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**REPORT**

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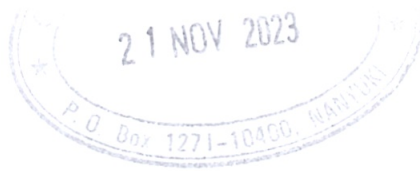
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DATE	16/04/2024
TABLED BY	Majority Leader
COMMITTEE	Finance & Budget
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**THE AUDITOR-GENERAL**

**ON**

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

**FOR THE YEAR ENDED  
30 JUNE, 2023**



*Revised 30<sup>th</sup> June 2023*



OFFICE OF THE AUDITOR GENERAL  
UPPER EASTERN REGIONAL OFFICE - ISIOLO

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P.O. Box 1027 - 60300, ISIOLO

**COUNTY ASSEMBLY OF LAIKIPIA**

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

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2023**

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

**Annual Report and Financial Statements for the year ended June 30, 2023**

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**1. Acronyms and Glossary of Terms**

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings
CASB	County Assembly Service Board

**Annual Report and Financial Statements for the year ended June 30, 2023****2. Key Entity Information and Management****a) Background information**

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

**b) Principal Activities**

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

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

Ref	Position	Name
1	Chairman of the Board	Peter Ndirangu Hinga
2	Vice Chairman	Moses Gichuki Waweru
3	Fund Administrator	Francis Kimondo
4	Member	Miriam Wanjiru Mwangi
5	Member	Grace Muthoni Mbuthia
6	Member	Simon Kitur

**d) Key Management team**

Ref	Position	Name
1	Fund Manager/ Administrator	Francis Kimondo
2	Fund Accountant	John Kihanda

**Key Entity and Management (Continued)**

**e) Fiduciary Oversight Arrangements**

<b>Ref</b>	<b>Position</b>	<b>Name</b>
1	Directorate Internal Audit	Martha Wambui Wamuicho
2		

**f) Registered Offices**

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

**g) Fund Contacts**

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

**h) Fund Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya
2. Kenya Commercial Bank  
Nanyuki Branch  
AC 1206478923

**Key Entity and Management (Continued)**

**i) Independent Auditors**




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




**j) Principal Legal Adviser**

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

**k) County Attorney**




3. Board of Trustees

Name	Details of qualifications and experience
<p>Peter Ndirangu Hinga</p> 	<p><b>Ag. County Assembly Clerk</b></p> <p>Date of Birth 18<sup>th</sup> December 1978</p> <p><b>Academic &amp; professional Qualifications</b></p> <p>Bachelor in Business Administration -Finance                      CPA Part II</p>
<p>Ndiritu Kimondo</p> 	<p><b>Director Finance and Accounting Services</b></p> <p>Date of birth 09.09.1975</p> <p><b>Academic qualifications</b></p> <p>PHD-Finance JKUAT (On going)                      MBA-Finance (Meru university)                      Maseno University Bachelors of Arts (Economics and Business Studies)                      Certified Public Accountant CPA(K) NO 16861</p>
<p>Miriam Mwangi</p> 	<p><b>Director Human Resources and Administration.</b></p> <p>Date of birth 08.07.1978</p> <p><b>Academic qualifications</b></p> <p>PHD Leadership-JKUAT (On going)                      KEMU University Masters of Business Administration (Human Resource Option)                      Maseno University Bachelors of Arts (Economics and Business Statistics)</p>



<p><b>Internal Auditor</b></p> 	<p><b>Internal Auditor</b></p> <p>Date of birth 08.10.1981</p> <p><b>Academic qualifications &amp; Professional qualifications</b></p> <p>Bachelor Natural Resource management Certified Public Accountant CPA(K) Member Institute of Internal Auditors</p>
<p><b>Grace Mwenda</b></p> 	<p><b>Principal Legal Counsel</b></p> <p>Date of birth 20.04.1986</p> <p><b>Academic qualifications</b></p> <p>Moi University Bachelors of Law Kenya School of Government Higher Diploma</p>
<p><b>Gichuki Waweru</b></p> 	<p><b>County Assembly Deputy Clerk</b></p> <p>Date of birth 05.12.1969</p> <p><b>Academic qualifications</b></p> <p>Bachelor of Economics and LLB</p>

County Assembly of Laikipia Car Loan and Mortgage (Staff) Scheme Fund  
 Annual Report and Financial Statements for the year ended June 30, 2023

4. Management Committee.

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

**Annual Report and Financial Statements for the year ended June 30, 2023**

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

## 5. Chairperson's Report

It is my pleasure to present, on behalf of the fund, the Laikipia County Assembly staff car loan and mortgage fund financial statements for the year ended 30<sup>th</sup> June 2023. The financial statements present the financial performance of the fund over the past year.

### Scheme Funding

The staff car and mortgage fund for the staff was established pursuant to SRC circular SRC/ADM/CIR/1/13 Vol.III (128). The assembly passed the **Public Finance management (Laikipia county assembly car loan (staff) scheme fund regulations, 2016** to guide the management of the fund. The regulations were amended in 2023 to **Public Finance management (Laikipia County Assembly of Laikipia Car Loan and Mortgage (Staff) Scheme Fund Regulations, 2023**. This will allow the fund to prepare the financial and non-financial reports for both car loan and mortgage jointly.

The table below shows a summary of the amount received by the fund

	<b>Financial</b>	<b>Amount</b>
1	2017/2018	34,033,482
2	2018/2019	15,000,000
3	2019/2020	30,000,000
4	2020/2021	15,000,000
5	2021/2022	24,481,024
6	2021/2022	120, 114,621
	<b>Total</b>	<b>238,626,127</b>

### Review of performance

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

**Annual Report and Financial Statements for the year ended June 30, 2023**

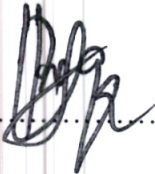
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**Appreciation**

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

I look forward to your continued support in the year 2023/2024.

Signature..... Date.....



21/11/23



**Peter Ndirangu Hinga**

## 6. Report of The Fund Administrator

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

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the Year ended 30<sup>th</sup> June 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

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

**Annual Report and Financial Statements for the year ended June 30, 2023**

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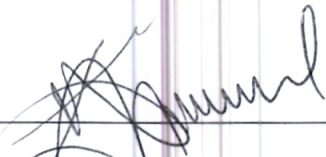
In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement. The main challenge during the year was the small level of funding due the constrained assembly budget and delay in release of the fund from the controller of budget despite the great demand.

**Conclusion**

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

**Approval of the financial statements**

The Fund's financial statements were approved by the Board on 21 / 11 / 2023 and signed on its behalf by:



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**CPA Francis Ndiritu Kimondo**  
Fund Administrator

**County Assembly of Laikipia Car Loan and Mortgage (Staff) Scheme Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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

The objective of the is to provide car loan and mortgages for staff of the County Assembly Service. The assembly has a total of 77 staff out of which half have benefitted from the fund. In the financial year the fund recorded exemplary performance by distributing Ksh 120, 114,621 in mortgages.

Below we provide the progress on attaining the stated objectives:

<b>Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
<b>Provision of Mortgage facilities to all members of staff</b>	To ensure all staff have access to Mortgage facilities	Number mortgages successfully applied	% of staff taking Mortgage facilities	A total of 49 staff have benefited with either mortgage or a car loan.

**Annual Report and Financial Statements for the year ended June 30, 2023**

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**8. Corporate Governance Statement**

The management committee held a series of meetings during the year and has been able to issue loans to 49 staff out of the workforce of 77 staff despite the limited resources.

During the committee amended the regulations governing the fund to address challenges in preparation of financial statements raised in previous audits.

The involvement of internal audit department in auditing of the financial statements for the fund has greatly improved their accuracy and preparation according the required standards. The technical committee scrutinizes the application documents and then forwarded to the management committee for approval.

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

The fund has so far benefited 49 staff through issue of both car loan and mortgage. A total of Ksh 40,602,064 was issued as loans during the year. Out of the whole budgeted amount of Ksh 120,114,621, Ksh 69,000,000 was received during the year while the balance of Ksh 51,114,621 was received in July 2023.

During the year the fund earned total interest of Ksh 4,061,254 through the 3% interest charged on the loans. Of the amount Ksh 980,452 was spent on management of the fund. The fund recorded a surplus of Ksh 3,080,802.

The total outstanding loans as at the end of the year was Ksh 159,951,798

### **Corporate Social Responsibility / Community Engagements**

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

**Annual Report and Financial Statements for the year ended June 30, 2023**

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**10. Report of The Trustees**

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2023 which show the state of the Fund affairs.

**Principal activities**

The principal activities of the Fund are continued to be advancing car loans and mortgage to members of staff.

**Results**

The results of the Fund for the year ended June 30, 2023 are set out on pages 1-8


**Trustees**

The members of the Board of Trustees who served during the year are shown on pages Vii-X. There were no changes in the Board during the financial year

**Auditors**

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the Year ended 30<sup>th</sup> June 2023

By Order of the Board.



Francis Ndiritu Kimondo

**Fund Administrator**

Date: 21/11/2023

## 11. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by Public Finance Management Act 2012 and Laikipia County Assembly Mortgage staff scheme fund regulations 2016 and shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Laikipia County Assembly Mortgage staff scheme fund regulations 2016. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2023, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. OR

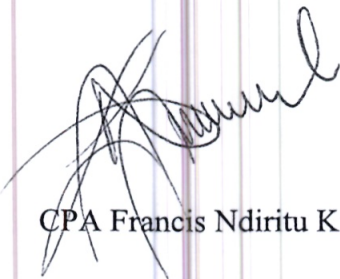
**Annual Report and Financial Statements for the year ended June 30, 2023**

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

**Approval of the financial statements**

The Fund's financial statements were approved by the Board on 20/11/2023 2023 and signed on its behalf by:



CPA Francis Ndiritu Kimondo

**Fund Administrator**

Date: 20/11/2023

# REPUBLIC OF KENYA

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



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

## REPORT OF THE AUDITOR-GENERAL ON COUNTY ASSEMBLY OF LAIKIPIA CAR LOAN AND MORTGAGE (STAFF) SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2023

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of County Assembly of Laikipia Car Loan and Mortgage (Staff) Scheme Fund set out on pages 1 to 54, which comprise the statement of financial position as at 30 June, 2023, and the statement of financial

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*Report of the Auditor-General on County Assembly of Laikipia Car Loan and Mortgage (Staff) Scheme Fund for the year ended 30 June, 2023*

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

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

## **Basis for Qualified Opinion**

### **1.0 Unsupported Trade Receivables from Non-Exchange Transactions**

The statement of financial position and Note 13 to the financial statements reflects a balance of Kshs.102,801,121 in respect to receivables from non-exchange transactions. Included in the balance is Kshs.50,525,000 relating to money lent to the Members of the County Assembly of Laikipia Car Loan and Mortgage (Members) Scheme Fund. However, the approved policy and guidelines for the lending to other funds was not provided for audit review.

In the circumstances, the accuracy and completeness of the receivables from non-exchange transactions balance of Kshs.102,810,121 could not be confirmed.

### **2.0 Unsupported Trade and Other Payables from Exchange Transactions**

As previously reported, the statement of financial position reflects trade and other payables from exchange transactions amounting to Kshs.18,340,000 in relation to borrowings. However, the approval, policy and guidelines on the borrowing were not provided for audit review.

In the circumstances, the accuracy and regularity of the trade and other payables from exchange transactions balance of Kshs.18,340,000 could not be confirmed.

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

## **Key Audit Matters**

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

## **Other Matter**

### **Unresolved Prior Year Issues**

In the report of the previous year, several issues were raised under Report on Financial Statements. However, although the Management has indicated that some of the issues have been resolved, the matters remained unresolved as the Senate and County Assembly are yet to deliberate on the report for 2021/2022.

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

### **Conclusion**

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

### **Basis for Conclusion**

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

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

### **Conclusion**

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

### **Basis for Conclusion**

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

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

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

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

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

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

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

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

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in

which the design or operation of one or more of the internal controls components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

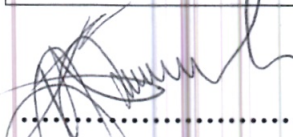
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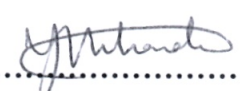
17 January, 2024

**Annual Report and Financial Statements for the year ended June 30, 2023**

**13. Statement of Financial Performance for the Year Ended 30<sup>th</sup> June 2023**

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
<b>Revenue From Non-Exchange Transactions</b>			
Public Contributions and Donations	1	-	-
Transfers from the County Government	2	-	24,481,024
Fines, Penalties and Other Levies	3	-	-
<b>Revenue from Exchange Transactions</b>			
Interest Income	4	4,061,254	3,351,031
Other Income	5	-	-
<b>Total Revenue</b>		<b>4,061,254</b>	<b>27,832,055</b>
<b>Expenses</b>			
Employee Costs	6	-	-
Use of goods and services	7	980,452	522,905
Depreciation and Amortization Expense	8	-	-
Finance Costs	9	-	-
<b>Total Expenses</b>		<b>980,452</b>	<b>522,905</b>
<b>Other Gains/Losses</b>			
Gain/Loss on Disposal of Assets	10	-	-
Gain /Loss on fair value of investments	11	-	-
<b>Surplus/(Deficit) for the Period</b>		<b>3,080,802</b>	<b>27,309,150</b>

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

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

County Assembly of Laikipia Car Loan and Mortgage (Staff) Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023

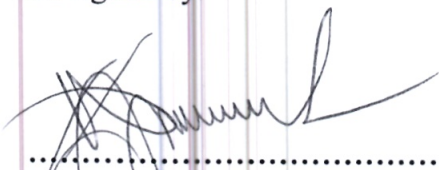
14. Statement of Financial Position As at 30 June 2023

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	12	1,697,216	2,641,835
Current Portion of Long- Term Receivables From Exchange Transactions	13	3,445,645	1,047,180
Receivables From Non-Exchange Transactions	13	102,810,121	11,720,141
Prepayments	14		
Inventories	15		
Investments in financial assets	16		
<b>Total current assets</b>		<b>107,952,982</b>	<b>15,409,156</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	17		
Intangible Assets	18		
Long Term Receivables from Exchange Transactions	13	159,951,798	129,300,201
Investment Property	19		-
<b>Total non- current assets</b>		<b>159,951,798</b>	<b>129,300,201</b>
<b>Total Assets</b>		<b>267,904,780</b>	<b>144,709,357</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables from Exchange Transactions	20	18,340,000	18,340,000
Provisions	21		
Current Portion of Borrowings	22		
Employee Benefit Obligations	23		
Social benefit liabilities	24		

**Annual Report and Financial Statements for the year ended June 30, 2023**

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
<b>Total current liabilities</b>		<b>18,340,000</b>	<b>18,340,000</b>
<b>Non-Current Liabilities</b>			
Long Term Portion of Borrowings	22		
Non-Current Employee Benefit Obligation	23		
Social benefit liabilities	24		
<b>Total Liabilities</b>		<b>18,340,000</b>	<b>18,340,000</b>
<b>Net Assets</b>		<b>249,564,780</b>	<b>126,369,357</b>
Revolving Fund		198,275,962	78,161,341
Reserves		-	-
Accumulated Surplus		51,288,818	48,207,986
<b>Total Net Assets and Liabilities</b>		<b>249,564,780</b>	<b>126,369,357</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 21/11/2023 and signed by:



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



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

County Assembly of Laikipia Car Loan and Mortgage (Staff) Scheme Fund  
Annual Report and Financial Statements for the year ended June 30, 2023

15. Statement Of Changes in Net Assets for the year ended 30<sup>th</sup> June 2023

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
<b>Balance As At 1 July 2021</b>	78,161,341	-	17,349,870	95,511,211
Surplus/(Deficit) For the Period		-	27,309,150	27,309,150
Prior year adjustment			3,548,996	3,548,996
Funds Received During the Year		-		
Transfers		-	-	
Revaluation Gain	-	-	-	-
<b>Balance As At 30 June 2022</b>	<b>78,161,341</b>	<b>-</b>	<b>48,207,986</b>	<b>126,369,357</b>
<b>Balance As At 1<sup>st</sup> 2022</b>	<b>78,161,341</b>	<b>-</b>	<b>48,207,986</b>	<b>126,369,357</b>
Surplus/(Deficit) For the Period		-	3,080,802	3,080,802
Funds Received During the Year	120,114,621	-		120,114,621
Transfers	-		-	
Revaluation Gain	-	-	-	-
<b>Balance As At 30 June 2023</b>	<b>198,275,962</b>	<b>-</b>	<b>51,288,818</b>	<b>249,564,780</b>

.....  
Name: Ndiritu Kimondo  
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Name: John Kihanda Mungai  
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**Annual Report and Financial Statements for the year ended June 30, 2023****16. Statement of Cash Flows for The Year Ended 30 June 2023**

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
<b>Cash flows from operating activities</b>			-
<b>Receipts</b>			-
Public contributions and donations			-
Transfers from the county government			16,760,883
Interest received		3,367,620	3,283,700
Receipts from other operating activities		-	-
<b>Total receipts</b>		<b>3,367,620</b>	<b>20,044,583</b>
<b>Payments</b>		-	-
Fund administration expenses		-	-
General expenses	7	980,872	522,905
Finance cost		-	-
Other payments		-	-
Total payments		980,872	522,905
<b>Net cash flows from operating activities</b>	25	<b>2,386,748</b>	<b>19,521,678</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and Intangible assets		-	-
Proceeds from sale of property, plant & equipment			-
Proceeds from loan principal repayments		8,221,056	8,279,034
Loan disbursements paid out		(40,602,064)	(42,361,460)
<b>Net cash flows used in investing activities</b>		<b>(32,381,008)</b>	<b>(34,082,426)</b>

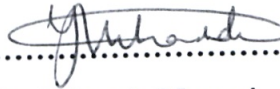
County Assembly of Laikipia Car Loan and Mortgage (Staff) Scheme Fund

Annual Report and Financial Statements for the year ended June 30, 2023

<b>Cash flows from financing activities</b>			
Proceeds from revolving fund receipts		61,720,141	-
Lending to Assembly		(4,784,500)	
Lending to members fund		(31,500,000)	
Additional borrowings			-
Repayment of borrowings by Assembly		3,614,000	-
<b>Net cash flows used in financing activities</b>		<b>29,049,641</b>	
<b>Net increase/(decrease) in cash &amp; cash Equivalents</b>		<b>(944,199)</b>	<b>(14,560,748)</b>
Cash and cash equivalents at 1 July 2022		2,641,835	17,202,583
<b>Cash and cash equivalents at 30 June 2023</b>		<b>1,697,216</b>	<b>2,641,835</b>



.....  
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County Assembly of Laikipia Car Loan and Mortgage (Staff) Scheme Fund

Annual Report and Financial Statements for the year ended June 30, 2023

17. Statement Of Comparison of Budget and Actual Amounts for the Year ended June 30, 2023

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	A	b	C=(a+b)	D	e=(c-d)	f=d/c*100
<b>Revenue</b>						
Public Contributions and Donations						
Transfers From County Govt.	120,114,621	-	120,114,621	69,000,000	51,114,621	57.4%
Interest Income	4,500,000	-	4,500,000	4,061,254	438,746	90%
Other Income						
<b>Total Income</b>	<b>124,614,621</b>	<b>0</b>	<b>124,614,621</b>	<b>73,061,254</b>	<b>51,553,367</b>	<b>58.6%</b>
<b>Expenses</b>						
Fund Administration Expenses						
General Expenses	1,000,000		1,000,000	980,452	19,048	98%
Finance Cost						

**County Assembly of Laikipia Car Loan and Mortgage (Staff) Scheme Fund**

**Annual Report and Financial Statements for the year ended June 30, 2023**

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<b>Total Expenditure</b>	<b>1,000,000</b>		<b>1,000,000</b>	<b>980,452</b>	<b>19,048</b>	<b>98%</b>
<b>Surplus For the Period</b>	<b>123,614,621</b>	<b>0</b>	<b>123,614,621</b>	<b>72,080,802</b>	<b>51,534,319</b>	<b>58.3%</b>
<b>Capital expenditure</b>						

**Budget notes**

1. Part of the money budgeted in the financial year was received in the month of July 2023

**Annual Report and Financial Statements for the year ended June 30, 2023**

**18. Notes to the Financial Statements**

**1. General Information**

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

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

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

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

(i) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023*

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

Standard	Effective date and impact
	<ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li>   <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul> <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
<p><b>IPSAS 42: Social Benefits</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the Entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</li> </ul> <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> </ul>

**Annual Report and Financial Statements for the year ended June 30, 2023**

Standard	Effective date and impact
	<p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
Other improvements to IPSAS	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b></li> </ul> <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</p> <p><b><i>State the impact of the standard to the Entity if relevant</i></b></p>

(ii) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
IPSAS 43	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p>

Standard	Effective date and impact:
	<p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>

**(iii) Early adoption of standards**

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

## **2. Significant Accounting Policies**

### **a) Revenue recognition**

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

##### **Transfers from other government entities**

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

#### **ii. Revenue from exchange transactions**

##### **Interest income**

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

##### **Dividends**

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

##### **Rental income**

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

### **b) Budget information**

The original budget for FY 2023 was approved by the County Assembly. 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

**County Assembly of Laikipia Car Loan and Mortgage (Staff) Scheme Fund**

**Annual Report and Financial Statements for the year ended June 30, 2023**

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.

**County Assembly of Laikipia Car Loan and Mortgage (Staff) Scheme Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**  
**Summary of Significant Accounting Policies (Continued)**

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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 in these financial statements.

**c) Property, plant and equipment**

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

**d) Intangible Assets**

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

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

e) Investment property

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

**County Assembly of Laikipia Car Loan and Mortgage (Staff) Scheme Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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

**f) Financial instruments**

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

**Financial assets**

**Classification of financial assets**

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

**County Assembly of Laikipia Car Loan and Mortgage (Staff) Scheme Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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**Subsequent measurement**

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

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

**Amortized cost**

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

**Fair value through net assets/ equity**

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

**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

**Impairment**

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

Significant Accounting Policies (Continued)

**Financial liabilities**

**Classification**

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

**g) Inventories**

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

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

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

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

**h) Provisions**

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a

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

**Annual Report and Financial Statements for the year ended June 30, 2023**

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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.

i) **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.

**j) Contingent liabilities**

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

**Contingent assets**

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

**k) Nature and purpose of reserves**

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

**l) 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.

**m) Employee benefits – Retirement benefit plans**

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

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

**Annual Report and Financial Statements for the year ended June 30, 2023**

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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.

**n) 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.

**o) Borrowing costs**

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

**p) Related parties**

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

**q) Cash and cash equivalents**

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

**Annual Report and Financial Statements for the year ended June 30, 2023**

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**r) Comparative figures**

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

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

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

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

### **a) Estimates and assumptions –**

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

### **b) Useful lives and residual values**

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

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

**Annual Report and Financial Statements for the year ended June 30, 2023**

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**c) Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in the Note. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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

6. Notes to The Financial Statements

1. Public contributions and donations

Description	2022-2023	2021-2022
	Kshs	Kshs
Donation From Development Partners	-	-
Contributions from The Public	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

2. Transfers from County Government

Description	2022-2023	2021-2022
	Kshs	Kshs
Transfers From County Govt. –Operations	120,114,621	24,481,024
Payments By County On Behalf Of The Entity	-	-
Unconditional Development grants	-	-
<b>Total</b>	<b>120,114,621</b>	<b>24,481,024</b>

3. Fines, penalties and other levies

Description	2022-2023	2021-2022
	Kshs	Kshs
Late Payment Penalties	-	-
Fines	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**Annual Report and Financial Statements for the year ended June 30, 2023**

**4. Interest income**

Description	2022-2023	2021-2022
	Kshs	Kshs
Interest Income from Mortgage Loans	4,061,254	3,351,031
Interest Income from Car Loans		-
Interest Income from Investments in financial assets		-
Interest Income on Bank Deposits		-
<b>Total Interest Income</b>	<b>4,061,254</b>	<b>3,351,031</b>

**5. Other income**

Description	2022-2023	2021-2022
	Kshs	Kshs
Insurance Recoveries	-	-
Income from Sale of Tender Documents	-	-
Bad debts recovered	-	-
Miscellaneous Income	-	-
<b>Total Other Income</b>	<b>-</b>	<b>-</b>

## 6. Employee Costs

Description	2022-2023	2021-2022
	Kshs	Kshs
Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	-	-
Social Security Contribution	-	-
Other ( <i>Specify</i> )	-	-
<b>Total</b>	-	-

## 7. Use of Goods and Services

Description	2022-2023	2021-2022
	Kshs.	Kshs.
General Office Expenses	-	-
Loan Processing Costs	-	-
Professional Services Costs	-	-
Administration Fees	958,425	165,200
Committee Allowances	-	-
Electricity And Water Expenses	-	-
Fuel And Oil Costs	-	-
Insurance Costs	-	341,664
Postage And Courier	-	-
Printing And Stationery	-	-
Rental Costs	-	-
Security Costs	-	-
Telephone And Communication Expenses	-	-
Bank Charges	22,027	16,041
Audit Fees	-	-

County Assembly of Baringo Car Loan and Mortgage (Staff) Scheme Fund

Annual Report and Financial Statements for the year ended June 30, 2023

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Provision For Doubtful Debts		-
Other ( <i>Specify</i> )		-
Social benefit expenses*		-
<b>Total</b>	<b>980,452</b>	<b>522,905</b>

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

**8. Depreciation and Amortization Expense**

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Property Plant and Equipment	-	-
Intangible Assets	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**9. Finance costs**

Description	2022-2023	2021-2022
	Kshs	Kshs
Interest On Bank Overdrafts	-	-
Interest On Loans From Banks	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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

Description	2022-2023	2021-2022
	Kshs	Kshs
Property, Plant and Equipment	-	-
Intangible Assets	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

County Assembly of Laikipia Car Loan and Mortgage (Staff) Scheme Fund  
 Annual Report and Financial Statements for the year ended June 30, 2023

11. Gain/ (loss) on Fair Value Investments

Description	2022-2023	2021-2022
	Kshs	Kshs
Investments at Fair Value- Equity investments	-	-
Fair value – Investment property	-	-
Fair value- other financial assets (specify)	-	-
<b>Total Gain</b>		

12. Cash and cash equivalents

Description	2022-2023	2021-2022
	Kshs	Kshs
County Assembly of Laikipia Car Loan and Mortgage (Staff) Scheme Fund	1,697,216	2,641,415
County Assembly Mortgage Account		
Fixed Deposits Account		
On – Call Deposits		
Current Account		
Others ( <i>Specify</i> )		
<b>Total Cash and Cash Equivalents</b>	1,697,216	2,641,415

**Annual Report and Financial Statements for the year ended June 30, 2023**

**Notes to the Financial Statements Continued**

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

Financial Institution	Account number	2022-2023	2021-2022
		Kshs	Kshs
<b>a) Fixed Deposits Account</b>			
Kenya Commercial Bank			
Equity Bank, Etc.			
<b>Sub- Total</b>			
<b>b) On - Call Deposits</b>			
Kenya Commercial Bank			
Equity Bank - Etc.			
<b>Sub- Total</b>			
<b>c) Current Account</b>			
Kenya Commercial Bank	1206478923	1,697,216	2,641,415
Bank B			
<b>Sub- Total</b>		<b>1,697,216</b>	<b>2,641,415</b>
<b>d) Others (Specify)</b>			
Cash In Transit			
Cash In Hand			
<b>Sub- Total</b>			
<b>Grand Total</b>		<b>1,697,216</b>	<b>2,641,415</b>

County Assembly of Laikipia Car Loan and Mortgage (Staff) Scheme Fund  
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13. Receivables from exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
<b>Current Receivables</b>		
Interest Receivable	990,962	307,225
Current Loan Repayments Due	2,454,683	739,955
<b>Sub Total</b>	<b>3,445,645</b>	<b>1,047,180</b>
Receivables from Non exchange	102,810,121	11,720,141
Less: Impairment Allowance	-	-
<b>Total Current Receivables</b>	<b>106,255,766</b>	<b>12,767,321</b>
<b>Non-Current Receivables</b>		
Long Term Loan Repayments Due	159,951,798	129,300,201
<b>Total Non- Current Receivables</b>	<b>159,951,798</b>	<b>129,300,201</b>
<b>Total Receivables from Exchange Transactions</b>	<b>266,207,564</b>	<b>142,067,522</b>

**Annual Report and Financial Statements for the year ended June 30, 2023**

**Notes to the Financial Statements Continued**

**Additional disclosure on interest receivable**

Description	2022-2023	2021-2022
	Kshs	Kshs
<b>Interest Receivable</b>		
Interest receivable from current portion of long-term loans of previous years		
Accrued interest receivable from of long-term loans of previous years		
Interest receivable from current portion of long-term loans issued in the current year	990,962	307,225
<b>Current loan repayments due</b>		
Current portion of long-term loans from previous years		
Accrued principal from long-terms loans from previous periods		
Current portion of long-term loans issued in the current year	2,454,683	739,955

**14. Prepayments**

Description	2022-2023	2021-2022
	Kshs	Kshs
Prepaid Rent		
Prepaid Insurance		
Prepaid Electricity Costs		
Other Prepayments ( <i>Specify</i> )		
<b>Total</b>		

County Assembly of Laikipia Car Loan and Mortgage (Staff) Scheme Fund  
 Annual Report and Financial Statements for the year ended June 30, 2023

15. Inventories

Description	2022-2023	2021-2022
	Kshs	Kshs
Consumable Stores		
Spare Parts And Meters		
Catering		
Other Inventories (Specify)		
<b>Total Inventories at The Lower of Cost and Net Realizable Value</b>		

16. Investments in financial assets

Description	2022-2023	2021-2022
	Kshs	Kshs
<b>a. Investment in Treasury bills and bonds</b>		
Financial institution		
CBK		
CBK		
Sub- total		
<b>b. Investment with Financial Institutions/ Banks</b>		
Bank x		
Bank y		
Sub- total		
<b>c. Equity investments (specify)</b>		
Equity/ shares in Entity		
Sub- total		
<b>Grand total</b>		

## Annual Report and Financial Statements for the year ended June 30, 2023

## Movement of Equity Investments

Impairment allowance/ provision	2022-2023	2021-2022
	Kshs	Kshs
At the beginning of the year		
Purchase of investments in the year		
Sale of investments during the year		
Gain/(loss) in fair value of investments through surplus or deficit		
<b>At the end of the year</b>		

## e) Shareholding in other entities

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

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

Annual Report and Financial Statements for the year ended June 30, 2023

Notes To the Financial Statements (Continued)

17. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 <sup>st</sup> July 2021					
Additions					
Disposals					
Transfers/Adjustments					
At 30 <sup>th</sup> June 2022					
At 1 <sup>st</sup> July 2022					
Additions					
Disposals					
Transfer/Adjustments					
At 30 <sup>th</sup> June 2023					
<b>Depreciation And Impairment</b>					
At 1 <sup>st</sup> July 2021					
Depreciation					
Impairment					

**County Assembly of Laikipia Car Loan and Mortgage (Staff) Scheme Fund**

**Annual Report and Financial Statements for the year ended June 30, 2023**

	<b>Land and Buildings</b>	<b>Motor vehicles</b>	<b>Furniture and fittings</b>	<b>Computers and office equipment</b>	<b>Total</b>
<b>Cost</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
At 30 <sup>th</sup> June 2022					
At 1 <sup>st</sup> July 2022					
Depreciation					
Disposals					
Impairment					
Transfer/Adjustment					
<b>At 30<sup>th</sup> June 2023</b>					
<b>Net Book Values</b>					
At 30 <sup>th</sup> June 2022					
At 30 <sup>th</sup> June 2023					

Notes To the Financial Statements (Continued)

18. Intangible assets

Description	2022-2023	2021-2022
	Kshs	Kshs
Cost		
At Beginning of The Year		
Additions		
At End of The Year		
Amortization And Impairment		
At Beginning of The Year		
Amortization		
At End of The Year		
Impairment Loss		
At End of The Year		
NBV		

19. Investment Property

Description	2022-2023	2021-2022
	Kshs	Kshs
At beginning of the year		
Additions		
Disposal during the year		
Depreciation		
Impairment		
Gain/(loss) in fair value (if fair value is elected)		
At end of the year		

## Annual Report and Financial Statements for the year ended June 30, 2023

## 20. Trade and other payables from exchange transactions

Description	2022-2023		2021-2022	
	Kshs		Kshs	
Trade Payables	18,340,000		18,340,000	
Refundable Deposits				
Accrued Expenses				
Other Payables				
<b>Total Trade and Other Payables</b>	<b>18,340,000</b>		<b>18,340,000</b>	
<b>Ageing analysis (Trade and other payables)</b>	<b>2022-2023</b>	<b>% of the Total</b>	<b>2022-2023</b>	<b>% of the Total</b>
Under one year		%		%
1-2 years		%		%
2-3 years	18,000,000	98.20%	18,000,000	98.20%
Over 3 years	340,000	1.80%	340,000	1.80%
<b>Total (tie to above total)</b>	<b>18,340,000</b>	<b>100</b>	<b>18,340,000</b>	<b>100</b>

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

## 21. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance At the Beginning of The Year				
Additional Provisions				
Provision Utilised				
Change Due to Discount and Time Value for Money				
Transfers From Non -Current Provisions				
<b>Balance At the End of The Year</b>				

Notes To the Financial Statements (Continued)

22. Borrowings

Description	2022-2023	2021-2022
	Kshs	Kshs
<b>Balance At Beginning of The Period</b>		
External Borrowings During the Year		
Domestic Borrowings During the Year		
Repayments Of External Borrowings During the Period		
Repayments Of Domestic Borrowings During the Period		
<b>Balance At End of The Period</b>		

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

Description	2022-2023	2021-2022
	Kshs	Kshs
<b>External Borrowings</b>		
Dollar Denominated Loan From 'X Organization'		
Sterling Pound Denominated Loan From 'Y Organization'		
Euro Denominated Loan from Z Organization'		
<b>Domestic Borrowings</b>		
Kenya Shilling Loan From KCB		
Kenya Shilling Loan from Barclays Bank		
Kenya Shilling Loan from Consolidated Bank		
Borrowings From Other Government Institutions		
<b>Total Balance at End of The Year</b>		

**Annual Report and Financial Statements for the year ended June 30, 2023**

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

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Short Term Borrowings (Current Portion)		
Long Term Borrowings		
<b>Total</b>		

**23. Employee benefit obligations**

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

**24. Social Benefit Liabilities**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Health social benefit scheme		
Unemployment social benefit scheme		
Orphaned and vulnerable benefit scheme		
Elderly social benefit scheme		
Bursary social benefits		
<b>Total</b>		

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

Annual Report and Financial Statements for the year ended June 30, 2023

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Current social benefits		
Non- current social benefits		
<b>Total (tie to totals above)</b>		

**Annual Report and Financial Statements for the year ended June 30, 2023**

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

**25. Cash generated from operations.**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Surplus/ (Deficit) For the Year Before Tax</b>	<b>3,080,802</b>	<b>27,309,150</b>
<b>Adjusted For:</b>		
Depreciation		
Amortisation		
Gains/ Losses on Disposal of Assets		
Interest Income	(694,054)	
Finance Cost		
<b>Working Capital Adjustments</b>	<b>2,386,748</b>	<b>27,309,150</b>
Increase In Inventory		
Increase In Receivables		(7,787,472)
Increase In Payables		
<b>Net Cash Flow from Operating Activities</b>	<b>2,386,748</b>	<b>19,521,678</b>

**26. Related party balances**

**a) Nature of related party relationships**

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

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

b) Related party transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Transfers From Related Parties'		
Transfers To Related Parties		

c) Key management remuneration

Description	2022-2023	2021-2022
	Kshs	Kshs
Board Of Trustees		
Key Management Compensation		
<b>Total</b>		

d) Due from related parties

Description	2022-2023	2021-2022
	Kshs	Kshs
Due From Parent Ministry		
Due From County Government		
<b>Total</b>		

**Other Disclosures Continued**

e) Due to related parties

Description	2022-2023	2021-2022
	Kshs	Kshs
Due To Parent Ministry		
Due To County Government		
Due To Key Management Personnel		
<b>Total</b>		

**Annual Report and Financial Statements for the year ended June 30, 2023****27. Contingent assets and contingent liabilities**

<b>Contingent Liabilities</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Court Case Against the Fund		
Bank Guarantees		
<b>Total</b>		

**28. Financial risk management**

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

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

**a) Credit risk**

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

County Assembly of Laikipia Car Loan and Mortgage (Staff) Scheme Fund  
 Annual Report and Financial Statements for the year ended June 30, 2023

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

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

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

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

**Annual Report and Financial Statements for the year ended June 30, 2023****b) Liquidity risk management**

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

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

Description	Less than 1	Between 1-	Over 5	Total
	month	3 months	months	
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2023</b>				
Trade Payables				
Current Portion of Borrowings				
Provisions				
Employee Benefit Obligation				
<b>Total</b>				
<b>At 30 June 2022</b>				
Trade Payables				
Current Portion Of Borrowings				
Provisions				
Employee Benefit Obligation				
<b>Total</b>				

c) Market risk

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

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

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

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

i. Foreign currency risk

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

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

Description		Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30 June (2023)</b>			
Financial Assets			

**Annual Report and Financial Statements for the year ended June 30, 2023**

Investments			
Cash			
Debtors/ Receivables			
<b>Liabilities</b>			
Trade And Other Payables			
Borrowings			
<b>Net Foreign Currency Asset/(Liability)</b>			

**Foreign currency sensitivity analysis**

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

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
<b>(2023)</b>			
Euro	10%		
USD	10%		
<b>(Comparativ2022)</b>			
Euro	10%		
USD	10%		

**ii. Interest rate risk**

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

*Management of interest rate risk*

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

*Sensitivity analysis*

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

**Capital risk management.**

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

Description	2022-2023	2021-2022
	Kshs	Kshs
Revaluation reserve		
Revolving fund		
Accumulated surplus		
<b>Total funds</b>		
Total borrowings		
Less: cash and bank balances		
Net debt/(excess cash and cash equivalents)		
<b>Gearing</b>		

**Annual Report and Financial Statements for the year ended June 30, 2023**

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**29. Events after the reporting period**

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

**30. Ultimate and Holding Entity**

The entity is a County Public Fund established by Public Finance Management Act 2012 and Laikipia County Assembly Mortgage staff scheme fund regulations 2016. Its ultimate parent is the County Government of Laikipia.

**31. Currency**

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

19. Annexes

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

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

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
	Legislation requires the County Assembly to operate two separate Funds; Laikipia County Assembly Mortgage (Staff) Scheme Fund and Laikipia County Assembly Car loan (Staff) Scheme Fund	The regulations have been amended to allow preparation accounts of the two schemes in a joint way.	Resolved	

**Guidance Notes:**

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

  
 Francis Ndiritu Kimondo

**Fund Administrator**

Date: 21/11/2023

**County Assembly of Laikipia Car Loan and Mortgage (Staff) Scheme Fund**

**Annual Report and Financial Statements for the year ended June 30, 2023**

**Annex II: Inter-Fund Confirmation Letter**



**REPUBLIC OF KENYA**

County Assembly Building  
P.O. Box 487-10400, Nanyuki  
Email: [info@laikipiaassembly.go.ke](mailto:info@laikipiaassembly.go.ke)



**COUNTY ASSEMBLY OF  
LAIKIPIA**

The County Assembly of Laikipia Car Loan and Mortgage (Staff) Scheme Fund wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [ County Assembly of Laikipia Car Loan and Mortgage (Staff) Scheme Fund ] as at 30 <sup>th</sup> June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30 <sup>th</sup> June 2023				Amount Received by [beneficiary Fund] (KShs) as at 30 <sup>th</sup> June 2023 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		

**County Assembly of Laikipia Car Loan and Mortgage (Staff) Scheme Fund**

**Annual Report and Financial Statements for the year ended June 30, 2023**

FT230752XTMY	17/3/22	15,000,000				15,000,000	
FT23102RLXFW	12/4/2023	10,000,000				10,000,000	
FT231376LDTW	17/5/23	20,000,000				20,000,000	
FT231564SWRF	5/6/2023	24,000,000				24,000,000	
Total		<b><u>120,114,621</u></b>				<b>69,000,000</b>	<b>51,114,621</b>

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

**Fund Administrator**

Name *Francis Kimani* Sign *[Signature]* Date *22/11/2023*

**County Assembly of Laikipia Car Loan and Mortgage (Staff) Scheme Fund**

**Annual Report and Financial Statements for the year ended June 30, 2023**

**Annex III: Reporting of Climate Relevant Expenditures**

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

**Annex IV: Reporting on Disaster Management Expenditure**

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

**County Assembly of Laikipia Car Loan and Mortgage (Staff) Scheme Fund**

**Annual Report and Financial Statements for the year ended June 30, 2023**

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