

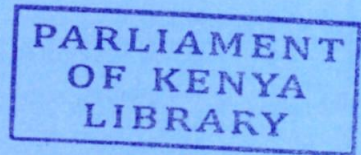
REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF



THE AUDITOR-GENERAL

ON

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

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

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LAIKIPIA COUNTY CO-OPERATIVE DEVELOPMENT REVOLVING FUND

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

**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, 2024**

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1. Acronyms and Glossary of Terms

ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings
CIDP	County Integrated Development Plan
CODIC	Co-Operative Development Information Center
CECM	County Executive Committee Member
DKUT	Dedan Kimathi University of Technology
DRC's	Drought Resistance Crops
LCDA	Laikipia County Development Authority
LCCDRF	Laikipia County Co-operatives Development Revolving Fund
HRM	Human Resource Management
KSG	Kenya School of Government
CSR	Corporate Social Responsibility
PPADA	Public Procurement and Asset Disposal Act 2015
SRC	Salaries and Remuneration Commission

2. Key Entity Information and Management

a) Background 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 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-operative as a board member. The amendment has been forwarded to the executive for consideration and approval before being forwarded to the County Assembly. The Fund is wholly owned by the County Government of Laikipia and is domiciled in Kenya. As per PFM Regulations 2015 Section 197(i), the fund will be celebrating its 10 years on 6th January 2025.

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.

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

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

iv). Specific Objectives

- To increase access to affordable loans for co-operative societies in Laikipia County.
- To enhance the efficiency and effectiveness of the revolving fund.
- To venture in promoting innovation and marketing products of co-operative societies in Laikipia

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,

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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) Fund Board Committee

Ref	Name	Position	Appointment Date
1	Sammy Kimaru Githungu	Chairperson	17 th March 2023
2	Davidson Gachemi Mutahi	Vice-chairperson	17 th March 2023
3	Felix Ochieng' Muhando	Board Member	17 th March 2023
4	Rosemary Chepkorir Suge	Board Member	17 th March 2023
5	Grace Gathoni Ndirangu	Board Member	17 th March 2023
6	Daniel King'ori Ngumi	Board Member	
7	Samuel Mahiga Njuki	Board Member	
8	Richard Murigu Nyambura	Fund Administrator	17 th July 2018

d) Key Management Steam

Ref	Name	Position
1	Samuel Mahiga	Chief Officer Department of Trade, Tourism & Co-operatives
2	Richard Murigu Nyambura	Acting Fund Administrator
3	Caleb Mwangi	Fund Accountant Reporting
4	Esther Nyambura	Fund Accountant Operations

e) Fiduciary Oversight Arrangements

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

**Laikipia County Co-operative Development Revolving Fund
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f) Registered Offices

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

g) Fund Contacts

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

h) Fund Bankers

Co-operative Bank of Kenya
Nanyuki Branch
Account Number 01141366165000

i) Independent Auditors

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




j) Principal Legal Adviser

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

k) County Attorney

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

3. Board of Trustees

Name	Details of qualifications and experience
<p>1. Sammy Kimaru Githungu Chairperson</p> 	<p>Born 1969.</p> <p>Holder of a Bachelor of Education from the University of Nairobi and a Diploma of Education Management from Kenya Education Management Institute.</p> <p>Served as a teacher for 12 years, a deputy principal for 2 years, and a Principal for 19 years, currently Serving as Principal of Thingithu Boys Secondary.</p> <p>Also serving as a leader in social dynamic groups like Nyahururu Teachers (NYATE), Bigheart, and Manguo United Neighbours.</p>
<p>2. Davidson Mutahi Gachemi Vice Chairperson</p> 	<p>Born in 1957.</p> <p>Holds a Bachelor’s Degree in Divinity (BD) from ST. Pauls University and undergoing a master’s degree in Counselling Psychology (KEMU), and Master of Theology student at St Pauls’ University.</p> <p>An ordained Ven. Canon serving with the Anglican Church of Kenya (ACK) in the Diocese of Mt. Kenya West. He worked as an Archdeacon for thirteen years in Laikipia.</p>
<p>3. Rosemary Chepkorir Suge Board Member</p> 	<p>Born 1989.</p> <p>Holds a Bachelor of Commerce (Accounting option) from Laikipia University, CPA (K) and pursuing an MBA (Strategic Management) at Kenyatta University.</p> <p>She has served for 7 years’ with experience in Financial Institutions in Nyakaca Travellers Sacco Society Ltd and 5 years to date in Equity Bank Kenya- Credit Department, biashara banking sector</p> <p>A board member of GG Secondary Rumuruti and founder of KASUU Girl Child Initiative (CBO)</p>

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<p>4. Felix Ochieng Muhando Board Member</p> 	<p>Born 1979 Bachelor of Commerce (Accounting option) from KCA University and CPAK (Section 5). Has 16 years' experience in a Senior Managerial position in the Cooperative movement. Currently serving as the CEO of Siraji Savings & Credit Co-operative Society Ltd. Pursing Master Degree in Co-operative Management at Co-operative University.</p>
<p>5. Grace Gathoni Ndirangu Board Member</p> 	<p>Born 1978 Holds 'O' (KCSE) and Computer Literacy Course –Tec bridge Computer College: April 2004. Possess over 16 years of working experience with Community Self-Help Groups, development projects and church programs in Laikipia West namely; Muthengera Women SACCO Society Ltd Secretary, Marmanet Catholic Parish and Diocese Council.</p>
<p>6. Richard Murigu Nyambura Acting Fund Administrator</p> 	<p>Born in 1966. He is currently the Acting Fund Administrator. Holds a Diploma in Co-operative Management in 1991, a Higher National Diploma in HRM-2015, and short-term courses on Institutional Strengthening and Organisation Development and a Senior Management course at KSG in 2017. He has a working experience of 33 years in Co-operative Management, Administration and Supervision in Kajiado and Laikipia Counties.</p>
<p>7. Samuel Njuki Mahiga Chief Officer Trade, Tourism, Enterprise Development and Cooperatives</p> 	<p>Holds Master of Science in Environmental Studies, Bachelor of Science in Wildlife Management and Diploma in Wildlife Management. Worked as Wildlife and Environmental Conservation with more than 13 years of professional experience in Environmental Conservation, Community Development, Wildlife Ecological Monitoring, Research and Environmental Social Impact Assessment. Work in Mt. Kenya Wildlife Conservancy, William Holden Wildlife Foundation and Mt. Mountain Bongo Publicity Programme. Currently the Chief Officer Trade, Tourism, Enterprise Development and Co-operatives</p>

**8. Daniel King'ori Ngumi
Chief Officer Finance and
County Treasury**



He holds Bachelor's Degree in Economics and Public Administration and Master's Degree in Accounting and Finance and is a CPA(K)

Currently the Chief Officer for Finance and County Treasury. Has previously worked with National Treasury for six years in various Departments as Chief Accountant; Has also worked with County Government of Laikipia as Head of County Treasury Accounting and County Government of Kiambu as Director of Finance

4. Management Team

Name	Details of qualifications and experience
<p>1. Richard Murigu Nyambura Acting Fund Administrator.</p> 	<p>Born in 1966. He is currently the Acting Fund Administrator. Holds a Diploma in Co-operative Management in 1991, a Higher National Diploma in HRM-2015, and short-term courses on Institutional Strengthening and Organisation Development and a Senior Management course at KSG in 2017. He has a working experience of 33 years in Co-operative Management, Administration and Supervision in Kajiado and Laikipia Counties.</p>
<p>2. Samuel Njuki Mahiga Chief Officer Trade, Tourism, Enterprise Development and Cooperatives</p> 	<p>Born 1986 Holds Master of Science in Environmental Studies, Bachelor of Science in Wildlife Management and Diploma in Wildlife Management. Worked as Wildlife and Environmental Conservation with more than 13 years of professional experience in Environmental Conservation, Community Development, Wildlife Ecological Monitoring, Research and Environmental Social Impact Assessment. Work in Mt. Kenya Wildlife Conservancy, William Holden Wildlife Foundation and Mt. Mountain Bongo Publicity Programme. Currently the Chief Officer Trade, Tourism, Enterprise Development and Co-operatives</p>
<p>3. Caleb Mwangi Accountant Financial Reporting</p> 	<p>Born in 1980. Mr Caleb is the accountant in charge of Financial Reporting for the Fund. He has over 13 years' experience in the Internal Auditing. Holds Bachelor's Degree in Commerce (Finance) and Post Graduate Diploma in Project Management (DKUT). He is a Certified Public Accountant of Kenya (CPA -K).</p>

5. Board/Fund Chairperson's Report

Our strategic role as fund board is to support the Governor manifesto in line with the County Development Integrated Development Plan 2023-2027. The board has noted cooperative movement is a model that strongly support enterprise development and wealth creation.

The mandate of the board includes supervision and control of the fund activities, preparing budgets and plans for better administration of the fund and imposing conditions and restriction on the use of fund as may be necessary. This includes; loan approval and follow-up, public engagement and awareness, and monitoring of expenditures.

During the period review, the board managed to issue loans amounting to Ksh 33.3 million to 17 cooperative societies, enabling them to support key economic activities within the county. Among the supported activities are the reactivation of societies that were strongly affected by the droughts and Covid-19 and the introduction of soya bean Farming as a potential value chain in the county. This brings the total amount of loans disbursed since inception to Ksh 224,543,450 to 173 cooperative beneficiaries, with the highest awarded loan being Ksh 7.5 million.

The fund board managed to participate in the co-operative leader's engagement and training sessions that were organised by his Excellency the Governor Laikipia County and conducted two co-operative follow up across the county on the loan defaulters. In addition the board holds its meeting on quarterly basis but in the last quarter made made an extra meeting to approve the request for the extension of the fund as provided in PFM Regulation Section197(i).

The fund is currently experiencing a high default rate from a number of co-operative societies thus directing the Fund Administrator institute a crash programme of the follow –up using the Sub-Co-operative Officers. The board is also exploring the implications of the defined legal measures in the debt recovery policy that includes blacklisting the societies in the CRB, engaging fund advocates and debt collectors, and filing cases at the Cooperatives Tribunal. This will help the fund to strategize on how to employ stated measures appropriately to mitigate the increasing rate of non performing loans.

Finally, the board remains optimistic that the Laikipia County Co-operative Development Revolving Fund is a noble idea that contributes towards enhancing easy access to and affordable credit facilities for co-operative societies. The paramount objective is to improve the working capital to improve the operations and management of society. It is therefore important to safeguard and sustain the fund in order to reactivate and revamp the economic growth of Laikipia County.



Name. Sammy K. Githungu

Date 23rd September 2024

Chairperson of the Fund Board

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6. Report of the Fund Administrator

6.1 Introduction

Co-operative Revolving Fund was established by the Laikipia County Co-operative Societies Act 2014 Section 106 and 107 amended 2017. 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. The plan noted that the key impediment of these co-operative is low working capital and access to affordable credit facilities. The department took the initiatives to establish a legal framework that was anchored in the said Act to address gaps identified and later enacted by the Laikipia County Assembly in 2014.

The fund aims at aligning its focus to creating more agri-business opportunities, entrenching result-based management in running the fund, establish public, private partnership with strategic development partners and promoting good corporate governance on the utilization of the available public resources as provided for in the various statutes. This is in line with Laikipia County's Government's plan of improving the county's economy, reduce poverty, create jobs and wealth and improve the quality of life of the people of Laikipia.

The Laikipia County Cooperative Development Fund is managed by eight board members who include the Fund Administrator whose mandate include 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. The board members were appointed as per section 107(2) and the acting fund administrator was appointed to oversee the running of the fund. The appointment is deemed to be for 3 years and not more than 2 consecutive terms.

6.2 Since inception, the fund has grown as indicated below;

Financial Year	Allocation from County Treasury	Amount Received from County Treasury (Devt)	Amount Disbursed	No. of beneficiaries	Remarks
	(Kshs)	(Kshs)	(Kshs)		
2014/2015	50,000,000	8,000,000	5,550,000	25	Initial funding
2015/2016	30,000,000	-	2,400,000	9	Revolving fund
2016/2017	30,000	-	-	-	No exchequer approval due to compliance with PFM Act 2012
2017/2018	20,000,000	20,000,000	4,743,450	3	Delayed exchequer
2018/2019	20,000,000	20,000,000	34,300,000	46	Revolving Amount
2019/2020	10,000,000	-	45,650,000	25	Revolving Amount
2020/2021	-	10,000,000	46,500,000	26	Revolving Amount
2021/2022	10,000,000	-	24,700,000	10	Revolving Amount but affected by COVID -19

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2022/2023	5,000,000	-	27,400,000	12	Affected by Prolonged Drought
2023/2024	6,000,000	-	33,300,000	17	The budget was meant for a specialized equipment
	181,000,000	58,000,000	224,543,450	173	

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 the closure of the financial year 2017/2018. This resulted to the first amendment of the Laikipia County Co-operative Societies Act 2017 and the rules thereunder.

In 2019/2020, the fund initiated the development of the Fund regulations, review of the lending policy, debt recovery policy and the code of conduct and ethics 2020. These policies were approved and adopted by the board to strengthen the operation and ensure the sustainability of the fund. Thereafter in 2022 managed to develop it's the credit risk management policy and in 2023, under the current fund board was able to prepare the 2nd strategic plan 2023-2026.

Up to date the fund has cumulatively received Ksh 58 Million from the County Treasury and issued Ksh 224.5Million to 173 applicants derived from 74 co-operative societies against the current number of 218 active co-operative societies with 108,469 members and asset base of over Ksh 7.85 billion. These number of co-operatives are expected to grow to 300 co-operative societies with expected 150,000 members within the next five years. Again, we have 3 cooperative societies that operates FOSA Activities and are strategically located in rural areas for micro finance activities that are viable to support our hustlers. These opportunities needs to be exploited using the accessible and affordable credit facilities as provided in the Laikipia County Co-operative Development Revolving Fund.

The fund focuses on increasing the seed capital (investment) from Ksh 58million to Ksh 250 million (50 % of the initial budget in 2013) that will continue to support the out growing numbers of co-operative societies and co-operators in the county. This will enhance the co-operative ventures, created more wealth and employment opportunities. The inauguration of the County Aggregation industrial Park gives co-operatives diverse opportunities to enhance storage and marketing of their produce and better returns to their members.

These loans are usually issued at 6% per annum as opposed to the 1% declining balance per month that is usually used by the co-operatives to issue loans to their members. However, these rates are fixed regardless of the prevailing market rates of other financial institutions that ranges from 14% to 22% per year.

6.2 Achievements

a) Board Meetings

The fund managed to conduct its board meetings on the 29th September 2023, 26th and 27th October 2023, 22nd March 2024, and 12th April 2024 and 6th June 2024. The fifth meeting was provoked by the need to make a resolution on the extension of fund as directed by the Public Finance Regulation 2015 section 197(i) that states “the initial approval for establishment of a County Public Fund shall be for a maximum period of ten (10) years, beyond which the County Executive Committee and County Assembly approvals shall be sought”.

b) Loan disbursement, recoveries and follow-up

The fund issued loans worthy of Ksh, 33,300,000 to 17 co-operatives societies, and recovered Ksh 32,846,985.65 against the targets of Ksh. 30 million each respectively. By the closure of the financial year as at 30th June 2024 the fund had cash at bank balance of Ksh 9,111,305.85. The board made two follow-in October 2023 and June 2024 basically to assess the status and performance of the loan especially the non-performing loans.

c) Reporting and compliance

The fund managed to prepare its quarterly reports to the county treasury to ensure compliance as stipulated in the PFM Act 2012 section 168(3). The fund also managed to submit its financial statement to the Auditor –General as stipulated in the PFM Act section 164(4). The fund received qualified report because of increasing loan default and arrears.

d) Review and development of legal framework

The fund administration held a consultation meeting with the Director for Co-operatives and conducted an in-depth analysis of the Laikipia County Co-operative Societies and noted following critical gaps;

1. The Act does not recognize the county structures and the devolved functions as spelt out in the County Government Act 2012.
2. It is not compliant to the PFM Act 2012 which is vital in the management of the Laikipia County Co-operative Development Revolving Fund as a County entity. Thus, constraining the operations of the fund in terms of compliance with the PFM Act 2012.
3. It does not define a clear organizational structure in the management of the co-operative movement in the county.

And concluded that there is need to start the process of repealing the Laikipia County Co-operative Societies Act 2014. This process stands at the most convenient time when the National Parliament is in the last stage of finalizing the enactment National Co-operative Bill 2023. This bill has already been consented by the Council of Governors and Senate. The parliament is now consulting with the stakeholders on the few outstanding areas they petitioned.

e) Value chain integration and promotion

The fund continued to support the working capital of 12 Savings and Credit Co-operative societies, initiated and promoted value addition programs through reactivating of 1 dairy society, 1 soya beans multiplication society, 1 sand harvesting society, 1 rental housing co-operative society and 1 deposit taking SACCO Society for micro-finance.

f) Public awareness and engagement

The fund Facilitated and participated in the development of a cooperative newsletter, analysing the performance of the movement for the last 5 years in the county. The newsletter was released by His Excellency the Governor during the Ushirika Day Celebrations on 1st July 2023 at Nanyuki Stadium. The fund administrator facilitated two leaders engagement foras presided by His Excellency the Governor in Laikipia East and Laikipia West respectively. His manifesto on the directorate focuses on increasing the co-operative revolving fund. He further organised two capacity building in Laikipia East and Laikipia West basically on compliance issues namely; book keeping, budgeting, auditing and filing of the statutory returns.

g) Collaborations and partnership

The fund administrator-initiated collaboration with Laikipia County Development Authority to develop a business plan for soya bean farming and thereafter managed to fund the project.

6.3 Constraints

The effects of weather uncertainties, Covid-19 pandemic and political uncertainties has continued to result into an increasing high default rate, low number of applicants and high cost of operations. The default rate has gone to 41.5% thus risking the fund sustainability. This has been worsened by the inadequate legal framework that does not secure the fund against default loan.

6.4 Risk Management Strategies

The fund in conjunction with Directorate of Co-operatives are in the process of reviewing the existing legal framework with a view to make it more comprehensive especially making the fund a body corporate with powers to sue and to be sued. It will equally strengthen relationship and collaboration with the Director for Co-operatives in order to monitor the loans performance through alternative dispute resolution mechanism.

The board has made the Risk Management policy an integral part of its operations, focusing on strategies to minimize impacts of risks towards achieving its strategic goals and maintaining its financial stability. .

6.4 CONCLUSION

The fund board remains committed to improving its effectiveness and efficiency in order to achieve the fund's vision of becoming a leading, vibrant and reliable Co-operative Revolving Fund in Laikipia County.

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7. Statement of Performance against the County Fund's Predetermined Objectives

Introduction

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

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

1. To increase access to affordable loans for co-operative societies in Laikipia County.
2. To enhance efficiency and effectiveness of the Cooperative Development Revolving Fund.
3. To promote innovative and market driven production by co-operative societies in the count

Progress on attainment of Strategic development objectives

Programme	Sub Programme	Objective	Outcome	Indicator	Performance
Cooperative Development and Marketing	Cooperative Revolving Fund	Increase accessible and affordable funding	Increased accessible and affordable fund	Amount of loan disbursed	Disbursed Ksh 33.3 Million against the planned Actual budget of Kshs 30 Million (111%)
			Increased number of funded co-operatives	No of Co-operatives	Issued loans to 17 co-operative societies against planned 15 societies - (113%)
		Enhance efficiency and effectiveness of the Fund.	Increased recovery of loans	Amount of loan recovered	Recovered Ksh 32.847 Million against budgeted Kshs 30 Million (109%)
			Increased board meeting as per PFM Act 20212	No of Meeting	Conducted 5 meetings out of 4 meetings due the need to make a request for extension (50%)

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		Enhance efficiency and effectiveness of the Fund	Increased capacity building on the beneficiaries	No of engagement conducted to the beneficiaries No of policies developed No of reports submitted	Conducted four engagement against the 4 planned (100%) Nil 4 quarterly reports submitted (100%)
		Promote innovative and market driven production by co-operative societies	Increased in value chain funded	No of partnership and collaboration No of value chain funded	One partnerships established through funding FOSAs against 2 (50 %) 5 value chains funded namely; 1dairy, 1housing, 1Sand, 1Soya Beans and 13Saccos against 4 (125%)

8. Corporate Governance Statement

8.1 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 Q1	Board Meeting Q2	Board Meeting Q3	Board Meeting Q4		Remarks
					12 th April 2024	6 th June 2024	
		29/9/2023	26&27 th Oct,2023	22 nd March 2024	12 th April 2024	6 th June 2024	Two board meeting were held the fourth quarter due to the need to approve the request for the extension of fund.as required by PFM Regulations 2015 section 197(i)
1	Sammy Githungu	✓	✓	✓	✓	✓	
2	Davidson Gachemi	✓	✓	✓	✓	✓	
3	Rosemary suge	✓	✓	✓	✓	✓	
4	Felix Ochieng	✓	✓	✓	✓	✓	
5	Grace Gathoni	✓	✓	✓	✓	✓	
6	Samuel Mahiga Njuki	✓	-	✓	✓	✓	
7	Daniel Ngumi	✓	-	✓	✓	✓	
9	Richard Murigu	✓	✓	✓	✓	✓	

8.2 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. The board members elected by Laikipia County Co-operative Societies Forum are supposed to be leaders with experience and exposure on co-operative societies matters and therefore competent to represent the views of the forum. The Fund Administrator is obligated to conduct thorough induction for the newly appointed board members and experience sharing forum.

8.3 Board Charter

The fund service charter has been incorporated in the departmental service charter and placed on a very strategic place in the office. The board members upon being appointed are expected to sign the Code of Conduct and Ethics. It defines board commitment to the highest standards of behaviour so as to contribute to the achievement of the fund mandate. By exemplifying the ethical behaviours and Board values described in the Code, the board will continue to uphold Article 10 of the Constitution of Kenya on National Values and Principles of Governance and Chapter 6 on Leadership and Integrity.

8.4 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

(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.

8.5 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

8.6 Board Induction and Training

The fund has continuously engaged the board members in several consultation fora including the co-operative leaders meeting and training, governor’s engagement, inviting experts to the board meeting including loan debt collector and at the same time exposing themselves by conducting physical co-operative follow up.

8.7 Conflict of interest

Board members and employees maintain public confidence in the objectivity of their service by preventing and avoiding situations that could give the appearance of a conflict of interest or result in a potential or actual conflict of interest.

8.8 Board and Member Performance

The performance of the board is usually based on the targets as outlined in the work plan each year that stipulate among others; the number of beneficiaries, amount of disbursement and recoveries, number of collaboration and partnership, value chain funded and number of reports and meetings conducted. The fund board approves a budget that is geared towards deliverables of the loan recoveries, loan disbursement and co-operative value chain

8.9 Board Remunerations and Allowances

The board remunerations and allowances are restricted by Salary and Remuneration Commission circulars that stipulate the allowances to committee members appointed by the County Government. However, due to mobility and convenience of the operations, the board usually makes resolutions for mobility and facilitation.

8.10 Governance, Ethics and Conduct

All the appointed board members are obligated to sign a Code of conduct and ethics. The Code sets out expectations for individual behaviour necessary to meet these standards and includes requirements and guidance to help carry out role with integrity and in compliance with the law. By exemplifying the ethical behaviours and Board values described in the Code, the board will continue to uphold Article 10 of the Constitution of Kenya on National Values and Principles of Governance and Chapter 6 on Leadership and Integrity.

The fund is governed by a board and administered by the Fund Administrator. The Fund Administrator reports functionally to the Board and administratively to the Chief Officer of the department of Trade, Tourism and Cooperatives.

9. Management Discussion and Analysis

9.1 Introduction

Co-operatives have been singled out as an engine of development, which has the potential to contribute toward poverty reduction and wealth creation through transformation of informal groups into cooperatives. It is noted that co-operatives in the county cut across all productive sectors of our economy and provide an important framework for mobilizing both human and capital resources. Equally play an integral role in production, processing and marketing of goods and services through widespread network both in rural and urban areas of the county.

It is further noted that co-operatives in Laikipia County have inadequate working capital to finance their operation. To address this issue, the County Government under His Excellency Hon. Joshua Irungu EGH initiated the co-operative revolving fund with a prime objective of availing accessible and affordable credit facilities to all co-operatives societies with the purposes that are in tandem with the Laikipia County Integrated Development plan. In this strategic development intervention, co-operatives were expected to play a role include innovations, value addition to products and services, manufacturing, financial services, Boda Boda sector, wholesale and retail trade and also envisaging that co-operatives will be assisted and strengthened to brand and market county products for both local and national markets.

In view of this and despite the effects of a prolonged dry spell that has greatly affected the general business environment of the county and equally affected the performance of loans in terms repayment and applications, the fund has remained focused to put on board new value chains namely constructing of rental house, reactivating dairy industry, promotion of soya bean seed multiplication as a Drought Resistance Crops with potential for value addition and also supporting the sand harvesting on Asal areas.

In order to achieve this, the board endeavoured to be vigilant in decision making especially on public fund utilization, loan approvals, public engagement and awareness and continuous monitoring and evaluation.

During the period under, fund board conduct two loan follow up to all the beneficiaries with a view to understand their operations, loan repayment status, areas of collaboration and ways to recover the defaulted loans. This exercise gave the board an insight of the performance and the bases of further collaboration with all the beneficiaries.

The fund had also targeted to disburse Ksh 30 million and recover Ksh30million. The fund in it endeavour managed to issue Ksh33.3million and recover Ksh.32.847Million that surpassed the target. At the same time the fund encountered non-performing of Ksh 20.9 Million against 50.4 Million that is 41.5% of the total receivable thus risking the sustainability of the fund.

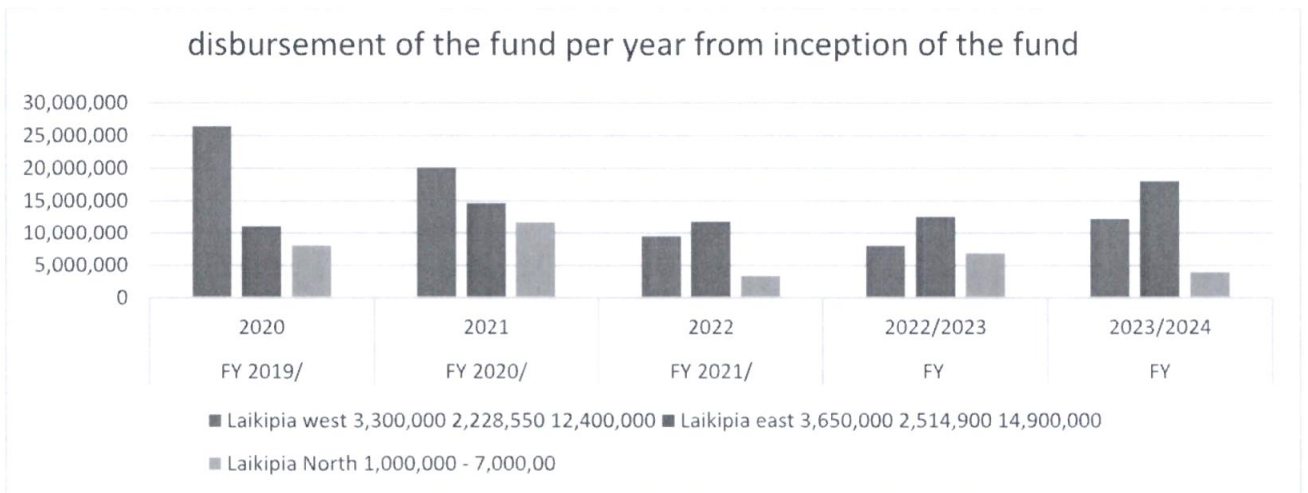
**Laikipia County Co-operative Development Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

9.2 Performance of the fund

9.2.1 Disbursement of the fund per Sub County

SUB COUNTY	FY 2015/2017	FY 2017/2018	FY2 018/ 2019	FY 2019/ 2020	FY 2020/ 2021	FY 2021/ 2022	FY 2022/2023	FY 2023/2024	TOTAL
Laikipia west	3,300,000	2,228,550	12,400,00	26,450,000	20,100,000	9,500,000	8,000,000	12,300,000	93,278,550
Laikipia east	3,650,000	2,514,900	14,900,000	11,100,000	14,700,000	11,800,000	12,600,000	18,000,000	89,264,900
Laikipia North	1,000,000	-	7,000,00	8,100,000	11,700,000	3,400,000	6,800,000	4,000,000	42,000,000
Total	7,950,000	4,743,450	34,300,000	45,650,000	46,500,000	24,700,000	27,400,000	34,300,000	224,543,450

Graphic representation of the disbursement of the fund per year from inception of the fund



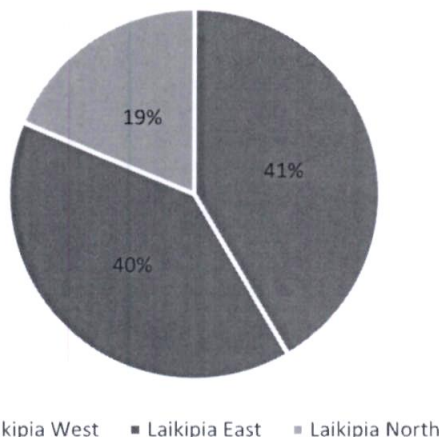
9.2.2 Cumulative Loans Disbursement per Sub County

Sub County	Total Disbursed
Laikipia West	93,278,550
Laikipia East	89,264,900
Laikipia North	42,000,000
Total	224,543,450

Total distribution of funds per sub counties

**Laikipia County Co-operative Development Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Percentage distribution of funds per sub counties



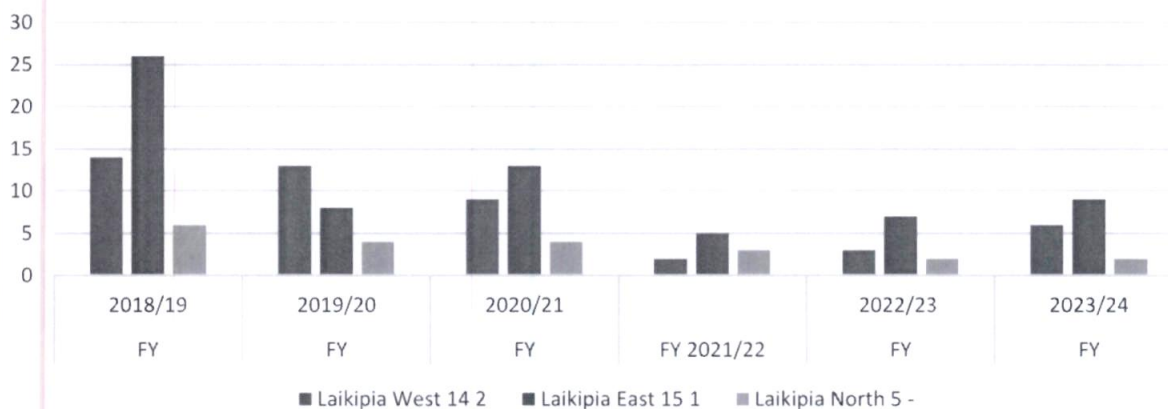
Percentage distribution of funds per sub counties

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

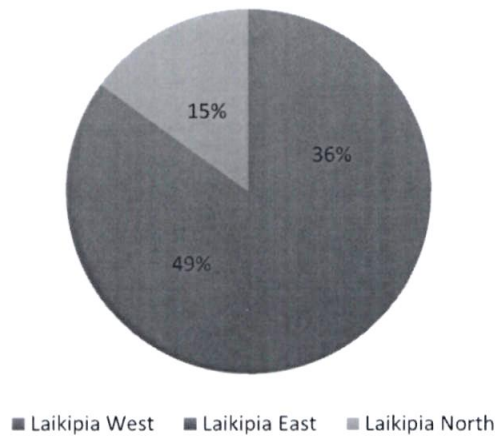
No.	Sub-County	FY 2015/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	Total
1	Laikipia West	14	2	14	13	9	2	3	6	63
2	Laikipia East	15	1	26	8	13	5	7	9	84
3	Laikipia North	5	-	6	4	4	3	2	2	26
	Total	34	3	46	25	26	10	12	17	173

Number of beneficiaries across the sub counties from the inception of the fund

Number of beneficiaries across the sub counties from the inception of the fund



Percentage of beneficiaries per county from inception



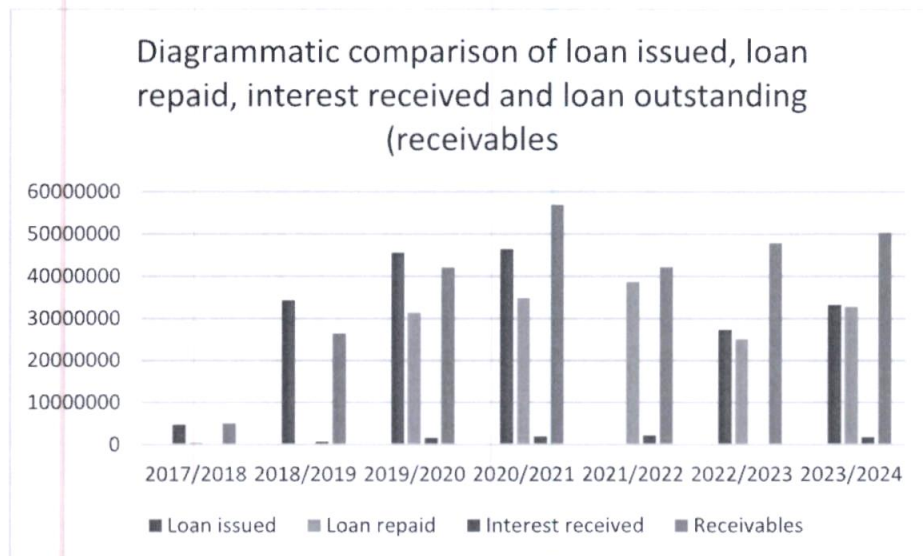
Percentage of beneficiaries per county from inception

9.2.4 Loans Comparative figures for the last five years

ITEM	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Loan issued	4,743,450	34,300,000	45,650,000	46,500,000	24,700,00	27,400,000	33,300,000
Loan repaid	525,000	14,071,1 55	31,394,394	34,877,861	38,714,826	25,129,653	32,713,738
Interest received	26,250	703,558	1,678,618	1,948,775	2,189,861	1,414,786	1,858,431
Receivables	5,142,522	26,426,558	42,060,705	56,889,484	42,247,480	47,922,518	50,388,056

The performance of the loans issued, loan repaid, interest and loan outstanding (receivables) for the last 7 years

**Laikipia County Co-operative Development Revolving Fund
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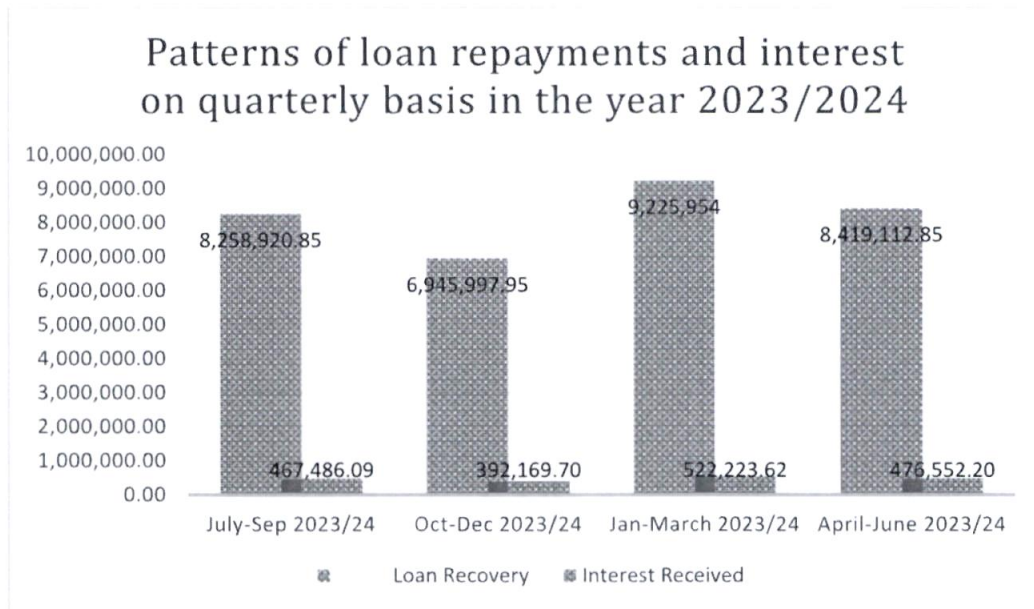


Diagrammatic comparison of loan issued, loan repaid, interest received and loan outstanding (receivables)

9.2.5. Quarterly Loan repayment performance

Period	Loan Recovery	Interest Received
July-Sep 2023/24	8,258,920.85	467,486.09
Oct-Dec 2023/24	6,945,997.95	392,169.70
Jan-March 2023/24	9,225,954	522,223.62
April-June 2023/24	8,419,112.85	476,552.20
Total	32,846,985.65	1,858,431.61

Patterns of loan repayments on quarterly basis in the year 2023/2024



Diagrammatic presentation of the quarterly loan repayment in the year 2023/2024

10. Environmental and Sustainability Reporting

Laikipia County Co-operative Development Revolving Fund exists to transform cooperative society's enterprises: this is our purpose and the driving force behind everything we do. It's within the spirit of the fund that the funded cooperatives 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 2014. 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) provides 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 policies 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 County Executive member for Trade, Tourism and cooperatives in appointments is duty bound by the Constitution of Kenya to ensure that not more than one third of the members are from the same gender.

The staff of the Fund 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 PPADA 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 aims 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 in collaboration with the Directorate of Co-operatives carries out training to members of the various cooperatives on issues such as book-keeping, financial analysis, cooperative management best practices and marketing. Additionally, the staffs of the Board have been available to advise cooperatives on various issues on a need-and-request- basis.

**Laikipia County Co-operative Development Revolving Fund
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11. Report of the Trustees

During the period under review the fund was composed of the Finance and Administration Subcommittee, Loan follow up and technical committee that were charged with the strategic functions of offering the technical advice to the board and the beneficiaries. Often, these 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.

11.1 Principal activities

The key activities of the fund 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

11.2 Performance

The performance of the Fund for the year ended June 30, 2024, are set out on page xvii to xxi as reported by the fund administrator

11.3 Fund Board

The members of the Administration Committee who served during the year are shown on page iv-ix in the key entity information and management. During the period under review, board members were under going their first year since their appointment.

11.4 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



Sammy K. Githungu

Chair of the Board/Fund Administration Committee

Date:

12. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by (Laikipia County 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.

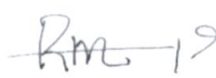
The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2024. This responsibility includes: (i)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

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

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 **23rd September, 2024** and signed on its behalf by:

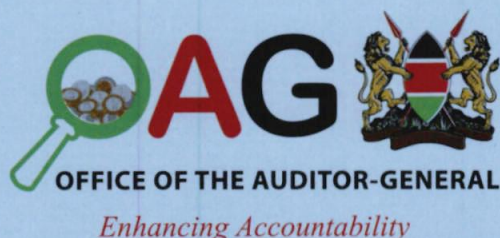


Richard Murigu Nyambura
Administrator of the County Public Fund

FUND ADMINISTRATOR
LAIKIPIA COUNTY
23 SEP 2024
CO-OP DEVELOPMENT
REVOLVING FUND

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON LAIKIPIA COUNTY CO-OPERATIVE DEVELOPMENT REVOLVING FUND FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Laikipia County Co-operative Development Revolving Fund set out on pages 1 to 37, which comprise of the statement of financial position as at 30 June, 2024, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Laikipia County Co-operative Development Revolving Fund as at 30 June, 2024, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Laikipia County Co-operative Development Revolving Fund Regulations, 2020.

Basis for Qualified Opinion

Non-Performing Loans

As reported in the previous year, the statement of financial position and as disclosed in Note 12 to the financial statements reflects current portion of long-term receivables from exchange transactions balance of Kshs.47,228,346. The balance includes non-performing loan balances of Kshs.20,883,562 whose recoverability is doubtful and the provision for doubtful debts of Kshs.955,680 disclosed in the financial statements in respect of receivables from exchange transactions appears inadequate.

As a result, the valuation and accuracy of current portion of long-term receivables from exchange transactions balance of Kshs.47,228,346 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final total revenues budget and actual on a comparable basis Kshs.71,785,782 and Kshs.59,283,782 respectively resulting to an under funding of Kshs.12,502,000 or 17% of the budget.

Similarly, the Fund spent Kshs.35,293,100 against a budgeted expenditure of Kshs.71,785,782 resulting to an under-utilization of Kshs.36,492,682 or 51% of the budget.

The under-funding and under-utilization affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Issues

In the report of the previous year, one (1) issue was raised under Report on Financial Statements and one (1) issue 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 the prior year

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that nothing 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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of 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

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

30 December, 2024

**Laikipia County Co-operative Development Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

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

	Notes	FY 2023-2024	FY 2022-2023
		KShs	KShs
Revenue from non-exchange transactions			
Public contributions and donations	1	-	-
Transfers from the County Government	2	-	500,000
Fines, penalties and other levies	3	3,670	21,600
Total		3,670	521,600
Revenue from exchange transactions			
Interest Income	4	1,998,000	1,644,000
Other income	5	-	-
Total		1,998,000	1,644,000
Total revenue		2,001,670	2,165,600
Expenses			
Employee Costs	6	-	-
Use of goods & Services	7	1,993,100	1,838,346
Depreciation and Amortization Expense	8	77,385	115,500
Finance costs	9	-	-
Provision for Bad and doubtful debts	15	955,680	925,219
Total expenses		3,026,165	2,879,065
Surplus/(deficit) for the period		(1,024,495)	(713,465)

The Fund's financial statements were approved by the Board on 23rd September, 2024 and signed on its behalf by:

FUND ADMINISTRATOR
LAIKIPIA COUNTY
23 SEP 2024
Name: Richard Murigu
Administrator of the Fund

Name: Caleb Mwangi
Fund Accountant
ICPAK Member Number: 10187

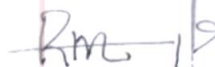
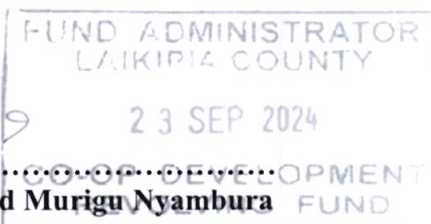
**Laikipia County Co-operative Development Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2024**


15. Statement of Financial Position As at 30 June 2024

Description	Note	FY 2023-2024	FY 2022-2023
		KShs	KShs
Assets			
Current assets			
Cash and cash equivalents	11	9,102,302	11,541,845
Receivables from exchange transactions	12	46,828,310	45,335,737
Receivables from non-exchange transactions	18	10,500,000	10,500,000
		66,430,612	67,377,582
Non-current Assets			
Property, plant and equipment	16	157,115	234,500
		157,115	234,500
Total assets		66,587,727	67,612,082
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	14	80,205	80,065
Unremitted Tax	17		-
Total liabilities		80,205	80,065
TOTAL NET ASSETS		66,507,522	67,532,017
Revolving Fund		56,963,853	56,963,853
Accumulated surplus/deficit		9,543,670	10,568,165
TOTAL EQUITY		66,507,523	67,532,018

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 The Fund's financial statements were approved by the Board on **23rd September, 2024** and signed on its behalf by:

and signed by:



 Name: **Richard Murigu Nyambura**
 Administrator of the Fund


 Name: **Caleb Mwangi**
 Fund Accountant
 ICPAK Member Number: **10187**

**Laikipia County Co-operative Development Revolving Fund
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16. Statement of Changes in Net Assets for the year ended 30th June 2024

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
Period ended 30 June 2022	56,963,853	-	11,281,630	68,245,483
Balance as at 1 July 2022	56,963,853	-	11,281,630	68,245,483
Surplus/(deficit) for the period	-	-	(713,465)	(713,465)
Funds received during the year	-	-	-	
Revaluation gain	-	-	-	
Period ended 30 June 2023	56,963,853	-	10,568,165	67,532,018
Balance as at 1 July 2023	56,963,853	-	10,568,165	67,532,018
Surplus/(deficit) for the period	-	-	(1,024,495)	(1,024,495)
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Period ended 30 June 2024	56,963,853	-	9,543,670	66,507,523

**Laikipia County Co-operative Development Revolving Fund
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17. Statement of Cash Flows for The Year Ended 30 June 2024

	Note	FY 2023-2024	FY 2022-2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Interest received	12	1,859,433	1,414,817
Receipts from fines,penalties and other levies	12	3,570	57,031
Trade payables from exchange transactions- Overpayments	14	-	80,063
Total Receipts		1,863,003	1,551,911
Payments			
Use of goods and Services	7	1,993,100	1,838,346
Income Tax deducted from Board Members	16	-	428,400
Total Payments		1,993,100	2,266,746
Net cash flows used in operating activities		(130,097)	(714,835)
Changes in inter-entity transfers			
Cash flows from investing activities			
Proceeds from loan principal repayments	12	30,990,554	23,580,276
Loan disbursements paid out	12	(33,300,000)	(27,400,000)
Net cash flows used in investing activities		(2,309,446)	(3,819,724)
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(2,439,543)	(4,534,559)
Cash and cash equivalents at 1 JULY	11	11,541,845	16,076,404
Cash and cash equivalents at 30th June 2024	11	9,102,302	11,541,845

**Laikipia County Co-operative Development Revolving Fund
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18. Statement of Comparison of Budget and Actual Amounts for The Period 2024

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilisation
Revenue	KShs	KShs	KShs	KShs	KShs	KShs
	a	b	c=(a+b)	d	e =(c-d)	f=d/c*100
Transfers from County Govt.-Recurrent	500,000	-	500,000	-	500,000	0%
Transfers from County Govt-Development	10,000,000	-	10,000,000	-	10,000,000	0%
Interest income	4,000,000	-	4,000,000	1,859,433	2,140,567	46%
Opening Cash and Cash equivalent	11,541,845	-	11,541,845	11,541,845	-	100%
Opening Receivables/Loan balance	45,335,737	-	45,335,737	30,990,554	14,345,183	68%
Total Revenue	71,377,582	-	71,377,582	44,391,832	26,985,750	
Expenditure						
Use of Goods and Services	2,141,327	-	2,141,327	1,993,100	148,227	93%
Loans disbursement	69,236,255	-	69,236,255	33,300,000	35,936,255	48%
Total Expenditure	71,377,582	-	71,377,582	35,293,100	36,084,482	
Surplus	-	-	-	9,098,732	(9,098,732)	

Budget notes

1. On **Loans disbursement**, there was low number of applicants who also did not qualify, limiting the budget realization.
2. On **interest income and Loan receivables**, this was brought about by increase in default of loans disbursed.
3. On **Transfers from County Govt**, this is was brought about by low revenue realization in the County.

Laikipia County Co-operative Development Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2024

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

DESCRIPTION	STATEMENT OF FINANCIAL PERFORMANCE	STATEMENT OF COMPARISON OF BUDGET AND ACTUAL	VARIANCE	REMARKS
	KShs	KShs	KShs	
Bad Debts expense	955,680	-	955,680	Non cash item
Depreciation and Amortization expense	77,385	-	77,385	Non cash item
Interest Income	1,998,000	1,859,433	138,567	Interest earned not received

**Laikipia County Co-operative Development Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

19. Notes to the Financial Statements

Significant Accounting Policies

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 amended 2017. The entity is wholly owned by the Laikipia County Government and is domiciled in Kenya. The entity’s principal activity is to provide accessible and affordable credit facilities co-operative societies in Laikipia County.

2. Statement of compliance and basis of preparation

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

3. Adoption of new and revised standards

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

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

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

Standard	Effective date and impact:
IPSAS 43	<i>Applicable 1st January 2025</i> 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. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current	<i>Applicable 1st January 2025</i> The Standard requires,

**Laikipia County Co-operative Development Revolving Fund
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Assets Held for Sale and Discontinued Operations	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: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45- Property Plant and Equipment	<i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46 Measurement	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by: <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value.
IPSAS 47- Revenue	<i>Applicable 1st January 2026</i> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS 48- Transfer Expenses	<i>Applicable 1st January 2026</i> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.

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Annual Report and Financial Statements for the year ended June 30, 2024**

IPSAS 49- Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.
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(i) Early adoption of standards

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

**Laikipia County Co-operative Development Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

1. Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2024 was approved by the County Assembly on 30th June 2023. 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.

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.

**Laikipia County Co-operative Development Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Summary of Significant Accounting Policies (Continued)

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

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

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.

a) 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.

b) Investment property

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

**Laikipia County Co-operative Development Revolving Fund
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Summary of Significant Accounting Policies (Continued)

c) Financial instruments

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

**Laikipia County Co-operative Development Revolving Fund
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Summary of Significant Accounting Policies (Continued)

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

**Laikipia County Co-operative Development Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Summary of Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

d) 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.

e) 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.

f) Social Benefits

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

**Laikipia County Co-operative Development Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Summary of Significant Accounting Policies (Continued)

g) Contingent liabilities

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

Contingent assets

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

h) Nature and purpose of reserves

The Entity does not create and maintain reserves in terms of specific requirements.

i) 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.

j) 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.

**Laikipia County Co-operative Development Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Summary of Significant Accounting Policies (Continued)

k) 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.

l) 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.

m) 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.

n) 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.

o) Comparative figures

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

**Laikipia County Co-operative Development Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

a) Estimates and assumptions –

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

b) Useful lives and residual values

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

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

c) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 15

Provisions are measured at the management's policy of 2% of the outstanding Receivables (in this case the Loan balances) at the reporting date.

**Laikipia County Co-operative Development Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

6. Notes To the Financial Statements Continued

1. Public contributions and donations

Description	FY 2023-2024	FY 2022-2023
	KShs	KShs
Donation from development partners	-	-
Contributions from the public	-	-
Total	-	-

2. Transfers from County Government

Description	FY 2023-2024	FY 2022-2023
	KShs	KShs
Transfers from County Govt.	-	500,000
Total	-	500,000

3. Fines, penalties and other levies

Description	FY 2023-2024	FY 2022-2023
	KShs	KShs
Bal BF	-	-
Additional Fines	3,670	21,600
Paid Fines	-	-
Total	3,670	21,600

4. Interest income

Description	FY 2023-2024	FY 2022-2023
	KShs	KShs
Interest income from loans	1,998,000	1,644,000
Total interest income	1,998,000	1,644,000

(Interest income derived from interest at 6 percent of loans disbursed in the year)

**Laikipia County Co-operative Development Revolving Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Notes to the Financial Statements Continued

5. Other income

Description	FY 2023-2024	FY 2022-2023
	KShs	KShs
Insurance Recoveries		
Income from Sale of Tender Documents	-	-
Miscellaneous Income	-	-
Total Other Income	-	-

6. Employee Costs

Description	FY 2023-2024	FY 2022-2023
	KShs	KShs
Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	-	-
Social Security Contribution	-	-
Other (Specify)	-	-
Total	-	-

7. Use of Goods and Services

Description	FY 2023-2024	FY 2022-2023
	KShs	KShs
Printing and stationery	-	41,400
Trainings/capacity building and mobilization	1,314,130	271,800
Board meetings Allowances	483,885	602,400
Catering Services		139,966
Staff Allowance and Subsistence	173,000	747,660
Fuel And Oil Costs	-	20,000
Bank Charges	22,085	15,120
Total	1,993,100	1,838,346

Operational Expenses incurred in the year

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8. Depreciation and Amortization Expense

Description	FY 2023-2024	FY 2022-2023
	KShs	KShs
Depreciation	77,385	115,500
Total	77,385	115,500

9. Finance costs

Description	FY 2023-2024	FY 2022-2023
	KShs	KShs
Interest On Bank Overdrafts		
Interest On Loans from Banks	-	-
Total	-	-

10. Gain/(loss) on disposal of assets

Description	FY 2023-2024	FY 2022-2023
	KShs	KShs
Property, Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

11. Cash and cash equivalents

Description	FY 2023-2024	FY 2022-2023
	KShs	KShs
Fixed deposits account	-	-
On – call deposits	-	-
Current account	9,102,302	11,541,845
Total cash and cash equivalents	9,102,302	11,541,845

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

	FY 2023-2024	FY 2022-2023
Financial institution	KShs	KShs
a) Fixed deposits account		
Kenya Commercial bank		
Equity Bank, etc		

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Sub- total		
b) On - call deposits		
Kenya Commercial bank		
Equity Bank - etc		
Sub- total		
c) Current account		
Kenya Commercial bank		
Cooperative Bank-01141366165000	9,102,302	11,541,845
Sub- total	9,102,302	11,541,845
d) Others(specify)		
Cash in transit		
Cash in hand		
M Pesa		
Sub- total		
Grand total	9,102,302	11,541,845

12. Receivables from exchange transactions

Description	FY 2023-2024	FY 2022-2023
	KShs	KShs
Current Receivables		
Bal b/d	45,335,737	42,247,480
New loans	33,300,000	27,400,000
Interest receivable	1,998,000	1,644,000
Current loan repayments -Principal	(30,990,554)	(23,580,276)
Current loan repayments -Interest	(1,859,433)	(1,414,817)
Add Back additional overpayments	140	-
Penalties and fines on defaulters	3,670	21,600
Paid Fines and penalties	(3,570)	(57,031)
Provision for Bad and doubtful debts	(955,680)	(925,219)
Total Current receivables	46,828,310	45,335,737
Non-Current receivables		
Long term loan repayments due	-	-
Total Non-current receivables		
Total receivables from exchange transactions	46,828,310	45,335,737

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13. Prepayments

Description	FY 2023-2024	FY 2022-2023
	KShs	KShs
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Other Prepayments (Specify)	-	-
Total	-	-

14. Trade and other payables from exchange transactions

Description	FY 2023-2024	FY 2022-2023
	KShs	KShs
Loans Overpayments Brought Forward	80,065	2
Additional overpayment	140	159,063
Offset from overpayments	-	(79,000)
Total trade and other payables	80,205	80,065

15. Provision for Bad and doubtful debts.

Description	FY 2023-2024	FY 2022-2023
	KShs	KShs
Provision for bad debts	955,680	925,219
Total Provision	955,680	925,219

The provision was calculated at 2% based on the outstanding Receivables (as per Note 12) at close of year.

16. Property, Plant and Equipment

Description	Buildings	Furniture and fittings	ICT Equipment	Office Equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
As at 01/07/2022	-	-	350,000	-	350,000
Additions during the Year	-	-	-	-	-
Disposals during the year	(-)	(-)	-	-	-
As at 30/06/2023	-	-	350,000	-	350,000
Additions during the period	-	-	-	-	-
Disposals during the period	(-)	-	-	-	-
As at 30/06/24	-	-	350,000	-	350,000
Depreciation and impairment					
As at 01/07/2022	(-)	(-)	-	(-)	-

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Depreciation for the period	(-)	(-)	115,500	(-)	115,500
Impairment for the period	(-)	-	-	-	-
As at 30/06/2023	-	-	115,500	-	115,500
Depreciation for the period	(-)	(-)	77,385	(-)	77,385
Disposals for the period	-	-	-	-	-
Impairment for the period	(-)	(-)	-	-	-
Transfer/adjustment for the period	-	(-)	-	-	-
As at 30/06/2024	-	-	192,885	-	192,885
Net book values					-
As at 30/06/2024	-	-	157,115	-	157,115
As at 30/06/2023	-	-	234,500	-	234,500

17. Tax Liability

Description	FY 2023-2024	FY 2022-2023
	KShs	KShs
Unremitted tax BF	-	428,400
Additional unremitted tax	-	156,300
Paid Tax		(584,700)
Total	-	-

18. Receivables from non-exchange transactions

Description	FY 2023-2024	FY 2022-2023
	KShs	KShs
Receivables -County Govt	10,500,000	10,000,000
Additional receivables	-	500,000
Total	10,500,000	10,500,000

**Laikipia County Co-operative Development Revolving Fund
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20 Annexes

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
Non – performing loan	Accuracy of the current portion of the long-term	To Institute alternative Dispute Resolution with a view to revive and reactivate the societies that are dormant due to eventualities. Seek further guidance from the County Executive on the stern legal measures to institute on the other defaulters in accordance with the legal framework. Review the legal framework to make the fund a body corporate.	Not resolved	31 st March, 2025
Un balanced budget	No compliance with Regulations 31(c) of the Public Finance Management (county Government) Regulations, 2015 shall be balanced	Calculation of the administration cost to be based on the county allocation, loan balance and balance balance of the last financial year. This was agreed with the Controller of Budget	Resolved	

Rm 19
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Richard Murigu Nyambura
Fund Administrator

FUND ADMINISTRATOR
LAIKIPIA COUNTY
23 SEP 2024
CO-OP DEVELOPMENT
REVOLVING FUND

**Laikipia County Co-operative Development Revolving Fund
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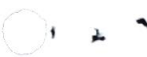
Appendix II: Projects implemented by Laikipia County Co-operative Development Revolving Fund

Projects implemented by the Entity Funded by development partners and/ or the Government.

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements. (Yes/No)
-	-	-	-	-	-	-

Status of Project Completion

S/No	Project Name	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
-	-	-	-	-	-	-	-



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Appendix IV: Transfers from Other Government Entities

Name of the Entity Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development /Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Reserve	Deferred Income	Receivables	Others - must be specific	
-	-	Recurrent	-	-	-	-	-	-	-
-	-	Development	-	-	-	-	-	-	-
Total			-	-	-	-	-	-	-

**Laikipia County Co-operative Development Revolving Fund
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Annex V: Inter-Fund Confirmation Letter

*Laikipia County Co-operative Development Revolving Fund
P.O Box 1271-10400
Nanyuki*

Name of beneficiary entity: Nil

Confirmation of amounts received by Nil as at 30 th June 2024					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
-	-	-	-	-	-
Total	-	=	=	=	-

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

Head of Accounts Department - Disbursing Entity:
Name Esther Nyambura **Sign**  **Date** 23rd September 2024

Head of Accountants department of beneficiary Fund:
NameNIL..... **Sign**NIL..... **Date**NIL.....





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Annex VI: Reporting of Climate Relevant Expenditures N/A

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

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Annex VII: Reporting on Disaster Management Expenditure

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