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THE AUDITOR-GENERAL

ON

**BOMET COUNTY (STATE AND PUBLIC
OFFICERS) CAR LOAN AND MORTGAGE
SCHEME FUND**

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



**BOMET COUNTY (STATE AND PUBLIC OFFICERS) CAR LOAN AND
MORTGAGE SCHEME FUND**

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

**Bomet County (State and Public Officers) Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

**Bomet County (State and Public Officers) Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

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1. ACRONYMS AND GLOSSARY OF TERMS

a) Acronyms

CPA (K)	Certified Public Accountants, Kenya
CS (K)	Certified Secretary, Kenya
CSR	Corporate Social Responsibility
ICPAK	Institute of Certified Public Accountants of Kenya
IHRM	Institute of Human Resource Management
IPSAS	International Public Sector Accounting Standards
NTSA	National Transport and Safety Authority
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings
SRC	Salaries and Remuneration Commission

b) Glossary of Terms

Applicant - a state or public officer in the Bomet County Public Service

Committee - Car Loans and Mortgages Management Committee established under regulation

Borrower - a person in receipt of a loan facility out of the fund

Financial Year - period of twelve months ending on the 30th June in each year

Fund - Bomet County (State and Public Officers) Car Loan and Mortgage Scheme Fund

Fiduciary Management - The key management personnel who had financial responsibility

Officer administering the fund - the officer designated by the County Executive Member for Finance under the regulations to manage the Fund

2. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

Bomet County Government Car Loan and Mortgage Fund is established by and derives its authority and accountability from Section 116 of Public Finance Management Act, 2012. The Fund is fully owned by the County Government of Bomet and based in Kenya.

The Fund became operational in July 2018, following the gazettelement of Bomet County (State and Public Officers) Car Loan and Mortgage Scheme Fund Regulations, 2018, which have been amended through consolidation of Car Loan and Mortgage to Bomet County (State and Public Officers) Car Loan and Mortgage Scheme Fund Regulations, 2023.

The fund's objective is to provide financial assistance to provide loan scheme for the purchase of vehicles, purchase and/or development or renovation or repair of property by members of the scheme. The Fund's core function is to disburse loans to legible members.

b) Principal Activities

The principal activity/mandate of the Fund is to provide car loans and mortgage to members (State and Public Officers).

c) Fund Administration Committee

Ref	Name	Position
1	Erick Chepkwony	Chairperson
2	John Mark Langat	V. Chairperson
3	Simon Sang	Member
4	Kipngetich Towett	Member
5	Kipkorir Mutai	Member
6	Charles Koech	Fund Administrator

**Bomet County (State and Public Officers) Car Loan and Mortgage Scheme Fund
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d) Key Management

Ref	Name	Position
1	Erick Chepkwony	Chairperson
2	John Mark Langat	V. Chairperson
3	Simon Sang	Member
4	Kipngetich Towett	Member
5	Kipkorir Mutai	Member
6	Charles Koech	Fund Administrator

e) Fiduciary Oversight Arrangements

The key fiduciary bodies at the County for the year ended 30th June, 2024 were:

1. Bomet County Car Loan and Mortgage Scheme Fund Management Committee
2. Bomet County Executive
3. Directorate of Internal Audit
4. County Assembly of Bomet Public Accounts/Investments Committee and
5. County Assembly of Bomet Budget and Appropriations Committee

f) Registered Offices/Fund Headquarters

P.O. Box 19 – 20400
Bomet, Kenya
Off Narok Sotik Highway

g) Fund Contacts

Telephone: (+254) 0202084070
E-mail: clmf@bomet.go.ke
Website: www.bomet.go.ke

h) Fund Banker

Equity Bank-Bomet Branch
A/C No:1220277299764

i) Independent Auditors

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

**Bomet County (State and Public Officers) Car Loan and Mortgage Scheme Fund
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j) Principal Legal Advisor

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

k) County Attorney

The County Attorney
County Government of Bomet
Office of the Governor
P.O. Box 19-20400
Bomet

**Bomet County (State and Public Officers) Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

3. THE FUND ADMINISTRATION AND MANAGEMENT TEAM

During the Financial Year Ending 30th June, 2024, the fund was administered by the following committee members:

Name	Details of Qualifications and Experience
<p>CPA Erick Chepkwony</p> 	<p>Mr. Chepkwony is 36 years old and currently the Chief Officer, Finance. He has master's in Business Administration (Accounting), Bachelor of Commerce (Accounting) and CPA (K) Holder. He has over 10 years working experience most of which in different capacities. He is the Fund's Chairperson.</p>
<p>Mr. John Mark Langat</p> 	<p>Mr. Langat is the County Attorney and is 51 years old. He holds Bachelor's Degree in Law (LLB) from Nairobi University and Diploma in Law from Kenya School of Law (KSL). He was admitted as Advocate for High Court in 1998 and He has over 20 years litigation experience. He is the vice chairperson of the fund.</p>
<p>Mr. Simon Sang</p> 	<p>Mr. Sang is 42 years old and is the Director Human Resource Management at the County. He has Bachelors and Higher Diploma in HRM with over 13 years working experience. He is a Member of IHRM with practicing certificate. He serves as a member of the Fund</p>
<p>Mr. Kipkorir Mutai</p> 	<p>Mr. Mutai was born in 1980 and is serving as the County Fleet/Transport Manager. He has over 15 years working experience. He holds Bachelors in Automotive Engineering and Masters in Strategic Management. He serves as a member of the Fund</p>
<p>Mr. Kipngetich Towett</p> 	<p>Mr. Towett is 44 years old and serves as the Ag. CEO County Public Service Board. He has over 15 years working experience. He holds Master's Degree in Education (Guidance and Counselling), Bachelor of Education (Arts), Post Graduate Diploma in Management (Public Relation) and CPS (K). He serves as a member of the Fund</p>
<p>Mr. Charles Cheruiyot Koech</p> 	<p>Mr. Koech is 42 years old and is the Director ICT at the County. He has Masters in IT, Bachelor's Degree in Computer Science, Post Graduate Diploma in Project Management and Senior Management Course (SMC). Koech has over 15 years working experience. He is the Fund Administrator and Secretary to the Fund.</p>

4. FUND CHAIRPERSON'S REPORT

I am pleased to present the Annual Report and Financial Statements for the year ending June 30, 2024, on behalf of the Bomet County Car Loan and Mortgage Scheme Management Committee.

Changes in the Fund Management during the year

The secondment term of the Director Human Resource Management lapsed towards the end of the Financial Year under review and thus there will be replacement in the subsequent financial years reporting.

Fund Performance

The Fund had balance brought forward from FY 2022/23 of Kshs.18,709,774.42. No additional amount was received from the exchequer during the financial year under review. During the year, Kshs. 13,800,000 and Kshs. 20,100,000 were disbursed as Car Loan and Mortgage respectively.

Strategy and Future outlook of the Fund

a) Strategy

During the past years, the Fund successfully supported both State Officers and Public Officers through its disbursements. Key beneficiaries included County Executive, Chief Officers, Public Officers and Medical Personnel, demonstrating the Fund's commitment to attracting, motivating, and retaining top talent in the public sector. Moving forward, the Fund will continue to focus on these objectives, ensuring equitable access to loans for both categories of officers.

b) Future Outlook

The Fund aims to enhance its impact by expanding its reach and increasing its financial support. Plans include:

- i. **Increased Budget Allocation** – The Fund will advocate for a larger budget to accommodate the growing interest from public officers and to enable more extensive support.
- ii. **Outreach and Communication** - Efforts will be made to improve awareness and accessibility of the Fund, ensuring all eligible officers are informed about the available opportunities.
- iii. **Evaluation and Improvement** - Regular assessments will be conducted to evaluate the Fund's effectiveness and to identify areas for improvement, ensuring that the Fund continues to serve its purpose efficiently.

**Bomet County (State and Public Officers) Car Loan and Mortgage Scheme Fund
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Conclusion

The committee administering the Fund is fully committed to maximizing stakeholder value and assisting the County in fulfilling Section 12 (7) of the County Governments Act, 2012. This commitment aligns with the Salaries and Remuneration Commission's objective of attracting, motivating, and retaining a qualified workforce. Overall, the Fund aims to reinforce its role in the public sector by providing continued and enhanced support to its members, thereby contributing to the effectiveness and stability of the public service.



.....
CPA Erick Chepkwony
Fund Chairperson

County Government of Bomet Car Loan and Mortgage Scheme Fund



Date: 27-9-2024

5. REPORT OF THE FUND ADMINISTRATOR

In compliance with the PFM Act (2012), the Bomet County Car Loan and Mortgage Scheme Fund Regulations (2023), and the SRC circular, the County Government of Bomet is pleased to present the report for the fiscal year 2023/24, covering the period from July 1, 2023, to June 30, 2024 for the Fund.

According to the Chairperson's report, the Car Loan and Mortgage Scheme Fund carried forward a balance of Kshs. 18,709,774.42 from the fiscal year 2022/23. During the financial year, the Fund did not receive any additional amount from the exchequer. For the period under review, total disbursements for both car and mortgage loans amounted to Kshs. 33,900,000. Principal repayments received totalled Kshs. 15,935,683, while interest payments amounted to Kshs. 2,108,432.

During the period, Kshs. 488,300 was incurred as administrative costs which included committee allowances paid as per SRC Circular dated 16th April, 2014 and Ministry of Devolution and Planning Circular dated 2nd August, 2013. A further Kshs. 7,365 were incurred as bank charges. The payable liability during the period is Kshs. 508,500 (Fringe benefit tax).

Overall, a total of sixty (60) staff have benefited leading to total disbursements to date of Kshs. 193,879,550 arising from loan disbursements in the Financial Years 2018/19, 2019/20, 2020/21, 2021/22, 2022/23 and 2023/24 amounting to Kshs. 45,153,791, Kshs. 11,300,000, Kshs. 21,263,324, Kshs. 26,700,000, Kshs. 55,562,435 and Kshs. 33,900,000 respectively.

During the period, the Fund faced challenges due to the migration of staff to the Integrated Payroll and Personnel Database (IPPD), which disrupted the remittance of deductions for certain beneficiaries. Furthermore, staff resignations and termination of secondments further complicated the consistency and timeliness of these remittances.

**Bomet County (State and Public Officers) Car Loan and Mortgage Scheme Fund
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In the Financial Year 2023/24, the Fund had proposed an allocation of Kshs. 50,000,000 which was however not approved given that the Fund had been allocated Kshs. 100,000,000 in the previous financial year (2022/23) though Kshs. 63,000,000 was actually released. The Fund will seek an increased budget to accommodate the rising interest from public officers and to provide more comprehensive support.

To minimize loan risks, the Fund's committee conducts thorough due diligence before approving any loans. For mortgage loans, all title deeds are secured as collateral. For car loans, the vehicle is registered jointly with the loan beneficiary to ensure protection. Additionally, the Scheme has secured insurance coverage for both the loans and the members, guarding against risks such as death or other unforeseen events.

Beyond these measures, the Fund employs several other strategies to mitigate loan risks. Comprehensive credit assessments are carried out to evaluate the financial stability and repayment capacity of loan applicants. The Fund also carry out regular monitoring of loan accounts to identify and address potential issues early. In the event of defaults, clear and efficient loan recovery procedures are in place to manage and recover outstanding amounts.

As a team, we are dedicated to enhancing public service each day while strictly adhering to the regulations governing the management of the Fund. Our focus is on future goals, including improving staff welfare, which will contribute to the growth and success of our County.

Signed: _____



Charles Koech
Fund Administrator
County Government of Bomet Car Loan and Mortgage Scheme Fund

6. STATEMENT OF PERFORMANCE AGAINST COUNTY ENTITY'S PREDETERMINED OBJECTIVES

Introduction

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

Strategic Development Objectives

The County's 2023-2027 County Integrated Development Plan (CIDP) has identified 82 key strategic priorities. Broadly, these objectives have been identified through a participatory process that reviewed the development priorities of the Governor's Manifesto, the National Government's Agenda and Sustainable Development Goals (SDGs) and the Medium-Term Framework (MTF) IV.

The strategic objectives are a synthesised product of the afore-mentioned planning frameworks that amalgamate the thematic focus and development aspirations in these policy frameworks.

The key objectives in Bomet County's 2023-2027 CIDP that are relevant to the Car Loan and Mortgage Scheme Fund are to:

- i. Attract, motivate and retain qualified workforce through provision of low interest car loan and mortgage
- ii. Ensure availability and sustainability of revolving car and mortgage loans

Progress on Attainment of Strategic Development Objectives

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable,

**Bomet County (State and Public Officers) Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

achievable, realistic and time-bound (SMART) and converted into development outcomes. Performance indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

CAR LOAN AND MORTGAGE SCHEME FUND

Fund/Scheme	Objectives	Outcome	Indicator	Performance
Car Loan and Mortgage Scheme Fund	<ul style="list-style-type: none"> To Attract, motivate and retain qualified workforce through provision of low interest car loan and mortgage To Ensure availability and sustainability of revolving car and mortgage loans 	Available and sustainable loan	No. of staff benefiting from the loan	In FY 23/24, thirteen (13) staff benefited from Car and Mortgage Loans

7. CORPORATE GOVERNANCE STATEMENT

The County Government of Bomet is committed to best practice and has adopted the Salaries and Remuneration Commission (SRC) guidelines and Principles in implementing the civil servants' car loans and mortgages schemes. These principles are used as a guide to best practice in dealing with these loans. The County Car Loan and Mortgage Scheme Fund wishes to report this corporate governance statement as part of its commitment to preserving stakeholder's confidence.

The County Government of Bomet first passed the regulations on 13th February 2018 which guided the implementation of the SRC recommendation on state officers and civil servant's car loans and mortgages. The regulations were amended in 27th June, 2023 in order to consolidate it into a single regulation covering both Car Loan and Mortgage, which were separate initially.

Committee Composition and Roles/Functions

Section 6 (1) of the Regulations established a loans management committee known as the Car and Mortgage Loan Management Committee. It is the only body mandated to oversee the implementation of the said schemes. Its membership consist of:-

- a) The Chief Officer responsible for Finance who is the chairperson.
- b) The Head of Human Resource Department
- c) The Head of legal services.
- d) Two members of staff appointed by the County Secretary
- e) The Fund Administrator (ex-officio) appointed by the County Executive Member for Finance

Section 6 (3) of the said regulations provides the loans management committee with mandate to consider when conducting and approving disbursements of loan applications presented by the fund administrator.

Oversight Role

The County Executive and Assembly provides direction with a focus on consistent operation of the fund in an atmosphere of transparency and accountability. It retains full control and monitors implementation of the plans and strategies.

In accordance with the principle of good governance, Members of the Committee are required to act in accordance with the highest standards of honesty and integrity as per Chapter Six of the Kenya Constitution 2010. They ensure ethical

behaviour and compliance with relevant laws and regulations, audit, and accounting principles, corporate policies, procedures and code of ethics.

Conflict of Interest

The committee is legally obligated to act with honesty and in the best interest of the institution. All transactions must be conducted at arm's length and fully disclosed. The committee is also required to foster diversity within the organization, considering age, gender, ethnicity, and cultural background in both committee members and employees. In fulfilling their responsibilities, members must ensure that no applicant is discriminated against based on these factors. A comprehensive mechanism is in place to monitor and manage any potential conflicts of interest at all levels.

Committee Meetings and Trainings

The meetings of the Committee are convened by the chairperson or in the absence of the chairperson; the vice-chair person or a member designated by the chairperson at such times as may be necessary for the discharge of the Committee's functions. The committee members are given appropriate and timely agenda for the meeting. During the Financial Year 2023/24, the Fund paid Kshs. 63,000 for three (3) meetings held. There was no training done during the Financial Year.

Existence of Service Charter

The Fund is guided by a comprehensive service charter designed to ensure continuous and sustainable quality improvements. This charter outlines the service standards expected by our internal and external customers, setting clear benchmarks for excellence. It provides detailed guidance on how customers can submit complaints and offer suggestions for enhancing our services, ensuring that we remain responsive to their needs and feedback. Additionally, the charter includes procedures for addressing and resolving complaints promptly, reinforcing our commitment to customer satisfaction and continuous improvement.

Succession Plan

The Fund's Administrator and the Head of Human Resources are Public Officers and thus there is continuity when new Fund Committee will be constituted as a result of change of government which might warrant change of fund committee composition.

Committee Allowances/Remuneration

Committee allowances are paid as per SRC Circular dated 16th April, 2014 and Ministry of Devolution and Planning Circular dated 2nd August, 2013

**Bomet County (State and Public Officers) Car Loan and Mortgage Scheme Fund
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Ethics, Conduct and Governance Audit

Committee members at all time adheres to high ethical standards, ensuring transparency, fairness, and avoiding conflicts of interest in the Fund. Governance Audit are also implemented to ensure the Fund’s compliance with regulations and internal policies, focusing on transparency, accuracy, and operational efficiency. These audits help identify risks and improve overall governance.

8. MANAGEMENT DISCUSSION AND ANALYSIS

The fund was established by the Salaries and Remuneration Commission (SRC) Circular Ref. No. SRC/ADM/CIR/1/13 Vol. III (128) dated 17th December 2014 with aim of enabling public service attract, motivate and retain the best skills in line with the Article 230(5) of the Kenya Constitution. The same was operationalized by the County Government of Bomet in the year 2018 after the passing of the guiding regulations, which were reviewed and published on 27th June, 2023.

Though the schemes have had a positive impact to the welfare of the civil servants, the committee has faced numerous challenges during its implementation. These includes;

a) Overcommitted pay-slips

Since the loan schemes were introduced six years ago, some civil servants had already taken out loans from various commercial banks before the scheme's establishment. As a result, these employees are left with limited income that cannot be further committed without violating the mandatory one-third rule of their basic salary. This situation has prevented many from applying for car loans or mortgages.

b) Title Deeds used as security registered in the name of applicant's parents

The regulations of the Fund direct that all mortgage loans disbursed must be fully secured with Title Deed either registered under applicant's name or a spouse. This poses a serious legal challenge if consent to charge is not acquired from the other beneficiaries of the said Title Deed.

9. ENVIROMENTAL AND SUSTAINABILITY REPORTING

The Scheme did not undertake any Corporate Social Responsibility (CSR) during the year but will consider in subsequent financial years. The Fund intends to use part of savings from administration fees to carry out CSR in future.

**Bomet County (State and Public Officers) Car Loan and Mortgage Scheme Fund
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10. REPORT OF THE FUND ADMINISTRATION 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 activity of the Fund is to provide car loans and mortgage to members (State and Public Officers) with the aim of attraction, motivation and retention of the best skills in the public service in line with the Article 230(5) of the Kenya Constitution (2010)

Results

The results of the Fund for the year ended June 30, 2024 are set out on page 1 to 6


Fund Committee

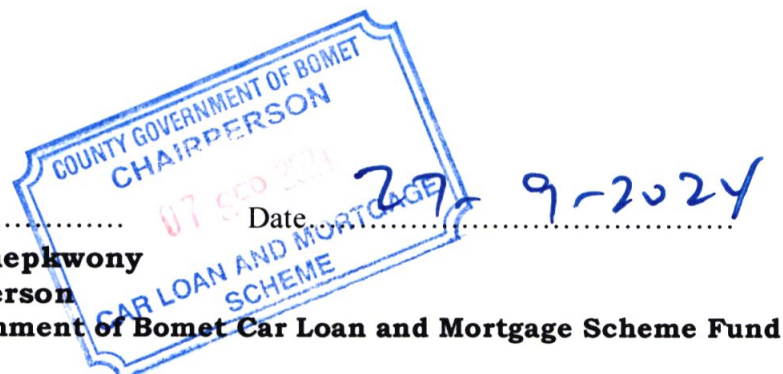
The members of the Fund Committee who served during the year are shown on page vi.

Auditors

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Fund Committee


.....
CPA Erick Chepkwony
Fund Chairperson
County Government of Bomet Car Loan and Mortgage Scheme Fund


Date: 29 9-2024

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 Bomet County Car Loan & Mortgage (State and Public Officers) Scheme Fund Regulations, 2023 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 Bomet County Car Loan & Mortgage (State and Public Officers) Scheme Fund Regulations, 2023. 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.

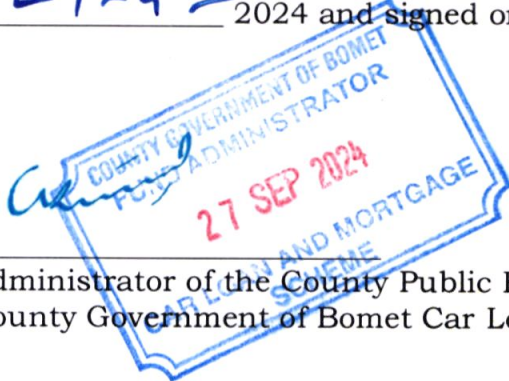
In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

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.

**Bomet County (State and Public Officers) Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Approval of the financial statements

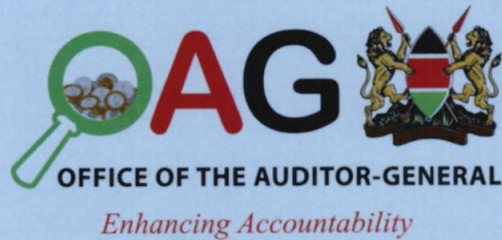
The Fund's financial statements were approved by the Fund Committee on 27-9 2024 and signed on its behalf by:



Administrator of the County Public Fund
County Government of Bomet Car Loan and Mortgage Scheme 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 BOMET COUNTY (STATE AND PUBLIC OFFICERS) CAR LOAN AND MORTGAGE SCHEME 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 aim to address the Auditor-General's statutory roles and responsibilities 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 Bomet County (State and Public Officers) Car Loan and Mortgage Scheme Fund set out on pages 1 to 41 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 Bomet County (State and Public Officers) Car Loan and Mortgage Scheme 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 Public Finance Management ((Bomet County (State and Public Officers) Car loan and Mortgage Scheme Fund)) Regulations, 2023 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracy of Fund Administration Costs

The statement of financial performance reflects Fund administration costs amounting to Kshs.996,800. The amount includes other fringe benefit tax totalling Kshs.508,500 as disclosed in Note 7 to the financial statements. However, the other fringe benefit tax is not an expenditure in nature but a tax levied on loan beneficiaries.

Further, the Fund administration costs do not include bank charges totalling Kshs.7,365 which has been disclosed as a finance cost.

In the circumstances, the accuracy and completeness of Fund administration costs amounting to Kshs.996,800 could not be confirmed.

2. Inaccuracy of Current Portion of Short-Term Receivables from Exchange Transactions

The statement of financial position reflects current portion of short-term receivables from exchange transactions totalling Kshs.45,584,182. However, the amount differs with the total current receivables amounting to Kshs.35,852,556 as disclosed in Note 14 to the financial statements resulting in unexplained variance of Kshs.9,731,626.

In the circumstances, the accuracy and completeness of current portion of short-term receivables from exchange transactions totalling Kshs.45,584,182 could not be confirmed.

3. Inaccuracy of Trade and Other Payables from Exchange Transactions

The statement of financial position reflects trade and other payables from exchange transactions totalling Kshs.1,342,885. However, the amount differs with trade and other payables from exchange transactions amounting to Kshs.508,500 reflected in Note 20 to the financial statements resulting in unexplained variance of Kshs.834,385.

In the circumstances, the accuracy and completeness of trade and other payables from exchange transactions totalling Kshs.1,342,885 could not be confirmed.

4. Inaccuracy of Net Cash Flows from Operating Activities

The statement of cash flows reflects net cash flows from operating activities amounting to Kshs.1,612,767. The amount includes working capital adjustment amounting to Kshs.146,123 in respect of increase in payables as disclosed in Note 24 to the financial statements. However, the increase in payables differs with the recomputed increase in payables amounting to Kshs.508,500 resulting in unexplained variance of Kshs.362,377

Further, the statement reflects net cash flows used in investing activities amounting to Kshs.17,964,317. However, the amount differs with the recomputed increase in receivables reflected in Note 14 to the financial statements amounting to Kshs.9,287,313 resulting in unexplained variance of Kshs.8,677,004.

In the circumstance, the accuracy and completeness of statement of cash flows could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Bomet County (State and Public Officers) Car loan and Mortgage Scheme 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 opinion.

Emphasis of Matter

The statement of comparison of budget and actual amounts reflects final total income budget and actual on comparable basis amounting to Kshs.3,000,000 and Kshs.2,763,055 respectively, resulting to underfunding of Kshs.236,945 or seven percent (7%) of budget. Further, the statement reflects total expenditure actual on comparable basis amounting to Kshs.1,004,165 resulting to under expenditure of Kshs.1,995,835 or sixty seven percent (67%) of budget.

In addition, the statement reflects total expenditure performance difference amounting to Kshs.3,835 which differs with the recomputed total expenditure performance difference amounting to of Kshs.1,995,835 resulting unexplained variance of Kshs.1,992,000

The underfunding and under expenditure affected the planned activities and may have impacted negatively on the delivery of services to the State and Public Officers of Bomet County Executive and Bomet County Public Service Board.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Prior Year Audit Matters

In the audit reports of the previous year, nine (9) issues were raised under the Report on Financial Statements, Emphasis of Matter, Other Matter, and Report on Lawfulness and Effectiveness in use of Public Resources. Management indicate that the issues have been resolved. However, no documentary evidence in support the issues have been resolved.

Other Information

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

In connection with my audit on the Fund'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 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. Failure to Recover Loans Advanced

The statement of financial position reflects current portion of short-term receivables from exchange transactions totalling Kshs.45,584,182. The amount includes current portion of short-term loans from previous years amounting to Kshs.15,739,542 as disclosed in Note 14 to the financial statements which have not been recovered. This was contrary to Regulation 25 (2) of Bomet County (State and Public Officers) Car Loan and Mortgage Scheme Fund Regulation, 2023 which states that a loan advanced under these Regulations shall be repaid through a check off system and Regulation 26 (1) of Bomet County (State and Public Officers) Car Loan and Mortgage Scheme Fund Regulation, 2023 which states that a loan advanced to a member staff under these Regulations shall be repaid on a monthly instalment plus interest within a maximum period determined by the Committee prescribed by applicable Salaries and Remunerations Commission.

Further, no provisions have been made for bad and doubtful debts contrary to accounting policy of recognizing trad and other receivables at fair value less allowances for any uncollectable amounts.

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

2. Irregular Internal Borrowing

The statement of financial position reflects long term receivables from exchange transactions totalling Kshs.68,618,844. The amount includes other exchange debtors-internal borrowing amounting to Kshs.400,000 as disclosed in Note 14 to the financial statements. Review of records revealed that the other exchange debtors-internal borrowing related to borrowing by the County Executive which had not been repaid. This was contrary to Regulation 4 of Bomet County (State and Public Officers) Car Loan and Mortgage Scheme Fund Regulation, 2023 which states that the object and purpose of the Fund is to enable Car loan and Mortgage to be advanced to Members of the Bomet County Executive, Bomet County Public Service Board and Members of staff of the County Executive.

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

3. Fringe Benefit Tax- KRA

The statement of financial position reflects trade and other payables from exchange transactions amounting to Kshs.1,342,885. Review of records revealed that the amount relates to fringe benefit tax which had not been remitted to Kenya Revenue Authority (KRA) as at 30 June,2024. This was contrary to Section 12B of the Income tax Act Cap 470 laws of Kenya which states that, a tax to be known as fringe benefit tax shall be payable in respect of a loan provided at an interest rate lower than the market interest rate to an individual who is a director or an employee by virtue of his employment or employment of the person to whom is relate. Fringe benefit tax is payable by an employer on or before the tenth day of the following month.

In the circumstance, Management was in breach of law.

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

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

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, 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 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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 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 ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


27 December, 2024

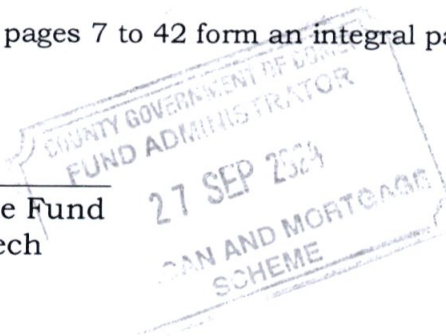
**Bomet County (State and Public Officers) Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**


13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE, 2024

Description	Note	2023/2024	2022/2023
		Kshs	Kshs
Revenue from Non-Exchange Transactions			
Public Contributions and Donations	1	-	-
Transfers from the County Government	2	-	-
Fines, Penalties and Other Levies	3	-	-
Revenue from Exchange Transactions			
Interest Income	4	2,763,055	1,270,957
Other Income	5		-
Total Revenue		2,763,055	1,270,957
Expenses			
Employee Costs	6	-	-
Fund Administration Costs	7	996,800	341,400
General Expenses	8	0	289,083
Depreciation and Amortization Expense	9	0	0
Finance Costs	10	7,365	3,480
Total Expenses		1,004,165	633,963
Other Gains/Losses			
Gain/Loss on Disposal of Assets	11		-
Surplus/(Deficit) For the Period		1,758,890	636,994

The notes set out on pages 7 to 42 form an integral part of these Financial Statements


Administrator of the Fund
Name: Charles Koech




Fund Accountant
Name: Gilbert Langat
ICPAK Member Number: 21599


**Bomet County (State and Public Officers) Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE, 2024

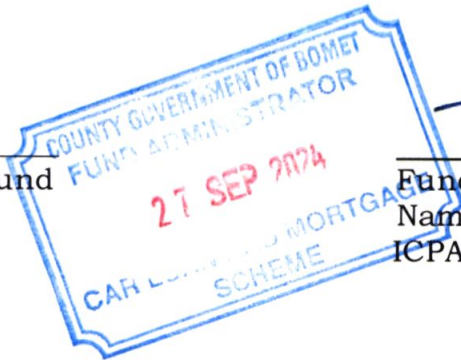
	Note	2023/2024	2022/2023
		KShs	KShs
Assets			
Current assets			
Cash and cash equivalents	13	1,958,225	18,709,774
Current portion of short-term receivables from exchange transactions	14	45,584,182	27,862,900
Prepayments	15	-	-
Inventories	16	-	-
Non-current assets			
Property, plant and equipment	18	-	-
Intangible assets	19	-	-
Long term receivables from exchange transactions	14	68,618,844	67,321,187
Total assets		116,161,251	113,893,861
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	20	1,342,885	834,385
Provisions	21	-	-
Current portion of borrowings	22	-	-
Employee benefit obligations	23	-	-
Non-current liabilities			
Non-current employee benefit obligation	20	-	-
Long term portion of borrowings	22	-	-
Total liabilities		1,342,885	834,385
Net assets		114,818,366	113,059,476
Revolving Fund		112,903,909	112,903,909
Reserves		-	-
Accumulated surplus		1,914,457	155,567
Total net assets and liabilities		114,818,366	113,059,476

**Bomet County (State and Public Officers) Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

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 27-9 2024 and signed by:



Administrator of the Fund
Name: Charles Koech



Fund Accountant
Name: Gilbert Langat
ICPAK Member Number: 21599

**Bomet County (State and Public Officers) Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

15. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE, 2024

	Revolving Fund	Revaluati on Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
Balance as at 1st July 2022	49,903,909		(481,427)	49,422,482
Surplus/(deficit)for the period			636,994	636,994
Funds received during the year	63,000,000		-	63,000,000
Revaluation gain			-	-
Balance as at 30th June 2023	112,903,909		155,567	113,059,476
Balance as at 1st July 2023	112,903,909		155,567	113,059,476
Surplus/(deficit)for the period			1,758,890	1,758,890
Funds received during the year	0		-	0
Revaluation gain			-	-
Balance as at 30th June 2024	112,903,909		1,914,457	114,818,366

**Bomet County (State and Public Officers) Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE, 2024

	Note	2023/2024	2022/2023
		KShs	KShs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the County Government		-	-
Interest received		2,108,432	1,174,532
Receipts from other operating activities		-	-
Total Receipts		2,108,432	1,174,532
Payments			
Fund administration expenses	7	996,800	341,400
Less: Fringe Benefit Tax	7	(508,500)	
General expenses	8	0	289,083
Finance cost	10	7,365	3,480
Total Payments		495,665	633,963
Net cash flows from operating activities	24	1,612,767	540,569
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		-	-
Proceeds from sale of property, plant and equipment		-	-
Proceeds from loan principal repayments		15,935,683	13,605,764
Loan disbursements paid out		(33,900,000)	(55,562,435)
Net cash flows used in investing activities		(17,964,317)	(41,956,671)
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	63,000,000
Additional borrowings		-	-
Internal Borrowing – Finance		(400,000)	(3,150,000)
Net cash flows used in financing activities		(16,751,550)	59,850,000
Net increase/(decrease)in cash and cash equivalents			
Cash and cash equivalents at 1 st July 2023	13	18,709,774	275,876
Cash and cash equivalents at 30 June, 2024	13	1,958,224	18,709,774

Out of the accrued income of Kshs. 2,763,055 (Note 4), Kshs. 2,108,432 was received during the Financial Year

17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE, 2024

	Original Budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	2023	2023	2023	2023	2023	2023
	KShs	KShs	KShs	KShs	KShs	
Revenue						
Public contributions and donations	-	-	-	-	-	-
Transfers from County Govt.	50,000,000	(50,000,000)	0	-	-	
Interest income	3,000,000	0	3,000,000	2,763,055	236,945	92%
Other income	-	-	-	-	-	-
Total income	53,000,000	(50,000,000)	3,000,000	2,763,055	236,945	
Expenses						
Fund administration expenses	1,000,000	-	1,000,000	996,800	3,200	99.6%
Staff costs	-	-	-	0	0	-
General expenses	1,992,000		1,992,000	0	-1,992,000	-
Finance cost	8,000	-	8,000	7,365	635	92%
Disbursements	50,000,000	(50,000,000)	-	0	0	-
Total expenditure	53,000,000	(50,000,000)	3,000,000	1,004,165	3,835	
Surplus for the period	-	-	-	1,758,890	-1758,890	

Budget Notes:

Transfers from County Government - The Fund had proposed a budget of Kshs. 50M which was declined at the Budget Approval stage

18. NOTES TO THE FINANCIAL STATEMENT

Significant Accounting Policies

1. General Information

Bomet County Government Car Loan and Mortgage Scheme Fund is established by and derives its authority and accountability from Section 116 of Public Finance Management Act, 2012. The entity is wholly owned by the Bomet County Government and is domiciled in Kenya. The Fund is operationalized under the revised Public Finance Bomet County (State and Public Officers) Car Loan and Mortgage Scheme Fund Regulations, 2023. The Fund began advancing car loans and mortgage to members of the County Executive in July 2018.

The fund's objective is to provide financial assistance to provide loan scheme for the purchase of vehicles, purchase and/or development or renovation or repair of property by members of the scheme. The Fund's principal activity is to disburse loans to members.

2. Statement of compliance and basis of preparation

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

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

3. Adoption of new and revised standards

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

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

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

4.

**Bomet County Government Car Loan & Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Standard	Effective Date and Impact:
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>Impact:</p> <p>There will be no impact of the amendment to IPSAS 43 with respect to the financial report</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p>Impact:</p> <p>There will be no impact of the amendment to IPSAS 44 to the financial reporting since the Fund is not handling any tangible assets.</p>
IPSAS 45- Property Plant and Equipment	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p>Impact:</p> <p>There will be no impact of the amendment to IPSAS 45 on property plant and equipment to the financial reporting</p>

**Bomet County Government Car Loan & Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

<p>IPSAS 46 Measurement</p>	<p>Applicable 1st January 2025 The objective of this standard is to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value. Impact: The Fund foresees no impact of the amendment of IPSAS 46 on the financial reporting</p>
<p>IPSAS 47- Revenue</p>	<p>Applicable 1st January 2026 This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions. Impact: There will be no impact of the amendment to IPSAS 47 with respect to the current financial reporting</p>
<p>IPSAS 48- Transfer Expenses</p>	<p>Applicable 1st January 2026 The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers. Impact: There will be no impact of the amendment to IPSAS 48 with respect to the current financial reporting</p>
<p>IPSAS 49- Retirement Benefit Plans</p>	<p>Applicable 1st January 2026 The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>

Bomet County Government Car Loan & Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

	<p>Impact:</p> <p>There will be no impact of the amendment to IPSAS 49 on Retirement Benefit Plans with respect to the current financial reporting since the Fund is not handling employee's retirement</p>
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(iii) Early adoption of standards

The entity did not early – adopt any new or amended standards in year ending June 30, 2024.

4. Summary of Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

b. Budget information

The proposed original budget for FY 2023/2024 was approved by the County Assembly on June 2023, where the Fund was not allocated any amount. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund did not record any additional appropriations on the FY 2023/24 budget following the governing body's approval

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

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts

Summary of Significant Accounting Policies (Continued)

and the actuals as per the statement of financial performance has been presented under section 17 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 fair value.

d. Intangible assets

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

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

e. Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 3-year period or 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 Fund'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 cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

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

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.

Summary of 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.

a) 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.

b) 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.

c) 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

Summary of Significant Accounting Policies (Continued)

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.

d) 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.

e) 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.

f) Nature and purpose of reserves

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

g) 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.

h) 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.

Summary of Significant Accounting Policies (Continued)

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.

i) 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.

j) 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.

k) 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.

l) Cash and cash equivalents

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

m) 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.

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. 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. The provision for bad debts were not applied in the financial report.

6. Notes to the Financial Statements Continued

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	-	-
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	1,861,205	638,502
Interest Income from Car Loans	901,850	632,455
	2,763,055	1,270,957

Out of accrued interest income of Kshs. 2,763,055, a total of Kshs. 2,108,432 was received during the year which consisted of interest receivable due from year ended 30th June, 2023 (Kshs. 110,304) and part of interest for year ended 30th June, 2024 (Kshs. 1,998,128)

**Bomet County Government Car Loan & Mortgage Scheme Fund
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5. Other income

Description	2023/2024	2022/2023
	KShs	KShs
Insurance recoveries	-	-
Income from sale of tender documents	-	-
Miscellaneous income	-	-
Total other income	-	-

6. Employee Costs

Description	2023/2024	2022/2023
	KShs	KShs
Salaries and wages	-	-
Staff gratuity	-	-
Staff training expenses	-	-
Social security contribution	-	-
Other staff costs	-	-
Total	-	-

7. Fund Administration Costs

Description	2023/2024	2022/2023
	Kshs.	Kshs.
General Office Expenses	-	-
Loan Processing Costs	-	-
Professional Services Costs	-	-
Administration Fees		
Committee Allowances	488,300	341,400
Bank Charges	-	-
Electricity and Water Expenses	-	-
Fuel and Oil Costs	-	-
Insurance Costs	-	-
Postage and Courier	-	-
Printing and Stationery	-	-

**Bomet County Government Car Loan & Mortgage Scheme Fund
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Rental Costs	-	-
Security Costs	-	-
Telephone and Communication Expenses	-	-
Bank Charges	-	-
Audit Fees	-	-
Other – Fringe Benefit Tax	508,500	-
Total	996,800	341,400

*Note: **Other – Fringe benefit Tax** consists of Kshs. 508,500 for the present FY (2023/24) arising from loan totalling Kshs. 33,900,000 disbursed during the year. However, it was not paid. Only Kshs. 488,300 was paid by close of the FY.*

8. General expenses

Description	2023/2024	2022/2023
	KShs	KShs
Consumables	-	-
Electricity and water expenses	-	-
Fuel and oil costs	-	-
Insurance costs	-	254,283
Advertisement	-	-
Printing	-	34,800
Rental costs	-	-
Security costs	-	-
Telecommunication	-	-
Hospitality	-	-
Depreciation and amortization costs	-	-
Other expenses	-	-
Total	-	289,083

9. Depreciation and Amortization Expense

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

**Bomet County Government Car Loan & Mortgage Scheme Fund
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10. Finance costs

Description	2023/2024	2022/2023
	KShs	KShs
Interest on Bank overdrafts		
Interest on loans from banks		
Bank charges	7,365	3,480
Total	7,365	3,480

11. Gain/(loss) on disposal of assets

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

12. 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	-	-

13. Cash and Cash equivalents

Description	2023/2024	2022/2023
	KShs	KShs
Fixed deposits account	-	
On – call deposits	-	
Current account	1,958,224.72	18,709,774.42
Others	-	-
Total cash and cash equivalents	1,958,224.72	18,709,774

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Detailed for cash and cash equivalents as follows:

		2023/2024	2022/2023
Financial institution	Account number	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			
Equity Bank-Bomet - 1220277299764		1,958,224.72	18,709,774.42
Sub- total		1,958,224.72	18,709,774
d) Others(specify)			
Cash in transit			
Cash in hand			
Sub- total		1,958,224.72	18,709,774
Grand total		1,958,224.72	18,709,774

14. Receivables from exchange transactions

Description	2023/2024	2022/2023
	Kshs	Kshs
Current Receivables		
Interest Receivable	960,154	533,342
Current Loan Repayments Due	25,896,130	17,039,418
Other Exchange Debtors - Pending Remittance	8,596,272	7,140,140
Other Exchange Debtors - Internal Borrowing	400,000	3,150,000
Total Current Receivables	35,852,556	27,862,900
Non-Current Receivables		
Long Term Loan Repayments Due	68,618,844	67,321,187
Total Non- Current Receivables	68,618,844	67,321,187
Total Receivables from Exchange Transactions	104,471,400	95,184,087

Note: Out of **Kshs. 7,140,140** (Other Exchange Debtors - Pending Remittance) and **Kshs. 533,342** (Interest Receivable) from FY 2022/23, **Kshs. 981,552** and **Kshs. 110,034** were received respectively hence **Kshs. 6,158,588** and **Kshs. 423,308** forms part of accrued receivable respectively in the current year (2023/24). Also, **Kshs. 3,150,000** (Other Exchange Debtors - Internal Borrowing) was not received hence part of accrued receivable. Total accrued receivable being **Kshs. 9,731,626** and total receivable is **Kshs. 114,203,026** (Current - Kshs. 45,584,182, Non-current - Kshs. 68,618,844)

**Bomet County Government Car Loan & Mortgage Scheme Fund
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Additional Disclosure on Interest Receivable

Description	2023/2024	2022/2023
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	2,255,105	1,063,044
Accrued interest receivable from of long-term loans of previous years	423,308	533,342
Interest receivable from current portion of long-term loans issued in the current year	507,950	207,912
Current loan repayments due		
Current portion of long-term loans from previous years	15,739,542	8,841,909
Accrued principal from long-terms loans from previous periods	6,158,588	7,140,140
Current portion of long-term loans issued in the current year	10,156,588	8,197,509

15. Prepayments

Description	2023/2024	2022/2023
	KShs	KShs
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	-	-
Total	-	-

16. Inventories

Description	2023/2024	2022/2023
	KShs	KShs
Consumable stores	-	-
Spare parts and meters	-	-
Catering	-	-
Total inventories at the lower of cost and net realizable value	-	-

**Bomet County Government Car Loan & Mortgage Scheme Fund
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17. Investments in financial assets

Description	2023/2024	2022/2023
	Kshs	Kshs
a. Investment in Treasury bills and bonds		
Financial institution		
CBK	-	-
Sub- total	-	-
b. Investment with Financial Institutions/ Banks		
Bank	-	-
Sub- total	-	-
c. Equity investments		
Equity/ shares	-	-
Sub- total	-	-
Grand total	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. 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 2022	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	(-)	(-)	-	-	(-)
Transfers/Adjustments	-	(-)	-	(-)	(-)
At 30th June 2023	-	-	-	-	-
At 1st July 2023					
Additions	-	-	-	-	-
Disposals	(-)	-	-	-	(-)
Transfer/Adjustments	(-)	-	-	(-)	(-)
At 30th June 2024	-	-	-	-	-
Depreciation And Impairment					
At 1st July 2022	(-)	(-)	(-)	(-)	(-)
Depreciation	(-)	(-)	(-)	(-)	(-)
Impairment	(-)	-	-	-	(-)
At 30th June 2023	-	-	-	-	-
At 1st July 2023					
Depreciation	(-)	(-)	(-)	-	(-)
Disposals	-	-	-	-	-
Impairment	(-)	(-)	-	-	(-)
Transfer/Adjustment	-	(-)	(-)	-	-
At 30th June 2024	-	-	-	-	-
Net Book Values					
At 30th June 2023	-	-	-	-	-
At 30th June 2024	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. Intangible assets-software

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	-	-

20. Trade and other payables from exchange transactions

Description	2023/2024	2022/2023
	KShs	KShs
Trade payables	-	-
Refundable deposits	-	-
Accrued expenses	-	-
Other payables	-	-
Fringe Benefit Tax - KRA	508,500	834,385
Total trade and other payables	508,500	834,385

Note: Total trade payables including unpaid accruals (FY 2022/23) is Kshs. 1,342,885 i.e. Kshs. 508,500 Plus 834,385

Ageing analysis (Trade and other payables)	2023/2024	% of the Total	2022/23	% of the Total
Under one year	508,500	100%	834,385	100%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	508,500		834,385	

Bomet County Government Car Loan & Mortgage Scheme Fund
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21. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year	-	-	-	-
Additional Provisions	-	-	-	-
Provision utilised	-	-	-	-
Change due to discount and time value for money	-	-	-	-
Transfers from non -current provisions	-	-	-	-
Total provisions	-	-	-	-

22. 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 domestics borrowings during the period	-	-
Balance at end of the period	-	-

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

	2023/2024	2022/2023
	KShs	KShs
External Borrowings		
Dollar denominated loan	-	-
Sterling Pound denominated loan	-	-
Euro denominated loan	-	-
Domestic Borrowings	-	-
Kenya Shilling loan from Banks	-	-
Borrowings from other government institutions	-	-
Total balance at end of the year	-	-

Bomet County Government Car Loan & Mortgage Scheme Fund
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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	-	-

23. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	Total
	KShs	KShs	KShs	KShs
Current benefit obligation	-	-	-	-
Non-current benefit obligation	-	-	-	-
Total employee benefits obligation	-	-	-	-

24. Cash generated from operations

	2023/2024	2022/2023
	KShs	KShs
Surplus for the year before tax	1,758,890	
Adjusted for:		
Bad debt written off	-	-
Gains/ losses on disposal of assets	-	-
Interest income	-	-
Finance cost	-	-
Working Capital adjustments		-
Increase in inventory	-	-
Increase in payables	(146,123)	-
Net cash flow from operating activities	1,612,767	-

**Bomet County Government Car Loan & Mortgage Scheme Fund
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25. 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) Bomet County Assembly
- c) Department of Finance, ICT and Economic Planning
- d) Office of the County Secretary
- e) Key management/Fund Committee

b) Related party transactions

	2023/2024	2022/2023
	KShs	KShs
Transfers from related parties'	-	-
Transfers to related parties	-	-

c) Key management remuneration

	2023/2024	2022/2023
	KShs	KShs
Fund Committee	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

	2023/2024	2022/2023
	KShs	KShs
Due from parent Ministry	-	-
Due from County Government	-	-
Total	-	-

e) Due to related parties

	2023/2024	2022/2023
	KShs	KShs
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
Total	-	-

26. Contingent assets and contingent liabilities

Contingent liabilities	2022/2023	2021/2022
	KShs	KShs
Court case against the Fund	-	-
Bank guarantees	-	-
Total	-	-

Other Disclosures Continued

27. 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 company'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:

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	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	-	-	-	-

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 company 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 none.

The Fund Committee 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.

**Bomet County Government Car Loan & Mortgage Scheme Fund
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Notes to the Financial Statements Continued

	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	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2023	-	-	-	-
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

c) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the 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

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the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

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

		Other currencies	Total
	KShs	KShs	KShs
As at 30 June,2024			
Financial assets (investments, cash ,debtors)	-	-	-
Liabilities	-	-	-
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

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

Foreign currency sensitivity analysis

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

	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	KShs	KShs	KShs
2024			
Euro	10%	-	-
USD	10%	-	-
2023		-	-
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 company'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.

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:

	2024		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	-	-	-

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28. Events after the reporting period

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

29. Ultimate and Holding Entity

The entity is a County Public Fund established by Section 116 of Public Finance Management Act, 2012. Its ultimate parent is the Treasury, County Government of Bomet.

30. Currency

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

19. ANNEXES

ANNEX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor in the FY 2022/23 and the management comments. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
OAG/KRO/BCECLMSF/2022/2023/(25)	Inaccuracies in the Financial Statements – Variance between the Financial Statements and Comparative Balances	The inaccuracy noted was corrected in subsequent Financial Statements	Mr. Gilbert Langat – Fund Accountant	Resolved/Corrected	N/A
OAG/KRO/BCECLMSF/2022/2023/(25)	Inaccuracies in the Financial Statements – Unsupported Long-Term Receivables from Exchange Transactions	The inaccuracy noted was corrected in subsequent Financial Statements	Mr. Gilbert Langat – Fund Accountant	Resolved/Corrected	N/A



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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
OAG/KRO/BCECLMSF/2022/2023/(25)	Inaccuracies in the Financial Statements – Unsupported Short-Term Receivables from Exchange Transactions	The inaccuracy noted was corrected in subsequent Financial Statements	Mr. Gilbert Langat – Fund Accountant	Resolved/Corrected	N/A
OAG/KRO/BCECLMSF/2022/2023/(25)	Budgetary Control and Performance	The Fund Management will lobby for appropriation of more budget by County Assembly and timely release of funds by Controller of Budget	Fund Chairperson	Not resolved	Continuous
OAG/KRO/BCECLMSF/2022/2023/(25)	Failure to prepare separate Financial Statements for Car Loan and Mortgage	The earlier separate regulations have been consolidated and published.	Mr. John Mark Langat – County Attorney	Resolved	N/A

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
OAG/KRO/BCECLMSF/2022/2023/(25)	Loans disbursement paid out	Salaries and Remuneration Commission gazetted new regulations vide Gazette Notice Number 10348 of 9th August, 2023 which clearly stipulated the maximum repayment period for loan repayment to twenty years for mortgage advanced to State Officers. The Bomet County (State and Public Officers) Car Loan and Mortgage Scheme Fund Regulations to be amended accordingly	Mr. John Mark Langat - County Attorney	Work in Progress	June 2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
OAG/KRO/BCECLMSF/2022/2023/(25)	Irregular internal borrowing of Funds	The Management will seek policy and procedures review to ensure strict compliance with regulations and internal guidelines	Mr. John Mark Langat – County Attorney	Work in Progress	June 2025
OAG/KRO/BCECLMSF/2022/2023/(25)	Failure to Remit Fringe Benefit Tax	The Management has put in place mechanism to ensure timely remittance of the fringe benefit tax in future to avoid fines and penalties that may arise.	Mr. Charles Koech – Fund Administrator	Work in Progress	June 2025

ANNEX II: REPORTING OF CLIMATE RELEVANT EXPENDITURES

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
N/A									

ANNEX III: REPORTING ON DISASTER MANAGEMENT EXPENDITURE

Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments
N/A						