

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

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THE AUDITOR-GENERAL

ON

KERICHO COUNTY ENTERPRISE FUND

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



COUNTY GOVERNMENT OF KERICHO

COUNTY GOVERNMENT OF KERICHO
KERICHO COUNTY ENTERPRISE FUND

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

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



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**Kericho County Enterprise Fund
Reports and Financial Statements
For the year ended 30th June, 2024**

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1. Acronyms and Glossary of Terms

a) Acronyms

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

b) Glossary of Terms

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

**Kericho County Enterprise Fund
Reports and Financial Statements
For the year ended 30th June, 2024**

2. Key Entity Information and Management

a) Background information

Kericho County Enterprise Fund is established by and derives its authority and accountability from Kericho County Enterprise Fund Act, 2014. The Fund is wholly owned by the County Government of Kericho and is domiciled in Kenya. The fund has been operating since 2015. During this period, the fund has financed over 178 groups and 3126 individuals. The Board and Management of the fund remain cognizant of the need to expand the fund's activities to cover its full mandate under the Kericho county Enterprise fund Act, 2014.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to facilitate access to credit for business capital; promote enterprise development among the youth, people with disabilities, women and men; facilitate the development of conducive and appropriate business environment for enterprise development; enhance access to employment; enhance enterprise skills development and promote local economic growth. The fund's objective is to provide easy access to capital for business start-ups and to support the county strategy, in regard to improving agricultural production in order to achieve food sufficiency and income generation, promote marketing and value addition of local products and promote capacity building of cooperative leadership. In addition, the fund will support Tea and coffee farming, dairy and beef cattle farming, support capacity building for entrepreneurship and agricultural activities as well as promote access to affordable business financing mechanisms.

c) Fund Administration Committee

| Ref | Name | Position |
|-----|--------------------------|---------------------------------|
| 1 | Chairperson to the Board | Hon. Leonard Ngetich(CEC Trade) |
| 2 | Secretary to the Board | Willy KipronoRop (CO Trade) |
| 3 | Fund Administrator | CPAGeorge Kirer (CO Finance) |
| 4 | Member | Chief Officer Youth Affairs |

d) Key Management Team

| Ref | Name | Position |
|-----|-------------------------|----------------------|
| 1 | Chairperson- CECM Trade | Hon. Leonard Ngetich |
| 2 | Secretary-CO Trade | Willy Rop |
| 3 | Fund Administrator | CPA George Kirer |
| 4 | Fund Accountant | Miss Evalyne Too |
| 5 | Fund Manager | Mr. Eliud Ngetich |

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Key Entity and Management (Continued)

e) Fiduciary Oversight Arrangement:

| SN | Position | Name |
|-----------|--|-------------------------|
| 1 | Directorate Internal Audit | Caroline Chepkemoi |
| 2 | Parliamentary Investment Committee (PIC) | Chairperson PIC, Senate |
| 3 | County Assembly of Kericho | County Assembly Clerk |
| 4 | Office of the Auditor General | Auditor-General |

f) Registered Offices

P.O. Box 112
Department of Trade Building
Adjacent to Kericho Law Courts
Kericho, KENYA

g) Fund Contacts

Telephone :(254) 722305900
E-mail: info@kericho.go.ke
Website: www.kericho.go.ke

h) FundBankers

Access bank account (0100130000002)

Access bank account (01001300000032)

P.O BOX 34353-00100, Nairobi

Web: www.kenyaaccessbankplc.co

**Kericho County Enterprise Fund
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Key Entity and Management (Continued)


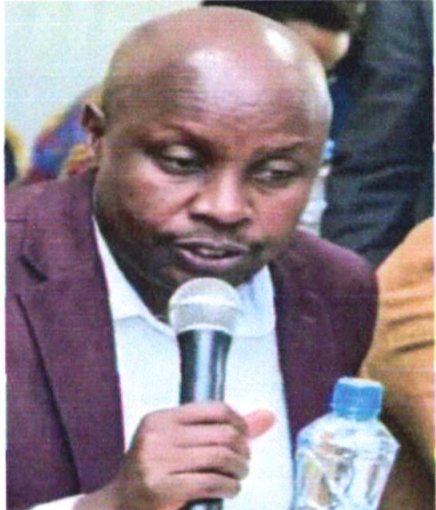

i) Independent Auditors

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



j) Principal Legal Adviser

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

**Kericho County Enterprise Fund
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| Name | Details of qualifications and experience | Passport size photo |
|-------------------------|---|--|
| 1. Hon. Leonard Ngetich | He is the County Executive Committee Member for Trade, Industrialization, Innovation, Tourism and Wildlife and the Fund's Chairperson |  |
| 2. Mr. Willy Rop | He is the Chief Officer- Trade, Industrialization, Innovation, Tourism and Wildlife and the Secretary to the Fund |  |
| 3. CPA George Kirer | He is the chief officer Finance department and the administrator of the Kericho County Enterprise fund. |  |

**Kericho County Enterprise Fund
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For the year ended 30th June, 2024**

| | | |
|-----------------------------------|---|---|
| <p>3. Mr Eliud Ngetich</p> | <p>He is the Fund Manager of the Kericho county enterprise fund.</p> |  A portrait of Mr. Eliud Ngetich, a middle-aged man with a shaved head, wearing a blue dress shirt and a patterned tie. He is looking directly at the camera against a plain, light-colored background. |
| <p>4. Evaline Too</p> | <p>She the Accountant to the Department and the Finance Officer to the Fund</p> |  A portrait of Evaline Too, a woman with short, dark, curly hair, wearing a black blazer over a white top. She is looking directly at the camera against a plain, light-colored background. |

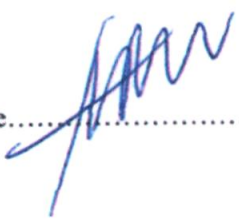
**Kericho County Enterprise Fund
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4. Fund Chairperson's Report

During the financial year 2023/2024 a consultative meeting was done, the objective of the meeting was to discuss the performance of Enterprise Fund and how to recover the loans.

Recommendation after the meeting was:

- Development of a strategic plan for the Fund.
- Approval of the loan management policy.
- Amendment of the Kericho County Enterprise Fund Act
- Acquisition of a software to assist in analysis
- Emphasize more on giving loans to registered groups and co-operative societies.
- Establishment of sub-county officers so as to increase the effectiveness of the processes.

Name LEONARD ALIYEA Signature  Date 30.9.24

Chairperson of the Fund

**Kericho County Enterprise Fund
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5. Report of the Fund Administrator

This is the Kericho County Financial Statement for Enterprise Fund as at 30th June 2024. Section 167 of the PFM Act requires that the fund administrator to prepare financial statement for the fund at the end of every financial year.

The Act requires that the fund establishes a board, which was established in the financial year 2020/2021 to replace the board whose term expired. The committee members of board were appointed from the members of the Public and the selection was done through a competitive process by the County Public Service Board of Kericho.

The fund was established to disburse loans to the youth and business persons with the expectation of repayments being done as indicated in the loan application forms. In the 2022/2023 financial period the fund recovered Ksh.42,852 while in the financial year 2023/2024 the fund recovered 494,250 evidenced in the financial statements. Performance has been poor due to lack of collateral and therefore there is need to amend the Kericho County Enterprise Fund Act, 2014. The amendment is to incorporate the aspects of collateral and a change of the administrative structure to cater for key stakeholders and thereby improve on efficiency. The follow up on repayments of the loans already disbursed is key priority to the fund and all the efforts will be made to have all the money recovered from the defaulters.

Signed: _____



CPA George Kirer

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

Guidance

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 does so in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board by including a statement of the county government entity’s performance against predetermined objectives.

The key development objectives of the Fund as per the strategic plan are to:

- a) Provide affordable loans or credit for business.
- b) Providing training and skills development related to enterprise and business development.
- c) Providing technical assistance in product and market development.
- d) Facilitating technology acquisition, adoption and utilization.

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

| Program | Objective | Outcome | Indicator | Performance |
|--|--|---|---|---|
| Provision of Affordable Loans | To ensure all small-scale traders are funded | Increase number of business in the county hence more revenue income to the county | Increase revenue to the county government | -Lack of funds -Absence of the board |
| Provision of training and skills development related to enterprise and business development. | To ensure all the small-scale entrepreneurs are educated | Skilled entrepreneurs across the county | Enlighten the residents of Kericho county of new business opportunities and the latest trends | -Lack of funds -Absence of the board |

**Kericho County Enterprise Fund
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| | | | | |
|---|--|---|--|---|
| Providing technical assistance in product and market development. | To ensure traders products gets market | Value addition On locally produced products | Value added products can earned more revenue to the trader | -Lack of funds -Absence of the board |
| Facilitating technology acquisition, adoption and utilization. | To ensure the fund management is streamlined | Information of the fund can be retrieved faster | Workforce of the is conversant of the system used | -Lack of funds -Absence of the board |

**Kericho County Enterprise Fund
Reports and Financial Statements
For the year ended 30th June, 2024**

7. Corporate Governance Statement

Three meetings were done in the financial years 2022/2023 and was attended by all the board members. The meeting was to deliberate on strategies on loan collection, office materials and equipment, loan repayment status and issuance of new loans.

The Kericho County Enterprise Act, 2014 states that Member are appointed for a period of three years which can be renewed once the current members term lapses. The board members listed in page v, is the second group since inception of Enterprise Fund.

The process of appointment is stipulated in the Act as follows

1. One person representing youths to be appointed by the Governor who shall be sourced through a competitive process.
2. One person representing persons with disabilities to be appointed by the Governor who shall be sourced through a competitive process.
3. One person representing women to be appointed by the Governor who shall be sourced through a competitive process.
4. One person representing the men to be appointed by the Governor who shall be sourced through a competitive process.

A board member may be removed in office by the Governor if the person-

- i. Has been absent from three consecutive meetings of the Board without permission of the chairperson
- ii. Is convicted of a criminal offence and sentenced for a period of over six months or a fine exceeding ten thousand
- iii. Is adjudged bankrupt.
- iv. Is incapacitated by prolonged physical or mental illness.

The following are the roles functions of the board

- i. Overall management and oversight of the fund
- ii. Approving disbursement or utilization of the Fund
- iii. Preparing annual report on the implementation of the fund for transmission to the executive member.
- iv. Advising the executive member generally on implementation of this Act.
- v. Advising Executive member on the appropriate guidelines and procedure for better management of the fund.

8. Management Discussion and Analysis

The key activity being loan recovery in compliance with the statutory requirement. The main challenge that is being faced by the fund is default by loanees, therefore greater risk of bad debts in future if a major plan for recovery is not done.

There are several challenges that are being encountered by the fund namely:

- Default by loanees
- Political interference

The fund will function well if the Kericho County Enterprise Fund 2014 is amended to incorporate some missing clauses.

9. Environmental and Sustainability Reporting

Kericho County Enterprise Fund main aim in sustainable growth of medium and small enterprise through provision of low interest loans and training of Entrepreneurs. Topics covered during training were life skills, on how to diversify most of the business entrepreneurs, not only to concentrate on business but to also supplement through farming. There has been continuous training of staff by taking them to seminars and workshops, for example in the financial year 2023/2024, some of the employees (interns) were trained on several fields ranging from risk management, debt management and planning.

Kericho County Enterprise Fund exists to transform lives; this is the driving force that guides what the Enterprise Fund does, as founded in Kericho County Enterprise Fund 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 -

Kericho County Enterprise Fund was developed after Kericho County Enterprise Fund Act, was passed by the County Assembly, the same Members of the county assembly should support the repayment process since the main challenge is political interference during repayment.

2. Environmental performance

3. Employee welfare

Kericho County Enterprise Fund followed all the laid down regulations during the appointment of the board members, and the slots were shared as follows,

- Representative of women
- Representative of men
- Youth representative
- Representative people with disability

4 Market place practices-

a) Responsible Supply chain and supplier relations

Kericho County Enterprise Fund made clear and fair contracts witnessed by commissioner of oaths

Open communication was made to qualified and unqualified borrowers

Responsibilities ethical practises

Application was open to all. The vetting was done by officer of the board having adhered to Chapter Six of the Constitution.

The beneficiaries were the most vulnerable in the society and were given the fund to enable them uplift their livelihoods

b) Stewardship of goods and services

Unqualified borrowers are well communicated to

5. Corporate Social Responsibility / Community Engagements

Before disbursement borrowers were taken through financial literacy, book keeping and proper records of all accounts

The fund allocates not less than 25% of the budget

10. Report of the Fund Committee

The Fund committee submit their report together with the audited financial statements for the year ended June 30, 2024 which show the state of the Fund affairs.

Principal activities

The principal activities of the Fund are to facilitate access to credit for business capital; promote enterprise development among the youth, people with disabilities, women and men; facilitate the development of conducive and appropriate business environment for enterprise development; enhance access to employment; enhance enterprise skills development and promote local economic growth.

Results

The results of the Fund for the year ended June 30, 2024 are set out on page 4

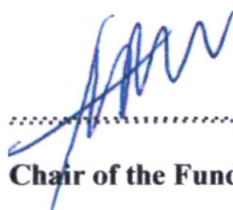
Fund Committee

The members of the Fund committee who served during the year are shown on page vii.

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. OR [XYZ Certified Public Accountants were nominated by the Auditor General to carry out the audit of the *entity* for the year/period ended June 30, 2024 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf].

By Order of the Fund Committee



.....

Chair of the Fund Administration Committee

**Kericho County Enterprise Fund
Reports and Financial Statements
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11. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by *(The Fund should state the appropriate legislation establishing the Fund)* shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

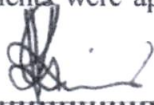
The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and *(quote the applicable legislation establishing the County Public Fund)*. 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, 2024, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of *going concern basis of preparation of the financial statements*. OR

Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Fund's financial statements were approved by the Board on 30.9.2024 and signed on its behalf by:

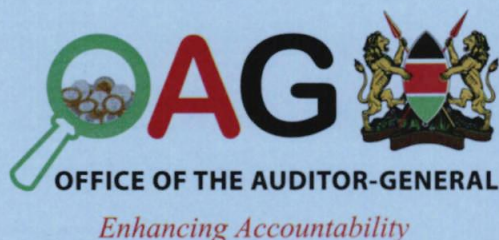


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Administrator of the Kericho Enterprise Fund

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KERICHO COUNTY ENTERPRISE FUND FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kericho County Enterprise Fund set out on pages 1 to 39, which comprise the statement of financial position as at 30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and 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 Kericho County Enterprise Fund as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Kericho County Enterprise Fund Act, 2014 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

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

The statement of financial position together with Note 13 to the financial statements reflects current portion of long-term receivables from exchange transactions of Kshs.75,799,464. This balance is in respect of loans issued to micro and small enterprises. Review of records revealed that the loans were issued in 2014/2015 and 2015/2016 financial years and were to be repaid within two years. However, the loans had not been repaid, over eight (8) years after their issuance and no provisions had been made for bad and doubtful debts.

Further, no efforts had been made to recover the long outstanding receivables. Management has not provided any explanation for the failure to recover the long outstanding receivables.

In the circumstance, the accuracy, completeness and existence of current portion of long-term receivables from exchange transactions to of Kshs.75, 799,464 could not be confirmed.

2. Inaccuracy of Accumulated Surplus

The statement of financial position reflects accumulated surplus totalling Kshs.1,628,287. The amount includes accumulated surplus opening balance of Kshs.1,629,487 as disclosed in the statement of changes in net assets. However, the opening balance differs with the audited prior year balance of Kshs.1,788,431 resulting in unexplained variance of Kshs.160,144. Further, the amount differs with the recomputed accumulated surplus totalling Kshs.1,787,231 resulting in unexplained variance of Kshs.158,944.

In the circumstance, the accuracy and completeness of accumulated surplus totalling Kshs.1,628,287 could not be confirmed.

3. Inaccuracy of the Statement of Comparison of Budget and Actual Amounts

The statement of comparison of budget and actual amounts reflects final total expenditure budget and actual on comparable basis of Kshs.5,000 and Kshs.1,200, respectively. However, the final total income budget and actual on comparable has not been disclosed.

In the circumstance, the accuracy and completeness of statement of comparison of budget and actual amounts could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Kericho County Enterprise 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. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the audit reports of the previous year, four (4) issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on the Effectiveness of Internal Controls, Risk Management and Governance. However, Management has not resolved the issues or given any explanation for failure to resolve them.

Other Information

The Management is responsible for the Other Information set out on page iv to xviii which comprise of Key Entity Information and Management, Fund Chairpersons Report, Report of the Fund Administrator, Statement of Performance Against the County Fund's Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Fund Committee , and Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Irregular Granting of Loans

Review of records revealed that twenty (20) individuals were issued with additional loans totalling Kshs.705,000 before repaying the previous loans. This is contrary to Section 4 (4) of Kericho County Enterprise Development Fund Regulations, 2014 which states that, no new loan shall be granted to an applicant until he or she has fully repaid the previous loan.

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

2.Lack of an Approved Budget

The Fund did not have an approved budget for the year under review. This was contrary to Section 5(2)(c) of the Kericho County Enterprise Development Fund Act, 2014 which requires the Chief Officer Finance and Economic Planning to prepare a budget and such plans for the better administration of the Fund which shall be submitted to the Board and thereafter be transmitted to the County Assembly for approval.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, 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 ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal 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

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related

to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

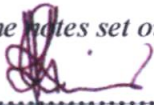
23 December, 2024


**Kericho County Enterprise Fund
Reports and Financial Statements
For the year ended 30th June, 2024**

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

| Description | Note | 2023-2024 | 2022-2023 |
|---|------|---------------|---------------|
| | | Kshs | Kshs |
| Revenue From Non-Exchange Transactions | - | - | - |
| Public Contributions and Donations | - | - | - |
| Transfers from the County Government | - | - | - |
| Fines, Penalties and Other Levies | - | - | - |
| | | - | - |
| Revenue From Exchange Transactions | - | - | - |
| Interest Income | | - | - |
| Other Income | | 0 | 42,852 |
| Total Revenue | - | - | 42,852 |
| | | - | - |
| Expenses | - | - | - |
| Employee Costs | - | - | - |
| Use of goods and services | 7 | 1,200 | 3,360 |
| Depreciation and Amortization Expense | - | - | - |
| Finance Costs | - | - | - |
| | | - | - |
| Total Expenses | - | 1,200 | 3,360 |
| Other Gains/Losses | - | - | - |
| Gain/Loss on Disposal of Assets | - | - | - |
| Gain /Loss on fair value of investments | - | - | - |
| | | - | - |
| Surplus/(Deficit) for the Period | - | (1200) | 39,492 |

(The notes set out on pages 1 to 6 form an integral part of these Financial Statements)

.....

Name: CPA George Kirer
Fund Administrator
ICPAK Member Number: 9499

.....

Name: CPA Evalyne Too
Fund Accountant
ICPAK Member Number: 24390

Kericho County Enterprise Fund
 Reports and Financial Statements
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14. Statement of Financial Position asat 30 June 2024


| Description | Note | 2023-2024 | 2022-2023 |
|--|------|-------------------|-------------------|
| | | Kshs | Kshs |
| Assets | | - | - |
| Current Assets | | - | - |
| CashandCashEquivalents | 12 | 12,828,823 | 12,335,773 |
| Current Portion of Long- Term Receivables From Exchange Transactions | 13 | 75,799,464 | 76,293,714 |
| Prepayments | | - | - |
| Inventories | | - | - |
| Investments in financial assets | | - | - |
| Total current assets | | 88,628,287 | 88,629,487 |
| | | - | - |
| Non-Current Assets | | - | - |
| Property, Plant and Equipment | | - | - |
| Intangible Assets | | - | - |
| Long Term Receivables from Exchange Transactions | | - | - |
| Investment Property | | - | - |
| Total non- current assets | | - | - |
| Total Assets | | 88,628,287 | 88,629,487 |
| | | - | - |
| Liabilities | | - | - |
| Current Liabilities | | - | - |
| Trade and Other Payables from Exchange Transactions | | - | - |
| Current Portion of Borrowings | | - | - |
| Employee Benefit Obligations | | - | - |
| Social benefit liabilities | | - | - |
| Total current liabilities | | - | - |
| | | - | - |
| Non-CurrentLiabilities | | - | - |
| Long Term Portion of Borrowings | | - | - |
| Non-CurrentEmployeeBenefitObligation | | - | - |
| Social benefit liabilities | | - | - |
| | | - | - |
| TotalLiabilities | | - | - |
| | | - | - |

**Kericho County Enterprise Fund
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| Description | Note | 2023-2024 | 2022-2023 |
|---|------|-------------------|-------------------|
| | | Kshs | Kshs |
| Net Assets | | 88,628,287 | 88,629,487 |
| Revolving Fund | | 87,000,000 | 87,000,000 |
| Reserves | | - | - |
| Accumulated Surplus | | 1,628,287 | 1,629,487 |
| Total Net Assets and Liabilities | | 88,628,287 | 88,629,487 |

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 30.9.2024 and signed by:


.....
Name: CPA George Kirer
Fund Administrator
ICPAK Member Number:9499


.....
Name: CPA Evalyne Too
Fund Accountant
ICPAK Member Number:24390

Kericho County Enterprise Fund
 Reports and Financial Statements
 For the year ended 30th June, 2024

15. Statement of Changes in Net Assets for the year ended 30th June 2024

| Description | Revolving Fund | Revaluation Reserve | Accumulated surplus | Total |
|-----------------------------------|-------------------|---------------------|---------------------|-------------------|
| | | Kshs | Kshs | |
| Balance As At 1 July 2022 | 87,000,000 | - | 1,788,431 | 88,788,431 |
| Surplus/(Deficit) For the Period | - | - | (3,360) | (3,360) |
| Prior year adjustments | | | (155,584) | (155,584) |
| Funds Received During the Year | - | - | - | |
| Transfers | - | - | - | |
| Revaluation Gain | - | - | - | |
| Balance As At 30 June 2023 | 87,000,000 | - | 1,629,487 | 88,629,487 |
| | | - | | |
| Balance As At 1 July 2023 | 87,000,000 | - | 1,629,487 | 88,629,487 |
| Surplus/(Deficit) For the Period | - | - | (1,200) | (1,200) |
| Funds Received During the Year | - | - | - | |
| Revaluation Gain | - | - | - | |
| Balance As At 30 June 2024 | 87,000,000 | - | 1,628,287 | 88,628,287 |

Kericho County Enterprise Fund
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16. Statement of Cash Flows for the Year Ended 30 June 2024

| Description | Note | 2023-2024 | 2022-2023 |
|---|------|-------------------|-------------------|
| | | Kshs | Kshs |
| Cash flows from operating activities | | | |
| Receipts | | | |
| Public contributions and donations | | - | - |
| Transfers from the county government | | - | - |
| Interest received | | - | - |
| Receipts from other operating activities | | - | - |
| Total receipts | | - | - |
| Payments | | - | - |
| Fund administration expenses | | - | - |
| Use of Goods | 7 | 1200 | 3,360 |
| Finance cost | | - | - |
| Other payments | | - | - |
| | | | |
| Net cash flows from operating activities | | (1200) | (3360) |
| | | | |
| 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 | | 494,250 | 42,852 |
| Loan disbursements paid out | | - | - |
| Net cash flows used in investing activities | | 494,250 | 42,852 |
| | | | |
| 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 | | 493,050 | 39,492 |
| Cash and cash equivalents at 1 July | 12 | 12,335,773 | 12,296,281 |
| Cash and cash equivalents at 30 June | 12 | 12,828,823 | 12,335,773 |

(PSASB has prescribed the direct method of cash flow preparation/ presentation for all entities under the IPSAS accrual basis of accounting.)

Kericho County Enterprise Fund
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 For the year ended 30th June, 2024

17. Statement of Comparison of Budget and Actual Amounts for the Period

| Description | Original budget | Adjustments | Final budget | Actual on comparable basis | Performance difference | % Utilization |
|------------------------------------|-----------------|-------------|--------------|----------------------------|------------------------|---------------|
| | Kshs | Kshs | Kshs | Kshs | Kshs | |
| | A | B | C=(a+b) | d | e=(c-d) | f=d/c*100 |
| Revenue | | | | | | |
| Public Contributions and Donations | - | - | - | - | - | |
| Transfers from County Govt. | | | | | | |
| Interest Income | - | - | - | - | - | |
| Other Income | | - | | | | |
| Total Income | | - | | | | |
| Expenses | | | | | | |
| Employee Costs | - | - | - | - | - | |
| Use of Goods | 5000 | - | 5000 | 1200 | 3800 | 24% |
| Finance Cost | - | - | - | - | - | |
| Total Expenditure | 5000 | - | 5000 | 1200 | 3800 | |
| Surplus For the Period | - | - | - | (1200) | - | |
| | | | | | | |
| Capital expenditure | - | - | - | - | - | |

Budget notes

Statement of comparison of budget and actual amounts for the period ended 30th June, 2024, has been done for account numbers 010013000002 and 0100130000032, is 24% on general expenses.

**Kericho County Enterprise Fund
Reports and Financial Statements
For the year ended 30th June, 2024**

18. Notes to the Financial Statements

1. General Information

Kericho County Enterprise Fund entity is established by and derives its authority and accountability from Kericho County Enterprise Fund Act. The entity is wholly owned by the County Government of Kericho County and is domiciled in Kenya. The entity's principal activity is to facilitate access to credit for business capital; promote enterprise development among the youth, people with disabilities, women and men; facilitate the development of conducive and appropriate business environment for enterprise development; enhance access to employment; enhance enterprise skills development and promote local economic growth.

2. Statement of compliance and basis of preparation

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

3. Adoption of new and revised standards

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

| Standard | Effective date and impact |
|--|---|
| IPSAS 41: Financial Instruments | <p>Applicable: 1st January 2023</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> |

**Kericho County Enterprise Fund
Reports and Financial Statements
For the year ended 30th June, 2024**

| Standard | Effective date and impact |
|---|--|
| | <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. |
| <p>IPSAS 42: Social Benefits</p> | <p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity’s financial performance, financial position and cash flows. |
| <p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p> | <p>Applicable: 1st January 2023</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. |

**Kericho County Enterprise Fund
Reports and Financial Statements
For the year ended 30th June, 2024**

| Standard | Effective date and impact |
|-----------------------------|--|
| | <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> |
| Other improvements to IPSAS | <p><i>Applicable 1st January 2023</i></p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p><i>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</i></p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2024</p> |

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

| Standard | Effective date and impact: |
|----------|--|
| IPSAS 43 | <p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> |

**Kericho County Enterprise Fund
Reports and Financial Statements
For the year ended 30th June, 2024**

| Standard | Effective date and impact: |
|--|---|
| IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations | <p><i>Applicable 1st January 2025</i></p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> |

(iii) Early adoption of standards

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

**Kericho County Enterprise Fund
Reports and Financial Statements
For the year ended 30th June, 2024**

1. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

Dividends

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

Rental income

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

b) Budget information

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

Summary of Significant Accounting Policies (Continued)

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

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

c) Property, plant and equipment

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

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. Subsequent to initial recognition, investment property is measured at fair value with gains and losses recognised through surplus or deficit. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Summary of Significant Accounting Policies (Continued)

f) Financial instruments

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Summary of Significant Accounting Policies (Continued)

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

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Reports and Financial Statements
For the year ended 30th June, 2024**

Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

g) Inventories

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

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

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

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

h) Provisions

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

i) Social Benefits

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

**Kericho County Enterprise Fund
Reports and Financial Statements
For the year ended 30th June, 2024**

Summary of Significant Accounting Policies (Continued)

j) Contingent liabilities

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

Contingent assets

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

k) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. *Entity to state the reserves maintained and appropriate policies adopted.*

l) Changes in accounting policies and estimates

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

m) Employee benefits– Retirement benefit plans

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

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

**Kericho County Enterprise Fund
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For the year ended 30th June, 2024**

Summary of Significant Accounting Policies (Continued)

n) Foreign currency transactions

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

o) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

p) Related parties

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

q) Cash and cash equivalents

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

r) Comparative figures

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

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

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

a) Estimates and assumptions –

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

b) Useful lives and residual values

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

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

c) Provisions

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

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.

(Include provisions applicable for your organisation e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions)

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13. Notes to the Financial Statements

1. Public contributions and donations

| Description | 2023-2024 | 2022-2023 |
|------------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Donation From Development Partners | - | - |
| Contributions From The Public | - | - |
| Total | - | - |

2. Transfers from County Government

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

3. Fines, penalties and other levies

| Description | 2023-2024 | 2022-2023 |
|------------------------|-----------|-----------|
| | Kshs | Kshs |
| Late Payment Penalties | - | - |
| Fines | - | - |
| Total | - | - |

4. Interest income

| Description | 2023-2024 | 2022-2023 |
|--|-----------|-----------|
| | Kshs | Kshs |
| Interest Income from Mortgage Loans | - | - |
| Interest Income From Car Loans | - | - |
| Interest Income From Investments in financial assets | - | - |
| Interest Income On Bank Deposits | - | - |

**Kericho County Enterprise Fund
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| | | |
|------------------------------|---|---|
| Total Interest Income | - | - |
|------------------------------|---|---|

(Provide brief explanation for this revenue)

Notes to the Financial Statements Continued

5. Other income

| Description | 2023-2024 | 2022-2023 |
|--------------------------------------|-----------|---------------|
| | Kshs | Kshs |
| Loan Repayments | 0 | 42,852 |
| Income from Sale of Tender Documents | - | - |
| Bad debts recovered | - | - |
| Miscellaneous Income | - | - |
| Total Other Income | 0 | 42,852 |

(NB: All income should be classified as far as possible in the relevant classes and other income should be used to recognise income not elsewhere classified. Disclose write backs if any or recoveries from write offs).

6. Employee Costs

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

7. Use of Goods and Services

| Description | 2023-2024 | 2022-2023 |
|-----------------------------|-----------|-----------|
| | Kshs. | Kshs. |
| General Office Expenses | - | - |
| Loan Processing Costs | - | - |
| Professional Services Costs | - | - |
| Administration Fees | - | - |
| Committee Allowances | - | - |

**Kericho County Enterprise Fund
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| Description | 2023-2024 | 2022-2023 |
|--------------------------------------|--------------|--------------|
| | Kshs. | Kshs. |
| Bank Charges | 1,200 | 3,360 |
| Electricity And Water Expenses | - | - |
| Fuel And Oil Costs | - | - |
| Insurance Costs | - | - |
| PostageAnd Courier | - | - |
| Printing And Stationery | - | - |
| Rental Costs | - | - |
| Security Costs | - | - |
| Telephone And Communication Expenses | - | - |
| Bank Charges | - | - |
| Audit Fees | - | - |
| Provision For Doubtful Debts | - | - |
| Other (<i>Specify</i>) | - | - |
| Social benefit expenses* | - | - |
| Total | 1,200 | 3,360 |

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

8. Depreciation and Amortization Expense

| Description | 2023-2024 | 2022-2023 |
|------------------------------|-----------|-----------|
| | Kshs. | Kshs. |
| Property Plant and Equipment | - | - |
| Intangible Assets | - | - |
| Total | - | - |

9. Finance costs

| Description | 2023-2024 | 2022-2023 |
|------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Interest OnBankOverdrafts | - | - |
| Interest On Loans From Banks | - | - |
| Total | - | - |

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10. Gain/(loss) on disposal of assets

| Description | 2023-2024 | 2022-2023 |
|-------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Property, Plant and Equipment | - | - |
| Intangible Assets | - | - |
| Total | - | - |

11. Gain/ (loss) on Fair Value Investments

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

12. Cash and cash equivalents

| Description | 2023-2024 | 2022-2023 |
|--|-------------------|-------------------|
| | Kshs | Kshs |
| | | |
| | | |
| | | |
| | | |
| Kericho county Enterprise Fund | 12,828,823 | 12,335,773 |
| Others (<i>Specify</i>) | - | - |
| Total Cash And Cash Equivalents | 12,828,823 | 12,335,773 |

**Kericho County Enterprise Fund
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Notes to the Financial Statements Continued

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

| Financial Institution | Account number | 2023-2024 | 2022-2023 |
|----------------------------------|----------------|-------------------|-------------------|
| | | Kshs | Kshs |
| a) Fixed Deposits Account | | | |
| Kenya Commercial Bank | | - | - |
| Equity Bank, Etc. | | - | - |
| Sub- Total | | - | - |
| b) On - Call Deposits | | | |
| Kenya Commercial Bank | | - | - |
| Equity Bank - Etc. | | - | - |
| Sub- Total | | - | - |
| c) Current Account | | | |
| Access Bank | 0100130000002 | 12,661,016 | 12,166,766 |
| Access Bank | 0100130000032 | 167,807 | 169,007 |
| Sub- Total | | 12,828,823 | 12,335,773 |
| Grand Total | | 12,828,823 | 12,335,773 |

13. Receivables from exchange transactions

| Description | 2023-2024 | 2022-2023 |
|--|-------------------|-------------------|
| | Kshs | Kshs |
| Current Receivables | | |
| Interest Receivable | - | - |
| Current Loan Repayments Due | 75,799,464 | 76,293,714 |
| OtherExchangeDebtors | - | - |
| Less:ImpairmentAllowance | - | - |
| Total Current Receivables | - | - |
| Non-Current Receivables | | |
| Long Term Loan Repayments Due | | |
| Total Non- Current Receivables | 0 | 0 |
| TotalReceivables From Exchange Transactions | 75,799,464 | 76,293,714 |

Notes to the Financial Statements Continued

Additional disclosure on interest receivable

Kericho County Enterprise Fund
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 For the year ended 30th June, 2024

Notes To The Financial Statements (Continued)

14. Property, plant and equipment

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

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Notes To The Financial Statements (Continued)

15. Intangible assets

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

16. Investment Property

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

(For investment property held at fair value, changes in fair value should go through the statement of financial performance. Where cost model is elected, depreciation and impairment should not be charged. Investment measured at fair value should be evaluated at the end of the reporting period for changes in fair value.). Entity should disclose the independent valuers, rental income from the investment property if any and the direct costs attributed to the investment property. Any charges on the investment property as well as any difficulty in classifying this asset as an investment property.

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Notes To The Financial Statements (Continued)

17. Trade and other payables from exchange transactions

| Description | 2023-2024 | | 2022-2023 | |
|--|-----------|----------------|-----------|----------------|
| | Kshs | | Kshs | |
| Trade Payables | - | | - | |
| Refundable Deposits | - | | - | |
| Accrued Expenses | - | | - | |
| Other Payables | - | | - | |
| Total Trade and Other Payables | - | | - | |
| | | | | |
| Ageing analysis (Trade and other payables) | 2024 | % of the Total | 2022 | % of the Total |
| Under one year | - | % | - | % |
| 1-2 years | - | % | - | % |
| 2-3 years | - | % | - | % |
| Over 3 years | - | % | - | % |
| Total (tie to above total) | - | | - | |

(NB: Amount under deposits and retentions should tie to cash held in deposit account)

18. Provisions

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

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Notes To The Financial Statements (Continued)

19. Borrowings

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

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

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

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

| Description | 2023-2024 | 2022-2023 |
|---|-----------|-----------|
| | Kshs | Kshs |
| Short Term Borrowings (Current Portion) | - | - |
| Long Term Borrowings | - | - |
| Total | - | - |

(NB: the total of this statement should tie to note 22 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature

**Kericho County Enterprise Fund
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of borrowings, security and interest rates should be disclosed). Borrowings should be measured at amortised cost as per IPSAS 41)

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Notes To The Financial Statements (Continued)

20. Employee benefit obligations

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

21. Social Benefit Liabilities

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

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42. They are incurred to mitigate against a certain social risk e.g poverty, age, unemployment among others.

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Notes To The Financial Statements (Continued)

22. Cash generated from operations

| Description | 2023-2024 | 2022-2023 |
|---|-----------|-----------|
| | Kshs | Kshs |
| Surplus/ (Deficit) For the Year Before Tax | - | - |
| Adjusted For: | | |
| Depreciation | - | - |
| Amortisation | - | - |
| Gains/ LossesOnDisposalOfAssets | - | - |
| Interest Income | - | - |
| Finance Cost | - | - |
| Working Capital Adjustments | | |
| IncreaseInInventory | - | - |
| IncreaseInReceivables | - | - |
| IncreaseInPayables | - | - |
| Net Cash Flow From Operating Activities | - | - |

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

[Type text]

Notes to The Financial Statements (Continued)

23. 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 | 2023-2024 | 2022-2023 |
|---------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Transfers From Related Parties' | - | - |
| Transfers To Related Parties | - | - |

c) Key management remuneration

| Description | 2023-2024 | 2022-2023 |
|-----------------------------|-----------|-----------|
| | Kshs | Kshs |
| Board Of Trustees | - | - |
| Key Management Compensation | - | - |
| Total | - | - |

d) Due from related parties

| Description | 2023-2024 | 2022-2023 |
|----------------------------|-----------|-----------|
| | Kshs | Kshs |
| Due From Parent Ministry | - | - |
| Due From County Government | - | - |
| Total | - | - |

[Type text]

Other Disclosures Continued

e) Due to related parties

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

24. Contingent assets and contingent liabilities

| Contingent Liabilities | 2023-2024 | 2022-2023 |
|-------------------------------|------------------|------------------|
| | Kshs | Kshs |
| Court Case - Against the Fund | - | - |
| Bank Guarantees | - | - |
| Total | - | - |

[Type text]

Notes To The Financial Statements (Continued)

25. Financial risk management

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

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

a) Credit risk

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

| Description | Total amount Kshs | Fully performing Kshs | Past due Kshs | Impaired Kshs |
|--|----------------------|--------------------------|------------------|------------------|
| At 30 June 2024 | | | | |
| Receivables From Exchange Transactions | - | - | - | - |
| Receivables From Non-Exchange Transactions | - | - | - | - |
| Bank Balances | - | - | - | - |
| Total | - | - | - | - |
| At 30 June 2023 | | | | |
| Receivables From Exchange Transactions | - | - | - | - |
| Receivables From Non-Exchange Transactions | - | - | - | - |
| Bank Balances | - | - | - | - |
| Total | - | - | - | - |

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

[Type text]

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-x

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

b) Liquidity risk management

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

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

| Description | Less than 1 month | Between 1-3 months | Over 5 months | Total |
|------------------------------------|-------------------|--------------------|---------------|-------|
| | Kshs | Kshs | Kshs | Kshs |
| At 30 June 2024 | | | | |
| Trade Payables | - | - | - | - |
| Current Portion Of Borrowings | - | - | - | - |
| Provisions | - | - | - | - |
| <i>Employee Benefit Obligation</i> | - | - | - | - |
| Total | | | | |
| At 30 June 2023 | | | | |
| Trade Payables | - | - | - | - |
| Current Portion Of Borrowings | - | - | - | - |
| Provisions | - | - | - | - |
| Employee Benefit Obligation | - | - | - | - |
| Total | - | - | - | - |

[Type text]

Notes To The Financial Statements (Continued)

c) Market risk

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

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

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

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

i. Foreign currency risk

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

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

| Description | | Other currencies | Total |
|---|------|------------------|-------|
| | Kshs | Kshs | Kshs |
| At 30 June, 2024 | | | |
| Financial Assets | - | - | - |
| Investments | - | - | - |
| Cash | - | - | - |
| Debtors/ Receivables | - | - | - |
| Liabilities | - | - | - |
| Trade And Other Payables | - | - | - |
| Borrowings | - | - | - |
| Net Foreign Currency Asset/(Liability) | - | - | - |

The Fund manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

[Type text]

Notes To The Financial Statements (Continued)

Foreign currency sensitivity analysis

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

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

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

[Type text]

Notes To The Financial Statements (Continued)

d) Capital risk management.

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

| Description | 2023-2024 | 2022-2023 |
|---|-----------|-----------|
| | Kshs | Kshs |
| Revaluation reserve | - | - |
| Revolving fund | - | - |
| Accumulated surplus | - | - |
| Total funds | - | - |
| | - | - |
| Total borrowings | - | - |
| Less: cash and bank balances | - | - |
| Net debt/(excess cash and cash equivalents) | - | - |
| Gearing | - | - |

26. Events after the reporting period

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

27. Ultimate and Holding Entity

The entity is a County Public Fund established by –Kericho County Enterprise Fund Act 2014 under the Ministry of .Tradeits ultimate parent is the County Government of Kericho.

28. Currency

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

[Type text]

29. Prior Year Adjustments

| Prior Year Adjustments | Balance b/f from Previous FY as per audited financial statements | Adjustments <i>during the</i> year relating to prior periods | Adjusted <i>Balance b/f</i> For previous FY |
|-------------------------------|---|---|--|
| Description of the Error | Kshs. | Kshs. | Kshs. |
| Accumulated Surplus | 1,788,431 | 158,944 | 1,629,487 |
| Total | 1,788,431 | 158,944 | 1,629,487 |

[Type text]

19 Annexes

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

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

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|---|--|----------------------------|--|---|
| 1 | Long receivables | Recovery strategies | Not resolved | 2yrs |



Fund Accounting Officer

Date 30.9.2024