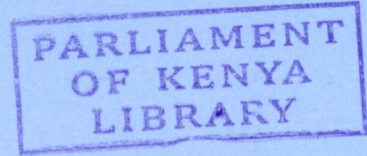
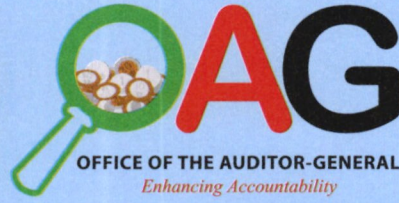


REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

LAIKIPIA COUNTY LEASING FUND

FOR THE YEAR ENDED
30 JUNE, 2025

	PAPERS LAID
DATE	26/11/25
TABLED BY	J.M.L
COMMITTEE	-
CLERK AT THE TABLE	Belinda



OFFICE OF THE AUDITOR GENERAL
1094
31 OCT 2025
P. O. Box 1027 - 60300, ISIOLO
RECEIVED



LAIKIPIA COUNTY LEASING FUND

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2025**

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

Laikipia County Leasing Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Table of Contents

1. Acronyms and Definition of Key Terms	ii
2. Key Entity Information and Management	iii
3. Fund Administration Committee	vi
4. Management Team	viii
5. Fund Chairperson's Report	x
6. Report of The Fund Administrator	xii
7. Statement of Performance Against the County Fund's Predetermined Objectives	xiv
8. Corporate Governance Statement	xv
9. Management Discussion and Analysis	xvi
10. Environmental and Sustainability Reporting	xix
11. Report of The Fund administration committee	xx
12. Statement Of Management's Responsibilities	xxi
13. Report of The Independent Auditor on the Financial Statements for Leasing Fund	xxii
14. Statement of Financial Performance for the Year Ended 30 June 2025	1
15. Statement of Financial Position As at 30 June 2025	2
16. Statement of Changes in Net Assets for the year ended 30 June 2025	3
17. Statement of Cash Flows for The Year Ended 30 June 2025	4
18. Statement Of Comparison Of Budget And Actual Amounts For The Period	5
19. Notes to the Financial Statements	6
20. Annexes	28

Laikipia County Leasing Fund
Annual Report and Financial Statements for the year ended June 30, 2025

1. Acronyms and Definition of Key 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
LCLF	Laikipia County Leasing Fund

B. Definition of Key Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organization.

Comparative Year- Means the prior period.

Laikipia County Leasing Fund
Annual Report and Financial Statements for the year ended June 30, 2025

2. Key Entity Information and Management

a) Background information

Laikipia County Leasing Fund is established by and derives its authority and accountability from The Public Finance Management Act (The Laikipia County Leasing Fund) Regulations, 2020. The Fund is wholly owned by the County Government of Laikipia and is domiciled in Kenya.

The fund's objective is to finance rental payments, finance operation of leased assets and provide services at a fee to external clients utilizing the leased assets in the line with the master lease agreements.

The Fund's principal activity is to finance rental payments for assets leased by the County, finance the operations of the leased assets and provide services at a fee to external clients utilizing the leased assets in line with the Master Lease Agreements.

b) Principal Activities

The principal activity of the Fund is to finance and coordinate activities related to the Leasing program

c) Fund Administration Committee

Ref	Name	Position
1	Koinange Wahome	Chairperson
2	Daniel Ngumi	Fund Administrator & Secretary - Chief Officer for Finance
3	Peter Macharia	Chief Officer for Roads, Transport & Public Works
4	Alexander Muchemi	County Attorney
5	Wachira Gachigi	County Executive Member for Finance

d) Key Management team

Ref	Name	Position
1	Daniel Ngumi	Fund Manager/ Administrator
2	Peter Macharia	Chief Officer for Roads, Transport & Public Works
3	Justus Kavita	Fund Accountant
4	Brenda Wahuro	Fund Accountant Reporting

Laikipia County Leasing Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Key Entity and Management (Continued)

e) Fiduciary Oversight Arrangements

<i>Ref</i>	<i>Position</i>
1	Directorate Internal Audit
2	County Assembly of Laikipia
3	Laikipia County Executive Audit Committee
4	Office of the Auditor-General

f) Registered Offices

County Government of Laikipia
County Headquarters
P.O. Box 131-20321
Government Road Opposite DCC's Office
Rumuruti, Kenya

g) Fund Contacts

Telephone: (254) 716-031031
E-mail: info@laikipia.go.ke
Website: www.laikipia.go.ke

h) Fund Bankers

Absa Bank
Along Nanyuki- Meru Highway
P.O.BOX 214
Nanyuki, Kenya

Entity and Management (Continued)

Laikipia County Leasing Fund
Annual Report and Financial Statements for the year ended June 30, 2025

i) Independent Auditors

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

j) Principal Legal Adviser




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

k) County Attorney



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

**Laikipia County Leasing Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

3. Fund Administration Committee

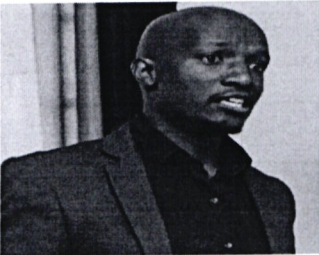


Name	Details of qualifications and experience
<p>1.Koinange Wahome - Chairperson</p> 	<p>Born in 1978. Mr. Koinange Wahome is currently the County Secretary of the County government of Laikipia. He is a dedicated public servant and design thinker with an unwavering commitment to resolving social complexities and ongoing human problems through active citizen engagement, empathetic redress, and unending support for the formation of inspired teams. He has extensive experience in Public Safety Administration, Trade Policy Development, Human Enterprise Management, Diplomacy, Best Practices in International Relations, Public Finance Policy, and Community Development. He holds a master's degree in international relations and diplomacy among other academic and professional qualifications. He has a distinguished public service record in Kenya's disciplined forces, as well as private consultancies in Diplomacy, Public Safety Administration, Technology-Aided Security Surveillance, Logistics and International Trade.</p>
<p>2.Daniel Ngumi - Fund Administrator</p> 	<p>Born in 1984. Mr. Ngumi Daniel is currently the Chief Officer Finance and County Treasury. Holds bachelor's degree in economics and public administration and Master's Degree in Accounting and Finance. He is also a CPA(K). Currently the Chief Officer for Finance and County Treasury. Has previously worked with National Treasury for six years in various Departments as Chief Accountant; Has also worked with County Government of Laikipia as Head of County Treasury Accounting and County Government of Kiambu as Director of Finance.</p>
<p>3.Samuel Gachigi - Member</p> 	<p>Born in 1976. Currently the CECM Finance and Economic Planning. Has worked with National Treasury for 16 years in various departments as head of Supply Chain Management; Has also worked with County Government of Nyeri and County Government of Nakuru as Director of Supply Chain Management. He holds bachelor's degree in business administration – Economics and Sociology and a post graduate Diploma in Supply Chain management services.</p>

**Laikipia County Leasing Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

<p>4. Eng. Peter Macharia – Member</p> 	<p>Born in 1981.</p> <p>He is currently chief officer roads, transport and public works. He holds a Bachelor of science degree in mechanical engineering. He holds CPS(K). he has previously been in private practice and worked as chief officer for land, transport and urban development with county government of Laikipia. He has also worked as principal engineer in city county of Mombasa.</p>
<p>5. Alexander Muchemi - Member</p> 	<p>Born in 1986.</p> <p>He is currently the County Attorney to the County Executive Committee (Chaired by His Excellency the Governor of Laikipia). He holds a bachelor’s degree in law from Moi University and a Post Graduate in The Kenya School of Law Advocates Training Program (ATP).</p> <p>He was a lecturer with experience in lecturing Commercial Law at Cooperative University College. He has marketing experience was in charge of marketing in Nyahururu region.</p>

**Laikipia County Leasing Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

4. Management Team

Name	Details of qualifications and experience
<p>1. Daniel Ngumi - Fund Administrator</p> 	<p>Born in 1984.</p> <p>Mr. Ngumi Daniel is currently the Chief Officer Finance and County Treasury. Holds bachelor's degree in economics and public administration and master's degree in accounting and finance. He is also a CPA(K). Currently the Chief Officer for Finance and County Treasury. Has previously worked with National Treasury for six years in various Departments as Chief Accountant; Has also worked with County Government of Laikipia as Head of County Treasury Accounting and County Government of Kiambu as Director of Finance.</p>
<p>2. Eng. Peter Macharia – Member</p> 	<p>Born in 1981.</p> <p>He is currently chief officer roads, transport and public works. He holds a Bachelor of science degree in mechanical engineering. He holds CPS(K). he has previously been in private practice and worked as chief officer for land, transport and urban development with county government of Laikipia. He has also worked as principal engineer in city county of Mombasa.</p>
<p>3. Justus Kavita - Accountant Financial Operation</p> 	<p>Born in 1987.</p> <p>Mr. Kavita is currently the accountant Leasing Fund. He holds Bachelor's degree in commerce [Accounting option] .He is also a CPA finalist.</p>

Laikipia County Leasing Fund
Annual Report and Financial Statements for the year ended June 30, 2025

4. Brenda Wahuro- Accountant Financial Reporting



Born in 1996.

Ms. Brenda is the accountant in charge of Financial Reporting for the Fund. She has over 3 years' experience in Accounting in County Government of Laikipia. Holds Bachelor's Degree in Commerce (Banking and Finance) from Egerton University. She is a Certified Public Accountant of Kenya (CPA -K).

Laikipia County Leasing Fund
Annual Report and Financial Statements for the year ended June 30, 2025

5. Fund Chairperson's Report

The Public Finance Managements Act 2012 Section 116 gives the CECM Finance powers to establish public funds with the approval of the County Executive Committee (The Cabinet) and the County Assembly. The Act instructs that there shall be a person appointed by the CECM Finance to administer the Fund and guides on the role of the administrator. The Fund Regulations 2020 were developed to guide on the management, operations and accountability of the Fund.

The purpose of the Fund is to;

- a) Finance rental payments for assets leased by the County
- b) Finance operations of the leased assets
- c) Provide services at a fee to external clients utilizing the leased assets in line with the Master Lease Agreements

The Laikipia county Leasing Fund regulations part 3 sub-section 6 (1) states there is established a leased assets management committee for the fund.

The committee consists of:

- a) County Secretary who shall be the chairperson – Koinange Wahome
- b) County Executive Member in charge of Finance - Wachira Gachigi
- c) Chief Officer Finance who shall be the secretary to the committee - Daniel Ngumi
- d) Chief Officer responsible for Infrastructure - Peter Macharia
- e) County Attorney - Alexander Muchemi

Review of Fund's performance

The fund budget for revenues was Kshs. 112,239,680 against the year's receipts of Kshs. 109,332,999. In the Financial year 2024/25 the fund's expenditure was Kshs. 98,996,679.

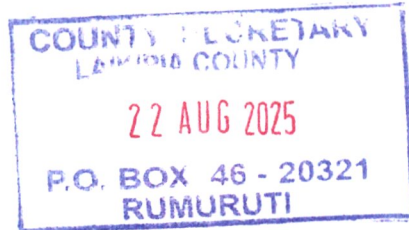
Future outlook

In the budget for financial year 2025/26 the fund has been allocated Kshs. 210,150,000 to cater for lease rental costs, assets operational costs and payment of direct costs of projects undertaken by the assets as per approved bill of quantities.

Laikipia County Leasing Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Conclusion

In conjunction with relevant stakeholders, we will endeavor to ensure that leasing in Laikipia county is effective and efficient in achieving its objectives.



Koinange Wahome

Chairperson of the Fund Administration Committee

**Laikipia County Leasing Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

6. Report of The Fund Administrator

The Leasing Fund was created to aid in coordination of activities related to the leasing program. This Program is an innovative way by Laikipia County to enable the County utilize the most up to date technology for machinery and equipment while not tying up so much cash on asset acquisition but rather use such cash for development activities.

Below is a schedule of the 14 leased equipment and trucks under the leasing program in FY 2024- 2025.

MOTOR VEHICLE REG. NO.	MAKE	START DATE	TERMINATION DATE
KDD 140W	LARGE TIPPER DUMPTRUCK	1/10/2021	1/10/2026
KDD 059X	LARGE TIPPER DUMPTRUCK	1/10/2021	1/10/2026
KDD 057X	LARGE TIPPER DUMPTRUCK	1/10/2021	1/10/2026
KDD 031X	LARGE TIPPER DUMPTRUCK	1/10/2021	1/10/2026
KDD 032X	LARGE TIPPER DUMPTRUCK	1/10/2021	1/10/2026
KDD 158W	LARGE TIPPER DUMPTRUCK	1/10/2021	1/10/2026
KDD 157W	LARGE TIPPER DUMPTRUCK	1/10/2021	1/10/2026
KDD 149W	LARGE TIPPER DUMPTRUCK	1/10/2021	1/10/2026
KDD 164W	LARGE TIPPER DUMPTRUCK	1/10/2021	1/10/2026
KDD 167W	LARGE TIPPER DUMPTRUCK	1/10/2021	1/10/2026
KDD 264G	LOADER	21/7/2021	21/7/2026
KDD 261G	LOADER	21/7/2021	21/7/2026
KDD 265G	REFUSE TRUCK	21/7/2021	21/7/2026
KDD263G	REFUSE TRUCK	21/7/2021	21/7/2026

Haulage program

Designed to carry heavy loads, tipper trucks help transport materials to areas on the same worksite or locations further away. Additionally, their large capacity allows avoid leasing trailers. They're even able to carry smaller machinery like excavators. With such versatility, tipper trucks have covered and they have been fundamental in the Department of Infrastructure in hauling of various things/ items.

Waste Transportation program

The County Governments provides adequate transport for the various segregated waste streams through the leased refuse trucks. The waste transportation trucks are closed and suitable for the transportation of the various waste streams to the waste treatment facilities and landfills. The waste trucks are regularly serviced and maintained to avoid littering of waste.

Waste transportation was largely rudimentary using open trucks among others. These poor transportation modes led to littering, making waste an eye-sore, particularly plastics in the

Laikipia County Leasing Fund
Annual Report and Financial Statements for the year ended June 30, 2025

environment. However, Laikipia County have adopted appropriate transportation trucks as stipulated by the Waste Management Regulations which has been beneficial to the department of environment.

Risk categories

The Fund has identified and categorized risks as follows:

- a) **Strategic risks:** These arise out of the Fund's strategic plan.
- b) **Financial risks:** They are associated with the financial operations of the Fund.
- c) **Operational risks:** These are risks associated with the operations of the Fund.
- d) **Legal and regulatory risks:** Legal risks can arise from non-compliance with the legal and regulatory requirements.

Risk management

The Fund's commitment to risk management has also been evidenced by the awareness and continuous training offered to the Members of the Fund, Administration committee, management and staff of the Fund throughout the year.

**Laikipia County Leasing Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

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

Guidance

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 Laikipia County Leasing Fund are to:

- a) Provide quality physical infrastructure in the County.
- b) Provide efficient and reliable transport services for County activities.

Progress on attainment of Strategic development objectives of the Leasing Fund

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Leasing of vehicles and equipment	Finance rental payments for assets leased by the County	Leased motor vehicles and equipment	No. of leased vehicles and equipment	14 vehicles and equipment leased; tippers trucks and refuse truck and loader.
	Finance the operations of the leased assets	Effective and efficient lease operations	No. of kilometers covered by leased vehicles and equipment	Service delivered to mwananchi effectively & efficiently; e.g. refuse collected /disposed promptly
	Provide services at a fee to external clients utilizing the leased assets in line with the Master Lease Agreements	Increased revenues generated to offset lease rentals	No of equipment hired out	Not achieved

Laikipia County Leasing Fund
Annual Report and Financial Statements for the year ended June 30, 2025

8. Corporate Governance Statement

The Fund does not have a Board of Directors; rather it has a Management Committee comprising of;

- (i) The County Secretary – Chairperson
- (ii) County Executive Committee Member for Finance
- (iii) Chief Officer for Finance – Secretary
- (iv) Chief Officer for Infrastructure - Member
- (v) The County Attorney - Member

The functions of the Management Committee include;

- (i) Formulating guidelines for determination of assets for leasing, allocation and management of the leased assets to users
- (ii) Review proposals received from county departments and agencies and recommend to county executive committee the assets and number to be prioritized subject to the impact and available resources.
- (iii) Approve ensure lease rentals are paid as per the terms of the Master Lease Agreement
- (iv) Ensure the applicable laws, regulations and procedures are followed.
- (v) Receive, review and approve statutory and management reports of the Fund before submission to third parties
- (vi) Prepare estimates of each financial year of the revenue and expenditure of the Fund, which shall then be approved by the CECM Finance before commencement of each financial year.
- (vii) Oversight over procurement of new assets, decision on actions to take at the expiry of contracts of existing leased assets in line with master lease agreements, and negotiation for new leases or amendments to contracts.

The Chief Officer for Finance and County Treasury is responsible for administering the Fund.

Winding up of the Fund

- The fund shall not be wound up while there are outstanding lease rentals.
- In the event of winding up of the fund, the cash balances will be transferred to the county exchequer account.

Laikipia County Leasing Fund
Annual Report and Financial Statements for the year ended June 30, 2025

9. Management Discussion and Analysis

Leasing is becoming a preferred solution to resolve fixed asset requirements vs purchasing the asset. While evaluating this venture, it is essential for the owner of the capital to understand whether leasing would yield better benefits or not. Laikipia County conducted a feasibility study on leasing and concluded that leasing is the best way to go for the County. This resulted to the establishment of the Leasing Fund, an entity within the County Government of Laikipia Executive. Its core functions are to finance and coordinate activities related to the Leasing program.

Operational Performance.

Solid waste management is one of the most challenging tasks for our County. Aging infrastructure has also been a hinderance to service delivery. In light of the foregoing, the department of environment has four leased trucks KDD 261G and KDD 263G in Laikipia east, KDD 265G and KDD 264G in Laikipia west. The number of collection points depend on population size hence the amount of garbage varies in both sub counties.

The table below depicts the amount of garbage collected against the distance covered by the leased refuse trucks in the county:

Sub-County	Truck identification	Refuse collected (Tonnage)	Distance covered (KMs)
Laikipia West	KDD 264G	22,500	7,950
	KDD 265G	7,100	3,400
Laikipia East	KDD 261G	16,000	13,570
	KDD 263G	12,600	14,300
Total		58,200	39,220

The refuse trucks collected 58,200 tones of garbage in 39,220 Kilometers in the period ending 30st June 2025. This meant that 1.483 kgs of refuse was collected in a kilometer.

Laikipia County Leasing Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Financial Performance

The financial performance of the fund was as follows:

a.) Revenue:

The Fund received its funding from the County Government of Laikipia and the disbursements were as follows:

	BUDGETED	ACTUAL REALIZED	VARIANCE
	FY 2024-2025	FY 2024-2025	FY 2024-2025
TRANSFERS FROM COUNTY	126,239,680	123,332,999	2,906,681

The fund's revenue budget realization for the period was 99% of the annual budget.

(b) Expenditure

The following were the lease rentals costs expenditure incurred by the fund for the period ended June 30, 2025.

SUPPLIER	AMOUNT
SIMBA CORPORATION	13,382,833
ISUZU EAST AFRICA LIMITED	38,617,166
TOTALS	51,999,999

Financial Obligations

The Fund has so far since inception incurred expenditure on lease costs amounting to Kshs. **171,058,546**

Laikipia County Leasing Fund
Annual Report and Financial Statements for the year ended June 30, 2025

The table below shows lease rentals owed by the leasing fund to all the suppliers of the leased assets to date;

LEASOR	CUMULATIVE AMOUNT
RENT CO AFRICA	89,262,825
ISUZU EAST AFRICA	47,877,830
SIMBA CORPORATION LIMITED	3,057,610
TOYOTA KENYA	30,854,555
DEPARTMENT OF INFRASTRUCTURE	5,726
TOTAL	171,058,546

Table 1 Cumulative Accounts Payable

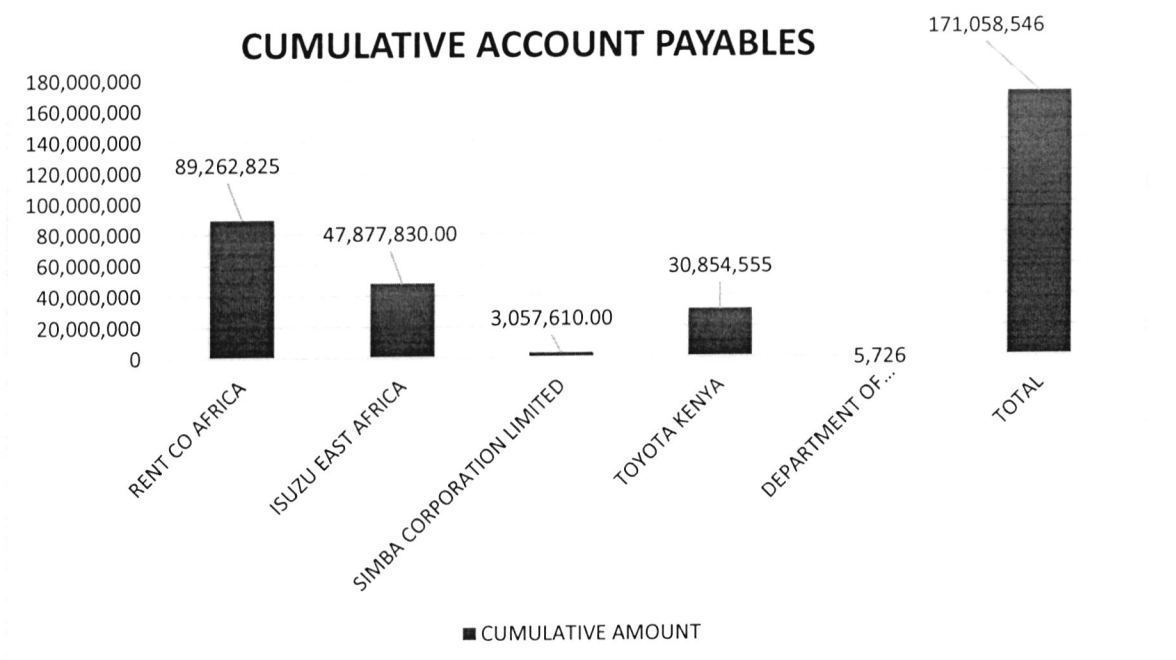


Figure 1 Cumulative Accounts Payable

10. Environmental and Sustainability Reporting

1. Sustainability strategy and profile

The Laikipia County Leasing Fund is keen on posterity; The County's top management has activated various sustainability strategies for the county including but not limited to:

- Ensuring continuous compliance with government laws, regulations, policies and standards.
- Ensuring that substantial proportion of the county budget is allocated to the leasing fund.
- Completed the formulation of a County Risk Management Framework Policy that help the County identify and mitigate risks.
- Engaging citizens through public participation to incorporate their ideas and contributions on County development matters

2. Environmental performance

Laikipia county Leasing fund recognizes environmental protection as one of the guiding principles and a key component of sound business performance. Its committed to providing quality services as we promote and embrace the principle of efficient and effectiveness stewardship of the natural environment.

- Adhere to all applicable environmental regulations and other requirements that relate to our environmental aspects.
- Continual improvement of the environmental performance and regular review of the set environmental objectives, targets and programmes.
- Educate, train and inform all its employees and stakeholders on environmental protection and empower them to contribute and participate.

3. Employee welfare

The Laikipia County Leasing Fund relies on the County Public Service Board that is charged with the hiring and empowering of employees in the County.

4. Market place practices-

Responsible marketing and advertisement - The Laikipia County Leasing Fund also practices responsible marketing and advertisement using County Government social media platforms and print media well as respecting procurement practices.

5. Corporate Social Responsibility / Community Engagements

The Laikipia County Leasing Fund has been engaging citizens to identify their demands and needs, holding social community activities e.g. leaders and elders' engagements

Laikipia County Leasing Fund
Annual Report and Financial Statements for the year ended June 30, 2025

11. Report of The Fund administration committee

The Fund administration committee 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

- a) Finance rental payments for assets leased by the County
- b) Finance the operations of the leased assets and,
- c) Provide services at a fee to external clients utilizing the leased assets in line with the Master Lease Agreements.

Results

The results of the Fund for the year ended June 30, 2025 are set out on page 1-5

Fund administration committee members

The members of the fund administration committee who served during the year are shown on page iii-vii. The Fund administration committee members during the financial year are as shown below:

Ref	Position	Name
1	County Secretary - Chairperson	Koinange Wahome
2	CECM Finance & Economic Planning	Wachira Gachigi
3	Chief Officer Infrastructure Department	Peter Macharia
4	Fund Administrator/Chief Officer Finance	Daniel Ngumi
5	Committee Member	Alexander Muchemi

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.

By Order of the Fund Administration Committee

Koinange Wahome
Chair of the Fund Administration Committee



12. Statement Of Management’s Responsibilities

Section 168 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a Laikipia County Leasing Fund established 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 Laikipia County Leasing 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 period ended on June 30, 2025. 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 Fund accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. 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 period ended June 30, 2025, and of the Fund’s financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund’s financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

The Fund’s financial statements were approved by the Board on 22/08/2025 and signed on its behalf by:

Daniel King’ori Ngumi
Administrator of the Laikipia County Leasing Fund
ICPAK Member Number: 8207

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON LAIKIPIA COUNTY LEASING FUND FOR THE YEAR ENDED 30 JUNE, 2025

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Laikipia County Leasing Fund set out on pages 1 to 32, which comprise of the statement of financial position as at

Report of the Auditor-General on Laikipia County Leasing Fund for the year ended 30 June, 2025

30 June, 2025, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the 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 Laikipia County Leasing Fund as at 30 June, 2025 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 Laikipia County Leasing Fund Regulations, 2020 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Material Uncertainty Related to Going Concern

As previously reported, the statement of financial position reflects total assets of Kshs.43,469,591 and total liabilities of Kshs.171,058,546, resulting into Fund's technical insolvency by an amount of Kshs.127,588,955. The continued operations of the Fund are dependent on the financial support by the County Government and the goodwill of suppliers. However, Management did not disclose the existence of a going concern in the financial statements, contrary to the disclosure requirements of IPSAS 1.

Further, the statement of financial position reflects current assets of Kshs.20,986,766 and current liabilities of Kshs.171,058,546, resulting in negative working capital of Kshs.150,071,780. This indicates that the Fund's short-term liabilities exceeded its short-term assets, implying potential liquidity challenges. The Fund may therefore be unable to meet its financial obligations as and when they fall due. No evidence was provided to demonstrate how the Fund intends to manage or reverse the negative working capital.

In the circumstances, the sustainability of service delivery of the Fund was in doubt.

2. Long Outstanding Payables

The statement of financial position and Note 12 to the financial statements reflects Kshs.171,058,546 in respect of trade and other payables from exchange transactions. However, the aging analysis was not done to show how long the payables have been outstanding. In addition, no explanations have been given for not having these payables forming the first charge on the County Revenue Fund. This is contrary to Regulation 41(2) of the Public Finance Management (County Governments) Regulations, 2015 that provide that debt service payments shall be a first charge on the County Revenue Fund and the Accounting Officer shall ensure this is done to the extent possible that the county government does not default on debt obligations.

In the circumstances, the accuracy and completeness of the trade and other payables from exchange transactions balance of Kshs.171,058,546 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual amounts on comparable basis Kshs.126,325,192 and Kshs.123,418,511 respectively, resulting to a shortfall of Kshs.2,906,681 or 2% of the budget. Similarly, the Fund utilized Kshs.102,431,745 against actual receipts of Kshs.123,418,511, resulting to an under-absorption of Kshs.20,986,766 or 17% of the actual receipts.

The underfunding and under-absorption affected the planned activities and may have negatively impacted service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effects of 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 Matter

Unresolved Prior Year Matters

The following issues raised on Laikipia County Emergency Fund in the previous audit report remain unresolved;

1. Material Uncertainty Related to Going Concern.
2. Unexplained Variance in Transfers from the County Government.
3. Long Outstanding Payables.

Other Information

Management is responsible for the Other Information set out on page iii to xxi which comprise of Key Entity Information and Management, Fund Administration Committee, Management Team, Fund Chairperson's Report, Report of the Fund Administrator, Statement of Performance Against the County Fund's Predetermined Objectives,

Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Fund Administration Committee and Statement of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN 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 matter described in the Basis for Conclusion on the Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Invalid Legal Framework Governing the Leasing Fund

Review of the legal instruments governing the Fund's operations revealed that the Fund is administered under the Public Finance Management (The Laikipia County Leasing Fund) Regulations, 2020. However, no evidence was provided to confirm that these Regulations were enacted as a County-Specific Act of the County Assembly, tabled before the County Assembly and passed as law in accordance with Article 185 of the Constitution and Sections 30 and 116 of the Public Finance Management Act, consistent with the provisions of the Statutory Instruments Act, 2013, or properly gazetted and backed by a parent statute enacted Laikipia County Assembly. As such, the cited regulations lack legal validity and do not constitute a proper legal framework under the Kenyan law governing county public funds.

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

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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAIs 2315 and 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 the Fund Administration Committee

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 controls 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 controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention 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 comply with the authorities which govern them and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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 of Supreme Audit Institutions (ISSAIs). The standards requires 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


19 November, 2025

Laikipia County Leasing Fund
Annual Report and Financial Statements for the year ended June 30, 2025

14. Statement of Financial Performance for the Year Ended 30 June 2025


Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Transfers From the County Government	7	112,239,680	85,000,000
		112,239,680	85,000,000
Revenue From Exchange Transactions			
Other Income	8	-	49,655
		-	49,655
Total Revenue		112,239,680	85,049,655
Expenses			
Use of goods and services	9	98,996,679	85,732,268
Total Expenses		98,996,679	85,732,268
Other Gains/Losses			
Surplus/(Deficit) for the Period		13,243,001	(682,613)

The notes set out on pages 6 to 27 form an integral part of these Financial Statements



Daniel Ngumi
 Administrator of the Fund
 ICPAK Member Number: 8207






Brenda Wahuro
 Fund Accountant
 ICPAK Member Number:32585

Laikipia County Leasing Fund
Annual Report and Financial Statements for the year ended June 30, 2025


15. Statement of Financial Position As at 30 June 2025

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	10	20,986,766	85,512
Total current assets		20,986,766	85,512
Non-Current Assets			
Accounts Receivables from Non-Exchange Transactions	11	22,482,825	33,576,144
Total non- current assets		22,482,825	33,576,144
Total Assets (A)		43,469,591	33,661,656
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	12	171,058,546	174,493,613
Total current liabilities		171,058,546	174,493,613
Non-Current Liabilities		-	-
Total Liabilities (B)		171,058,546	174,493,613
Net Assets (A-B)		(127,588,955)	(140,831,957)
Represented By:			
Accumulated Surplus		(127,588,953)	(140,831,954)
Net Assets		(127,588,953)	(140,831,954)

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 22/08/2025 and signed by:


 Daniel Ngumi
 Administrator of the Fund
 ICPAK Member Number: 8207




 Brenda Wahuro
 Fund Accountant
 ICPAK Member Number: 32585

Laikipia County Leasing Fund
Annual Report and Financial Statements for the year ended June 30, 2025

16. Statement of Changes in Net Assets for the year ended 30 June 2025

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
	Kshs	Kshs	Kshs	Kshs
Balance As At 1 July 2023	-	-	(140,149,341)	(140,149,341)
Surplus/(Deficit) For the Period	-	-	(682,613)	(682,613)
Balance As At 30 June 2024	-	-	(140,831,954)	(140,831,954)
				-
Balance As At 1 July 2024	-	-	(140,831,954)	(140,831,954)
Surplus/(Deficit) For the Period	-	-	13,243,001	13,243,001
Balance As At 30 June 2025	-	-	(127,588,953)	(127,588,953)

**Laikipia County Leasing Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

17. Statement of Cash Flows for The Year Ended 30 June 2025

Description	Note	FY 2024/2025	FY 2023-2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the county government		123,332,999	70,882,827
Other income		-	49,655
Total receipts		123,332,999	70,932,482
Payments			
Use of goods and services		102,431,746	72,050,163
		102,431,746	72,050,163
Net cash flows from operating activities	13	20,901,253	(1,117,681)
Cash flows from investing activities			
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash & cash Equivalents		20,901,253	(1,117,681)
Cash and cash equivalents at 1 July		85,513	1,203,194
Cash and cash equivalents at June 2024		20,986,766	85,513

Laikipia County Leasing Fund
Annual Report and Financial Statements for the year ended June 30, 2025

18. Statement Of Comparison Of Budget And Actual Amounts For The Period

Description	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference		% Utilization
	Kshs	a	Kshs	b	Kshs	C=(a+b)	Kshs	d	Kshs	e=(c-d)	
Budget carryovers from the previous year*		-		85,512		85,512		85,512		-	100%
Receipts											
Transfers From County Govt.	106,333,000		19,906,680		126,239,680		123,332,999		2,906,681		98%
Total Income	106,333,000		19,992,192		126,325,192		123,418,511		2,906,681		
Expenses											
Use of goods and services	106,333,000		19,992,192		126,325,192		102,431,745		23,893,447		81%
Total Expenditure	106,333,000		19,992,192		126,325,192		102,431,745		23,893,447		
Capital expenditure	-		-		-		-		-		
Surplus For the Period		-		-		-	20,986,766				

Budget notes

1. The underutilization on use of goods and services of 19% was occasioned by ongoing projects on construction and maintenance of roads hence reduced expenditure within the reporting period.
2. The difference between the original and final budget were due to supplementary adjustments of Kshs.5,906,680 and transfers received relating to previous reporting period of Kshs.14,000,000.
3. The Actual surplus Amounts as per the Statement of Budget is similar with closing cash and cash equivalent as per the cashflow hence no budget reconciliation.

Laikipia County Leasing Fund
Annual Report and Financial Statements for the year ended June 30, 2025

19. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Laikipia County Leasing entity is established by and derives its authority and accountability from Public Finance Management (PFM) Act. The entity is wholly owned by the Laikipia County Government and is domiciled in Kenya. The entity's principal activity is to finance rental payment for asset leased by the County, finance the operations of the leased assets and provide services at a free to external clients utilizing the leased assets in line with the Master Lease Agreement.

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 periods 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 2025

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 2025.

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

Laikipia County Leasing Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Sale and 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>
IPSAS 45: Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></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>
IPSAS 46: Measurement	<p><i>Applicable 1st January 2025</i></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>
IPSAS 47: Revenue	<p><i>Applicable 1st January 2026</i></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>

Laikipia County Leasing Fund
Annual Report and Financial Statements for the year ended June 30, 2025

<p>IPSAS 48: Transfer Expenses</p>	<p><i>Applicable 1st January 2026</i></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>IPSAS 49: Retirement Benefit Plans</p>	<p><i>Applicable 1st January 2026</i></p> <p>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.</p>
<p>IPSAS 50: Exploration For & Evaluation of Mineral Resources</p>	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

(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.)*

4. 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

Summary of Significant Accounting Policies (Continued)

asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

ii. Revenue from exchange transactions

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2024/2025 was approved by the County Assembly on 28th June 2024. There were no Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. No additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund did not record additional appropriations on the FY 2024/2025 budget following the governing body's approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 7 of these financial statements

Summary of Significant Accounting Policies (Continued)

c) Property, plant and equipment

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

a) Intangible Assets

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

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

b) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit.(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

Summary of Significant Accounting Policies (Continued)

c) Financial instruments

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

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).

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.

Laikipia County Leasing Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Summary of Significant Accounting Policies (Continued)

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 recognizes a social benefit as an expense for the social benefit scheme at the same time that it recognizes 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.

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.

i) Changes in accounting policies and estimates

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

j) Employee benefits – Retirement benefit plans

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

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

Laikipia County Leasing Fund
Annual Report and Financial Statements for the year ended June 30, 2025

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

p) Provisions

Provisions were raised and management determined an estimate based on the information available. There were no additional disclosure of these estimates of provisions.

No Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

**Laikipia County Leasing fund
Annual Report and Financial Statements For the year ended 30 June 2025**

Notes To the Financial Statements Continued

6. Public contributions and donations

Description	FY 2024/2025	FY2023/2024
	Kshs	Kshs
Donation From Development Partners	-	-
Contributions From The Public	-	-
Total	-	-

7. Transfers from County Government

Description	FY 2024/2025	FY2023/2024
Transfers from County Govt - Operations	112,239,680	85,000,000
Total	112,239,680	85,000,000

(We recognized Kshs.112,239,680 as transfers based on the approved budget under the accrual basis, although only Kshs.109,332,999 was received. The difference of Kshs.2,906,681 represents transfers due but not yet received.)

8. Other income

Description	FY 2024/2025	FY2023/2024
	Kshs	Kshs
Insurance Recoveries	-	-
Income From Sale Of Tender Documents	-	-
Miscellaneous Income	-	-
Transfer from County Department	-	49,655
Total Other Income	0	49,655

(There was no any other income during the financial period)

9. Use of Goods and Services

Description	FY 2024/2025	FY2023/2024
	Kshs	Kshs
Bank Charges	26,324	34,699
Domestic Travel and Subsistence	6,395,000	2,965,600
Fuel, oil and Lubricants	35,468,517	25,423,849
Hospitality Supplies and Services		
Rental of produced assets	2,367,462	1,390,139
Rental/Leasing costs	48,564,932	48,564,932
Repairs and maintenance	5,491,094	7,337,049
paid Accrued Lease Rentals		16,000
Transport services	683,350	
Total	98,996,679	85,732,268

(The expenses relate to lease operations and lease rental costs for leased motor vehicles)

Laikipia County Leasing fund
Annual Report and Financial Statements For the year ended 30 June 2025

10. Cash and cash equivalents

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	20,986,766	85,512
Others	-	-
Total Cash And Cash Equivalents	20,986,766	85,512

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

Financial Institution	Account number	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
a) Current Account			
ABSA BANK PLC	2041834296	20,986,766	85,512
Grand Total		20,986,766	85,512

11. Receivables from Non-exchange transactions

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Current Receivables		-
Balance B/F Transfers from county	33,576,144	17,411,471
Balance B/d-Transfers from County	2,906,681	2,047,500
Transfers from County FY 2024/2025	-	85,000,000
Transfers Received from county as at June 2025	(14,000,000)	(69,457,072)
Payment on behalf by Finance dept		(1,425,755)
Total Current Receivables	22,482,825	33,576,144
Non-Current Receivables		
Long Term Loan Repayments Due		-
Total Non- Current Receivables	-	-
Total Receivables From non exchange Transactions	22,482,825	33,576,144

**Laikipia County Leasing fund
Annual Report and Financial Statements For the year ended 30 June 2025**

Additional disclosure on interest receivable

Description	FY 2024/2025	FY 2023/2024
	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	-	-
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	-	-

12. Trade and other payables from exchange transactions

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Trade Payables B/F	174,493,613	160,811,508
Refundable Deposits	-	-
Accrued Expenses - Lease Rental Costs	48,564,932	13,682,105
Paid Accrued Lease rentals	(51,999,999)	-
Other Payables	-	-
Total Trade and Other Payables	171,058,546	174,493,613

13. Cash generated from operations.

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	13,243,001	(682,613)
Adjusted For:		
Finance Cost	-	-
Working Capital Adjustments		
Decrease In Receivables	14,000,000	
Increase In Receivables	(2,906,681)	(14,117,173)
Increase (Decrease) In Payables	(3,435,067)	13,682,105
Net Cash Flow from Operating Activities	20,901,253	(1,117,681)

Laikipia County Leasing fund
Annual Report and Financial Statements For the year ended 30 June 2025

14. 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 2024/2025	FY 2023/2024
	Kshs	Kshs
Transfers From Related Parties'	123,332,999	70,932,482
Transfers To Related Parties	-	-

c) Key management remuneration

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Due From Departments		2,047,500
Due From County Government		31,528,644
Total		33,576,144

**Laikipia County Leasing fund
Annual Report and Financial Statements For the year ended 30 June 2025**

Other Disclosures Continued

e) Due to related parties

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
Total	-	-

15. Contingent assets and contingent liabilities

4. Contingent Liabilities	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Court Case Against the Fund	-	-
Bank Guarantees	-	-
Total	-	-

16. 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 2025				

Laikipia County Leasing fund
Annual Report and Financial Statements For the year ended 30 June 2025

Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	22,482,825	-	22,482,825	-
Bank Balances	20,986,766	-	20,986,766	-
Total	43, 469,591	-	43,469,591	-
At 30 June 2024				
Receivables From Exchange Transactions		-	-	-
Receivables From Non-Exchange Transactions	33,576,144	-	33,576,144	-
Bank Balances	85,512	-	85,512	-
Total	33,661,656	-	33,661,656	-

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 county executive.

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.

Laikipia County Leasing fund
Annual Report and Financial Statements For the year ended 30 June 2025

Laikipia County Leasing fund
Annual Report and Financial Statements For the year ended 30th June 2024

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2025				
Accounts Payables	-	33,457,072	137,601,474	171,058,546
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total				
At 30 June 2024	-	33,457,072	137,601,474	171,058,546
Accounts Payables	12,141,233	1,540,872	160,811,508	174,493,613
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	12,141,233	1,540,872	160,811,508	174,493,613

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 optimizing 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.

Laikipia County Leasing fund
Annual Report and Financial Statements For the year ended 30 June 2025

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 2025			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables			
Liabilities			
Accounts And Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

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	10%	-	-
USD	10%	-	-
(Comparative FY)			
Euro	10%	-	-
USD	10%	-	-

Laikipia County Leasing fund
Annual Report and Financial Statements For the year ended 30 June 2025

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 endeavored to bank with institutions that offer favorable 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 0(2022: Kshs 0). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs 0 (2021 – Kshs0).

Laikipia County Leasing fund
Annual Report and Financial Statements For the year ended 30 June 2025

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 2024/2025	FY 2023/2024
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	(127,588,953)	(140,831,954)
Total funds	(127,588,953)	(140,831,954)
Total borrowings	-	-
Less: cash and bank balances	(20,986,766)	(85,512)
Net debt/(excess cash and cash equivalents)	(20,986,766)	(85,512)
Gearing	0.2%	0.1%

17. Events after the reporting period

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

18. Ultimate and Holding Entity

The entity is a County Public Fund established by public finance management (PFM) Act section 116 under the Department of Finance. Its ultimate parent is the County Government of Laikipia.

19. Currency

The financial statements are presented in Kenya Shillings (Kshs)

**Laikipia County Leasing fund
Annual Report and Financial Statements For the year ended 30 June 2025**

20. Annexes

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

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

Reference No. on the external audit Report	Issue/ Observations from Auditor	Management comments	Status:	Timeframe:
OAG /IRO/LCLF/ 2023/2024/(26)	1.Material Uncertainty Related to going concern. The statement of financial position reflects kshs.33,661,656 and Kshs 174,493,613 in respect to total assets and liabilities resulting into technical insolvency by an amount of Kshs.140,831,954 The operation of the fund is dependent on the continued support by the county government and the supplier. However, the management have not disclosed the gong concern issues with the regard to the fund. In the circumstances, the fund may not meet its debt obligations and is insolvent.	The figures presented reflect the fund's current position, which, while indicating an excess of liabilities over assets, does not fully capture the underlying operational dynamics and financial support mechanisms in place. Specifically, the County Government and suppliers have consistently provided necessary support, which has enabled the fund to maintain its operations despite the apparent technical insolvency. This continued backing suggests that the fund remains capable of meeting its financial obligations in the foreseeable future. It is essential to consider these external factors before we draw inferences about the fund's ability to continue its operations.	In progress	FY2025/2026
OAG /IRO/LCLF/ 2023/2024/(26)	2.Unexplained variance in Transfer from the county Government.	First, the financial statements of the Fund and the Laikipia County Executive were prepared on different bases of accounting: the Fund's financial statements were prepared on an accrual basis, while the Laikipia County Executive's	In progress	FY2025/2026

Laikipia County Leasing fund
Annual Report and Financial Statements For the year ended 30 June 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	<p>The statement of financial performance and as disclosed in Note 2 to the financial statements reflects transfers from the County Government amount of Kshs.85,000,000 while Laikipia County Executive statement of receipts and payments and as disclosed in Note 5 to the financial statements reflects transfers of Kshs.83,457,072 was transferred to Laikipia County Leasing Fund account during the year under review resulting in an unexplained variance of Kshs.1,542,928. In addition, the amount of Kshs.49,655 disclosed as other income is indicated as being done from the County Government but not as disclosed.</p> <p>In the circumstances, the accuracy and completeness of transfers from the County Government amount of Kshs.85,000,000 could not be confirmed.</p>	<p>Statement of Receipts and Payments was prepared on a cash basis. This fundamental difference can lead to variances between the reported amounts, especially in cases where transfers from the County Government are recorded differently in the two sets of accounts.</p> <p>Regarding the transfer discrepancy, the difference of kshs. 1,542,928 was due to differences the recognition of transfers that are accounted for under the two bases of accounting. Under the accrual basis, revenue is recognized when earned, which may include funds that have been committed or allocated but not yet disbursed. On the other hand, the cash basis used by the Laikipia County Executive reflects only the amounts actually paid during the period, which may explain the lower figure of Kshs 83,457,072 in the Statement of Receipts and Payments.</p> <p>As for the other income of kshs 49,655 indicated as being received from the County Government but not disclosed as such in the Laikipia County Executive's accounts, this could again be attributable to differences in the classification and presentation of income under the different accounting frameworks. Income recognized in the Fund's financial statements may not have been recognized in the Laikipia County Executive's records, or it may have been classified differently, contributing to the apparent discrepancy.</p>		

**Laikipia County Leasing fund
Annual Report and Financial Statements For the year ended 30 June 2025**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
OAG /IRO/LCLF/ 2023/2024/(26)	<p>3. Budgetary control and performance</p> <p>The statement of comparison of budget and actual amounts as at 30 June ,2024 reflects total Budget revenue of Kshs.86,253,194 and actual revenue of Kshs.72,135,676 resulting to under realization of Kshs.14,117,518 or 16% of the budget .similarly the same statement reflects total budget expenditure of KSHS.86,253,194 and actual expenditure of Kshs.72,050,163 resulting to under absorption of KSHS. 14,203,031 or 16% of budget</p> <p>The under realization and underperformance affected the planned activities and may have impacted negatively on service delivery.</p>	<p>The under-realization of revenue, with actual revenue of Kshs 72,135,676 compared to the budgeted Kshs 86,253,194, resulting in a shortfall of Kshs 14,117,518 (16%), directly reflects the County's failure to meet its revenue targets. This revenue shortfall affected the Fund's ability to fully finance its planned activities. Additionally, the under-absorption of expenditure (Kshs 14,203,031 or 16%) further indicates that the reduced revenue impacted the Fund's operational capacity, potentially leading to delays or reductions in public service delivery as originally planned. The failure to meet revenue targets thus constrained the Fund's resources, affecting service delivery and planned projects</p>	In progress	FY2025/2026
OAG /IRO/LCLF/ 2023/2024/ (26)	<p>4. Negative working capital</p> <p>The statement of the financial position reflects Kshs.85,512 and Kshs.174,493,613 in respect of</p>	<p>Budgetary constraints have been a challenge over the years. The county is negotiating with the county assembly to allocate more funds for the payment of the payables.</p>	In progress	FY2025/2026

Laikipia County Leasing fund
Annual Report and Financial Statements For the year ended 30 June 2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	total current liabilities resulting into a negative working capital of Kshs.174,408,101. In the circumstances, the fund may not be able to meet its current obligations and when they fall due.			
OAG /IRO/LCLF/ 2023/2024/(26)	5. Prior Year Unresolved Audit Matters In the previous audit report one (1) issue was raised under Basis for Qualified opinion, one (1) paragraph under Other Matter and two (2) paragraphs under Report on Lawfulness and Effectiveness in Use of Public Resources.However, Management has not provided reasons for the delay in resolving the prior year audit issue.	The management committee is committed towards resolving issues raised in the auditor general’s report as well as other oversight bodies. The records in question are available for review and will be provided as and when the county assembly and the Senate Committee invites the county for the session.	In progress	FY2025/2026
OAG /IRO/LCLF/ 2023/2024/(26)	6.Long Outstanding payables The statements of financial position and as disclosed in Note 20 to the financial statement reflects Kshs.174,493,613 in respect of accounts and other payables from exchange	The fund administrator has always been taking all necessary measures to clear all outstanding balances therefore being compliant with relevant laws and regulations. However budgetary constraints have been a challenge over the years. The county is negotiating with the county assembly to allocate more funds for the payment of the payables.	In progress	FY2025/2026

**Laikipia County Leasing fund
Annual Report and Financial Statements For the year ended 30 June 2025**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	<p>transactions. A review of ageing analysis of these payables reveal that 49.6% (Kshs.86,617,746) and 42.5% (Kshs.74,193,762) of the outstanding amounts have remained unsettled for between one year (1) to two (2) years and two (2) to three (3) years ,respectively contrary to clause 3.1.2 payment terms of master operating Lease Agreement dated 9th march 2021 which provides that lease payments are due for settlement every three (3) months in arrears and by standing order. In the circumstances, the management is in breach of the master operating lease agreement.</p>			

Daniel King'ori Ngumi
Administrator of the Laikipia County Leasing Fund



**Laikipia County
Laikipia County Leasing Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

Annex II: Inter-Fund Confirmation Letter

To: Chief officer Finance and County Treasury

From: Laikipia county Leasing Fund

The office of the Chief officer Finance and County Treasury wishes to confirm the amounts disbursed to you as at 30th June 2025 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 [Insert name of beneficiary Fund] as at 30th June 20xx							
Reference Number	Date Disbursed	Amounts Disbursed by [CC/SAGA/Fund] (Kshs) as at 30 th June 20xx				Amount Received by [beneficiary Fund] (KShs) as at 30 th June 2025 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
FT24186NYJS6	4-Jul-24		2,000,000.00		2,000,000.00	2,000,000.00	-
FT241901QRB2	8-Jul-24		3,750,000.00		3,750,000.00	3,750,000.00	-
FT2420067W7F	18-Jul-24		2,000,000.00		2,000,000.00	2,000,000.00	-
FT24200LSCJG	18-Jul-24		2,500,000.00		2,500,000.00	2,500,000.00	-
FT24200RH60Q	18-Jul-24		3,750,000.00		3,750,000.00	3,750,000.00	-
FT24269JP8LN	25-Sep-24		3,000,000.00		3,000,000.00	3,000,000.00	-
FT24269T1F31	25-Sep-24		13,657,559.00		13,657,559.00	13,657,559.00	-
FT24339ZY82X	4-Dec-24		2,000,000.00		2,000,000.00	2,000,000.00	-
FT24339QB3VD	4-Dec-24		2,000,000.00		2,000,000.00	2,000,000.00	-
FT243395D8HK	4-Dec-24		2,000,000.00		2,000,000.00	2,000,000.00	-
FT24339L6J3P	4-Dec-24		2,000,000.00		2,000,000.00	2,000,000.00	-
FT24339YFCVL	4-Dec-24		2,000,000.00		2,000,000.00	2,000,000.00	-

Laikipia County
Laikipia County Leasing Fund
Annual Report and Financial Statements for the year ended June 30, 2025

FT24339TVDCV	4-Dec-24		2,000,000.00		2,000,000.00	2,000,000.00	-
FT24339K1880	4-Dec-24		3,000,000.00		3,000,000.00	3,000,000.00	-
FT24352MSR27	17-Dec-24		18,349,212.00		18,349,212.00	18,349,212.00	-
FT25051HS2DT	20-Feb-25		15,107,860.00		15,107,860.00	15,107,860.00	-
FT25113Z3YRZ	23-Apr-25		2,966,627.00		2,966,627.00	2,966,627.00	-
FT25119Q0HTQ	29-Apr-25		1,333,000.00		1,333,000.00	1,333,000.00	-
FT251193CC72	29-Apr-25		2,000,000.00		2,000,000.00	2,000,000.00	-
FT2511913JHD	29-Apr-25		2,000,000.00		2,000,000.00	2,000,000.00	-
FT25119FPYDK	29-Apr-25		2,000,000.00		2,000,000.00	2,000,000.00	-
FT25119WVQ7J	29-Apr-25		2,000,000.00		2,000,000.00	2,000,000.00	-
FT251193N3Z3	29-Apr-25		2,000,000.00		2,000,000.00	2,000,000.00	-
FT251193JCVZ	29-Apr-25		2,000,000.00		2,000,000.00	2,000,000.00	-
FT25119M6KJ5	29-Apr-25		2,000,000.00		2,000,000.00	2,000,000.00	-
FT25119XNWPN	29-Apr-25		2,000,000.00		2,000,000.00	2,000,000.00	-
FT25119NNTMY	29-Apr-25		2,000,000.00		2,000,000.00	2,000,000.00	-
FT25119H7G4K	29-Apr-25		5,000,000.00		5,000,000.00	5,000,000.00	-
FT25119VBWGW	29-Apr-25		5,000,000.00		5,000,000.00	5,000,000.00	-
FT251196L78L	29-Apr-25		5,000,000.00		5,000,000.00	5,000,000.00	-
FT25119HPG2L	29-Apr-25		5,000,000.00		5,000,000.00	5,000,000.00	-
FT25202WKNL	21-Jul-25		1,918,742.00		1,918,742.00	1,918,742.00	-
Total			<u>123,332,999</u>		<u>123,332,999</u>	<u>123,332,999</u>	-

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

Head of Accountants department of beneficiary Fund:

Name: Brenda Wahuro **Sign** *BW* **Date** *22/8/2025*

Laikipia County
 Laikipia County Leasing Fund
 Annual Report and Financial Statements for the year ended June 30, 2025

Annex III: Reporting of Climate Relevant Expenditures

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

Laikipia County
 Laikipia County Leasing Fund
 Annual Report and Financial Statements for the year ended June 30, 2025

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