

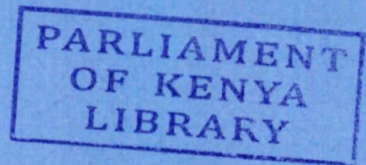
REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF



THE AUDITOR-GENERAL

ON

THE COUNTY ASSEMBLY OF LAIKIPIA CAR LOAN AND MORTGAGE (MEMBERS) SCHEME FUND

FOR THE YEAR ENDED 30 JUNE, 2024

| | |
|--------------------|---------------|
| DATE | 20/2/2025 |
| TABLED BY | Majority Whip |
| COMMITTEE | |
| CLERK AT THE TABLE | Cherop |

Revised 30th June 2024



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

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

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

The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Table of Content

| | |
|--|-------|
| 1. Acronyms and Glossary of Terms | ii |
| 2. Key Entity Information and Management | iii |
| 3. Board of Trustees/ Fund Administration Committee | vi |
| 4. Management Team | viii |
| 6. Report of The Fund Administrator | xi |
| 7. Statement of Performance Against the County Fund's Predetermined Objectives | xii |
| 8. Corporate Governance Statement | xiii |
| 9. Management Discussion and Analysis | xiv |
| 10. Environmental and Sustainability Reporting | xv |
| 11. Report of The Trustees | xvi |
| 12. Statement of Management's Responsibilities | xvii |
| 13. Report of The Independent Auditor on the Financial Statements for Laikipia Car Loan and Mortgage (Members) Scheme Fund | xviii |
| 14. Statement of Financial Performance for the Year Ended 30 th June 2024 | 1 |
| 15. Statement of Financial Position As at 30 June 2024 | 2 |
| 16. Statement of Changes in Net Assets for the year ended 30 th June 2024 | 4 |
| 17. Statement of Cash Flows for The Year Ended 30 June 2024 | 5 |
| 18. Statement Of Comparison of Budget and Actual Amounts for The Period 2024 | 7 |
| 19. Notes to the Financial Statements | 8 |
| 20. Annexes | 39 |

The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

1. Acronyms and Glossary of Terms

a) Acronyms

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

b) Glossary of Terms

Fiduciary Management The key management personnel who had financial responsibility
*Provide a list of Acronyms and Key terms used in the financial report as per above example.
The list to be exhaustive)*

The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

2. 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 scheme fund regulations 2023. The Fund is wholly owned by the County Government of Laikipia and is domiciled in Kenya.

The fund's objective is to facilitate members to purchase personal vehicles to ease their 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 | Name | Position |
|-----|-------------------------------|--------------------|
| 1 | Hon Lempaira Korkole Nicholas | Chairman |
| 2 | Hon Antony Theuri Wambui | Vice Chairman |
| 3 | Hon Lekopien Sammy Parleto | Member |
| 4 | Hon Irene Wacuka John | Member |
| 5 | Hon George Karuiru Wairimu | Member |
| 6 | Peter Ndirangu Hinga | Fund Administrator |

d) Key Management team

| Ref | Name | Position |
|-----|----------------------|---|
| 1 | Peter Ndirangu Hinga | County Assembly Clerk |
| 2 | Ndiritu Kimondo | Director Finance and Accounting |
| 3 | Miriam Mwangi | Director Human Resources & Administration |
| 4 | Martha Wamuicho | Internal Auditor |
| 5 | Grace Mwenda | Legal Counsel |

The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Key Entity and Management (Continued)

e) Fiduciary Oversight Arrangements

| SN | Position | Name |
|-----------|--|------------------------|
| 1 | Directorate Internal Audit | Martha Wambui Wamuicho |
| 2 | Members car Mortgage and car Loan Advisory Committee | |
| 3 | County assembly service board (CASB) | |
| 4 | Audit committee | |
| 5 | Risk management policy | |

f) Registered Offices

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

g) Fund Contacts

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

h) Fund Bankers

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

The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

2. Kenya Commercial Bank

Nanyuki Branch

AC 1152453270

Key Entity and Management (Continued)

3. Independent Auditors

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GOP 00100

Nairobi, Kenya

4. Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112




City Square 00200

Nairobi, Kenya

5. County Attorney

**The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

3. Board of Trustees/ Fund Administration Committee

| Name | Details of qualifications and experience |
|---|---|
| <p>Hon Nicholas Lempaira</p>  | <p>Member of County assembly of Laikipia –MUKOGODO WEST WARD</p> |
| <p>Hon Anthony Theuri</p>  | <p>Member of County assembly of Laikipia –NANYUKI WARD</p> |
| <p>Hon Ireene Wachuka John</p>  | <p>Member of County assembly of Laikipia –IGWAMITI WARD</p> |

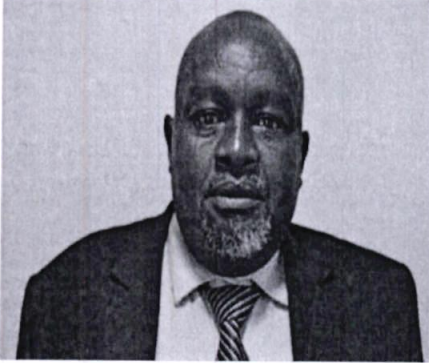
**The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Hon Lekopien Parletto



Member of County assembly of Laikipia –**SOSIAN
WARD**


Hon JGeorge Karuiru



Member of County assembly of Laikipia –**OLMORAN
WARD**

**The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

4. Management Team

| Name | Details of qualifications and experience |
|---|---|
| <p>Peter Ndirangu Hinga</p>  | <p>County Assembly Clerk Date of birth 01.01.1978 Academic qualifications University of Nairobi-Masters in Project Planning Egerton University- Bachelor of Arts Sociology</p> |
| <p>Ndiritu Kimondo</p>  | <p>Director Finance and Accounting Services Date of birth 09.09.1975 Academic qualifications PHD-Finance JKUAT (On going) MBA-Finance (Meru university) Maseno University Bachelors of Arts (Economics and Business Studies) Certified Public Accountant CPA(K)</p> |
| <p>Miriam Mwangi</p>  | <p>Director Human Resources and Administration. Date of birth 08.07.1978 Academic qualifications PHD Leadership-JKUAT (On going) KEMU University Masters of Business Administration (Human Resource Option) Maseno University Bachelors of Arts (Economics and Business Statistics)</p> |

**The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Martha Wambui



Internal Auditor

Date of birth 08.10.1981

Academic qualifications

JKUAT-Masters in Leadership and Governance
Egerton University-Degree in Natural Resources
Management

Certified Public Accountant CPA(K)-22953

IIA Member-3500751

Grace Mwenda



Principal Legal Counsel

Date of birth 20.04.1986

Academic qualifications

Moi University Bachelors of Law

Kenya School of Government Higher Diploma

The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

5. Board/Fund Chairperson's Report

It is my pleasure to present, on behalf of the fund, the Laikipia County Assembly Members car loan and mortgage fund financial statements for the year ended 30th June 2024. The financial statements present the financial performance of the fund over the past year.

Start up and funding

Pursuant to PFM act 2012 section 116 (1) the County Executive member for finance and planning established The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund to cater for members of the county assembly. The County Executive member then formulated the regulations that were approved by the County Assembly on 12th April 2023. These regulations set the modalities for the establishment and management of a fund for the two facilities (Car and Mortgage scheme). This is after the salaries and remuneration commission (SRC) had approved car and mortgage loans for members of the county assemblies via circular SRC/TS/CGOVT/3/16 of Kenya shillings two million (Kshs 2,000,000) and Kenya shillings three million (KShs 3,000,000) respectively. SRC in a later circular SRC /TS/CAF/3/61/49(46) dated 13th December 2017 reviewed its earlier circular to consolidate and cap the benefit at 5m for purchase of a car and/or mortgage facility.

In 2021 through SRC Circular SRC/TS/COG/3/61//48VOL. 11(123) of 9th February 2021 the car loan was converted to a car grant. The fund paid a total of fifty-two million, five hundred and twenty (Kshs 52,000,000) to members on the conversion.

Review of performance

In the financial year ending 30th June 2024 the fund received no funds from exchequer to facilitate members in getting the loans since all members had received their full amount of Ksh 5,000,000. The surplus for the year was Ksh 2,297,991. The full amount due to the fund was recovered through the payroll hence no amount was defaulted in the year

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 2024/2025

Signed..... Date.....

Hon Nicholas Lempaira
Chairperson of the Fund

**The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

6. Report of The Fund Administrator

It is my pleasure to present the Laikipia County Assembly members car loan and mortgage scheme fund financial statements for the year ended 30th June 2024. The financial statements present the financial performance of the fund over the financial year 2023-2024.

Financial Performance

a) Income

The fund earned Ksh 2,173,666 as interest income

b) Administration costs

The total expenditure for the financial year 2023-2024 was Ksh 875,671 being bank charges resulting to a surplus of Ksh 2,297,991

c) Loans

During the year 2023/2024, the fund disbursed Kshs 6,380,231 to a few members as remaining balance. All the 21 members, 2 CASB members and the speaker has benefited from the fund

d) Challenges of the Fund

- i) Cash flow problem due to late disbursement of funds
- ii) Limited time of 5 years term for members and strict application requirement

e) Management strategies

- i) Fast tracking of application for members
- ii) Proper budgeting and prioritizing fund requisition of members' fund

f) 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 mortgage fund achieves its mission.

Signed: _____

Peter Ndirangu Hinga

Fund Administrator

The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

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

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 Fund as per the strategic plan for 2018-2023 are to:

- a) Provide members with a car to facilitate movement while carrying out their role
- b) Provide members with a house and improve their welfare while playing their role

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

| Program | Objective | Outcome | Indicator | Performance |
|---------------------------------|--|-------------------|------------------|--------------------|
| Provide members with a car loan | Facilitate members movement | Ease of transport | Car | 100% |
| Provide members with a mortgage | Improve members standard of living through housing | Shelter | House | 100% |

The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

8. Corporate Governance Statement

The board held three meetings during the year and has been able to issue loans to 21 members, the speaker and two board members despite the limited resources. The involvement of internal audit department in auditing and the audit committee of the financial statements for the fund has greatly improved their accuracy and preparation according the required standards. The technical committee scrutinizes the application documents and then forwarded to the board of trustees for the implementation of the approved applications. There is always a training to enable the committees carry out their duties. The regulations are also in place to guide on issuance of loans and follow up

The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

9. Management Discussion and Analysis

The table below shows the total amount disbursed to all the beneficiaries to date

| Loan Disbursement to Members to date | | |
|---|---------------------------|-----------------------|
| No | Members Name | Loan issued |
| 1 | Hon Lantano Nabaala | 12,315,703.50 |
| 2 | Hon. Daniel Mugweru | 5,000,000.00 |
| 3 | Hon. Stephen Ndiritu | 5,000,000.00 |
| 4 | Hon. Anthony Wambui | 5,000,000.00 |
| 5 | Hon. Paul Shuel | 5,000,000.00 |
| 6 | Hon. Catherine Kibue | 5,000,000.00 |
| 7 | Hon. John Gichuki Maina | 2,585,540.00 |
| 8 | Hon. Simon Kanyutu | 5,000,000.00 |
| 9 | Hon. Nicholas Lempaira | 5,000,000.00 |
| 10 | Hon. Catherine Umija | 5,000,000.00 |
| 11 | Hon George Karuiru | 5,000,000.00 |
| 12 | Hon Salim Endung | 5,000,000.00 |
| 13 | Hon Nicholas Mwaniki | 5,000,000.00 |
| 14 | Hon Irene Wachuka | 4,090,040.00 |
| 15 | Hon Eunice Salaten | 4,999,000.00 |
| 16 | Hon Joseph Gitahi | 5,000,000.00 |
| 17 | Hon Charles Ndungu | 5,000,000.00 |
| 18 | Hon Samuel Mugambi Gatati | 5,000,000.00 |
| 19 | Hon Caroline Kihika | 5,000,000.00 |
| 20 | Hon Husein Leila | 5,000,000.00 |
| 21 | Hon Sammy Lekopien | 5,000,000.00 |
| 22 | Hon Benson Kuria | 5,000,000.00 |
| 23 | Hon Purity Mumbi | 5,000,000.00 |
| 24 | Hon Mary Gathoni | 5,000,000.00 |
| | Total | 123,990,283.50 |

The individual total loan disbursed never exceeded the stated limit for members and the speaker as guided by the SRC circular and regulations

The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

10. Environmental and Sustainability Reporting

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. Corporate Social Responsibility / Community Engagements

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

The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

11. Report of The Trustees

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2024 which show the state of the Fund affairs.

Principal activities

The principal activities of the Fund are to issue car loans and mortgages to members to facilitate their welfare in carrying out their mandate

Results

The results of the Fund for the year ended June 30, 2024 are set out on page 1-7

Trustees

The members of the Board of Trustees who served during the year are shown on page Vi-iX. The changes in the Board during the financial year are as shown below:

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. The Auditor General carried out the audit of the fund for the year ended 30th June, 2024.

By Order of the Board



.....
Chair of the Board

Date:

The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

12. Statement of Management’s Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by (Laikipia County Assembly Mortgage scheme fund regulations 2023) shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

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

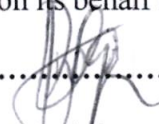
The Administrator of the County Public Fund accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (Laikipia County Assembly Mortgage scheme fund regulations 2023). The Administrator of the Fund is of the opinion that the Fund’s financial statements give a true and fair view of the state of Fund’s transactions during the financial year ended June 30, 2024, and of the Fund’s financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund’s financial statements as well as the adequacy of the systems of internal financial control.

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. OR

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 16/12 2024 and signed on its behalf by:

.....

Fund Administrator

REPUBLIC OF KENYA

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



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON THE COUNTY ASSEMBLY OF LAIKIPIA CAR LOAN AND MORTGAGE (MEMBERS) SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of the County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund set out on pages 1 to 38, which

Report of the Auditor-General on the County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund for the year ended 30 June, 2024

comprise of the statement of financial Position as at 30 June, 2024 and the statement of financial performance, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with The Public Finance Management(The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund) Regulations, 2023 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Administration Costs

The statement of financial performance reflects use of goods and services balance of kshs.875,675. Included in the use of goods and services balance are committee allowances of Kshs.870,410 in relation to committee allowances paid for meetings held between 28 and 30 June, 2023 and 13 to 15 July, 2024 in Nairobi. As a result of the meetings, disbursements for mortgage facilities amounting to Kshs.19,548,333 were made for the financial year as shown below:

| Month | Disbursed Amount (Kshs). |
|--------------|---------------------------------|
| Jul-23 | 5,206,871 |
| Aug-23 | 1,175,720 |
| Sept-23 | 3,072,075 |
| Oct-23 | 428,400 |
| Nov-23 | 2,160,525 |
| Dec 23 | 210,000 |
| Jan-24 | 5,967,542 |
| Feb-24 | 1,327,200 |
| Total | 19,548,333 |

The management however failed to provide Approvals for the disbursements, minutes and reports emanating from the meetings. It was also noted that there were cases where staff were issued with partial payments of their approved mortgage facilities instead of full amounts applied for and modalities for operations of the fund and guidance on the partial disbursements was not provided to support the same. The audit could not verify whether the management kept records of all un-disbursed amounts to the members and the order of preference when it comes to issuance of mortgage funds.

In the circumstances, the accuracy and validity of use of goods and services of Kshs.875,675 could not be confirmed.

2. Inaccurate Long-Term Receivables from Exchange Transactions Balance

The statement of financial position and Note 13 to the financial statements reflects a long-term receivable from exchange transactions balance of Kshs.102,412,208 as at 30 June 2024. However, the ledger balance supporting the loan balance from members reflects Kshs.92,562,461 resulting to an unexplained variance of Kshs.9,849,746.

In the circumstances, accuracy and completeness of long-term receivables from exchange transactions of Kshs.102,412,208 could not be confirmed.

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

Key Audit Matters

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

Other Information

In connection with my audit on The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information and I am required to report that fact. Based on the audit procedures performed and the matters described in my Basis for Qualified Opinion, I confirm that other information is not materially inconsistent with the financial statements.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Irregular Management of Imprest

The statement of financial performance and Note 7 to the financial statements reflects use of goods services balance of Kshs.875,675. Included in the balance is Kshs.870,410 paid to various members as committee allowances. A review of the payments revealed that daily subsistence allowances amounting to Kshs.870,410 were issued to the secretariat and committee members without issuance of imprest warrants specifying the purpose of the imprest contrary to Regulations 93(1) of Public Finance Management (County Governments) Regulations, 2015 that requires issuance of imprest to be through warrants. In addition, deliberations and minutes for the meeting were not availed for audit and back to office reports were also not provided. No evidence was provided on the venue and its procurement and also the event that took place.

In the circumstances, management was in breach of the Law.

2. Performance Information

Review of the financial statements revealed an anomaly in presentation of performance information contrary to the guidelines provided by Public Sector Accounting Standards Board template. The presented information on page iii of the County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund financial is key entity information, specifically paragraph (b) which states that the principal mandate of the Fund is the advancing of car loans and mortgage to Members of the County Assembly of Laikipia. However, review of the cashbook and bank statements revealed that the funds were diverted to other activities as shown below:

| Date | Cheque No. | Details | Amount (Kshs) |
|--------------|-------------------|----------------------------|----------------------|
| 21 Sept 2023 | 572 | Purchase assorted supplies | 336,000 |
| 19 Oct 2023 | 575 | Office use | 428,400 |
| Total | | | 764,400 |

Payment vouchers and ledger entries to support the above information were not provided.

In the circumstances, the validity and completeness of the performance information could not be confirmed.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and Those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the Management is aware of the intention to dissolve the County Assembly 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 the Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

27 December, 2024

The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

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

| Description | Note | FY 2023-2024 | FY 2022-2023 |
|---|------|------------------|------------------|
| | | Kshs | Kshs |
| Revenue From Non-Exchange Transactions | | | |
| Public Contributions and Donations | 1 | | |
| Transfers From the County Government | 2 | | |
| Fines, Penalties and Other Levies | 3 | | |
| | | | |
| Revenue From Exchange Transactions | | | |
| Interest Income | 4 | 3,173,666 | 1,462,337 |
| Other Income | 5 | | |
| | | | |
| Total Revenue | | 3,173,666 | 1,462,337 |
| | | | |
| Expenses | | | |
| Employee Costs | 6 | | |
| Use of goods and services | 7 | 875,675 | 34,980 |
| Depreciation and Amortization Expense | 8 | | |
| Finance Costs | 9 | | |
| Total Expenses | | 875,675 | 34,980 |
| Other Gains/Losses | | | |
| Gain/Loss on Disposal of Assets | 10 | | |
| Gain /Loss on fair value of investments | 11 | | |
| Surplus/(Deficit) for the Period | | 2,297,991 | 1,427,357 |

.....
Name: Peter Ndirangu Hinga
Administrator of the Fund

.....
Name: Ndiritu Kimondo
Fund Accountant
ICPAK Member Number:16861

The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024


15. Statement of Financial Position As at 30 June 2024

| Description | Note | FY 2023-2024 | FY 2022-2023 |
|--|------|--------------------|--------------------|
| | | Kshs | Kshs |
| Assets | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | 12 | 10,522,144 | 2,019,828 |
| Current Portion of Long- Term Receivables from Exchange Transactions | 13 | 12,105,849 | 5,894,866 |
| Receivables from Non-Exchange Transactions | 13 | 69,862,052 | 67,738,485 |
| Prepayments | 14 | | |
| Inventories | 15 | | |
| Investments in financial assets | 16 | | |
| Total current assets | | 92,490,045 | 75,653,179 |
| Non-Current Assets | | | |
| Property, Plant and Equipment | 17 | | |
| Intangible Assets | 18 | | |
| Long Term Receivables from Exchange Transactions | 13 | 102,412,208 | 122,151,083 |
| Investment Property | 19 | | |
| Total non- current assets | | 102,412,208 | 122,151,083 |
| Total Assets (A) | | 194,902,253 | 197,804,262 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and Other Payables from Exchange Transactions | 20 | 45,424,098 | 50,624,098 |
| Current Provisions | 21 | | |
| Current Portion of Borrowings | 22 | | |
| Employee Benefit Obligations | 23 | | |
| Social benefit liabilities | 24 | | |
| Total current liabilities | | | |
| Non-Current Liabilities | | | |
| Non-Current Provisions | 21 | | |
| Long Term Portion of Borrowings | 22 | | |


**The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

| Description | Note | FY 2023-2024 | FY 2022-2023 |
|---|------|--------------------|--------------------|
| | | Kshs | Kshs |
| Non-Current Employee Benefit Obligation | 23 | | |
| Social benefit liabilities | 24 | | |
| | | | |
| Total Liabilities (B) | | 45,424,098 | 50,624,098 |
| | | | |
| Net Assets (A-B) | | 149,478,155 | 147,180,164 |
| | | | |
| Represented By: | | | |
| Revolving Fund | | 199,313,447 | 199,313,447 |
| Reserves | | | |
| Accumulated Surplus | | (49,835,292) | (52,133,283) |
| Net Assets | | 149,478,155 | 147,180,164 |

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 16/12 2024 and signed by:



Name: Peter Ndirangu Hinga
Administrator of the Fund



Name: Ndiritu Kimondo
Fund Accountant
ICPAK Member Number:16861

The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund

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

16. Statement of Changes in Net Assets for the year ended 30th June 2024

| Description | Revolving Fund | Revaluation Reserve | Accumulated surplus | Total |
|-----------------------------------|--------------------|---------------------|---------------------|--------------------|
| | | Kshs | Kshs | Kshs |
| Balance As At 1 July 2022 | 124,313,447 | | (53,560,640) | 70,752,807 |
| Surplus/(Deficit) For the Period | | | 1,427,357 | 1,427,357 |
| Funds Received During the Year | 75,000,000 | | | 75,000,000 |
| Transfers | | | | |
| Revaluation Gain | | | | |
| Balance As At 30 June 2023 | 199,313,447 | | (52,133,283) | 147,180,164 |
| | | | | |
| Balance As At 1 July 2023 | 199,313,447 | | (52,133,283) | 147,180,164 |
| Surplus/(Deficit) For the Period | | | 2,297,991 | 2,297,991 |
| Funds Received During the Year | | | - | |
| Transfers | | | | |
| Revaluation Gain | | | | |
| Balance As At 30 June 2024 | 199,313,447 | | (49,835,292) | 149,478,155 |

(Provide details on the nature and purpose of reserves)

The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund

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

17. Statement of Cash Flows for The Year Ended 30 June 2024

| Description | Note | FY 2023-2024 | FY 2022-2023 |
|--|------|-------------------|----------------------|
| | | Kshs | Kshs |
| Cash flows from operating activities | | | |
| Receipts | | | |
| Public contributions and donations | | | |
| Transfers from the county government | | | |
| Interest received | | 2,676,447 | 783,528 |
| Receipts from other operating activities | | | |
| Total receipts | | 2,676,447 | 783,528 |
| Payments | | | |
| Fund administration expenses | | | |
| General expenses | | (875,675) | (34,980) |
| Finance cost | | | |
| Other payments | | | |
| Total Payment | | (875,675) | (34,980) |
| Net cash flows from operating activities | 24 | 1,800,772 | 748,548 |
| Cash flows from investing activities | | | |
| Purchase of property, plant, equipment and Intangible assets | | | |
| Proceeds from sale of property, plant & equipment | | | |
| Proceeds from loan principal repayments | | 20,605,342 | 12,354,363 |
| Loan disbursements paid out | | (6,380,231) | (116,934,473) |
| Net cash flows used in investing activities | | 14,225,111 | (104,580,110) |

The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund

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

| | | | |
|---|--|--------------------|---------------------|
| Cash flows from financing activities | | - | 75,000,000 |
| Proceeds from revolving fund receipts | | | |
| Lending to Assembly | | 4,770,000 | (47,160,000) |
| Lending/Refund to/from Members Fund | | (5,200,000) | |
| Additional borrowings | | (7,093,567) | 45,124,098 |
| Repayment of borrowings | | | |
| Net cash flows used in financing activities | | (7,523,567) | 72,964,098 |
| Net increase/(decrease) in cash & cash Equivalents | | 8,502,316 | (30,867,464) |
| Cash and cash equivalents at 1st July | | 2,019,828 | 32,887,292 |
| Cash and cash equivalents at 30 June | | 10,522,144 | 2,019,828 |

(PSASB has prescribed the direct method of cash flow preparation/ presentation for all entities under the IPSAS accrual basis of accounting.)

The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund

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

18. Statement of Comparison of Budget and Actual Amounts for the Period 2024

| Description | Original budget | Adjustments | Final budget | Actual on comparable basis | Performance difference | % Utilization |
|------------------------------------|------------------|-------------|------------------|----------------------------|------------------------|---------------|
| | Kshs | Kshs | Kshs | Kshs | Kshs | |
| | a | b | C=(a+b) | d | e=(c-d) | f=d/c*100 |
| Revenue | | | | | | |
| Public Contributions and Donations | | | | | | |
| Transfers From County Govt. | | | | | | |
| Interest Income | 3,000,000 | 0 | 3,000,000 | 3,173,666 | (173,666) | 105.8 |
| Other Income | | | | | | |
| Total Income | 3,000,000 | 0 | 3,000,000 | 3,173,666 | (173,666) | 105.8 |
| Expenses | | | | | | |
| Fund Administration Expenses | 900,000 | 0 | 900,000 | 875,675 | 24,375 | 102.8 |
| General Expenses | | | | | | |
| Finance Cost | | | | | | |
| Total Expenditure | 900,000 | 0 | 900,000 | 875,675 | 24,375 | 102.8 |
| Surplus For the Period | 2,100,000 | 0 | 2,100,000 | 2,297,991 | (197,991) | 91.4 |
| | | | | | | |
| Capital expenditure | | | | | | |

Budget notes

**The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

19. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund is established by and derives its authority and accountability from PFM Act. The entity is wholly owned by the County Assembly of Laikipia and is domiciled in Kenya. The entity's principal activity is issue car loans and mortgage to members

2. Statement of compliance and basis of preparation

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

3. Adoption of new and revised standards

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

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

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

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

The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund

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

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

The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund

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

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

(i) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.)*

The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

1. Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2023-2024 was approved by the County Assembly on 30th June 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly.

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.

The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund

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

Summary of Significant Accounting Policies (Continued)

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

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

c) Property, plant and equipment

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

a) Intangible Assets

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

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

b) Investment property

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

The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024
Summary of Significant Accounting Policies (Continued)

e) Financial instruments

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Summary of Significant Accounting Policies (Continued)

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Summary of Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

d) Inventories

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

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

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

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

e) Provisions

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

f) Social Benefits

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

The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024
Summary of Significant Accounting Policies (Continued)

g) Contingent liabilities

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

Contingent assets

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

h) Nature and purpose of reserves

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

i) Changes in accounting policies and estimates

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

j) Employee benefits – Retirement benefit plans

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

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

The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund

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

Summary of Significant Accounting Policies (Continued)

k) Foreign currency transactions

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

l) Borrowing costs

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

m) Related parties

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

n) Cash and cash equivalents

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

o) Comparative figures

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

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 xxx.

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

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

The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

6. Notes To The Financial Statements Continued

1. Public contributions and donations

| Description | FY 2023-2024 | FY 2022-2023 |
|------------------------------------|--------------|--------------|
| | Kshs | Kshs |
| Donation From Development Partners | - | - |
| Contributions From the Public | - | - |
| Total | - | - |

(Provide brief explanation for this revenue)

2. Transfers from County Government

| Description | FY 2023-2024 | FY 2022-2023 |
|--|--------------|-------------------|
| | Kshs | Kshs |
| Transfers From County Govt. –Operations | - | 75,000,000 |
| Payments By County on Behalf Of The Entity | | |
| Unconditional Development grants | | |
| Total | - | 75,000,000 |

3. Fines, penalties and other levies

| Description | FY 2023-2024 | FY 2022-2023 |
|------------------------|--------------|--------------|
| | Kshs | Kshs |
| Late Payment Penalties | - | - |
| Fines | - | - |
| Total | - | - |

4. Interest income

| Description | FY 2023-2024 | FY 2022-2023 |
|--|------------------|------------------|
| | Kshs | Kshs |
| Interest Income from and Car and Mortgage Loans | 3,173,666 | 1,462,337 |
| Interest Income from Car Loans | | |
| Interest Income from Investments in financial assets | | |
| Interest Income on Bank Deposits | | |
| Total Interest Income | 3,173,666 | 1,462,337 |

(The income is the total accrued interest earned charged on car loans and mortgage issued to members)

Notes to the Financial Statements Continued

The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

5. Other income

| Description | FY 2023-2024 | FY 2022-2023 |
|--------------------------------------|--------------|--------------|
| | Kshs | Kshs |
| Insurance Recoveries | - | - |
| Income from Sale of Tender Documents | - | - |
| Bad debts recovered | - | - |
| Miscellaneous Income | - | - |
| Total Other Income | - | - |

(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. Disclose write backs if any or recoveries from write offs).

6. Employee Costs

| Description | FY 2023-2024 | FY 2022-2023 |
|------------------------------|--------------|--------------|
| | Kshs | Kshs |
| Salaries And Wages | - | - |
| Members Gratuity | - | - |
| Members Training Expenses | - | - |
| Social Security Contribution | - | - |
| Other (<i>Specify</i>) | - | - |
| Total | - | - |

7. Use of Goods and Services

| Description | FY 2023-2024 | FY 2022-2023 |
|--------------------------------|--------------|--------------|
| | Kshs. | Kshs. |
| General Office Expenses | | |
| Loan Processing Costs | | |
| Professional Services Costs | | |
| Administration Fees | | |
| Committee Allowances | 870,410 | |
| Electricity And Water Expenses | | |
| Fuel And Oil Costs | | |
| Insurance Costs | | |
| Postage And Courier | | |
| Printing And Stationery | | |
| Rental Costs | | |

**The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

| Description | FY 2023-2024 | FY 2022-2023 |
|--------------------------------------|----------------|---------------|
| | Kshs. | Kshs. |
| Security Costs | | |
| Telephone And Communication Expenses | | |
| Bank Charges | 5,265 | 34,980 |
| Audit Fees | | |
| Provision For Doubtful Debts | | |
| Other (<i>Fridge Benefit Tax</i>) | | |
| Social benefit expenses* | | |
| Total | 875,675 | 34,980 |

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42

8. Depreciation and Amortization Expense

| Description | FY 2023-2024 | FY 2022-2023 |
|------------------------------|--------------|--------------|
| | Kshs. | Kshs. |
| Property Plant and Equipment | - | - |
| Intangible Assets | - | - |
| Total | - | - |

9. Finance costs

| Description | FY 2023-2024 | FY 2022-2023 |
|------------------------------|--------------|--------------|
| | Kshs | Kshs |
| Interest On Bank Overdrafts | - | - |
| Interest On Loans From Banks | - | - |
| Total | - | - |

The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

10. Gain/(loss) on disposal of assets

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

11. Gain/ (loss) on Fair Value Investments

| Description | FY 2023-2024 | FY 2022-2023 |
|---|--------------|--------------|
| | Kshs | Kshs |
| Investments at Fair Value- Equity investments | - | - |
| Fair value – Investment property | - | - |
| Fair value- other financial assets (specify) | - | - |
| Total Gain | - | - |

12. Cash and cash equivalents

| Description | FY 2023-2024 | FY 2022-2023 |
|---|-------------------|------------------|
| | Kshs | Kshs |
| The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund | 10,522,144 | 2,019,828 |
| County Mortgage Account | | |
| Fixed Deposits Account | | |
| On – Call Deposits | | |
| Current Account | | |
| Others (<i>Specify</i>) | | |
| Total Cash and Cash Equivalents | 10,522,144 | 2,019,828 |

The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements Continued

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

| Financial Institution | Account number | FY 2023-2024 | FY 2022-2023 |
|----------------------------------|----------------|-------------------|------------------|
| | | Kshs | Kshs |
| a) Fixed Deposits Account | | | |
| Kenya Commercial Bank | | | |
| Equity Bank, Etc. | | | |
| Sub- Total | | | |
| b) On - Call Deposits | | | |
| Kenya Commercial Bank | | | |
| Equity Bank - Etc. | | | |
| Sub- Total | | | |
| c) Current Account | | | |
| Kenya Commercial Bank | 1152453270 | 10,522,144 | 2,019,828 |
| Bank B | | | |
| Sub- Total | | 10,522,144 | 2,019,828 |
| d) Others (Specify) | | | |
| Cash In Transit | | | |
| Cash In Hand | | | |
| Sub- Total | | | |
| Grand Total | | 10,522,144 | 2,019,828 |

13. Receivables from exchange transactions

| Description | FY 2023-2024 | FY 2022-2023 |
|---|--------------------|--------------------|
| | Kshs | Kshs |
| Current Receivables | | |
| Interest Receivable | 1,239,162 | 741,943 |
| Current Loan Repayments Due | 10,866,687 | 5,152,923 |
| Sub Total | 12,105,849 | 5,894,866 |
| Other Exchange Debtors-Non-Exchange | 69,862,052 | 67,738,485 |
| Less: Impairment Allowance | | |
| Total Current Receivables | 81,967,901 | 73,633,351 |
| Non-Current Receivables | | |
| Long Term Loan Repayments Due | 102,412,208 | 111,001,337 |
| Total Non- Current Receivables | 102,412,208 | 111,001,337 |
| Total Receivables from Exchange Transactions | 184,380,109 | 184,634,688 |

The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund

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

Notes to the Financial Statements Continued

Additional disclosure on interest receivable

| Description | FY 2023-2024 | FY 2022-2023 |
|--|--------------|--------------|
| | Kshs | Kshs |
| Interest Receivable | | |
| Interest receivable from current portion of long-term loans of previous years | | |
| Accrued interest receivable from of long-term loans of previous years | | |
| Interest receivable from current portion of long-term loans issued in the current year | 1,239,162 | 741,943 |
| Current loan repayments due | | |
| Current portion of long-term loans from previous years | | |
| Accrued principal from long-terms loans from previous periods | | |
| Current portion of long-term loans issued in the current year | 10,866,687 | 5,152,923 |

14. Prepayments

| Description | FY 2023-2024 | FY 2022-2023 |
|--------------------------------------|--------------|--------------|
| | Kshs | Kshs |
| Prepaid Rent | | |
| Prepaid Insurance | | |
| Prepaid Electricity Costs | | |
| Other Prepayments (<i>Specify</i>) | | |
| Total | | |

15. Inventories

| Description | FY 2023-2024 | FY 2022-2023 |
|--|--------------|--------------|
| | Kshs | Kshs |
| Consumable Stores | | |
| Spare Parts And Meters | | |
| Catering | | |
| Other Inventories (<i>Specify</i>) | | |
| Total Inventories at The Lower of Cost and Net Realizable Value | | |

Notes to the Financial Statements Continued

The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

16. Investments in financial assets

| Description | FY 2023-2024 | FY 2022-2023 |
|---|--------------|--------------|
| | Kshs | Kshs |
| a. Investment in Treasury bills and bonds | | |
| Financial institution | | |
| CBK | | |
| CBK | | |
| Sub- total | | |
| b. Investment with Financial Institutions/ Banks | | |
| Bank x | | |
| Bank y | | |
| Sub- total | | |
| c. Equity investments (specify) | | |
| Equity/ shares in Entity xxx | | |
| Sub- total | | |
| Grand total | | |

(Entity should disclose whether the fixed investment financial assets are measured at amortised cost or at fair value through changes in net assets/ equity) Investments in equity should be measured at fair value through surplus or deficit. Other information to be disclosed includes: the interest rates, maturity dates, valuation methodology, and impairment of these investments.

Movement of Equity Investments

| Impairment allowance/ provision | FY 2023-2024 | FY 2022-2023 |
|---|--------------|--------------|
| | Kshs | Kshs |
| At the beginning of the year | | |
| Purchase of investments in the year | | |
| Sale of investments during the year | | |
| Gain/(loss) in fair value of investments through surplus or deficit | | |
| At the end of the year | | |

e) Shareholding in other entities

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

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

The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund

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

Notes To The Financial Statements (Continued)

17. Property, plant and equipment

| | Land and Buildings | Motor vehicles | Furniture and fittings | Computers and office equipment | Total |
|-------------------------------------|--------------------|----------------|------------------------|--------------------------------|-------|
| Cost | Kshs | Kshs | Kshs | Kshs | Kshs |
| At 1st July 2022 | | | | | |
| Additions | | | | | |
| Disposals | | | | | |
| Transfers/Adjustments | | | | | |
| At 30th June 2023 | | | | | |
| At 1st July 2023 | | | | | |
| Additions | | | | | |
| Disposals | | | | | |
| Transfer/Adjustments | | | | | |
| At 30th June 2024 | | | | | |
| Depreciation And Impairment | | | | | |
| At 1 st July 2022 | | | | | |
| Depreciation | | | | | |
| Impairment | | | | | |
| At 30th June 2023 | | | | | |
| At 1st July 2023 | | | | | |
| Depreciation | | | | | |
| Disposals | | | | | |
| Impairment | | | | | |
| Transfer/Adjustment | | | | | |
| At 30th June 2024 | | | | | |
| Net Book Values | | | | | |
| At 30th June 2023 | | | | | |
| At 30th June 2024 | | | | | |

The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024
Notes To the Financial Statements (Continued)

18. Intangible assets

| Description | FY 2023-2024 | FY 2022-2023 |
|------------------------------------|--------------|--------------|
| | Kshs | Kshs |
| Cost | | |
| At Beginning of The Year | | |
| Additions | | |
| At End of The Year | | |
| Amortization And Impairment | | |
| At Beginning of The Year | | |
| Amortization | | |
| At End of The Year | | |
| Impairment Loss | | |
| At End of The Year | | |
| NBV | | |

19. Investment Property

| Description | FY 2023-2024 | FY 2022-2023 |
|--|--------------|--------------|
| | Kshs | Kshs |
| At beginning of the year | | |
| Additions | | |
| Disposal during the year | | |
| Depreciation | | |
| Impairment | | |
| Gain/(loss) in fair value (if fair value is elected) | | |
| At end of the year | | |

(For investment property held at fair value, changes in fair value should go through the statement of financial performance. Where cost model is elected, depreciation and impairment should not be charged. Investment measured at fair value should be evaluated at the end of the reporting period for changes in fair value.). Entity should disclose the independent valuers, rental income from the investment property if any and the direct costs attributed to the investment property. Any charges on the investment property as well as any difficulty in classifying this asset as an investment property.

The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024
Notes To the Financial Statements (Continued)

20. Trade and other payables from exchange transactions

| Description | FY 2023-2024 | | FY 2022-2023 | |
|---|---------------------|-----------------------|---------------------|-----------------------|
| | Kshs | | Kshs | |
| Trade Payables | | | 50,624,098 | |
| Refundable Deposits | | | | |
| Accrued Expenses | | | | |
| Other Payables | | | | |
| Total Trade and Other Payables | | | 50,624,098 | |
| | | | | |
| Ageing analysis (Trade and other payables) | FY 2023-2024 | % of the total | FY 2022-2023 | % of the Total |
| Under one year | | | 46,624,098 | 92% |
| 1-2 years | 45,424,098 | 100% | | |
| 2-3 years | | | | |
| Over 3 years | | | 4,000,000 | 8% |
| Total (tie to above total) | 45,424,098 | 100% | 50,624,098 | 100 |

(NB: Amount under deposits and retentions should tie to cash held in deposit account)

21. Provisions

| Description | Leave provision | Gratuity Provision | Other provision | Total |
|---|-----------------|--------------------|-----------------|-------|
| | Kshs | Kshs | Kshs | Kshs |
| Balance b/f | | | | |
| Additional provisions | | | | |
| Provision utilised | | | | |
| Change due to discount and time value for money | | | | |
| Total provisions year end | | | | |
| Current Provisions | | | | |
| Non-Current Provisions | | | | |

The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes To the Financial Statements (Continued)

22. Borrowings

| Description | FY 2023-2024 | FY 2022-2023 |
|---|--------------|--------------|
| | Kshs | Kshs |
| Balance At Beginning of The Period | | |
| External Borrowings During the Year | | |
| Domestic Borrowings During the Year | | |
| Repayments of External Borrowings During the Period | | |
| Repayments of Domestic Borrowings During the Period | | |
| Balance At End of The Period | | |

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

| Description | FY 2023-2024 | FY 2022-2023 |
|---|--------------|--------------|
| | Kshs | Kshs |
| External Borrowings | | |
| Dollar Denominated Loan From 'X Organization' | | |
| Sterling Pound Denominated Loan From 'Y Organization' | | |
| Euro Denominated Loan from Z Organization' | | |
| Domestic Borrowings | | |
| Kenya Shilling Loan From KCB | | |
| Kenya Shilling Loan from Barclays Bank | | |
| Kenya Shilling Loan from Consolidated Bank | | |
| Borrowings From Other Government Institutions | | |
| Total Balance at End of The Year | | |

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

| Description | FY 2023-2024 | FY 2022-2023 |
|---|--------------|--------------|
| | Kshs | Kshs |
| Short Term Borrowings (Current Portion) | | |
| Long Term Borrowings | | |
| Total | | |

(NB: the total of this statement should tie to note 22 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed). Borrowings should be measured at amortised cost as per IPSAS 41)

The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund

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

Notes To The Financial Statements (Continued)

23. Employee benefit obligations

| Description | Defined benefit plan | Post employment medical benefits | Other Provisions | Insert Current FY | Insert Comparative FY |
|--------------------------------|----------------------|----------------------------------|------------------|-------------------|-----------------------|
| | Kshs | Kshs | Kshs | Kshs | Kshs |
| Current Benefit Obligation | | | | | |
| Non-Current Benefit Obligation | | | | | |
| Total | | | | | |

24. Social Benefit Liabilities

| Description | FY 2023-2024 | FY 2022-2023 |
|--|--------------|--------------|
| | Kshs | Kshs |
| Health social benefit scheme | | |
| Unemployment social benefit scheme | | |
| Orphaned and vulnerable benefit scheme | | |
| Elderly social benefit scheme | | |
| Bursary social benefits | | |
| Total | | |
| Current social benefits | | |
| Non-current social benefits | | |
| Total (tie to totals above) | | |

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42. They are incurred to mitigate against a certain social risk e.g poverty, age, unemployment among others.

The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund
 Annual Report and Financial Statements for the year ended June 30, 2024
 Notes To the Financial Statements (Continued)

25. Cash generated from operations.

| Description | FY 2023-2024 | FY 2022-2023 |
|---|------------------|------------------|
| | Kshs | Kshs |
| Surplus/ (Deficit) For the Year Before Tax | 2,297,991 | 1,427,357 |
| Adjusted For: | | |
| Depreciation | | |
| Amortisation | | |
| Gains/ Losses on Disposal of Assets | | |
| Interest Income | (497,219) | (678,809) |
| Finance Cost | | |
| Working Capital Adjustments | 1,800,772 | 748,548 |
| Increase In Inventory | | |
| Increase In Receivables | | |
| Increase In Payables | | |
| Net Cash Flow from Operating Activities | 1,800,772 | 748,548 |

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

**The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Notes To the Financial Statements (Continued)

26. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

| Description | FY 2023-2024 | FY 2022-2023 |
|---------------------------------|--------------|--------------|
| | Kshs | Kshs |
| Transfers From Related Parties' | | |
| Transfers To Related Parties | | |

c) Key management remuneration

| Description | FY 2023-2024 | FY 2022-2023 |
|-----------------------------|--------------|--------------|
| | Kshs | Kshs |
| Board Of Trustees | | |
| Key Management Compensation | | |
| Total | | |

d) Due from related parties

| Description | FY 2023-2024 | FY 2022-2023 |
|----------------------------|--------------|--------------|
| | Kshs | Kshs |
| Due From Parent Ministry | | |
| Due From County Government | | |
| Total | | |

**The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Other Disclosures Continued

e) Due to related parties

| Description | FY 2023-2024 | FY 2022-2023 |
|---------------------------------|--------------|--------------|
| | Kshs | Kshs |
| Due To Parent Ministry | | |
| Due To County Government | | |
| Due To Key Management Personnel | | |
| Total | | |

27. Contingent assets and contingent liabilities

| Contingent Liabilities | FY 2023-2024 | FY 2022-2023 |
|---------------------------------|--------------|--------------|
| | Kshs | Kshs |
| Court Case Xxx Against the Fund | | |
| Bank Guarantees | | |
| Total | | |

(Give details)

The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

28. Financial risk management

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

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

a) Credit risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

| Description | Total amount Kshs | Fully performing Kshs | Past due Kshs | Impaired Kshs |
|--|----------------------|--------------------------|------------------|------------------|
| At 30 June 2022 | | | | |
| Receivables From Exchange Transactions | | | | |
| Receivables From Non-Exchange Transactions | | | | |
| Bank Balances | | | | |
| Total | | | | |
| At 30 June 2021 | | | | |
| Receivables From Exchange Transactions | | | | |
| Receivables From Non-Exchange Transactions | | | | |
| Bank Balances | | | | |
| Total | | | | |

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

The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

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

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

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

b) Liquidity risk management

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

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

| Description | Less than 1 month | Between 1-3 months | Over 5 months | Total |
|-------------------------------|-------------------|--------------------|---------------|-------|
| | Kshs | Kshs | Kshs | Kshs |
| At 30 June 2024 | | | | |
| Trade Payables | | | | |
| Current Portion of Borrowings | | | | |
| Provisions | | | | |
| Employee Benefit Obligation | | | | |
| Total | | | | |
| At 30 June 2023 | | | | |
| Trade Payables | | | | |
| Current Portion of Borrowings | | | | |
| Provisions | | | | |
| Employee Benefit Obligation | | | | |
| Total | | | | |

The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund

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

Notes To The Financial Statements (Continued)

c) Market risk

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

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

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

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

i. Foreign currency risk

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

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

| Description | Other currencies | | Total |
|---|------------------|------|-------|
| | Kshs | Kshs | Kshs |
| At 30 June 2024 | | | |
| Financial Assets | | | |
| Investments | | | |
| Cash | | | |
| Debtors/ Receivables | | | |
| Liabilities | | | |
| Trade And Other Payables | | | |
| Borrowings | | | |
| Net Foreign Currency Asset/(Liability) | | | |

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

**The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

Notes To The Financial Statements (Continued)

Foreign currency sensitivity analysis

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

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

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund

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

Notes To The Financial Statements (Continued)

d) Capital risk management.

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

| Description | FY 2023-2024 | FY 2022-2023 |
|---|--------------|--------------|
| | Kshs | Kshs |
| Revaluation reserve | | |
| Revolving fund | | |
| Accumulated surplus | | |
| Total funds | | |
| | | |
| Total borrowings | | |
| Less: cash and bank balances | | |
| Net debt/(excess cash and cash equivalents) | | |
| Gearing | | |

29. Events after the reporting period

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

30. Ultimate and Holding Entity

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

31. Currency

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

**The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

20. Annexes

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


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

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|-----------------------------------|---------------------|-----------------------------------|--|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

Guidance Notes:

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

Fund Manager/Accounting Officer (enter title of head of Fund)

Date.....16/12.....

The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund

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

Annex II: Inter-Fund Confirmation Letter
REPUBLIC OF KENYA

Telegraphic Address

Tel: 0622 031 498

Fax: 0622 032 774

Email: assembly@laikipiacounty.go.ke



Physical Address

Clerk Chambers

County Assembly of Laikipia

Assembly Building

P. O. Box 487 – 10400, Nanyuki

COUNTY ASSEMBLY OF LAIKIPIA

The [The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund] wishes to confirm the amounts disbursed to you as at 30th June 20xx as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

| Confirmation of amounts received by [Laikipia Car Loan and Mortgage (Members) Scheme Fund] as at 30th June 2024 | | | | | | | |
|---|----------------|---|-----------------|-----------------------|-------------------|---|------------------------------|
| Reference Number | Date Disbursed | Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30 th June 2024 | | | | Amount Received by [beneficiary Fund] (KShs) as at 30 th June 20xx (E) | Differences (KShs) (F)=(D-E) |
| | | Recurrent (A) | Development (B) | Inter-Ministerial (C) | Total (D)=(A+B+C) | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| Total | | | | | | | |

The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund

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

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

Fund Administrator:

Name Rebecca N HINGA Sign [Signature] Date 16/12/24

The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund

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

Annex III: Reporting of Climate Relevant Expenditures

| Project Name | Project Description | Project Objectives | Project Activities | | | | | Source Of Funds | Implementing Partners |
|--------------|---------------------|--------------------|--------------------|----|----|----|----|-----------------|-----------------------|
| | | | | Q1 | Q2 | Q3 | Q4 | | |
| | | | | | | | | | |
| | | | | | | | | | |
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The County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund

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

Annex IV: Reporting on Disaster Management Expenditure

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