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THE AUDITOR-GENERAL

ON

**LAIKIPIA COUNTY CO-OPERATIVE
DEVELOPMENT FUND**

**FOR THE YEAR ENDED
30 JUNE, 2020**

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

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2020**

**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
Reports and Financial Statements
For the year ended June 30, 2020**

1. KEY ENTITY INFORMATION AND MANAGEMENT	2
i) Vision and Mission	2
ii). Strategic Objectives	2
iii). Guiding Principles	2
iv). Core Values	3
2. LAIKIPIA COUNTY CO-OPERATIVE DEVELOPMENT REVOLVING FUND BOARD	5
3. STATEMENT OF PERFORMANCE AGAINST COUNTY ENTITY'S PREDETERMINED OBJECTIVES	8
4. MANAGEMENT TEAM	9
5. BOARD CHAIRPERSON'S REPORT	10
6. REPORT OF THE FUND ADMINISTRATOR	11
7. CORPORATE GOVERNANCE STATEMENT	14
8. MANAGEMENT DISCUSSION AND ANALYSIS	18
9. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING	21
10. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES	22
11. REPORT OF THE INDEPENDENT AUDITOR	23
12. FINANCIAL STATEMENTS	24
12.1. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30th JUNE 2020	24
12.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020	25
12.3. STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2020	26
12.4. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020 .	27
12.5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30th JUNE 2020	28
12.6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	29
12.7. NOTES TO THE FINANCIAL STATEMENTS	44
13. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S RECOMMENDATIONS	57

**Laikipia County Co-operative Development Revolving Fund
Reports and Financial Statements
For the year ended June 30, 2020**

1. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background Information

Laikipia County Co-operatives Development Revolving Fund is established by and derives its authority and accountability from Laikipia County Co-operative Societies Act, 2014 amended 2017 and regulations thereunder. The Fund is wholly owned by the County Government of Laikipia and is domiciled in Kenya.

The prime objective of the fund is to avail cheap and affordable credit facilities to co-operative societies in Laikipia County with a view to promote innovations, value additions, products and service development, financial services, wholesale and retail trade promotion in tandem with the Laikipia County Integrated Development Plan. This will 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. The fund developed three-year strategic plan that has defined its vision, mission, core values, key pillars, strategic objectives and implementation matrix.

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

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

v). Guiding Principles

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

**Laikipia County Co-operative Development Revolving Fund
Reports and Financial Statements
For the year ended June 30, 2020**

independence, education training and information, cooperation among cooperatives and concern for community in general.

vi). Core Values

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

c) Board /Fund Administration Committee

Ref	Name	Position
1	Dixon Ong'era Oseko	Chairman
2	John Kibe Ndegwa	Board Member
3	Ann Wanjira Githiri	Board Member
4	Faith Njeri Muchoki	Board Member
5	Benjamin K. Rono	Board Member
6	Jemimah Mburugu	Ag Chief Officer Trade, Tourism, Co-operatives and Industrial Development
7	Paul Njenga Waweru	Ag .Chief Officer Finance and Economic Planning
8	Richard Murigu Nyambura	Acting Fund Administrator

d) Key Management

Ref	Name	Position
1	Richard Murigu Nyambura	Acting Fund Administrator
2	Archangel Gachoka Ngugi	Accountant
3		
4		
5		

**Laikipia County Co-operative Development Revolving Fund
Reports and Financial Statements
For the year ended June 30, 2020**

e) Registered Office

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

f) Fund Contacts

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

g) FundBankers

Co-operative Bank of Kenya
Nanyuki Branch
P.O. Box 1465
Nanyuki, Kenya

h) Independent Auditors

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

i) Principal Legal Adviser

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

**Laikipia County Co-operative Development Revolving Fund
Reports and Financial Statements
For the year ended June 30, 2020**

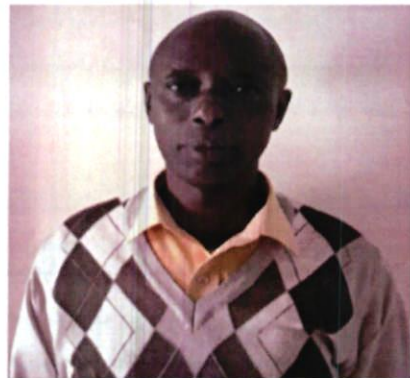
**2. LAIKIPIA COUNTY CO-OPERATIVE DEVELOPMENT REVOLVING FUND
BOARD**

Name	Details of qualifications and experience
 <p>Dixon Oseko - Chairman Board</p>	<p>Dixon Ong’era Oseko - Chairman Board Trained as professional teacher (P1), served as a senior teacher for 20 years with TSC and elected as Executive Secretary of KNUT Laikipia Branch and County Education Board Member for 10 years and served as KNUT National Advisory Council Member and KNUT Rift Valley Regional Secretary for 5 years. Attended diversified Management and Leadership courses and fora.</p>
 <p>John Kibe Ndegwa - Board Member</p>	<p>John Kibe Ndegwa - Board Member Hold a Diploma in Agriculture Engineering. Worked in the private sector as an engineer and business person for 27 years. Experience co-operative leadership for 10 years and institutional dynamics.</p>
 <p>Ann Wanjira Githiri - Board Member</p>	<p>Ann Wanjira Githiri - Board Member Holds Certificate in community Development and is also computer literate. Experienced in Community Mobilization and Leadership for more than 10 years Chairlady Nyalawe Women SACCO Soc. Ltd and Sipili Joy Women Self Help Group.</p>

**Laikipia County Co-operative Development Revolving Fund
Reports and Financial Statements
For the year ended June 30, 2020**

 <p>Benjamin K. Rono-Board Member</p>	<p>Benjamin K. Rono - Board Member Holds Diploma in Theology, served as a senior chief for 25 years and serves as a board member of Inooro Mixed Secondary School and Nanyuki Vocational Training Centre Conflict Resolution</p>
 <p>Faith Njeri Muchoki - Board Member</p>	<p>Faith Njeri Muchoki - Board Member Holds a BA in Cooperative Management, MBA in project planning and management, MBA in strategic management and pursuing PHD Business management (Banking and Finance). Worked in banking industry and has been the General Manager for NECCO FOSA for last 18 years and coupled with several developmental and entrepreneurial courses.</p>
 <p>Paul Njenga Waweru - Board Member</p>	<p>Paul Njenga Waweru - Board Member Ag. Chief Officer - Department of Finance, Economic Planning and County development. Holds an MBA (finance option), Certified Institute of Purchasing and Supplies (CIPS-UK), Member of KISM and currently pursuing a PHD in business administration finance option.</p>
 <p>Jemimah Kairuthi Mburugu- Board Member</p>	<p>Jemimah Kairuthi Mburugu- Board Member Hold a Bachelor of Art (economics)- 2003 Worked in the public service for 8 years in Trade and Development and Promotion Department. Acting Chief Officer, Trade, Tourism, Co-operatives and Industrialization, Laikipia County Attended Senior Management course.</p>

**Laikipia County Co-operative Development Revolving Fund
Reports and Financial Statements
For the year ended June 30, 2020**



Richard Murigu Nyambura - Acting Fund Administrator.

Richard Murigu Nyambura - Acting Fund Administrator.

Holds Diploma in Co-operative Management in 1991, Higher National Diploma in HRM-20105, and short term courses on institutional strengthening and organisation development and senior management course at KSG in 2017.

He has a working experience of 29 years in co-operative management.

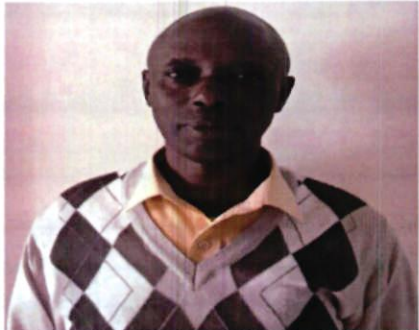

**Laikipia County Co-operative Development Revolving Fund
Reports and Financial Statements
For the year ended June 30, 2020**

**3. STATEMENT OF PERFORMANCE AGAINST COUNTY ENTITY'S
PREDETERMINED OBJECTIVES**

Sub Programme	Key Outcomes	Key Outcome Performance Indicators	Baseline 2018/19	Planned Targets 2019/2020	Achieved Targets 2019/2020	Remarks*
Co-operative Fund Revolving	Increased accessed and affordable revolving fund for wealth and employment creation	No of societies	46	30	25	
		Amount of loans Disbursed	34.3M	40 M	45.65Million	
		No of SMEs	2136	2,000	4172 SMEs	
		Amount recovered	14.07M	30Million	33.03 Million	
	Promoted agro-processing and value addition for employment and wealth creation	No of partners	2	2	Established two partnership with Siraji SACCO Soc. Ltd and Home business SACCO Soc. Ltd	
		No of value Chain	2	4	5 value chain namely; maize, milk, coffee, hay growing and horticulture	
		No of Agri-business	4571	2000	3243 direct opportunities created	
	Enhanced effective and efficient funding programme	No of meetings	4	8	6	
		No of financial reports	2	4	4	

**Laikipia County Co-operative Development Revolving Fund
Reports and Financial Statements
For the year ended June 30, 2020**

4. MANAGEMENT TEAM

 <p>Richard MuriguNyambura - Acting Fund Administrator</p>	<p>Richard Murigu Nyambura - Acting Fund Administrator. Holds Diploma in Co-operative Management in 1991, Higher National Diploma in HRM-20105, and short term courses on institutional strengthening and organisation development and Senior Management Course at KSG in 2017. He has a working experience of 29 years in co-operative management.</p>
 <p>Archangel GachokaNgugi – Accountant</p>	<p>Archangel Gachoka Ngugi – Accountant. Holds a Bachelor degree in Business Management Finance and Banking. He is a CPA (K) and a registered member of Institute of Certified Public Accountants of Kenya (ICPAK) and is pursuing MBA Finance. Worked in the ministry of Health for four years and Currently, he is working as the Accounts controller in the Department of Trade, Tourism and Co-operatives.</p>

5. BOARD CHAIRPERSON'S REPORT

Laikipia County Co-operative Development Revolving Fund is established under the Laikipia County Co-operative Societies Act 2014 and the amendment thereof. The prime objective of the fund is to avail cheap and affordable credit facilities to co-operative societies in Laikipia County with a view to promote innovations, value additions, products and service development, financial services, wholesale and retail trade promotion in tandem with the Laikipia County Integrated Development Plan.

The fund is managed by eight board members who include the fund administrator whose mandate includes supervision and control of the fund, prepare budgets and such plans for better administration of the fund and impose conditions and restriction on the use of fund as may be necessary. During the period under review the board remained intact and they were serving their second year in the office.

In the year 2018/2019 the fund managed to issue Ksh 34.3 million to 46 co-operative societies' in the county and the year 2019-2020 the fund issued Ksh45.65 million to 25 Co-operative Societies in the county. Cumulatively, the fund has managed to issue Ksh92.65 million to 108 co-operative societies in the county as at 30th June 2020 with estimated 15,000 beneficiaries across the value chains and SMEs. The recovery rate of the fund is above 85%. The fund had cash balance of Ksh 5,435,155.60 in the bank as at 30th June 2020

The board managed to develop three-year strategic plan, the Laikipia County Co-operative Development Revolving Fund Regulations 2020 and proposed a bill on the Laikipia County Societies Act 2020.

In future the board aims at up scaling its focus in creating more agri-business opportunities, enhancing result-based management in running the fund, establishing 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.

The board members still remains optimistic that the fund will go a long way in creating wealth and job opportunities in the county and have joint responsibility of safeguarding the fund at all cost.



Dixon Oseko
Board Chairman

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6. REPORT OF THE FUND ADMINISTRATOR

6.1BACK GROUND

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

In 2014/2015 October the fund received Ksh 8 million that was given 25 co-operative societies in Dec 2015 amounting to Ksh 5.55 million and later in July 2016 issued Ksh2.4 Million to 9 co-operative societies. In October 2016, the fund received ksh 1 million that was meant for capacity building and sensitization of co-operators and the general public on the operational framework and the overall objectives of the fund.

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

In November 2017 and May 2018, under the new government dispensation, the 3 co-operatives societies were funded to promote sorghum in the county with Ksh 4,743,450. Toward the closure of 2017/2018, fund receive Ksh 20 million and 2018/2019, the fund also received Ksh 20 million in the course of the year. In the year 2018/2019 the fund managed to issue Ksh 34.3 million to 46 co-operative societies' in the county and the year 2019-2020, the fund issued Ksh45.65 million to 25 Co-operative Societies in the county. Cumulatively, the fund has managed to issue Ksh92.65 million to 108 co-operative societies in the county as at 30th June 2020.

During the course of operation for the year 2018/2019, the board and the management staff noted that there was an urgent need to induct the board on the legal framework. In July 2019, the board held two days legal framework workshop. This workshop was able to identify gaps in the entire operations of the fund that resulted to among others an exercise of redefining the legal framework and making recommendation on the amendment of the Act, regulation and the loan lending policy. In the months of September 2020, the board was able to develop a three-year strategic plan.

**Laikipia County Co-operative Development Revolving Fund
Reports and Financial Statements
For the year ended June 30, 2020**

In October and November, in conjunction with the representative from the head of legal services in the county, the technical staffs was able to draft amendment bills, regulation amendment and lending policy thereunder and have been gazetted. It is also important to mention that the technical staff is working on the code of conduct and ethics for the board of management, Risk Management and Debt recovery policy.

It is on this background that board felt it important to conduct a comprehensive follow up of all societies with outstanding loans across the county. The exercise was earmarked to inform societies of the proposed changes, know the status and agree on the recovery of the defaulted loans.

The fund also conducted a comprehensive monitoring and evaluation for 6 days follow up on performance, loan recovery, loan applicants field appraisals and also assessment of effects of covid-19 pandemic on economy of co-operatives societies in June 2020. During the period the fund was able reschedule loans to 8 co-operatives and waiver to 1 co-operative due to effects of covid-19 pandemic. The fund also managed to gazette Laikipia County Co-operative Revolving Fund Regulations 2020. During the period under review the fund recovered atotal of Ksh33 million from co-operative societies which generated an interest of 1.6 million.

6.2 ACHIEVEMENT

- ✓ The fund managed to reconcile financial statement from FY 2015 to 2019 and presented it for audit.
- ✓ The board conducted two workshops for the preparation of strategic plan 2019-2022 and reviewing and inducting the board members on the legal framework of the fund that included amended Act, Rules and lending policy.
- ✓ Conducted four board meetings that deliberated on the performance, issuance of loans and recovery of loan.
- ✓ Worked on the Proposed Bill for the Laikipia County Co-operative Societies Bill 2020 and Laikipia County Co-operative Dev. Revolving Fund Regulations 2020 and were forwarded to the CECM-Trade for Executive Approval and adoption.
- ✓ The board developed a draft lending policy awaiting the gazette of the regulations and adoption by the county assembly
- ✓ During the period the fund was able to issue loan worthy 45,650,000 to 25 co-operatives societies in the county to support various value chains in the county which included the following co-operative societies 3 dairy, 14 Saccos and micro facilities, 3 cereal and produce, 1 hay, one coffee, 1 housing, 1 horticulture and one steer fattening.
- ✓ As a result of economy disruption by Covid-19 pandemic the fund was able to reschedule loans for 8 co-operative societies and give waiver to one co-operative society.
- ✓ Conducted monitoring and evaluation for 6 days on performance, loan repayment, assessment of the effects of covid-19 and field appraisal for loan applicant beneficiaries.

**Laikipia County Co-operative Development Revolving Fund
Reports and Financial Statements
For the year ended June 30, 2020**

- ✓ Gazettement of the Laikipia County Co-operative Development Revolving Fund Regulations 2020 and published Amendment Bill 2020 for the Laikipia County Co-operative Societies 2014
- ✓ During the financial year 2019/20 the fund recovered Ksh33million repayments from co-operatives societies which generated an interest of 1.6million
- ✓ Lastly but not the fund created 4172 direct opportunities of employment and wealth creation in the county

6.3 CONCLUSION

The fund will continue to organize events to educate, inspire, connect and engage co-operative societies in agriculture sector and also provide them with business links to value chain development related organizations. This will enhance development of sustainable agribusiness in the county. The fund remained strategic in supporting and complimenting the co-operatives economic activities, thus enhancing the quality of life in Laikipia County.

Signed:
Richard Murigu Nyambura
Acting Fund Administrator



**Laikipia County Co-operative Development Revolving Fund
Reports and Financial Statements
For the year ended June 30, 2020**

7. CORPORATE GOVERNANCE STATEMENT

7.1 BOARD MEETINGS

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

	List of board Members	Board meetings and workshop dates						
		Meeting	Meeting	Workshop 1 Legal framework	Workshop 2 Strategic planning	Board meeting	Board meeting	
		25/7/2019	6/9/2019	24- 25/7/2019	12- 13/9/2019	16/10/2019	21/5/2020	
1	Dixon Oseko	✓	✓	✓	✓	✓	✓	
2	John Ndegwa	✓	✓	✓	✓	✓	✓	
3	Faith Muchoki	✓	✓	✓	✓	✓	✓	
4	Benjamin Rono	✓	✓	✓	✓	✓	✓	
5	Ann Githiri	✓	✓	✓	✓	✓	✓	
6	Paul Njenga	✓		✓	✓		✓	
7	Jemimah Mburugu	✓	✓	✓	✓		✓	
8	Richard Murigu	✓	✓	✓	✓	✓	✓	

7.2 SUCCESSION PLAN

The board members are appointed for a period of 3 year and renewable once. Two of the board members are automatic accounting officers in charge of finance and Co-operatives 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.

7.3 BOARD CHARTER

The fund administrator has developed a draft a service charter and code of conduct and ethics that has been forwarded to the head of legal services for advice.

7.4 APPOINTMENT AND REMOVAL OF OFFICE OF THE BOARD

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

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

**Laikipia County Co-operative Development Revolving Fund
Reports and Financial Statements
For the year ended June 30, 2020**

(2) The Board shall consist of: -

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

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

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

7.5 ROLES AND FUNCTIONS OF THE BOARD

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

- (a) Formulate policy guidelines on co-operative sector funding;

**Laikipia County Co-operative Development Revolving Fund
Reports and Financial Statements
For the year ended June 30, 2020**

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

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

These aspects are very strategic in the performance of the fund and therefore the fund administrator has drafted a draft copy addressing them during the forthcoming meeting. Cognisant of this, the following issues have been undertaken to ensure fulfilment of the same:-

1. The board has been taken through several induction and training programs that has ensured that the Board members are properly inducted on their roles, responsibilities and limitations under existing laws and cooperative principles.
2. Development of regulations that clearly stipulate how the board should conduct its meetings and how to deal with conflict of interest. The regulations further provided for the furtherance of the PFM Act requirements on reporting and adherence to government audit.
3. The Board is in the last stages of developing a Board charter which is postulated at providing for issues on Ethic and conduct, conflict of interest and pertaining matters.

**Laikipia County Co-operative Development Revolving Fund
Reports and Financial Statements
For the year ended June 30, 2020**

8. MANAGEMENT DISCUSSION AND ANALYSIS

8.1 Introduction

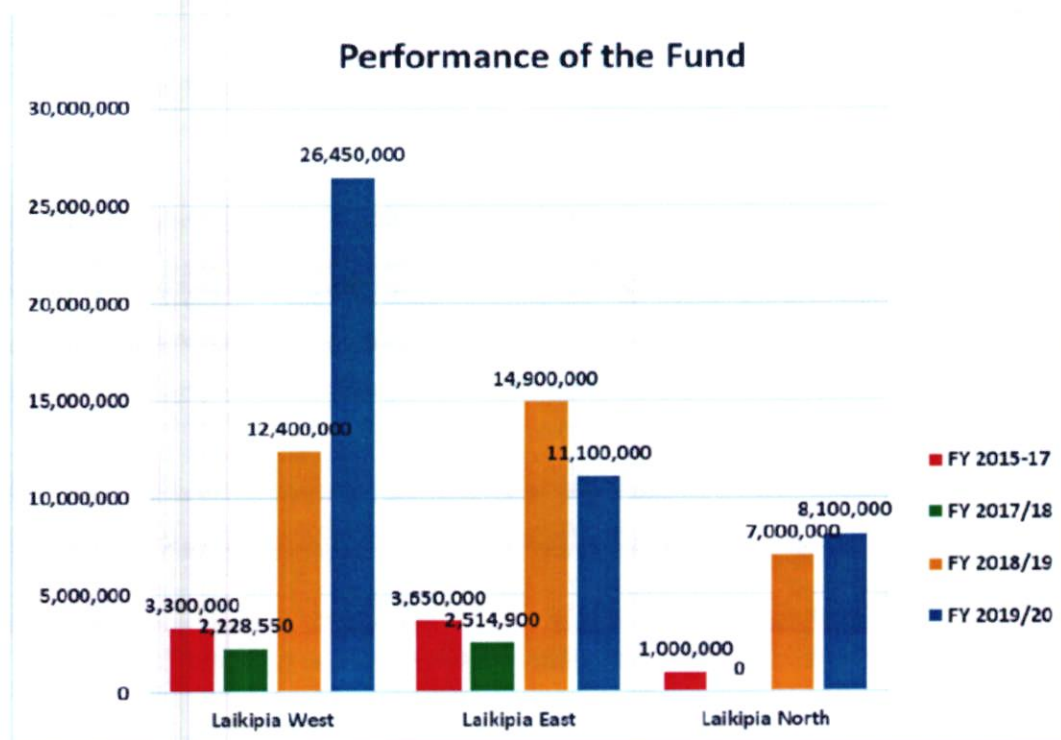
The fund has been in operation for the last five years. However, its operations picked up in the financial year 2018/2019 after receiving transfer of Ksh 40 million for two years including 2017/2018. At the same time the current board was appointed in July 2018 and new acting fund administrator appointed to steer the fund operations. The board took the responsibilities of ensuring that the fund operations are in line with CIDP and the new government manifesto of creating 30,000 jobs in the county. To achieve this, the fund required to understand the running of the co-operative movement in terms of key value chains, collaboration and partnership that are vital and the overall management of the movement with capacity to build strong and vibrant framework that enhances equity across the sectors.

8.2 Performance of the fund

a) Disbursement of the fund per Sub County

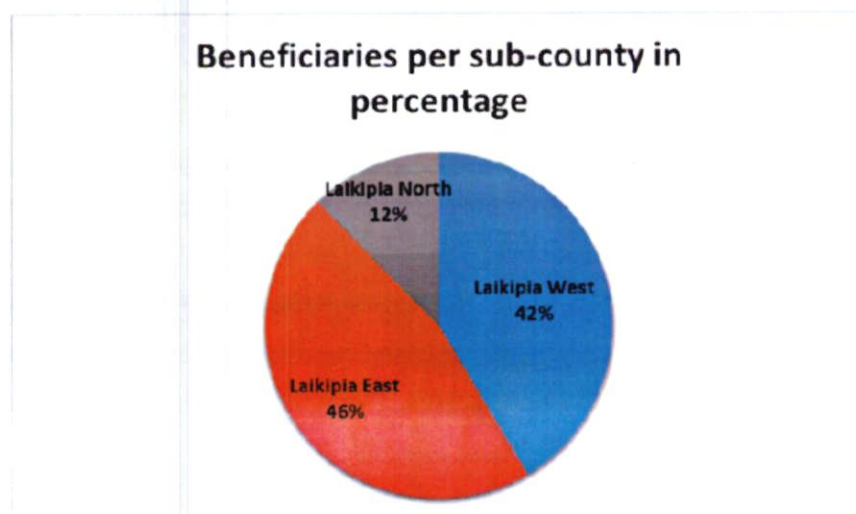
NO	SUBCOU NTY	FY 2015- 17	FY 2017/18	FY 2018/19	FY 2019/20	TOTAL
1	Laikipia West	3,300,000	2,228,550	12,400,000	26,450,000	44,378,550
2	Laikipia East	3,650,000	2,514,900	14,900,000	11,100,000	32,164,900
3	Laikipia North	1,000,000	-	7,000,000	8,100,000	16,100,000
	Total	7,950,000	4,743,450	34,300,000	45,650,000	92,643,450

**Laikipia County Co-operative Development Revolving Fund
Reports and Financial Statements
For the year ended June 30, 2020**



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

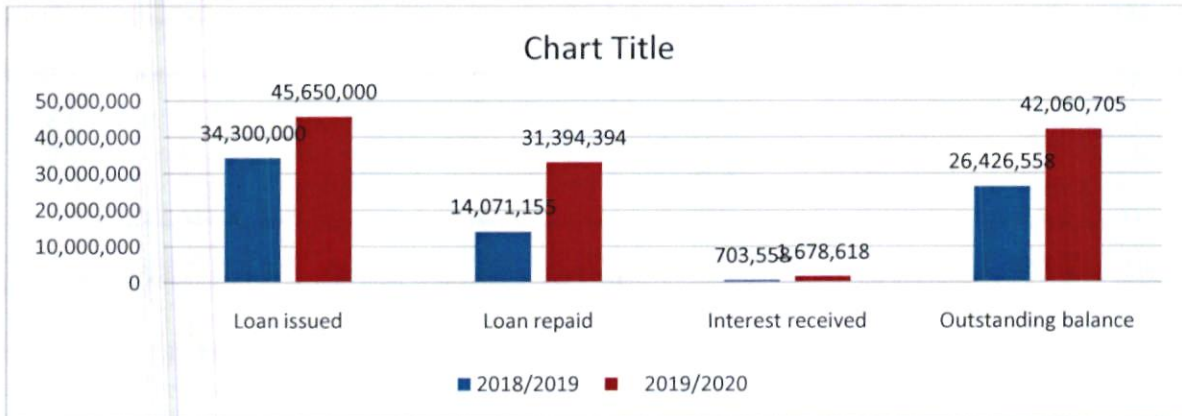
N O	SUBCOUNTY	FY 2015-17	FY 2017/18	FY 2018/19	FY 2019/20	TOTAL
1	Laikipia West	14	2	14	13	44
2	Laikipia East	15	1	26	8	49
3	Laikipia North	5		6	4	13
	Total	34	3	46	25	108



**Laikipia County Co-operative Development Revolving Fund
Reports and Financial Statements
For the year ended June 30, 2020**

c) Comparative figure for the last two years

ITEM	2018/2019	2019/2020
Loan issued	34,300,000	45,650,000
Loan repaid	14,071,155.20	31,394,394
Interest received	703,558	1,678,618
Outstanding balance	26,426,558	42,060,705



The fund has been able to successfully submit annual financial statements thus ensuring compliance.

8.3 MAJOR RISK FACING THE FUND

The following are some of the constrains that the fund encounter in its operations;

- i. Limited budget for funding the operations
- ii. Inadequate legal framework
- iii. Defaulting of loans
- iv. Inadequate feasibility study of the project in terms of business planning
- v. Market uncertainties of the value chain



9. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

The Laikipia County Co-operative Development Revolving Fund existing to provide flexible, low interest rates to cooperatives that are domiciled in Laikipia. At the heart of the fund is a desire to ensure that the needs of the cooperatives in Laikipia are met and that the fund is modelled in a manner that is geared towards that end. In ensuring that the fund owns up to its cooperate social responsibility, the fund is guided by the following pillars:-

1. Finance and resource mobilization growth and development pillar

The laws governing the fund, the Act and accruing regulations, have been modelled at ensuring that the available pool of money available for lending continually grows while at the same time ensuring that the interest rate charged is below the available market rates. As a matter of fact, the loans are issued at 6% p.a. on a reducing balance. Additionally, the administrative costs involved in running the fund have been capped at 3% of the available funds to ensure that the funds reach the intended recipients.

2. Governance and leadership pillar

The fund is established under the Laikipia County Cooperative Societies Act, 2014 and accruing regulations. The said laws are clear on the governance of the funds and aimed at ensuring that there is succession in the management of the fund and its principles of governance.

3. Human resource pillar

The human capital of the fund is continually being improved to meet its desired social corporate responsibility. This is being achieved through several measures including recruiting of qualified employees, training and benchmarking exercises. The end goal is to have a human resource that is responsive to the needs of the cooperatives.

4. Marketing and product development pillar

The products developed under the fund are in line with the needs of the target cooperatives. As such, loan repayment plans, amounts, instalments and grace periods have been developed with the target cooperatives in mind.

5. Training pillar

The fund continually engages cooperatives in Laikipia on matters financial management. This has been through participating in cooperative events and celebratory days e.g. the recently held USHIRIKA day where the fund presented on the said matters. This is aimed at ensuring that the cooperatives are continually empowered on all matters relating to financial literacy.

**Laikipia County Co-operative Development Revolving Fund
Reports and Financial Statements
For the year ended June 30, 2020**

10. 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 under the Laikipia County Co-operative Societies Act 2014 and the amended 2017 and 2019 respectively shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.


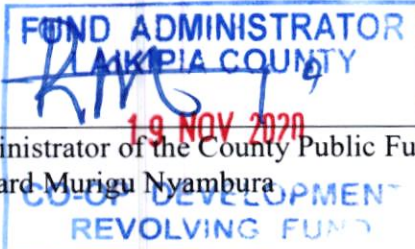
The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2020. This responsibility includes: (i) 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 the Laikipia County Co-operative Societies Act 2014 and the amended 2017 and 2019. 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, 2020, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

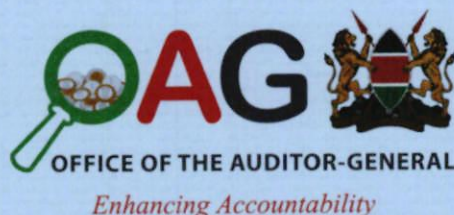
The Fund's financial statements were approved by the Board on 18/11/2020 and signed on its behalf by:


18 NOV 2020
Administrator of the County Public Fund
Richard Murigu Nyambura




REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON LAIKIPIA COUNTY CO-OPERATIVE DEVELOPMENT REVOLVING FUND FOR THE YEAR ENDED 30 JUNE, 2020

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 24 to 59, which comprise the statement of financial position as at 30 June, 2020, 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, 2020 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.

Basis for Qualified Opinion

1. Non-Performing Outstanding Loans

The statement of financial position reflects current portion of long-term receivables from exchange transactions balance of Kshs.42,060,705 as at 30 June, 2020. The balance includes loan balances totalling Kshs.2,467,250 (2018/2019 Kshs.3,163,034) which were overdue as at 30 June, 2020. Some of these loans ought to have been repaid on or before 1 December, 2016. Further, the loans were not insured or backed by any collateral.

Although the recoverability of the overdue loans of Kshs.2,467,250 is doubtful, no provision in respect of the same have been made or disclosed in these financial statements. Consequently, the valuation and accuracy of current portion of long-term receivables from exchange transactions balance of Kshs.42,060,705 as at 30 June, 2020 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Laikipia County Co-operative Development Revolving Fund in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Issue

The following issue was raised in the previous audit report for 2018/2019 financial year but has remained unresolved to date:

Unsupported Transfer of Funds

The statement of cash flows for the year ended 30 June, 2019 reflected an amount of Kshs.2,700,000 against transfers from County Government. As disclosed in Note 22(b) to the financial statements for the year ended 30 June, 2019, the amount relates to transfer made to Laikipia County imprest account. However, relevant documentary evidence in support of the transfer and the reasons for the transfer have not been provided for audit.

Consequently, the validity and propriety of the transfer of Kshs.2,700,000 for the year ended 30 June, 2019 has not been confirmed as at the date of this report.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, 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 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that

govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and 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 processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Fund to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


 CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

31 January, 2022


**Laikipia County Co-operative Development Revolving Fund
Reports and Financial Statements
For the year ended June 30, 2020**

12. FINANCIAL STATEMENTS

**12.1. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED
30th JUNE 2020**

	Note	FY 2019/2020	FY2018/2019
			KShs
Revenue from non-exchange transactions			
Transfers from the County Government	2	10,000,000	40,000,000
Revenue from exchange transactions			
Interest receivable	4	2,739,000	1,715,000
Total revenue			
		12,739,000	41,715,000
Expenses			
Fund administration expenses		-	-
General expenses	8	1,305,100	1,634,940
Finance costs	9	7,920	4,605
Total expenses			
		1,313,020	1,639,545
Other gains/losses			
Gain/loss on disposal of assets			-
Surplus/(deficit) for the period			
		11,425,980	40,075,455

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 18/11/20 2020 and signed by:



**FUND ADMINISTRATOR
LAIKIRIA COUNTY**
 Administrator of the Fund
 Name: **19 NOV 2020**
 Richard Murigu Nyambura
**CO-OP DEVELOPMENT
REVOLVING FUND**

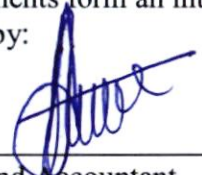

 Fund Accountant
 Name:
 Gachoka Ngugi
 ICPA K 13294

12.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	FY 2019/2020	FY 2018/2019
		KShs	KShs
Assets			
Current assets			
Cash and cash equivalents	11	5,435,156	16,455,064
Current portion of long term receivables from exchange transactions	12	42,060,705	26,426,558
Inter-entity transfers	16	-	2,700,000
Accounts Receivable	18	10,000,000	-
Total assets		57,495,861	45,581,622
Liabilities			
Current liabilities			
Unremitted Tax on board allowance	8	170,100	
Trade and other payables from exchange transactions(overpayments)	17	361,909	43,750
Total Liabilities		532,009	43,750
Net assets		56,963,852	45,537,872
Financed by;			
Revolving Fund		45,537,873	5,462,418
Accumulated surplus		11,425,980	40,075,455
Total liabilities		56,963,853	45,537,873

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 18/11/2020 and signed by:

FUND ADMINISTRATOR
LAIKIPIA COUNTY

9 NOV 2020
 Administrator of the Fund
 Name: Richard Murigu Nyambura
CO-OP DEVELOPMENT REVOLVING FUND


 Fund Accountant
 Name: Gachoka Ngugi
 ICPAK Member Number: 13294

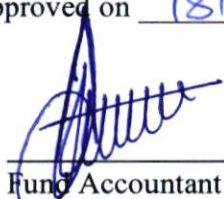
**Laikipia County Co-operative Development Revolving Fund
Reports and Financial Statements
For the year ended June 30, 2020**

12.3. STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2020

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
Balance as at 1 July 2017	5,225,245.00	-	-	5,225,245.00
Surplus/(deficit) for the period	-	-	237,172.50	237,172.50
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2018	5,225,245.00	-	237,172.50	5,462,417.50
Balance as at 1 July 2018	5,462,417.50	-	-	5,462,417.50
Surplus/(deficit) for the period	-	-	40,075,455.00	40,075,455.00
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 JULY 2019			40,075,455.00	45,537,872.50
Balance as at 1 July 2019	45,537,872.50			45,537,872.50
Surplus/(deficit) for the period			11,425,980.00	11,425,980.00
Funds received during the year				
Revaluation gain				
Balance as at 30TH JUNE 2020			11,425,980.00	56,963,852.50

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 18/11 2020 and signed by:

**FUND ADMINISTRATOR
LAIKIPIA COUNTY**
 Administrator of the Fund
 Name: Richard Murigu Nyambura
**CO-OP DEVELOPMENT
REVOLVING FUND**
 19 NOV 2020

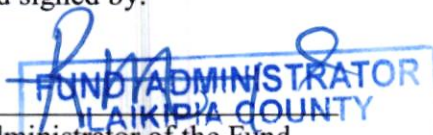

 Fund Accountant
 Name: Gachoka Ngugi
 ICPAK Member Number: 13294

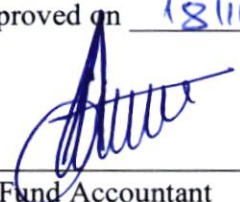
**Laikipia County Co-operative Development Revolving Fund
Reports and Financial Statements
For the year ended June 30, 2020**

12.4. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Note	FY 2019/2020	FY 2018/2019
		KShs	KShs
Cash flows from operating activities			
Transfers from the County Government	2	-	40,000,000
Interest received	12	1,678,618	703,558
Total Receipts		1,678,618	40,703,558
Payments			
General expenses	8	1,135,000	1,634,940
Finance cost	9	7,920	4,605
Total Payments		1,142,920	1,639,545
Adjusted for:			
Changes in Inter-entity transfers		2,700,000	(2,700,000)
Net cash flows from operating activities		3,235,698	36,364,013
Cash flows from investing activities			
Proceeds from loan principal repayments	12	31,394,394	14,071,156
Loan disbursements paid out	12	(45,650,000)	(34,300,000)
Net cash flows used in investing activities		(14,255,606)	(20,228,844)
Cash flows from financing activities			
Net increase/(decrease) in cash and cash equivalents		(11,019,908)	16,135,169
Cash and cash equivalents at 1 JULY		16,455,064	319,895
Cash and cash equivalents at 30TH JUNE 2020	11	5,435,156	16,455,064

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 18/11/20 2020 and signed by:


FUND ADMINISTRATOR
LAIKIPIA COUNTY
 Administrator of the Fund
 Name: Richard Murutu Njambura
 19 NOV 2020
CO-OP DEVELOPMENT
REVOLVING F


 Fund Accountant
 Name: Gachoka Ngugi
 ICPAK Member Number: 13294

**Laikipia County Co-operative Development Revolving Fund
Reports and Financial Statements
For the year ended June 30, 2020**

**12.5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR
THE PERIOD ENDED 30th JUNE 2020**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation
	KShs	KShs	KShs	KShs	KShs	
Revenue						
Transfers from County Govt.	10,000,000	-	10,000,000	-	10,000,000	0%
Interest income	2,739,000	-	2,739,000	1,678,618	1,060,382	61%
Loan repayments	40,000,000		40,000,000	31,394,394	8,605,606	78%
Opening bank balances	16,455,064		16,455,064	16,455,064	-	100%
Total income	69,194,064	-	69,194,064	49,528,076	19,665,988	72%
Expenses						
General expenses	1,450,000	-	1,450,000	1,135,000	315,000	78%
Finance cost	8,000	-	8,000	7,920	80	99%
Loan disbursements	67,736,064		67,736,064	45,650,000	22,086,064	67%
Total expenditure	69,194,064	-	69,194,064	46,792,920	22,401,144	68%
Surplus for the period	-	-	-	2,735,156	(2,735,156)	

Transfers from County Govt- The Executive did not transfer monies due to shortage of cashflow caused 84% revenue realization by the county

Loan repayments- Delayed loan repayments due to covid -19 on most businesses

Interest income- Delayed loan repayments due to covid -19 on most businesses

General expenses -Reduced activities in the Fund due to Covid-19 restrictions as directed by MOH

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 18/11 2020 and signed by:

**FUND ADMINISTRATOR
LAIKIPIA COUNTY**
[Signature]
19 NOV 2020
Name: Richard Murigu Nyambura
**CO-OP DEVELOPMENT
REVOLVING FUND**

[Signature]
Fund Accountant
Name: Gachoka Ngugi
ICPAK Member Number: 13294

12.6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. 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.

2. Adoption of new and revised standards

a) Relevant new standards and amendments to published standards effective for the year ended 30 June 2020

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.

b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2022: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cashflows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;



**Laikipia County Co-operative Development Revolving Fund
Reports and Financial Statements
For the year ended June 30, 2020**

Standard	Effective date and impact:
	<ul style="list-style-type: none"> • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2022</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2022:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment.</p>

**Laikipia County Co-operative Development Revolving Fund
Reports and Financial Statements
For the year ended June 30, 2020**

Standard	Effective date and impact:
	<p>Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets.</p> <p>Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs).</p> <p>Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard</p>
	<p>IPSAS 40, Public Sector Combinations.</p> <p>Amendments to include the effective date paragraph which were inadvertently omitted when IPSAS 40 was issued</p>

c) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2020.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. 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 appliesthis yield to the principal outstanding to determine interest income each period.

4. Budget information

The original budget for FY 2019/2020was approved by the County Assembly on xxxx. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of the FY 2019/2020budget following the governing body's approval.

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. 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.

6. 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.

7. Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Held-to-maturity

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

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. 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.

9. Provisions

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

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

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

Contingent liabilities

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingent assets

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

10. Nature and purpose of reserves

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

11. 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.

12. Foreign currency transactions

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

13. 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.

14. 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.

15. 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.

16. Comparative figures

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

17. Events after the reporting period

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

18. Ultimate and Holding Entity

The entity is a County Public Fund established by Co-operative Societies Act as Laikipia County Co-operatives Development Revolving Fund under the Ministry of trade. Its ultimate parent is the County Government of Laikipia.

19. Currency

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

20. Significant judgments and sources of estimation uncertainty

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

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

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.

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

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 xxx.

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

**Laikipia County Co-operative Development Revolving Fund
Reports and Financial Statements
For the year ended June 30, 2020**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

21. Financial risk management

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

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

a) Credit risk

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

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

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

	Total amount KShs	Fully performing KShs	Past due KShs	Impaired KShs
At 30 June 2019				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
	-	-	-	-
At 30 June 2018	-	-	-	-
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

**Laikipia County Co-operative Development Revolving Fund
Reports and Financial Statements
For the year ended June 30, 2020**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

b) Liquidity risk management

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

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

	Less than 1 month	Between 1- 3 months	Over 5 months	Total
	KShs	KShs	KShs	KShs
At 30 June 2019				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2018	-	-	-	-
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

**Laikipia County Co-operative Development Revolving Fund
Reports and Financial Statements
For the year ended June 30, 2020**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Market risk

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

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

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

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

i. Foreign currency risk

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

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

		Other currencies	Total
	KShs	KShs	KShs
At 30 June 2019			
Financial assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ receivables	-	-	-
Liabilities	-	-	-
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency sensitivity analysis

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

	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	KShs	KShs	KShs
2020			
Euro	10%	-	-
USD	10%	-	-
2019		-	-
Euro	10%	-	-
USD	10%	-	-

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs (2020: KShs). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs(2019– KShs)

**Laikipia County Co-operative Development Revolving Fund
Reports and Financial Statements
For the year ended June 30, 2020**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Capital risk management

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

	2019/2020	2018/2019
	KShs	KShs
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	-	-
Total funds	-	-
	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
Gearing	-	-

**Laikipia County Co-operative Development Revolving Fund
Reports and Financial Statements
For the year ended June 30, 2020**

12.7. NOTES TO THE FINANCIAL STATEMENTS

1. Public contributions and donations

Description	2019/2020	2018/2019
	KShs	KShs
Donation from development partners	-	-
Contributions from the public	-	-
Total	-	-

2. Transfers from County Government

Description	FY2019-2020	FY2018/2019
		KShs
Transfers from County Govt. – operations	10,000,000.00	40,000,000
Total	10,000,000.00	40,000,000

3. Fines, penalties and other levies

Description	2019/2020	2018/2019
	KShs	KShs
Late payment penalties	-	-
Fines	-	-
Total	-	-

4. Interest receivable

Description	FY 2019/20	FY 2018/2019
	KShs	
Interest income from loans	2,739,000.00	1,715,000.00
Total interest income	2,739,000.00	1,715,000.00

5. Other income

Description	2019/2020	2018/2019
	KShs	KShs
Insurance recoveries	-	-
Total other income	-	-

**Laikipia County Co-operative Development Revolving Fund
Reports and Financial Statements
For the year ended June 30, 2020**

6. Fund administration expenses

Description	2019/2020	2018/2019
	KShs	KShs
Staff costs (Note 7)	-	-
Loan processing costs	-	-
Professional services costs	-	-
Administration fees	-	-
Total	-	-

7. Staff costs

Description	2019/2020	2018/2019
	KShs	KShs
Salaries and wages	-	-
Staff gratuity	-	-
Staff training expenses	-	-
Social security contribution	-	-
Other staff costs	-	-
Total	-	-

**Laikipia County Co-operative Development Revolving Fund
Reports and Financial Statements
For the year ended June 30, 2020**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. General expenses

Description	FY2019-2020	FY2018/2019
	KShs	KShs
Printing and stationery		120,000.00
Training and Capacity	518,500.00	993,740.00
Telecommunication		-
Hospitality/board meetings	616,500.00	521,200.00
Unremitted Tax on paid board allowances	170,100.00	
Total	1,305,100.00	1,634,940.00

**Laikipia County Co-operative Development Revolving Fund
Reports and Financial Statements
For the year ended June 30, 2020**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Finance costs

Description	FY 2019/20	FY 2018/2019
	KShs	
Bank Charges	7,920.00	4,605.00
Interest on Bank overdrafts	-	
Interest on loans from banks	-	
Total	7,920.00	4,605.00

10. Gain/(loss) on disposal of assets

Description	2019/2020	2018/2019
	KShs	KShs
Property, plant and equipment	-	-
Intangible assets	-	-
Total	-	-

11. Cash and cash equivalents

Description	FY2019-2020	FY2018/2019
	KShs	KShs
Fixed deposits account		-
On – call deposits		-
Current account	5,435,155.60	16,455,063.60
Total cash and cash equivalents	5,435,155.60	16,455,063.60

**Laikipia County Co-operative Development Revolving Fund
Reports and Financial Statements
For the year ended June 30, 2020**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

	FY 2019/20	FY 2018/2019
Financial institution	KShs	
a) Fixed deposits account		
Kenya Commercial bank		
Equity Bank, etc		
Sub- total	-	
b) On - call deposits		
Kenya Commercial bank		
Equity Bank - etc		
Sub- total	-	
c) Current account		
Kenya Commercial bank		
Cooperative Bank	5,435,156	16,455,064
Sub- total	5,435,156	16,455,064
d) Others(specify)		
Cash in transit		
Cash in hand		
M Pesa		
Sub- total	-	
Grand total	5,435,156	16,455,064

**Laikipia County Co-operative Development Revolving Fund
Reports and Financial Statements
For the year ended June 30, 2020**

12. Receivables from exchange transactions

Description	FY2019/2020	FY2018/2019
	KShs	KShs
Current Receivables		
Balance b/d	26,426,558	5,142,523
New loans	45,650,000	34,300,000
Interest receiveable	2,739,000	1,715,000
Add Back Loan overpayments	318,159	43,750
Current loan received-Principal	(31,394,394)	(14,071,157)
Current loan received-Interest	(1,678,618)	(703,558)
Total Current receivables	42,060,705	26,426,558
Non Current receivables		
Long term loan repayments due		-
Total Non current receivables		-
Total receivables from exchange transactions	42,060,705	26,426,558

**Laikipia County Co-operative Development Revolving Fund
Reports and Financial Statements
For the year ended June 30, 2020**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Prepayments

Description	2019/2020	2018/2019
	KShs	KShs
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	-	-
Other prepayments(specify)	-	-
Total	-	-

14. Inventories

Description	2019/2020	2018/2019
	KShs	KShs
Consumable stores	-	-
Spare parts and meters	-	-
Catering	-	-
Other inventories(specify)	-	-
Total inventories at the lower of cost and net realizable value	-	-

Laikipia County Co-operative Development Revolving Fund
Reports and Financial Statements
For the year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	KShs	KShs	KShs	KShs	KShs
At 1st July 2018	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-
At 30th June 2019	-	-	-	-	-
At 1st July 2019	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-
At 30th June 2020	-	-	-	-	-
Depreciation and impairment	-	-	-	-	-
At 1 st July 2018	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
At 30th June 2019	-	-	-	-	-
At 1st July 2019	-	-	-	-	-
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-
At 30th June 2020	-	-	-	-	-
Net book values	-	-	-	-	-
At 30th June 2019	-	-	-	-	-
At 30th June 2020	-	-	-	-	-

**Laikipia County Co-operative Development Revolving Fund
Reports and Financial Statements
For the year ended June 30, 2020**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Inter-entity transfers

Description	FY2019/2020	FY2018/2019
	KShs	KShs
Inter-entity transfers - Executive	-	2,700,000.00
Total	-	2,700,000.00

17. Trade and other payables from exchange transactions

Description	FY2019/2020	FY2018/2019
	KShs	KShs
Trade payables		-
Refundable deposits		-
Accrued expenses		-
Overpayments on loans	361,909.00	43,750.00
Total trade and other payables	361,909.00	43,750.00

18. Accounts receivable

Accounts receivables		
Description	FY2019/2020	FY2018/2019
	KShs	KShs
Transfers from County Executive	10,000,000.00	-
	10,000,000.00	-



**Laikipia County Co-operative Development Revolving Fund
Reports and Financial Statements
For the year ended June 30, 2020**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

	2019/2020	2018/2019
	KShs	KShs
External Borrowings		
Dollar denominated loan from organization'	-	-
Sterling Pound denominated loan from 'organization'	-	-
Euro denominated loan from organization'	-	-
Domestic Borrowings	-	-
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Borrowings from other government institutions	-	-
Total balance at end of the year	-	-

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

Description	2019/2020	2018/2019
	KShs	KShs
Short term borrowings (current portion)	-	-
Long term borrowings	-	-
Total	-	-

**Laikipia County Co-operative Development Revolving Fund
Reports and Financial Statements
For the year ended June 30, 2020**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. CHANGES IN RECEIVABLE

Description of the error	2019 - 2020	2018 – 2019
	KShs	KShs
Account receivable as at 1 st July 2019 (A)	2,700,000	-
Account receivable issued during the year (B)	-	-
Account receivables settled during the Year (C)	-	-
Net changes in account receivables D= A+B-C	2,700,000	-

20. CHANGES IN ACCOUNTS PAYABLE

Description of the error	2019 - 2020	2018 – 2019
	KShs	KShs
Accounts Payable as at 1 st July 2019 (A)	-	-
Accounts Payable held during the year (B)	-	-
Accounts Payable paid during the Year (C)	-	-
Net changes in account receivables D= A+B-C	-	-

21. Employee benefit obligations

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

**Laikipia County Co-operative Development Revolving Fund
Reports and Financial Statements
For the year ended June 30, 2020**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. Cash generated from operations

	2019/2020	2018/2019
	KShs	KShs
Surplus/ (deficit) for the year before tax	-	-
Adjusted for:	-	-
Depreciation	-	-
Amortisation	-	-
Gains/ losses on disposal of assets	-	-
Interest income	-	-
Finance cost	-	-
Working Capital adjustments	-	-
Increase in inventory	-	-
Increase in receivables	-	-
Increase in payables	-	-
Net cash flow from operating activities	-	-

23. Related party balances

a) Nature of related party relationships

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

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



**Laikipia County Co-operative Development Revolving Fund
Reports and Financial Statements
For the year ended June 30, 2020**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

b) Related party transactions

	2019/2020	2018/2019
	KShs	KShs
Transfers from related parties'	-	-
Transfers to related parties	-	-

c) Key management remuneration

	2019/2020	2018/2019
	KShs	KShs
Board of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

	2019/2020	2018/2019
	KShs	KShs
Due from parent Ministry	-	-
Due from County Government	-	-
Total	-	-

e) Due to related parties

	2019/2020	2018/2019
	KShs	KShs
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
Total	-	-

24. Contingent assets and contingent liabilities

Contingent liabilities	2019/2020	2018/2019
	KShs	KShs
Court case against the Fund	-	-
Bank guarantees	-	-
Total	-	-

(Give details)



**Laikipia County Co-operative Development Revolving Fund
Reports and Financial Statements
For the year ended June 30, 2020**

13. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0 Outstanding Loans	Overdue loans by 30 th June 2019 worthy Ksh 3,163,034, no collateral or insurance and no provision for the doubtful debt	<p>These loans were meant for Sorghum project that failed to peak properly and two societies have now paid their balance as 30th June 2020. The other society has agreed to pay their balance of Ksh 1,414,395 before 30th Nov. 2020.</p> <p>The fund has developed a lending regulations, a comprehensive lending policy and debt recovery policy that are effective from October 2020 and are now facilitating the recoveries of all the outstanding loans and has defined clear debt provisioning by the end of this financial year 2020/21.</p> <p>Loans are issued to the specific</p>	Fund Administrator	Partially resolved through development of the legal framework to support recoveries	31 st January 2021



**Laikipia County Co-operative Development Revolving Fund
Reports and Financial Statements
For the year ended June 30, 2020**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>society as an entity who are supposed to insure their members and projects. The society have direct responsibility of insuring their loans to other parties who are considered as beneficiaries. The individual board members signs an indemnity forms that are deponed by them before the commissioner of Oaths. This makes them directly individually and collectively responsible for the loan in conjunction with the societies properties that includes produce, physical assets, payroll deduction etc.</p>			
2.0 Unsupported Transfer of Funds	Cash transfer of Ksh 2.7 million to County Imprest Account borrowed by the CEC Finance and Economic Planning	The cash transfer was reimbursed to the fund on 8 th January 2020. And acknowledged by the Fund Administrator	Fund Administrator	Resolved	N/A



**Laikipia County Co-operative Development Revolving Fund
 Reports and Financial Statements
 For the year ended June 30, 2020**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

Guidance Notes:

- a) Use the same reference numbers as contained in the external audit report;
- b) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- c) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- d) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to County Treasury.

