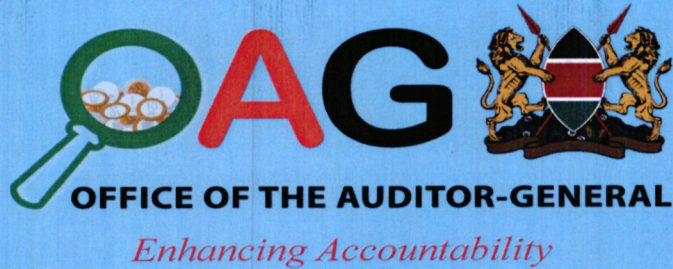


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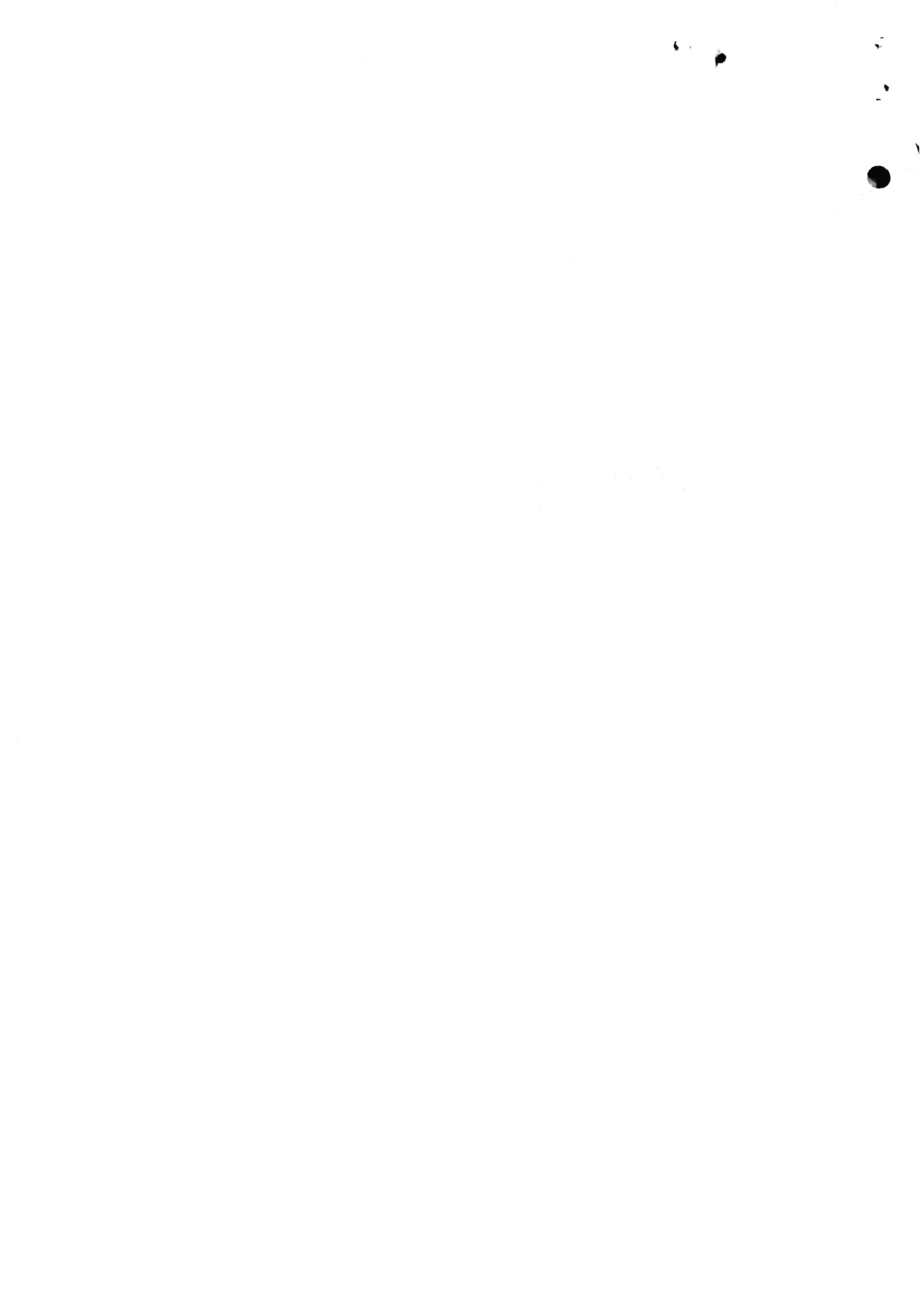
THE AUDITOR-GENERAL

ON

**LAIKIPIA COUNTY CO-OPERATIVE
DEVELOPMENT FUND**

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

	PAPERS LAID
DATE	23.03.2023.
TABLED BY	Majority Leader
COMMITTEE	—
CLERK AT THE TABLE	Abdirahman Naalim.





OFFICE OF THE AUDITOR GENERAL
UPPER EASTERN REGIONAL OFFICE - ISIO

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**LAIKIPIA COUNTY CO-OPERATIVE DEVELOPMENT REVOLVING
FUND**

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

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

**Laikipia County Co-operative Development Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

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1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

Laikipia County Co-operatives Development Revolving Fund is established by and derives its authority and accountability from Laikipia County Co-operative Societies Act, 2014 amended 2017 and regulations thereunder. In 2020, the fund board proposed amendment of the said Act to explicitly make it body corporate and incorporate the Director of Co-operatives as a board member. The proposes were incorporated in the Miscellaneous Amendment Act by the County Attorney and forwarded to the County Assembly. This entity is also supported by several operation policies and plans namely; the lending policy, Debt recovery policy, code of Conduct and Ethics, three-year strategic plan and newly developed risk management policy. The Fund is wholly owned by the County Government of Laikipia and is domiciled in Kenya. The fund managed to prepare Risk Management policy to mitigate and be proactive to the unforeseen events of drought and Covid-19 that greatly affected the performance of the loan repayment.

The prime objective of the fund is to avail cheap, accessible and affordable credit facility to co-operative societies in Laikipia County with a view to promote innovations, value addition, products and service development, financial services, wholesale and retail trade promotion in tandem with the Laikipia County Integrated Development Plan. This is meant to enhance the strategic objective of the directorate of co-operatives; of ensuring we have a robust and competitive co-operative movement to drive the county economy and also promote agro-processing and value addition for employment and wealth creation.

During under the period under review, the co-operative societies through Laikipia County Co-operative Societies Forum conducted the election of two representatives in the board and the County Executive Committee Members appointed two board members who their names were forwarded to County Attorney for Gazettement. The board plays a strategic obligation of ensuring that the fund operations are in line with legal framework, CIDP and the people's manifesto. To achieve this, the fund focuses on the key co-operative value chains and ventures while creating collaboration and partnership that are vital, at the same times building management capacity of the movement in order to have strong and vibrant framework that enhances equity across the sectors.

From 2015 to date the fund has received Ksh **58million** from the county treasury and managed to issued **Ksh163,843,450** to 144 applicants since inception. The highest loan issued being Ksh 7.5Million.

b) Principal Activities

i). Vision

"A leading, vibrant and reliable co-operative revolving fund in Laikipia County"

ii). Mission

To provide sustainable credit facilities for employment and wealth creation while encouraging innovations and value addition among the co-operative societies.

iii). Strategic Objectives

**Laikipia County Co-operative Development Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

To ensure a robust and competitive co-operative movement to drive the county's economy

iv). Specific Objectives

1. To increase access and affordable revolving fund for employment and wealth creation
2. To promote agro-processing and value addition for employment and wealth creation
3. To enhance effective and efficient revolving fund programme
4. To intensify education, trainings, research and information to co-operative societies, leaders and technical staff
5. To lobby and mobilize for funds.

v). Guiding Principles

The co-operative concept has developed around the world as a social and economic movement with its own distinct identity, history, structure and purpose. Cooperatives are based on values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, cooperatives believe in the ethical values of honesty, openness, social responsibility and caring for others. These values have been put into practice through a set of seven principles that distinguish cooperatives from other business ventures. They are; Voluntary and open membership, democratic member control, economic participation by members, autonomy and independence, education training and information, cooperation among cooperatives and concern for community in general.

vi). Core Values

- P- Professionalism
- A- Accountability and transparency
- C - Creativity
- E- Efficiency and effectiveness

c) Board/Fund Administration Committee

Ref	Name	Position
1	Dixon Ong'era Oseko	Chairman
2	John Kibe Ndegwa	Board Member
3	Ann Wanjira Githiri	Board Member
4	Faith Njeri Muchoki	Board Member
5	Jemimah Mburugu	Board Member
6	Paul Njenga Waweru	Board Member
7	Richard Murigu Nyambura	Acting Fund Administrator

**Laikipia County Co-operative Development Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

d) Key Management

Ref	Name	Position
1	Richard Murigu Nyambura	Acting Fund Administrator
2	Archangel Gachoka Ngugi	Accountant - Outgoing
3.	Jemimah Mburugu	Chair Administration Committee
4	Caleb Mwangi	Fund Accountant - Reporting
5	Esther Nyambura	Fund Accountant - operations

e) Registered Offices

P.O. Box 1271 - 10400
Nanyuki
Laikipia County Commissioner's Compound
Nanyuki, Kenya

f) Fund Contacts

Telephone: (254) 724166120
E-mail: lccdrf@laikipia.go.ke / richard.nyambura@laikipia.go.ke
Website: www.laikipia.go.ke

g) Fund Bankers

Co-operative Bank of Kenya
Nanyuki Branch

h) Independent Auditors

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

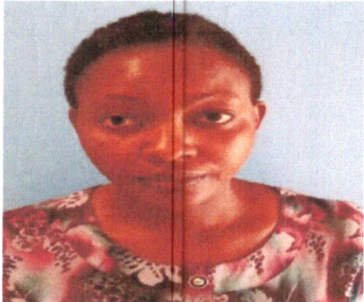

i) Principal Legal Adviser

The County Attorney,
County Government of Laikipia,
P.O Box 1271-10400,
NANYUKI

2. THE BOARD

Name	Details of qualifications and experience
<p>Dixon Oseko - Chairman Board</p> 	<p>Dixon Oseko - Chairman Board Trained as professional teacher (P1), served as a senior teacher for 20 years with TSC and elected as Executive Secretary of KNUT Laikipia Branch and County Education Board Member for 10 years and served as KNUT National Advisory Council Member and KNUT Rift Valley Regional Secretary for 5 years. Attended diversified Management and Leadership courses and fora.</p>
<p>John Kibe Ndegwa - Board Member</p> 	<p>John Kibe Ndegwa - Board Member Hold a Diploma in Agriculture Engineering. Worked in the private sector as an engineer and business person for 27 years. Experience co-operative leadership for 12 years and institutional dynamics.</p>
<p>Ann W. Githiri - Board Member</p> 	<p>Ann Wanjira Githiri - Board Member Holds Certificate in community Development and is also computer literate. Experienced in Community Mobilization and Leadership for more than 12 years. Chairlady Nyalawe Women SACCO Soc. Ltd and Sipili Joy Women Self Help Group.</p>
<p>Faith Njeri Muchoki – Board Member</p> 	<p>Faith Njeri Muchoki - Board Member Holds a BA in Cooperative Management, MBA in project planning and management, MBA in strategic management and pursuing PHD Business management (Banking and Finance). Worked in banking industry and has been the General Manager for NECCO FOSA for last 20 years and coupled with several developmental and entrepreneurial courses.</p>

**Laikipia County Co-operative Development Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

<p>Paul Njenga Waweru - Board Member</p> 	<p>Paul Njenga Waweru - Board Member Chief Officer - Department of Finance, Economic Planning and County development. Holds an MBA (finance option), Certified Institute of Purchasing and Supplies (CIPS-UK), Member of KISM and currently pursuing a PHD in business administration finance option.</p>
<p>Jemimah Kairuthi Mburugu- Board Member</p> 	<p>Jemimah Kairuthi Mburugu- Board Member Hold a Bachelor of Art (Economics)- 2003 Worked in the public service for 12 years in Trade and Development and Promotion Department. Chief Officer, Trade, Tourism creative economy and Co-operatives, Laikipia County Attended Senior Management course.</p>
<p>Richard Murigu Nyambura - Acting Fund Administrator</p> 	<p>Richard Murigu Nyambura - Acting Fund Administrator. Holds Diploma in Co-operative Management in 1991, Higher National Diploma in HRM-2015, and short-term courses on institutional strengthening and organisation development and senior management course at KSG in 2017. He has a working experience of 31 years in co-operative management.</p>

3. MANAGEMENT TEAM

<p>Jemimah Kairuthi Mburugu- Chair Administration Member</p> 	<p>Jemimah Kairuthi Mburugu- Board Member Hold a Bachelor of Art (economics)- 2003 Worked in the public service for 12 years in Trade and Development and Promotion Department. Chief Officer, Trade, Tourism creative economy and Co-operatives, Laikipia County Attended Senior Management course.</p>
<p>Richard Murigu Nyambura - Acting Fund Administrator</p> 	<p>Richard Murigu Nyambura - Acting Fund Administrator. Holds Diploma in Co-operative Management in 1991, Higher National Diploma in HRM-20105, and short-term courses on institutional strengthening and organisation development and Senior Management Course at KSG in 2017. He has a working experience of 31 years in co-operative management.</p>
<p>Archangel Gachoka Ngugi - Accountant Financial Reporting Outgoing</p> 	<p>Archangel Gachoka Ngugi – Accountant. Holds a Bachelor degree in Business Management Finance and Banking. He is a CPA (K) and a registered member of Institute of Certified Public Accountants of Kenya (ICPAK) and is pursuing MBA Finance. Worked in the ministry of Health for four years and currently, he is working as the Accounts controller in the Department of Trade, Tourism Creative Economy and Co-operatives. The officer left the county on 31st December 2021.</p>
<p>Caleb Mwangi – Accountant Financial Reporting -Incoming</p> 	<p>Caleb Mwangi – Accountant Financial Reporting 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). Has internal auditing experience of over 13 years in public sector. The officer took over from the Archangel Gachoka Ngugi with effect from 1st January 2022.</p>

4. FUND CHAIRPERSON'S REPORT

Laikipia County Co-operative Development Revolving Fund is established under the Laikipia County Co-operative Societies Act 2014 and the amendment thereof. The fund introduced an amendment Bill 2020 to establish the fund as a legal entity. To my knowledge and experience running the fund board, the prime objective of the fund is to avail cheap, accessible and affordable credit facilities to co-operative societies in Laikipia County with a view to promote innovations, value additions, products and service development, financial services, wholesale and retail trade promotion in tandem with the Laikipia County Integrated Development Plan.

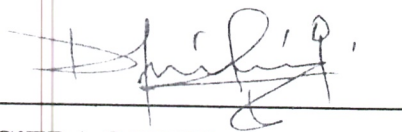
The fund is managed by eight board members including the fund administrator. The mandate of the board includes supervision and control of the fund, prepare budgets and such plans for better administration of the fund and impose conditions and restriction on the use of fund as may be necessary.

During the period under review, the fund approved and disbursed loans worth Kshs. 24,700,000 to 10 co-operatives societies to boost their business enterprises which were affected by the impacts of covid-19 pandemic. During the period under review the fund managed to recover loan repayments of Ksh 38,714,826.40 which generated an interest of Ksh 2,189,861.69, and cash at bank of Kshs. 16,102,472.70 as at 30th June 2022. It is important to say that the said board managed to issue Ksh155,893,450 to 110 applicants during its tenure out of the 163,843,450 issued to 144 applicants since inception of the fund.

Despite the increase in loan recovery the board encountered reduced number of loan applicants due to many co-operatives defaulting and being unable to clear their loans in time. The board noted with concern that the fund was experiencing the real effects of Covid-19 and prolonged dry spell. To mitigate this in future, the board conducted two days' workshop on risk management policy and agreed on several measures that should be implemented to ensure sustainability of the fund.

Lastly but not least, I wish to thank all the board members for their dedication and support that they extended to their chair and at the same time welcome the incoming board member after their Gazettement.

Signed: _____



DIXON ONG'ERA OSEKO

CHAIRMAN

5. REPORT OF THE FUND ADMINISTRATOR

Co-operative Revolving Fund is a fund established by the Laikipia County Co-operative Societies Act 2014 Section 106 and 107 amended 2017 and the Rules and regulations thereunder. This emanated from the development of the county strategic plan 2013 that identified co-operatives as strategic model of reactivating economic growth in the county, especially on the predominant key value chains in the county namely; Milk, Livestock, Cereals, Hay, Sand, Coffee, Horticulture and Honey. However, the plan noted that the key impediment of these co-operative is low working capital and accessibility of the affordable credit facilities. The department took the initiatives to establish a legal framework that was anchored in the said Act to address the existing gaps and later taken to the county assembly and enacted in 2014.

In 2014/2015 October the fund received Ksh 8 million that was issued to 25 co-operative societies in Dec 2015 amounting to Ksh 5.55 million and later in July 2016 issued Ksh 2.4 million to 9 co-operative societies.

In 2015/2016 and 2016/2017, the controller of budget recommended that the legal framework be amended to be in line with the PFM Act 2012 and therefore the fund did not receive any funding from the Treasury until toward the closure of financial year 2017/2018. This resulted to the first amendment of the Laikipia County Co-operative Societies Act 2017 and the rules thereunder.

Toward the closure of 2017/2018 and 2018/2019 the fund received Ksh 20 million for each year respectively. In the year 2020/21, the county treasury released Ksh 10 million, thus making total amount received by the fund since inception to be Ksh 58 million.

In November 2017 and May 2018, 3 co-operatives societies were funded to promote sorghum in the county with Ksh 4,743,450. In the year 2018/2019 the fund managed to issue Ksh 34.3 million to 46 co-operative societies', in the year 2019-2020, the fund issued Ksh 45.65 million to 25 Co-operative Societies, in the year 2020/2021, issued Ksh 46.65Million to 26 co-operative societies and the year under review issues Ksh24.7Million to 10 co-operative societies. Cumulatively, the fund has so far managed to issue loans worth Ksh 163,843,450 to 144 co-operative societies.

6.2 Achievements

1. Managed to disburse Ksh 24,700,000 to 10 co-operative societies in the county.
2. During the period under review (2021-2022) the fund managed to recover loan repayments of Ksh 38,714,826.40 which generated an interest of Ksh 2,189,861.69. As at 30th June 2022, cash at bank was Ksh 16,102,472.70
3. Conducted several loan follow-ups, summoning and issuing advocate loan demand letters.
4. The fund administrator attended 11 annual general meetings and 7 public engagement forums under the office of the governor for sensitisation and awareness creating on the performance of the fund and economic stimulus participation programme by co-operatives and individuals.

5. The fund administrator collaborated with Kenya Climate Smart Agriculture Programme (KSCAP), Agricultural Sector Development Support Programme (ASDSP) and KCB Foundation programme basically to build the capacity on the organisational Development and institutional strengthening, resource mobilisation, review of Risk Management Strategies and development of business plan for the co-operative societies. The beneficiaries of these programme are mainly the livestock, Maize and dairy value chains.
6. The fund managed to conduct two major training on the effects of loan defaulting and the general performance of the fund to co-operative leaders in Laikipia East and Laikipia West on 21st and 22nd April 2022 respectively.
7. The fund conducted two days' workshop on 10th and 11th May 2022 that involved the Cooperative Revolving Fund board, Enterprise Fund Board and the Director for Co-operatives. The workshop was facilitated by LCDA.
8. Development of Risk management policy-This policy will mitigate the effects of unforeseen events such as Covid-19 pandemic and prolonged drought.
9. The fund conducted a board meeting on 28th June 2022, for the adoption of the budget 2022-23, adoption of Risk Management Policy and experience sharing of the appointed board of the fund awaiting Gazettement.
10. The fund facilitated and participated in the development of a cooperative newsletter analysing the performance of the movement for the last five years in the county that was later launched by his Excellency the Governor during the Ushirika Celebrations Day 2022.
11. The fund prepared four timely quarterly reports, conducted three board meetings and one task force workshop on preparation of financial reporting standard template.

6.3 Risk Management Strategies

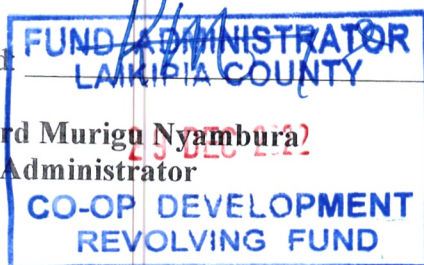
The board developed a risk management policy as an integral part of its operations, focusing on strategies to minimize impacts of risks towards achieving its strategic goals and maintaining its financial stability. This would in return improve its effectiveness and contribute towards achievement of the fund's vision; of becoming a self-sustaining credit facility for cooperative societies in Laikipia County.

6.4 CONCLUSION

The Laikipia County Co-operative Development Revolving Fund has made major strides in helping cooperatives expand their capital base and uplift their individual member across the county. We are committed to continue to live up to our mandate.

Signed: _____

Richard Murigu Nyambura
Fund Administrator



**6. STATEMENT OF PERFORMANCE AGAINST THE COUNTY FUND'S
PREDETERMINED OBJECTIVES**

Introduction

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

Programme	Sub Programme	Objective	Outcome	Indicator	Performance
Cooperative Development and Marketing	Cooperative Revolving Fund	Increase accessible and affordable funding	Increased accessibility and affordability to loans	Amount of loan disbursed	Disbursed Ksh 24,700,000 that is 18.8% on loan previous outstanding of Ksh131,193,450
		Increase number of funded co-operatives	Increased number of funded co-operatives	No of Co-operatives	Issued loans to 10 co-operative societies that is 10% of the previously funded cooperatives 100
		Increase employment opportunities	Increased employment opportunities	No of employment opportunities	Created 1143 opportunities that is 12.9% of the previous created opportunities of 8,831
		Enhance effective and efficient funding programme	Enhanced effective and efficient funding programme	No of timely/ quality reports submitted and meeting held	4 quarterly reports submitted and 3 Quarterly board meetings held
		Increase in value chain funded	Increased value chain	No of value chain funded	3 value chain funded namely maize, steer fattening and dairy

7. CORPORATE GOVERNANCE STATEMENT

7.1 Board Meetings

Under the provision made in the Laikipia County Co-operative Societies Rules (amended) 2017 Section 56(2) that states “(a) the board shall meet on quarterly basis but there is room for a special board if need arises and (b) Quorum- of at least 5 members of the board shall form the quorum to dispose any business. The following board meetings were held;

	List of board Members	Board meeting	Board Meeting Zoomed Meeting	Risk Workshop	Board meeting	Remarks
		28/09/2021	11/01/2022	10&11/5/2022	28/6/2022	Mr. Gachoka went on a transfer with effect from 1 st January 2022
1	Dixon Oseko	✓	✓	✓	✓	
2	John Ndegwa	✓	✓	✓	✓	
3	Faith Muchoki	✓	✓	✓	✓	
4	Ann Githiri	✓	✓	✓	✓	
5	Paul Njenga	✓	✓	✓	✓	
6	Jemimah Mburugu	✓	✓	✓	✓	
8	Richard Murigu	✓	✓	✓	✓	
9	Archangel Gachoka	✓	-	-	-	

7.2 Succession Plan

The board members are appointed for a period of 3 years and renewable once. Two of the board members are automatic accounting officers in charge of finance and Co-operatives respectively who are in office for at least five years under the government in place and are deemed to induct and train those that are appointed. The issue of succession plan is usually considered while appointing or reappointing the board members. Those board members elected by Laikipia County Co-operative Societies forum are leaders with experience and exposure on co-operative societies and therefore competent to represent the view of the forum. The fund administrator is obliged to conduct thorough induction for the newly appointed board members and experience sharing fora.

7.3 Board Charter

The service charter has been incorporated in the departmental service charter and placed on a very strategic place in the office. The board developed and adopted a code of Conduct and Ethics for the elected or appointed board members.

7.4 Appointment and Removal of Office of the Board

This clearly stipulated in Section 107(2) and 107(4) respectively of the Laikipia County Co-operative Societies (amendment) Act, 2017.

Section 107 (1) The fund shall be managed by a Board

(2) The Board shall consist of: -

- i. A non-executive chairperson appointed by the Governor from persons qualified and experienced in co-operatives development, finance, law, economics or business administration;
- ii. Two people appointed by the county executive member responsible for co-operatives from among professionals qualified and experienced in cooperatives development, law, finance, or business administration or any field related;
- iii. Two persons nominated by the co-operative's societies in accordance with the prescribed procedure and appointed by the county executive member responsible for co-operatives development;
- iv. Chief Officer responsible for co-operatives development;
- v. Chief Officer responsible for Finance;
- vi. The Fund Administrator appointed by the County Executive Committee Member responsible for Finance who shall be the secretary to the Board and an ex-officio member

107 (4) The members of the Board may be removed from the office on any of the following grounds-

- a) Incompetence
- b) Abuse of office
- c) Gross misconduct
- d) Insanity
- e) Physical or mental incapacity rendering the member incapable of performing the duties of the office; or

- f) Gross violation of the constitution.

7.5 Roles and Functions of the Board

The Laikipia County Co-operative Societies (Amendment) Rule, 2017 Section 56. (1) Pursuant to section 106 of the Act, there is established a Laikipia County Co-operative Societies Development Revolving Fund board, whose functions shall be –

- (a) Formulate policy guidelines on co-operative sector funding;
- (b) Ensure all projects funded under this Act are consistent with the county priorities specified in the relevant policy documents;
- (c) Consider proposals submitted to it by applicants under these regulations;
- (d) Authorize expenditure from the fund;
- (e) Formulate or approve standards, guidelines and procedures for funding proposals under these regulations;
- (f) Approve the organization structure of the fund;
- (g) Provide oversight in the utilization of the fund; and
- (h) Perform any other function as may be conferred on it by the Act or any other written law

7.6 Board Induction and Training, Board and Member Performance, Conflict of Interest, Board Remuneration, Ethics and Conduct / Governance Audit

Despite the Covid -19 restrictions the board endeavoured deliberately to carry out the following strategic activities: -

1. The board has been taken through several induction and training programs that has ensured that the Board members are properly inducted on their roles, responsibilities and limitations under existing laws and cooperative principles. This was further enhanced through individual participation in the development of the strategic instruments namely; regulation 2020, Lending policy, Debt recovery policy, code of conduct and ethics and finally the Risk Management Policy. Also, the fund supported the development of a co-operative newsletter with successful stories in the county.
2. The Board has developed and adopted a Board charter which is postulated at providing for issues on Ethic and conduct, conflict of interest and pertaining matters.
3. The board remunerations are guided by the Public Service Commission guidelines on the same. However, board is planning to assess the performance and develop a comprehensive HR policy in regards to the sustainability of the fund.
4. The governance audit is enhanced through the reporting format and guidelines of the financial reports that is structured in line with the PFM Act 2021.

8. MANAGEMENT DISCUSSION AND ANALYSIS

The period under review, the fund went through a critical stage due to the occurrence of two unforeseen events that is Covid-19 and prolonged dry spell. These occurrences greatly affected the general business environment of the county that equally affected the performance of loans in terms repayment and application. The general survey conducted indicated that small traders and farmers were affected and forced to close their business. Private farms were forced to carry out redundancy of their workers and thus their respective SACCOS defaulting their loans. The steer fattening and dairy co-operative societies project were equally affected by the drought following the massive death of the livestock and low milk production thus reducing the ability to repay their respective loans.

The fund board continued to follow up the loans and instituting measures on how to recover the loans. However, due the effects of the eventualities majority of the societies were unable to honour their obligation. This forced the board to reschedule the loans, waive interest and penalties of the loans that were affected and declining to black list the affected societies with CRB.

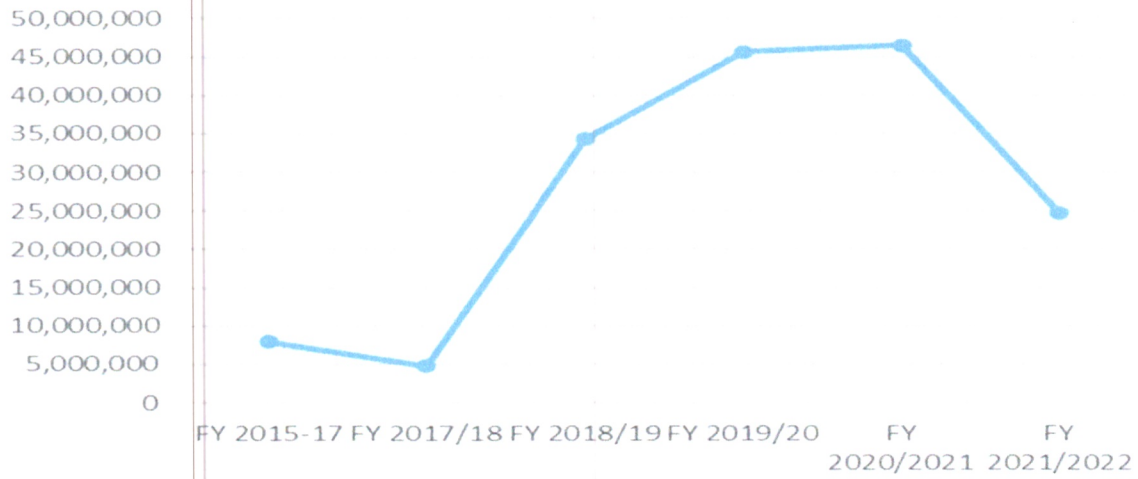
Despite the challenges the fund Managed to issue loans worthy Ksh24,700 and recovered Ksh 38,714,826.40. This was 68.5% and 96.8% respectively in comparison with the budgeted figures. Although during the closure of the financial year the cash at bank was Ksh16,102,472 and no outstanding applicant.

8.1. Performance of the fund

8.1.1 Disbursement of the fund per Sub County

	SUBCOU NTY	FY 2015-17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/2021	FY 2021/2022	TOTAL
1	Laikipia West	3,300,000	2,228,550	12,400,000	26,450,000	20,100,000	9,500,000	73,978,550
2	Laikipia East	3,650,000	2,514,900	14,900,000	11,100,000	14,700,000	11,800,000	58,664,900
3	Laikipia North	1,000,000	-	7,000,000	8,100,000	11,700,000	3,400,000	31,200,000
	Total	7,950,000	4,743,450	34,300,000	45,650,000	46,500,000	24,700,000	163,843,450

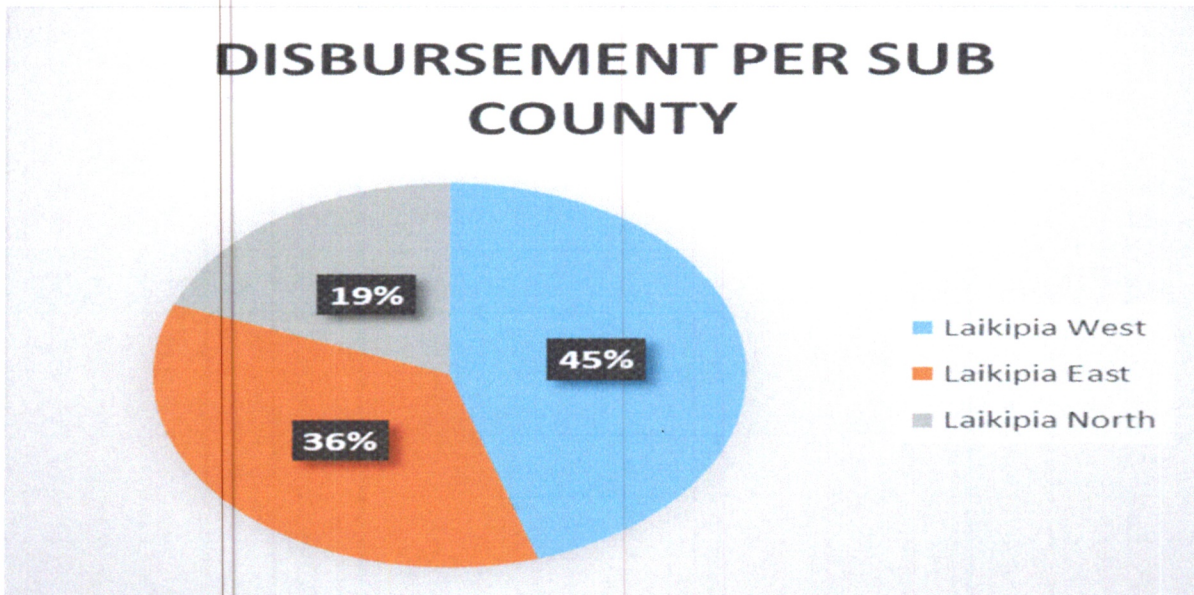
DISBURSEMENT PER FINANCIAL YEARS



8.1.2 Cumulative Disbursement per Sub County

Sub County	Total
Laikipia West	73,978,550
Laikipia East	58,664,900
Laikipia North	31,200,000
Total	163,843,450

DISBURSEMENT PER SUB COUNTY

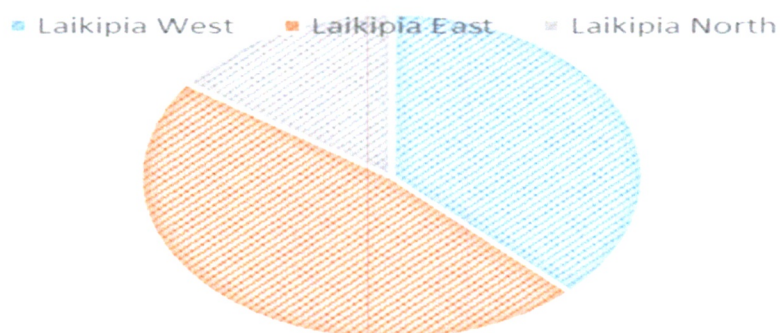


**Laikipia County Co-operative Development Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

8.1.3 No of beneficiaries (Co-operatives) per Sub County

No.	Sub-County	FY 2015-17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	Total
1	Laikipia West	14	2	14	13	9	2	54
2	Laikipia East	15	1	26	8	13	5	68
3	Laikipia North	5	-	6	4	4	3	22
	Total	34	3	46	25	26	10	144

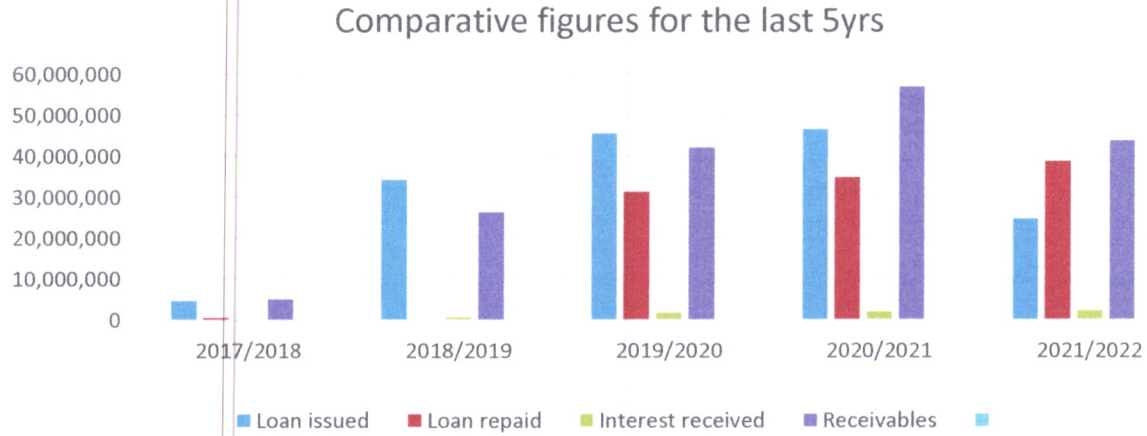
NO. OF CO-OPERATIVES FUNDED PER SUBCOUNTY



8.1.4 Comparative figure for the last five years

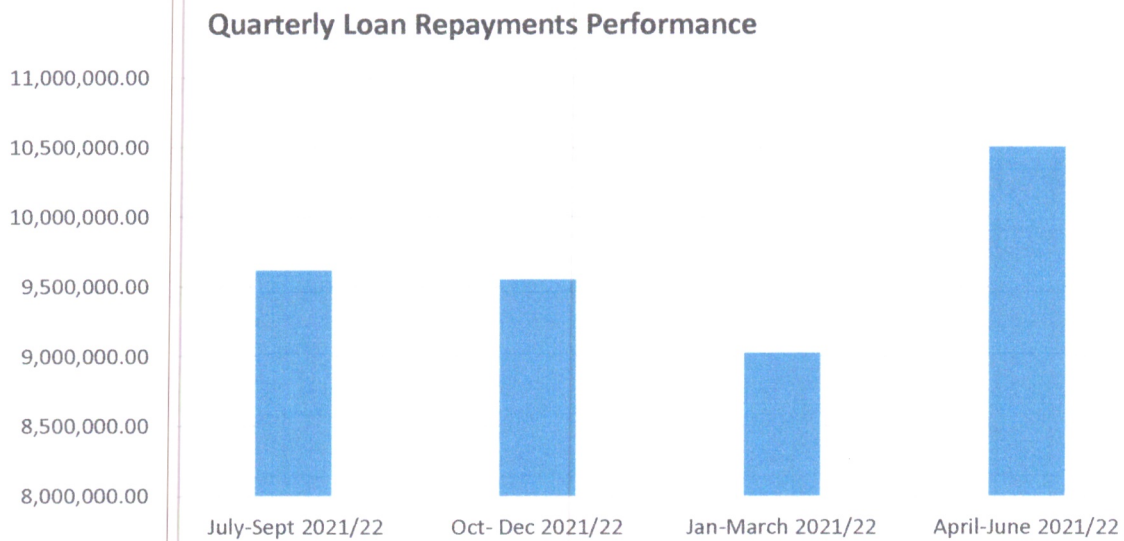
ITEM	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
Loan issued	4,743,450	34,300,000	45,650,000	46,500,000	24,700,000
Loan repaid	525,000	14,071,155.20	31,394,394	34,877,861	38,714,826.40
Interest received	26,250	703,558	1,678,618	1,948,775	2,189,861.69
Receivables	5,142,522	26,426,558	42,060,705	56,889,484	42,247,480.00

**Laikipia County Co-operative Development Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2022**



8.1.5 Loan repayment quarterly performance

Period	Amount (Kshs)
July - Sept 2021/22	9,620,257.40
Oct - Dec 2021/22	9,555,441.00
Jan - March 2021/22	9,029,674.00
April - June 2021/22	10,509,454.00



8.1.6 Comparison and reconciliation of Receivables ledger balance and Schedule

	AMOUNT	AMOUNT
	(Kshs)	(Kshs)
Balance as per the listing (schedules)	56,959,710.00	43,852,871.00
Add: penalties	-	464,817.50
Total Balance as per listings	56,959,710.00	44,317,688.50
Less provision for doubtful debts 2020-2021	(1,137,790.00)	(1,137,790.00)
Less Provision for Doubtful 2021-2021	-	(862,193.00)
Net loan balance as per listing less provision	55,821,920.00	42,317,705.50
Balance as per financial report -ledger	55,751,694.00	42,247,480
Excess from the schedules	70,226.00	70,266.00
Less: Un-identified banking's		
23/02/2016	(8,750.00)	(8,750.00)
15/08/2016	(61,250.00)	(61,250.00)
Excess as per listing (schedules)	226.00	226.00

8.2 Major risks facing the Fund

The fund experienced high rate of non-performing loans due the following reasons;

- i. Effect of prolonged dry spell that greatly affected our steer fattening co-operatives
- ii. Effects and impacts of COVID -19
- iii. Misconception arising from political arena
- iv. Market uncertainties
- v. Existing legal framework gaps

8.3 Recommendations

The fund administrator has noted that the fund requires restructuring and especially on the issue of managing the unforeseen eventualities like Covid-19 and prolonged drought. There is need to have roundtable on how to continue funding and securing the loans. The risk management framework must be comprehensive enough to factor in all business micro and macro risks.

9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Laikipia County Co-operative Development Revolving Fund exists to transform cooperative societies enterprises. This is our purpose; the driving force behind everything we do. It's within the spirit of the fund that the funded organizations have CSR components in place as stated below:

1. Sustainability strategy and profile -

To ensure that the fund is sustainable, the County came up with the revolving aspect through its backing law, that is, the Laikipia County Cooperatives Act. The fund is mandated to impose an interest rate which is currently pegged at 6%. This ensures that the funds revolve back for onward lending and essentially increases over time. Additionally, the fund is bound by the provisions of the PFM Act and the PFM, county regulations. Regulation 197(1) (d) provide that the administration cost of a fund such as this will be limited to a maximum of 3% of the fund. This together with the interest rate charged ensures that the fund is not depleted by administrative costs.

In addition, the Board has come up with a risk management policy tailored towards ensuring that repayment of loans taken under the fund is sustainable.

2. Environmental performance

The fund supports cooperatives engaged in a wide range of activities. Most of the cooperatives are engaged in Agriculture. Over time, these cooperatives have initiated environmentally friendly agriculture through their members. By extension, the fund is making an environmental impact through the cooperatives it supports noting that the fund has been encouraging environmentally friendly practices during its trainings as well as other engagements with cooperatives.

3. Employee welfare

The engagement of the Board members is guided by the provisions of the Laikipia County Cooperatives Act and its attendant amendments as well as its regulations. Additionally, the Executive member in appointments is duty bound by the Constitution of Kenya to ensure that not more than thirds of the members are from the same gender.

The staff of the Board are public officers. As such the laws, regulations and policies guiding the engagement, disciplinary as well as the exit of public officers apply to them. Career progression and training of public officers is well laid out in the public Service Manuals.

4. Market place practices-

The Board have put into place measures to ensure that:

- a) All items procured for its use are procured using the procedures outlined in the PPDA and its regulations;
- b) Processing of loan applications is done in a transparent manner with laid out eligibility criteria being followed to ensure that the process is interference proof and hence not prone to corruption;

- c) The activities of the Board such as training sessions are communicated to all cooperatives in a timely manner to ensure their proper participation; and
- d) Advertisement on available loans is done in an accurate manner that is free from misrepresentation.

5. Community Engagements

The fund as established, is aimed at empowering the residents of Laikipia, through cooperatives, by providing loans at a subsidized interest rate of 6% p.a. this, in its core, ensures that the residents' financial prowess is boosted.

In addition to providing loans to the cooperatives, the Board carried out training to members of the various cooperatives on issues such as book-keeping, financial analysis, cooperative management best practices and marketing. Additionally, the staff of the Board have been available to advise cooperatives on various issues on a need-and-request- basis.

10. REPORT OF THE MEMBERS

During the period under review the fund Administration Committee was composed of the chief officer, Fund Administrator and Fund Accountant that were charged with daily functions of the fund and offering the technical advice to the board and the beneficiaries. Often, the administration committee would Co-opt the director for co-operatives in order to align the functions of the fund to the Laikipia County Co-operative Societies Act 2014 and other regulations thereunder.

10.1 Principal activities

The key activities of the fund administration committee are;

1. Oversee the daily running of the fund
2. Research, prepare and implement fund adopted and approved policies.
3. Preparation and maintenance of the fund books of account.
4. Reporting to the county treasury and relevant authorities to ensure compliance with the PFM Act 2012
5. Inquire carefully and diligently into the character and financial conditions of each loan applicant (appraise all loans issued)
6. Dealing with all delinquent loans reported to the board
7. Liaising with the County Executive Committee Member in charge of co-operatives

10.2 Performance

The performance of the Fund for the year ended June 30, 2022, are set out on page xvii to xxi as reported by the fund administrator

10.3 Administration Committee

The members of the Administration Committee who served during the year are shown on page vii-viii in the key entity information. During the period under review, the various appointments were made but were not gazetted.

10.4 Auditor

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 Administration committee

Sign: 

Jemimah Mburugu

Fund Administration Committee

Date: 20/12/2022

11. STATEMENT OF MANAGEMENT’S RESPONSIBILITIES

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by (Laikipia County Co-operative Societies Act 2014 Section 106 and 107 amended 2017) shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund’s financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (Laikipia County Co-operative Societies Act 2014 Section 106 and 107 amended 2017). The Administrator of the Fund is of the opinion that the Fund’s financial statements give a true and fair view of the state of Fund’s transactions during the financial year ended June 30, 2022, and of the Fund’s financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund’s financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

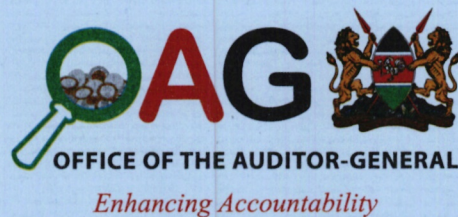
The Fund’s financial statements were approved by the Board on 29/12/ 2022 and signed on its behalf by:

**FUND ADMINISTRATOR
LAIKIPIA COUNTY**
[Signature]
29 DEC 2022

Richard Murigu
Fund Administrator
**CO-OP DEVELOPMENT
REVOLVING FUND**
Laikipia County Co-operative Development Revolving Fund

REPUBLIC OF KENYA

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HEADQUARTERS
Anniversary Towers
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NAIROBI

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Laikipia County Co-operative Development Fund set out on pages 1 to 35, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting

Report of the Auditor-General on Laikipia County Co-operative Development Fund for the year ended 30 June, 2022

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 matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Laikipia County Co-operative Development Fund as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Laikipia County Co-operative Development Revolving Fund Regulations, 2020.

Basis for Qualified Opinion

Non-Performing Outstanding Loans

As previously reported, the statement of financial position reflects current portion of long-term receivables from exchange transactions balance of Kshs.42,247,480 as disclosed in Note 12 to the financial statements. The amount includes loan balances totaling to Kshs.17,046,805 which were overdue as at 30 June, 2022. Further, the loans were not insured or backed by any collateral.

In addition, although the recoverability of the overdue loans of Kshs.17,046,805 is doubtful, provision for doubtful debts of Kshs.862,193 made in the financial statements in respect of the receivables from exchange transactions appears inadequate.

In the circumstance, the valuation and accuracy of the current portion of long-term receivables from exchange transactions balance of Kshs.42,247,480 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 Cooperative Development Fund 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 in the year under review.

Other Matter

Unresolved Prior Year Issues

In the report of the previous year, one (1) issue was raised under Report on Financial Statements and two (2) issues on Report on Lawfulness and Effectiveness in Use of Public Resources. However, although Management has indicated that some have been resolved, the matters remained unresolved as the Senate and County Assembly are yet to deliberate on the Report for 2020/2021.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Un-remitted Tax on Board Allowances

As previously reported, the statement of financial position reflects unremitted tax on Board allowances of Kshs.428,400 as disclosed in Note 20 to the financial statements.. This amount relates to tax deducted from the Board of Directors' allowances for the current Kshs.306,000 and the previous year Kshs.122,400 and not remitted to Kenya Revenue Authority (KRA).

Failure to remit taxes to KRA denies Government the needed revenue and is contrary Section 19(4) of the Employment Act, Cap 226 which states that an employer who deducts an amount from an employee's remuneration shall pay the amount so deducted in accordance with the time period and other requirements specified in the law.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, 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 those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern or 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 as a going concern or 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 the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

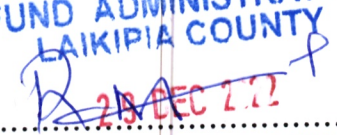
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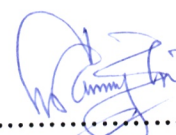
**Laikipia County Co-operative Development Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

**13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH
JUNE 2022**

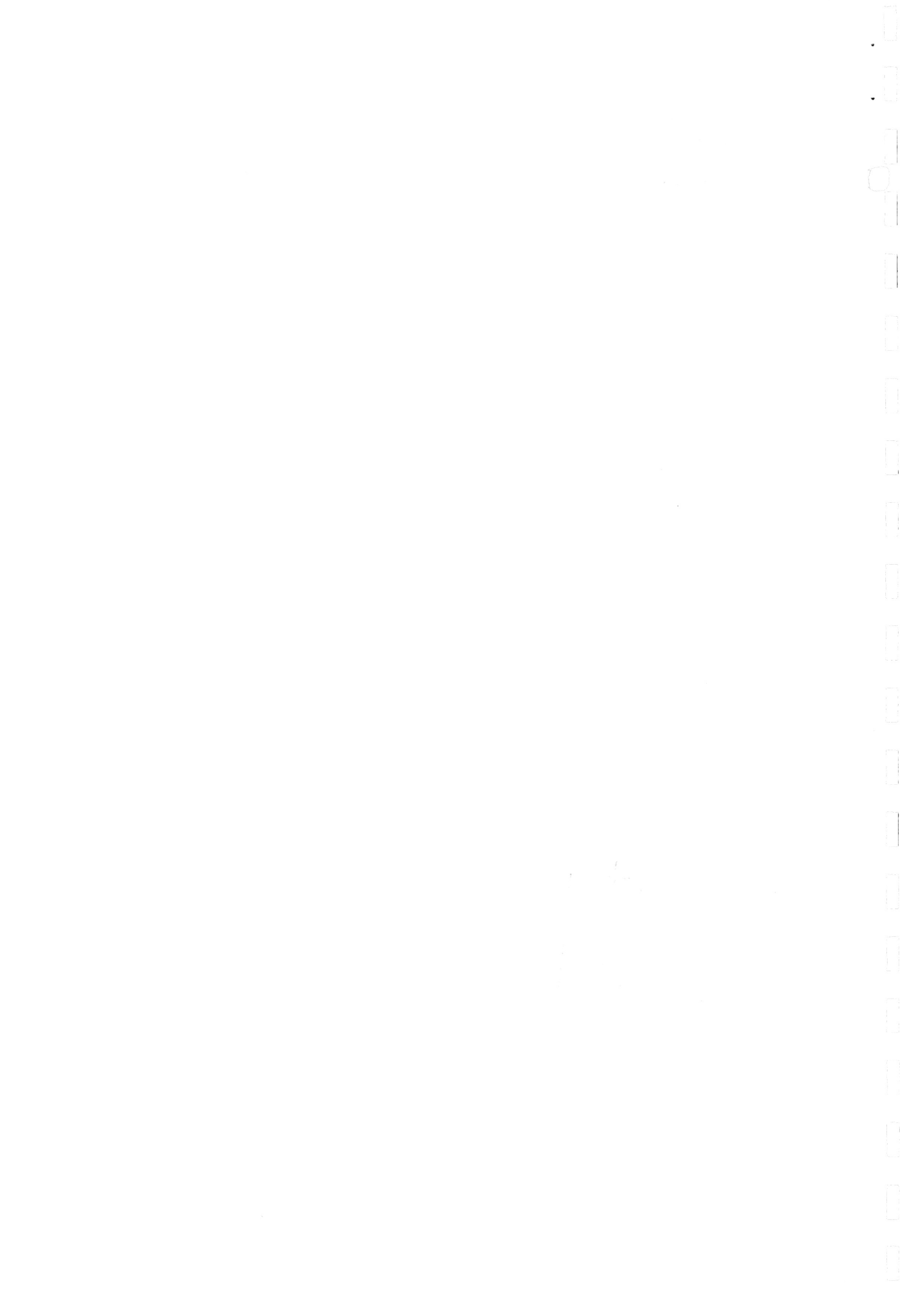
	Note	2021-2022	2020-2021
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Transfers From the County Government	2	11,000,000	-
Fines, Penalties and Other Levies	3	464,818	-
		11,464,818	-
Revenue From Exchange Transactions			
Interest Income	4	1,482,000	2,790,000
		1,482,000	2,790,000
Total Revenue		12,946,818	2,790,000
Expenses			
Use of goods and services	7	1,488,295	946,800
Finance Costs	9	15,250	4,860
Provision for bad debts	18	862,193	1,137,790
Total Expenses		2,365,738	2,089,450
Other Gains/Losses			
Surplus/(Deficit) for The Period		10,581,080	700,550

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 _____ 2022 and signed by:

**FUND ADMINISTRATOR
LAIKIPIA COUNTY**

23 DEC 2022
 Administrator of the Fund
 Richard Murigu Nyambura
**CO-OP DEVELOPMENT
REVOLVING FUND**



Fund Accountant
 Caleb Mwangi
 ICPAK Member: 10187

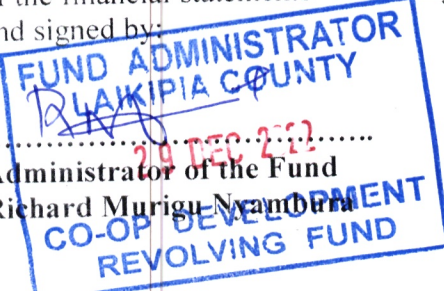


**Laikipia County Co-operative Development Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

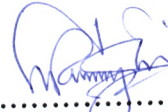
14. STATEMENT OF FINANCIAL POSITION AS 30 JUNE 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	11	16,076,404	2,997,257
Current Portion of Long- Term Receivables From Exchange Transactions	12	42,247,480	55,751,694
Transfer from county government	2	10,000,000	-
		68,323,884	58,748,951
Non-Current Assets			
Property, Plant and Equipment	15	350,000	-
		350,000	-
Total Assets		68,673,884	-
Liabilities			
Current Liabilities			
Accounts and Other Payables from Exchange Transactions	17	2	778,549
Unremitted tax	20	428,400	306,000
Total Liabilities		428,402	1,084,549
Net Assets		68,245,482	57,664,402
Revolving Fund		56,963,853	56,963,853
Accumulated Surplus		11,281,630	700,550
Total Net Assets and Liabilities		68,245,483	57,664,403

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 _____ 2022 and signed by:



 Administrator of the Fund
 Richard Murigu Nyantora



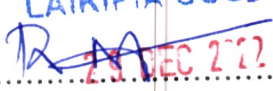
Fund Accountant
 Caleb Mwangi
 ICPAK Member: 10187

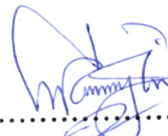
**Laikipia County Co-operative Development Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

15. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE 2022

	Revolving Fund	Accumulated Surplus	Total
Balance as at 1 July 2020	56,963,853	-	56,963,853
Surplus/(deficit) for the period	-	700,550	700,550
Funds received during the year	-	-	-
Revaluation gain	-	-	-
Balance as at 30 June 2021	56,963,853	700,550	57,664,403
Balance as at 1 July 2021	56,963,853	700,550	57,664,403
Surplus/(deficit) for the period	-	10,581,080	10,581,080
Funds received during the year	-	-	-
Revaluation gain	-	-	-
Period ended June 2022	56,963,853	11,281,630	68,245,483

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 _____ 2022 and signed by:

**FUND ADMINISTRATOR
LAIKIPIA COUNTY**

 21 DEC 2022
 Administrator of the Fund
**CO-OP. DEVELOPMENT
REVOLVING FUND**
 Richard Murigu Nyambura



Fund Accountant
 Caleb Mwangi
 ICPAK Member: 10187




**Laikipia County Co-operative Development Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2022**

16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the county government	2	1,000,000	10,000,000
Interest received	12	2,189,861	1,948,775
Total receipts		3,189,861	11,948,775
Payments			
Use of goods and services	7	1,365,895	810,900
Finance cost	9	15,250	4,860
Refund on overpayments	17	204,534	-
Purchase of computer and a laptop	15	350,000	
Net cash flows from operating activities		1,254,182	11,133,015
Cash flows from investing activities			
Proceeds from loan principal repayments	12	36,524,965	32,929,086
Loan disbursements paid out	12	(24,700,000)	(46,500,000)
Net cash flows used in investing activities		11,824,965	(13,570,914)
Net increase/(decrease) in cash & cash Equivalents		13,079,147	(2,437,899)
Cash and cash equivalents at 1 July	11	2,997,257	5,435,156
Cash and cash equivalents at 30 June	11	16,076,404	2,997,257

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 _____ 2022 and signed by:

**FUND ADMINISTRATOR
LAIKIPIA COUNTY**
29 DEC 2022
.....
Administrator of the Fund
Richard Muriugu Nyambura


.....
Fund Accountant
Caleb Mwangi
ICPAK Member: 10187

**Laikipia County Co-operative Development Revolving Fund
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17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30TH JUNE 2022

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilisation
	2022	2022	2022	2022	2022	2022
	KShs	KShs	KShs	KShs	KShs	KShs
Revenue						
Transfers from County Govt.	11,000,000	-	11,000,000	1,000,000	10,000,000	9%
Interest income	1,500,000	1,000,000	2,500,000	2,189,861	310,139	88%
Total income	12,500,000	1,000,000	13,500,000	3,189,861	10,310,139	
Expenses					-	
Use of Goods and services	1,420,000	-	1,420,000	1,365,895	54,105	96%
Finance cost	30,000	-	30,000	15,250	14,750	51%
Total expenditure	1,450,000	-	1,450,000	1,381,145	68,855	
Surplus for the period	11,050,000	1,000,000	12,050,000	1,808,716	10,241,284	

Budget notes:

1. Under the transfers from County Government, the fund did not realize the kshs. 10 million.
2. Under the Interest income which is based on the loans disbursement, the fund had estimated to disburse more loans than it did due to lack of new eligible applicants from the cooperatives societies in the financial year.
3. The finance cost spent were less due to lower number of loans disbursements.

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

DESCRIPTION	STATEMENT OF FINANCIAL PERFORMANCE/ POSITION	STATEMENT OF COMPARISON BUDGET AND ACTUAL AMOUNTS	VARIANCE	REMARKS
REVENUE				
Transfers from County Govt. Allocation	11,000,000	1,000,000	10,000,000	<i>Accounts receivables</i>
Interest income	1,482,000	2,189,861	(707,861)	<i>Realized accrued income</i>
Fines and Penalties	464,818	-	464,818	<i>Other Accrued income</i>
Total Revenue	12,946,818	3,189,861	9,756,956	
Expenses				
Use of goods and services	1,488,295	1,365,895	122,400	<i>Unremitted income tax on board allowances</i>
Finance Costs	15,250	15,250	-	
Provision for bad debts	862,193	-	862,193	<i>Increase in provision for bad debts</i>
Total Expenses	2,365,738	1,381,145	984,593	
SURPLUS/ (DEFICIT)	10,581,080	1,808,716	8,772,363	

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

FUND ADMINISTRATOR
LAIKIPIA COUNTY

 Administrator of the Fund
 Richard Murigu Nyambura
CO-OP DEVELOPMENT
REVOLVING FUND



Fund Accountant
Caleb Mwangi
ICPAK Member: 10187

18. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Laikipia County Co-operative Development Revolving Fund is established by and derives its authority and accountability from Laikipia County Co-operative Societies Act 2014 Section 106 and 107 amended 2017Act. The entity is wholly owned by the - County Government and is domiciled in Kenya. The entity's principal activity is -

2. Statement of compliance and basis of preparation

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

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

3. Adoption of new and revised standards

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

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

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

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

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

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Standard	Effective date and impact:
	<p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<p><i>Applicable 1st January 2023</i></p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 202</p>
<p>IPSAS 43</p>	<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>
<p>IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the</p>

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Standard	Effective date and impact:
	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 year 2022.

1. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

b) Budget information

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

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

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

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

Summary Of Significant Accounting Policies (Continued)

c) Property, plant and equipment

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

d) Intangible Assets

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

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

a) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Summary Of Significant Accounting Policies (Continued)

Held-to-maturity

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

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

Summary Of Significant Accounting Policies (Continued)

b) Inventories

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

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

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

c) Provisions

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

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

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

Contingent liabilities

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

Summary Of Significant Accounting Policies (Continued)

Contingent assets

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

d) Nature and purpose of reserves

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

e) Changes in accounting policies and estimates

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

f) Employee benefits – Retirement benefit plans

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

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

g) Foreign currency transactions

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

Summary Of Significant Accounting Policies (Continued)

h) Borrowing costs

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

i) Related parties

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

j) Cash and cash equivalents

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

k) Comparative figures

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

l) Events after the reporting period

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

m) Ultimate and Holding Entity

The entity is a County Public Fund established by - Act (*state the legislation establishing the Fund*) under the Ministry of -. Its ultimate parent is the County Government of -.

n) Currency

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

Summary Of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

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

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

b) Useful lives and residual values

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

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

c) Provisions

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

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

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

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6. Notes To The Financial Statements

1. Public contributions and donations

Description	2021-2022	2020-2021
	Kshs	Kshs
Donation From Development Partners	-	-
Contributions from the public	-	-
Total	-	-

2. Transfers from County Government

Description	2021-2022	2020-2021
	Kshs	Kshs
Transfers From County Govt. –recurrent operatons	1,000,000	10,000,000
Transfers From County Govt. –loan issuance	10,000,000	
Payments by County on Behalf of The Entity	-	-
Total	11,000,000	10,000,000

3. Fines, penalties and other levies

Description	2021-2022	2020-2021
	Kshs	Kshs
Late Payment Penalties	464,817	-
Fines	-	-
Total	464,817	-

4. Interest income

Description	2021-2022	2020-2021
	Kshs	Kshs
Interest Income from fund loans	1,482,000	2,790,000
Interest Income from Car Loans	-	-
Interest Income from fund loans	-	-
Interest Income on Bank Deposits	-	-
Total Interest Income	1,482,000	2,790,000

(Interest income is at 6% of loan issued)

Notes to the Financial Statements Continued

**Laikipia County Co-operative Development Revolving Fund
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5. Other income

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

6. Employee Costs

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

7. Use of Goods and Services

Description	FY 2021-2022	FY 2020-2021
	KShs	KShs
Printing and stationery	98,510	67,400
Lunches and subsistence	86,685	-
Board meetings Allowances	285,600	317,100
Evaluation	18,000	
Staff Allowance and Subsistence	742,200	397,000
Fuel and Transport	83,800	29,400
CRB subscription	40,600	-
Legal fees	10,500	-
Sub Total	1,365,895	810,900.00
Accrued expenses		
Unremitted tax on paid Board allowance	122,400	135,900
Total	1,488,295	946,800

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8. Depreciation and Amortization Expense

Description	2021/22	2020/21
	Kshs.	Kshs.
Property Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

9. Finance costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Bank charges	15,250	4,860
Interest On Loans from Banks	-	-
Total	15,250	4,860

10. Gain/(loss) on disposal of assets

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

**Laikipia County Co-operative Development Revolving Fund
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Notes to the Financial Statements Continued

11. Cash and cash equivalents

Description	2021-2022	2020-2021
	Kshs	Kshs
Car Loan Account	-	-
County Mortgage Account	-	-
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	16,076,404	2,997,257
Others	-	-
Total Cash and Cash Equivalents	16,076,404	2,997,257

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

		2021-2022	2020-2021
Financial Institution	Account number	Kshs	Kshs
a) Fixed Deposits Account			
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
Sub- Total		-	-
b) On - Call Deposits			
Kenya Commercial Bank		-	-
Equity Bank - Etc.		-	-
Sub- Total		-	-
c) Current Account			
Kenya Commercial Bank		-	-
Cooperative Bank of Kenya	01141366165000	16,076,404	2,997,257
Sub- Total		16,076,404	2,997,257
d) Others (Specify)			
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		16,076,404	2,997,257

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12. Receivables from exchange transactions

Description	2021-2022	2020/2021
	KShs	KShs
Current Receivables		
Bal b/d	55,751,694	42,060,705
New loans	24,700,000	46,500,000
Interest receivable	1,482,000	2,790,000
Current loan repayments -Principle	(36,524,965)	(32,929,086)
Current loan repayments -Interest	(2,189,861)	(1,948,775)
Add Back Loan overpayments	4,002	416,640
Penalties on defaulters	464,818	-
Loan offset from overpayments	(578,015)	-
Provision for Bad and doubtful debts	(862,193)	(1,137,790)
Refund on overpayments to societies		-
Total Current receivables	42,247,480	55,751,694
Non-Current receivables		
Long term loan repayments due		
Total Non-current receivables		
Total receivables from exchange transactions	42,247,480	55,751,694

Additional disclosure on interest receivable

13. Prepayments

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

14. Inventories

Description	2021-2022	2020-2021
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts and Meters	-	-

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Catering	-	-
Other Inventories (Specify)	-	-
Total Inventories at the lower of Cost and Net Realizable Value	-	-

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Notes To the Financial Statements (Continued)

15. 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 2020	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	(-)	(-)	-	-	(-)
At 30 th June 2021	-	-	-	-	-
At 1 st July 2021					
Additions	-	-	-	-	-
Disposals	(-)	-	-	-	(-)
At 30 th June 2022	-	-	-	-	-
Depreciation And Impairment					
At 1 st July 2020	(-)	(-)	(-)	(-)	(-)
Depreciation	(-)	(-)	(-)	(-)	(-)
At 30 th June 2021	-	-	-	-	-
At 1 st July 2021					
Depreciation	(-)	(-)	(-)	-	(-)
Disposals	-	-	-	-	-
At 30 th June 2022	-	-	-	350,000	350,000
Net Book Values					
At 30 th June 2021	-	-	-	-	-
At 30 th June 2022	-	-	-	350,000	350,000

**Laikipia County Co-operative Development Revolving Fund
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Notes To the Financial Statements (Continued)

16. Intangible assets

Description	2021-2022	2020-2021
	Kshs	Kshs
Cost		
At Beginning of The Year	-	-
Additions	-	-
At end of the Year	-	-
Amortization and Impairment		
At Beginning of The Year	-	-
Amortization	-	-
At End of The Year	-	-
Impairment Loss	-	-
At end of the Year	-	-
NBV	-	-

17. Accounts and other payables from exchange transactions

Description	2021-2022	2020/2021
	KShs	KShs
Loans Overpayments BF	778,549	778,549
Additional overpayment	4,002	
Refunds of loans overpayment	(204,534)	
Loan offset from overpayments -(Accounts Receivab	(578,015)	
Total trade and other payables	2	778,549

18. Provisions for bad debts

Description	2021-2022	2020/2021
Provision for bad debts	862,193	1,137,790
Total	862,193	1,137,790

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Notes to the Financial Statements (Continued)

19. Borrowings

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

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

	2021-2022	2020-2021
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan From 'X Organisation'	-	-
Sterling Pound Denominated Loan From 'Y Organisation'	-	-
Euro Denominated Loan from Z Organisation'	-	-
Domestic Borrowings		
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Borrowings From Other Government Institutions	-	-
Total Balance at end of the year	-	-

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

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

(NB: the total of this statement should tie to note 18 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed)

**Laikipia County Co-operative Development Revolving Fund
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Notes To the Financial Statements (Continued)

20. Unremitted tax

Description	2021-2022	2020-2021
Unremitted tax on board members allowances	428,400	306,000
Total	428,400	306,000

21. Cash generated from operations

	2021-2022	2020-2021
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	-	-
Adjusted For:		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses on Disposal of Assets	(-)	(-)
Interest Income	(-)	(-)
Finance Cost	-	-
Working Capital Adjustments		
Increase In Inventory	(-)	(-)
Increase In Receivables	(-)	(-)
Increase In Payables	-	-
Net Cash Flow from Operating Activities	-	-

**Laikipia County Co-Operative Development Revolving Fund
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Other Disclosures

22. 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

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

c) Key management remuneration

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

d) Due from related parties

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

**Laikipia County Co-Operative Development Revolving Fund
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Other Disclosures Continued

e) Due to related parties

	2021-2022	2020-2021
	Kshs	Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
Total	-	-

23. Contingent assets and contingent liabilities

Contingent Liabilities	2021-2022	2020-2021
	Kshs	Kshs
Court Case - Against the Fund	-	-
Bank Guarantees	-	-
Total	-	-

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Other Disclosures Continued

24. Financial risk management

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

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

a) Credit risk

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

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

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022				
Receivables From Exchange Transactions	42,241,871	42,241,871	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	16,078,938	16,078,938	-	-
Total	58,320,809	58,320,809	-	-
At 30 June 2021				
Receivables From Exchange Transactions	55,751,694	55,751,694	-	-
Receivables from Non-Exchange Transactions	-	-	-	-
Bank Balances	2,997,257	2,997,257	-	-
Total	58,748,951	58,748,951	-	-

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

The entity has significant concentration of credit risk on amounts due from -x

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

b) Liquidity risk management

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

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

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

c) Market risk

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

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

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

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

i. Foreign currency risk

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

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

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

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.

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

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rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

		Change in currency rate	Effect on surplus/ deficit	Effect on equity
		Kshs	Kshs	Kshs
2022				
Euro		10%	-	-
USD		10%	-	-
2021				
Euro		10%	-	-
USD		10%	-	-

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

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

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d) Capital risk management

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

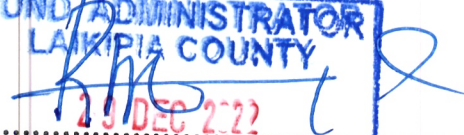
	2021-2022	2020-2021
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	57,664,403	56,963,853
Accumulated surplus	10,581,080	700,550
Total funds	68,245,483	57,664,403
Total borrowings	-	-
Less: cash and bank balances	(16,102,473)	(2,997,257)
Net debt/(excess cash and cash equivalents)	52,143,010	54,667,146
Gearing	76%	94%

**Laikipia County Co-Operative Development Revolving Fund
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**19. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S
RECOMMENDATIONS**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe
1. Un remitted Tax on board allowance	Failure to remit taxes to KRA denies the Government the needed revenue and leads to additional cost to the fund on penalties and interest which can be avoided	KRA insist that the fund must registered as a separate entity and this is a process that will require amendment of the legal framework of the fund. KRA declined to receive the fund cheque. The fund administrator has written to county attorney to give the legal advice on the issue and the process therein.	Not resolved	By Dec 2022
2. Long outstanding overpayment	The accuracy of overpayment of Ksh 778,549 for the year	The management board agreed to refund and offset long outstanding overpayments of Ksh. 778, 549 and subsequently effected.	Resolved	

**FUND ADMINISTRATOR
LAIKIPIA COUNTY**

 20 DEC 2022

**Richard Murigu
Fund Administrator
Laikipia County Co-operative Development Revolving Fund**