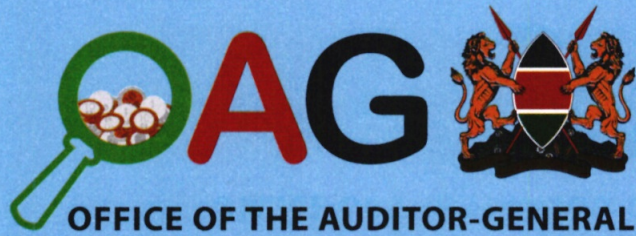


REPUBLIC OF KENYA



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REPORT

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THE AUDITOR-GENERAL

ON

LAIKIPIA COUNTY LEASING FUND

FOR THE YEAR ENDED

30 JUNE, 2023

PAPERS LAID	
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COUNTY GOVERNMENT OF LAIKIPIA
LAIKIPIA COUNTY LEASING FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2023

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

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Laikipia County Leasing Fund
Annual Report and Financial Statements for the year ended June 30, 2023

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i. Acronyms and Glossary of Terms

a) Acronyms

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

Laikipia County Leasing Fund
Annual Report and Financial Statements for the year ended June 30, 2023

2. Key Entity Information and Management

a) Background information

Laikipia County Leasing Fund is established by and derives its authority and accountability from the Public Finance Management (PFM) Act section 116. The Fund is wholly owned by the County Government of Laikipia and is domiciled in Kenya.

The fund's objective is to finance rental payments, finance operation of leased assets and provide services at a fee to external clients utilizing the leased assets in the line with the master lease agreements.

The Fund's principal activity is to finance rental payments for assets leased by the County, finance the operations of the leased assets and provide services at a fee to external clients utilizing the leased assets in line with the Master Lease Agreements.

b) Principal Activities

The principal activity of the Fund is to finance rental payments for leased assets.

c) Fund Administration Committee

Ref	Name	Position
1	Koinange Wahome	Chairperson – County Secretary
2	Daniel Ngumi	Fund Administrator & Secretary - Chief Officer for Finance
3	Peter Macharia	Chief Officer for Roads, Transport & Public Works
4	Alexander Muchemi	County Attorney
5	Samuel Wachira	County Executive Member for Finance

d) Key Management Steam

Ref	Name	Position
1	Daniel Ngumi	Fund Administrator & Secretary - Chief Officer for Finance
2	Francis Karani	Director Assets Management
3	Angela Wahome	Fund Accountant Operations
4	Caleb Mwangi	Fund Accountant Financial Reporting

Laikipia County Leasing Fund
Annual Report and Financial Statements for the year ended June 30, 2023

e) Fiduciary Oversight Arrangements

SN	Position	Name
1	Directorate of Internal Audit	Head of Internal Audit
2	County Assembly of Laikipia	Clerk to County Assembly
3	Office of the Controller of Budget	Controller of Budget
4	Office of the Auditor General	Auditor-General

f) Registered Offices

P.O. Box 1271-10400
Interim County Headquarter Building
Kenyatta Avenue Nanyuki, KENYA

g) Fund Contacts

Telephone: (254) 716-031031
E-mail: info@laikipia.go.ke
Website: www.laikipia.go.ke

h) Fund Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Absa Bank
Along Nanyuki - Meru Highway
P.O.BOX 214-10400
Nanyuki, Kenya

i) Independent Auditors

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

j) Principal Legal Adviser

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




k) County Attorney

County Government of Laikipia
P.O.Box 1271-10400
Nanyuki


Laikipia County Leasing Fund

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




3. Fund Administration Committee

Name	Details of qualifications and experience
<p>1. Koinange Wahome - Chairperson</p> 	<p>Born in 1978.</p> <p>Mr. Koinange Wahome is currently the County Secretary of the County government of Laikipia. He is a dedicated public servant and design thinker with an unwavering commitment to resolving social complexities and ongoing human problems through active citizen engagement, empathetic redress, and unending support for the formation of inspired teams.</p> <p>He has extensive experience in Public Safety Administration, Trade Policy Development, Human Enterprise Management, Diplomacy, Best Practices in International Relations, Public Finance Policy, and Community Development.</p> <p>He holds a Master's Degree in International Relations and Diplomacy among other academic and professional qualifications. He has a distinguished public service record in Kenya's disciplined forces, as well as private consultancies in Diplomacy, Public Safety Administration, Technology-Aided Security Surveillance, Logistics and International Trade.</p>
<p>2. Daniel Ngumi - Fund Administrator</p> 	<p>Mr. Ngumi Daniel is currently the Chief Officer Finance and County Treasury. Holds Bachelors Degree in Economics and Public Administration and Masters Degree in Accounting and Finance. He is also a CPA(K).</p> <p>Currently the Chief Officer for Finance and County Treasury. Has previously worked with National Treasury for six years in various Departments as Chief Accountant; Has also worked with County Government of Laikipia as Head of County Treasury Accounting and County Government of Kiambu as Director of Finance.</p>
<p>3. Samuel Gachigi - Member</p> 	<p>Born in 1976.</p> <p>Currently the CECM Finance and Economic Planning. Has worked with National Treasury for 16 years in various departments as head of Supply Chain Management. Has also worked with County Government of Nyeri and County Government of Nakuru as Director of Supply Chain Management.</p> <p>He holds Bachelors degree in Business Administration – Economics and Sociology and a post graduate Diploma in Supply Chain management services.</p>
<p>4. Eng. Peter Macharia -</p>	

**Laikipia County Leasing Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Member	
<p>5. Alexander Muchemi - Member</p> 	<p>Born in 1986. He is currently the County Attorney to the County Executive Committee (Chaired by His Excellency the Governor of Laikipia). He holds a Bachelor's Degree in Law from Moi University and a Post Graduate in The Kenya School of Law Advocates Training Program (ATP). He was a lecturer with experience in lecturing Commercial Law at Cooperative University College. He has marketing experience was in charge of marketing in Nyahururu region.</p>

4. Management Team

Name	Details of qualifications and experience
<p>1. Daniel Ngumi - Fund Administrator</p> 	<p>Mr. Daniel Ngumi is currently the Chief Officer Finance and County Treasury. Holds Bachelors Degree in Economics and Public Administration and Masters Degree in Accounting and Finance. He is also a CPA(K).</p> <p>Currently the Chief Officer for Finance and County Treasury. Has previously worked with National Treasury for six years in various Departments as Chief Accountant; Has also worked with County Government of Laikipia as Head of County Treasury Accounting and County Government of Kiambu as Director of Finance.</p>
<p>Angela Wahome</p> 	<p>Born in 1991.</p> <p>She is the Accountant in charge of Operations for the Fund. She Holds a Bachelor's Degree in Actuarial Science. She is a member of the Association of Certified Chartered Accountants and also is a member of the Institute of Internal Auditors of Kenya. She has experience working in both external and internal audit.</p>
<p>Caleb Mwangi</p> 	<p>Born in 1980.</p> <p>Mr Caleb is the Accountant in charge of Financial Reporting for the Fund. Holds Bachelor's Degree in Commerce (Finance) and Post Graduate Diploma in Project Management (DKUT). He also a Certified Public Accountant of Kenya (CPA -K).</p>

5. Fund Chairperson's Report

The Public Finance Managements Act 2012 Section 116 gives the CECM Finance powers to establish public funds with the approval of the County Executive Committee (The Cabinet) and the County Assembly. The Act instructs that there shall be a person appointed by the CECM Finance to administer the Fund and guides on the role of the administrator. The Fund Regulations 2020 were developed to guide on the management, operations and accountability of the Fund.

The purpose of the Fund is to;

- a) Finance rental payments for assets leased by the County
- b) Finance operations of the leased assets
- c) Provide services at a fee to external clients utilizing the leased assets in line with the Master Lease Agreements

The Laikipia county Leasing Fund regulations part 3 sub-section 6 (1) states there is established a leased assets management committee for the fund. During the FY 2022/23 there were changes in the committee as follows,

The committee shall consist of:

- a) County Secretary who shall be the chairperson – Koinange Wahome
- b) County Executive Member in charge of Finance - Samuel Wachira
- c) Chief Officer Finance who shall be the secretary to the committee - Daniel Ngumi
- d) Chief Officer responsible for Infrastructure - Peter Macharia
- e) County Attorney - Alexander Muchemi

Review of Fund's performance

The fund budget for revenues was Kshs. 37,500,000 against the year's receipts of Kshs. 25,448,587. The Fund also received funds from other sources amounting to Kshs 43,498,074 to reduce Accounts receivables for Financial Year 2021/2022. In the Financial year 2022/23 the fund's expenditure was Kshs. 126,385,834.

Future outlook

In the budget for financial year 2023/24 the fund has been allocated Kshs 50,000,000 to cater for lease rental costs, assets operational costs and payment of direct costs of projects undertaken by the assets as per approved bill of quantities.

Conclusion

Laikipia County Leasing Fund
Annual Report and Financial Statements for the year ended June 30, 2023

In conjunction with relevant stakeholders, we will endeavour to ensure that leasing in Laikipia county is effective and efficient in achieving its objectives.



.....
Koinange Wahome

Chairperson of the Fund Administration Committee

Laikipia County Leasing Fund
Annual Report and Financial Statements for the year ended June 30, 2023

6. Report of The Fund Administrator

The Leasing Fund was created to aid in coordination of activities related to the leasing program. This Program is an innovative way by Laikipia County to enable the County utilise the most up to date technology for machinery and equipment while not tying up so much cash on asset acquisition but rather use such cash for development activities.

Below is a schedule of the 14 leased equipment and trucks under the leasing program in FY 2022 - 2023.

MOTOR VEHICLE REG. NO.	MAKE	START DATE	TERMINATION DATE
KDD 140W	LARGE TIPPER DUMPTRUCK	1/10/2021	1/10/2026
KDD 059X	LARGE TIPPER DUMPTRUCK	1/10/2021	1/10/2026
KDD 057X	LARGE TIPPER DUMPTRUCK	1/10/2021	1/10/2026
KDD 031X	LARGE TIPPER DUMPTRUCK	1/10/2021	1/10/2026
KDD 032X	LARGE TIPPER DUMPTRUCK	1/10/2021	1/10/2026
KDD 158W	LARGE TIPPER DUMPTRUCK	1/10/2021	1/10/2026
KDD 157W	LARGE TIPPER DUMPTRUCK	1/10/2021	1/10/2026
KDD 149W	LARGE TIPPER DUMPTRUCK	1/10/2021	1/10/2026
KDD 164W	LARGE TIPPER DUMPTRUCK	1/10/2021	1/10/2026
KDD 167W	LARGE TIPPER DUMPTRUCK	1/10/2021	1/10/2026
KDD 264G	LOADER	21/7/2021	21/7/2026
KDD 261G	LOADER	21/7/2021	21/7/2026
KDD 265G	REFUSE TRUCK	21/7/2021	21/7/2026
KDD263G	REFUSE TRUCK	21/7/2021	21/7/2026

Haulage program

Designed to carry heavy loads, tipper trucks help transport materials to areas on the same worksite or locations further away. Additionally, their large capacity allows avoid leasing trailers. They're even able to carry smaller machinery like excavators. With such versatility, tipper trucks have you covered and they have been fundamental in the Department of Infrastructure in hauling of various things/ items.

Waste Transportation program

The County Governments provides adequate transport for the various segregated waste streams through the leased refuse trucks. The waste transportation trucks are closed and suitable for the transportation of the various waste streams to the waste treatment facilities and landfills. The waste trucks are regularly serviced and maintained to avoid littering of waste.

Waste transportation was largely rudimentary using open trucks among others. These poor transportation modes led to littering, making waste an eye-sore, particularly plastics in the

Laikipia County Leasing Fund
Annual Report and Financial Statements for the year ended June 30, 2023

environment. However, Laikipia County have adopted appropriate transportation trucks as stipulated by the Waste Management Regulations which has been beneficial to the department of environment.

Risk categories

The Fund has identified and categorised risks as follows:

- a) **Strategic risks:** These arise out of the Fund's strategic plan.
- b) **Financial risks:** They are associated with the financial operations of the Fund.
- c) **Operational risks:** These are risks associated with the operations of the Fund.
- d) **Legal and regulatory risks:** Legal risks can arise from non-compliance with the legal and regulatory requirements.

Risk management

The Fund's commitment to risk management has also been evidenced by the awareness and continuous training offered to the Members of the Fund, management and staff of the Fund throughout the year.

Laikipia County Leasing Fund
Annual Report and Financial Statements for the year ended June 30, 2023

7. 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 Leasing Fund are to:

- a) Provide quality physical infrastructure in the County.
- b) Provide efficient and reliable transport services for County activities.

Progress on attainment of Strategic development objectives of the Leasing Fund

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Leasing of vehicles and equipment	Finance rental payments for assets leased by the County	Leased motor vehicles and equipment	No. of leased vehicles and equipment	14 vehicles and equipment leased; tippers trucks and refuse truck and loader.
	Finance the operations of the leased assets	Effective and efficient lease operations	No. of kilometres covered by leased vehicles and equipment	Service delivered to mwananchi effectively & efficiently; e.g.refuse collected /disposed promptly
	Provide services at a fee to external clients utilizing the leased assets in line with the Master Lease Agreements	Increased revenues generated to offset lease rentals	No of equipment hired out	Not achieved

8. Corporate Governance Statement

The Fund does not have a Board of Directors; rather it has a Management Committee comprising of;

- (I.) The County Secretary – Chairperson
- (II.) County Executive Committee Member for Finance
- (III.) Chief Officer for Finance – Secretary
- (IV.) Chief Officer for Infrastructure - Member
- (V.) The County Attorney - Member

The functions of the Management Committee include;

- a) Formulating guidelines for determination of assets for leasing, allocation and management of the leased assets to users
- b) Review proposals received from county departments and agencies and recommend to county executive committee the assets and number to be prioritized subject to the impact and available resources.
- c) Approve ensure lease rentals are paid as per the terms of the Master Lease Agreement
- d) Ensure the applicable laws, regulations and procedures are followed.
- e) Receive, review and approve statutory and management reports of the Fund before submission to third parties
- f) Prepare estimates of each financial year of the revenue and expenditure of the Fund, which shall then be approved by the CECM Finance before commencement of each financial year.
- g) Oversight over procurement of new assets, decision on actions to take at the expiry of contracts of existing leased assets in line with master lease agreements, and negotiation for new leases or amendments to contracts.

The Chief Officer for Finance is responsible for administering the Fund.

Winding up of the Fund

- The fund shall not be wound up while there are outstanding lease rentals.
- In the event of winding up of the fund, the cash balances will be transferred to the county exchequer account.

9. Management Discussion and Analysis

Leasing is becoming a preferred solution to resolve fixed asset requirements vs. purchasing the asset. While evaluating this venture, it is essential for the owner of the capital to understand whether leasing would yield better benefits or not. Laikipia County conducted a feasibility study on leasing and came to a conclusion that leasing is the best way to go for the County. This resulted to the establishment of The Leasing Fund; an entity within the County Government of Laikipia Executive. Its core functions are to finance and coordinate activities related to the Leasing program.

Operational Performance

Solid waste management is one of the most challenging tasks for our County. The Aging infrastructure has also been a hindrance to service delivery. The leasing program provided the department of Environment four leased trucks KDD 261G and KDD 263G in laikipia east, KDD 265G and KDD 264G in laikipia west. The number of collection points depends on population size hence the amount of garbage varies in both sub counties.

The table below illustrates the amount of garbage collection vis-à-vis the distance covered to reach the collection centres/points in both Sub-Counties;

DESCRIPTION	LAIKIPIA EAST	LAIKIPIA WEST
MILEAGE (KILOMETRES)	15000	17179
LOAD (TONNES)	18000	17442
FUEL (LITRES)	12000	9974

Table 1: Tonnage of Refuse Collected & Disposed

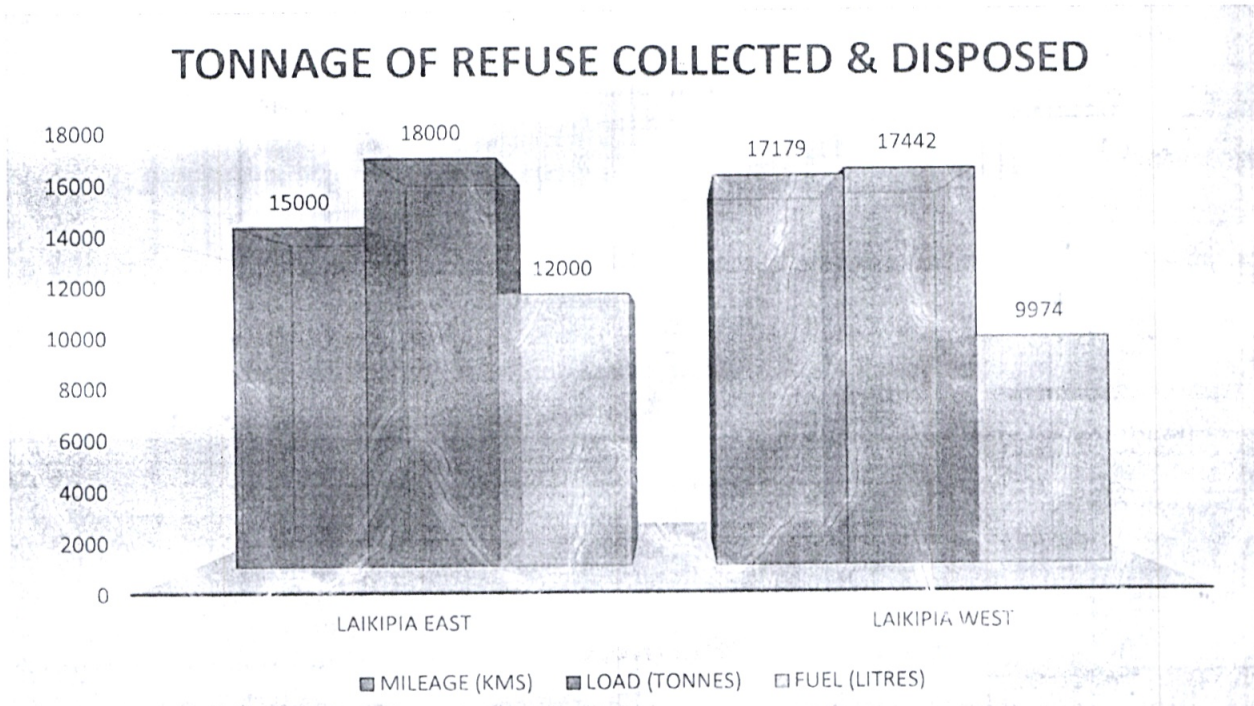


Figure 1: Tonnage of Refuse Collected & Disposed

Financial Performance

The financial performance of the fund was as follows:

(i) Revenue

The fund received less revenue as at 30th June 2023 as compared to 30th June 2022.

The Fund received its funding from the County Government of Laikipia and the disbursements were as follows:

DESCRIPTION	PERIOD ENDED JUNE 30 2023	PERIOD ENDED JUNE 30 2022
TOTAL REVENUE	25,448,587	360,564,848

Table 2: Fund Revenues

Laikipia County Leasing Fund
Annual Report and Financial Statements for the year ended June 30, 2023

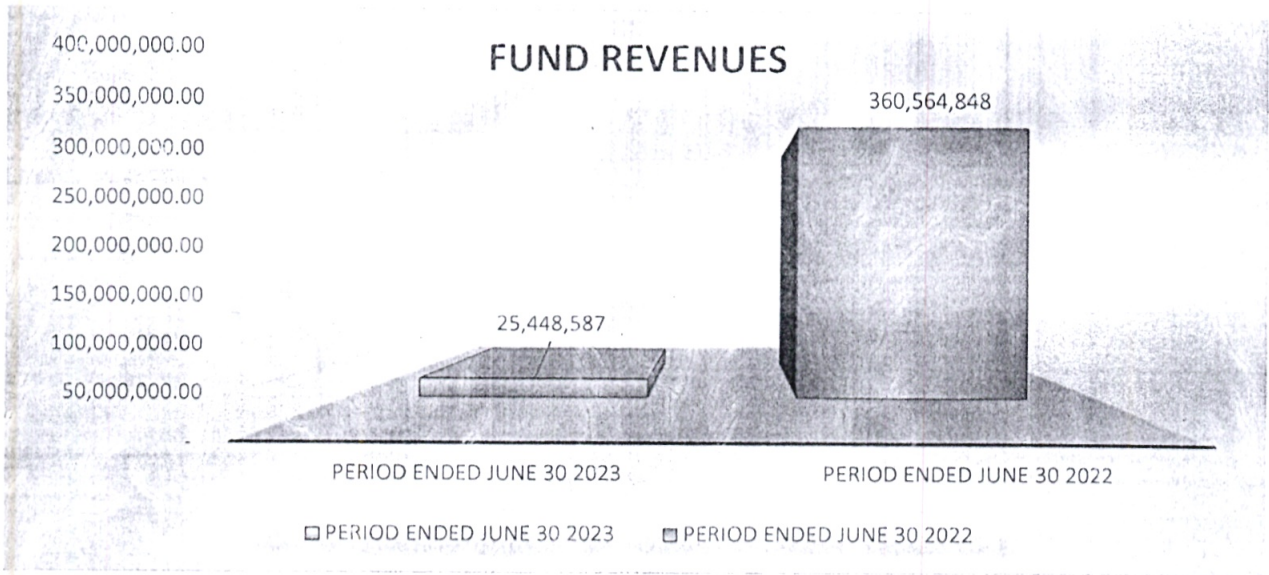


Figure 2: Fund Revenues

(i) Expenditures:

The following was the expenditure incurred by the fund in the Financial Year. There was significantly more expenditure due to accrued rental lease payments in the period ended June 30 2023.

DESCRIPTION	PERIOD ENDED JUNE 30, 2023	PERIOD ENDED JUNE 30, 2022
TOTAL EXPENDITURE	126,385,834	519,724,565

Table 3: Fund Expenditures

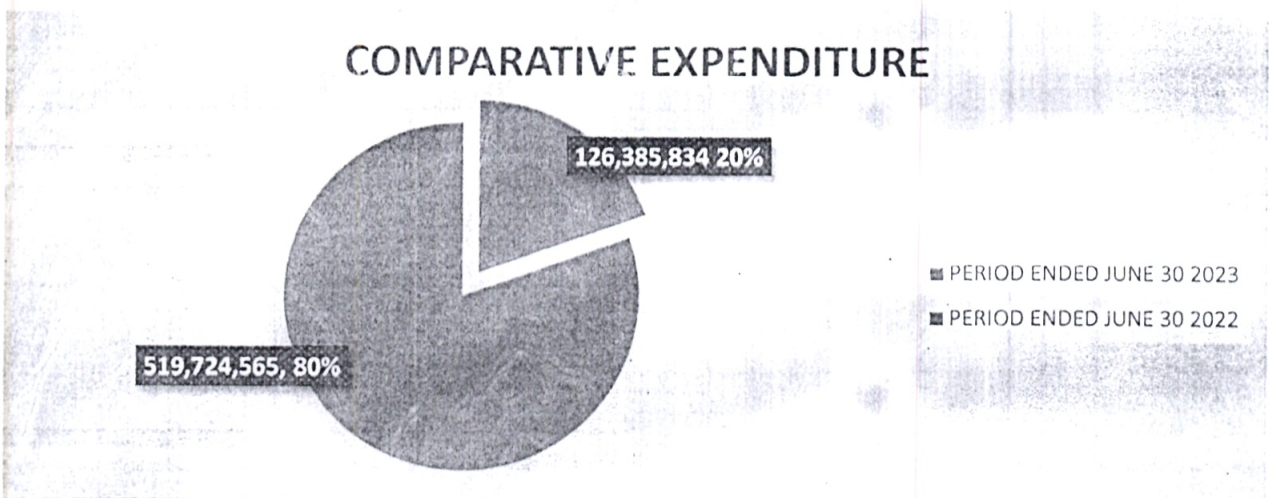


Figure 3: Fund Expenditures

Laikipia County Leasing Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Financial Obligations

The Fund has so far incurred expenditure on lease costs amounting to Kshs.160,805,782.

The table below shows money owed by the leasing fund to all the suppliers:

SUPPLIER	AMOUNT (KSHS)
SIMBA CORPORATION LIMITED	66,436
ISUZU EAST AFRICA LIMITED	40,621,966
TOYOTA KENYA LIMITED	30,854,555
RENT CO. AFRICA LIMITED	89,262,824.62
TOTAL	160,805,782

10. Environmental and Sustainability Reporting

a) Community Engagements

The fund has been involved in public engagements to create awareness of the fund as well as gather information on emerging needs. The Fund and its stakeholders are increasingly emphasizing on the need to ensure sustainability for both its budgetary allocations and resource mobilization through lobbying to increase its financing capabilities with an objective of ensuring that the Fund's going concern is secured.

b) Market place practices

- Responsible marketing and advertisement - The Laikipia County Leasing Fund also practices responsible marketing and advertisement using County Government social media platforms and print media well as respecting payment practices.

c) Sustainability strategy and profile

The Laikipia County Leasing Fund is keen on posterity; The County's top management has activated various sustainability strategies for the county including but not limited to:

- Ensuring continuous compliance with government laws, regulations, policies and standards.
- Ensuring that substantial proportion of the county budget is allocated to the leasing fund
- Completed the formulation of a County Risk Management Framework Policy that help the County identify and mitigate risks.
- Engaging citizens through public participation to incorporate their ideas and contributions on County development matters

d) Employees' welfare

The Laikipia County Leasing Fund relies on the County Public Service Board that is charged with the hiring and empowering of employees in the County.

e) Corporate Social Responsibility and Community Engagements

The Laikipia County Leasing Fund has been engaging citizens to identify their demands and needs, holding social community activities e.g. leaders and elders' engagements.

11. Report of The Fund administration committee

The Fund Administration Committee submits report together with the audited financial statements for the year ended June 30, 2023 which show the state of the Fund affairs.

Principal activities

The principal activities of the Fund are:

- a) Finance rental payments for assets leased by the County
- b) Finance the operations of the leased assets and,
- c) Provide services at a fee to external clients utilizing the leased assets in line with the Master Lease Agreements.

Results

The results of the Fund for the year ended June 30, 2023 are set out on page 1 to 6.

Fund administration committee Members

The members of the Fund Administration Committee who served during the year are shown on page iv. The changes in the Fund Administration Committee during the financial year are as shown below:

Ref	Position	Name	Status
1	County Secretary - Chairperson	Koinange Wahome	Incoming
2	CECM Finance & Economic Planning	Samuel Wachira	Incoming
3	Chief Officer Infrastructure Department	Peter Gathecha Macharia	Incoming
4	Fund Administrator/Chief Officer Finance	Daniel Kingori Ngumi	Incoming
5	Committee Member	Alexander Muchemi	Existing
6	Fund Administrator/Chief Officer Finance	Paul Njenga	Outgoing
7	CECM Finance & Economic Planning	Boniface Murungi Ndai	Outgoing

Laikipia County Leasing Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Auditors

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

By Order of the Fund Administration Committee



.....
Koinange Wahome

Chair of the Fund Administration Committee

12. 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 Leasing Fund **Regulations 2020** shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

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

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent 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 Leasing Fund Regulations 2020. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2023, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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 August 29th 2023 and signed on its behalf by:

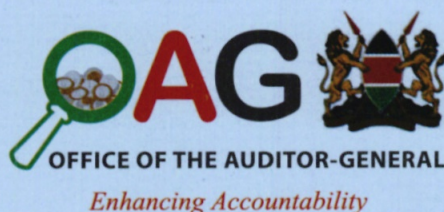


Daniel Ngumi
Administrator of the Laikipia County Leasing Fund



REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON LAIKIPIA COUNTY LEASING FUND FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

Qualified Opinion

I have audited the accompanying financial statements of Laikipia County Leasing Fund set out on pages 1 to 42, which comprise the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and

other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

Basis for Qualified Opinion

Undisclosed Contingent Liabilities

The Fund, under Note 28 on contingent assets and liabilities, reported Kshs.Nil balance for the year under review. Laikipia County Government entered into contractual agreements for leasing of equipment and motor vehicles in 2018 from various dealers. The County Government of Laikipia entered into five (5) years contractual agreements with M/s Toyota Kenya and M/s Rent Co. East Africa Limited on June, 2018 for supply of motor vehicles at contractual sums of Kshs.429,780,374 and Kshs.635,716,524 respectively. However, during the year under review, the two contracts were terminated but no documentary evidence was provided to support the terminations. Further, it was noted that one of the suppliers had sued the County Government of Laikipia for breach of contract but no contingent liability has been disclosed in the financial statements.

In the circumstances, the accuracy of the financial statements could not be confirmed. The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Laikipia County Leasing 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 qualified 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 during the year under review.

Other Matter

Unresolved Prior Year Matters

Prior year audit issues remained unresolved as at 30 June, 2023. Management has not provided reasons for the delay in resolving the prior year audit issues contrary to the requirements of the Public Sector Accounting Standards Board reporting guidelines.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters 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

1.0 Inter-Entity Transactions

The statement of financial position and Note 13 to the financial statements reflects receivables from non-exchange transactions of Kshs.19,458,971, out of which Kshs.2,047,500 is in respect of inter-entity transactions comprising of payments to other departments in the Laikipia County Executive. This was contrary to Section 116(4) of the Public Finance Management Act, 2012, which states that the Administrator of a County Public Fund shall ensure that money held in the Fund, including any earnings or accruals referred to in Subsection (3) is spent only for the purposes for which the Fund is established.

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

2.0 Long Outstanding Debts

The statement of financial position and Note 20 to the financial statements reflects trade and other payables from exchange transactions of Kshs.160,811,508, out of which Kshs.74,193,762 relates to debt arrears which has been outstanding for two years. This was contrary to Regulation 41(2) of the Public Finance Management (County Governments) Regulations, 2015 which states that debt service payments shall be a first charge on the County Revenue Fund and the Accounting Officer shall ensure this is done to the extent possible that the County Government does not default on debt obligations.

In the circumstances, Management was in breach of 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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The Standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal 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 Fund Administration Committee

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 controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability 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.

The Fund Administration Committee is 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 overall 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 control 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 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 Management.
- Conclude on the appropriateness of 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 continue 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 communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


13 February, 2024

Laikipia County Leasing Fund
Annual Report and Financial Statements for the year ended June 30, 2023


14. Statement of Financial Performance for the Year Ended 30 June 2023

DESCRIPTION	Note	2022-2023	2021-2022
		KShs	KShs
Revenue from Non-exchange transactions			
Transfers from the County Government	2	37,500,000	370,000,000
		37,500,000	370,000,000
Revenue From Non- Exchange Transactions			
Other Income	5	-	10,448,680
Total Revenue		37,500,000	380,448,680
Expenses			
Use of Goods and Services		126,385,834	519,724,565
Total expenses		126,385,834	519,724,565
Surplus/(deficit) for the period		(88,885,834)	(139,275,885)

(The notes set out on pages 19 to 21 form an integral part of these Financial Statements)


 Daniel Ngumi
 Administrator of the Fund
 ICPAK Member Number: 8207



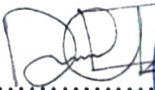


 Caleb Mwangi
 Fund Accountant
 ICPAK Member Number: 10187

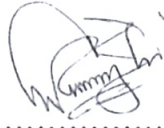
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15. Statement of Financial Position as at 30 June 2023

DESCRIPTION	Note	2022-2023	2021-2022
		KShs	KShs
Assets			
Current assets			
Cash and cash equivalents	12	1,203,192	1,459,959
Current Portion of Long Term Receivables From Non Exchange Transactions	13	19,458,971	50,905,633
Total Current assets		20,662,163	52,365,592
Liabilities			
Current liabilities			
Trade and other Payables from Exchange Transactions	20	160,811,508	99,919,651
Total Current Liabilities		160,811,508	99,919,651
Total Net Assets		(140,149,345)	(47,554,059)
Net Assets			
Accumulated surplus		(140,149,341)	(47,554,059)
Total Net Assets and Liabilities		(140,149,341)	(47,554,059)

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 August 29th 2023 and signed by:




 Daniel Ngumi
 Administrator of the Fund
 ICPAK Member Number: 8207


 Caleb Mwangi
 Fund Accountant
 ICPAK Member Number: 10187

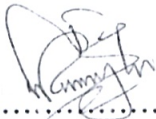
Laikipia County Leasing Fund
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16. Statement Of Changes in Net Assets for the year ended 30 June 2023

DESCRIPTION	Revolving Fund	Revaluation reserve	Accumulated surplus	Total
	KShs	KShs	KShs	KShs
Balance as at 1 July 2021	-	-	91,309,528	91,309,528
Prior Year Adjustment	-	-	412,298	412,298
Surplus/(deficit) for the period	-	-	(139,275,885)	(139,275,885)
Balance as at 30 June 2022	-	-	(47,554,059)	(47,554,059)
Balance as at 1 July 2022	-	-	(47,554,059)	(47,554,059)
Prior Year Adjustment	-	-	(3,709,448)	(3,709,448)
Surplus/(deficit) for the period	-	-	(88,885,834)	(88,885,834)
Balance as at 30 June 2023	-	-	(140,149,341)	(140,149,341)


 Daniel Ngumi
 Administrator of the Fund
 ICPAK Member Number: 8207




 Caleb Mwangi
 Fund Accountant
 ICPAK Member Number: 10187

Laikipia County Leasing Fund
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17. Statement of Cash Flows for The Year Ended 30 June 2023

Description	Note	FY 2022-2023	FY 2021-2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the county government		65,620,677	499,875,519
Interest received		-	-
Receipts from other operating activities		-	-
Total receipts		65,620,677	499,875,519
Payments			
Fund administration expenses		-	-
Use of goods and services		65,877,442	498,392,383
Net cash flows from operating activities	25	(256,765)	1,483,136
Cash flows from investing activities			
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash & cash Equivalents		(256,765)	1,483,136
Cash and cash equivalents at 1 July 2022		1,459,959	(435,475)
Prior Year Adjustment		-	412,298
Cash and cash equivalents at 30 June 2023		1,203,194	1,459,959

The fund does not have reserves as of now.

Laikipia County Leasing Fund
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18. Statement Of Comparison Of Budget And Actual Amounts For The Period Ended 30 June 2023.

Description	Original budget KShs	Adjustments KShs	Final budget KShs	Actual on comparable basis KShs	Performance difference KShs	% utilization
Transfers from County Executive	420,000,000	382,500,000	37,500,000	25,448,587	12,051,413	68%
Receivable from departments	27,471,697	-	27,471,697	25,424,196	2,047,501	93%
Receivable from county Govt.	23,433,936	-	23,433,936	18,073,878	5,360,058	77%
Opening cash & cash equivalents	1,459,959	-	1,459,959	1,459,959	-	100%
Total income	472,365,592	382,500,000	89,865,592	70,406,620	19,458,972	
Payments						
Use of goods and services	420,000,000	330,134,408	89,865,592	65,877,442	23,988,150	73%
Total payments	420,000,000	330,134,408	89,865,592	65,877,442	23,988,150	
Surplus/Deficit	52,365,592	52,365,592	-	4,529,178	(4,529,178)	

Budget notes

1. On Transfers from County Executive, the variance of 32% was occasioned by county government failure to realize the revenue target. The County Government realized 91% of the revenue target.
2. The Receivable from County Government, the variance of 23% was occasioned by lack of realizing the target by the county government.
3. The Use of goods and services had a variance of 27%, was occasioned by county government failure to realize the revenue target. The County Government realized 91% of the revenue target

Laikipia County Leasing Fund
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RECONCILIATION FOR ACTUAL BETWEEN STATEMENT OF FINANCIAL PERFORMANCE AND STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT

DESCRIPTION	STATEMENT OF FINANCIAL PERFORMANCE/ POSITION	STATEMENT OF COMPARISON BUDGET AND ACTUAL AMOUNTS	VARIANCE	REMARKS
Transfers from County Executive	37,500,000	25,448,587	12,051,413	<i>The variance is accounts receivable</i>
Use of goods and services	126,385,834	65,877,442	60,508,392	<i>Difference is the Accrued lease rental costs</i>

19. Notes to the Financial Statements

1. General Information

Laikipia County Leasing Fund entity is established by and derives its authority and accountability from Public Finance Management (PFM) Act section 116. The entity is wholly owned by the Laikipia County Government and is domiciled in Kenya. The entity's principal activity is to finance rental payments for assets leased by the County, finance the operations of the leased assets and provide services at a fee to external clients utilizing the leased assets in line with the Master Lease Agreements.

2. Statement of compliance and basis of preparation

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

3. Adoption of new and revised standards

(i) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023*

Standard	Effective date and impact
<p>IPSAS 41: Financial Instruments</p>	<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> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's

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

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

(ii) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued	<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</p>

Standard	Effective date and impact:
Operations	to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.

(iii) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year

Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2022/2023 was approved by the County Assembly on 29th June 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective

Laikipia County Leasing Fund
Annual Report and Financial Statements for the year ended June 30, 2023

approvals in order to conclude the final budget. Accordingly, the Fund recorded no additional appropriations on the FY 2022/2023 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.

Summary of Significant Accounting Policies (Continued)

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

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

e) Property, plant and equipment

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

d) Intangible Assets

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

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

e) Investment property

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

Summary of Significant Accounting Policies (Continued)

f) Financial instruments

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Summary of Significant Accounting Policies (Continued)

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date.

Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

g) Inventories

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

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

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

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

h) Provisions

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

i) Social Benefits

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

Summary of Significant Accounting Policies (Continued)

j) Contingent liabilities

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

Contingent assets

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

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates

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

m) Employee benefits – Retirement benefit plans

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

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

Summary of Significant Accounting Policies (Continued)

n) Foreign currency transactions

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

o) Borrowing costs

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

p) Related parties

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

q) Cash and cash equivalents

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

r) Comparative figures

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

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

a) Estimates and assumptions –

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

b) Useful lives and residual values

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

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

c) Provisions

Provisions were raised and management determined an estimate based on the information available.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

6. Notes To The Financial Statements

1. Public contributions and donations

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

2. Transfers from County Government

Description	2022-2023	2021-2022
Transfers from County Govt - Operations	37,500,000	370,000,000
Payments By County On Behalf of The Entity	-	-
Unconditional Development grants	-	-
Total	37,500,000	370,000,000

This relates to the transfers received from the county government

3. Fines, penalties and other levies

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

4. Interest income

Description	2022-2023	2021-2022
	Kshs	Kshs
Interest Income From Mortgage Loans	-	-
Interest Income From Car Loans	-	-
Interest Income From Investments	-	-
Interest Income On Bank Deposits	-	-
Total Interest Income	-	-

Laikipia County Leasing Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the Financial Statements Continued

5. Other income

Description	2022-2023	2021-2022
	Kshs	Kshs
Insurance Recoveries	-	-
Income From Sale Of Tender Documents	-	-
Miscellaneous Income	-	-
Transfer from County Department	-	10,448,680
Total Other Income	-	10,448,680

This relates to receipts from County Department of health

6. Employee Costs

Description	2022-2023	2021-2022
	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	2022-2023	2021-2022
	Kshs	Kshs
Bank Charges	50,029	88,641
Domestic Travel and Subsistence	10,185,750	16,396,750
Fuel, oil and Lubricants	23,441,490	82,472,860
Hospitality Supplies and Services	-	25,701,400
Rental of produced assets	895,500	44,882,642
Office and General Supplies and Services	-	755,800
Rental/Leasing costs	86,617,746	334,390,576
Repairs and maintenance - vehicles	5,127,819	7,484,165
Repairs and maintenance – other assets	-	7,551,731

Laikipia County Leasing Fund
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Security	67,500	
Total	126,385,834	519,724,565

This relates to fund expenses for the financial year. Out of the total lease rental costs of Kshs. 86,617,746 for the year, Kshs. 11,866,504 was paid for and Kshs. 74,751,242 was accrued.

8. Depreciation and Amortization Expense

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

9. Finance costs

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

10. Gain/(loss) on disposal of assets

Description	2022-2023	2021-2022
	Kshs	Kshs
Property, Plant And Equipment	-	-
Intangible Assets	-	-
Total	-	-

11. Gain/ (loss) on Fair Value Investments

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

Laikipia County Leasing Fund
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12. Cash and cash equivalents

Description	2022-2023	2021-2022
	Kshs	Kshs
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	1,203,192	1,459,959
Others	-	-
Total Cash And Cash Equivalents	1,203,192	1,459,959

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

		2022-2023	2021-2022
Financial Institution	Account number	Kshs	Kshs
a) Current Account			
ABSA BANK PLC	2041834296	1,203,192	1,459,959
Grand Total		1,203,192	1,459,959

13. Receivables from Non-exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Receivables	-	-
Account Receivables (<i>Refer to note 26</i>)	19,458,971	50,905,633
Less: Impairment Allowance	-	-
Total Current Receivables	-	-
Non-Current Receivables		
Long Term Loan Repayments Due	-	-
Total Non- Current Receivables	-	-
Total Receivables From Exchange Transactions	19,458,971	50,905,633

The accounts receivables relate to 'transfers from County Government' and inter-entity transactions. (Refer to note 26)

Laikipia County Leasing Fund
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Additional disclosure on interest receivable

Description	2022-2023	2021-2022
	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	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	-	-

14. Prepayments

Description	2022-2023	2021-2022
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Other Prepayments (Specify)	-	-
Total	-	-

15. Inventories

Description	2022-2023	2021-2022
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts And Meters	-	-
Other Inventories (Specify)	-	-
Total Inventories At The Lower Of Cost And Net Realizable Value	-	-

Laikipia County Leasing Fund

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16. Investments in financial assets

Description	2022-2023	2021-2022
	Kshs	Kshs
a. Investment in Treasury bills and bonds		
Financial institution		
CBK	-	-
CBK	-	-
Sub- total	-	-
b. Investment with Financial Institutions/ Banks		
Bank x	-	-
Bank y	-	-
Sub- total	-	-
c. Equity investments (specify)		
Equity/ shares in Entity	-	-
Sub- total	-	-
Grand total	-	-

Movement of Equity Investments

Impairment allowance/ provision	2022-2023	2021-2022
	Kshs	Kshs
At the beginning of the year	-	-
Purchase of investments in the year	-	-
Sale of investments during the year	-	-
Gain/(loss) in fair value of investments through surplus or deficit	-	-
At the end of the year	-	-

e) Shareholding in other entities

For investments in equity share listed above, list down the equity investments under the following categories:

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

Laikipia County Leasing Fund
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Notes To The Financial Statements (Continued)

17. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 st July 2021	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
At 30 th June 2022	-	-	-	-	-
At 1 st July 2022					
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
At 30 th June 2023	-	-	-	-	-
Depreciation And Impairment					
At 1 st July 2022	-	-	-	-	-
Depreciation	-	-	-	-	-
At 30 th June 2023	-	-	-	-	-
At 1 st July 2022					
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
At 30 th June 2023	-	-	-	-	-
Net Book Values					
At 30 th June 2022	-	-	-	-	-
At 30 th June 2023	-	-	-	-	-

Laikipia County Leasing Fund
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Notes To The Financial Statements (Continued)

18. Intangible assets

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

19. Investment Property

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

Notes To The Financial Statements (Continued)

20. Trade and other payables from exchange transactions

Description	2022-2023		2021-2022	
	Kshs		Kshs	
Trade Payables	160,811,508		99,919,651	
Refundable Deposits	-		-	
Accrued Expenses	-		-	
Other Payables	-		-	
Total Trade and Other Payables	160,811,508		99,919,651	
Ageing analysis (Trade and other payables)	2022-2023	% of the Total	2021-2022	% of the Total
Under one year	86,617,746	46%	99,919,651	100%
1-2 years	74,193,762	54%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (tie to above total)	160,811,508	100%	99,919,651	100%

This is accounts payables relating to lease rental costs and money owed to department of infrastructure.

21. Provisions

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

Laikipia County Leasing Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

22. Borrowings

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

Laikipia County Leasing Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

23. Employee benefit obligations

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

24. Social Benefit Liabilities

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

Laikipia County Leasing Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

25. Cash generated from operations

Description	2022-2023	2021-2022
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	(88,885,834)	(139,275,885)
Adjusted For:		
Depreciation	-	-
Working Capital Adjustments		
Increase In Inventory	-	-
Decrease (Increase) In Receivables	31,446,662	67,869,547
Increase (Decrease) In Payables	60,891,857	72,889,474
Prior Year Adjustment	(3,709,448)	-
Net Cash Flow From Operating Activities	(256,764)	1,483,136

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

26. Reconciliation for accounts receivables and budget allocations since fund inception

Description	2022-2023	2021-2022
	Kshs	Kshs
Budget Allocation For Transfers Financial Year 2020/2021	210,000,000	210,000,000
Actual received Financial year 2020/2021	(104,351,520)	(104,351,520)
Balance carried down	105,648,480	105,648,480
Balance brought forward Financial Year 2021/2022	105,648,480	105,648,480
Amount received (to reduce receivable for Financial Year 2020/2021)	(91,649,696)	(91,649,696)
Budget allocation for transfers Financial Year 2021/2022	370,000,000	370,000,000
Actual received Financial Year 2021/2022	(360,564,848)	(360,564,848)
Balance carried down	23,433,936	23,433,936
Balance brought forward Financial Year 2022/2023	23,433,936	
Budget allocation for transfers Financial Year 2022/2023	37,500,000	
Actual received Financial Year 2022/2023	(25,448,587)	
Payment on behalf of the fund by Dept. of Finance	(18,073,878)	
Total amount owed by County Govt financial year 2022/2023	17,411,471	23,433,936
Accounts Receivables from department	2,047,500	27,471,697
Total receivables	19,458,971	50,905,633

Laikipia County Leasing Fund
Annual Report and Financial Statements For the year ended 30th June 2023

Notes To The Financial Statements (Continued)

27. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Transfers From Related Parties'	65,620,677	371,013,528
Total	65,620,677	371,013,528

c) Key management remuneration

Description	2022-2023	2021-2022
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

Description	2022-2023	2021-2022
	Kshs	Kshs
Due From County Government	17,411,471	23,433,936
Due From departments	2,047,500	27,471,697
Total	19,458,971	50,905,633

Laikipia County Leasing Fund
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Other Disclosures Continued

e) Due to related parties

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

28. Contingent assets and contingent liabilities

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

28. Prior Year Adjustment

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Understated Expenditure (FY 2021/2022) relating to lease related activities	(5,433,935)	
Overstated expenditure related to Rentco Ltd Accounts payables FY2021/2022	1,724,487	
Overstated Expenditure (FY 2020/2021 Reversed Cheques)		412,298
Net effect to fund balance	(3,709,448)	412,298

**Laikipia County Leasing Fund
Annual Report and Financial Statements For the year ended 30th June 2023**

Notes To The Financial Statements (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:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2023				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	19,458,971	-	19,458,971	-
Bank Balances	1,203,192	-	1,203,192	-
Total	20,662,163	-	20,662,163	-
At 30 June 2022				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	50,905,633	-	50,905,633	-
Bank Balances	1,459,959	-	1,459,959	-
Total	52,365,592	-	52,365,592	-

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

Laikipia County Leasing Fund

Annual Report and Financial Statements For the year ended 30th June 2023

Notes To The Financial Statements (Continued)

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

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

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

b) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2023				
Trade Payables	9,174,606	9,174,606	142,462,296	160,811,508
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	9,174,606	9,174,606	142,462,296	160,811,508
At 30 June 2022				
Trade Payables	-	-	99,919,651	99,919,651
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	99,919,651	99,919,651

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Notes To The Financial Statements (Continued)

c) Market risk

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

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

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

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

i. Foreign currency risk

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

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

Description		Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2023			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables			
Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

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

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Notes To The Financial Statements (Continued)

Foreign currency sensitivity analysis

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

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

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs 0 (2022: Kshs 0). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs 0(2021 – Kshs 0).

Laikipia County Leasing Fund
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Notes To The Financial Statements (Continued)

d) Capital risk management.

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

Description	2022-2023	2021-2022
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	(140,149,341)	(47,554,059)
Total funds	(140,149,341)	(47,554,059)
Total borrowings	-	-
Less: cash and bank balances	1,203,192	1,459,959
Net debt/(excess cash and cash equivalents)	(1,203,192)	(1,459,959)
Gearing	(0.1%)	(3.1)%

30. Events after the reporting period

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

31. Ultimate and Holding Entity

The entity is a County Public Fund established by Public Finance Management (PFM) Act section 116 under the Department of Finance. Its ultimate parent is the County Government of Laikipia.

32. Currency

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

Laikipia County Leasing Fund is established by and derives its authority and accountability from the Public Finance Management (PFM) Act section 116. The Fund is wholly owned by the County Government of Laikipia and is domiciled in Kenya.

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20. Annexes

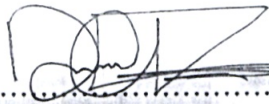
Annex I: Progress on Follow Up Of Prior Year Auditor's Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
OAG/UERO/L KP/ASSETS L.F/2021-2022 (23)	<p>Inter-entity Transactions</p> <p>The statement of financial position reflects a balance of Kshs.50,905,633 out of which kshs.27,471,697 are in respect of inter-entity transaction comprising of payments to other departments in the Laikipia County Executive contrary to the requirement of section 116(4) of the public finance management Act 2012</p>	<p>This has been noted. However in Section 116(3) of the Public Finance management Act 2012 states that the administrator of a county public fund shall ensure that the earnings of, or accruals to a county public fund are retained in the fund, unless the County Executive Committee member of finance directs otherwise. The CEC had authorized all inter entity transactions, also in the financial year 2022/2023 there has been a significant decrease in receivables from inters - entity transactions due to refunds from most departments.</p>	Partially resolved	FY2023/2024
OAG/UERO/L KP/ASSETS L.F/2021-2022 (23)	<p>Inaccuracies in the financial statements- The statement of financial performance reflects total revenue amount of kshs.380,448,680 and total Expenditure of 519,724,565 whereas statement of comparison of budget and actual</p>	<p>This has been noted. The variance on total expenditure between actual amounts in the statement of comparison of budget and actual ,and statement of financial performance is due to accrual based accounting which recognizes accrued expenses in the statement of financial performance as part of our expenses for the financial period thus the amount Kshs.99,919,651</p>	Resolved	

Laikipia County Leasing Fund
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	reflect total revenue of kshs.462,633,224 and total expenditure of ksh.419,804,914 resulting to unexplained variance of kshs.82,184,544 and kshs.91,919,651 respectively	was the total amount of accrued lease rental costs for the financial year 2021/2022. The variance of kshs.82,184,544 is due to money received on 21 ST July 2021 so as to reduce in the FY 2021/2022, the receivable from county government from 2020/2021.		



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Daniel King'ori Ngumi
Fund Administrator
Laikipia County Leasing Fund



Laikipia County
 Laikipia County Leasing Fund
 Annual Report and Financial Statements for the year ended June 30, 2023

Annex II: Inter-Fund Confirmation Letter

Laikipia County Leasing Fund

The Laikipia county Leasing fund wishes to confirm the amounts disbursed to you as at 30th June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by Nil as at 30 th June 2023								
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30 th June 2023				Total (D)=(A+B+C)	Amount Received by [beneficiary Fund] (KShs) as at 30 th June 2023 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)				
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
Total	-	=	=	=	=	=	-	

In confirm that the amounts shown above are correct as of the date indicated.

Head of Accountants department of beneficiary Fund:

Name SignDate

Laikipia County
 Laikipia County Leasing Fund
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Annex III: Reporting of Climate Relevant Expenditures

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

Laikipia County
 Laikipia County Leasing Fund
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 Annex IV: Reporting on Disaster Management Expenditure

Column I Programme	Column II Sub-programme	Column III Disaster Type	Column IV Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Column V Expenditure item	Column VI Amount (Kshs.)	Column VII Comments

