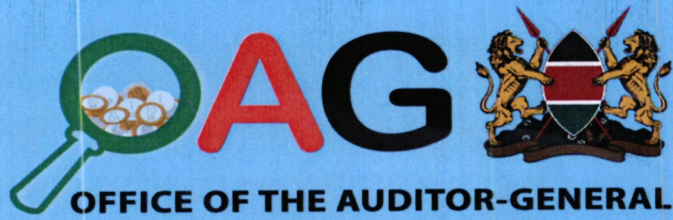


REPUBLIC OF KENYA



Enhancing Accountability

| PAPERS LAID | |
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| COMMITTEE | _____ |
| CLERK AT THE TABLE | Ms. ANGELA NACHARIA |

REPORT



OF

THE AUDITOR-GENERAL

ON

LAIKIPIA COUNTY ENTERPRISE FUND

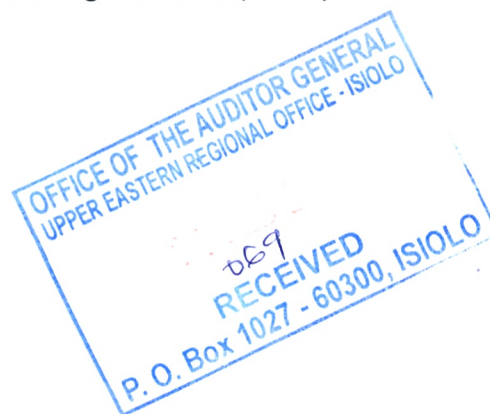
**FOR THE YEAR ENDED
30 JUNE, 2022**



LAIKIPIA COUNTY ENTERPRISE FUND

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2022**

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



Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2022

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Laikipia County Enterprise Fund
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1. Key Entity Information and Management

a) Background information

Laikipia County Enterprise Fund is established by and derives its authority and accountability from the Laikipia County Enterprise Fund Bill enacted into law on 19th of June 2014 with amendments onto the same on 28th June 2017 and 2018.

The Fund was gazetted vide legal notice number 18 ACT NO.10 on 19-06-2014 established by Legal Notice No.10 of 2014.

The Fund is wholly owned by the County Government of Laikipia and is domiciled in Kenya.

The Fund's objectives are:

1. To assist micro and small enterprise owners access credit for business capital
2. To promote enterprise development in youth, women, persons with disability and needy persons.
3. Facilitating a favourable environment for appropriate business and entrepreneurial growth.
4. Job creation
5. To enhance entrepreneurial skills by providing training in enterprise and business development
6. Providing technical assistance, in product and market development.
7. Promoting local economic growth by supporting innovators, manufacturers and developing home based local industries

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to provide affordable credit to SMEs.

Vision

A Sustainable Fund Empowering Laikipians for Social Economic Development

Mission

To Offer Accessible and Affordable Financial and Innovative Business Support Services to Laikipians for Enterprise Development through Resources Mobilization, Collaborations, and Partnerships.

Core Values

- Integrity & Professionalism
- Equity & Respect for Diversity Transparency & Accountability
- Customer Focused
- Team Work
- Innovation

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2022

c) Fund Administration Committee

| Ref | Name | Position |
|-----|---------------------------|--|
| 1 | George Mwangi | Chairman-Outgoing |
| 2 | Anthony Kiritu Githui | Chairman-Incoming |
| 3 | Daniel Thuo Njoroge Butti | Member representing Youth/Vice chair |
| 4 | Monicah Masiano | Member representing women-Outgoing |
| 5 | Jane Muthoni Runanu | Member representing women-Incoming |
| 6 | Joseph Lerina | Member representing People With Disability-Outgoing |
| 7 | Jennifer Maingi Kitonga | Member representing People With Disability-Incoming |
| 8 | Evelyn Mbugua | Secretary to Board |
| 9 | Winnie Mwangi | Chief Officer Innovation and Enterprise Development- |
| 10 | James Mwangi | Chief Officer Education, ICT and Sports |
| 11 | Paul Njenga | Chief Officer Finance and Economic Planning |

d) Key Management

| Ref | Name | Position |
|-----|---|---------------|
| 1 | County Executive Member Finance, Economic Planning and Enterprise Development | Murungi Ndai |
| 1 | Fund Administrator | Evelyn Mbugua |
| 2 | Fund Accountant-Reporting | Caleb Mwangi |
| 3 | Fund Accountant-Operations | Lydia Mokeira |

e) Fiduciary Oversight Arrangements

| Ref | Position |
|-----|---|
| 1 | Directorate Internal Audit |
| 2 | County Assembly of Laikipia |
| 3 | County Executive Committee |
| 4 | Laikipia County Executive Audit Committee |
| 5 | Senate Public Accounts Committee |
| 6 | Office of the Controller of Budget. |
| 7 | Office of the Auditor-General |
| 8 | Development Partners Oversight |

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2022

f) Registered Offices

P.O. Box 1271-10400
Interim County Headquarter Building
County Government of Laikipia
Nanyuki, Kenya

g) Fund Contacts

Telephone: (254) 0202352720/ 0113644156
E-mail: info@laikipia.go.ke
Website: www.laikipia.go.ke

h) Fund Bankers

1. Kenya Commercial Bank
Nanyuki Branch

i) Independent Auditors

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

j) Principal Legal Adviser






County Attorney
County Government of Laikipia
Kenyatta Avenue
P.O. Box 1271 - 10400
Nanyuki, Kenya

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2022



2. The Board of Trustees (or any other governing body for the Fund)

| Name | Details of qualifications and experience |
|---|--|
| <p>1. George Mwangi-Outgoing Chairperson</p>  | <p>Holds an MBA Strathmore university Business School, Bachelor of Science in International Business Administration USIU, CPA(K) and CPS holder</p> |
| <p>2. Anthony Kiritu-Incoming Chairperson</p>  | <p>Mr. Kiritu is a finance expert with over twenty (20) years of hands on experience in Financial Management in the research, development and quasi government arena. Anthony has a Master’s degree in Business Administration (MBA) - Strategic Management option from the United States International University (USIU-A) and is a Certified Public Accountant – a member of the Institute of Certified Public Accountants of Kenya (ICPAK).</p> |
| <p>3. Daniel Thuo Njoroge Butti-Member Representing youth/Vicechairperson</p>  | <p>Holds a bachelor degree on Entrepreneurship and Small Business Management and Masters in Economic Policy and Management Energy Economic speciality from Makerere university.</p> <p>Has been into private practice for 11 years Is an economic and policy analysis. Lecturer at the school of Business at Karatina University</p> |
| <p>4. Paul Njenga Waweru- Member</p>  | <p>Holds an MBA (finance option) Certified Institute of Purchasing and Suppliers (CIPSUK), Member of KISM and currently pursuing a PHD in business administration finance option.</p> <p>He is the Accounting Officer Finance and County Planning</p> |

**Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2022**





| | |
|--|---|
| <p>5. Joseph Lerina-Member representing People with Disabilities-Outgoing</p>  | <p>Holds a Diploma in Community Development and Social Work, Worked in Social Work and National police service.</p> |
| <p>6. Jennifer Maingi- Member representing People with Disabilities-Incoming</p>  | <p>She holds a P1 Certificate in teaching. Has over 26 years' experience in teaching.</p> |
| <p>7. Winnie Gathoni Mwangi- Member</p>  | <p>She is the Accounting Officer Innovation and Enterprise Development. She holds a BSC in information Science and Masters in Information Science</p> |
| <p>8. James Mwangi Mbucho-Member.</p>  | <p>Holds a Bachelor of Arts (Design) Degree He is the Accounting Officer Education, ICT Youth and Sports.</p> |
| <p>9. Monica Mosiano- Member representing women-Outgoing</p>  | <p>Holds a Bachelor Degree in Economics and Sociology She is currently a banker at Cooperative bank in Maralal.</p> |

**Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

| | |
|--|--|
| <p>10. Jane Runanu- Member representing women-Incoming</p>  | <p>Holds a Certificate in ECDE. Has over 25 years in ECDE.</p> |
| <p>11. Evelyn Mbugua- Secretary to the Board.</p>  | <p>Holds a Bachelor's Degree in Business Administration (Accounts), Certified Public Accountant, Diploma in Project Management & Strategic Management and Leadership course. Pursuing Monitoring and Evaluation course</p> |

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2022

3. Management Team

| Name | Details of qualifications and experience |
|---|---|
| <p>1. Boniface Murungi - CECM Finance and Economic Planning</p>  | <p>Mr. Murungi is currently the CECM Finance in Laikipia county. He was born in 1975. He holds a Master's Degree in Science - Economics and Investments and Bachelor's Degree in Economics and Statistics, and a Post Graduate Diploma in Human Resource Management.</p> <p>He is a Certified International Retail Banker with over 13 years' experience in the banking industry. He has worked as an Operations Manager in Equity Bank, a Senior Branch Manager in Stanbic Bank, Eco-Bank and Family Bank.</p> |
| <p>2. Evelyn Mbugua- Fund Administrator</p>  | <p>Holds a Bachelor's Degree in Business Administration (Accounts), Certified Public Accountant, Diploma in Project Management & a Strategic Management and Leadership course. Pursuing Monitoring and Evaluation course. She has over 12 years' experience in Management Accounting and Administration. She has worked as an Accountant at Laikipia Nature Conservancy/Gallmann Memorial Foundation and as a Manager at Savannah Traders SACCO.</p> |
| <p>3. Caleb Mwangi –Fund Accountant (Reporting)</p>  | <p>Holds Bachelor's Degree in Commerce (Finance) and Post Graduate Diploma in Project management. He is also a Certified Public Accountant of Kenya (CPA-K). He is currently the Accountant in charge of Funds financial reporting. He has Internal Auditing experience of over 14 years since 2008.</p> |
| <p>4. Lydia Mokeira –Fund Accountant (Operations)</p>  | <p>Holds Bachelor's Degree in Commerce. (Banking and Finance) and is a Certified Public Accountant (CPA-K) with a history of accurately supporting accounting activities in a diverse range within the Treasury Management and Risk Management. Currently she is the Accountant-Innovation and Enterprise Development</p> |

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2022

4. Fund Chairperson's Report

It is my pleasure to present, on behalf of the board, the Laikipia County Enterprise Fund financial statements for the year ended 30th June 2022. The financial statements present the financial performance of the Fund over the past year.

Sustainability

The Fund and its stakeholders are increasingly emphasizing on the need to ensure sustainability for both its investments and its resource mobilization and financing capabilities with an objective of ensuring that the Fund's going concern is secured.

The Fund has conducted an assessment of available options for feasible financing tools that would assure the Fund of its long-term sustainability. The Fund has reviewed its current resource mobilization strategies and proposed feasible sustainability financing options.

Board and Management Changes

The current board started its operations in October 2018 and was in its final term except for Mr. Daniel Njoroge Butti Thuo who was also appointed as the Vice Chairperson. There were changes in the board and the management as Mr. James Mwangi the Chief Officer in-charge of Youth and Education was replaced by Mr. Evans Kamau the new Chief Officer. The County Government also appointed 3 new Board members were appointed in the month of March 2022 as follows:

1. Mr. Anthony Githui Kiritu- Incoming Chairperson
2. Mrs. Elizabeth Jennifer Maingi- Representing People with Disabilities
3. Mrs. Jane Muthoni Runanu- Representing Women

Loans

The Board approved loans to 46 groups and 5 individuals to a tune of Ksh 10,090,000 and Ksh 1,620,000 respectively. Actionable steps to recover the outstanding loans were taken and a debt collector was engaged.

Appreciation

I take this opportunity to express my sincere gratitude and appreciation to the County Government, Stakeholders, management, staff and fellow board members for their continued support which made us achieve these results.

I look forward to your continued support in the year Financial Year 2022/2023.


.....
Anthony Githui Kiritu
Chairman of the Fund
Laikipia County Enterprise Fund
Date: 12/09/2022

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2022

5. Report of The Fund Administrator

It is my pleasure to present the Laikipia County Enterprise Fund financial statements for the year ended 30th June 2022. The financial statements present the financial performance of the Fund over the past one year.

The Enterprise Fund is intended to provide access to affordable credit to Small & Micro Enterprises (SMEs) to enable them compete and graduate into vibrant enterprises. By making credit accessible to them through Enterprise Fund the County Government seeks to place women, persons with disability and youth at the centre of job creation in the county. We believe that the Enterprise Fund will play a significant role in promoting women and youth led - enterprises thereby generating gainful self-employment in the short to medium term. These efforts, coupled with a robust capacity building and mentorship framework will propel the expected impacts into perpetuity and spur a culture of saving.

Thereafter, we expect to see women, persons with disability and youth groups taking advantage of the public procurement preferences and reservations, and sustain proactive engagement in securing the 30% government contracts for goods and services reserved for these and other eligible enterprises. I therefore encourage women, persons with disability and youth groups to actively take up this opportunity, and exploit it to its full capacity.

Sustainability

The Fund and its stakeholders are increasingly emphasizing on the need to ensure sustainability for both its investments and its resource mobilization and financing capabilities with an objective of ensuring that the Fund's going concern is secured.

The Fund has conducted an assessment of available options for feasible financing tools that would assure the Fund of its long-term sustainability. The Fund has reviewed its current resource mobilization strategies and proposed feasible sustainability financing options.

Board and Management Changes

A new team of Board members had been appointed and changes were experienced in the positions of Chief Officers Youth & Gender. The current board started its operations in October 2018 and was in its final term except for Mr. Daniel Njoroge Butti Thuo who was also appointed as the Vice Chairperson. There were changes in the board and the management as Mr. James Mwangi the Chief Officer in-charge of Youth and Gender was replaced by Mr. Evans Kamau the new Chief Officer. 3 new board members were appointed in the month of March 2022 as follows:

1. Mr. Anthony Githui Kiritu- Incoming Chairperson.
2. Mrs. Elizabeth Jennifer Maingi- Representing People with Disabilities.
3. Mrs. Jane Muthoni Runanu- Representing Women .

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Review of performance

Loans

Loan applications had been received from 48 groups of which 46 groups qualified. They were issued with Ksh 10,090,000 to boost their business activities which included dairy farming, table banking, chicken rearing, livestock fattening and general trading among others. 112 individual applications were received and due to limited funds only 6 which were involved in manufacturing and value addition were approved. 1 of those approved was on condition that he pays 20% of the asset cost which he had not yet done and his application was held. Amount disbursed was to a tune of Ksh 1,620,000.

Loan repayments from previous tranches had been affected by the ongoing Covid-19 disaster and many enterprises had either closed down or unable to meet their obligations. The Management took steps to ensure that those loans were being recovered through numerous calls and visits, signing of promissory letters and by engaging a debt collector. The response was positive and previously dormant loans became active.

Being an election year, most enterprises were also affected due to uncertainty of the outcome.

Income

During the year, the Fund revenues amounted to Kshs 12,745,612 from the interest income and principal repayment. The opening cash balance was Kshs 15,353,598.50 at the beginning of the year and Ksh 15,065,203 at year end from the previous year.

SMES Training

The Fund continued to train SMES on:

1. Entrepreneurial skills
2. Record keeping, marketing and financial management
3. Linking with other departments for technical training from other departments like Innovation.
4. Business Continuity
5. Savings and Investments
6. Conflict resolution
7. Introduction to table banking concept for merry go round.

The Fund has also managed to distribute more application forms and sensitise members of the Public through various entities:

- Ward credit officers
- Laikipia County Government Website
- Social media platforms (Facebook)
- County Business Development Officers
- Administration department
- CDA's –Education department
- Public participation meetings

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Future outlook

The Fund focus is looking to build a robust and sustainable Fund with a motivated workforce and structures that enhances efficiency and effectiveness in the service delivery. The Fund looks forward to continued support from the County Government and other development partners to aid in the realization of its mandate.

The Management is looking forward to exploration of new opportunities through acquiring of software that will also help in efficiency and automation of records. Key policies will also be factored in the next financial year.

Appreciation

I take this opportunity to express my sincere gratitude and appreciation to the County Government, Board members, staff and stakeholders for their continued support which made us progress positively towards the growth of the Fund and achieving our mission.

I look forward to your continued support in the year 2022/2023.



.....
Evelyn Mbugua
Fund Administrator
Laikipia County Enterprise Fund

**Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

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

Introduction

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

The key development objectives of the Laikipia County Enterprise Fund plan are:

1. To assist micro and small enterprise owners access credit for business capital
2. To promote enterprise development in youth, women, persons with disability and needy persons.
3. Facilitating a favourable environment for appropriate business and entrepreneurial growth.
4. Job creation
5. To enhance entrepreneurial skills by providing training in enterprise and business development
6. Providing technical assistance, in product and market development.
7. Promoting local economic growth by supporting innovators, manufacturers and developing home based local industries

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

1. CIDP OBJECTIVE

| Program | Objective | Outcome | Indicator | Performance |
|-----------------|------------------------------------|---|---|---|
| Enterprise Fund | Increased employment opportunities | To disburse and ensure recovery of loans(to 100-individuals and 200 groups) | No. of enterprises funded/ Individuals | 46 groups and 5 individuals funded during FY 2021/2022. |

Laikipia County Enterprise Fund

Annual Report and Financial Statements for the year ended June 30, 2022

| Programs and sub programs performance report for the period ending 30 th June ,2022 (Non-Financial information) | | | | | | | | |
|---|-----------------|-------------------------|--|--|--|--|---------------------------------|--|
| Programme :LAIKIPIA ENTERPRISE FUND | | | | | | | | |
| PROGRAMME | Sub program | Delivery unit | Key output | KPIs | FY 2021/22 | | | Remarks |
| | | | | | Target | Actual | Variance | |
| LAIKIPIA COUNTY ENTERPRISE FUND | Enterprise Fund | Enterprise fund section | 1.To disburse and ensure recovery of loans(to 100-individuals and 200groups) | -No of applications received -number of beneficiaries approved by board | -Fund 200 Groups -Fund 100 individual entrepreneurs | 1.Applications received and appraised: 48 group applications received of which 46 were funded and 2 did not meet conditions set. -112 complete individual applications received in previous year awaiting loan committee recommendation. -3 LPOs received and not approved as they did not meet minimum qualifications. | 160 Individual entrepreneurs | Individual target was not achieved as the Fund did not have sufficient funds to disburse to all. Those in manufacturing and value addition were prioritised. |

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2022

| | | | | | | | | |
|--|--|--|---|---|---|---|--|--|
| | | | 2. Training of SMES on entrepreneurial skills and proper records management | No of SMES trained | Capacity building to 500 SMES | Trained -94 individual Entrepreneurs -155 Groups Total=249 | 251 SMEs | The Target was not precisely archived due to the invasion of COVID 19 Invasion causing reduced group gatherings and being an electioneering period most residents were unavailable |
| | | | 3.Ensure recovery of loans from entrepreneurs | Percentage of loans recovered from the revolving fund | Recover 90% of funds issued on both individual and groups | Recovered: Loans Groups and individuals | Defaulted loans 11% on groups 35% individuals | Target was not achieved due to invasion of corona Virus and most businesses had closed Down or unable to meet their obligations. Demand letters were issued by a debt collector. |

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2022

7. Corporate Governance Statement

BOARD MEETINGS

During the year under review there were 4 board and committee meetings held and adoption of online meetings was done due to the rapid spread of the coronavirus which prompted to cancellation of physical meetings.

SUCCESSION PLAN

Pursuant to section 5 of Laikipia County Enterprise Fund Act 2014 the board members shall serve for a term of three years and may be renewed for one further term after which the person shall retire from the board for at least two years before being eligible for reappointment to the board.

APPOINTMENT AND REMOVAL OF MEMBER OF THE BOARD

This is clearly stipulated in Section 6(i) of Laikipia County Enterprise Fund Act 2014 and schedule on Provision as to the conduct of business and affairs of the board

ROLES AND FUNCTIONS OF THE BOARD

Section 7(1) of the Laikipia County Enterprise Fund Act 2014 stipulates clearly the functions of the board.

The Board shall be responsible for:

- (a) Providing overall management and oversight of the Fund
- (b) Advising the Executive Member on the appropriate guidelines and procedures for better management of the Fund;
- (c) Approving disbursements or utilization of the Fund;
- (d) Preparing annual report on the implementation of the Fund for transmission to the Executive Member;
- (e) Advising the Executive Member generally on implementation of this Act.

BOARD INDUCTION AND TRAINING, BOARD AND MEMBER PERFORMANCE, CONFLICT OF INTEREST, BOARD REMUNERATION, ETHICS AND CONDUCT / GOVERNANCE AUDIT

The board has been inducted; no conflict of interest noted. Remuneration is guided by Laikipia Public Service Board while taking in to account recommendation by Salaries Remuneration Commission of Kenya.

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2022

8. Management Discussion and Analysis

SMES continue to play a major role in the development of the County economy. During the formulation and review of the C.I.D.P. it was noted that one of the issues of SMES was inadequate working capital. To address this issue, the County Government created the Fund with a prime objective of availing cheap and affordable credit to SMES with the purposes that are in tandem with the Laikipia County Integrated Development plan. Key flagship areas where enterprises are expected to play a role include; innovations, value addition to products and services, manufacturing, financial services, Boda-boda sector, wholesale and retail trade. It was envisaged that Enterprises will be assisted and strengthened to brand and market county products for both local and national markets.

The Fund also focuses on the Governors manifesto of creating 30,000 jobs opportunities in the county. However, to achieve this, the Fund has established partnership and collaborations with strategic institution with the capacity to build strong and vibrant framework. These institutions include FOSAs, National Agencies and other micro finance institutions operating in the county.

The Fund has to critically looked into specific viable value chain e.g. Poultry, milk, maize, livestock fattening and marketing, sand and coffee that will stir economic growth in the rural area.

To address the issue of food shortage and unemployment, deliberate affirmative action through this programme has been taken in a professional manner that will encourage groups in agribusiness sector to develop their skills so as to invest back in the economy. The partnership will focus on key areas of promoting professional extension services, imparting agribusiness skills and providing financial support to the development of the identified value chain. The programme will also focus more on the youth and women groups as the most disadvantage people in the community. The purpose of using groups is to enable the Fund support the value chain groups in the rural areas that are not registered.

In this context the Fund will organize events to educate, inspire, connect and engage SMES in agriculture sector and also provide them with business links to value chain development related organizations. This will enhance development of sustainable agribusiness in the county.

Pursuant to Laikipia County Enterprise Fund amendment 2017 the Fund is headed by a Fund Administrator who implements the Boards' decision and policies through action plan; and the team meets regularly to review and ensure the Boards objectives are achieved effectively and efficiently.

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2022

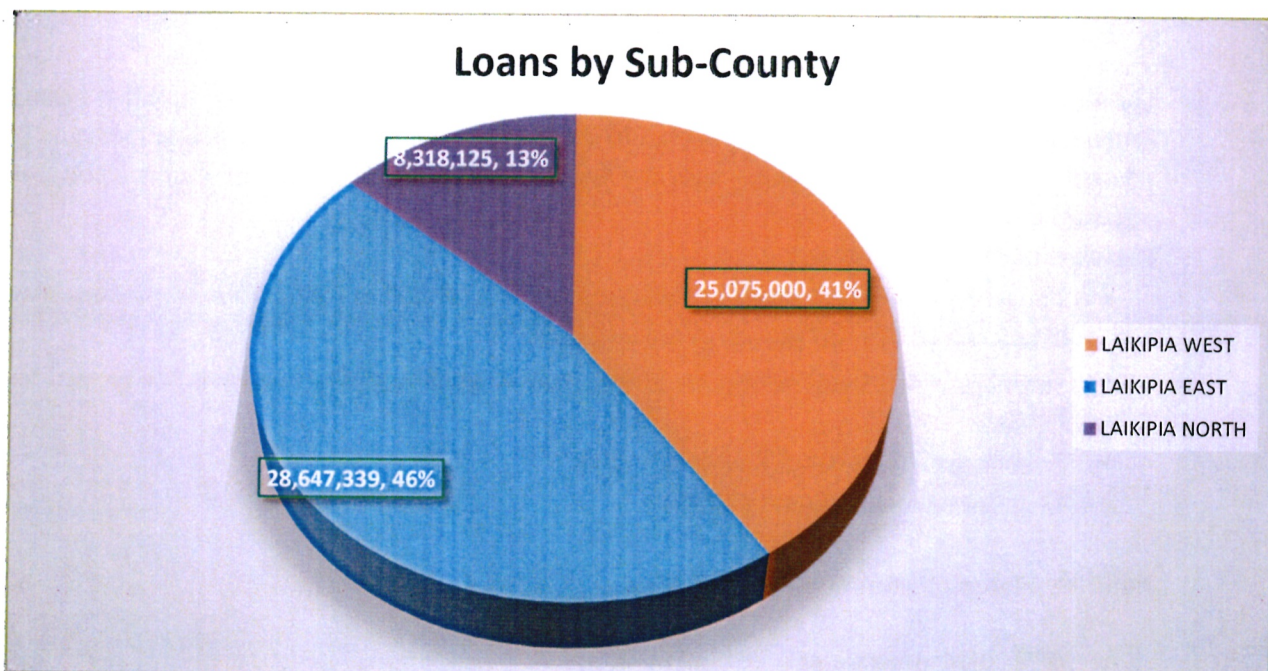
Performance of the fund
A) Disbursement of the fund

| GROUP LOANS | | | INDIVIDUAL LOANS | | | TOTALS |
|---------------|------------|-------------------|------------------|------------|-------------------|-------------------|
| YEAR | NO | AMOUNT | YEAR | NO | AMOUNT | |
| 2015/2016 | 66 | 3,300,000 | 2015/2016 | - | - | 3,300,000 |
| 2016/2017 | 17 | 850,000 | 2016/2017 | - | - | 850,000 |
| 2017/2018 | 4 | 1,454,464 | 2017/2018 | - | - | 1,541,731 |
| 2018/2019 | 163 | 14,860,000 | 2018/2019 | 163 | 15,626,000 | 30,486,000 |
| 2020/2021 | 71 | 14,240,000 | 2020/2021 | - | - | 14,240,000 |
| 2021/2022 | 46 | 10,090,000 | 2021/2022 | 5 | 1,620,000 | 11,710,000 |
| TOTALS | 367 | 44,794,464 | | 168 | 17,246,000 | 62,040,464 |

B) Disbursement by sub-county

| SUB COUNTY | 2015/2016 | 2016/2017 | 2017/2018 | 2018/2019 | 2020/2021 | 2020/2021 |
|-----------------------|------------------|----------------|------------------|-------------------|-------------------|-------------------|
| LAIKIPIA WEST | 1,650,000 | 600,000 | - | 13,335,000 | 4,150,000 | 5,340,000 |
| LAIKIPIA EAST | 1,100,000 | 250,000 | 1,066,339 | 12,931,000 | 8,740,000 | 4,560,000 |
| LAIKIPIA NORTH | 550,000 | | 388,125 | 4,220,000 | 1,350,000 | 1,810,000 |
| TOTALS | 3,300,000 | 850,000 | 1,454,464 | 30,486,000 | 14,240,000 | 11,710,000 |

**Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2022**



C) Loanee analysis

| YEAR | | WOMEN | MEN | PWDs | YOUTHS | MIXED | TOTALS |
|-----------|---------------|------------|-----------|-----------|-----------|------------|--------|
| 2015/2016 | GROUPS | 23 | 4 | 2 | 5 | 32 | 66 |
| 2016/2017 | GROUPS | 2 | 1 | - | - | 14 | 17 |
| 2017/2018 | GROUPS | - | - | - | - | 4 | 4 |
| 2018/2019 | GROUPS | 37 | 15 | 21 | - | 90 | |
| | INDIVIDUALS | 55 | 56 | 1 | 36 | - | 148 |
| | INNOVATORS | 2 | 10 | - | 3 | - | 15 |
| 2020/2021 | GROUPS | 20 | 3 | - | 8 | 40 | 71 |
| 2021/2022 | GROUPS | 6 | 4 | - | - | 36 | 46 |
| | INDIVIDUALS | 1 | 3 | 1 | | | 5 |
| | TOTALS | 146 | 96 | 25 | 52 | 216 | |

The Fund focuses on addressing the issue of unemployment and food shortage from entrepreneurial perspective by encouraging enterprises to develop their business management skills and providing affordable working capital so as to invest back in the County's economy. The programme also focuses more on the youth, people with disabilities and women groups being the most disadvantaged people in the community. The purpose of using groups is to enable the Fund uplift the economic status of the residents of Laikipia in the rural areas.

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2022

9. Environmental and Sustainability Reporting

The Enterprise Fund was formed through an act of Assembly that was enacted in 2014. Further Amendments have been done to the act in 2017 and 2018 respectively. The Fund is managed by a board comprising of 7 members with the Fund Manager being an ex- official member and secretary to the board.

The objectives of the Fund are;

- To facilitate access to credit for business capital to Small and Micro Enterprises for them to be competitive and growth to big enterprise
- To promote enterprise among the youth, women, persons with disabilities and needy Persons
- To enhance enterprise skills development
- To promote local economic growth

Fund Regulatory Framework

- i) ACT 2014 Amendments 2017 & 2018
- ii) Laikipia Enterprise Fund Regulations 2020
- iii) Laikipia Enterprise Fund Credit Policy and Operations Manual.
- iv) Laikipia Enterprise Fund Strategic Plan

The Enterprise Fund is a revolving fund and it provides affordable credit to SMEs at an annual interest rate of 6%. The Fund carries out capacity building for enterprises within Laikipia County through training of both beneficiaries and prospective beneficiaries. It also assists the enterprises to register formally, mechanize and meet the required standards thus increasing job opportunities and income for the society. Through new jobs and higher income, the community is able to enhance their socioeconomic lifestyles and afford medical care like NHIF. The Fund has enabled start-ups to rise in the society through business plans, advise and financial support.

The Fund has received a total of Ksh 48,802,107 from the County Government of Laikipia since inception.

Sustainability strategy and profile

The Laikipia County Enterprise Fund is keen on posterity and the management has activated various sustainability strategies but not limited to

- Ensuring compliance of laws, regulations, policies and set standards.
- Working towards a Strategic Plan for the Fund.
- Working towards developing of a Risk Register that will ensure risks are identified and mitigated timely.
- Continuous capacity building of enterprises within Laikipia

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Employee welfare

The Laikipia County Enterprise Fund relies on the County Public Service Board that is charged with the hiring and empowering of employees in the County. The Fund has been allocated 4 employees who serve the 15 wards and they are involved in enterprise development, trainings and credit administration.

The employees are continually trained on innovation, enterprise development and manufacturing by the County Government of Laikipia. They are also actively involved during exhibitions and public engagements.

Market place practices

The Fund ensures that it adheres to set laws, policies and regulations. The Management ensures that all the enterprises funded meet the required threshold as per the laws and the Laikipia County Enterprise Fund also practices responsible marketing and advertisement practices.

The Fund also adheres to the 3% expenses rule and ensures compliance of Procurement and Disposal of Assets Act 2015 which gives guidelines on procurement matters.

Community Engagements

The Laikipia County Enterprise Fund continually promotes enterprise development through trainings within the community and identify new potential enterprises. The Fund has been involved in public engagements to create awareness of the Fund as well as gather information on emerging enterprise needs.

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2022

10. Report of the Members

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2022 which show the state of the Fund affairs.

Principal activities

The principal activities of the Fund are to provide access to affordable credit for enterprises.

Results

The results of the Fund for the year ended June 30, 2022 are set out on page 11

Members

The members of the Board of Trustees who served during the year are shown on page iv.

The changes in the Board during the financial year are as shown below:

New Board members were appointed in the month of March 2022 as follows:

1. Mr. Anthony Githui Kiritu- Incoming Chairperson
2. Mrs. Elizabeth Jennifer Maingi- Representing People with Disabilities
3. Mrs. Jane Muthoni Runanu- Representing Women
4. Mr. Evans Kamau- Acting Chief Officer Youth and Gender.

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 Board



.....
Anthony G. Kiritu
Chairman
Fund Administration Committee
Date: 12/09/2022

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2022

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 Laikipia County Enterprise Fund Act 2014 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund’s financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2022. 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 Laikipia County Enterprise Fund. The Administrator of the Fund is of the opinion that the Fund’s financial statements give a true and fair view of the state of Fund’s transactions during the financial year ended June 30, 2022, and of the Fund’s financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund’s financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Fund’s financial statements were approved by the Board on 30/01/2023 and signed on its behalf by:



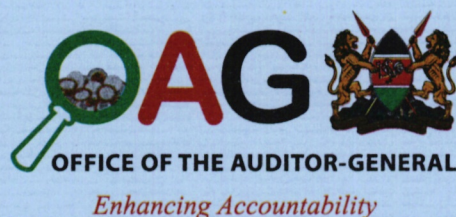
.....
Eveluyn Mbugua
Fund Administrator
Laikipia County Enterprise Fund

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2022

12. Report of The Independent Auditor

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON LAIKIPIA COUNTY ENTERPRISE FUND FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Laikipia County Enterprise Fund set out on pages 1 to 33, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net

assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Laikipia County Enterprise Fund as at 30 June, 2022, 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 Act, 2012 and the Laikipia County Enterprise Fund Act, 2014.

Basis for Opinion

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Issues

In the audit report of the previous year, two issues were raised under the Report on Financial Statements. However, the Management has not resolved the issues nor given any explanation in compliance with the provisions of the Public Sector Accounting Standards Board templates.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in 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

Unsecured Non-Performing Loans

On 17 September, 2021 a facility to purchase a block machine of Kshs.750,000 was issued to be repaid within twenty-four (24) months. However, only Kshs.7,000 had been repaid by November, 2022 implying that the loan was more than thirteen (13) months in arrears. In addition, the loan was not secured by an executed chattel for the asset. This was contrary to Regulation 8(1)(b) of Laikipia County Enterprise Fund Regulation, 2020 which states that in addition to any other requirement under the Act and Regulations, an application for asset financing shall be accompanied by an executed chattel for the asset.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Lack of Debt Management and Bad Debt Policies

The statement of financial position reflects long term receivables from exchange transactions balance of Kshs.15,850,459 as disclosed in Note 12 to the financial statements. However, Management has not established debt management and bad debt policies.

In the circumstances, the effectiveness of controls on loan recoveries could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, 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 International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or 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 are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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

In addition, to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in

an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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


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

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

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

03 March, 2023

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2022


13. Statement of Financial Performance For The Year Ended 30th June 2022

| | Note | 2021-2022 | 2020-2021 |
|---|------|-------------------|--------------------|
| | | Kshs | Kshs |
| Revenue From Non-Exchange Transactions | | | |
| Transfers From the County Government | 2 | 10,000,000 | - |
| | | 10,000,000 | - |
| Revenue From Exchange Transactions | | | |
| Interest Income | 4 | 1,405,200 | 1,708,800 |
| | | 1,405,200 | 1,708,800 |
| Total Revenue | | 11,405,200 | 1,708,800 |
| Expenses | | | |
| Use of goods and services | 7 | 1,399,757 | 820,541 |
| Depreciation and Amortization Expense | 8 | 29,593 | 42,276 |
| Provision for Bad Debts | 23 | 940,009 | 8,266,769 |
| Total Expenses | | 2,369,359 | 9,129,586 |
| Surplus/(Deficit) For The Period | | 9,035,841 | (7,420,786) |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30/01/2023 and signed by:


 Sign:

Evelyn Mbugua
Administrator of the Fund



Fund Accountant
Caleb Mwangi
ICPAK Member No:10187


Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2022

14. Statement of Financial Position As At 30 June 2022

| | Note | 2021-2022 | 2020-2021 |
|--|------|-------------------|-------------------|
| | | Kshs | Kshs |
| Assets | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | 11 | 15,065,203 | 15,353,599 |
| Current Portion of Long- Term Receivables From Exchange Transactions | 12 | 15,850,459 | 16,420,880 |
| | | 30,915,662 | 31,774,479 |
| Non-Current Assets | | | |
| Property, Plant and Equipment | 16 | 69,051 | 98,644 |
| Long Term Receivables from Exchange Transactions | 13 | 17,374,000 | 7,374,000 |
| | | 17,443,051 | 7,472,644 |
| Total Assets | | 48,358,712 | 39,247,122 |
| Liabilities | | | |
| Current Liabilities | | | |
| Accounts Payables from Exchange Transactions | 18 | - | 26,000 |
| Loans overpayment | 22 | 153,998 | 52,249 |
| Total Liabilities | | 153,998 | 78,249 |
| Net Assets | | 48,204,714 | 39,168,873 |
| Revolving Fund | | 46,590,840 | 46,590,840 |
| Accumulated Surplus | | 1,613,864 | (7,421,977) |
| Total Net Assets and Liabilities | | 48,204,704 | 39,168,863 |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30/01/2023 and signed by:


 30 JAN 2023
 Evelyn Mbugua
 Administrator of the Fund



 Fund Accountant
 Caleb Mwangi
 ICPAK Member No:10187

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2022

15. Statement Of Changes in Net Assets for the year ended 30th June 2022

| | Revolving Fund | Revaluation Reserve | Accumulated surplus | Total |
|--|----------------|---------------------|---------------------|-------------|
| | | Kshs | Kshs | Kshs |
| Balance As At 1 July 2020 | 46,590,840 | - | - | 46,590,840 |
| Surplus/(Deficit) For the Period | - | - | (7,420,786) | (7,420,786) |
| Funds Received During the Year | - | - | | - |
| Prior year adjustment (omitted bank charges) | - | | (1,191) | (1,191) |
| Revaluation Gain | - | - | - | - |
| Balance As At 30 June 2021 | 46,590,840 | - | (7,421,977) | 39,168,863 |
| Balance As At 1 July 2021 | 46,590,840 | - | (7,421,977) | 39,168,863 |
| Surplus/(Deficit) For the Period | | - | 9,035,841 | 9,035,841 |
| Funds Received During the Year | - | - | - | - |
| Transfers | - | | - | - |
| Revaluation Gain | - | - | - | - |
| Balance As At 30 June 2022 | 46,590,840 | - | 1,613,864 | 48,204,704 |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30/07/2023 and signed by:



.....
Evelyn Mbugua
Administrator of the Fund



.....
Fund Accountant
Caleb Mwangi
ICPAK Member No:10187

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2022

16. Statement of Cash Flows For The Year Ended 30 June 2022

| | Note | 2021-2022 | 2020-2021 |
|---|------|-------------------|---------------------|
| | | Kshs | Kshs |
| Cash flows from operating activities | | | |
| Receipts | | | |
| Interest received | 12 | 721,450 | 186,499 |
| Total receipts | | 721,450 | 186,499 |
| Payments | | | |
| Use of Goods and Services | 7 | 1,399,757 | 820,541 |
| Depreciation and Amortization Expense | 8 | 29,593 | 42,276 |
| Provisions for Doubtful Debts | 23 | 940,009 | 8,266,769 |
| Total payments | | 2,369,359 | 9,129,586 |
| Adjusted for: | | | |
| Changes In Accounts Payables | 27 | (26,000) | - |
| Changes In Provisions For Doubtful Debts | 24 | 940,009 | - |
| Depreciation | 8 | 29,593 | - |
| Total Adjustments | | 943,602 | - |
| Net cash flows from operating activities | | (704,307) | (608,042) |
| Cash flows from investing activities | | | |
| Changes in loans overpayment | 26 | 101,750 | 52,249 |
| Proceeds from loan principal repayments | 12 | 12,024,162 | 3,108,321 |
| Loan disbursements paid out | 12 | (11,710,000) | (14,240,000) |
| Net cash flows used in investing activities | | 415,912 | (11,079,430) |
| Net increase/(decrease) in cash & cash Equivalents | | (288,395) | (11,687,472) |
| Cash and cash equivalents at 1 July 2021 | 11 | 15,353,599 | 27,041,070 |
| Cash and cash equivalents at 30 June 2022 | 11 | 15,065,203 | 15,353,599 |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30/01/2023 and signed by:

.....
Evelyn Mbugua
Administrator of the Fund

4 | Page

.....
Fund Accountant
Caleb Mwangi
ICPAK Member No:10187

Laikipia County Enterprise Fund

Annual Report and Financial Statements for the year ended June 30, 2022

17. Statement Of Comparison Of Budget And Actual Amounts For The Period Ended 30th June 2022

| | Original budget | Adjustments | Final budget | Actual on comparable basis | Performance difference | % Utilisation |
|-------------------------------|--------------------|-------------|-------------------|----------------------------------|---------------------------|---------------|
| | 2022 | 2022 | 2022 | 2022 | 2022 | 2022 |
| Revenue | Kshs | Kshs | Kshs | Kshs | Kshs | |
| Transfers From County Govt. | 17,374,000 | - | 17,374,000 | - | (17,374,000) | - |
| Interest Income | 1,500,000 | - | 1,500,000 | 1,405,200 | (94,800) | 94% |
| Opening Bank balance | 15,384,099 | - | 15,384,099 | 15,384,099 | - | 100% |
| Total Income | 34,258,099 | - | 34,258,099 | 16,789,299 | (17,468,800) | |
| Expenses | | | | | | |
| General Expenses | 1,446,141 | - | 1,446,141 | 1,339,757 | (46,384) | 97% |
| Loan Disbursement | 12,500,000 | - | 12,500,000 | 11,710,000 | (790,000) | 94% |
| Total Expenditure | 13,946,141 | - | 13,946,141 | 13,109,757 | (836,384) | - |
| Surplus For The Period | 20,311,957 | - | 20,311,957 | 3,679,542 | (16,632,416) | - |

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2022

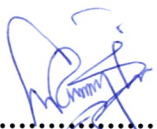
Reconciliation between Statement of Financial Performance and Statement of Comparison Budget and Actual Amounts

| DESCRIPTION | STATEMENT OF FINANCIAL PERFORMANCE/ POSITION | STATEMENT OF COMPARISON BUDGET AND ACTUAL AMOUNTS | VARIANCE | REMARKS |
|--|--|---|-------------------|-------------------------------|
| REVENUE | | | | |
| Transfers from County Govt. Allocation FY2021/22 | 10,000,000 | 0 | 10,000,000 | <i>Receivables</i> |
| Transfers from County Govt Receivables CF FY 2020/21 | 7,374,000 | 0 | 7,374,000 | <i>Receivables</i> |
| Interest income | 1,405,200 | 1,500,000 | (94,800) | <i>Accrued Income</i> |
| | 18,779,200 | 1,500,000 | 17,279,200 | |
| PAYMENTS | | | | |
| Provision for Bad Debts | 940,009 | 0 | 940,009 | <i>Provision for bad debt</i> |
| | 940,009 | 0 | 940,009 | |
| SURPLUS/ (DEFICIT) | 17,839,191 | 1,500,000 | 16,339,191 | |

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 and signed by:



Evelyn Mbugua
Administrator of the Fund



Fund Accountant
Caleb Mwangi
ICPAK Member No:10187

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2022

18. Notes to the Financial Statements

1. General Information

Laikipia County Enterprise Fund is established by and derives its authority and accountability from the Laikipia County Enterprise Fund Bill enacted into law on 19th of June 2014 with amendments onto the same on 28th June 2017 and 2018.

The Fund was gazetted vide legal notice number 18 ACT NO.10 on 19-06-2014 established by Legal Notice No.10 of 2014. Act. The entity is wholly owned by the County Government and is domiciled in Kenya. The entity's principal activity is to promote enterprise development by providing affordable credit to SMEs.

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) Relevant new standards and amendments to published standards effective for the year ended 30 June 2022

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022

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

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2022

| Standard | Effective date and impact: |
|--|--|
| | <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. |
| IPSAS 42: Social Benefits | <p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; (c) The impact of such social benefits provided on the Entity’s financial performance, financial position and cash flows. |
| Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments | <p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> |
| Other improvements to IPSAS | <p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> |

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| Standard | Effective date and impact: |
|--|---|
| | <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p> |
| IPSAS 43 | <p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> |
| IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations | <p><i>Applicable 1st January 2025</i></p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> |

(iii) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2022.

4. 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 original budget for FY 2021-2022 was approved by the County Assembly on 29th June 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations on the FY 2021-2022 budget following the governing body's approval.

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

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

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

Summary Of Significant Accounting Policies (Continued)

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.

a) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Summary Of Significant Accounting Policies (Continued)

Held-to-maturity

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

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

Laikipia County Enterprise Fund
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Summary Of Significant Accounting Policies (Continued)

b) 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.

c) Provisions

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

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

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

Contingent liabilities

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

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Summary Of Significant Accounting Policies (Continued)

Contingent assets

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

d) Nature and purpose of reserves

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

e) 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.

f) Employee benefits – Retirement benefit plans

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

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

g) 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.

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Summary Of Significant Accounting Policies (Continued)

h) 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.

i) 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.

j) 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.

k) Comparative figures

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

l) Events after the reporting period

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

m) Ultimate and Holding Entity

The entity is a County Public Fund established by The Public Finance Management Act, 2012 (Laikipia County Business Stimulus Fund) Regulations, 2020 on 4th November, 2020 and amended regulations, The Public Finance Management (Laikipia County Business Stimulus Fund) (Amendment) Regulations, 2021 through a gazette notice of 26th July, 2021 Act under the Ministry of Finance. Its ultimate parent is the County Government of Laikipia

n) Currency

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

Summary Of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

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

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

b) Useful lives and residual values

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

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

c) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 24.

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.

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2022

6. Notes to The Financial Statements

1. Public contributions and donations

| Description | 2021-2022 | 2020-2021 |
|------------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Donation From Development Partners | - | - |
| Contributions From The Public | - | - |
| Total | - | - |

2. Transfers from County Government

| Description | 2021-2022 | 2020-2021 |
|--|-------------------|-----------|
| | Kshs | Kshs |
| Transfers From County Govt. –Operations | - | - |
| Transfers from County Govt - Receivable FY 2021/22 | 10,000,000 | - |
| Total | 10,000,000 | - |

3. Fines, penalties and other levies

| Description | 2021-2022 | 2020-2021 |
|------------------------|-----------|-----------|
| | Kshs | Kshs |
| Late Payment Penalties | - | - |
| Fines | - | - |
| Total | - | - |

4. Interest income

| Description | 2021-2022 | 2020-2021 |
|------------------------------|------------------|------------------|
| | Kshs | Kshs |
| Interest Income From Loans | 1,405,200 | 1,708,800 |
| Total Interest Income | 1,405,200 | 1,708,800 |

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Notes to the Financial Statements Continued

5. Other income

| Description | 2021-2022 | 2020-2021 |
|--------------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Insurance Recoveries | - | - |
| Income From Sale Of Tender Documents | - | - |
| Miscellaneous Income | - | - |
| Total Other Income | - | - |

6. Employee Costs

| Description | 2021-2022 | 2020-2021 |
|------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Salaries And Wages | - | - |
| Staff Gratuity | - | - |
| Staff Training Expenses | - | - |
| Social Security Contribution | - | - |
| Other (<i>Specify</i>) | - | - |
| Total | - | - |

7. Use of Goods and Services

| Description | 2021/22 | 2020/21 |
|--------------------------------------|------------------|----------------|
| | Kshs. | Kshs. |
| General Office Expenses | 234,550 | - |
| Loan Processing Costs | 45,120 | - |
| Training Costs | 304,200 | - |
| Administration Expense | 343,000 | 817,450 |
| Committee Allowances | 258,700 | - |
| Fuel And Oil Costs | 69,000 | - |
| Postage And Courier | 1,500 | - |
| Printing And Stationery | 66,285 | - |
| Telephone And Communication Expenses | 54,000 | - |
| Bank Charges | 23,402 | 3,091 |
| Total | 1,399,757 | 820,541 |

Laikipia County Enterprise Fund
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8. Depreciation and Amortization Expense

| Description | 2021/22 | 2020/21 |
|------------------------------|---------------|---------------|
| | Kshs. | Kshs. |
| Property Plant and Equipment | 29,593 | 42,276 |
| Total | 29,593 | 42,276 |

9. Finance costs

| Description | 2021-2022 | 2020-2021 |
|------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Interest On Bank Overdrafts | - | - |
| Interest On Loans From Banks | - | - |
| Total | - | - |

10. Gain/(loss) on disposal of assets

| Description | 2021-2022 | 2020-2021 |
|-------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Property, Plant And Equipment | - | - |
| Intangible Assets | - | - |
| Total | - | - |

11. Cash and cash equivalents

| Description | 2021-2022 | 2020-2021 |
|--|-------------------|-------------------|
| | Kshs | Kshs |
| Fixed Deposits Account | - | - |
| On – Call Deposits | - | - |
| Current Account | 15,065,203 | 15,353,599 |
| Others | - | - |
| Total Cash And Cash Equivalents | 15,065,203 | 15,353,599 |

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2022

Notes to the Financial Statements Continued

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

| Financial Institution | Account number | 2021-2022 | 2020-2021 |
|---------------------------|----------------|-------------------|-------------------|
| | | Kshs. | Kshs. |
| a) Current Account | | | |
| Kenya Commercial Bank | 1176375156 | 15,065,203 | 15,353,599 |
| Sub- Total | | 15,065,203 | 15,353,599 |
| | | | |
| Grand Total | | 15,065,203 | 15,353,599 |

12. Receivables from exchange transactions

| Description | 2021-2022 | 2020-2021 |
|--|-------------------|-------------------|
| | Kshs | Kshs |
| Current Receivables | | |
| Bal b/d | 16,420,880 | 14,407,669 |
| New loans | 11,710,000 | 14,240,000 |
| Interest Receivable | 1,405,200 | 1,708,800 |
| Current Loan Repayments -Principal | (12,024,162) | (3,108,321) |
| Current Loan Repayments -Interest | (721,450) | (186,499) |
| Less: Provision for Doubtful Debts | (940,009) | (8,266,769) |
| Less: Non-exchange transaction (lending to finance dept) | - | (2,374,000) |
| Total Current Receivables | 15,850,459 | 16,420,880 |
| Non-Current Receivables | | |
| Long Term Loan Repayments Due | - | - |
| Total Non- Current Receivables | - | - |
| Total Receivables From Exchange Transactions | 15,850,459 | 16,420,880 |

Additional disclosure on interest receivable

| Description | 2021-2022 | 2020-2021 |
|--|-----------|-----------|
| | Kshs | Kshs |
| Interest Receivable | | |
| Interest receivable from current portion of long-term loans of previous years | - | - |
| Accrued interest receivable from of long-term loans of previous years | - | - |
| Interest receivable from current portion of long-term loans issued in the current year | - | - |
| Current loan repayments due | | |
| Current portion of long-term loans from previous years | - | - |

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Annual Report and Financial Statements for the year ended June 30, 2022**

| | | |
|---|---|---|
| Accrued principal from long-terms loans from previous periods | - | - |
| Current portion of long-term loans issued in the current year | - | - |

13. Receivables from Non exchange transactions

| Description | FY 2021-2022 | FY 2020/21 |
|--|-------------------|------------------|
| | KShs | KShs |
| Current Receivables | | |
| Receivables - Imprest | | - |
| Transfers from County Executive | 17,374,000 | 7,374,000 |
| transfers from County Executive-received | | |
| Total Current receivables | 17,374,000 | 7,374,000 |

14. Prepayments

| Description | 2021-2022 | 2020-2021 |
|-----------------------------|-----------|-----------|
| | Kshs | Kshs |
| Prepaid Rent | - | - |
| Prepaid Insurance | - | - |
| Prepaid Electricity Costs | - | - |
| Other Prepayments (Specify) | - | - |
| Total | - | - |

15. Inventories

| Description | 2021-2022 | 2020-2021 |
|--|-----------|-----------|
| | Kshs | Kshs |
| Consumable Stores | - | - |
| Spare Parts And Meters | - | - |
| Catering | - | - |
| Other Inventories (Specify) | - | - |
| Total Inventories At The Lower Of Cost And Net Realizable Value | - | - |

Laikipia County Enterprise Fund

Annual Report and Financial Statements for the year ended June 30, 2022

Notes To The Financial Statements (Continued)

16. 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 2020 | - | - | - | 140,920 | 140,920 |
| Additions | - | - | - | - | - |
| Disposals | - | - | - | - | - |
| At 30th June 2021 | - | - | - | 98,644 | 98,644 |
| At 1st July 2021 | | | | 98,644 | 98,644 |
| Additions | - | - | - | - | - |
| At 30th June 2022 | - | - | - | 69,051 | 69,051 |
| Depreciation And Impairment | | | | | |
| At 1 st July 2020 | - | - | - | (57,913) | (57,913) |
| Depreciation | - | - | - | (42,276) | (42,276) |
| At 30th June 2021 | - | - | - | (100,189) | (100,189) |
| At 1st July 2021 | | | | (100,189) | (100,189) |
| Depreciation | - | - | - | (29,593) | (29,593) |
| Disposals | - | - | - | - | - |
| At 30th June 2022 | - | - | - | (129,782) | (129,782) |
| Net Book Values | | | | | |
| At 30th June 2021 | - | - | - | 98,644 | 98,644 |
| At 30th June 2022 | - | - | - | 69,051 | 69,051 |

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Annual Report and Financial Statements for the year ended June 30, 2022
Notes To The Financial Statements (Continued)

17. Intangible assets

| Description | 2021-2022 | 2020-2021 |
|------------------------------------|-----------|-----------|
| | 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 | - | - |

18. Accounts and other payables from exchange transactions

| Description | 2021-2022 | 2020-2021 |
|--|-----------|-----------|
| | Kshs | Kshs |
| Accounts Payables | - | - |
| Refundable Deposits | - | - |
| Accrued Expenses-Administrative expenses | - | 26,000 |
| Other Payables | - | - |
| Total Accounts And Other Payables | - | 26,000 |

19. Provisions

| Description | Leave provision | Bonus provision | Other provision | Total |
|--|-----------------|-----------------|-----------------|-------|
| | Kshs | Kshs | Kshs | Kshs |
| Balance At The Beginning Of The Year (1.07.2021) | - | - | - | - |
| Additional Provisions | - | - | - | - |
| Provision Utilised | - | - | - | - |
| Change Due To Discount And Time Value For Money | - | - | - | - |
| Transfers From Non -Current Provisions | - | - | - | - |
| Balance At The End Of The Year (30.06.2022) | - | - | - | - |

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2022
Notes To The Financial Statements (Continued)

20. Borrowings

| Description | 2021-2022 | 2020-2021 |
|---|-----------|-----------|
| | Kshs | Kshs |
| Balance At Beginning of The Period | - | - |
| External Borrowings During the Year | - | - |
| Domestic Borrowings During the Year | - | - |
| Repayments Of External Borrowings During the Period | - | - |
| Repayments Of Domestic Borrowings During the Period | - | - |
| Balance At End of The Period | - | - |

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

| Description | 2021-2022 | 2020-2021 |
|---|-----------|-----------|
| | Kshs | Kshs |
| External Borrowings | | |
| Dollar Denominated Loan From 'X Organisation' | - | - |
| Sterling Pound Denominated Loan From 'Y Organisation' | - | - |
| Euro Denominated Loan from Z Organisation' | - | - |
| Domestic Borrowings | | |
| Kenya Shilling Loan From KCB | - | - |
| Kenya Shilling Loan from Barclays Bank | - | - |
| Kenya Shilling Loan from Consolidated Bank | - | - |
| Borrowings From Other Government Institutions | - | - |
| Total Balance at End Of The Year | - | - |

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

| Description | 2021-2022 | 2020-2021 |
|--|-----------|-----------|
| | Kshs | Kshs |
| Short Term Borrowings(Current Portion) | - | - |
| Long Term Borrowings | - | - |
| Total | - | - |

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Notes To The Financial Statements (Continued)

21. Employee benefit obligations

| Description | Defined benefit plan | Post employment medical benefits | Other Provisions | 2021-2022 | 2020-2022 |
|--------------------------------|----------------------|----------------------------------|------------------|-----------|-----------|
| | Kshs | Kshs | Kshs | Kshs | Kshs |
| Current Benefit Obligation | - | - | - | - | - |
| Non-Current Benefit Obligation | - | - | - | - | - |
| Total | - | - | - | - | - |

22. Loans overpayment

| Description | 2021-2022 | 2020-2021 |
|-------------------|----------------|---------------|
| | KShs | KShs |
| Loans overpayment | 153,998 | 52,249 |
| Total | 153,998 | 52,249 |

23. Provisions for Doubtful Debts

| Description | 2021-2022 | 2020-2021 |
|-------------------------|----------------|------------------|
| | KShs | KShs |
| Provision for bad debts | 940,009 | 8,266,769 |
| Total provisions | 940,009 | 8,266,769 |

24. Changes in Provisions for Doubtful Debts

| Description | 2021-2022 | FY 2020/21 |
|--|----------------|------------------|
| | KShs | KShs |
| Provisions for Doubtful Debts -End B | 9,206,778 | 8,266,769 |
| Provisions for Doubtful Debts -Start A | (8,266,769) | - |
| Total | 940,009 | 8,266,769 |

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25. Prior Year Adjustment

| Description | 2021-2022 | 2020-2021 |
|--------------------------------|-----------|----------------|
| | KShs | KShs |
| Bank Charges omitted 2019/2020 | - | (1,191) |
| Total | - | (1,191) |

26. Changes in Loans overpayment

| Description | 2021-2022 | 2020-2021 |
|---|----------------|---------------|
| | KShs | KShs |
| Increase in Loans overpayment | 117,250 | 52,249 |
| Decrease in Loan overpayments (Refund) | (15,500) | |
| Total | 101,750 | 52,249 |

27. Changes in Accounts Payables

| Description | 2021-2022 | 2020-2021 |
|--|-----------------|---------------|
| | KShs | KShs |
| Decrease in Accrued expenses –Administration expenses | (26,000) | - |
| Increase in Accrued expenses –Administration expenses | | 26,000 |
| Net Change | (26,000) | 26,000 |

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Other Disclosures

28. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

| | 2021-2022 | 2020-2021 |
|---------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Transfers From Related Parties' | - | - |
| Transfers To Related Parties | - | - |

c) Key management remuneration

| | 2021-2022 | 2020-2021 |
|-----------------------------|-----------|-----------|
| | Kshs | Kshs |
| Board Of Trustees | - | - |
| Key Management Compensation | - | - |
| Total | - | - |

d) Due from related parties

| | 2021-2022 | 2020-2021 |
|----------------------------|-----------|-----------|
| | Kshs | Kshs |
| Due From Parent Ministry | - | - |
| Due From County Government | - | - |
| Total | - | - |

e) Due to related parties

| | 2021-2022 | 2020-2021 |
|--------------------------|-----------|-----------|
| | Kshs | Kshs |
| Due To Parent Ministry | - | - |
| Due To County Government | - | - |
| Total | - | - |

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Other Disclosures Continued

29. Financial risk management

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

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

a) Credit risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

| | Total amount Kshs | Fully performing Kshs | Past due Kshs | Impaired Kshs |
|--|------------------------------|----------------------------------|--------------------------|--------------------------|
| At 30 June 2022 | | | | |
| Receivables From Exchange Transactions | 15,850,459 | 7,628,244 | 8,222,215 | - |
| Receivables From Non-Exchange Transactions | 12,374,000 | 10,000,000 | 2,374,000 | - |
| Bank Balances | 15,065,203 | 15,065,203 | - | - |
| Total | 43,289,662 | 32,693,447 | 10,596,215 | - |
| At 30 June 2021 | | | | |
| Receivables From Exchange Transactions | 16,420,880 | 14,028,669 | 2,392,211 | - |
| Receivables From Non Exchange Transactions | 7,374,000 | - | 7,374,000 | - |
| Bank Balances | 15,353,599 | 15,353,599 | - | - |
| Total | 39,148,479 | 29,382,268 | 9,766,211 | - |

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

The entity has significant concentration of credit risk on amounts due.

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

b) Liquidity risk management

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

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

| | Less than 1 month | Between 1-3 months | Over 5 months | Total |
|-------------------------------|-------------------|--------------------|---------------|--------|
| | Kshs | Kshs | Kshs | Kshs |
| At 30 June 2022 | | | | |
| Trade Payables | - | - | - | - |
| Current Portion Of Borrowings | - | - | - | - |
| Provisions | - | - | - | - |
| Employee Benefit Obligation | - | - | - | - |
| Total | - | - | - | - |
| At 30 June 2021 | | | | |
| Trade Payables | - | - | 26,000 | 26,000 |
| Current Portion Of Borrowings | - | - | - | - |
| Provisions | - | - | - | - |
| Employee Benefit Obligation | - | - | - | - |
| Total | - | - | - | - |

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c) Market risk

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

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

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

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

i. Foreign currency risk

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

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

| | | Other currencies | Total |
|--|-------------|-------------------------|--------------|
| | Kshs | Kshs | Kshs |
| At 30 June 2021 | | | |
| Financial Assets | - | - | - |
| Investments | - | - | - |
| Cash | - | - | - |
| Debtors/ Receivables | - | - | - |
| Liabilities | - | - | - |
| Trade And Other Payables | - | - | - |
| Borrowings | - | - | - |
| Net Foreign Currency Asset/(Liability) | - | - | - |

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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 |
| 2022 | | | |
| Euro | 10% | - | - |
| USD | 10% | - | - |
| 2021 | | - | - |
| Euro | 10% | - | - |
| USD | 10% | - | - |

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs0 (2022: KShs 0). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs0 (2021 – KShs 0)

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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:

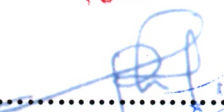
| | 2021-2022 | 2020-2021 |
|---|-------------------|-------------------|
| | Kshs | Kshs |
| Revaluation reserve | - | - |
| Revolving fund | 39,168,863 | 46,590,840 |
| Accumulated surplus | 4,975,850 | (7,420,786) |
| Total funds | 44,144,713 | 39,168,863 |
| | | |
| Total borrowings | - | - |
| Less: cash and bank balances | 15,065,203 | 15,353,599 |
| Net debt/(excess cash and cash equivalents) | (15,065,203) | (15,353,599) |
| Gearing | (0.34) | (0.39) |

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19. Progress On Follow Up Of Prior Year Auditor's Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. 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 | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|--|--|-----------------------------------|---|
| 4.5 | Lack of Three Years Strategic Plan | The Fund Management has requested for financial facilitation from the CECM Finance for consultancy services | On-going | FY 2022/2023 year end |
| 4.5 | The Fund Management should give a report on the recoverability of loans issued prior to establishment of a strategic plan and action be taken on adverse loan status | <p>Fund Management has taken the following measures on recoverability of loans.</p> <ul style="list-style-type: none"> • Issued personal calls and messages to loan defaulters for recovery of loans • Direct visits to groups and individuals defaulting loans for recovery of loans • Issuing demand notices to loan defaulters • Registration with Metropol CRB for blacklisting of defaulters. • Debt collection services have been sourced and are undergoing the procurement process. | | To recover over 50% by end of FY 2022/2023 as many businesses have been affected by COVID -19 |


 Evelyn Mbugua
 Administrator of the Fund

