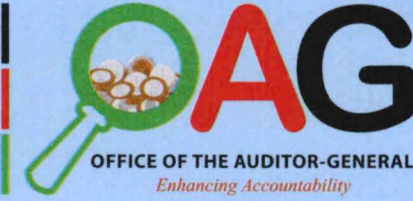
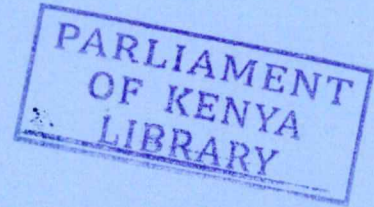


REPUBLIC OF KENYA



REPORT



OF

THE AUDITOR-GENERAL

ON

LAIKIPIA COUNTY DEVELOPMENT  
AUTHORITY

FOR THE YEAR ENDED  
30 JUNE, 2025

PAPERS LAID	
DATE	02/12/2025
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**LAIKIPIA COUNTY DEVELOPMENT AUTHORITY**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED**  
**30<sup>TH</sup> JUNE 2025**

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

**Laikipia County Development Authority  
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**1. Acronyms and Definition of Key Terms**

**A: Acronyms**

CEO	Chief Executive Officer
DG	Director General
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
MD	Managing Director
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
WB	World Bank
VC	Vice Chancellor
LCDA	Laikipia County Development Authority
HEEP	Household Economic Empowerment Project

**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.

**Financial Institution** -An institution that is duly registered and licensed by CBK pursuant to Section 5 of the Banking Act Cap 488 Laws of Kenya and has entered into a contractual engagement pursuant to these regulations.

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**2. Key Entity Information and Management**

**(a) Background information**

Laikipia County Development Authority is established by and derives its authority and accountability from LCDA Act 2014. The authority is wholly owned by the County Government of Laikipia and is domiciled in Kenya.

The Authority's objective is to mobilize resources and create partnerships.

The Authority's principal activities are:

- Advise the County government on the appropriate policies, laws, plans, and programs necessary for County development.
- Coordinate development programs and initiatives and provide liaison between the County and national government on the implementation of development programs and projects.
- Initiate and implement in collaboration with other County government departments targeted development programs and projects.
- Source locally or internationally the resources required for promoting County development.
- Promote and facilitate the establishment of public-private partnerships targeting County development.
- Support other County departments in preparing and implementing development programs.
- Mobilize and support residents to initiate or participate in development initiatives, programs, and projects.
- Monitor and evaluate development policies, laws, plans, and programs, and advise the County government on appropriate measures to be adopted.
- Perform such other functions as may from time to time be assigned by the executive member.

**(b) Principal Activities**

The principal activity of the authority is to raise funds and create partnerships for the County Government of Laikipia

- **Vision:** The greatest County with the best quality of life.
- **Mission:** To empower households in Laikipia County to a lead fulfilling life.
- **Core Values:**
  - Professionalism
  - Accountability
  - Integrity
  - Equity
  - Innovativeness

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**(c) Key Management**

The Entity's day-to-day management is under the following key organs:

No	Designation	Name
1.	Chief Executive Officer (Ag.)	Samuel Njuki Mahiga-Chief Officer Trade
2.	LCDA Accountant-operations	Justus Kavita
3.	LCDA Accountant-Financial Reporting	Brenda Wahuro

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2025 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Acting Chief Executive Officer	Samuel Njuki Mahiga
2.	Head of Finance	Justus Kavita
3.	Head of Procurement	Victoria Muthee
4.	Director	Joseph Gakunga

**(e) Arrangements**

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

**(f) Entity Headquarters**

P.O. Box 131-20321  
County Headquarters Building  
Government Road, Opposite DCC'S Office  
Rumuruti, Kenya

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**(g) Entity Headquarters**

P.O. Box 131-20321  
County Headquarters Building  
Government Road, Opposite DCC'S Office  
Rumuruti, Kenya

**(h) Entity Contacts**

Telephone: (254) 716-030030  
E-mail: info@laikipia.go.ke  
Website: www.laikipia.go.ke

**(i) Entity Bankers**

Equity Bank  
Nanyuki, Kenya

**(j) Independent Auditor**

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

**(k) Principal Legal Advisers**

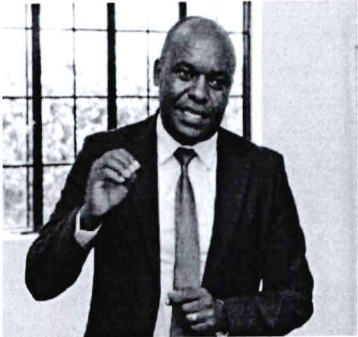

The Attorney General  
State Law Office and Department of Justice  
Harambee Avenue  
P.O. Box 40112  
City Square 00200

**(l) County Attorney**


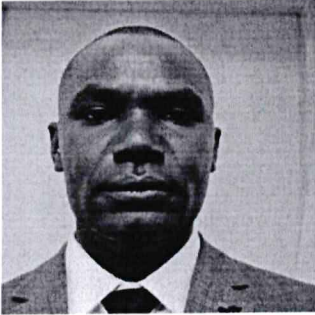

County Government of Laikipia  
Kenyatta Avenue  
P.O. Box 1271-10400  
Nanyuki, Kenya

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**3. The Board of Director**

Ref	Directors	Details
1.	<p>Dr Allan Mugambi- Chairman LCDA</p> 	<p>Dr Mugambi, holds a Doctorate of Philosophy and a Master of Science Degree in Entrepreneurship. He is also a holder of a Bachelor's Degree in Computer Science, and is a certified International Labour Organization expert in business development and Public Administration.</p> <p>Dr Mugambi is currently;</p> <ul style="list-style-type: none"> <li>• Board member of Midwest Food Bank (USA)</li> <li>• Founder and Secretary General of the Association of Practicing and Professional Entrepreneurs (APPEL)</li> <li>• Senior Lecturer at Jomo Kenyatta University of Agriculture and Technology</li> <li>• He is a visiting Don at the Technical University of Munich.</li> <li>• Chairperson of the Council of Ridgeways Baptist Church</li> <li>• A Lead Consultant and Advisor of the National Council of NGOs.</li> <li>• A researcher in Entrepreneurship trends, and an accomplished author and publisher</li> </ul>
2.	<p>Daniel Ngumi – Chief Officer, Finance</p> 	<p>Born in 1984.</p> <p>Mr. Ngumi Daniel is currently the Chief Officer, Finance and County Treasury. He Holds a Master's Degree in Accounting and Finance and a Bachelor's Degree in Economics and Public Administration. He is also a CPA(K).</p> <p>Has previously worked with the National Treasury for six years in various Departments as Chief Accountant; Has also worked with the County Government of Laikipia as Head of County Treasury, Accounting, and in the County Government of Kiambu as Director of Finance.</p>

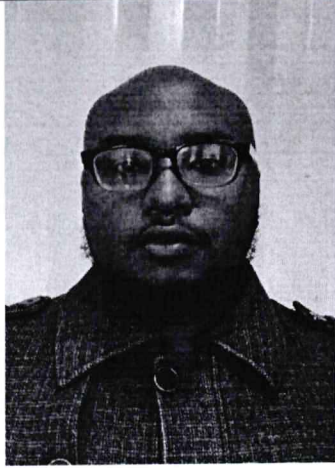
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<p>3.</p>	<p>Samuel Njuki Mahiga - Chief Officer, County Planning, Trade, and County Development &amp; Acting CEO - LCDA</p> 	<p>Born in 1986. He holds a Master of Science in Environmental Studies, a Bachelor of Science in Wildlife Management, and a Diploma in Wildlife Management. He worked in Wildlife and Environmental Conservation with more than 12 years of professional experience in Environmental Conservation, Community Development, Wildlife Ecological Monitoring, Research, and Environmental Social Impact Assessment. Worked in Mt. Kenya Wildlife Conservancy, William Holden Wildlife Foundation, and Mt. Mountain Bongo Publicity Programme. Currently, he is the Chief Officer of Trade, Tourism, Enterprise Development, and Co-operatives and Acting CEO of LCDA.</p>
<p>4.</p>	<p>Rev. Fr. Paul Maina Wambugu</p> 	<p>Born in 1986. He holds a Bachelor of Arts Degree in Philosophical studies from Catholic University of Eastern Africa, a Bachelor of Arts Degree in Theological Studies from Pontifical Urbaniana University, and a Diploma in Philosophical and Religious Studies from the Christ the King Major Seminary. He has served as a priest in Sipili, Mukeu, Ndundori, Ngarua, and Olkalou Catholic Parishes. He is currently serving as a priest at Nyahururu Cathedral Catholic Parish.</p>
<p>5.</p>	<p>Thomas Silvester</p> 	<p>Born in 1967. Tom Silvester is an entrepreneur, rancher, and tourism operator with a degree in Agriculture from the University of Edinburgh. Since 1992, he has been working on a large-scale tourism, ranching, and conservation project in Northern Kenya. He founded Loisaba's Ranch in 1998, and has been responsible for creating a successful, internationally recognised wildlife conservancy. As Loisaba's CEO, he oversees a labour force of over 400 people. Through his position as vice chairman of the Laikipia Conservancies Association, Tom supports landscape-level conservation and engages with the government on policy development. He is also an Executive Committee Member of the Agricultural Employees Association and the Governor of the Laikipia North Technical and Vocational College.</p>

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6.	<p>Joan Njoki</p> 	<p>Joan Njoki is a communications professional with over 15 years of experience in corporate communication. Currently, she is the Senior Communications Coordinator at Laikipia Conservancies Association, where she oversees the day-to-day communication of the Membership Association. Her specialty is in stakeholder engagement and management, where she has driven Member collaboration as well as Strategic stakeholders' engagement in the conservation space. She is also engaged in enhancing meaningful communications between the County Government of Laikipia and the Laikipia Conservancies Association through the Working Group.</p>
7.	<p>Daniel Kabiru</p> 	<p>Daniel Kabiru is an experienced development practitioner with a strong background in public policy, community engagement, and project implementation. He has led initiatives in youth empowerment, climate resilience, and participatory governance, working across government and civil society. Daniel excels in aligning grassroots needs with institutional priorities and fostering partnerships for sustainable development. He holds a Master's Degree in Development Studies (Organizational Development), a Bachelor's Degree in Leadership and Management, and a Diploma in Project Management. Currently, Daniel is working with St Martin CSA Nyahururu, as the Relationship Manager. He is a serving Board of Management member of Njabini Boys' High School and Leshau Boys' High School, and a Director of Mairo-inya Municipality and a Member of the East Africa Community Philanthropy Network</p>
8.	<p>Cecilia Wanjiru Ndegwa</p> 	<p>Cecilia Wanjiru Ndegwa is an accomplished professional. She holds a Master's degree in Strategic Management and a wealth of experience in governance, development, and community service. Currently, she is serving as the Chairperson of the Board of Management of L'Arche Kenya, a non-governmental organization dedicated to the inclusion and empowerment of persons with intellectual disabilities. She is also a Board Member at Gatero Girls High School and Pope Benedict XVI Catholic Hospital, where she contributes to strategic oversight and institutional growth.</p>
9.	<p>Brian Mucheru Mwangi</p>	<p>Born in 1992. A visionary entrepreneur and multidisciplinary professional, the Founder &amp; CEO of Toon Tree Firm has led the company since 2014, overseeing Toon Graphics (branding) and Toon Holdings (real estate consultancy). He develops brand strategies, advises on property investments, and manages operations and financial planning. As Director of Projects Africa</p>




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Laikipia since 2018, he champions conservation and climate resilience initiatives, collaborating with local communities and national organizations. His ICT background includes consultancy roles, systems automation, and infrastructure support, with key contributions such as the Edensys Agriculture Solution and an IT audit for Capital Sacco. Earlier roles in education and ICT support laid the foundation for his technical expertise. He has also facilitated team-building and survival workshops that have positively impacted youth and organizations. He holds a Diploma in Information Technology from Northwood College, Nanyuki, and continues to drive innovation, sustainability, and community development across sectors. His active professional engagement spans from May 2011 to August 2025, demonstrating a solid 14-year track record across entrepreneurship, ICT, environmental leadership, and education.

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**4. Key Management Team**

	<b>Management</b>	<b>Details</b>
1.	<p>Samuel Njuki Mahiga-Acting CEO</p> 	<p>Born in 1986. He holds a Master of Science in Environmental Studies, a Bachelor of Science in Wildlife Management, and a Diploma in Wildlife Management. He worked in Wildlife and Environmental Conservation with more than 12 years of professional experience in Environmental Conservation, Community Development, Wildlife Ecological Monitoring, Research, and Environmental Social Impact Assessment. Worked in Mt. Kenya Wildlife Conservancy, William Holden Wildlife Foundation, and Mt. Mountain Bongo Publicity Programme. Currently, he is the Chief Officer of Trade, Tourism, Enterprise Development, and Co-operatives.</p>
2.	<p>Justus Kavita - Fund Accountant Operations</p> 	<p>Born in 1987. He holds Bachelor's Degree in Commerce (Accounting) and Diploma in management [Business management]. He is also a Certified Public Accountant (CPA) finalist. Currently he is the Accountant for Laikipia County Development Authority (LCDA).</p>
3.	<p>Brenda Wahuro – Accountant Fund Reporting</p> 	<p>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).</p>

## **5. Chairman's Statement**

The Financial Year 2024/25 marked a period of remarkable growth for the LCDA. Anchored in our strategic pillars, which include partnership building, community empowerment, and resource mobilization, the Authority delivered its mandate, reshaping the livelihoods of the county's populace. Through deliberate alignment with the County Integrated Development Plan, LCDA ensured that each project not only addressed immediate needs but also contributed to the county's long-term development agenda.

A cornerstone of our achievements was the Household Economic Empowerment Project, which reached more than 3,500 households. Through the support of our partners, we vastly improved access to clean water, a critical input for both domestic use and productive activities. Simultaneously, we trained women in vertical gardening techniques that reuse waste water, an aspect that enhanced household nutrition and created new income streams.

In vocational education, LCDA's targeted interventions boosted youth employability. With the support of our partners and the County Department of Education, Gender, Culture, and Social Services, we upgraded training tools and retooled VTC trainers, enabling hands-on training in market-relevant skills. Partnering with St Martin CSA and Laikipia University, we co-developed a competency-based training manual that is currently being implemented by Nyahururu and Rumuruti VTC on a trial basis with an aim of upscaling its use in all VTCs in the county.

While our consolidated successes for the year were noteworthy, LCDA's ability to deliver on its mandate was hindered by constrained budgetary allocations, the absence of a dedicated vehicle for its activities, staff turnover, and understaffing. Each of these factors forced the authority to scale down its activities and stretched remaining staff across multiple functions.

Looking forward, the Board will prioritize institutional strengthening, scaling up donor engagement, and mainstreaming evidence-based planning. On behalf of the Board, I extend heartfelt appreciation to my fellow Directors, the Secretariat, our partners, and the communities we serve. Your unwavering dedication and collaborative spirit have been instrumental in translating our vision into tangible outcomes. As we build on these achievements, let us remain united in purpose, ambitious in our goals, and steadfast in our commitment to realizing Laikipia's sustainable development vision.



.....  
**Dr. Allan Mugambi PhD**  
**Chairperson, Board of Directors**

**Laikipia County Development Authority  
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**Laikipia County Development Authority**

**6. Report of the Chief Executive Officer**

In the Financial Year 2024/2025, the Laikipia County Development Authority (LCDA) made significant strides in attracting and deploying resources to accelerate county development. I am pleased to report that our renewed focus on resource mobilization has yielded tangible results in our key areas of focus. This report highlights our achievements for the period under review, outlines the partnerships that have underpinned these gains, and sets forth our strategic priorities for the coming year.

A cornerstone of our success has been the mobilization of projects in collaboration with nongovernmental organizations. During the year, LCDA facilitated the implementation of projects valued at Ksh.49,648,000, some of which reached completion, while others remain in progress. We also secured a commitment for an additional development portfolio exceeding Ksh.500,000,000 on solar- solar-powered irrigation project and public participation project worth 24,000,000. These figures demonstrate our commitment to work with stakeholders in the field of development to deliver beneficial projects to the people of Laikipia.

Over the past year, LCDA established 32 formal working relations with diverse nongovernmental actors, ranging from small community-based organizations to international development agencies. These partnerships have expanded our technical expertise, leveraged co-financing arrangements, and opened new channels for knowledge exchange. By cultivating a broad network of allies, LCDA is working towards ensuring that resources flow into impactful projects across Laikipia County.

Central to all our initiatives has been deliberate alignment with the SDGs. In the area of Climate Action (SDG 13), the carbon-credit project not only mitigates greenhouse-gas emissions but also generates revenue streams for rural farmers. Under Quality Education (SDG 4), collaborations with local training institutes have improved access to hands-on vocational programs, equipping youth with market-relevant skills. For Clean Water and Sanitation (SDG 6), LCDA's resource-mobilization drive supported the construction of one borehole and distributed 1584 rainwater harvesting tanks, dramatically increasing clean water coverage in underserved communities. This SDG-focused approach has enabled us to articulate clear development goals to donors and stakeholders, strengthening our case in resource mobilization.

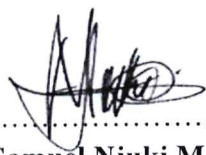
Looking ahead, the Board and Secretariat have agreed on a set of future strategic goals to accelerate LCDA's evolution into a proactive, knowledge-driven institution. Of priority is to shift from a reactive, call-for-proposals model toward an active fundraising strategy. We will establish working relationships with key development stakeholders. This proactive posture is expected to increase our win rate and diversify our funding portfolio.

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To ensure that resource mobilization is not concentrated in a few hands, we plan to build internal capacity by training staff teams in strategic planning, project conceptualization, and proposal development. By expanding the skill set of our resource-mobilization unit, we aim to reduce overdependence on senior management and free up time for high-level stakeholder engagement. Equally, we will introduce periodic peer reviews of concept notes and full proposals to maintain quality standards and institutionalize learning. In the year ahead, LCDA will increasingly adopt a facilitative role, outsourcing select implementation functions to trusted partners. This will enable our teams to dedicate more time to research, monitoring, and evaluation activities that generate the evidence base necessary for informed fundraising and advisory services.

Finally, LCDA will continue to promote sustainable agriculture and water resource management. Upcoming projects include the rollout of the water tanks project, enhancing micro-irrigation, and the use of sustainable energy in irrigated agriculture. These initiatives are designed to bolster climate resilience, improve food security, and create replicable models for water and energy-efficient farming. Guided by the authority's strategic priorities that include proactive fundraising, capacity building, facilitation, evidence-based planning, and scaling climate-smart models, LCDA is well-positioned to drive Laikipia's sustainable development agenda in the years ahead.



.....  
**Samuel Njuki Mahiga**  
Acting CEO  
Laikipia County Development Authority



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**7. Statement of Performance against Predetermined Objectives for FY 2024/2025**

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer when preparing financial statements of each County Government Entity shall prepare in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government Entity's performance against predetermined objectives. The key development objectives of LCDA, as per its Strategic Plan, were:

- To mobilize resources for the county and community projects.
- To establish and coordinate partnerships and collaborations.

LCDA developed its annual work plans based on the above objectives. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Authority achieved its performance targets set for the FY 2024/2025 period, as indicated in the table below:

**Progress on attainment of Strategic development objectives 2024/25**

Programme	Objective	Outcome	Indicators	Performance
Resource mobilization	To mobilize resources for county development	Planned development project attracts funding	Amount of resources mobilized	<ul style="list-style-type: none"> <li>• Through the Youth Skills Development Project, funded and implemented by St Martin CSA, Comudo, LCDA, and Division of Vocational Education, services and training equipment worth Ksh.6,700,000 were implemented.</li> <li>• Secured a commitment by ActionAid Kenya to fund a project on the use of clean energy and efficient utilization of water resources for irrigated agriculture worth approximately 500,000,000.</li> <li>• Initiated a project worth Kshs 24,000,000 on Public Participation in partnership with Twaweza East Africa, LCDA, and the Division of Public Participation.</li> <li>• A borehole valued at Kshs. 4,600,000 was funded and implemented by Bethel Network and Equal Kenya—development partners mobilized by LCDA—to serve Mutamaiyu Primary School. The project benefits 300 households and supports a</li> </ul>

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				demonstration farm, implemented in collaboration with the Division of Water.
Strategic Partnerships	To establish and coordinate partnerships for the county development	Well-coordinated and working relationship between parties involved	Number of partnerships established	32 partnerships and collaborations with funding and implementing partners were established to create synergies and mobilize resources to undertake priority projects. Three MoUs were signed and 2 are pending.

Achievement of set objectives for the authority are as outlined below.

**a) To mobilize resources for the county and community projects**

**i) Project Design, Planning, and Proposal Development**

The Laikipia County Development Authority (LCDA) successfully aligned the needs of the Laikipia people with the County Integrated Development Plan (CIDP). It designed projects that directly responded to community priorities, and also supported other county departments in the development of concept papers and proposals for fundraising purposes. During the reporting period, LCDA developed 51 proposals targeting diverse sectors across the county. These proposals are at varying stages of review and approval by development partners and potential donors. Each proposal is strategically crafted to address developmental priorities, foster socio-economic growth, and promote environmental sustainability.

**ii) Household Economic Empowerment Project (HEEP)**

HEEP was launched to enhance the lives and livelihoods of 50,000 households in Laikipia County. The project focused on improving access to clean and safe drinking water through rainwater harvesting, promoting climate-resilient kitchen gardening, livestock keeping, and fruit tree planting. It also aimed to improve collective production, aggregation, and marketing.

During the reporting period, LCDA prioritized household-level rainwater harvesting. A total of 80 water tanks were funded and distributed directly by the LCDA. The project has significantly reduced water scarcity, especially to benefiting women and children, who typically shoulder the burden of water collection.

In collaboration with the Department of Agriculture and St. Martin CSA, LCDA implemented a pilot project on model kitchen gardening in Rumuruti, Olmoran, Salama, and Sossian wards. Targeting 50 households and four schools, the pilot promoted climate-smart agriculture and water-efficient gardening. Beneficiaries received support in the form of 10,000-liter tanks or water pans, irrigation kits, vertical gardens, seeds, and training. Schools served as farmer field schools and demonstration sites for skill and knowledge transfer. The results of this pilot will inform county-wide scaling.

Additionally, LCDA, in partnership with the Department of Environment, Water and Climate Change and Equal-Kenya and Bethel Network, drilled and equipped a borehole at Mutamaiyu Primary School.

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This borehole will benefit approximately 300 households and support a school-based demonstration farm for climate-smart agriculture training.

Furthermore, LCDA distributed 80 previously procured 300-liter water tanks to elderly persons, persons with disabilities, and other vulnerable groups in Thingithu, Mukogondo West, and Marmaret wards.

**iii) Youth Empowerment Project**

The Youth Empowerment Project, implemented in collaboration with St. Martin CSA, COMUDO, and the County Department of Education and Youth, was launched in the previous financial year. The initiative focuses on vocational training and skill development.

**Key achievements include:**

- ❖ **Capacity Building:** 36 instructors and project staff received training in soft skills, entrepreneurship, and industry-based competencies to improve teaching quality.
- ❖ **Equipment Support:** Rumuruti and Nyahururu Vocational Training Centers (VTCs) received modern equipment worth Ksh. 6 million, improving the learning environment and graduate market readiness.
- ❖ **Industry Partnerships:** 84 industry partners were engaged, leading to 98 VTC students securing attachments for hands-on experience.
- ❖ **Curriculum Review:** An evaluation of existing training manuals led to the development of new manuals for 8 courses, with technical support from Laikipia University.
- ❖ **Policy Development:** A draft Vocational Training Policy was developed to standardize vocational education and align it with Competency-Based Curriculum (CBC) standards.
- ❖ **Enrollment Growth:** VTC enrollment in targeted institutions increased by 117%.

**b) To establish and coordinate partnerships and collaborations**

LCDA actively pursued partnerships to enhance development and resource mobilization.

**Youth Training with Equity Bank:** An MoU between LCDA and the County Government facilitated training for over 200 youth in leadership, financial literacy, and entrepreneurship.

**Milk Market Access:** The County Government signed an MoU with New KCC to establish stable markets and provide additional benefits for local milk cooperatives.

**Engagement with Key Institutions:** LCDA facilitated the signing of memoranda of understanding with 3 organizations, 2 memoranda of understanding are due for signing, and engagements are ongoing with 12 organizations. This initiative aims to facilitate seamless contributions from non-governmental and private sector players to county development.

**NGO Collaboration:** LCDA initiated cooperation with the NGO Council and the National Federation of Public Benefit Organizations to streamline project reporting, minimize duplication, and promote equitable development.

**c) Other achievements**

**i) Training on Climate Change Adaptation**

LCDA trained farmers on sustainable agricultural practices amidst climate change. Training topics included:

**Adaptation Strategies:** Soil conservation, efficient water use, and crop diversification.

**Carbon Market Opportunities:** Introduction to carbon trading as an income-generating mechanism.

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Innovative Farming: Promotion of agroforestry and organic farming.

Following the training, LCDA partnered with Equal-Kenya to support farmers in accessing carbon markets. Over 2,500 farmers from Ol Moran, Githiga, Salama, Igwamiti, Sossian, and Ngobit wards were recruited, with payouts expected by year-end. Plans are underway to expand the program to Laikipia East and underserved parts of Laikipia North.

**ii) Training on Resource Pooling and Collective Marketing**

This training empowered small-scale farmers to improve productivity and market access. Key focus areas included:

Economies of Scale: Joint procurement of inputs to reduce production costs.

Cooperative Marketing: Group marketing to secure better prices and reduce exploitation.

**iii) Group Leaders Training on Emerging Economic Empowerment Opportunities**

A group leaders' training on economic empowerment was conducted in collaboration with the Department of Agriculture. Topics covered included entrepreneurship, agribusiness, and value addition. Participants were exposed to opportunities in coffee farming, soya bean cultivation, chicken rearing, stabilized milk pricing, and kitchen gardening as pathways to enhance household incomes and resilience.

LCDA is also collaborating with the Department of Agriculture and NGO partners to establish a network of farmer field schools and a central training facility for knowledge dissemination. These interventions align with LCDA's 2024/2025 ADP, which prioritizes job creation, agricultural productivity, and economic resilience.

**Attainment of Key Performance Indicators**

LCDA achieved 99.3% of its annual target of raising Ksh.50,000,000 worth of finances and projects. The authority also secured commitments of 524,000,000 worth of projects to be implemented in the forthcoming financial year. Under partnership building, the authority exceeded its annual target of establishing partnerships and collaborations with 10 organizations to 32 organizations in the current reporting period.

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**8. Corporate Governance Statement**

Laikipia County Development Authority is established by and derives its authority and accountability from LCDA Act 2014. The authority is wholly owned by the County Government of Laikipia and is domiciled in Kenya.

According to Section 5 of the LCDA Act 2014, the functions of the Authority are:

- Advise the County government on the appropriate policies, laws, plans and programs necessary for County development.
- Coordinate development programs and initiatives and provide liaison between County and national government on implementation of development programs and projects.
- Initiate and implement in collaboration with other County government departments targeted development programs and projects.
- Source locally or internationally resources required for promoting County development.
- Promote and facilitate establishment of public private partnerships targeting County development.
- Support other County departments in preparing and implementing development programs.
- Mobilize and support residents to initiate or participate in development initiatives, programs and projects.
- Monitor and evaluate development policies, laws, plans and programs and advise the County government on appropriate measures to be adopted.
- Perform such other functions as may from time to time, be assigned by the executive member.

**7.1 Process of appointment and removal of trustees**

This is clearly stipulated in Section 7(1) and 9(2) respectively of the Laikipia County Development Act, 2014.

Specifically, under Section 7(1),

- a) Non-executive chairperson appointed by the governor with the approval of the County assembly
- b) Chief Officer for the time being responsible for County planning and development
- c) Chief Officer for the time being responsible for finance or chief officer responsible for County administration where the chief officer responsible for finance is also responsible for County planning and development.
- d) Five persons appointed by the executive member through a competitive recruitment process, provided that there shall be representation from person with disability and youth.
- e) One person who is an expert in matters related to development, planning and management appointed by the Executive Member.
- f) The chief executive officer who shall be an ex officio member and secretary to the board.

Under Section 9(2),

A Member of the board may:

- a) At any time resign from the office by notice in writing to the executive member
- b) Be removed from office by the executive member if the member:

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- i) Has been absent from three consecutive meetings of the board, without the permission of the chairperson.
- ii) Is convicted of a criminal offence and sentenced to imprisonment for a term exceeding six months or to a fine exceeding ten thousand shillings
- iii) Is convicted of an offence involving dishonesty or fraud
- iv) Is adjudged bankrupt or enters into a composition scheme of arrangement with its creditors
- v) unfit to discharge his duties as a member of the Authority or fails to comply with the provisions of this act relating to disclosure

### **7.2 Roles and Functions of the Board**

There is established the Laikipia Development Authority, the LCDA Act 2014, section 8 states the functions of the board shall be to:

- a) Ensure proper and efficient exercise of the powers and performance of the functions of the Authority.
- b) Advise the management of the authority generally on the exercise of the powers and the performance of the functions of the authority.
- c) Approve the estimates of the revenue and expenditure of the authority.
- d) Perform such other functions as are provided for under this act or any other written law.

### **7.3 Succession Plan**

The board members are appointed for 3 years and are renewable once. Two of the board members are automatic accounting officers, responsible for finance and county planning and development, respectively. They have been in office for at least five years under the current government and are considered responsible for inducting and training those appointed. The issue of a succession plan is usually considered while appointing or reappointing the board members. The board members appointed are supposed to be leaders with experience and exposure to development matters. The Chief Executive Officer is obligated to conduct a thorough induction for the newly appointed board members and an experience-sharing forum.

### **7.4 Board Charter**

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

### **7.5 Board Remunerations and Allowances**

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

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for mobility and facilitation. The remuneration of the members of the Board shall be as determined by the County Treasury.

**7.6 Governance, Ethics and Conduct**

The LCDA Board members and staff shall adhere to the highest standards of integrity and transparency in their dealings. All partnerships and resource mobilisation activities must be in compliance with Public Procurement and Asset Disposal Act, 2015 and other relevant regulations.

All the appointed board members are obligated to sign a code of conduct and ethics. The Code sets out expectations for individual behaviour necessary to meet these standards and includes requirements and guidance to help carry out role with integrity and in compliance with the law. By exemplifying the ethical behaviours and Board values described in the Code, the board will continue to uphold Article 10 of the Constitution of Kenya on National Values and Principles of Governance and Chapter 6 of The Constitution of Kenya, 2010 on Leadership and Integrity.

The Entity is governed by a board and administered by the Chief Executive Officer. The Chief Executive Officer reports functionally to the Board and administratively to the Chief Officer of the Department of Finance and Economic Planning

**7.7 Conflict of Interest.**

Board members and employees maintain public confidence in the objectivity of their service by preventing and avoiding situations that could give the appearance of a conflict of interest or result in a potential or actual conflict of interest. Board members and staff of LCDA must disclose any potential conflicts of interest related to the partnerships and resource mobilisation activities. A member of the board shall be considered to have a conflict of interest for this Act if he acquires any pecuniary or other interest that could conflict with the proper performance of his duties as a member or employee of the board.

## **9. Management Discussion and Analysis**

LCDA's overarching goal is to mobilize resources and forge and sustain strategic partnerships that advance CIDP objectives. Over the last two years period (within the current strategic period) the Authority's achieved the follows:

### **8.1 Key Achievements**

#### **a) Resource Mobilization**

1. Developed 103 concept papers and proposals, aligned with CIDP priorities.

Projects implemented or under implementation and funds raised:

- ECDE classroom construction: Ksh.15,000,000
- School feeding programme: Ksh.570,000 and collaboration with Africa Nel Coure to feed 22 schools: Ksh.40,000,000
- Youth empowerment in partnership with St Martin CSA (spread a period of 3 years): Ksh.18,000,000
- Adolescent empowerment: Ksh.4,000,000
- Menstrual Summit: Ksh.1,300,000
- Agroecology strategic plan: Ksh.1,200,000
- HEEP project: Ksh.3,580,000
- Tree planting at Karima ka Metha: Ksh.115,000
- Boreholes (Githima, Kandutura, Mutamaiyu): Ksh.11,700,000
- Women leaders' economic empowerment forum: Ksh.2,200,000
- Water tank project (2220 units): Ksh.48,840,000

#### **b) Investment promotion**

Despite outreach to multiple institutions, no direct investments were secured during the review period.

Key engagements included:

- Chinese Chambers of Commerce, Kenya, identified areas of interest identified included mining, raw-meat export and solar energy. No direct commitment made so far.
- Embassy of the Czech Republic: conducted two introductory meetings and participated in Czech Trade and Investment Expo organized by the Kenya and Czech chambers of commerce. Proved challenging to make direct follow-ups on commitments made.
- Embassy of the Republic of Slovakia: Commitment to establish an organic fertilizer plant in Rumuruti, however the investor encountered challenges in meeting some of the requirements by the national government, and is yet to conduct a site visit.
- The British High Commission, matters of common interest discussed, however no commitments were made.
- India Carbon Credit Company, currently over 2,000 farmers enrolled under collaboration between the company and Equal Kenya (value undisclosed)

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- Sangare Dairy Farm: made agreement to promote dairy goat farming and off taking, the project stalled due to low milk volumes.
- Dheiton Ventures Ltd: agreed on promoting layer chicken farming and establishment of egg value addition in Ngobit Ward before scaling up. The project faced low egg volumes at the initial stage before the project was handed over to the directorate of livestock production.

**c) Partnerships & Collaborations**

- **Organizational linkages:** 54 engaged; 11 Memoranda of Understanding signed.
- **Co-fundraising and joint projects:**
  - ✓ With St Martin CSA: youth empowerment at VTCs (Nyahururu, Rumuruti) and rainwater harvesting/micro-irrigation.
  - ✓ With FAO, Bethel Network, KDII, Equal Kenya: 181 water tanks, 3 boreholes, and community water-resource committees.
  - ✓ With Equity Bank: youth financial literacy and entrepreneurship training.
  - ✓ With Twaweza East Africa: capacity building for Mashinani Development Committee and public participation initiatives.

**d) Community empowerment**

➤ **Training on Climate Change Adaptation**

The Laikipia County Development Authority (LCDA) trained farmers on climate change adaptation to create awareness and equip farmers with knowledge and skills in sustainable agriculture. The training addressed the following:

- **Climate change adaptation strategies:** Farmers learned strategies to combat the adverse effects of climate change on agriculture, including soil conservation, efficient water use, and diversification of crops to enhance resilience.
- **Carbon credit trading opportunities:** This introduced participants to the concept of carbon markets, highlighting how they can generate additional income by taking advantage of opportunities created by carbon credits.
- **Innovative agricultural practices:** Participants learnt about agroforestry, organic farming, and optimizing yields while conserving natural resources.

To actualize the set outcomes of the training, LCDA established a working relationship with Equal-Kenya on carbon marketing. Currently, over 2,000 farmers from Rumuruti, Salama, Sossian, OlMoran, Marmanet, Igwamiti, and Ngobit wards were recruited and will start benefiting from the carbon market at the end of this calendar year. Plans to recruit farmers in the entire Laikipia East and parts of Laikipia North that are not covered by other stakeholders are ongoing.

➤ **Training on Resource Pooling and Collective Marketing for Small-Scale Farmers**

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This training addressed challenges in agricultural productivity and market access by educating farmers on the following aspects:

- Pooling resources for economies of scale: Farmers were trained on the importance of working together towards reducing the cost of production through bulk buying of farm inputs.
- Collective marketing strategies: The training provided insights into how farmers can form cooperatives or groups to negotiate better prices for their produce, reduce exploitation by middlemen, and secure better market opportunities.

To actualize the outcomes of this training LCDA in collaboration with the Department of Agriculture is working towards establishing a network of NGOs implementing projects with aspects of farmers' field school with prospects of establishing a common farmers' training center.

➤ **Group Leaders Training on Economic Empowerment**

This training was aimed at addressing unemployment, improving household resilience by adopting agribusiness and entrepreneurship among small-scale farmers as opposed to the traditional ideology of farming for subsistence.

- Participants were trained on entrepreneurship, and they were also sensitized on soya beans, coffee, pottery farming, and milk production. These are the key value chains that are currently being promoted by the County Government of Laikipia. Leaders' training was aimed at disseminating the current county government's priorities as a pathway towards job and wealth creation in the county.

The authority is currently working with ActionAid Kenya in promoting the use of clean energy for irrigated agriculture and improving agricultural production.

**8.2 Compliance with Statutory Requirements**

The Authority remains committed to adhering to all statutory requirements as outlined by the Public Finance Management Act, 2012. LCDA books of accounts are subjected to internal and external audits annually to ensure compliance. The authority successfully met all reporting deadlines for the fiscal year. There are no outstanding compliance issues or penalties reported.

**8.3 Major Risks Facing the Authority.**

In the process of implementing this financial year's development plan, the following risks threatened effectiveness of the authority in delivering on its mandate.

• **Funding Shortfalls**

Overreliance on donor funding to implement its projects. This was occasioned by the fact that the authority is underfunded by the county government. Limited revenue negatively affected the effectiveness of the authority's planned activities. The Entity plans to approach more potential donors to ensure the seamless implementation of its projects

• **Capacity Constraints**

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Limited human resources and expertise in resource mobilization hindered performance. The authority should invest more on building the capacity of the existing staff to handle other duties apart from their core duties. The county government should also employ more staff to bridge the existing gap.

- **Stakeholder Trust**

Possible loss of trust from community members or partners could deter future collaborations. By fostering open communication with stakeholders to build trust and credibility, the Entity will minimize this risk.

#### **8.4 Long-Term Strategic Planning and Institutional Strengthening**

To sustain growth and impact, the LCDA will focus on:

- To institutionalize the authority by developing a sustainable staff establishment and an organogram that responds to the current needs of the authority.
- Advocate for the development of county-level policy frameworks that support resource mobilization and partnerships, ensuring an enabling environment for collaboration with external stakeholders.
- Promote evidence-based development policies and programs by strengthening the authority's research, monitoring, and evaluation unit and actively play its advisory role to the county government and departments.

## **10. Environmental and Sustainability Reporting**

### **9.1. Sustainability Strategy and Profile**

Our commitment to sustainability is integral to our operations and reflects our dedication to creating a positive impact on society and the environment. Our sustainability strategy is guided by international best practices and aligns with the United Nations Sustainable Development Goals. The political will in the leadership of the county government of Laikipia, where leaders prioritize sustainability, has enabled resource mobilization for such projects to be more successful.

Political stability has also played a role in attracting international partners and long-term investments. LCDA is planning to leverage public private partnership models to attract private sector investment in sustainable projects, such as renewable energy infrastructure and water conservation programs. In recent years, we have observed broad trends in political and macroeconomic factors that influence our sustainability priorities, including climate change, resource scarcity, and social inequality. As a response, we have implemented initiatives aimed at reducing our carbon footprint and enhancing community resilience.

### **9.2. Environmental Performance**

LCDA prioritized projects that were friendly to the environment. Designing and phased implementation of HEEP project and working towards the establishment of water-efficient irrigation techniques and the use of clean energy to power irrigation systems. The project aims at enhancing food production, building the resilience and adaptability of the local community to climate change and enhancing efficient utilization of water resources in food production.

### **9.3 Employee Welfare**

The County Public Service Board is charged with the responsibility of developing and implementing human resource policies and frameworks for the LCDA in line with the relevant laws. There is a Policy on Recruitment, Selection, Appointment, Promotions and Transfer of officers in the county public service which outlines the rules, guidelines, and procedures governing the aforementioned activities in the County Public Service.

The purpose of this policy is to ensure that the County attracts the widest pool of applicants to provide the greatest opportunity to pick the most suitable candidates who meet the requirements of the job. The policy enhances promotion of equality in employment and the Laikipia County Public Service Board endeavours to have a gender balanced County Public Service by ensuring that not more than 2/3 of positions in its establishment are filled by either gender. The policies are reviewed after every three years, the current version having been reviewed in 2019.

The County Public Service Board in executing its mandate of recruitment on behalf of the County Executive ensures that the Laikipia Public Service reflects the ethnic and regional diversity of Laikipia County and the Country at large. It also ensures that People living with Disabilities are not marginalised in recruitment opportunities by according them equal chances. The County Service

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Public Board has adopted the Career Guidelines (for County Governments) in the management of employee career progression developed in 2021 by The Council of Governors in conjunction with Ministry of State for Public Service- Department of Management Consultancy Service. The Board has also prepared a Report on Review of Organizational Structure and Staffing of the County Government of Laikipia, July, 2021 which contains the County compliment.

**9.4 Human Resource management**

The Authority has established cordial working relationship with Labour Unions. It has continued to encourage the staff to develop themselves through issuance of course approvals and has continually supported staff to prepare and attend KICOSCA games.

The County has Training Needs Assessment (TNA) undertaken in 2015 that needs to be reviewed, it has also adopted the Public Service Commission training policies as below: -

- Guidelines on Managing Training in the Public Service, 2017
- Guidelines on the Bond for Training in the Public Service, July, 2018

The County Executive manages its succession Planning through promoting/upgrading staff, reviewing of organization structure and staff establishment, re-designations, continuous recruitment of critical cadres and filling of positions that fall vacant due to staff exits.

The LCDA health safety and welfare is safeguarded by The Occupational Safety and Health Act, 2007 (OSHA) that covers the health and safety standards that should be practiced in the workplace as well as to make sure the County Executive provides its staff a workplace free from recognized hazards to safety and health.

**9.5 Marketplace practices**

The Authority is guided by the Public Procurement and Disposal of Assets Act 2015 on procurement matters to ensure compliance with laws and regulations, which leads to fair competition, good business practices, honouring contracts, and ethical project supervision.

The LCDA maintains good business practices with the suppliers by having a detailed and fair supplier agreement, maintaining regular communication, keeping in touch with market trends, updating the vendor profile, giving timely feedback, choosing suppliers that align with the organizational values and according prequalified suppliers an equal opportunity to do business with the County Executive. The Authority has put in place efforts to safeguard the rights and interests of its citizens in regards to provision of goods, works and services by procuring goods, works and services at the right time, right quality, right quantity and within the budget allocation of the financial year and ensuring that the delivery of the same is done to the right place, it also ensures that ethical practices are upheld through the adherence of PPDA 2015 and PPDR 2020.

Advancements have been made in the county Executive's Supply chain management policies, practices and structure through a draft manual pending adoption and approval by the cabinet, training of the staff on compliance and IFMIS system and progressive adoption of the E-procurement on the

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IFMIS platform. There is a planned continuous training of staff on procurement trends in compliance with industry demands and professional requirements.

**9.6 Corporate Social Responsibility / Community Engagements**

The Entity has been engaging citizens to identify their demands and needs, holding social community activities e.g., Sports, leaders, and elders' engagements. The LCDA has fully embraced public participation in key decision-making in its project planning and implementation. Civic education to the public on the Entity's programs, especially on resource mobilization and the creation of partnerships, has also been embraced by the Authority.

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**11. Report of the Directors**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2025, which show the state of the Entity's affairs.

**i) Principal activities**

The principal activities of the Entity are to raise funds and create partnerships for the County Government of Laikipia.

**ii) Results**

The results of the Entity for the year ended June 30, 2025, are set out on page 1.

**iii) Directors**

The members of the Board of Directors who served during the year are shown on pages *vii-ix*. During the year ended June 2025 where 8 directors were appointed at different dates.

S/N	NAME	POSITION
1.	Thomas Silvester	Board member
2.	Joan Njoki	Board member
3	Daniel Kabiru	Board member
4.	Cecilia Ndegwa	Board member
5.	Rev. Fr. Paul Maina	Board member
6.	Dr. Allan Mugambi, PhD	Board Chairman
7.	Daniel Ngumi	Board member
8.	Samuel Njuki	Board member

**iv) Auditors**

The Auditor-General is responsible for the statutory audit of the LCDA in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



Samuel Njuki Mahiga  
Acting Secretary to the Board



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**12. Statement of Directors Responsibilities**

Section 164 of the Public Finance Management Act, 2012 and Laikipia County Development Authority Act 2014 require the Directors to prepare financial statements in respect of that Entity, which give a true and fair view of the state of affairs of the Entity at the end of the financial year and the operating results of the Entity for that year. The Directors are also required to ensure that the Entity keeps proper accounting records which disclose with reasonable accuracy the financial position of the Entity. The Directors are also responsible for safeguarding the assets of the Entity.

The Directors are responsible for the preparation and presentation of the Laikipia County Development Authority's financial statements, which give a true and fair view of the state of affairs of the Entity for and as at the end of the financial year (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 Entity; (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 Entity; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Entity's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Laikipia County Development Authority Act 2014. The Directors are of the opinion that the Entity's financial statements give a true and fair view of the state of Entity's transactions during the financial year ended June 30, 2025, and of the Entity's financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for the Entity, which have been relied upon in the preparation of the Entity's financial statements as well as the adequacy of the systems of internal financial control.

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

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**Approval of the financial statements**

The LCDA's financial statements were approved by the Board on 20<sup>th</sup> August 2025 and signed on its behalf by:



.....  
**Dr. Allan Mugambi**  
**Chairperson of the Board**



.....  
**Samuel Njuki Mahiga**  
**Accounting Officer**



# REPUBLIC OF KENYA

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NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON LAIKIPIA COUNTY DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2025

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### PREAMBLE

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

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

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

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities 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 Development Authority set out on pages 1 to 45, which comprise of the statement of financial position

as at 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 effects of the matter described in the Basis for Qualified Opinion section of my report the financial statements present fairly, in all material respects, the financial position of Laikipia County Development Authority 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 Laikipia County Development Authority Act, 2014 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **Long Outstanding Trade and Other Payables**

The statement of financial position and Note 22 to the financial statements reflect trade and other payables from exchange transactions balance of Kshs.4,158,934. Included in the balance is an opening payable amount of Kshs.2,298,934 that had remained outstanding for over three (3) years and was not settled as a first charge, contrary to Regulation 41(2) of the Public Finance Management (County Governments) Regulations, 2015, which requires that debt service payments be paid as a first charge.

In the circumstances, the accuracy and completeness of accounts payables opening balance of Kshs.2,298,934 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Laikipia County Development Authority 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 of Kshs.6,925,594 and Kshs.6,921,394, resulting in a shortfall of Kshs.4,200 of the approved receipts. Similarly, the Authority expended Kshs.3,399,805 against actual receipts of Kshs.6,921,394, resulting in an under-absorption of Kshs.3,521,589, or 51% of the actual receipts.

The shortfall in receipts and under-absorption affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

## **Other Matter**

### **Prior Year Unresolved Audit Matters**

The following matters raised in the Laikipia County Development Authority's prior year audit report remained unresolved;

1. Trade and Other Payables not Paid as First Charge.
2. Investment in an Unviable Project.
3. Long Outstanding Receivables.

## **Other Information**

Management is responsible for the Other Information set out on page iv to xxxi which comprise of Key Entity Information and Management, The Board of Director, Key Management Team, Chairman's Statement, Report of the Chief Executive Officer, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern

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

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion**

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

### **Basis for Conclusion**

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

### **Responsibilities of Management and the Board of Directors**

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

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

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

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

  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**20 November, 2025**

**Laikipia County Development Authority  
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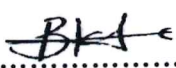
**14. Statement of Financial Performance for the year ended 30 June 2025**


Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
<b>Revenue From Non-Exchange Transactions</b>			
Public Contributions and Donations	6	-	68,000
Transfers From the County Government	7	6,906,751	10,990,000
Fines, Penalties and Other Levies	8	-	-
		<b>6,906,751</b>	<b>11,058,000</b>
<b>Revenue From Exchange Transactions</b>			
Interest Income	9	-	-
Other Income	10	-	-
		-	-
<b>Total Revenue</b>		<b>6,906,751</b>	<b>11,058,000</b>
<b>Expenses</b>			
Employee Costs	11	-	-
Use of goods and services	12	5,259,805	11,087,356
Depreciation and Amortization Expense	13	302,612	233,018
Finance Costs	14	-	-
<b>Total Expenses</b>		<b>5,562,417</b>	<b>11,320,374</b>
<b>Other Gains/Losses</b>			
Gain/Loss on Disposal of Assets	15	-	-
Gain /Loss on fair value of investments	16	-	-
<b>Surplus/(Deficit) for the Period</b>		<b>1,344,334</b>	<b>(262,374)</b>

The notes set out on pages 7 to 40 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:

  
  
**Samuel Njuki**  
**Accounting Officer**

Date: 20-08-2025

  
.....  
**Brenda Wahuro**  
**Head of Finance**  
**ICPAK Member Number: 32585**  
Date: 20-08-2025

  
.....  
**Dr. Allan Mugambi**  
**Chairman of the Board**  
Date: 20-08-2025





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**15. Statement of Financial Position as at 30 June 2025**

Description	Note	FY 2024-2025	FY 2023-2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	17	3,521,590	14,643
Current Portion of Long- Term Receivables from Non Exchange Transactions	18	12,112,900	12,112,900
Investment in Financial Asset		10,000,000	10,000,000
<b>Total current assets</b>		<b>25,634,490</b>	<b>22,127,543</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	20	1,056,096	1,358,708
Intangible Assets	21	2,983,000	2,983,000
<b>Total non- current assets</b>		<b>4,039,096</b>	<b>4,341,708</b>
<b>Total Assets (A)</b>		<b>29,673,585</b>	<b>26,469,251</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables from Exchange Transactions	22	4,158,934	2,298,934
<b>Total current liabilities</b>		<b>4,158,934</b>	<b>2,298,934</b>
<b>Non-Current Liabilities</b>		-	-
<b>Total Liabilities (B)</b>		<b>4,158,934</b>	<b>2,298,934</b>
<b>Net Assets (A-B)</b>		<b>25,514,651</b>	<b>24,170,317</b>
<b>Represented By:</b>			
Revolving Fund		-	-
Reserves		-	-
Accumulated Surplus		25,514,651	24,170,314
<b>Net Assets</b>		<b>25,514,651</b>	<b>24,170,314</b>

The financial statements set out on pages 1 to 6 were signed on behalf of the Board of Directors

by:

  ..... <b>Samuel Njuki</b> Accounting Officer	 ..... <b>Brenda Wahuro</b> Head of Finance ICPAK Member Number: 32585 Date: 20-08-2025	 ..... <b>Dr.Allan Mugambi</b> Chairman of the Board Date: 20-08-2025
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**Laikipia County Development Authority  
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**16. Statement of Changes in Net Assets for the year ended 30 June 2025**

Description	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Accumulated Surplus	Proposed dividends	Capital/ Development Grants/ Fund	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>As at July 1, July 2023</b>	-	-	-	24,424,730	-	-	24,424,730
Issued new capital	-	-	-	-	-	-	-
Surplus/ deficit for the year	-	-	-	7,958	-	-	7,958
<b>As at June 30, 2023</b>	-	-	-	24,432,688	-	-	24,432,688
<b>As at July 1, 2023</b>	-	-	-	24,432,688	-	-	24,432,688
Surplus/ (deficit) for the year	-	-	-	(262,374)	-	-	(262,374)
<b>As at June 30, 2024</b>	-	-	-	24,170,314	-	-	24,170,314
<b>As at July 1, 2024</b>	-	-	-	24,170,314	-	-	24,170,314
Surplus/ (deficit) for the year	-	-	-	1,344,334	-	-	1,344,334
Prior year adjustment				3			3
<b>As at June 30, 2025</b>				25,514,651	-	-	25,514,651

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**17. Statement of Cash Flows for the year ended 30 June 2025**

		<b>FY 2024-2025</b>	<b>FY 2023-2024</b>
	<b>Note</b>	<b>Kshs</b>	<b>Kshs</b>
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from the County Government entities		5,910,951	11,490,000
Levies, Fines, and penalties		-	-
Public contributions and donations		-	68,000
<b>Total receipts</b>		<b>5,910,951</b>	<b>11,558,000</b>
<b>Payments</b>			
Use of goods and services		2,404,005	11,087,357
<b>Total payments</b>		<b>2,404,005</b>	<b>11,087,357</b>
<b>Net cash flows from/(used in) operating activities</b>	<b>23</b>	<b>3,506,947</b>	<b>470,643</b>
<b>Cash flows from investing activities</b>			
Purchase of PPE		-	(465,000)
<b>Net cash flows from/(used in) investing activities</b>		<b>-</b>	<b>(465,000)</b>
<b>Cash flows from financing activities</b>			
<b>Net cash flows from financing Activities</b>		<b>-</b>	<b>-</b>
<b>Net increase/(decrease) - cash &amp; Cash equivalents</b>		<b>3,506,947</b>	<b>5,643</b>
Cash & cash equivalents at the year Start	17	14,643	8,999
<b>Cash and cash equivalents at the year End</b>	<b>17</b>	<b>3,521,590</b>	<b>14,642</b>

18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2025

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c*100
<b>Revenue</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>
Budget carryovers from the previous year	-	14,643	14,643	14,643	-	100%
Transfers from the County Government entities	6,910,951	-	6,910,951	6,906,751	4,200	100%
<b>Total income</b>	<b>6,910,951</b>	<b>14,643</b>	<b>6,925,594</b>	<b>6,921,394</b>	<b>4,200</b>	
					-	
<b>Expenses</b>						
Use of goods and services	6,910,951	14,643	6,925,594	3,399,805	3,525,790	49%
<b>Total expenditure</b>	<b>6,910,951</b>	<b>14,643</b>	<b>6,925,594</b>	<b>3,399,805</b>	<b>3,525,790</b>	
<b>Surplus/Deficit for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,521,590</b>		
<b>Capital Expenditure</b>		-	-	-	-	

**Budget notes**

1. The budget under-utilization was due to late transfer of funds from the exchequer.
2. The changes between the original and final budget was as result of opening balance of cash and cash equivalent
3. There was no need for reconciliation since the Actual Surplus Amounts as per the statement of Budget Closing Cash and Cash Equivalent as per the statement of Cash flows are the same.

Reconciliation between the Statement of Cash Flows and Statement of Comparison of Budget and Actual amounts (Actual on comparable basis):

Description	Statement of Cash Flows (Kshs)	Statement of Comparison of Budget and Actual amounts (Actual on comparable basis) (Kshs)	Variance (Kshs)	Explanation of variance
Transfers from the County Government entities	5,910,951	6,906,751	995,800	This represents expenditure incurred and settled by the Executive (Department of Finance) on behalf of the Authority (LCDA), and is therefore recognized as 'revenue in kind'
Use of goods and services	2,404,005	3,399,805	995,800	This represents expenditure incurred and paid by the Executive (Department of Finance) on behalf of the Authority (LCDA), and is therefore classified as 'expenditure in kind'

**Laikipia County Development Authority  
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**19. Notes to the Financial Statements**

**1. General Information**

Laikipia County Development Authority is established by and derives its authority and accountability from LCDA Act 2014. The authority is wholly owned by the County Government of Laikipia and is domiciled in Kenya.

The principal activities of the Entity are to raise funds and create partnerships for the County Government of Laikipia.

**2. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Entity's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Entity. The financial statements have been prepared in accordance with the PFM Act, 2012 Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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

**3. Adoption of New and Revised Standards**

- i. New and amended standards and interpretations in issue 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*

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43: Leases	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> 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 Sale and Discontinued Operations	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45: Property Plant and Equipment	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46: Measurement	<b><i>Applicable 1<sup>st</sup> January 2025</i></b> The objective of this standard was to improve measurement guidance across IPSAS by: <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</li> </ul>

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	<p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47: Revenue	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></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>
IPSAS 48: Transfer Expenses	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></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>
IPSAS 49: Retirement Benefit Plans	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></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>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><b><i>Applicable 1<sup>st</sup> January 2027</i></b></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>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.</li> <li>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.</li> </ol>

***iii. Early adoption of standards***

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

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**Notes to the financial statements (continued)**

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

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

**Taxes, Levies and fines**

The Entity recognizes revenues from taxes, levies, and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Entity and the fair value of the asset can be measured reliably.

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Entity and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

**ii) Revenue from exchange transactions**

**Rendering of services**

The Entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

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

**Sale of goods**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the Entity.

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**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**

- c) The original budget for the Current FY was approved by the County Assembly on 30<sup>th</sup> June 2025. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Entity upon receiving the respective approvals in order to conclude the final budget. The Entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. 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 18 of these financial statements.

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

**d) Taxes**

**Current income tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable Entity and the same taxation authority.

**Summary of Significant Accounting Policies**

***Sales tax***

Expenses and assets are recognized net of the amount of sales tax, except:

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- ii) When receivables and payables are stated with the amount of sales tax included  
The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

**e) 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 a one-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

**f) 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.

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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.

**g) Leases**

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

**h) 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. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

**i) Biological Assets**

The Entity recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the Entity, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured

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at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

**j) Research and development costs**

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale.
- ii) Its intention to complete and its ability to use or sell the asset.
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset.
- v) The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit

**k) 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. 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.

**a) 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

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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.

**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.

**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.

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

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

**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.

**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. No Critical estimates and significant judgments made by management in determining the expected credit loss (ECL).

**b) Financial liabilities**

**Classification**

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

**l) 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:

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) 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

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are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

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

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

**m) Provisions**

Provisions are recognized when the Entity has a present obligation 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.

**n) Contingent liabilities**

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.

**o) Social Benefits**

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

**p) 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.

**q) Contingent assets**

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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.

**r) Nature and purpose of reserves**

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

**s) 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.

**t) 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 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.

**u) 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.

**v) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

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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.

**w) Related parties**

The Authority 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 Authority, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

**x) Service concession arrangements**

The Entity analyses all aspects of service concession arrangements that it enters in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**y) 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.

**z) Comparative figures**

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

**Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

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

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

**5. Significant Judgments and Sources of Estimation Uncertainty**

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

**Estimates and assumptions.**

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

**Useful lives and residual value**

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

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

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40. 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.

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

**6 Public contributions and donations**

Description	FY 2024- 2025	FY 2023-2024
	KShs	KShs
Donation from development partners	-	68,000
Contributions from the public	-	-
<b>Total</b>	-	<b>68,000</b>

**7 Transfers from County Government**

Description	FY 2024-2025	FY 2023- 2024
	KShs	KShs
Transfers from County Govt.	5,910,951	10,990,000
*Receipts in kind (Payments on behalf of LCDA by County Government)	995,800	-
<b>Total</b>	<b>6,906,751</b>	<b>10,990,000</b>

\*This represents expenditure incurred and settled by the Executive (Department of Finance) on behalf of the Authority (LCDA), and is therefore recognized as 'revenue in kind'

**8 Fines, penalties and other levies**

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Fines	-	-
<b>Total</b>	-	-

**9 Interest Receivable income**

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Interest income on Bank deposits	-	-
<b>Total interest income</b>	-	-

**10 Other income**

Description	FY 2024-25	FY2023-2025
	KShs	KShs
Insurance recoveries	-	-
<b>Total other income</b>	-	-

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**11. Employee costs**

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Salaries and wages	-	-
Staff training expenses	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**12 Use of Goods and Services**

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Printing and stationery	-	-
Bank Charges	805	920
Specialized Materials (HEEP Expense)	1,860,000	2,990,000
Domestic travel and subsistence	1,222,800	3,315,700
*Training Cost	1,575,800	1,940,000
General office cost	-	1,310,000
*Board allowance	166,000	-
*Administration expenses	434,400	1,310,700
Hospitality supplies and services	-	220,036
<b>Total</b>	<b>5,259,805</b>	<b>11,087,356</b>

\* An Amount of Kshs. 995,800 included in the use of goods and services represents expenditure incurred and settled by the Executive (Department of Finance) on behalf of the Authority (LCDA), and is therefore recognized as 'expenditure in kind'

**13. Depreciation and Amortization**

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Property Plant and Equipment	302,612	233,017
<b>Total</b>	<b>302,612</b>	<b>233,017</b>

**14 Finance Costs**

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Interest on borrowings	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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**15. Gain/(Loss) on disposal of assets**

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Property, plant and equipment	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**16. Gain /(loss) on fair value.**

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Property, plant and equipment	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**17. Cash and cash equivalents**

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Current account	3,521,590	14,643
Others	-	-
<b>Total cash and cash equivalents</b>	<b>3,521,590</b>	<b>14,643</b>

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

Description	Account number	FY 2024-2025	FY 2023-2024
<b>Financial institution</b>		KShs	KShs
<b>A) Current account</b>			
Equity Account	2041834296	3,521,590	14,643
<b>TOTAL</b>		<b>3,521,590</b>	<b>14,643</b>

**18. Recievables from Non-exchange transaction**

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
<b>Current Receivables</b>		
Transfers from County Executive	12,112,900	12,612,900
transfers from County Executive-received		(500,000)
<b>Total Current receivables</b>	<b>12,112,900</b>	<b>12,112,900</b>

**19. Investment in financial asset**

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Description	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
<b>a) Equity investments</b>		
Equity in Entity in SAGAK	10,000,000	10,000,000
Sub- total	-	-
<b>Grand total</b>	<b>10,000,000</b>	<b>10,000,000</b>
<b>Analyzed as:</b>		
<b>Current</b>	-	-
<b>Non-current</b>	<b>10,000,000</b>	<b>10,000,000</b>

*(The investment in Sagak Tech enterprise Ltd was reclassified from investment in property to investment in financial asset because it is an equity investment not an investment property as it had been classified in the prior years. This is according to IPSAS 41.)*

**d) Movement of Equity Investments**

Impairment allowance/ provision	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
At the beginning of the year	10,000,000	10,000,000
Purchase of investments in the year	-	-
surplus or deficit		
At the end of the year	<b>10,000,000</b>	<b>10,000,000</b>

**e) Shareholding in other entities**

For investment in equity share listed under note 19 above, list down the equity investments under the following categories.

Name of Entity where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding		FY 2024-2025	FY 2023-2024
	%	%	%	Kshs	Kshs	Kshs
Sagak Tech Enterprises	30%	-	-	-	10,000,000	10,000,000
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
	-	-	-	-	-	-

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**20. Property, plant and equipment**

	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Total
<b>Depreciation Rate</b>	0%	2 %	10 %	12.5 %	30%	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>As At 1<sup>st</sup> July 2020</b>	-	-	-	-	757,622	757,622
Additions	-	-	-	-	-	-
Depreciation	-	-	-	-	227,287	227,287
Transfers/Adjustments	-	-	-	-	-	-
<b>As at 30<sup>th</sup> June 2021</b>	-	-	-	-	530,335	530,335
<b>As At 1<sup>st</sup> July 2021</b>	-	-	-	-	530,335	530,335
Additions	-	-	-	-	405,490	405,490
Disposals	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-
<b>As at 30<sup>th</sup> June 2022</b>	-	-	-	-	-	-
<b>Depreciation And Impairment</b>						-
<b>At 1<sup>st</sup> July 2022</b>	-	-	-	-	935,825	935,825
Depreciation	-	-	-	-	(159,101)	(159,101)
Transfers/ Adjustments	-	-	-	-	-	-
<b>As At 30<sup>th</sup> June 2023</b>	-	-	-	-	776,725	776,725
<b>At 1<sup>st</sup> July 2023</b>	-	-	-	-	776,725	776,725
Additions	-	-	-	-	465,000	465,000
Depreciation	-	-	-	-	(233,017)	(233,017)
Transfer/Adjustment	-	-	350,000	-	-	350,000
<b>As at 30<sup>th</sup> June 2024</b>	-	-	350,000	-	1,008,708	1,358,708
<b>At 1<sup>st</sup> July 2024</b>	-	-	350,000	-	1,008,708	1,358,708
Additions	-	-	-	-	-	-
Depreciation	-	-	-	-	(302,612)	(302,612)
Impairment	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-
<b>As at 30 June 2025</b>	-	-	350,000	-	706,096	1,056,096
						-
<b>Net Book Values</b>						-
<b>As at 30 June 2024</b>	-	-	350,000	-	1,008,708	1,358,708
<b>As At 31st June 2025</b>	-	-	350,000	-	706,096	1,056,096

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**21. Intangible assets-software**

Description	KShs
At 1 <sup>st</sup> October 2020	
Additions	1,083,000.00
At 31 <sup>st</sup> December 2020	1,083,000.00
<u>Amortization and impairment:</u>	
At 1 <sup>st</sup> Jan 2021	
Amortization	-
At 31 <sup>st</sup> JUNE2021	-
Impairment loss	-
At 31 <sup>st</sup> JUNE2021	-
Net Book Value	1,083,000.00
At 1 <sup>st</sup> April 2021	1,083,000.00
Addition	1,900,000.00
Total	2,983,000.00
<u>Amortization and impairment:</u>	
Amortization	-
At 30 <sup>th</sup> June 2021	2,983,000.00
Impairment loss	-
At 30 <sup>th</sup> June 2021	2,983,000.00
Net Book Value	2,983,000.00
At 1 <sup>st</sup> July 2021	2,983,000.00
Addition	
Total	2,983,000.00
<u>Amortization and impairment:</u>	
Amortization	-
At 30 <sup>th</sup> June 2022	2,983,000.00
Impairment loss	-
At 30 <sup>th</sup> June 2022	2,983,000.00
Net Book Value	2,983,000.00
At 1 <sup>st</sup> July 2022	2,983,000.00
Addition	-
Total	2983000
<u>Amortization and impairment:</u>	
Amortization	-

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At 30th June 2023	2,983,000.00
Impairment loss	-
At 30th June 2023	
Net Book Value	2,983,000.00
At 1st July 2023	2,983,000.00
Addition	-
Total	2,983,000.00
Amortization and impairment:	
Amortization	-
At 30th June 2024	2,983,000.00
Impairment loss	
At 30th June 2024	-
Net Book Value	2,983,000.00
At 1st July 2024	2,983,000.00
Addition	-
Total	2,983,000.00
Amortization and impairment:	
Amortization	-
AT 31 June 2025	2,983,000.00
Impairment loss	
At 31 June 2025	2,983,000.00
Net Book Value	2,983,000.00

**22. Accounts and other payables from exchange transactions**

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Balance B/D	2,298,934	2,298,934
Accounts payables	1,860,000	-
<b>Total trade and other payables</b>	<b>4,158,934</b>	<b>2,298,934</b>

**23. Net cash flows from operating Activities**

	FY2024-2025	FY 2023-2024
	KShs	KShs
<b>Surplus for the year before tax</b>	<b>1,344,334</b>	<b>(262,374)</b>
<b>Adjusted for:</b>		
Depreciation	302,612	233,018
Gains/ losses on disposal of assets	-	-

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Interest income	-	-
Finance cost	-	-
<b>Working Capital adjustments</b>		
Decrease in inventory	-	-
(Increase) /Decrease in receivables	-	500,000
Increase in payables	1,860,000	-
<b>Net cash flow from operating activities</b>	<b>3,506,947</b>	<b>470,643</b>

**24.Prior Year Adjustment**

Description	KShs
Actual bank charges	924
Understated bank charges	921
<b>Total</b>	<b>3</b>

- a) *The Prior year Adjustment amount relates to understated bank charges for FY 2023/2024 of Kshs.3.*
- b) *This understatement affected the Statement of changes in Net asset and the Statement of Financial Position as shown below,*

**Change in statement of changes in Net assets**

Details	Kshs.
Closing balance FY 2023/2024	24,170,314
Understated bank charges	3
<b>Restated Opening balance FY2024/25</b>	<b>24,170,317</b>

**25.Prepayment**

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Prepaid vehicle	-	350,000
Prepaid insurance	-	-
Transfer to Property, lant & equipment	-	(350,000)
<b>Total</b>	<b>-</b>	<b>-</b>

## **26. Financial Risk Management**

The Entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Entity'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 Entity 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 Entity's financial risk management objectives and policies are detailed below:

### **i) Credit risk**

The Entity 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.

### **Financial Risk Management**

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	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2025</b>				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	12,112,900	-	12,112,900	-
Bank balances	3,510,639	3,510,639	-	-
<b>Total</b>	<b>15,623,539</b>	<b>3,510,639</b>	<b>12,112,900</b>	<b>-</b>

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<b>As at 30 June 2024</b>				
Receivables from exchange transactions	12,112,900	-	12,112,900	-
Receivables from non-exchange transactions	-	-	12,112,900	-
Bank balances	14,653	-	-	-
<b>Total</b>	<b>14,653</b>	<b>-</b>	<b>12,112,900</b>	<b>-</b>

**Financial Risk Management**

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

**ii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Entity's directors, who have 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 Entity under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2025</b>				
Trade payables	1,860,000	-	2,298,934	<b>4,158,934</b>
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	<b>1,860,000</b>	<b>-</b>	<b>2,298,934</b>	<b>4,158,934</b>

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Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2024</b>		-	-	-
Trade payables	-	-	2,298,934	2,298,934
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	-	-	2,298,934	2,298,934

**Financial Risk Management**

**iii) Market risk**

The Entity has put in place an internal audit function to assist it in assessing the risk faced by the Entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Entity'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 way it manages and measures the risk.

**a) 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 Entity manages foreign exchange risk from future commercial transactions and recognised assets and

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liabilities by projecting for expected sales proceeds and matching the same with expected payments.

**Financial Risk Management**

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:

**FY 2024-2025**

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2025</b>			
<b>Financial Assets</b>	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors	-	-	-
<b>Total Financial Assets</b>	-	-	-
<b>Financial Liabilities</b>			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
<b>Total Financial Liabilities</b>	-	-	-
<b>Net Foreign Currency Asset/(Liability)</b>	-	-	-

**Foreign currency sensitivity analysis**

**FY 2024-2025**

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2025</b>			
<b>Financial Assets</b>	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors	-	-	-
<b>Total Financial Assets</b>	-	-	-
<b>Financial Liabilities</b>			
Trade And Other Payables	-	-	-
Borrowings	-	-	-

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<b>Total Financial Liabilities</b>	-	-	-
<b>Net Foreign Currency Asset/(Liability)</b>	-	-	-

**Financial Risk Management**

The following table demonstrates the effect on the Entity's statement of comprehensive income 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 Profit before tax	Effect on Equity/Net assets
	Kshs	Kshs	Kshs
<b>FY 2024-2025</b>			
Euro	10%	-	-
USD	10%	-	-
<b>FY 2023-2024</b>			
Euro	10%	-	-
USD	10%	-	-

**b) 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 Entity to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Entity's deposits.

**Management of interest rate risk**

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

**Financial Risk Management**

**Sensitivity analysis**

The Entity 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

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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.

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

**Financial Risk Management**

**Fair value of financial assets and liabilities**

**a) Financial instruments measured at fair value.**

**Determination of fair value and fair values hierarchy**

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Entity's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The Entity considers relevant and observable market prices in its valuations where possible.

**Financial Risk Management**

The following table shows an analysis of financial and non-financial instruments recorded at fair value by level of the fair value hierarchy:

Description	Level 1	Level 2	Level 3	Total
	Kshs	Kshs	Kshs	Kshs
<b>As at 30 June 2025</b>				
<b>Financial Assets</b>				
Quoted Equity Investments	-	-	-	-

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<b>Non- Financial Assets</b>				
Investment Property	-	-	-	-
Land And Buildings		-	-	
<b>Total</b>	-	-	-	
<b>As at 30<sup>th</sup> June 2024</b>				
<b>Financial Assets</b>				
Quoted Equity Investments	-	-	-	-
<b>Non- Financial Assets</b>				
Investment Property	-	-	-	-
Land And Buildings	-	-	-	-
<b>Total</b>	-	-	-	-

There were no transfers between levels 1, 2 and 3 during the year. Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

**iv) Capital Risk Management**

The objective of the Entity's capital risk management is to safeguard the Entity'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	-	-
Retained Earnings	-	-
Capital Reserve	-	-
<b>Total Funds</b>	-	-
Total Borrowings	-	-
Less: Cash and Bank Balances	-	-
Net Debt/(Excess Cash And Cash Equivalents)	-	-
<b>Gearing</b>	0%	0%

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

**27.Related Party Disclosures**

**Nature of related party relationships**

Entities and other parties related to the LCDA 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.

**Government of Kenya**

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The Government of Kenya is the principal shareholder of the Entity, holding 100% of the Entity's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Entity, both domestic and external.

**Other related parties include:**

- i) The Parent Ministry.
- ii) County Governments
- iii) Other SCs and SAGAs
- iv) Key management.
- v) Board of directors.

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Transfers from related parties'	-	-
Transfers to related parties	-	-

**c) Key management remuneration**

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Board of Trustees	-	-
Key Management Compensation	-	-
<b>Total</b>	-	-

**d) Due from related parties**

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Due from parent Ministry	-	-
Due from County Government	-	-
<b>Total</b>	-	-

**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	-	-
<b>Total</b>	-	-

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**28. Contingent Assets and Contingent Liabilities**

**Contingent Assets**

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Court cases against the Fund	-	-
Bank guarantees	-	-
<b>Total</b>	-	-

**Contingent Liabilities**

Description	FY 2024-2025	FY 2023-2024
	KShs	KShs
Court cases against the Fund	-	-
Bank guarantees	-	-
<b>Total</b>	-	-

**29. Capital Commitments**

Capital Commitments	FY 2024-2025	FY 2023-2024
	Kshs	Kshs
Authorised for	-	-
Authorised and contracted for	-	-
<b>Total</b>	-	-

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**30. Program for Results (PforR) Disclosure**

Name of PforR:			Name of Financing Partners:			
Expenditure Details*	Opening Cumulative for Previous FYs		FY 2024-2025		Total Cumulative	
	Budget	Actual	Budget	Actual	Budget	Actual
Program code Sub-program Sub-program						
Sub-total						
Program code Sub-program Sub-program						
Sub-total						
<b>Total</b>	-	-	-	-	-	-

**31. Events after the Reporting Period**

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

**32. Ultimate And Holding Entity**

The Entity is a County Corporation under the Department of Finance and Economic Planning. Its ultimate parent is the County Government of Laikipia.

**33. Currency**

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

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**20. Appendices**

**Appendix 1: Implementation Status of Auditor-General'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/LC DA/2023/2024 (18)	<b>1.Un resolved prior year issues.</b> In the report of the previous year, issues were raised under the report on financial statements, under other matter, and under report on lawfulness and effectiveness in use of public resources. however, although the management had indicated that some issues had been resolved. they remained unresolved as the senate and county Assembly were yet to deliberate on the report for the financial year 2023/2024.	The management 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.	Not resolved	End of FY 2025/2026
OAG/IRO/LC DA/2023/2024 (18)	<b>2.Trade and other payable not paid as First Charge</b> The statement of financial position and as disclosed in Note 37 to the financial statements reflects trade and other payables balance of Kshs.2,298,934 which have been outstanding for over two years. The trade and other payables were not paid as first charge in year under review contrary to section 41(20) of the Public Finance Management (County Governments) Regulations ,2015 which states that debt service payments shall be a first charge on the	Despite the Authority's efforts to prioritize settlement of pending bills, cash flow challenges and budgetary constraints in FY 2024/2025 limited the ability to clear the outstanding amounts. Management is committed to clearing the outstanding pending bills in a timely manner while taking steps to strengthen financial planning and budgetary controls to prevent future delays.	Not resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	<p>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 circumstance, the Authority was in breach of law.</p>			
OAG/IRO/LC DA/2023/2024 (18)	<p><b>3. Investment of Funds in an unviable project</b> As previous reported, the statements of financial position and as disclosed in Note 32 to the financial statements reflects Kshs.10,000,000 in respect to investment in property which represented the Authority's investment in technology enterprise company. Available information revealed that management of the authority entered into agreement of cooperation with the company to manufacture tuk-tuks. According to the agreement, the Authority was to invest an initial capital of Kshs.5,000,000 based on the existing orders of tuk-tuks and an additional amount of Kshs 5,000,000 for a 30% shareholding in the company. Further according to agreement with the company the Authority was required to pay an additional monthly lease rentals of Kshs.50,000 for the warehouse in which the tuk-tuks would be assembled. As at 30 June, 2024, accrued lease rentals amounted to Kshs.1,300,000. However, review of financial records</p>	<p>Despite the slow start, Management remains confident in the long-term viability of the project. The partnership with Technology Enterprises Company aligns with the Authority's strategic goals to enhance local manufacturing and provide cost-effective transport solutions. Efforts are ongoing to scale production and improve operational efficiency as well as exploring on ways and means to make the initiative a success. Below is a summary of commercial viability report to support our assertions.</p> <p><u>Commercial Viability Summary Report</u> Sagak Tech enterprises limited is an automobile plant that deals with assembly of 4-wheeler tuk-tuks, pick-ups, production of spare parts and vehicle repairs.</p> <p><b>Return on Investment</b></p> <ul style="list-style-type: none"> <li>• The management recommended an investment of Kshs.5 Million based on the existing pre-orders with a projection of a Return on Investment of 20%-25%.</li> <li>• However, the tuk-tuks were not produced as they had not been given the required authority by NTSA, KRA and KEBS. Thus, they were unable to meet the orders.</li> <li>• The period was mainly focusing on product development through continuous Research &amp; Development that involved inter-agency stakeholders who engaged the company to build a product that meets the set standards of quality.</li> <li>• R&amp;D investments become more difficult to track and evaluate as the company invites in more ideas and products from outside.</li> <li>• The first phase of production, majorly concentrated on research and improving vehicles manufactured. Currently, 7 vehicles are close to 90% complete where one is completed and operational.</li> <li>• The investment of Kshs.5 Million was utilized to facilitate continuous product improvement on the units and also to rehabilitate the workshop and others used in</li> </ul>	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	<p>confirmed that the projected production of initial 50 tuk-tuks was not realized and only seven (7) units had been completed and tested and therefore the viability of the project could not be confirmed.</p>	<p>assembling the vehicle. It was inclusive of other overhead expenses such as rent for the workshop, clearance of water and electricity bills and other maintenance activities on the ground for production activities taking place.</p> <p>The inter-agency team reviewed Sagak tech and outlined different recommendations for product improvement. They include:</p> <ul style="list-style-type: none"> <li>(i) Through concerns raised with KEBS on standardization issue, the recommendation was to have production of two similar vehicles which are white in colour with same similarities and which, KEBS takes measurements so as to provide a standard mark of quality based on KS.1515 (used for second hand vehicles).</li> <li>(ii) Chief mechanical had recommended KS.2725 (used for new model vehicles) but after deliberations on the homologation (i.e. meeting the set standards to be sold outside the country) could not be met due to factors beyond the companies reach, the units got to be inspected by the chief mechanical engineers and they gave their recommendations on improvements. Thereafter, approvals were sort out from the chief mechanical who was of the idea to deal with what is possible first and make improvements with time.</li> <li>(iii) The Kenya Revenue Authority created two policies to facilitate registration of automobiles manufactured and assembled locally i.e. C.414 (for tuktuks) and C.415 (for Vehicles inclusive of MOBIUS). This enabled the manufacturers to get exemptions on corporate tax and resolved the challenge of getting entry number TIMS for NTSA registration.</li> <li>(iv) NTSA through the inter-agency team facilitated registration of 7 units which was vital in compliance to achieve the road worthiness certificate. There is also need to amend the TIMS portal to include two model series i.e. <ul style="list-style-type: none"> <li>• Series X -for passenger. Inspection for the PSV sticker is a requirement</li> <li>• Series Y -for Pick-up. The design is yet to be undertaken fully.</li> </ul> </li> </ul> <p><b>Investor Readiness – Business Model Findings in R&amp;D</b> The Value Proposition:</p> <ul style="list-style-type: none"> <li>• Locally partially manufactured and assembled 4-wheeler Tuk-Tuks and Pick-ups</li> </ul>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
		<ul style="list-style-type: none"> <li>• Affordable, hardy and durable four-wheeler transportation</li> <li>• Revival of the local manufacturing industry with Just in Time (JIT) production.</li> </ul> <p>Key products include; Tuk Tuks, Pick Ups Target customers</p> <ul style="list-style-type: none"> <li>• B2G [ Business to Government], B2B [Business to Business]</li> <li>• Sectors: Public transportation, Logistics businesses, Agribusiness</li> </ul> <p>Channels: Currently collection from the factory in Nyahururu and Orders through visitation Key resources</p> <ul style="list-style-type: none"> <li>• Experienced founder</li> <li>• Secoded staff from DEKUT and County of Laikipia</li> <li>• Factory and basic machinery</li> </ul> <p>Recommended revenue streams</p> <ul style="list-style-type: none"> <li>• Sale of Tuk Tuks and pick ups</li> <li>• KENDEX platform of raising capital</li> </ul> <p>Key costs : Material costs, Labour. The founder, Samuel Gatonye’s experience is rich and testament to his entrepreneurial spirit. The current partnership with DEKUT and CGL is in the nature of a ‘Strategic investor’. Provision of funding, human resource and expertise needs to be better captured as it shows alignment and commitment to the SEL venture.</p> <p><b>Commercial Viability</b> <b>SAGAK Tech (BJ50):</b> the development of tuk-tuk and pick-ups will eventually establish and grow micro enterprises by commercializing the automobile sector and trailblazing innovative automobile solutions in the region, for sustainability purposes, the unique selling propositions include;</p> <ul style="list-style-type: none"> <li>• SAGAK Tech is to venture into public transportation, where, creation of a Sacco for the tuk-tuks plying on different routes shall be enabled since it is a more stable tuk-tuk as compared to what is existing in the market given that it is a 4-wheeled tuk-tuk while the market has only three wheeled tuk-tuks. Tipping over of these tuk-tuks is less probable as compared to current tuktuk models.</li> <li>• It has a bigger passenger capacity at 7 as compared to 5 for current tuk-tuk in the market. This offers the prospective customers gains when they use it as a means</li> </ul>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
		<p>of ferrying passengers for income generation through passenger transportation where individuals could purchase and /or be a Sacco member which enables marketing purposes, thus going a long way of unlocking the business.</p> <ul style="list-style-type: none"> <li>• BJ50 Pick-ups with a total payload of 800kgs, the BJ50 presents a solution both to the farmer who has loads of goods and trader in ferrying their wears/passengers to various destinations at lower cost and more efficiently.</li> <li>• Product improvement through continuous R&amp;D and Provision of spare parts that could be undertaken and spearheaded by technical institutes, TVETs who are provided training from their institutions and facilitation of internship programs for assembling procedures to enhance skills.</li> <li>• Direct and indirect job creation for market relevant courses of TVET informed to support enterprises and have a market of accessories; such as, leather work for interiors, metal work for spare parts, art work and design for different developments and features etc.</li> <li>• Discussion on potential to convert the BJ50 prototypes into electric / solar powered vehicles might provide significant incentive to investors. The progress made should be documented and also included as a milestone.</li> <li>• Kenya Digital Asset Exchange (KENDEX) PLC is a block chain-powered capital markets platform for creation, issuance, management and secondary market trading (OTC and exchange) of regulated digital assets (securities, bonds and derivatives). It is registered under Kenyatta University, under Chandaria business innovation hub and Capital Markets Authority (CMA) and it facilitates a unique way of raising capital and management of shares.</li> <li>• KENDEX has partnered with SAGAK Tech and LCDA through IBUKA Programme that was necessitated by CMA on issuance of securities as a participatory way of investors to facilitate in raising capital through blockchain technology. SAGAK Tech is a test subject for KENDEX and they have facilitated in the development and preparation of these investor readiness: <ul style="list-style-type: none"> <li>▪ Prospectors/Information Memorandum.</li> <li>▪ Preparation of Investors report –Value per share, price per share, value of the company.</li> <li>▪ Regulatory waivers—the requirements by the company.</li> </ul> </li> </ul>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
		<ul style="list-style-type: none"> <li>▪ Provide operational guidance-incorporating professionals in different fields.</li> <li>▪ R&amp;D of unique products under SAGAK to help the business manoeuvre</li> </ul> <p>This when implemented fully will make Sagak Tech a Going Concern thus achieve the return on investment.</p>		
	<p><b>4.Long outstanding Receivables</b> The statement of financial position and reflects receivables from non-exchange transactions balance of kshs.12,112,900 as disclosed in Note 30 to the financial statement in respect to transfers from the County Executive</p>	<p>Management recognizes the importance of taking appropriate actions to recover outstanding amounts, and we fully appreciate the concern raised regarding the lack of demonstrated recovery efforts for these long-outstanding receivables. While the balance of Kshs. 12,612,900 remains outstanding, we would like to clarify that the Authority has been actively reviewing the situation and has engaged with the County Executive to address the outstanding balance. However, various factors, including delays in the budget realization challenges in the collection of these amounts, have contributed to the prolonged status of these receivables.</p> <p>In response to this concern, management has initiated a comprehensive review and recovery strategy, which includes the following actions:</p> <ul style="list-style-type: none"> <li>• Engaging with the County Executive to obtain a clear timeline and commitment for the transfer of the outstanding amounts.</li> <li>• Exploring alternative recovery mechanisms, including discussions</li> </ul> <p>While the recoverability of this balance remains uncertain, management is committed to taking immediate and appropriate actions to recover these amounts and will provide regular updates on the progress. We are also evaluating the need to make a provision for doubtful debts in the financial statements, should the receivables remain unrecoverable</p>	Not Resolved	

  
.....  
Samuel Njuki  
Acting C.E.O  
Date:20-8-2025



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**Appendix II: Projects implemented by Laikipia County Development Authority**

Projects implemented by the State Corporation/ SAGA Funded by development partners and/ or the Government.

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

**Status of Projects completion**

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds

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**Appendix IV: Transfers from Other Government Entities**

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/ Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Revenue to the entity	
County Executive	23-4-2025	Recurrent	4,000,000	4,000,000	-	-	-	4,000,000	4,000,000
County Executive	30-6-2025	Development	1,910,951	1,910,951	-	-	-	1,910,951	1,910,951
<b>Total</b>			<b>5,910,951</b>	<b>5,910,951</b>	-	-	-	<b>5,910,951</b>	<b>5,910,951</b>

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**Appendix V- Inter-Entity Confirmation Letter**

**To: Chief Officer Finance and County Treasury**

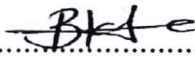
**From: Laikipia County Development Authority**

The **Chief Officer Finance and County Treasury** wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2024 as indicated in the table below.


<b>Confirmation of amounts received by the Laikipia County Development Authority as at 30<sup>th</sup> June 2025</b>					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
FT25113XFFKB	23-4-2025	4,000,000		4,000,000	The funds reflected in the LCDA account on dates indicated in the table
FT25202F2ZZR	30-6-2025		1,910,951	1,910,951	
<b>Total</b>		<b>4,000,000</b>	<b>1,910,951</b>	<b>5,910,951</b>	

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

**Head of Accounts Department – Department of Finance and County Treasury**

Brenda Wahuro Sign .....  ..... Date: 20-8-2025

**Head of Accounts Department - Laikipia County Development Authority**

Justus Kavita Sign .....  ..... Date 20-8-2025

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**Appendix VI: Reporting of Climate Relevant Expenditures**

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

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**Appendix VII: Reporting on Disaster Management Expenditure**

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

