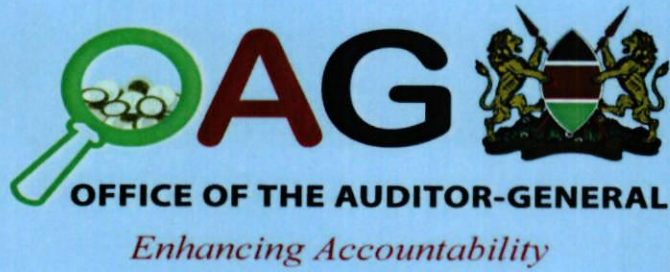


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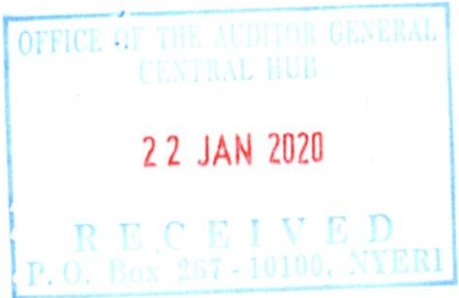
THE AUDITOR-GENERAL

ON

LAIKIPIA COUNTY CO-OPERATIVE FUND

**FOR THE YEAR ENDED
30 JUNE, 2019**

PAPERS LAID	
DATE	16-02-2022
TABLED BY	LEADER OF MAJORITY
COMMITTEE	
CLERK AT THE TABLE	Mr. ADJIBODDY



**LAIKIPIA COUNTY CO-OPERATIVE
DEVELOPMENT REVOLVING FUND**

**ANNUAL REPORT AND FINANCIAL
STATEMENTS**

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2019

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

REPUBLIC OF KENYA



COUNTY GOVERNMENT OF LAIKIPIA

MINISTRY OF TRADE, TOURISM & COOPERATIVES

County Headquarters
Nanyuki-Nyeri Road, Nanyuki Town
P.O. Box 1271-10400
Nanyuki, Kenya

Tel: 0740031031
Email: info@laikipia.go.ke
Website:
www.laikipiacounty.go.ke

LCCDRF/FIN/VOL.1/04

Date: 30th September, 2019

TO:
The Auditor General
Central Hub
NYERI

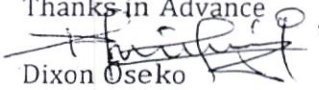
RE: SUBMISSION- FINANCIAL STATEMENTS 2018/2019

Pursuant to public Finance Management Act 2012 section 101 sub section (4) which stipulates that-*An accounting Officer shall prepare the financial statements in a form that complies with the relevant accounting standard prescribed by the Public Sector Accounting Standards Board, not later than three months after the end of the financial year and submit them to the Auditor General with a copy to the County Treasury, the controller of Budget and the National Treasury.* In compliance to the above regulation the Laikipa CountyCo-operative Development Revolving Fund hereby submits.

The financial statements 2018/2019.

The financial statements 2015/2016 and 2016/2017 have also been prepared for audit so that the auditors can confirm the opening balances for 2017/2018.

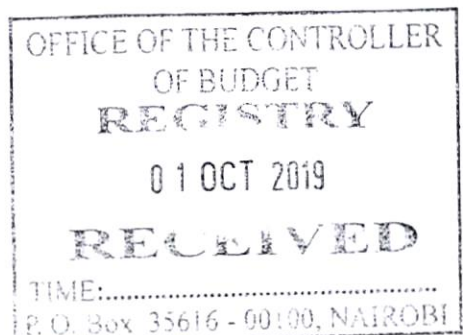
Thanks in Advance


Dixon Oseko
CHAIRMAN

LAIKIPIA COUNTY CO-OPERATIVE DEVELOPMENT REVOLVING FUND

CC The National Treasury
Treasury Building, Harambee Avenue
P.O BOX 300007-00100
NAIROBI

The Controller of Budget
BIMA House, 12th floor
Harambee Avenue
P.O. BOX 356616-00100
NAIROBI



REPUBLIC OF KENYA



COUNTY GOVERNMENT OF LAIKIPIA

MINISTRY OF TRADE, TOURISM & COOPERATIVES

County Headquarters
Nanyuki-Nyeri Road, Nanyuki Town
P.O. Box 1271-10400
Nanyuki, Kenya

Tel: 0740031031
Email: info@laikipia.go.ke
Website:
www.laikipiacountv.go.ke

LCCDRF/FIN/ST/VOL.1/04

Date: 30th September, 2019

TO: The Auditor General
Central Hub
NYERI

RE: SUBMISSION- FINANCIAL STATEMENTS 2018/2019

Pursuant to the *Public Finance Management Act 2012 section 164 (4)* within three months after the end of each financial year the accounting officer for an entity shall submit the entity's financial statements to the Auditor General, deliver a copy of the statements to the relevant County Treasury, the Controller of Budget, and the commission on revenue allocation,

Laikipia County Co-operative Development Revolving Fund hereby submits the financial statements 2018/2019.

Thanks in Advance

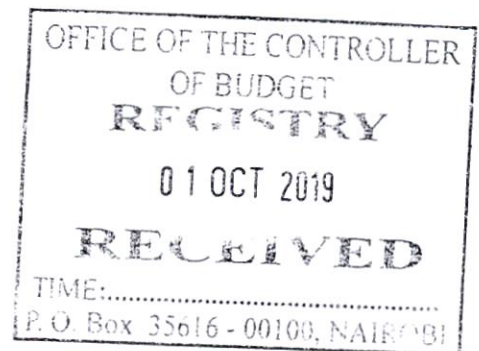
+ Dixon OSEKO
CHAIRMAN
LAIKIPIA COUNTY CO-OPERATIVE DEVELOPMENT REVOLVING FUND BOARD



CC The county Treasury
Laikipia County Government of Laikipia
P.O BOX 1271-10400
NANYUKI

The National Treasury
Treasury Building, Harambee Avenue
P.O BOX 300007-00100
NAIROBI

The Controller of Budget
BIMA House, 12th floor
Harambee Avenue
P.O. BOX 356616-00100
NAIROBI



REPUBLIC OF KENYA



COUNTY GOVERNMENT OF LAIKIPIA

MINISTRY OF TRADE, TOURISM & COOPERATIVES

County Headquarters
Nanyuki-Nyeri Road, Nanyuki Town
P.O. Box 1271-10400
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Tel: 0740031031
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LCCDRF/FIN/VOL. 1/04

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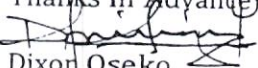
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The financial statements 2018/2019.

Thanks in Advance


Dixon Oseko
CHAIRMAN

LAIKIPIA COUNTY CO-OPERATIVE DEVELOPMENT REVOLVING FUND

CC The National Treasury
Treasury Building, Harambee Avenue
P.O BOX 300007-00100
NAIROBI

The Controller of Budget
BIMA House, 12th floor
Harambee Avenue
P.O. BOX 356616-00100
NAIROBI

30 SEP 2019

TABLE OF CONTENTS

1. KEY ENTITY INFORMATION AND MANAGEMENT	3
2. THE BOARD OF TRUSTEES (or any other corporate governance body for the Fund)	5
3. MANAGEMENT TEAM	8
4. BOARD/FUND CHAIRPERSON'S REPORT	9
5. REPORT OF THE FUND ADMINISTRATOR	10
6. CORPORATE GOVERNANCE STATEMENT	12
7. MANAGEMENT DISCUSSION AND ANALYSIS	15
8. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORT	16
9. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES	17
10. REPORT OF THE INDEPENDENT AUDITOR	18
11. FINANCIAL STATEMENTS	19
12.1. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 th JUNE 2019	19
12.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019	20
12.3. STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2019	21
12.4. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019	22
12.5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 th JUNE 2019	22
12.6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	40
12.7. NOTES TO THE FINANCIAL STATEMENTS	43
12. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS	

**Laikipia County Co-operative Development Revolving Fund
Reports and Financial Statements
For the Financial year ended June 30, 2019**

1. KEY ENTITY INFORMATION AND MANAGEMENT

- a) **Background information** Laikipia County Co-operatives development revolving Fund is established by and derives its authority and accountability from Laikipia county co-operative societies Act, 2014 amended 2017 and rules thereunder. The Fund is wholly owned by the County Government of Laikipia and is domiciled in Kenya.

The prime objective of the fund is to avail cheap and affordable credit facilities to co-operative societies in Laikipia County with a view to promote innovations, value additions, products and service development, financial services, wholesale and retail trade promotion in tandem with the Laikipia County Integrated Development Plan. This will enhance the strategic objective of the directorate of co-operatives of ensuring we have a robust and competitive co-operative movement to drive the county economy and also promote agro processing and value addition for employment and wealth creation. The fund is in the process of developing three year strategic plan that will define its vision, mission and core values.

b) Board /Fund Administration Committee

Ref	Name	Position
1	Dixon Ong'era Oseko	Chairman board member
2	John Kibe Ndegwa	Board Member
3	Ann WanjiraGithiri	Board Member
4	Faith NjeriMuchoki	Board Member
5	Benjamin K. Rono	Board Member
6	Jemimah Mburugu	Ag Chief Officer Trade, Tourism, Co-operatives and Industrial Development
7	Paul Waweru Njenga	Chief Officer Finance and Economic Planning
8	Richard MuriguNyambura	Acting Fund Administrator

c) Key Management

Ref	Name	Position
1.	Richard MuriguNyambura	Acting Fund Administrator
2.	Archangel GachokaNgugi	Accountant

**Laikipia County Co-operative Development Revolving Fund
Reports and Financial Statements
For the Financial year ended June 30, 2019**

d) Registered Offices

P.O. Box 1271 - 10400
Nanyuki
Laikipia County Commissioner's Compound
Nanyuki, Kenya

e) Fund Contacts

Telephone: (254) 724166120
E-mail: richard.nyambura@laikipia.go.ke
Website: www.laikipia.go.ke

f) Fund Bankers

Co-operative Bank of Kenya
Nanyuki Branch
P.O. Box 1465
Nanyuki, Kenya




g) Independent Auditors

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





h) Principal Legal Adviser

1. The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya
2. The Laikipia County Legal Advisor
Nanyuki, Kenya

2. LAIKIPIA COUNTY CO-OPERATIVE DEVELOPMENT REVOLVING FUND BOARD

Name	Details of qualifications and experience
 <p>Dixon Oseko - Chairman Board</p>	<p>Dixon Oseko - Chairman Board Trained as professional teacher (P1), served as a senior teacher for 20 years with TSC and elected as Executive Secretary of KNUT Laikipia Branch and County Education Board Member for 10 years and served as KNUT National Advisory Council Member and KNUT Rift Valley Regional Secretary for 5 years. Attended diversified Management and Leadership courses and fora.</p>
 <p>John Kibe Ndegwa - Board Member</p>	<p>John Kibe Ndegwa - Board Member Hold a Diploma in Agriculture Engineering. Worked in the private sector as an engineer and business person for 27 years. Experience co-operative leadership for 10 years and institutional dynamics.</p>
 <p>Ann Wanjira Githiri - Board Member</p>	<p>Ann Wanjira Githiri - Board Member Holds Certificate in community Development and is also computer literate. Experienced in Community Mobilization and Leadership for more than 10 years Chairlady Nyalawe Women SACCO Soc. Ltd and Sipili Joy Women Self Help Group.</p>

Laikipia County Co-operative Development Revolving Fund
 Reports and Financial Statements
 For the Financial year ended June 30, 2019

 <p>Benjamin K. R-Board Member</p>	<p>Benjamin K. Rono - Board Member Holds Diploma in Theology, served as a senior chief for 25 years and serves as a board member of Inooro Mixed Secondary School and Nanyuki Vocational Training Centre Conflict Resolution</p>
 <p>Faith Njeri Muchoki - Board Member</p>	<p>Faith Njeri Muchoki - Board Member Holds a BA in Cooperative Management, MBA in project planning and management, MBA in strategic management and pursuing PHD Business management (Banking and Finance). Worked in banking industry and has been the General Manager for NECCO FOSA for last 18 years and coupled with several developmental and entrepreneurial courses.</p>
 <p>Paul Waweru Njenga - Board Member</p>	<p>Paul Waweru Njenga - Board Member Ag. Chief Officer - Department of Finance, Economic Planning and County development. Holds an MBA (finance option), Certified Institute of Purchasing and Supplies (CIPS-UK), Member of KISM and currently pursuing a PHD in business administration finance option.</p>
 <p>Jemimah Kairuthi Mburugu- Board Member</p>	<p>Jemimah Kairuthi Mburugu- Board Member Hold a Bachelor of Art (economics)- 2003 Worked in the public service for 8 years in Trade and Development and Promotion Department. Acting Chief Officer, Trade, Tourism, Co-operatives and Industrialization, Laikipia County Attended senior management course.</p>

**Laikipia County Co-operative Development Revolving Fund
Reports and Financial Statements
For the Financial year ended June 30, 2019**





Richard Murigu Nyambura - Acting Fund Administrator.

Richard Murigu Nyambura - Acting Fund Administrator.

Holds Diploma in Co-operative Management in 1991, Higher National Diploma in HRM-20105, and short term courses on institutional strengthening and organisation development and senior management course at KSG in 2017.

He has a working experience of 27 years in co-operative management.

3. MANAGEMENT TEAM - PROFILE

 <p>Richard Murigu Nyambura - Acting Fund Administrator</p>	<p>Richard Murigu Nyambura - Acting Fund Administrator. Holds Diploma in Co-operative Management in 1991, Higher National Diploma in HRM-20105, and short term courses on institutional strengthening and organisation development and Senior Management Course at KSG in 2017. He has a working experience of 27 years in co-operative management.</p>
 <p>Archangel Gachoka Ngugi – Accountant</p>	<p>Archangel Gachoka Ngugi – Accountant. Holds a Bachelor degree in Business Management Finance and Banking. He is a CPA (K) and a registered member of Institute of Certified Public Accountants of Kenya (ICPAK) and is pursuing MBA Finance. Worked in the ministry of Health for four years and Currently, he is working as the Accounts controller in the Department of Trade, Tourism and Co-operatives.</p>

**Laikipia County Co-operative Development Revolving Fund
Reports and Financial Statements
For the Financial year ended June 30, 2019**

4. BOARD/FUND CHAIRPERSON'S REPORT

Laikipia County Co-operative Development Revolving Fund is established under the Laikipia County Co-operative Societies Act 2014 amended 2017. The prime objective of the fund is to avail cheap and affordable credit facilities to co-operative societies in Laikipia County with a view to promote innovations, value additions, products and service development, financial services, wholesale and retail trade promotion in tandem with the Laikipia County Integrated Development Plan.

The fund is managed by eight board members who include the fund administrator whose mandate include supervision and control of the fund, prepare budgets and such plans for better administration of the fund and impose conditions and restriction on the use of fund as may be necessary. During the period under review the new board members were appointed as per Laikipia County Co-operative Societies Act amended 2017 section 107 (2) and the new acting fund administrator was appointed to oversee the running of the fund. The appointment is deemed to be for 3 years and those with more than 2 consecutive terms will not be eligible for further appointment.

Since inception, the fund has received Ksh. 8 Million for the financial year 2015/16, Ksh. 20 Million for the financial year 2017/2018 and Ksh 20Million for financial year 2018/2019. The fund has managed to issue loans amounting to Ksh.47,030,177.50 to 83 co-operative societies that were categorised in six phases. Out of the total loan issued, Ksh.34.3 million was issued in the period under review in three phases to 46 co-operative societies. By the closure of the financial year 30th June 2019, the fund had, cash at bank Ksh.16,455,063.60 and

The board and the directorate of co-operatives are currently reviewing the Laikipia County Co-operatives Societies Rules and the lending policy to strengthen the operation of the funds and give more emphasis on agri-business as opposed to funding employer based institutions.

In future the fund aims at aligning its focus to creating more agri-business opportunities, entrenching result based management in running the fund, establishing public, private partnership with strategic development partners and promoting good corporate governance on the utilization of the available public resources as provided for in the various statutes.

The board member remain optimistic that the fund will go a long way in creating wealth and job opportunities in the county and have joint responsibility of safeguarding the fund at all cost.



Dixon Oseko
Board Chairman

Laikipia County Co-operative Development Revolving Fund
Reports and Financial Statements
For the Financial year ended June 30, 2019

5. REPORT OF THE FUND ADMINISTRATOR

5.1 INTRODUCTION

The Laikipia County Co-operative Development Revolving fund was established as a strategic intervention under the first Laikipia County Integrated Development Plan and its legal framework anchored in the Laikipia County Co-operative Societies Act 2014 section 106 and 107 and the rules thereunder. Later, legal gaps were noted that necessitated the amendment of the Act in 2017. The purpose of the fund is to avail cheap and affordable funds to the co-operative movement in order to improve their working capital and overall financial performance. The fund has been in operation from 2015 to date, however, it has been funded for 3 years with amount totalling to Ksh48 million from which it has issued loans as indicated below;

5.2 LOAN DISBURSEMENT SINCE INCEPTION AND AS AT 30TH JUNE 2019

NO.	SUB COUNTY	PHASE I Dec 2015	PHASE 2 July 2016	PHASE 3 Nov 2017	PHASE 4 July-Sept 2018	PHASE 5 Jan 2019	Phase 6 April 2019	TOTAL
1	Laikipia East	2,300,000	1,350,000	2,514,900	4,300,000	9,300,000	1,300,000	21,064,900
2	Laikipia West	2,900,000	400,000	2,265,277.50	7,200,000	5,200,000	-	17,6965,277.50
3	Laikipia North	350,000	650,000	-	-	3,500,000	3,500,000	8,000,000
	Total	5,550,000	2,400,000	4,780,177.50	11,500,00	18,000,000	4,800,000	47,030,177.50

5.3 LIST OF LOAN BENEFICIARIES SINCE INCEPTION AND AS AT 30TH JUNE 2019

NO.	SUB COUNTY	PHASE I Dec 2015	PHASE 2 July 2016	PHASE 3 Nov 2017	PHASE 4 July-Sept 2018	PHASE 5 Jan 2019	Phase 6 April 2019	TOTAL
1	Laikipia East	10	5	1	12	12	2	42
2	Laikipia West	12	2	2	12	2	-	30
3	Laikipia North	3	2	-	-	2	4	11
	Total	25	9	3	24	16	6	83

Laikipia County Co-operative Development Revolving Fund
Reports and Financial Statements
For the Financial year ended June 30, 2019

5.3 LOAN PERFORMANCE

ITEM	2017/2018	2018/2019
Loan issued	4,743,450	34,300,000
Loan repaid	525,000	14,847,213.60
Interest received	26,250	703,558
Outstanding balance	4,897,640	29,126,558.40

5.3 Achievement

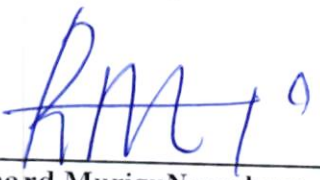
The fund has played a key role in value addition namely; milk value addition(Yoghurt, Mara and fresh Milk) in Ngarua Dairy FCS Ltd and Solio Ranch FCS Ltd(Milk Cooling), Cheese Making in Laikipia Dairies FCS Ltd, Honey processing and packing in Ruai Beekeepers, beef fattening in 3 livestock co-operatives in Laikipia North, Cereal buying and selling in 2 co-operatives in Laikipia West, poultry farming in Siraji Sacco Soc. Ltd among others to 15 co-operative societies. The fund has equally advanced loans to 31 savings and credit co-operative societies to improve their liquidity and meet their members demand. The loan recovery rate is 61.84% .

that is slightly constrained by the Sorghum contract farming loans and low milk production.

5.4 Conclusion

The fund has continued to financially support the co-operative societies and with the envisaged review of the lending policy, operations and recovery will be strengthened and more focus made on the agri-business, youth and women participation in co-operative movement in Laikipia County.

Signed: _____


Richard MuriguNyambura
Acting Fund Administrator

**Laikipia County Co-operative Development Revolving Fund
Reports and Financial Statements
For the Financial year ended June 30, 2019**

6. CORPORATE GOVERNANCE STATEMENT

6.1 BOARD MEETINGS

Under the provision made in the Laikipia County Co-operative Societies Rules (amended) 2017 Section 56(2) that states "(a) the board shall meet on quarterly basis but there is room for a special board if need arises and (b) Quorum- of at least 5 members of the board shall form the quorum to dispose any business. The following board meetings were held;

No.	List of board Members	Board meeting dates				
		17/7/2018	11/9/2018	15/11/2019	28/2/1019	
1.						
2.	Dixon Oseko	✓	✓	✓	✓	
3.	John Ndegwa	✓	✓	✓	✓	
4.	Faith Muchoki	✓	✓	✓	✓	
5.	Benjamin Rono	✓	✓	✓	✓	
6.	Ann Githiri	✓	✓	✓	✓	
7.	Paul Njenga		✓	✓	✓	
8.	Jemimah Mburugu	✓	✓	✓	✓	
9.	Richard Murigu		✓	✓	✓	Current acting fund manager
10.	Richard Wachira	✓	✓			Former fund manager

6.2 SUCCESSION PLAN

The provisions for succession plan for the board are not envisaged in the legal framework except for the Fund Administrator who shall serve for a term of three consecutive years and shall be eligible for reappointment for one other term of three years. However, the provision shall be made in the forthcoming coming review of the Rules 2019.

6.3 BOARD CHARTER

The board intends to hold two days' workshop to review the legal framework and define strategic tools to support in the operations of the fund including the board charter.

6.4 APPOINTMENT AND REMOVAL OF OFFICE OF THE BOARD

This clearly stipulated in Section 107(2) and 107(4) respectively of the Laikipia County Co-operative Societies (amendment) Act, 2017.

Section 107 (1) The fund shall be managed by a Board

(2) The Board shall consist of:-

- i. A non-executive chairperson appointed by the Governor from persons qualified and experienced in co-operatives development, finance, law, economics or business administration;
- ii. Two people appointed by the county executive member responsible for co-operatives from among professionals qualified and experienced in cooperatives development, law, finance, or business administration or any field related;
- iii. Two persons nominated by the co-operative's societies in accordance with the prescribed procedure and appointed by the county executive member responsible for co-operatives development;
- iv. Chief Officer responsible for co-operatives development;
- v. Chief Officer responsible for Finance;
- vi. The Fund Administrator appointed by the County Executive Committee Member responsible for Finance who shall be the secretary to the Board and an ex-officio member

107 (4) The members of the Board may be removed from the office on any of the following grounds-

- a) Incompetence
- b) Abuse of office
- c) Gross misconduct
- d) Insanity
- e) Physical or mental incapacity rendering the member incapable of performing the duties of the office;
or
- f) Gross violation of the constitution.

6.4 ROLES AND FUNCTIONS OF THE BOARD

The Laikipia County Co-operative Societies (Amendment) Rule, 2017 Section 56. (1) Pursuant to section 106 of the Act, there is established a Laikipia County Co-operative Societies Development Revolving Fund board, whose functions shall be –

**Laikipia County Co-operative Development Revolving Fund
Reports and Financial Statements
For the Financial year ended June 30, 2019**

- (a) Formulate policy guidelines on co-operative sector funding;
- (b) Ensure all projects funded under this Act are consistent with the county priorities specified in the relevant policy documents;
- (c) Consider proposals submitted to it by applicants under these regulations;
- (d) Authorize expenditure from the fund;
- (e) Formulate or approve standards, guidelines and procedures for funding proposals under these regulations;
- (f) Approve the organization structure of the fund;
- (g) Provide oversight in the utilization of the fund; and
- (h) Perform any other function as may be conferred on it by the Act or any other written law

**6.5 BOARD INDUCTION AND TRAINING, BOARD AND MEMBER PERFORMANCE,
CONFLICT OF INTEREST, BOARD REMUNERATION, ETHICS AND CONDUCT /
GOVERNANCE AUDIT**

These aspects are very strategic in the performance of the fund and therefore three days' workshop has been planned to develop a strategic plan for 2019-2022. The fund manager conducted a session on the induction of the legal framework of the fund and further workshop will be held in the 2019-20. The code of ethics and conduct together with performance management of the board, conflict of interest and board remuneration are in draft forms awaiting adoption and ratification by the board.

7. MANAGEMENT DISCUSSION AND ANALYSIS

Co-operatives continue to play a major role in the development of the County economy. During the formulation of the C.I.D.P. it was noted that the main constrain of co-operative societies is inadequate working capital thus constraining service to members. To address this issue, the County Government created a co-operative revolving fund with a prime objective of availing cheap and affordable credit to co-operatives societies with the purposes that are in tandem with the Laikipia County Integrated Development plan. Key flagship areas where co-operatives are expected to play a role include; innovations, value addition to products and services, manufacturing, financial services, Boda Boda sector, wholesale and retail trade. It was envisaged that co-operatives will be assisted and strengthened to brand and market county products for both local and national markets.

The fund focuses on the Laikipia County manifesto of creating 30,000 jobs opportunities in the county. However, to achieve this, the fund requires partnership and collaborations with strategic institution with the capacity to build strong and vibrant framework. These institutions include FOSAs and other micro finance institutions operating in the county. The strategy is to support more of agri-business as opposed to funding employer based institutions and thus create more enterprises in the rural areas.

The fund has critically looked into how best to start more MSMEs in the rural areas and also identified specific viable value chain. These may include dairy, cereals, livestock fattening and marketing, horticulture, sand harvesting and coffee processing as basic key Laikipia livelihood supporting value chain. To address the issue of food shortage and unemployment, deliberate affirmative action through this programme has been taken in a professional manner that will encourage co-operative in agri-business sector to develop their skills so as to invest back in the economy. The partnership will focus on key areas of promoting professional extension services, imparting agribusiness skills and providing financial support to the development of the identified value chain. The programme will also focus more on the youth and women groups as the most disadvantage people in the community. The purpose of using FOSAs is to enable the fund support the value chain groups in the rural areas that are not co-operatives based.

In this context the fund will organize events to educate, inspire, connect and engage co-operative societies in agriculture sector and also provide them with business links to value chain development related organizations. This will enhance development of sustainable agribusiness in the county.

8. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

The board intends to develop strategic tools to incorporate the aspect of corporate social responsibility in its operation and concern over the surrounding community. The board will ensure to conduct events that are environmental friendly and cuts across all gender in the society. This is in line with co-operative principle of concern over the community.

The fund also intends to resource mobilize from the strategic partners including raising savings from the beneficiaries namely the co-operative societies. The service delivery enhancement programmes will be developed through performance management contracting of professional and competent staff. Initiate communication and feedback systems to the clients and conducting regular monitoring and evaluation on the effects and impact of fund.

9. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by Laikipia county Co-operative Development Revolving Fund 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, 2019. 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 judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and by Laikipia county Co-operative Development Revolving Fund. 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 ending 30th June 2019 and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

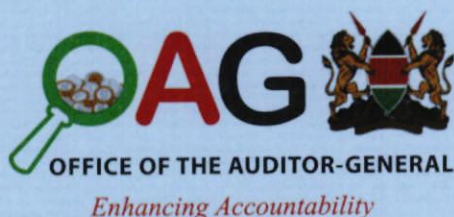
The Fund's financial statements were approved by the Board on 6th September 2019 and signed on its behalf by:



Richard Muriigu Nyambura
Administrator of the Fund

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 LAIKIPIA COUNTY CO-OPERATIVE DEVELOPMENT REVOLVING FUND FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Laikipia County Co-operative Development Revolving Fund set out on pages 19 to 54, which comprise the statement of financial position as at 30 June, 2019 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Laikipia County Co-operative Development Revolving Fund as at 30 June, 2019 and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Outstanding Loans

The statement of financial position reflects current portion of long-term receivables from exchange transactions balance of Kshs.29,126,558.40 as at 30 June, 2019. The balance includes loan balances totalling Kshs.3,163,034 which were overdue as at 30 June, 2019. Some of these loans ought to have been repaid on or before 1 December, 2016. Further, the loans were not insured or backed by any collateral.

Although the recoverability of the overdue loans of Kshs.3,163,034 is doubtful, no provision in respect of the same have been made or disclosed in these financial statements.

Consequently, the valuation and accuracy of current portion of long-term receivables from exchange transactions balance of Kshs.29,126,558.40 as at 30 June, 2019 could not be confirmed.

2. Unsupported Transfer of Funds

The statement of cash flows for the year ended 30 June, 2019 reflects an amount of Kshs.2,700,000 against transfers from County Government. As disclosed in Note 22(b) to the financial statements, the amount relates to transfer made to Laikipia County imprest account. However, relevant documentary evidence in support of the transfer and the reasons for the transfer were not provided for audit.

Consequently, the validity and propriety of the transfer of Kshs.2,700,000 for the year ended 30 June, 2019 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Laikipia County Cooperative Development Revolving 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 judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

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 governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to 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 sustaining its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

14 January, 2022


Laikipia County Co-operative Development Revolving Fund
 Reports and Financial Statements
 For the Financial year ended June 30, 2019


11. FINANCIAL STATEMENTS

11.1. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30th JUNE 2019

	Note	FY2018/2019	FY2017/2018
		KShs	KShs
Revenue from non-exchange transactions			
Public contributions and donations	1	-	-
Transfers from the County Government	2	40,000,000.00	-
Fines, penalties and other levies	3	-	-
Revenue from exchange transactions			
Interest income	4	1,715,000.00	237,172.50
Other income	5	-	-
Total revenue		41,715,000.00	237,172.50
Expenses			
Fund administration expenses	6	-	-
General expenses	8	1,634,940.00	-
Finance costs	9	4,605.00	-
Total expenses		1,639,545.00	-
Other gains/losses			
Gain/loss on disposal of assets	10	-	-
11.2. Surplus/(deficit) for the period		40,075,455.00	237,172.50

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 30th July 2019 and signed by:

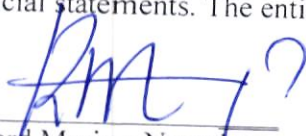

 Richard Murigu Nyambura
 Administrator of the Fund

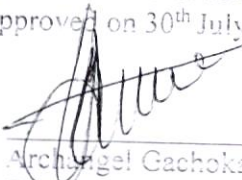

 Anne George Gacoka Nigugi
 Fund Accountant
 13294.

11.2 STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2019

	Note	FY2018/2019	FY2017/2018
		KShs	KShs
Assets			
Current assets			
Cash and cash equivalents	11	16,455,063.60	319,895.00
Current portion of long term receivables from exchange transactions	12	29,126,558.40	5,142,522.50
Prepayments*	13	-	-
Inventories	14	-	-
Non-current assets			
Property, plant and equipment	15	-	-
Intangible assets	16	-	-
Long term receivables from exchange transactions	12	-	-
Total assets		45,581,622.00	5,462,417.50
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	17	43,750.00	-
Provisions	18	-	-
Current portion of borrowings	19	-	-
Employee benefit obligations	20	-	-
Non-current liabilities			
Non-current employee benefit obligation	20	-	-
Long term portion of borrowings	19	-	-
Total liabilities		43,750.00	-
Net assets			
Revolving Fund		5,462,417.50	5,225,245.00
Reserves		-	-
Accumulated surplus		40,075,455.00	237,172.50
Total net assets and liabilities		45,581,622.50	5,462,417.50

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 30th July 2019 and signed by:


Richard Murigu Nyambura
Administrator of the Fund


Archangel Gachoka Ngugi
Fund Accountant

13294.

REINSTATEMENT OF FIGURES.

Bal b/d 713,150

Bal b/d 679,190
33,960

Opening balance as per audited a/c.....5,217,535

Reinstated changes5,462,417

Difference 244,882

Explanation

Interest income and interest receivables
Omitted due to change in accounting policy from cash basis to accrual basis

Total loan repayment – 551,250
Principle 551,250105%
100 =525,000

Interest 551,250-525,000 = 26,250

Interest receivable- 237,173

Interest receivables= 5% of new loan

New loans4,743,450.....100%
5%= 237,173

Bal b/d difference.....33,960

Interest receivable237,173

Interest income26,250

33,960 + 237,173 - 26,250 = 244,882

11.3. STATEMENT OF CHANGES IN NET ASSETS AS AT 30th JUNE 2019


	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
Balance as at 1 July 2017	5,225,245.00	-	-	5,225,245.00
Surplus/(deficit) for the period	-	-	-	-
Funds received during the year	-	-	237,172.50	237,172.50
Revaluation gain	-	-	-	-
Balance as at 30 June 2018	5,225,245.00	-	237,172.50	5,462,417.50
Balance as at 1 July 2018	5,462,417.50	-	-	5,462,417.50
Surplus/(deficit) for the period	-	-	40,075,455.00	40,075,455.00
Funds received during the year	-	-	-	-
Revaluation gain	-	-	-	-
Balance as at 30 June 2019	5,462,417.50	-	40,075,455.00	45,537,872.50

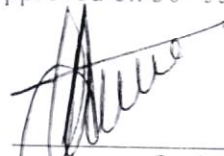
Laikipia County Cooperative Revolving Fund
 Reports and Financial Statements
 For the Financial Year ended June 30, 2019

11.4. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30th JUNE 2019

	Note	FY2018/2019	FY2017/2018
		KShs	KShs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the County Government	2	40,000,000.00	-
Interest received	4	703,557.60	26,250.00
Receipts from other operating activities		-	-
Total Receipts		40,703,557.60	26,250.00
Payments			
Fund administration expenses		-	-
General expenses	8	1,634,940.00	-
Finance cost	9	4,605.00	-
Transfers from the County Government	22	2,700,000.00	-
Total Payments		4,339,545.00	-
Net cash flows from operating activities		36,364,012.60	26,250.00
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		-	-
Proceeds from sale of property, plant and equipment		-	-
Proceeds from loan principal repayments	12	14,071,156.00	525,000.00
Loan disbursements paid out	12	- 34,300,000.00	- 4,743,450.00
Net cash flows used in investing activities		- 20,228,844.00	- 4,218,450.00
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		16,135,168.60	- 4,192,200.00
Cash and cash equivalents at 1 JULY		319,895.00	4,512,095.00
Cash and cash equivalents at 30 JUNE	11	16,455,063.60	319,895.00

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 30th July 2019 and signed by:


 Richard Muriгу Nyambura
 Administrator of the Fund


 Archunge Gachoka Ngugi
 Fund Accountant 13294.

**Laikipia County Cooperative Development
Revolving Fund Reports and Financial Statements
For the Financial Year ended June 30, 2019**

**11.5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL
AMOUNTS FOR THE PERIOD ENDED 30th JUNE 2019**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Utilisation Difference	Utilisation %
	2018/2019	2018/2019	2018/2019	2018/2019	2018/2019	2018/2019
Revenue	KShs	KShs	KShs	KShs		
	A	b	C	D	e	F
					= c - d	=(d/c) %
Public contributions and donations	-	-	-	-	-	-
Transfers from County Govt.	20,000,000	20,000,000	40,000,000	40,000,000	-	100%
Interest income	1,715,000.00	-	1,715,000	703,557	1,011,443	41%
Other income		-		-		
Total income	21,715,000	20,000,000	41,715,000	40,703,557	1,011,443	98%
Expenses						
Fund administration expenses	-	-		-		
General expenses	1,700,000	-	1,700,000	1,634,940	65,060	96%
Finance cost,	5,000	-	5,000	4,605	395	92%
Grants and transfer	20,010,000	20,000,000	40,010,000	37,000,000	3,010,000	92%
Total expenditure	21,715,000	20,000,000	41,715,000	38,639,545	3,075,455	92%
Surplus for the period	-	-	-	2,064,012	(2,064,012)	-

Budget notes :

- i One interest income utilization was 41% as most of the outstanding loans were issued at the beginning of 2019 and hence most of it not repaid including the interest

**Laikipia County Cooperative Development Revolving Fund
Reports and Financial Statements
For the Financial Year ended June 30, 2019**

- ii. Change in budget was caused by Kshs 20,000,000 from 2017/2018 received the in 2018/2019 necessitating supplementary budget

11.6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. 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.

2. Adoption of new and revised standards

a) Relevant new standards and amendments to published standards effective for the year ended 30th June 2019

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.

b) New and amended standards and interpretations in issue but not yet effective in the year ended 30th June 2019

Standard	Effective date and impact:
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**Laikipia County Cooperative Development Revolving Fund
Reports and Financial Statements
For the Financial Year ended June 30, 2019**

<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2022:</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> <ul style="list-style-type: none">• 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;
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**Laikipia County Cooperative Development Revolving Fund
Reports and Financial Statements
For the Financial Year ended June 30, 2019**

Standard	Effective date and impact:
	<ul style="list-style-type: none"> • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • 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.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2022</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> <p>(a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</p>

c) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2019.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. 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.

4. Budget information

The original budget for FY 2018/2019 was approved by the County Assembly on June. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of Fund on the FY 2018/2019 budget following the governing body's approval.

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. 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 costs 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.

6. 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.

7. Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. 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.

9. Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contingent assets

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

10. Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. Changes in accounting policies and estimates. The Entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

11. Employee benefits– Retirement benefit plans

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

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

12. 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

13. 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.

14. 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.

15. 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 authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

16. Comparative figures

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

17. Events after the reporting period

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

18. Ultimate and Holding Entity

The entity is a County Public Fund established by Laikipia county Co-operative Development Revolving Fund Act under the Ministry of Trade. Its ultimate parent is the County Government of Laikipia.

19. Currency

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

20. 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 judgments, estimates and assumptions made: e.g.

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

Useful lives and residual 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

Provisions

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

21. 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 minimize 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:

**Laikipia County Cooperative Development Revolving Fund
Reports and Financial Statements
For the Financial Year ended June 30, 2019**

	Total amount KShs	Fully performing KShs	Past due KShs	Impaired KShs
At 30 June 2018	-	-	-	-
Receivables from exchange transactions	237,172.50	237,172.50	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	319,895.00	319,895.00	-	-
Total	557,067.50	557,067.50	-	-
At 30 June 2019				
Receivables from exchange transactions	1,715,000.00	1,715,000.00	-	-
Receivables from non-exchange transactions,	40,000,000.00	40,000,000.00	-	-
Bank balances	16,455,063.60	16,455,063.60	-	-
Total	58,170,063.60	58,170,063.60	-	-

**Laikipia County Cooperative Development Revolving Fund
Reports and Financial Statements
For the Financial Year ended June 30, 2019**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognized 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 June.

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

b) Liquidity risk management

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

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

	Less than 1 month	Between 1- 3 months	Over 5 months	Total
	KShs	KShs	KShs	KShs
At 30 June 2019				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2018	-	-	-	-
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	-	-

**Laikipia County Cooperative Development Revolving Fund
Reports and Financial Statements
For the Financial Year ended June 30, 2019**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Market risk

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

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

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

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

i. Foreign currency risk

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

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

		Other currencies	Total
	KShs	KShs	KShs
At 30 June 2019			
Financial assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ receivables			
Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency sensitivity analysis

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

	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	KShs	KShs	KShs
2019			
Euro	10%	-	-
USD	10%	-	-
2018			
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 endeavored to bank with institutions that offer favorable interest rates.

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs (2019: KShs). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs (2018 – KShs)

**Laikipia County Cooperative Development Revolving Fund
Reports and Financial Statements
For the Financial Year ended June 30, 2019**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Capital risk management

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

	2019	2018
	KShs	KShs
Revaluation reserve	-	-
Revolving fund	5,462,417.50	5,225,245.00
Accumulated surplus	237,172.50	-
Total funds	40,075,455.00	40,075,455.00
Total borrowings	-	-
Less: cash and bank balances	16,455,063.60	319,895.00
Net debt/(excess cash and cash equivalents)	(16,455,063.60)	(319,895.00)
Gearing	-41%	-0.1%

**Laikipia County Cooperative Development Revolving Fund
Reports and Financial Statements
For the Financial Year ended June 30, 2019**

11.7. NOTES TO THE FINANCIAL STATEMENTS

1. Public contributions and donations

Description	2018/2019	2017/2018
	KShs	KShs
Donation from development partners	-	-
Contributions from the public	-	-
Total	-	-

2. Transfers from County Government

Description	2018/2019	2017/2018
	KShs	KShs
Transfers from County Govt. – operations	40,000,000.00	-
Payments by County on behalf of the entity	-	-
Total	40,000,000.00	-

3. Fines, penalties and other levies

Description	2018/2019	2017/2018
	KShs	KShs
Late payment penalties	-	-
Fines	-	-
Total	-	-

4. Interest income

Description	2018/2019	2017/2018
	KShs	KShs
Interest income from loans	1,715,000.00	237,172.50
Interest income from investments	-	-
Interest income on bank deposits	-	-
Total interest income	1,715,000 .00	237,172.50

Laikipia County Cooperative Development Revolving Fund
Reports and Financial Statements
For the Financial Year ended June 30, 2019

5. Other income

Description	2018/2019	2017/2018
	KShs	KShs
Insurance recoveries	-	-
Income from sale of tender documents	-	-
Miscellaneous income	-	-
Total other income	-	-

6. Fund administration expenses

Description	2018/2019	2017/2018
	KShs	KShs
Staff costs (Note 7)	-	-
Loan processing costs	-	-
Professional services costs	-	-
Administration fees	-	-
Total	-	-

7. Staff costs

Description	2018/2019	2017/2018
	KShs	KShs
Salaries and wages	-	-
Staff gratuity	-	-
Staff training expenses	-	-
Social security contribution	-	-
Other staff costs	-	-
Total	-	-

**Laikipia County Cooperative Development Revolving Fund
Reports and Financial Statements
For the Financial Year ended June 30, 2019**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. General expenses

Description	2018/2019	2017/2018
	KShs	KShs
Consumables	-	-
Electricity and water expenses	-	-
Fuel and oil costs	-	-
Insurance costs	-	-
Postage	-	-
Printing and stationery	120,000.00	-
Rental costs	-	-
Security costs	-	-
Telecommunication	-	-
Trainings/Capacity building/Mobilization	993,740.00	-
Hospitality/Board meetings	521,200.00	-
Depreciation and amortization costs	-	-
Other expenses	-	-
Total	1,634,940.00	-

**Laikipia County Cooperative Development Revolving Fund
 Reports and Financial Statements
 For the Financial Year ended June 30, 2019**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Finance costs

Description	2018/2019	2017/2018
	KShs	KShs
Interest on Bank overdrafts	-	-
Finance costs-Bank charges	4,605.00	-
Interest on loans from banks	-	-
Total	4,605.00	-

10. Gain/(loss) on disposal of assets

Description	2018/2019	2017/2018
	KShs	KShs
Property, plant and equipment	-	-
Intangible assets	-	-
Total	-	-

Laikipia County Cooperative Development Revolving Fund
Reports and Financial Statements
For the Financial Year ended June 30, 2019

11. Cash and cash equivalents

Description	2018/2019	2017/2018
	KShs	KShs
Fixed deposits account	-	-
On – call deposits	-	-
Current account No.01141366165000	*16,455,063.60	319,895.00
Others	-	-
Total cash and cash equivalents	16,455,063.60	319,895.00

**Laikipia County Cooperative Development Revolving Fund
Reports and Financial Statements
For the Financial Year ended June 30, 2019**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

		2018/2019	2017/2018
Financial institution	Account number	KShs	KShs
a) Fixed deposits account			
Co-operative bank of Kenya	-	-	-
		-	-
Sub- total		-	-
b) On - call deposits			
Co-operative bank of Kenya		-	-
		-	-
Sub- total		-	-
c) Current account			
Co-operative bank of Kenya	01141366165000	16,455,063.60	319,895.00
		-	-
Sub- total		16,455,063.60	319,895.00
d) Others(specify)			
Cash in transit		-	-
Cash in hand		-	-
M Pesa		-	-
Sub- total		-	-
Grand total		16,455,063.60	319,895.00

**Laikipia County Cooperative Development Revolving Fund
 Reports and Financial Statements
 For the Financial Year ended June 30, 2019**

12. Receivables from exchange transactions

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Current Receivables		
Balance b/d	5,142,523	*713,150
New loans	34,300,000	4,743,450
Interest receivable	1,715,000	*237,173
Add Back Loan overpayments	43,750	-
Current loan repayments-Principal	(14,071,157)	(525,000)
Current loan repayments-Interest	(703,558)	*(26,250)
Other debtors	2,700,000	-
Less: impairment allowance	-	-
Total Current receivables	29,126,558	5,142,523
Non-Current receivables		
Long term loan repayments due	-	-
Total Noncurrent receivables	-	-
Total receivables from exchange transactions	29,126,558.40	5,142,522.50

**Laikipia County Cooperative Development Revolving Fund
 Reports and Financial Statements
 For the Financial Year ended June 30, 2019**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Prepayments

Description	2018/2019	2017/2018
	KShs	KShs
Prepaid rent	-	-
Prepaid insurance	-	-
Prepaid electricity costs	-	-
Other prepayments(specify)	-	-
Total	-	-

14. Inventories

Description	2018/2019	2017/2018
	KShs	KShs
Consumable stores	-	-
Spare parts and meters	-	-
Catering	-	-
Total inventories at the lower of cost and net realizable value	-	-

**Laikipia County Cooperative Development Revolving Fund
Reports and Financial Statements
For the Financial Year ended June 30, 2019**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Property, plant and equipment

	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	KShs	KShs	KShs	KShs
At 1st July 2017	-	-	-	-
Additions	-	-	-	-
Disposals	-	-	-	-
Transfers/adjustments	-	-	-	-
At 30th June 2018	-	-	-	-
At 1st July 2018				
Additions				
Disposals	-	-	-	-
Transfer/adjustments	-	-	-	-
At 30th June 2019	-	-	-	-
Depreciation and impairment	-	-	-	-
At 1st July 2017				
Depreciation	-	-	-	-
Impairment	-	-	-	-
At 30th June 2018	-	-	-	-
At 1st July 2018	-	-	-	-
Depreciation	-	-	-	-
Disposals	-	-	-	-
Impairment				
Transfer/adjustment	-	-	-	-
At 30th June 2019	-	-	-	-
Net book values	-	-	-	-
At 30th June 2018	-	-	-	-
At 30th June 2019	-	-	-	-

**Laikipia County Cooperative Development Revolving Fund
Reports and Financial Statements
For the Financial Year ended June 30, 2019**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Intangible assets-software

Description	2018/2019	2017/2018
	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	-	-

17. Trade and other payables from exchange transactions

Description	FY2018/2019	FY2017/2018
	KShs	KShs
Trade payables	-	-
Refundable deposits	-	-
Accrued expenses	-	-
Other payables(Overpayments on loans)	43,750.00	-
Total trade and other payables	43,750.00	-

18. Provisions

Description	Bonus revision	Other revision	Total
	KShs	KShs	KShs
Balance at the beginning of the year (1.07.2018)	-	-	-
Additional Provisions	-	-	-
Provision utilised	-	-	-
Change due to discount and time value for money	-	-	-
Transfers from non -current provisions	-	-	-
Balance at the end of the year (30.06.2019)	-	-	-

**Laikipia County Cooperative Development Revolving Fund
Reports and Financial Statements
For the Financial Year ended June 30, 2019**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. Borrowings

Description	2018/2019	2017/2018
	KShs	KShs
Balance at beginning of the period	-	-
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the period	-	-
Repayments of domestic borrowings during the period	-	-
Balance at end of the period	-	-

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

	2018/2019	2017/2018
	KShs	KShs
External Borrowings		
Dollar denominated loan from the organization	-	-
Sterling Pound denominated loan from the organization	-	-
Euro denominated loan from the organization	-	-
Domestic Borrowings		
Kenya Shilling loan from KCB	-	-
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Borrowings from other government institutions	-	-
Total balance at end of the year	-	-

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

Description	2018/2019	2017/2018
	KShs	KShs
Short term borrowings (current portion)	-	-
Long term borrowings	-	-
Total	-	-

**Laikipia County Cooperative Development Revolving Fund
Reports and Financial Statements
For the Financial Year ended June 30, 2019**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. Employee benefit obligations

Description	Define d benefit plan	Post- employem t medical benefits	Other Provision s	Total
	KShs	KShs	KShs	KShs
Current benefit obligation	-	-	-	-
Non-current benefit obligation	-	-	-	-
Total employee benefits obligation	-	-	-	-

21. Cash generated from operations

	2018/2019	2017/2018
	KShs	KShs
Surplus/ (deficit) for the year before tax	-	-
Adjusted for:		
Depreciation	-	-
Amortization	-	-
Gains/ losses on disposal of assets	-	-
Interest income	-	-
Finance cost	-	-
Working Capital adjustments	-	-
Increase in inventory	-	-
Increase in receivables	-	-
Increase in payables	-	-
Net cash flow from operating activities	-	-

22. Related party balances

a) Nature of related party relationships

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

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

**Laikipia County Cooperative Development Revolving Fund
Reports and Financial Statements
For the Financial Year ended June 30, 2019**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

b) Related party transactions

	2018/2019	2017/2018
	KShs	KShs
Transfers from related parties'		
Transfers to related parties	2,700,000.00	-
Total	2,700,000.00	-

This relates to transfer made to imprest account.

c) Key management remuneration

	2018/2019	2017/2018
	KShs	KShs
Board of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

	2018/2019	2017/2018
	KShs	KShs
Due from parent Ministry	-	-
Due from County Government	-	-
Total	-	-

e) Due to related parties

	2018/2019	2017/2018
	KShs	KShs
Due to parent Ministry	-	-
Due to County Government	-	-
Due to Key management personnel	-	-
Total	-	-

23. Contingent assets and contingent liabilities

Contingent liabilities	2018/2019	2017/2018
	KShs	KShs
Court case against the Fund	-	-
Bank guarantees	-	-
Total	-	-

**Laikipia County Cooperative Development Revolving Fund
Reports and Financial Statements
For the Financial Year ended June 30, 2019**

12. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Audited report as at 30/6/2018	Unconfirmed opening balances and comparative figures	To re-do the statement of changes in Equity	Fund Administrator	Resolved	30 th September 2019
Audited report as at 30/6/2018	Reflection of total assets and liabilities are not classified under any listed funds	Use the statement of changes in equity to confirm the figures	Fund Administrator	Resolved (Revised copies of the last 3 years produced and forwarded)	30 th September 2019
Audited report as at 30/6/2018	Failure to submit the financial statements	Adhere to Section 167 of the PFM Act 2012	Fund Administrator	Resolved for Financial year 2018/19	30 th September 2019
Audited report as at 30/6/2018	Late submission of financial statements for Audit	Adhere to Section 47(1) of Public Audit Act 2015	Fund Administrator	Resolved for Financial year 2018/19	30 th September 2019

