprises Fund
Annual Report and Financial Statements for the year ended June 30, 2023

6. Notes To The Financial Statements

1. Public contributions and donations

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

2. Transfers from County Government

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Transfers From County Govt. –Operations	-	-
Payments By County On Behalf Of The Fund	-	-
Unconditional Development grants	-	-
Total	-	-

3. Fines, penalties and other levies

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

4. Interest income

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Interest income from Micro and Small enterprise fund	398,963.53	420,882.22
Interest Income From Car Loans	-	-
Interest Income From Investments in financial assets	-	-
Interest Income On Bank Deposits	-	-
Total Interest Income	398,963.53	420,882.22

Baringo County Micro and Small Enterprises Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the Financial Statements Continued

5. Other income

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

6. Employee Costs

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

7. Use of Goods and Services

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
General Office Expenses	-	-
Loan Processing Costs	-	-
Professional Services Costs	-	-
Administration Fees	436,540.00	274,308.30
Committee Allowances	-	-
Bank Charges	3,120.00	4,140.00
Electricity And Water Expenses	-	-
Fuel And Oil Costs	-	-
Insurance Costs	-	-
Postage And Courier	-	-
Printing And Stationery	-	-

Baringo County Micro and Small Enterprises Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Rental Costs	-	-
Security Costs	-	-
Telephone And Communication Expenses	-	-
Bank Charges	-	-
Audit Fees	-	-
Provision For Doubtful Debts	-	-
Other (<i>Specify</i>)	-	-
Social benefit expenses*	-	-
Total	439,660.00	278,448.3

8. Depreciation and Amortization Expense

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

9. Finance costs

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Interest On Bank Overdrafts	-	-
Interest On Loans From Banks	-	-
Total	-	-

10. Gain/(loss) on disposal of assets

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

Baringo County Micro and Small Enterprises Fund
Annual Report and Financial Statements for the year ended June 30, 2023

11. Gain/ (loss) on Fair Value Investments

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

12. Cash and cash equivalents

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Baringo County Micro and Small enterprise fund	803,805.00	1,027,860.58
County Mortgage Account	-	-
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	-	-
Others (Specify)	-	-
Total Cash And Cash Equivalents	803,805.00	1,027,860.58

Baringo County Micro and Small Enterprises Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the Financial Statements Continued

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

Financial Institution	Account number	FY 2022/2023	FY 2021/2022
		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		-	-
Equity Bank	1390262572758	803,805.00	1,027,860.58
Sub- Total		803,805.00	1,027,860.58
d) Others(Specify)			
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		803,805.00	1,027,860.58

13. Receivables from exchange transactions

Description	KShs	
	FY 2022/2023	FY 2021/2022
Current Receivables		
Interest Receivable	65,347.00	56,816.99
Current Loan Repayments Due	4,319,050.00	7,713,517.58
Other Exchange Debtors	-	-
Less: Impairment Allowance	-	-
Total Current Receivables	4,384,397.00	7,770,334.57
Non-Current Receivables		
Long Term Loan Repayments Due	1,631,970.00	3,007,301.44
Total Non- Current Receivables	1,631,970.00	3,007,301.44
Total Receivables From Exchange Transactions	6,016,367.00	10,777,636.01

Baringo County Micro and Small Enterprises Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the Financial Statements Continued

Additional disclosure on interest receivable

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

14. Prepayments

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Cts	-	-
Other Prepayments for payment by Doris Jebet	19,631.00	-
Total	19,631.00	-

15. Inventories

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts And Motors	-	-
Catering	-	-
Other Inventories (Specify)	-	-
Total Inventories at the Lower of Cost and Net Realizable Value	-	-

Baringo County Micro and Small Enterprises Fund
Annual Report and Financial Statements for the year ended June 2023

Notes to the Financial Statements Continued

16. Investments in financial assets

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

Movement of Equity Investments

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

e) Shareholding in other entities

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

Baringo County Micro and Small Enterprises Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

17. Property, plant and equipment

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

Baringo County Micro and Small Enterprises Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

18. Intangible assets

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

19. Investment Property

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

Baringo County Micro and Small Enterprises Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

20. Trade and other payables from exchange transactions

Description	FY 2022/2023	FY 2021/2022		
	KShs	KShs		
Trade Payables	-	-		
Refundable Deposits	-	-		
Accrued Expenses	-	-		
Other Payables	2,234,473.65	1,300,488.90		
Total Trade and Other Payables	2,234,473.65	1,300,488.90		
Ageing analysis(Trade and other payables)	FY 2022/2023	% of the Total	FY 2021/2022	% 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	Bonds 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 Micro and Small Enterprises Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

22. Borrowings

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

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

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

Baringo County Micro and Small Enterprises Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

23. Employee benefit obligations

Description	Defined benefit plan	Post-employment medical benefits	Other provisions	2022/2023	2021/2022
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total	-	-	-	-	-

24. Social Benefit Liabilities

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

Baringo County Micro and Small Enterprises Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

25. Cash generated from operations

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	(40,696.47)	142,433.92
Adjusted For:		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	398,963.53	420,882.22
Finance Cost	3,120.00	4,140.00
Working Capital Adjustments		
Increase In Inventory	-	-
Increase In Receivables	-	-
Increase In Payables	-	-
Net Cash Flow From Operating Activities	361,387.06	567,456.14

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

c) Key management remuneration

Description	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

Description	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Government	-	-
Total	-	-

Other Disclosures Continued

e) Due to related parties

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

27. Contingent assets and contingent liabilities

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

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 KSh	Early provisioning KSh	Past due KSh	Impaired KSh
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	-	-	-	-

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	Maturities between			Total
	0-12 months	12 months to 3 months	3 months to 12 months	
	Kshs	Kshs	Kshs	Kshs
At 30 June (FY2022/2023)				
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	-	-	-	-

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

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 Kshs	Effect on surplus/deficit Kshs	Effect on equity Kshs
(FY2022/2023)			
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-).

Notes To 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	Current FY Kshs	Comparative FY Kshs
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	-	-
Total funds	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt less 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

31. Baringo County MICRO AND SMALL ENTERPRISES FUND is established by and derives 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 County.

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

21. Annexes

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

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

Reference No. on the external audit Report	Issue/ Observations from Auditor	Management comments	Status: (Resolved/ Not Resolved)	Timeframe: (Period when you expect the issue to be resolved)

Fund Manager

Date.....



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Annex II: Inter-Fund Confirmation Letter

This is to confirm the amounts disbursed to you as at 30th June 20xx as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Insert name of beneficiary Fund] as at 30 th June 20xx							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30 th June 20xx				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 Lemalo Samuels Sign [Signature] Date 13 DEC 2023



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Annex III: Reporting of Climate Relevant Expenditures

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

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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 for response to disaster management preparedness	Column V Expenditure (KShs)	Column VI Amount (KShs)	Column VII Comments
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-