

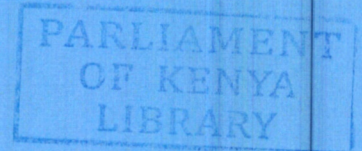
REPUBLIC OF KENYA



*Enhancing Accountability*

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| COMMITTEE          | —               |
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**REPORT**



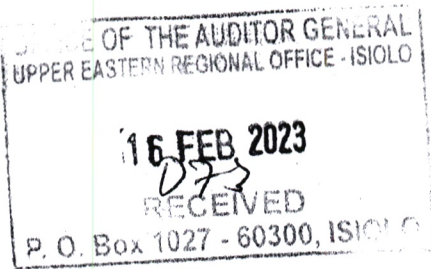
**OF**

**THE AUDITOR-GENERAL**

**ON**

**COUNTY ASSEMBLY OF LAIKIPIA CAR  
LOAN AND MORTGAGE (STAFF)  
SCHEME FUND**

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



Revised 30<sup>th</sup> June 2022

**REPUBLIC OF KENYA**

*Telegraphic Address*  
**Tel: 0622 031 498**  
**Fax: 0622 032 774**



*Physical Address*  
**Clerk Chambers**  
**County Assembly of Laikipia**  
**Assembly Building**

**Email: [assembly@laikipiacounty.go.ke](mailto:assembly@laikipiacounty.go.ke)**

**P. O. Box 487 – 10400, Nanyuki**

**COUNTY ASSEMBLY OF LAIKIPIA**

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**COUNTY ASSEMBLY OF LAIKIPIA CAR LOAN AND MORTGAGE  
(STAFF) SCHEME FUND**

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

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

# Laikipia County Assembly Staff Car Loan and Mortgage Fund Annual Report and Financial Statements for the year ended June 30, 2022

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# Laikipia County Assembly Staff Car Loan and Mortgage Fund

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

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### 1. Key Entity Information and Management

#### a) Background information

Laikipia County Assembly Car and Mortgage Fund is established by and derives its authority and accountability from Public Finance management Act 2012 (Laikipia County Assembly Mortgage staff scheme fund regulations 2016). County Government of Laikipia and is domiciled in Kenya. The fund's objective is to facilitate members to purchase personal vehicles for ease of movement while performing their duties and mortgages to enable members acquire private residences. The Fund's principal activity is advancing of car loans and mortgage to staff of the county assembly of Laikipia.

#### b) Principal Activities

The principal activity/mission/ mandate of the Fund is advancing of car loans and mortgage to members of the county assembly of Laikipia.

#### c) Board of Trustees/Fund Administration Committee

| Ref | Position              | Name                  |
|-----|-----------------------|-----------------------|
| 1   | Chairman of the Board | Jasper Mwiti Mutwiri  |
| 2   | Vice Chairman         | Moses Gichuki Waweru  |
| 3   | Fund Administrator    | Francis Kimondo       |
| 4   | Member                | Miriam Wanjiru Mwangi |
| 5   | Member                | Grace Muthoni Mbuthia |
| 6   | Member                | Simon Kitur           |

#### d) Key Management

| Ref | Position                    | Name            |
|-----|-----------------------------|-----------------|
| 1   | Fund Manager/ Administrator | Francis Kimondo |
| 2   | Fund Accountant             | Simon Kitur     |

**Laikipia County Assembly Staff Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended June 30, 2022**

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**e) Registered Offices**

P.O. Box 487-10400  
COUNTY ASSEMBLY BUILDING  
Nyeri-Nanyuki Highway  
Nanyuki, KENYA

**f) Fund Contacts**

Telephone: (254) 716311702, 716311703  
E-mail: [assembly@ca.laikipiacounty.go.ke](mailto:assembly@ca.laikipiacounty.go.ke)  
Website: [www.laikipiaassembly.go.ke](http://www.laikipiaassembly.go.ke)

**g) Fund Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya
2. Kenya Commercial Bank  
Nanyuki Branch

**h) Independent Auditors**

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

**i) Principal Legal Adviser**




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

**Laikipia County Assembly Staff Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended June 30, 2022**

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




| Name   | Details of qualifications and experience   |
|--|--|
| <p><b>Jasper Mutwiri</b></p>    | <p><b>County Assembly Clerk</b><br/>Date of birth 10.10.69</p> <p><b>Academic qualifications</b><br/>JKUAT: PHD Leadership ongoing<br/>University of Nairobi: Masters of Arts in Project Planning<br/>Egerton University: Bachelor of Arts (Sociology)</p>   |
| <p><b>Ndiritu Kimondo</b></p>  | <p><b>Director Finance and Accounting Services</b><br/>Date of birth 09.09.1975</p> <p><b>Academic qualifications</b><br/>PHD-Finance JKUAT (On going)<br/>MBA-Finance (Meru university)<br/>Maseno University Bachelors of Arts (Economics and Business Studies)<br/>Certified Public Accountant CPA(K)</p>                 |
| <p><b>Miriam Mwangi</b></p>   | <p><b>Director Human Resources and Administration.</b><br/>Date of birth 08.07.1978</p> <p><b>Academic qualifications</b><br/>PHD Leadership-JKUAT (On going)<br/>KEMU University Masters of Business Administration (Human Resource Option)<br/>Maseno University Bachelors of Arts (Economics and Business Statistics)</p> |

**Laikipia County Assembly Staff Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended June 30, 2022**



|  |  |
|--|--|
| <p><b>Simon Kitur</b></p>       | <p><b>Internal Auditor</b><br/>Date of birth 25.11.1980<br/><b>Academic qualifications</b><br/>University of Nairobi Bachelor of Commerce (Accounting Option)<br/>Certified Public Accountant CPA(K)</p> |
| <p><b>Grace Mwenda</b></p>     | <p><b>Principal Legal Counsel</b><br/>Date of birth 20.04.1986<br/><b>Academic qualifications</b><br/>Moi University Bachelors of Law<br/>Kenya School of Government Higher Diploma</p>                  |
| <p><b>Gichuki Waweru</b></p>  | <p><b>County Assembly Deputy Clerk</b><br/>Date of birth 05.12.1969<br/><b>Academic qualifications</b><br/>Bachelor of Economics and LLB</p>   |

**Laikipia County Assembly Staff Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended June 30, 2022**

**3. Management Team**

| <b>Name</b>   | <b>Details of qualifications and experience</b>   |
|---|---|
| <p><b>Ndiritu Kimondo</b></p>    | <p><b>Director Finance and Accounting Services</b><br/>Date of birth 09.09.1975<br/><b>Academic qualifications</b><br/>PHD-Finance JKUAT (On going)<br/>MBA-Finance (Meru university)<br/>Maseno University Bachelors of Arts<br/>(Economics and Business Studies)<br/>Certified Public Accountant CPA(K)</p> |
| <p><b>Nelson Kosgei</b></p>    | <p><b>Clerk Assistant-Table Clerk</b><br/>Date of birth 06.04.1989<br/>Academic qualifications<br/>Moi University Bachelor of Business<br/>Management (Accounting Option)<br/>CPA Section II</p>  |
| <p><b>Veronica Mwangi</b></p>  | <p><b>Accountant II</b><br/>Date of birth 15.11.1982<br/>Academic qualifications<br/>KEMU Bachelor of Business Administration<br/>(Finance Option)</p>  |

**Laikipia County Assembly Staff Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended June 30, 2022**

|   |   |
|---|---|
| <p><b>Eunice Wamaitha</b></p>  | <p><b>Commissioner</b><br/>Date of birth 10.09.1988<br/>Academic qualifications<br/>Kenya Institute of Management(KIM) Diploma<br/>in Management (Business Management Option)</p> |
| <p><b>Miriam Gichuki</b></p>  | <p><b>Researcher II</b><br/>Date of birth 19.11.1986<br/>Academic qualifications<br/>Egerton University Bachelor of Arts</p>  |

## **Laikipia County Assembly Staff Car Loan and Mortgage Fund Annual Report and Financial Statements for the year ended June 30, 2022**

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### **4. Board/Fund Chairperson's Report**

It is my pleasure to present, on behalf of the fund, the Laikipia County Assembly staff car loan and mortgage fund financial statements for the year Year ended 30<sup>th</sup> June 2022

The financial statements present the financial performance of the fund over the past year.

#### **Start up and funding**

The staff car and mortgage fund for the staff was established pursuant to SRC circular SRC/ADM/CIR/1/13 Vol.III (128). Following the circular, the assembly passed the public finance management (Laikipia county assembly car loan (staff) scheme fund regulations, 2017 to guide the management of the staff fund.

The fund has been facing a funding challenge since start up. In the financial year 2017/2018 the fund received and distributed Ksh 34,033,482 through the county assembly budget. In 2018/2019 Ksh 25 million was budgeted but only 15m was received during the period. In the FY 2019/2020 Ksh 30 million was received including the 2018/2019 balance of Ksh 10 million while in FY2020/2021 Ksh 15 million was received. In the current financial year Kshs 24,481,024 was received resulting to a revolving fund of Kshs 126,369,327. A total of 38 staff out of the eighty two staff have benefited from the scheme so far. It's my hope that assembly will approve a further funding in coming years to grow the fund for all the needy staff to access the facility

#### **Review of performance**

The fund is run by a committee established through the regulation. The committee is assisted by a technical committee from staff that receives and analyses applications from that staff for consideration by the committee. In the year the committee approved eight mortgage and three car loan applications.

#### **Appreciation**

I take this opportunity to express my sincere gratitude and appreciation to the county assembly service board, the members, management committee and staff for their continued support that has enabled achieves this milestone.

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

Signed: \_\_\_\_\_

**Jasper M Muturi**

# **Laikipia County Assembly Staff Car Loan and Mortgage Fund Annual Report and Financial Statements for the year ended June 30, 2022**

## **5. Report of the Fund Administrator**

It is my pleasure to present the Laikipia County Assembly staff car loan and mortgage scheme fund financial statements for the Year ended 30<sup>th</sup> June 2022. The financial statements present the financial performance of the fund over the past year.

### **Financial Performance**

#### **a) Revenue.**

The fund was established in 2017 and started with an initial amount of KShs 15,000,000. A further Ksh 19,033,482 was received by the fund in the year. In the financial year 2018/2019 the fund received and extra 15m out of the 25m budgeted. The balance of Ksh10m was received in July 2019 and in the year 2019/2020 a total of Ksh 20m was received. In the year ended 2020-2021 Kshs 15,000,000 was received and Ksh 24,481,024 in the current financial year. The fund has accumulated to a total of Ksh 126,369,357 by the end of 30<sup>th</sup> June 2022

#### **b) Administration costs**

In the financial year under consideration, the fund earned interest amounting to Ksh 3,351,031 from the loan recoveries and incurred expenses amounting to Ksh 522,905. The fund achieved a surplus of Ksh 2,828,126

#### **c) Loans**

During the financial year 2020/2021, the fund disbursed loans amounting Ksh 42,361,460 in both car loans and mortgages.

#### **d) Cash flows**

The main challenge during the year was the small level of funding due the constrained assembly budget and delay in release of the fund from the controller of budget despite the great demand.

#### **e) Conclusion**

I take this opportunity to thank the board of trustees for their support. I would also want to thank all staff who we have worked hand in hand to ensure that County Assembly of Laikipia car loan and housing fund achieves its mission.

Signed: \_\_\_\_\_

**CPA Francis Ndiritu Kimondo**

**Laikipia County Assembly Staff Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended June 30, 2022**

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

**Introduction**

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

The key development objectives of the County Assembly of Laikipia 2018-2022 strategic document/plan) plan are to:

- a) To enhance the legislative process in the Assembly
- b) To improve on the oversight function of the Assembly
- c) To enhance representation role of the members of the county Assembly
- d) Operationalization of effective management structures, system, policies and procedures
- e) To build staff capacity within the county assembly service
- f) To provide appropriate and adequate office infrastructure and facilities
- g) To promote the use of IT integration approach to facilitate CAL business
- h) To enhance the CAL public image through effective partnership and communication with key stake holders
- i) To enhance financial planning for sustainable utilization of financial resources

**Progress on attainment of the above Strategic development objectives**

Below we provide the progress on attaining the stated objectives:

| <b>Program</b> | <b>Objective</b>                  | <b>Outcome</b>     | <b>Indicator</b>         | <b>Performance</b> |
|----------------|-----------------------------------|--------------------|--------------------------|--------------------|
|                | Enhance the legislative process   | <b>Bills, acts</b> | <b>Appropriation act</b> |                    |
|                | Improve on the oversight function | Committee reports  | Tabled committee report  |                    |

**Laikipia County Assembly Staff Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended June 30, 2022**

| <b>Program</b> | <b>Objective</b>   | <b>Outcome</b>                 | <b>Indicator</b>                                 | <b>Performance</b> |
|----------------|--|--------------------------------|--|--------------------|
|                | Enhance representation role of the members   | Public engagement with MCA     | 15 ward offices                                  |                    |
|                | Operationalization of effective management structures, system, policies and procedures | Effective service delivery     | ICT policies, organization structure             |                    |
|                | Build staff capacity   | Effective performance          | ICPAK, IHRM, LSK, KSG and other certificates     |                    |
|                | Provide appropriate and adequate office infrastructure and facilities                  | Effective service delivery     | Spacious Office spacerelocation                  |                    |
|                | Promote the use of IT integration approach to facilitate CAL business                  | Enhanced plenary performance   | E Parliament System                              |                    |
|                | Enhance the CAL public image through effective partnership and communication           | Minimal conflicts with public  | Public participation attendance list             |                    |
|                | Enhance financial planning for sustainable utilization of financial resources          | Proper utilization of finances | Submitted Quarterly, annual financial statements |                    |

## **Laikipia County Assembly Staff Car Loan and Mortgage Fund Annual Report and Financial Statements for the year ended June 30, 2022**

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### **7. Corporate Governance Statement**

The fund is managed by a management committee established through the regulations. The committee has the following functions as derived from the regulations

1. Process applications for loans in accordance with the existing terms and conditions of borrowing;
2. liaise with the mortgage company (if any) to set up a revolving fund for the disbursement of the loans; and
3. Supervise the day-to-day running of the Fund.

The management committee is not entitled to any form of remuneration but earns a sitting allowance for meetings attended.

The expenses of the fund are charged to the interest income earned on the loans advanced to members. The loans are advanced at an interest rate of 3% per annum.

**Laikipia County Assembly Staff Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended June 30, 2022**

**8. Management Discussion and Analysis**

The following staff benefited from fund for both car and mortgage by Year ended 30<sup>th</sup> June 2022

| <b>Member</b>             | <b>Car Loan</b> | <b>Mortgage</b> |
|---------------------------|-----------------|-----------------|
| Miriam Wanjiru            |                 | 4,100,000       |
| Grace Mwenda              |                 | 1,500,000       |
| Eunice Wamaitha Kinyanjui |                 | 500,000         |
| Caroline Gathua           |                 | 3,400,000       |
| Doris Nabik               |                 |                 |
| Juliana Wangui            |                 | 2,045,000       |
| Joaninah Ngatia           |                 | 450,000         |
| Eunice Kabui              |                 | 3,950,000       |
| Caroline Mithanga         |                 | 950,000         |
| Francis Mokerino          |                 |                 |
| John Ng'ethe Njuguna      |                 | 2,500,000       |
| Jacqueline Awour          |                 | 900,000         |
| Solomon Nongiso Lompopoki |                 | 1,650,000       |
| Ann Wangeci Githinji      |                 | 3,400,000       |
| Caroline Kimondo          |                 | 4,000,000       |

**Laikipia County Assembly Staff Car Loan and Mortgage Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

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|                  |                  |                   |
|------------------|------------------|-------------------|
| Michael Mwirigi  | 800,000          |                   |
| Francis Mokerino |                  | 4,350,000         |
| Dennis Wanderi   | 1,250,000        |                   |
| Irene Thiga      |                  | 4,000,000         |
| Martha Wambui    |                  | 900,000           |
| <b>Total</b>     | <b>2,050,000</b> | <b>35,195,000</b> |

# Laikipia County Assembly Staff Car Loan and Mortgage Fund Annual Report and Financial Statements for the year ended June 30, 2022

## 9. Environmental and Sustainability Reporting

Laikipia County assembly staff car and mortgage fund is a public funded revolving fund with no budget for corporate social responsibility

The fund exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on three pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

### 1. Sustainability strategy and profile -

The top management especially the accounting officer should make reference to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure.

### 2. Environmental performance

Outline clearly, environmental policy guiding the organisation, provide evidence of the policy. Outline successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organisation's products.

### 3. Employee welfare

Give account of the policies guiding the hiring process and whether they take into account the gender ratio, whether they take in stakeholder engagements and how often they are improved. Explain efforts made in improving skills and managing careers, appraisal and reward systems. The organisation should also disclose their policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA).

### 4. Market place practices-

The organisation should outline its efforts to:

#### a) Responsible competition practice.

Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors

#### b) Responsible Supply chain and supplier relations- explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.

#### c) Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices

#### d) Product stewardship- outline efforts to safeguard consumer rights and interests

### 5. Community Engagements-

Give evidence of community engagement including charitable giving (cash & material), Community Social Investment and any other forms of community

# **Laikipia County Assembly Staff Car Loan and Mortgage Fund Annual Report and Financial Statements for the year ended June 30, 2022**

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## **10. Report of the Trustees**

The management committee submits their report together with the audited financial statements for the Year ended 30<sup>th</sup> June 2022 which show the state of the Fund affairs.

### **10.1 Principal activities**

The principal activities of the Fund continue to be advancing of car loans and mortgage to members of the county assembly of Laikipia.

### **10.2 Performance**

The results of the Fund for the Year ended 30<sup>th</sup> June 2022 are set out on [page 19-25](#)

### **10.3 Trustees**

The members of the management committee who served during the year are shown on page 5-6. This is the committee that came into office at the commencement of the second assembly in line with the regulations

### **10.4 Auditors**

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the Year ended 30<sup>th</sup> June 2022

By Order of the Board.



**CPA Francis Ndiritu Kimondo**

**Fund Administrator**

Date: 13/02/2023

**11. Statement of Management's Responsibilities**

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by Public Finance management Act 2012 (Laikipia County Assembly Mortgage Members scheme fund regulations 2014)) shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

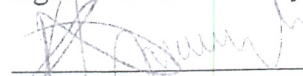
The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the Year ended 30<sup>th</sup> June 2022. This responsibility includes: (i)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

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Public Finance management Act 2012 (Laikipia County Assembly Mortgage Members scheme fund regulations 2014). 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 Year ended 30<sup>th</sup> June 2022, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

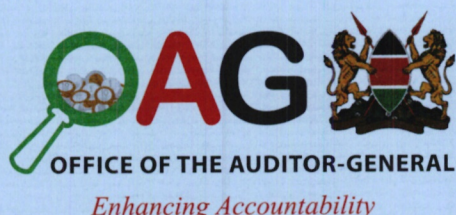
**Approval of the financial statements**

The Fund's financial statements were approved by the Board on 12/02 2023 and signed on its behalf by:

  
\_\_\_\_\_  
Fund Administrator

# REPUBLIC OF KENYA

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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 COUNTY ASSEMBLY OF LAIKIPIA CAR LOAN AND MORTGAGE (STAFF) SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2022

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Adverse Opinion

I have audited the accompanying financial statements of County Assembly of Laikipia Car Loan and Mortgage (Staff) Scheme Fund set out on pages 1 to 37, which comprise of

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*Report of the Auditor-General on County Assembly of Laikipia Car Loan and Mortgage (Staff) Scheme Fund for the year ended 30 June, 2022*

the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of County Assembly of Laikipia Car Loan and Mortgage (Staff) Scheme Fund as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Public Finance Management Act, 2012.

## **Basis for Adverse Opinion**

### **1. Inappropriate Presentation of Financial Statements**

As previously reported, the financial statements provided for audit review refers to County Assembly of Laikipia Car Loan and Mortgage (Staff) Scheme Fund. However, the enabling legislation requires that the County Assembly to operate two separate Funds; Laikipia County Assembly Mortgage (Staff) Scheme Fund and Laikipia County Assembly Car loan (Staff) Scheme Fund. The Management had combined the financial statements of the two legally separate Funds contrary to the requirement of Regulation 18(1)(d) of the Public Finance Management (Laikipia County Assembly Mortgage (Staff) Scheme Fund Regulations, 2016 and Regulation 17(1)(d) of the Public Finance Management (Laikipia County Assembly Car loan (Staff) Scheme Fund) Regulations, 2016.

In the circumstances, the financial statements presented did not comply with the reporting standards.

### **2. Unsupported Borrowings**

The statement of financial position reflects trade and other payables from exchange transactions amount of Kshs.18,340,000 and as disclosed in Note 18 which relates to borrowings. However, the approval, policy, guidelines on the borrowing and buildup of the borrowings were not provided for audit review.

In the circumstances, the accuracy and completeness of the borrowings balance of Kshs.18,340,000 as at 30 June, 2022 could not be confirmed.

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

## **Key Audit Matters**

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

## **Other Matter**

### **Unresolved Prior Year Issues**

In the report of the previous year, several issues were raised under Report on the Financial Statements. However, although the Management had indicated that some were resolved, the matters remained unresolved as the Senate and County Assembly are yet to deliberate on the Report for 2020/2021.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, based on the audit procedures performed, I confirm 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, based on the audit procedures performed, I confirm 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 requires that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **Responsibilities of Management and those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance 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 governance.

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

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

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

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

### **Auditor-General's Responsibilities for the Audit**

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

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

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


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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue 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

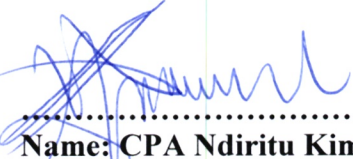
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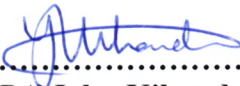
20 April, 2023

**Laikipia County Assembly Staff Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended June 30, 2022**

**13. Statement of Financial Performance for the Year Ended 30<sup>th</sup> June 2022**

|   | Note | 2021-2022         | 2020-2021         |
|---|------|-------------------|-------------------|
|   |      | Kshs              | Kshs              |
| <b>Revenue From Non-Exchange Transactions</b> |      |                   |                   |
| Public Contributions and Donations            | 1    | -                 | -                 |
| Transfers From the County Government          | 2    | 24,481,024        | 15,000,000        |
| Fines, Penalties and Other Levies             | 3    | -                 | -                 |
|   |      | -                 | -                 |
| <b>Revenue From Exchange Transactions</b>     |      |                   |                   |
| Interest Income                               | 4    | 3,351,031         | 2,360,473         |
| Other Income                                  | 5    | -                 | -                 |
|   |      | -                 | -                 |
| <b>Total Revenue</b>                          |      | <b>27,832,055</b> | <b>17,360,473</b> |
| <b>Expenses</b>                               |      |                   |                   |
| Employee Costs                                | 6    | -                 | -                 |
| Use of goods and services                     | 7    | 522,905           | -                 |
| Depreciation and Amortization Expense         |      | -                 | -                 |
| Finance Costs                                 | 9    |                   | 10,603            |
| <b>Total Expenses</b>                         |      | <b>522,905</b>    | <b>10,603</b>     |
| <b>Other Gains/Losses</b>                     |      |                   |                   |
| Gain/Loss on Disposal of Assets               | 10   | -                 | -                 |
| <b>Surplus/(Deficit)for the Period</b>        |      | <b>27,309,150</b> | <b>17,349,870</b> |

  
 Name: CPA Ndiritu Kimondo  
 Fund Administrator  
 ICPAK 16861

  
 Name: CPA John Kihanda  
 Fund Accountant  
 ICPAK 7899

**Laikipia County Assembly Staff Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended June 30, 2022**

**14. Statement of Financial Position as at 30 June 2022**

|  | Note | 2021-2022          | 2020-2021          |
|--|------|--------------------|--------------------|
|  |      | Kshs               | Kshs               |
| <b>Assets</b>  |      |                    |                    |
| <b>Current Assets</b>  |      |                    |                    |
| Cash and Cash Equivalents  | 11   | 2,641,835          | 13,613,186         |
| Current Portion of Long- Term Receivables From Exchange Transactions | 12   | 1,047,180          | 784,274            |
| Receivable   | 12   | 11,720,141         |                    |
| Inventories  | 14   |                    |                    |
|  |      |                    |                    |
| <b>Non-Current Assets</b>  |      |                    |                    |
| Property, Plant and Equipment  | 15   |                    |                    |
| Intangible Assets  | 16   |                    |                    |
| Long Term Receivables from Exchange Transactions                     | 12   | 129,300,201        | 99,113,751         |
|  |      |                    |                    |
| <b>Total Assets</b>  |      | <b>144,709,357</b> | <b>113,511,211</b> |
| <b>Liabilities</b>   |      |                    |                    |
| <b>Current Liabilities</b>   |      |                    |                    |
| Trade and Other Payables from Exchange Transactions                  | 19   | 18,340,000         | 18,000,000         |
| Provisions   | 18   |                    |                    |
| Current Portion of Borrowings  | 19   |                    |                    |
| Employee Benefit Obligations   | 20   |                    |                    |
|  |      |                    |                    |
| <b>Non-Current Liabilities</b>                                       |      |                    |                    |
| Non-Current Employee Benefit Obligation                              | 20   |                    |                    |
| Long Term Portion of Borrowings                                      | 19   |                    |                    |
| <b>Total Liabilities</b>   |      | <b>18,340,000</b>  | <b>18,000,000</b>  |
|  |      |                    |                    |
| <b>Net Assets</b>  |      | <b>126,369,357</b> | <b>95,511,211</b>  |
| Revolving Fund   |      | 78,161,341         | 78,161,341         |
| Reserves   |      |                    |                    |
| Accumulated Surplus  |      | 48,207,986         | 17,349,870         |
| <b>Total Net Assets and Liabilities</b>                              |      | <b>126,369,357</b> | <b>95,511,211</b>  |

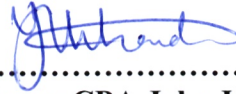
**Laikipia County Assembly Staff Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended June 30, 2022**

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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 12/02 2023 and signed by:



.....  
**Name: CPA Ndiritu Kimondo**  
**Fund Administrator**  
**ICPAK 16861**



.....  
**Name: CPA John Kihanda**  
**Fund Accountant**  
**ICPAK 7899**

**Laikipia County Assembly Staff Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended June 30, 2022**

**15. Statement of Changes in Net Assets for the year ended 30<sup>th</sup> June 2022**

|  | <b>Revolving Fund</b> | <b>Revaluation Reserve</b> | <b>Accumulated surplus</b> | <b>Total</b>       |
|--|-----------------------|----------------------------|----------------------------|--------------------|
|  |                       | <b>Kshs</b>                | <b>Kshs</b>                | <b>Kshs</b>        |
| <b>Balance As At 1 July 2020</b>               | 78,161,341            |                            |                            | 78,161,341         |
| Surplus/(Deficit) For the Period               |                       |                            | 17,349,870                 | 17,349,870         |
| Funds Received During the Year                 |                       |                            |                            |                    |
| Transfers                                      |                       |                            |                            |                    |
| Revaluation Gain                               |                       |                            |                            |                    |
| <b>Balance As At 30 June 2021</b>              | <b>78,161,341</b>     |                            | <b>17,349,870</b>          | <b>95,511,211</b>  |
|  |                       |                            |                            |                    |
| <b>Balance As At 1 July 2021</b>               | <b>78,161,341</b>     |                            | <b>17,349,870</b>          | <b>95,511,211</b>  |
| Surplus/(Deficit) For the Period               |                       |                            | 27,309,150                 | 27,309,150         |
| Prior Year adjustment                          |                       |                            | 3,548,966                  | 3,548,996          |
| Funds Received During the Year                 |                       |                            |                            |                    |
| Transfers                                      |                       |                            |                            |                    |
| Revaluation Gain                               |                       |                            |                            |                    |
| <b>Balance As At 30<sup>th</sup> June 2022</b> | <b>78,161,341</b>     |                            | <b>48,207,986</b>          | <b>126,369,357</b> |



.....  
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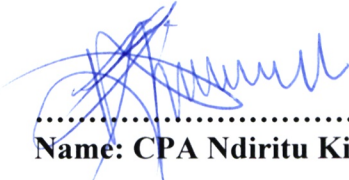
**Laikipia County Assembly Staff Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended June 30, 2022**

**16. Statement of Cash Flows for the Year Ended 30 June 2022**

|  | Note | 2021-2022           | 2020-2021           |
|--|------|---------------------|---------------------|
|  |      | Kshs                | Kshs                |
| <b>Cash flows from operating activities</b>                  |      |                     |                     |
| <b>Receipts</b>  |      |                     |                     |
| Public contributions and donations                           |      |                     |                     |
| Transfers from the county government                         |      | 16,760,883          | 15,000,000          |
| Interest received  |      | 3,283,700           | 2,332,665           |
| Receipts from other operating activities                     |      |                     |                     |
| <b>Total receipts</b>  |      | <b>20,044,583</b>   | <b>17,332,665</b>   |
| <b>Payments</b>  |      |                     |                     |
| Fund administration expenses                                 |      |                     |                     |
| General expenses   |      | 506,864             |                     |
| Finance cost   |      | 16,041              | 10,603              |
| Total payments   |      | <b>522,905</b>      | <b>10,603</b>       |
|  |      |                     |                     |
| <b>Net cash flows from operating activities</b>              | 21   | <b>19,521,678</b>   | <b>17,322,062</b>   |
|  |      |                     |                     |
| <b>Cash flows from investing activities</b>                  |      |                     |                     |
| Purchase of property, plant, equipment and Intangible assets |      |                     |                     |
| Proceeds from sale of property, plant& equipment             |      |                     |                     |
| Proceeds from loan principal repayments                      |      | 8,279,034           | 5,173,769           |
| Loan disbursements paid out                                  |      | (42,361,460)        | (23,400,000)        |
| <b>Net cash flows used in investing activities</b>           |      | <b>(34,082,426)</b> | <b>(18,226,231)</b> |
|  |      |                     |                     |
| <b>Cash flows from financing activities</b>                  |      |                     |                     |
| Proceeds from revolving fund receipts                        |      |                     |                     |
| Additional borrowings  |      |                     | 18,000,000          |
| Repayment of borrowings                                      |      |                     |                     |
| <b>Net cash flows used in financing activities</b>           |      |                     | <b>18,000,000</b>   |
| <b>Net increase/(decrease)in cash &amp;cash Equivalents</b>  |      | <b>(14,560,748)</b> | <b>17,095,831</b>   |
| Cash and cash equivalents at 1ST July                        | 11   | 17,202,583          | 106,752             |
| <b>Cash and cash equivalent as at 30 June</b>                | 11   | <b>2,641,835</b>    | <b>17,202,583</b>   |

**Laikipia County Assembly Staff Car Loan and Mortgage Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

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.....  
**Name: CPA Ndiritu Kimondo**  
**Fund Administrator**  
**ICPAK 16861**



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**Name: CPA John Kihanda**  
**Fund Accountant**  
**ICPAK 7899**

**Laikipia County Assembly Staff Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended June 30, 2022**

**17. Statement of Comparison of Budget And Actual Amounts For Year ended 30<sup>th</sup>  
June 2022**

|                                    | <b>Original<br/>budget</b> | <b>Adjustments</b> | <b>Final<br/>budget</b> | <b>Actual<br/>on<br/>compara<br/>ble basis</b> | <b>Perfor<br/>mance<br/>differen<br/>ce</b> | <b>%<br/>Utilizat<br/>ion</b> |
|------------------------------------|----------------------------|--------------------|-------------------------|--|---|-------------------------------|
|                                    | <b>2022</b>                | <b>2022</b>        | <b>2022</b>             | <b>2022</b>                                    | <b>2022</b>                                 | <b>2022</b>                   |
| <b>Revenue</b>                     | <b>Kshs</b>                | <b>Kshs</b>        | <b>Kshs</b>             | <b>Kshs</b>                                    | <b>Kshs</b>                                 |                               |
| Public Contributions And Donations |                            |                    |                         |  |   |                               |
| Transfers From County Govt.        |                            |                    |                         |  |   |                               |
| Interest Income                    | 4,000,000                  |                    | 4,000,000               | 3,351,031                                      | 648,969                                     | 83.8%                         |
| Other Income                       |                            |                    |                         |  |   |                               |
| <b>Total Income</b>                | <b>4,000,000</b>           |                    | <b>4,000,000</b>        | <b>3,351,031</b>                               | <b>648,969</b>                              | <b>83.8%</b>                  |
| <b>Expenses</b>                    |                            |                    |                         |  |   |                               |
| Fund Administration Expenses       |                            |                    |                         |  |   |                               |
| General Expenses                   | 650,000                    |                    | 650,000                 | 522,905  | 77,095                                      | 80.4%                         |
| Finance Cost                       |                            |                    |                         |  |   |                               |
| <b>Total Expenditure</b>           | <b>650,000</b>             |                    | <b>650,000</b>          | <b>522,905</b>                                 | <b>77,095</b>                               | <b>80.4%</b>                  |
| <b>Surplus For The Period</b>      | <b>3,350,000</b>           |                    | <b>3,350,000</b>        | <b>2,828,126</b>                               | <b>571,874</b>                              | <b>84.4%</b>                  |

**Laikipia County Assembly Staff Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended June 30, 2022**

**18. Notes to the Financial Statements**

**1. General Information**

Laikipia County Assembly Fund is established by and derives its authority and accountability from Public Finance Management Act 2012. The entity is wholly owned by the Laikipia County Government and is domiciled in Kenya. The entity's principal activity is advancing car and mortgages to members of staff.

**2. Statement of compliance and basis of preparation**

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

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

**3. Adoption of new and revised standards**

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

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

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

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

**Laikipia County Assembly Staff Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended June 30, 2022**

| Standard  | Effective date and impact:   |
|---|--|
|   | <ul style="list-style-type: none"> <li>• 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;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• 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.</li> </ul>                                  |
| <p><b>IPSAS 42: Social Benefits</b></p>   | <p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the Entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</li> </ul> |
| <p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p> | <p><b>Applicable: 1st January 2023:</b></p> <ul style="list-style-type: none"> <li>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.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> </ul>   |

**Laikipia County Assembly Staff Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended June 30, 2022**

| Standard                                       | Effective date and impact:   |
|--|--|
|  | <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><b><i>Applicable 1<sup>st</sup> January 2023</i></b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b></li> </ul> <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</p> |
| IPSAS 43                                       | <p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>  |
| IPSAS 44: Non-Current Assets Held for Sale and | <p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The Standard requires,</p>  |

**Laikipia County Assembly Staff Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended June 30, 2022**

| <b>Standard</b>         | <b>Effective date and impact:</b>  |
|-------------------------|--|
| Discontinued Operations | Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:<br><br>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. |

**(iii) Early adoption of standards**

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

**Laikipia County Assembly Staff Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended June 30, 2022**

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**1. Significant Accounting Policies**

**a) Revenue recognition**

**i. Revenue from non-exchange transactions**

Transfers from other government entities

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

**ii. Revenue from exchange transactions**

***Interest income***

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

**b) Budget information**

The original budget for FY 2021-2022 was approved by the County Assembly on x. 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 on the FY 2021-2022 budget following the governing body's approval.

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

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

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

**Laikipia County Assembly Staff Car Loan and Mortgage Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

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***Summary Of Significant Accounting Policies (Continued)***

**c) Property, plant and equipment**

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

**d) Intangible Assets**

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

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

**e) 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.

## **Laikipia County Assembly Staff Car Loan and Mortgage Fund Annual Report and Financial Statements for the year ended June 30, 2022**

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

#### ***Financial liabilities***

##### ***Initial recognition and measurement***

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

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

##### ***Loans and borrowing***

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

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

**Laikipia County Assembly Staff Car Loan and Mortgage Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

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***Summary Of Significant Accounting Policies (Continued)***

**f) 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.

**g) 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.

**Laikipia County Assembly Staff Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended June 30, 2022**

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***Summary Of Significant Accounting Policies (Continued)***

***Contingent assets***

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

**h) 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.

**i) 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.

**j) 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.

**Laikipia County Assembly Staff Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended June 30, 2022**

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***Summary Of Significant Accounting Policies (Continued)***

**k) 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.

**l) 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.

**m) 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.

**n) Comparative figures**

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

**o) Events after the reporting period**

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

**p) Ultimate and Holding Entity**

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

**q) Currency**

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

**Laikipia County Assembly Staff Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended June 30, 2022**

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***Summary Of Significant Accounting Policies (Continued)***

**5. Significant judgments and sources of estimation uncertainty**

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

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

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

**b) Useful lives and residual values**

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

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

**c) Provisions**

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

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

**Laikipia County Assembly Staff Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended June 30, 2022**

**6. Notes to the Financial Statements**

**1. Public contributions and donations**

| <b>Description</b>                 | <b>2021-2022</b> | <b>2020-2021</b> |
|------------------------------------|------------------|------------------|
|                                    | <b>Kshs</b>      | <b>Kshs</b>      |
| Donation From Development Partners |                  |                  |
| Contributions From The Public      |                  |                  |
| <b>Total</b>                       |                  |                  |

*(Provide brief explanation for this revenue)*

**2. Transfers from County Government**

| <b>Description</b>                         | <b>2021-2022</b>  | <b>2020-2021</b>  |
|--|-------------------|-------------------|
|  | <b>Kshs</b>       | <b>Kshs</b>       |
| Transfers From County Govt. –Operations    | 24,481,024        | 15,000,000        |
| Payments By County On Behalf Of The Entity |                   |                   |
| <b>Total</b>                               | <b>24,481,024</b> | <b>15,000,000</b> |

**3. Fines, penalties and other levies**

| <b>Description</b>     | <b>2021-2022</b> | <b>2020-2021</b> |
|------------------------|------------------|------------------|
|                        | <b>Kshs</b>      | <b>Kshs</b>      |
| Late Payment Penalties |                  |                  |
| Fines                  |                  |                  |
| <b>Total</b>           |                  |                  |

*(Provide brief explanation for this revenue)*

**4. Interest income**

| <b>Description</b>                  | <b>2021-2022</b> | <b>2020-2021</b> |
|-------------------------------------|------------------|------------------|
|                                     | <b>Kshs</b>      | <b>Kshs</b>      |
| Interest Income From Mortgage Loans | 3,351,031        | 2,360,473        |
| Interest Income From Car Loans      |                  |                  |
| Interest Income From Investments    |                  |                  |
| Interest Income On Bank Deposits    |                  |                  |
| <b>Total Interest Income</b>        | <b>3,351,031</b> | <b>2,360,473</b> |

*(Provide brief explanation for this revenue)*

**Laikipia County Assembly Staff Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended June 30, 2022**

**Notes to the Financial Statements Continued**

**5. Other income**

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

*(NB: All income should be classified as far as possible in the relevant classes and other income should be used to recognise income not elsewhere classified).*

**6. Employee Costs**

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

**7. Use of Goods and Services**

| <b>Description</b>             | <b>2021/22</b> | <b>2020/21</b> |
|--------------------------------|----------------|----------------|
|                                | <b>Kshs.</b>   | <b>Kshs.</b>   |
| General Office Expenses        |                |                |
| Loan Processing Costs          |                |                |
| Professional Services Costs    |                |                |
| Administration Fees            | 165,200        |                |
| Committee Allowances           |                |                |
| Bank Charges                   |                |                |
| Electricity And Water Expenses |                |                |
| Fuel And Oil Costs             |                |                |
| Insurance Costs                | 341,664        |                |
| Postage And Courier            |                |                |
| Printing And Stationery        |                |                |

**Laikipia County Assembly Staff Car Loan and Mortgage Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

| <b>Description</b>                   | <b>2021/22</b> | <b>2020/21</b> |
|--------------------------------------|----------------|----------------|
|                                      | <b>Kshs.</b>   | <b>Kshs.</b>   |
| Rental Costs                         |                |                |
| Security Costs                       |                |                |
| Telephone And Communication Expenses |                |                |
| Bank Charges                         | 16,041         | 10,603         |
| Audit Fees                           |                |                |
| Provision For Doubtful Debts         |                |                |
| Other ( <i>Specify</i> )             |                |                |
| <b>Total</b>                         | <b>522,905</b> | <b>10,603</b>  |

**8. Depreciation and Amortization Expense**

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

**9. Finance costs**

| <b>Description</b>           | <b>2021-2022</b> | <b>2020-2021</b> |
|------------------------------|------------------|------------------|
|                              | <b>Kshs</b>      | <b>Kshs</b>      |
| Interest On Bank Overdrafts  |                  |                  |
| Interest On Loans From Banks |                  |                  |
| <b>Total</b>                 |                  |                  |

**10. Gain/(loss) on disposal of assets**

| <b>Description</b>            | <b>2021-2022</b> | <b>2020-2021</b> |
|-------------------------------|------------------|------------------|
|                               | <b>Kshs</b>      | <b>Kshs</b>      |
| Property, Plant And Equipment |                  |                  |
| Intangible Assets             |                  |                  |
| <b>Total</b>                  |                  |                  |

**Laikipia County Assembly Staff Car Loan and Mortgage Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

**Notes to the Financial Statements Continued**

**11. Cash and cash equivalents**

| <b>Description</b>                                   | <b>2021-2022</b> | <b>2020-2021</b>  |
|--|------------------|-------------------|
|  | <b>Kshs</b>      | <b>Kshs</b>       |
| Laikipia County Assembly Car Loan & Mortgage Account | 2,641,835        |                   |
| Fixed Deposits Account                               |                  |                   |
| On – Call Deposits                                   |                  |                   |
| Current Account                                      |                  | 13,613,186        |
| Others   |                  |                   |
| <b>Total Cash And Cash Equivalents</b>               | <b>2,641,835</b> | <b>13,613,186</b> |

*(The amount should agree with the closing and opening balances as included in the statement of cash flows)*

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

|                                  |                       | <b>2021-2022</b> | <b>2020-2021</b>  |
|----------------------------------|-----------------------|------------------|-------------------|
| <b>Financial Institution</b>     | <b>Account number</b> | <b>Kshs</b>      | <b>13,613,186</b> |
| <b>a) Fixed Deposits Account</b> |                       |                  |                   |
| Kenya Commercial Bank            | 1206476923            | 2,641,835        | 13,613,186        |
| Equity Bank, Etc.                |                       |                  |                   |
| <b>Sub- Total</b>                |                       | <b>2,641,835</b> | <b>13,613,186</b> |
|                                  |                       |                  |                   |
| <b>b) On - Call Deposits</b>     |                       |                  |                   |
| Kenya Commercial Bank            |                       |                  |                   |
| Equity Bank - Etc.               |                       |                  |                   |
| <b>Sub- Total</b>                |                       |                  |                   |
|                                  |                       |                  |                   |
| <b>c) Current Account</b>        |                       |                  |                   |
| Kenya Commercial Bank            |                       |                  |                   |
| Bank B                           |                       |                  |                   |
| <b>Sub- Total</b>                |                       |                  |                   |
|                                  |                       |                  |                   |
| <b>d) Others(Specify)</b>        |                       |                  |                   |
| Cash In Transit                  |                       |                  |                   |
| Cash In Hand                     |                       |                  |                   |
| <b>Sub- Total</b>                |                       |                  |                   |
| <b>Grand Total</b>               |                       | <b>2,641,835</b> | <b>13,613,186</b> |

**Laikipia County Assembly Staff Car Loan and Mortgage Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

**12. Receivables from exchange transactions**

| <b>Description</b>                                  | <b>2021-2022</b>   | <b>2020-2021</b>  |
|---|--------------------|-------------------|
|   | <b>Kshs</b>        | <b>Kshs</b>       |
| <b>Current Receivables</b>                          |                    |                   |
| Interest Receivable                                 | 307,225            | 231,163           |
| Current Loan Repayments Due                         | 739,955            | 553,111           |
| Other Exchange Debtors                              | 11,720,141         |                   |
| Less: Impairment Allowance                          |                    |                   |
| <b>Total Current Receivables</b>                    | <b>12,767,321</b>  | <b>784,274</b>    |
| <b>Non-Current Receivables</b>                      |                    |                   |
| Long Term Loan Repayments Due                       | 129,300,201        | 99,113,751        |
| <b>Total Non- Current Receivables</b>               | <b>129,300,201</b> | <b>99,113,751</b> |
| <b>Total Receivables From Exchange Transactions</b> | <b>142,067,522</b> | <b>99,898,025</b> |

**Additional disclosure on interest receivable**

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

**13. Prepayments**

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

**Laikipia County Assembly Staff Car Loan and Mortgage Fund  
Annual Report and Financial Statements for the year ended June 30, 2022**

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**14. Inventories**

| <b>Description</b>   | <b>2021-2022</b> | <b>2020-2021</b> |
|--|------------------|------------------|
|  | <b>Kshs</b>      | <b>Kshs</b>      |
| Consumable Stores  |                  |                  |
| Spare Parts And Meters   |                  |                  |
| Catering   |                  |                  |
| Other Inventories (Specify)  |                  |                  |
| <b>Total Inventories at the Lower Of Cost And Net Realizable Value</b> |                  |                  |

**Laikipia County Assembly Staff Car Loan and Mortgage Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

**Notes To The Financial Statements (Continued)**

**15. Property, plant and equipment**

|                                     | <b>Land and Buildings</b> | <b>Motor vehicles</b> | <b>Furniture and fittings</b> | <b>Computers and office equipment</b> | <b>Total</b> |
|-------------------------------------|---------------------------|-----------------------|-------------------------------|---------------------------------------|--------------|
| <b>Cost</b>                         | <b>Kshs</b>               | <b>Kshs</b>           | <b>Kshs</b>                   | <b>Kshs</b>                           | <b>Kshs</b>  |
| <b>At 1<sup>st</sup> July 2020</b>  | -                         | -                     | -                             | -                                     | -            |
| Additions                           | -                         | -                     | -                             | -                                     | -            |
| Disposals                           | -                         | -                     | -                             | -                                     | -            |
| Transfers/Adjustments               | -                         | -                     | -                             | -                                     | -            |
| <b>At 30<sup>th</sup> June 2021</b> | -                         | -                     | -                             | -                                     | -            |
| <b>At 1<sup>st</sup> July 2021</b>  | -                         | -                     | -                             | -                                     | -            |
| Additions                           | -                         | -                     | -                             | -                                     | -            |
| Disposals                           | -                         | -                     | -                             | -                                     | -            |
| Transfer/Adjustments                | -                         | -                     | -                             | -                                     | -            |
| <b>At 30<sup>th</sup> June 2022</b> | -                         | -                     | -                             | -                                     | -            |
| <b>Depreciation And Impairment</b>  | -                         | -                     | -                             | -                                     | -            |
| At 1 <sup>st</sup> July 2020        | -                         | -                     | -                             | -                                     | -            |
| Depreciation                        | -                         | -                     | -                             | -                                     | -            |
| Impairment                          | -                         | -                     | -                             | -                                     | -            |
| <b>At 30<sup>th</sup> June 2021</b> | -                         | -                     | -                             | -                                     | -            |
| <b>At 1<sup>st</sup> July 2021</b>  | -                         | -                     | -                             | -                                     | -            |
| Depreciation                        | -                         | -                     | -                             | -                                     | -            |
| Disposals                           | -                         | -                     | -                             | -                                     | -            |
| Impairment                          | -                         | -                     | -                             | -                                     | -            |

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|                                     | <b>Land and Buildings</b> | <b>Motor vehicles</b> | <b>Furniture and fittings</b> | <b>Computers and office equipment</b> | <b>Total</b> |
|-------------------------------------|---------------------------|-----------------------|-------------------------------|---------------------------------------|--------------|
| <b>Cost</b>                         | <b>Kshs</b>               | <b>Kshs</b>           | <b>Kshs</b>                   | <b>Kshs</b>                           | <b>Kshs</b>  |
| Transfer/Adjustment                 | -                         | -                     | -                             | -                                     | -            |
| <b>At 30<sup>th</sup> June 2022</b> | -                         | -                     | -                             | -                                     | -            |
| <b>Net Book Values</b>              | -                         | -                     | -                             | -                                     | -            |
| <b>At 30<sup>th</sup> June 2021</b> | -                         | -                     | -                             | -                                     | -            |
| <b>At 30<sup>th</sup> June 2022</b> | -                         | -                     | -                             | -                                     | -            |

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**Notes To The Financial Statements (Continued)**

**16. Intangible assets**

| Description                        | 2021-2022 | 2020-2021 |
|------------------------------------|-----------|-----------|
|                                    | Kshs      | Kshs      |
| <b>Cost</b>                        |           |           |
| <b>At Beginning Of The Year</b>    |           |           |
| Additions                          |           |           |
| <b>At End Of The Year</b>          |           |           |
| <b>Amortization And Impairment</b> |           |           |
| <b>At Beginning Of The Year</b>    |           |           |
| Amortization                       |           |           |
| <b>At End Of The Year</b>          |           |           |
| Impairment Loss                    |           |           |
| <b>At End Of The Year</b>          |           |           |
| <b>NBV</b>                         |           |           |

**17. Trade and other payables from exchange transactions**

| Description                           | 2021-2022 | 2020-2021 |
|---------------------------------------|-----------|-----------|
|                                       | Kshs      | Kshs      |
| Trade Payables                        |           |           |
| Refundable Deposits                   |           |           |
| Accrued Expenses                      |           |           |
| Other Payables                        |           |           |
| <b>Total Trade And Other Payables</b> |           |           |

**18. Provisions**

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

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**Notes to the Financial Statements (Continued)**

**19. Borrowings**

| <b>Description</b>                                  | <b>2021-2022</b>  | <b>2020-2021</b>  |
|---|-------------------|-------------------|
|   | <b>Kshs</b>       | <b>Kshs</b>       |
| <b>Balance At Beginning of The Period</b>           | 18,340,000        |                   |
| External Borrowings During the Year                 |                   |                   |
| Domestic Borrowings During the Year                 |                   | 18,000,000        |
| Repayments Of External Borrowings During the Period |                   |                   |
| Repayments Of Domestic Borrowings During the Period |                   |                   |
| <b>Balance At End of The Period</b>                 | <b>18,340,000</b> | <b>18,000,000</b> |

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

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

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

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

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**Notes to the Financial Statements (Continued)**

**20. Employee benefit obligations**

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

**21. Cash generated from operations**

|   | <b>2021-2022</b>  | <b>2020-2021</b>  |
|---|-------------------|-------------------|
|   | <b>Kshs</b>       | <b>Kshs</b>       |
| <b>Surplus/ (Deficit) For the Year Before Tax</b> |                   |                   |
| <b>Adjusted For:</b>                              |                   |                   |
| Depreciation                                      |                   |                   |
| Amortisation                                      |                   |                   |
| Gains/ Losses On Disposal of Assets               |                   |                   |
| Interest Income                                   | 3,283,700         | 2,332,665         |
| Finance Cost                                      | -16,041           | -10,603           |
| <b>Working Capital Adjustments</b>                |                   |                   |
| Increase In Inventory                             |                   |                   |
| Increase In Receivables                           | 16,760,883        | 15,000,000        |
| Increase In Payables                              | -506,864          |                   |
| <b>Net Cash Flow From Operating Activities</b>    | <b>19,521,678</b> | <b>17,322,062</b> |

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**Other Disclosures**

**22. Related party balances**

**a) Nature of related party relationships**

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

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

**b) Related party transactions**

|                                | <b>2021-2022</b> | <b>2020-2021</b> |
|--------------------------------|------------------|------------------|
|                                | <b>Kshs</b>      | <b>Kshs</b>      |
| Transfers From County Assembly |                  | 18,245,000       |
| Transfers To Related Parties   |                  |                  |

**c) Key management remuneration**

|                             | <b>2021-2022</b> | <b>2020-2021</b> |
|-----------------------------|------------------|------------------|
|                             | <b>Kshs</b>      | <b>Kshs</b>      |
| Board Of Trustees           | -                | -                |
| Key Management Compensation | -                | -                |
| <b>Total</b>                | <b>-</b>         | <b>-</b>         |

**d) Due from related parties**

|                            | <b>2021-2022</b> | <b>2020-2021</b> |
|----------------------------|------------------|------------------|
|                            | <b>Kshs</b>      | <b>Kshs</b>      |
| Due From Parent Ministry   | -                | -                |
| Due From County Government | -                | -                |
| <b>Total</b>               | <b>-</b>         | <b>-</b>         |

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**Other Disclosures Continued**

**e) Due to related parties**

|                                 | <b>2021-2022</b> | <b>2020-2021</b> |
|---------------------------------|------------------|------------------|
|                                 | <b>Kshs</b>      | <b>Kshs</b>      |
| Due To Parent Ministry          | -                | -                |
| Due To County Government        | -                | -                |
| Due To Key Management Personnel | -                | -                |
| <b>Total</b>                    | -                | -                |

**23. Contingent assets and contingent liabilities**

| <b>Contingent Liabilities</b> | <b>2021-2022</b> | <b>2020-2021</b> |
|-------------------------------|------------------|------------------|
|                               | <b>Kshs</b>      | <b>Kshs</b>      |
| Court Case Against The Fund   | -                | -                |
| Bank Guarantees               | -                | -                |
| <b>Total</b>                  | -                | -                |

*(Give details)*

**24. Prior year adjustment**

| <b>Year</b> | <b>Bal b/d</b> | <b>Funds received</b> | <b>Surplus</b> | <b>Total</b> |
|-------------|----------------|-----------------------|----------------|--------------|
| 2017-2018   | 0              | 34,033,482            | 140,624        | 34,174,106   |
| 2018-2019   | 34,174,106     | 15,000,000            | 826,106        | 50,000,212   |
| 2019-2020   | 50,000,212     | 30,000,000            | 1,699,987      | 81,700,199   |
| 2020-2021   | 81,700,199     | 15,000,000            | 2,359,978      | 99,060,177   |
| 2021-2022   | 99,060,177     | 24,481,024            | 2,828,126      | 126,369,357  |

The prior year adjustment figure of Ksh 3,548,996 in the Statement of Changes in Net Assets is the difference between the actual figure of Ksh 99,060,177 and the reported figure of Ksh 95,511,211 in the financial year 2020-2021

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**Other Disclosures Continued**

**25. 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:

|  | <b>Total amount<br/>Kshs</b> | <b>Fully performing<br/>Kshs</b> | <b>Past due<br/>Kshs</b> | <b>Impaired<br/>Kshs</b> |
|--|------------------------------|----------------------------------|--------------------------|--------------------------|
| <b>At 30 June 2022</b>                     |                              |                                  |                          |                          |
| Receivables From Exchange Transactions     | -                            | -                                | -                        | -                        |
| Receivables From Non-Exchange Transactions | -                            | -                                | -                        | -                        |
| Bank Balances                              | -                            | -                                | -                        | -                        |
| <b>Total</b>                               | -                            | -                                | -                        | -                        |
| <b>At 30 June 2021</b>                     | -                            | -                                | -                        | -                        |
| Receivables From Exchange Transactions     | -                            | -                                | -                        | -                        |
| Receivables From Non Exchange Transactions | -                            | -                                | -                        | -                        |

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|               |   |   |   |   |
|---------------|---|---|---|---|
| Bank Balances | - | - | - | - |
| <b>Total</b>  | - | - | - | - |

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

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 fromx

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.

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

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|              |   |   |   |   |
|--------------|---|---|---|---|
| <b>Total</b> | - | - | - | - |
|--------------|---|---|---|---|

**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:

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

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

**Foreign currency sensitivity analysis**

The following table demonstrates the effect on the Fund's statement of financial performance on applying the sensitivity for a reasonable possible change in the exchange 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.

|             | <b>Change in<br/>currency rate</b> | <b>Effect on surplus/<br/>deficit</b> | <b>Effect on<br/>equity</b> |
|-------------|------------------------------------|---------------------------------------|-----------------------------|
|             | <b>Kshs</b>                        | <b>Kshs</b>                           | <b>Kshs</b>                 |
| <b>2022</b> |                                    |                                       |                             |
| Euro        | 10%                                | -                                     | -                           |
| USD         | 10%                                | -                                     | -                           |
| <b>2021</b> |                                    |                                       |                             |
| 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

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one percentage point as a decrease/increase of KShs (2022: KShs ). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs (2021 – KShs )

**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:

|   | <b>2021-2022</b> | <b>2020-2021</b> |
|---|------------------|------------------|
|   | <b>Kshs</b>      | <b>Kshs</b>      |
| Revaluation reserve                         | -                | -                |
| Revolving fund                              | -                | -                |
| Accumulated surplus                         | -                | -                |
| <b>Total funds</b>                          | -                | -                |
|   | -                | -                |
| Total borrowings                            | -                | -                |
| Less: cash and bank balances                | -                | -                |
| Net debt/(excess cash and cash equivalents) | -                | -                |
| <b>Gearing</b>                              | -                | -                |

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**19. Progress on Follow up of Prior Year Auditor's Recommendations**

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

| <b>Reference No. on the external audit Report</b> | <b>Issue / Observations from Auditor</b>       | <b>Management comments</b>                       | <b>Status:<br/>(Resolved / Not Resolved)</b> | <b>Timeframe:<br/>(Put a date when you expect the issue to be resolved)</b> |
|---|--|--|--|---|
| 1.1   | Errors in presentation of financial statements | Initiated process to combine the two regulations | In Progress                                  | One year  |
| 1.2   | Unreconciled cash and cash equivalents         | Reconciled                                       | Done   |   |
| 1.3   | Misclassification of long-Term receivables     | Resolved   | Done   |   |
| 1.4   | Inaccurate opening accounts                    | Resolved   | Done   |   |