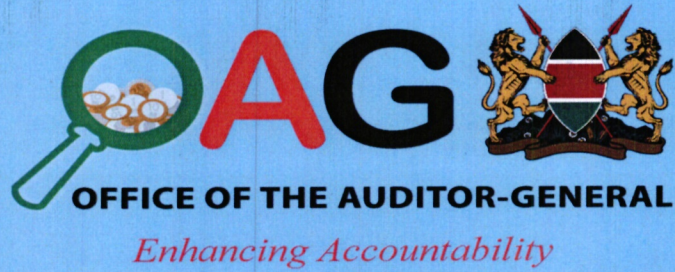


REPUBLIC OF KENYA



REPORT

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ON

**LAIKIPIA COUNTY DEVELOPMENT
AUTHORITY**

**FOR THE YEAR ENDED
30 JUNE, 2022**

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CLERK AT THE TABLE	Abdirahman Maalim.



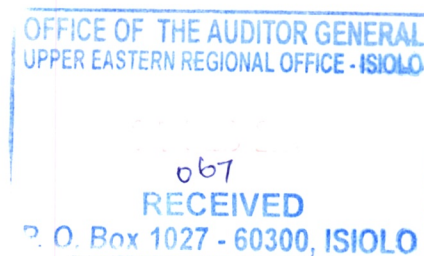


**COUNTY GOVERNMENT OF LAIKIPIA
LAIKIPIA COUNTY DEVELOPMENT AUTHORITY**

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2022**

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



LAIKIPIA COUNTY DEVELOPMENT AUTHORITY
Annual Report and Financial Statements For the year ended June 30, 2022

LAIKIPIA COUNTY DEVELOPMENT AUTHORITY
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DEFINATION OF ACRONYMS

CEO – Chief Executive Officer

SACCO – Savings and Credit Cooperative

LCDA – Laikipia County Development Authority

SDHUD - State department of housing and urban development

AHP - Affordable Housing Project

ICOMS – Integrated County Operations management System

OSHA - Occupational Safety and Health Act of 2007

CMTE - Chief Mechanical Engineer

KEBS - Kenya Bureau of Standards

NTSA - National Transport and Safety Authority

LAIKIPIA COUNTY DEVELOPMENT AUTHORITY
Annual Report and Financial Statements For the year ended June 30, 2022

1. Key Entity Information And Management

(a) Background information

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

The Authority's objective is to promote and co-ordinate county development.

The Authority's principal activity is:

- ❖ Advise the county government on the appropriate policies, laws, plans and programs necessary for county development.
- ❖ Coordinate development programs and initiatives and provide liaison between county and national government on implementation of development programs and projects.
- ❖ Initiate and implement in collaboration with other county departments targeted development programs and projects.
- ❖ Source locally or internationally resources required for promoting county development.
- ❖ Support other county departments in preparing and implementing development plans and programs.
- ❖ Mobilize and support residents to initiate or participate in development initiatives, programs and projects.
- ❖ Monitor and evaluate development policies, laws, plans and programs and advise the county government on appropriate measures to be adopted.
- ❖ Carry out such other roles necessary for the implementation of the projects and purpose of this Act and perform such other functions as may from time to time, be assigned by the executive member in charge of county planning and development.

(b) Principal Activities

The principal activity/mission/mandate of the Authority is to co-ordinate and promote development in Laikipia.

- **Mission:** To shape the future of Laikipia by making it easy to do business in the County, and making strategic investments to raise productivity and earnings of farmers and small businesses.
- **Vision:** To make Laikipia the greatest county with the best quality of life.

LAIKIPIA COUNTY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements For the year ended June 30, 2022

- **Core values:**

- Synergy:** alignment with line departments' work-plans to avoid duplication and/or conflicts.
- Partnerships:** with private sector, Government agencies and development partners/donors.
- Innovation:** to optimize value for money and impact on the lives of Laikipians
- Professionalism:** to become an employer and partner of choice.
- Integrity:** will be honest, transparent and accountable to all stakeholders.

(c) The Board of Trustees

Ref	Name	Position
1.	Dr. James Mworia	Chairman
2.	Faith Waigwa	Vice Chairman
3.	Amb. Johnson Weru	Member
4.	Joseph Ngugi Mutuura	Member
5.	Margaret Iyasi Lesuuda	Member
6.	Michael Dyer	Member
7.	Grace Mohe	Member
8.	Paul Njenga	Member
9.	Ikinya Matindi	Member
10.	John Mwaniki	Secretary/CEO

(d) Key Management

Ref	Name	Position
1.	John Mwaniki	Ag CEO
2.	Charles Ndung'u	Head of Flagship Investment Projects
3.	Joseph Gakunga	Head of Ease of Doing Business
4.	Juma Wandera	Head of Social Investments
5.	Pauline Mwiyeria	Head of Brand Laikipia
6.	Angela Wahome	Authority Accountant Operations
7.	Caleb Mwangi	Authority Accountant Financial Reporting

LAIKIPIA COUNTY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements For the year ended June 30, 2022

(e) Registered Offices

P.O Box 1271-10400

LCDA Building

Mount Kenya Road

(f) Authority Contacts

Telephone: (254) 716-031031

E-mail: lcda@laikipia.go.ke

Website: www.destinationlaikipia.go.ke

(g) Authority Bankers

Equity bank Kenya limited

P.O Box 75104-00200

Nairobi.

(h) Independent Auditors

Auditor General,

Office of the Auditor General,

Anniversary Towers, University Way,

P.O. Box 30084, 00100,

Nairobi, Kenya

(i) Principal Legal Adviser

County Attorney

County Government of Laikipia



P.O.Box 1271-10400

Nanyuki

LAIKIPIA COUNTY DEVELOPMENT AUTHORITY



Annual Report and Financial Statements For the year ended June 30, 2022

2. The Board Of Trustees

Ref	Name	Qualifications and Experience
1.	<p>Dr. James Mworia - Chairman</p> 	<p>A Kenyan lawyer, accountant, and business executive. He is the managing director and chief executive officer of Centum Investments, the largest publicly traded private capital firm in eastern Africa. He has served in that capacity since 2008.</p> <p>Background and education Mworia was born in 1978. He attended Alliance High School, Strathmore University, and the University of Nairobi. He has a Bachelor of Laws from Nairobi University. He is also a certified public accountant and a chartered financial analyst.</p> <p>In 2008, at age 30, he was appointed chief executive officer (CEO) and managing director at Centum. During his first six years as CEO, Centum increased its asset base from KES:6 billion (US\$69 million) to approximately KES:30 billion (US\$350 million).</p> <p>Other responsibilities He serves as the chairman of the board of directors at Sidian Bank. He also serves as a board member at the Nairobi Stock Exchange, effective June 2015. In September 2016, he was named the highest paid executive among the five largest corporations in Kenya, with an annual compensation package valued at KES:201.1 million (approx. US\$2 million) annually.</p>
2.	<p>Faith Waigwa - Member</p> 	<p>Faith was born in 1980. She is a Former Vice President of the Law Society of Kenya.</p> <p>An Advocate of the High Court of Kenya with over 11 years post admission experience in private practice in Property and Real Estate law.</p> <p>Currently undertaking a Master of Laws Degree in Oil and Gas at Strathmore University, Strathmore Law School in Nairobi Kenya.</p> <p>Setting up an Infrastructure, Energy, Mining, Oil and Gas department at NOW Advocates LL.P.</p> <p>Experience Chairperson of Public Procurement Administrative Review Board Sep 2018 – Present. Managing Partner at NOW Advocates LLP from Mar 2011 to Present.</p> <p>Education Strathmore University Master of Laws – LLM Oil and Gas Law from 2018 to 2019. University of Nairobi</p>



LAIKIPIA COUNTY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements For the year ended June 30, 2022

		Bachelor of Laws - LLB Legal Studies, General 2000 – 2005.
3.	Amb. Johnson Weru - Member 	<p>Amb. Johnson Weru was born in 1967, He is an alumnus of Harvard University Kennedy School of Government, University of Nairobi and University of Leeds. He is a career diplomat and public servant with over twenty-eight years' experience working in Government and International Development Agencies in Africa and Europe. He is currently pursuing a doctorate in International Trade from Brussels University in Belgium.</p> <p>Experience</p> <p>Prior to his appointment as Ambassador to the Kingdom of Belgium, he served as Director for Economic Affairs and External Trade. He has previously held advisory/consultant positions with the World Bank and United Nations Development Programme. Amb. Weru has also served as adjunct professor and Lecturer in Economics and Finance at Catholic University of East Africa and has served as alternate director to several State Boards. He is currently the Principal Secretary for State Department for Trade and Enterprise Development (SDT&ED)</p>
4.	Joseph Ngugi Mutuura - Member 	<p>Mr Joseph was born in 1957, He is trained in Sustainable Ecological Agriculture (SEA), and has a wealth of experience in School of Sustainable Ecological Agriculture for East Africa and Agricultural Training and Conference Centre. In 1992, he Founded Sustainable Agriculture Community Development Programme (SACDEPKenya). 1978-1985. I have helped in the development of small holder livestock herders in Northern Kenya and Somalia. Under the auspices of the Kenya Government, he helped in design of grazing and livestock water systems using sustainability strategies.</p>
5.	Margaret Iyasi Lesuuda - Member	<p>She is a strategic Educationist and a leader who is keen on Global issues and especially passionate about the empowerment of women and girls. She has over 30 years of experience in Education Management and currently involved in Higher Education (HE) and have initiated a lot of partnerships between Kenyan Universities and</p>



LAIKIPIA COUNTY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements For the year ended June 30, 2022

		<p>UK ones. She is pursuing Doctoral studies in the prestigious University of Bath. Master of Arts (M.A.) Peace building 2014 - 2015 University of Nairobi Master of Education (MEd) Educational Leadership and Administration, General 2007 - 2009</p> <p>Experience Margaret was born in 1965. Currently, she is Deputy Director Ministry Of Education Kenya Dec 2016 - Present Regional Coordinator Of Education, Eastern Ministry Of Education, Kenya Jan 2017 - Nov 2020. Counsellor Education, London Kenya High Commission, UK Sep 2012 - Jan 2017</p>
<p>6. Michael Dyer - Member</p>		<p>Michael Dyer is a third generation Kenyan, born in Laikipia in 1961. He has managed Borana Ranch Ltd since 1984 and converted what was a traditional cattle and sheep ranch, from relatively degraded ranch land into wilderness restoring the natural capital and creating the pristine and viable eco-system that it is today. Working closely with neighbours Lewa Wildlife Conservancy, he played an instrumental role in developing the award winning Community owned Il'Ngwesi Group Ranch Rangeland Trust.</p> <p>A founder member and director of the Laikipia Wildlife Forum, this innovative and creative approach to wildlife and ecosystem management. Borana Conservancy was created in 2010 www.boranaconservancy.com</p> <p>He has played an active role in numerous conservation projects in partnership with Lewa and other entities including the creation of the Ngare Ndare Forest Trust, the funding and construction of the elephant corridor, resolving and mitigating human wildlife conflict.</p> <p>He currently has an executive role in Borana Conservancy and is also on the Boards of Ngare Ndare Forest Trust, Northern Range Lands Trust.</p>


LAIKIPIA COUNTY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements For the year ended June 30, 2022

<p>7.</p>	<p>Grace Wandithia Mohe - Member</p> 	<p>Ms. Grace was born in 1992; She is a highly motivated and young HR professional who has wealth of experience in both Human Resource and Commerce.</p> <p>Academic and Professional Qualifications</p> <ul style="list-style-type: none">• Sept 2013-Aug 2016: Jomo Kenyatta University of Agriculture And Technology (Bachelor Of Commerce, Human Resource Option)• 2009-2012: Gatundia Secondary School• 2000 -2008: Mairo Primary School <p>Career and Work Experience</p> <ul style="list-style-type: none">• National Construction Authority (NCA)-February 2020 -To date• National Authority for the Campaign against Alcohol and Drug Abuse (NACADA)-Sept 2019- Jan 2020• Kenya National Bureau of Statistics (KNBS)-Aug 2019-Sept 2019• National Council of People with Disabilities (NCPWD)-November 2017-August 2019• IEBC-January 2017-February 2017• Laikipia Sub - County- October 2015 - Dec 2015
<p>8.</p>	<p>Paul Njenga - Member</p> 	<p>Mr Njenga was born in 1977; He is the Chief Officer Finance, Economic Planning and County Development</p> <p>He is currently pursuing his PhD in Business Administration - Finance. He holds a Master's in Business Administration (Finance), a Bachelor's degree in Education (Economics and Mathematics) and a Diploma in Purchasing and Supply.</p> <p>He is a Certified Change Manager and a member of CIPS – Chartered Institute of Purchasing and Supply KISM – Kenya Institute of Supply Management</p>




LAIKIPIA COUNTY DEVELOPMENT AUTHORITY

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9.	<p>John Mwangi Mwaniki - Secretary</p> 	<p>John Mwaniki was born in 1973.</p> <p>Has 22 years continuous valuable experience in general and strategic management; marketing; start-up and turnaround business management; product design and development; and strong lobbying skills. Has a wide range of experience in teaching/training; publishing; sales and marketing; authorship, research and project management. Has a wealth of international experience in organisation leadership and human resource management with diversity in culture.</p> <ul style="list-style-type: none">• He holds a Postgraduate Diploma in Project Management from Dedan Kimathi University of Science and Technology.• Certificate in Project Management Cycle from Kenya School of Government.• Bachelor of Science Degree from Kenyatta University.
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LAIKIPIA COUNTY DEVELOPMENT AUTHORITY
Annual Report and Financial Statements For the year ended June 30, 2022

3. Management Team

Name	Details of qualifications and experience
<p>1. John Mwaniki</p> 	<p>John Mwaniki was born in 1973.</p> <p>Has 22 years continuous valuable experience in general and strategic management; marketing; start-up and turnaround business management; product design and development; and strong lobbying skills. Has a wide range of experience in teaching/training; publishing; sales and marketing; authorship, research and project management. Has a wealth of international experience in organisation leadership and human resource management with diversity in culture.</p> <ul style="list-style-type: none"> • He holds a Postgraduate Diploma in Project Management from Dedan Kimathi University of Science and Technology.
<p>2. Angela Wahome</p> 	<p>She is the Accountant in charge of Operations for the Authority. She Holds a Bachelor's Degree in Actuarial Science. She is a member of the Association of Certified Chartered Accountants and also is a member of the Institute of Internal Auditors of Kenya. She has experience working in both external and internal audit.</p>
<p>3. Caleb Mwangi</p> 	<p>Mr Caleb is the Accountant in charge of Financial Reporting for the Authority. Holds Bachelor's Degree in Commerce (Finance) and Post Graduate Diploma in Project Management (DKUT).He also a Certified Public Accountant of Kenya (CPA -K).</p>

LAIKIPIA COUNTY DEVELOPMENT AUTHORITY
Annual Report and Financial Statements For the year ended June 30, 2022

4. Board Chairperson's Report

I am pleased to present to you the Annual Financial Statements of Laikipia County Development Authority (LCDA) which ended on 30th June 2022. The changes in the Board during the financial year were as follows: Mr. John Mwaniki was appointed as the Acting CEO for LCDA and also became the secretary of the board.

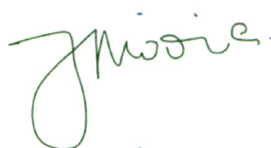
The Authority is a statutory body that was formed in 2014 vide an act of the County Assembly of Laikipia with the key objective of promoting socio-economic development. LCDA's mandate includes advisory to the county government on policy formulation, resource mobilization, co-ordination and execution of development initiatives in Laikipia County.

The Authority has identified financial services, agriculture, manufacturing, construction & mining as some of the core sectors of focus to enable employment creation and catalyse development across the county. To this end, we have rolled out initiatives that will enhance governance and operations of SACCO's and other cooperatives, promote and open up markets for livestock and pyrethrum farmers, facilitate investment in affordable housing and promote formulation of suitable policies to attract investments in the extractive sector. These initiatives are further elaborated in the subsequent sections of this report. Additionally, LCDA continues to champion the branding and positioning of Laikipia County as the preferred destination for tourism and investment.

Looking forward, LCDA will pursue avenues to achieve self-funding and progressively reduce reliance on the county government budgetary support. The Authority remains committed to the realization of its core mandate of co-ordinating and promoting socio-economic development of Laikipia County and will continue to offer advisory on budgetary allocation and projects prioritisation, with due regard to the importance of public participation in all development matters across the county.

Our greater focus as we deep dive into the fiscal year will continue to be on supporting the County's efforts towards achieving quick recovery of the economy from the effects of coronavirus pandemic. In partnership with the county government and the private sector, we will facilitate initiatives aimed at reviving small holder farming and small and medium enterprises (SMEs) which have borne the greatest brunt due to the current economic situation.

Signed:



Dr James Mworira
Chairman Laikipia County Development Authority

5. Report of CEO of the Authority

It is my pleasure to present the Laikipia County Development Authority financial statements up to the quarter ended 30th June 2022. The financial statements present the financial performance of the Authority.

Financial Performance

Revenue

In the financial year 2021/2022 LCDA was awarded a total budget allocation of Ksh 25,500,000 by the County Government of Laikipia. This was broken down into 11,000,000 for development activities and 14,500,000 million for recurrent expenditure. By the end of the period, the authority had received a disbursement of Ksh. 15,481,515 from the county government. The county government owes the authority Ksh 10,018,485 in undisbursed receivables from the exchequer for the financial year 2021/2022. There was also balance brought forward of receivables from the county government for the financial year 2020/2021 amounting to 2,594,415.

The Authority has been working with the other county departments on various projects which includes the Affordable housing (department of urban housing), the Nanyuki bulk water project (department of water and environment), the Hospital solar projects (department of health) business development services (department of innovation and enterprise development) among others. Most of these projects are long term and the authority has managed to do the initial ground-breaking activities.

The County Government of Laikipia in collaboration with State department of housing and urban development (SDHUD) seeks to construct 700 affordable housing units in Nanyuki Town. The project will be undertaken by the County Pension Fund which was awarded the tender in April 2022. This is in response to the shortfall of housing units in the county against high demand brought about by population growth and rural-urban migration. The establishment of the county government and the sprouting of institutions in the county has resulted in a huge housing deficit in the area.

Oxspear Consultants Limited was awarded the contract to develop a comprehensive Branding, Marketing and Communication Strategy to define, strengthen and promote Laikipia County as a brand and preferred destination to live, visit and invest to all appropriate stakeholders.

The first phase of the assignment included generation of a document that presents and explains the Laikipia branding, marketing and communication strategy .The strategy has to show how Laikipia can capitalize on its high altitude to capture sports tourism, how to explore other avenues for sports tourism such as golfing, and safari rallies realize value from them.

Also to showcase its rich cultural heritage in a way that it can bring value to the residents in Laikipia and to display the investment opportunities in manufacturing, mining, real estate, cargo transport and agriculture and to create a framework for positive stories and good publicity to

LAIKIPIA COUNTY DEVELOPMENT AUTHORITY
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move the minds of people from the previous bad stories of ethnic clashes and fight for pasture in Laikipia.

The consultants submitted a first draft of the strategy which was reviewed, and notes provided. The revised draft strategy was submitted in the second half of 2021. Several deliverables including completed strategy document submission, strategy implementation, hand over as well as final payment are pending.

We have also kick-started the gazettelement of Rumuruti as a special economic zone to attract investments from investors seeking tax benefits that go with a special economic zone. This will also help us advance our land banking initiative since close to 2,000 acres of land will be put in a land bank through the gazettelement of the special economic Zone, and the export processing Zone.

The authority has functioned well without financial hitches and looks forward to full implementation of projects into the future.

Conclusion

I take this opportunity to thank the board for their support. I would also want to thank all the authority's staff who are working to ensure that we achieve our mission

Signed:



John Mwaniki

CEO - Laikipia County Development Authority

LAIKIPIA COUNTY DEVELOPMENT AUTHORITY
Annual Report and Financial Statements For the year ended June 30, 2022

6. Statement of Performance against County Entity's Predetermined Objectives

Introduction

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each County Government entity Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity's performance against predetermined objectives.

The key development objectives of the Laikipia County Development Authority's 2018 - 2022 plans are to: -

- (a) Brand Laikipia-to brand the county as the best place to visit, invest and get settled.
- (b) Ease of doing business-reducing the red tape that businesses face when venturing to their businesses.
- (c) Flagship economic investments-supporting the investment in viable commercial enterprises in the country.
- (d) Flagship social investments - a leading role in the social welfare of the people of Laikipia in matters Health, education and social justice.

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Brand Laikipia	To develop, manage and market a good brand for the county.	Increased positive stories and images about Laikipia	Number of positive mentions Reduction of negative publicity.	In FY 19/20/21 we ran a campaign dubbed tembea Laikipia and had assisted the tourism industry
Ease Of doing business	To make it easy for businesses to thrive and succeed in Laikipia	Good business environment	Ease of doing business reports	County ranked number 5 in the KIPPRA ease of doing business report, Supporting the disbursement of the Economic Stimulus fund to the registered businesses in Laikipia.
Flagship economic investment	To support commercially viable enterprises to grow and thereby create more employment.	Commercially vibrant enterprises thriving in the county	Commercial investments	Led the training of over 200 Business development officers in the county to hand hold businesses. Supported enterprises doing business in laikipia through mentorship and business handholding.
Flagship social investments	To support Laikipians to lead Meaningful lives	Better livelihoods for the people	Better managed schools, hospitals and other social structures.	An education strategic plan made and launched. Training of the strategy implementers on-going.

LAIKIPIA COUNTY DEVELOPMENT AUTHORITY
Annual Report and Financial Statements For the year ended June 30, 2022

7. Corporate Governance Statement

The Board

The Laikipia County Development Authority was formed by the Laikipia County Development act no. 3 of 2014. The board is a body corporate with perpetual succession and a common seal and shall, in its corporate name be capable of:-

- (a) Taking, purchasing or otherwise acquiring, holding, charging or disposing of movable and immovable property;
- (b) Borrowing money or making investments;
- (c) Entering into contracts; and
- (d) Doing or performing all other acts or things for the proper performance of its functions under the Act which may lawfully be done or performed by a body corporate.

The authority's Board charter exists and some of the roles of the board include the following:

- (a) To ensure proper and efficient exercise of the powers and performance of the functions of the Authority.
- (b) To advise the management of the Authority generally on the exercise of the powers and the performance of the functions of the Authority.
- (c) To approve the estimates of the revenue and expenditure of the Authority.
- (d) To perform such other functions as are provided for under this Act or any other written law.

The Laikipia county Development Authority has a structured board formation where we hold board meetings every quarter.

The board has put in place several board committees to oversee the running of the organization. This includes the Finance, audit and risk committee, Human resource and admin committee.

The finance committee reviews the financial situation of the organization ensuring that it remains healthy over time. It also has oversight on the plan for annual income and expenditure.

In ensuring that corporate governance and integrity is enhanced in between the LCDA board operations, the board relies on the audit committee team from the executive.

LAIKIPIA COUNTY DEVELOPMENT AUTHORITY
Annual Report and Financial Statements For the year ended June 30, 2022

The following committee meetings were held;

	List of The Committee Members	Committee meeting	Committee meeting	Committee Meeting	Committee meeting	Committee meeting
		16/10/2019	16/6/2020	21/9/2020	6/10/2021	8/2/2022
1	Dr. James Mworira	✓	✓	✓	✓	✓
2	Faith Waigwa	✓		✓	✓	✓
3	Michael Dyer	✓	✓	✓	✓	
4	Joseph Mutura	✓	✓			✓
5	Githuku Mwangi	✓				
6	Margaret Lesuda	✓	✓		✓	✓
7	Paul Njenga		✓	✓	✓	✓
8	Jesse Mugo		✓	✓	✓	✓
9	Grace Mohe		✓			✓
10	Charles Muiruri		✓	✓	✓	
11	Ikinya Matindi				✓	

Statement of Compliance

The LCDA board confirms that the facilitation up to the end of the year has complied with all statutory and regulatory requirements and that the facilitation has been managed in accordance with the principles of good corporate governance.

Internal Control and Risk Management

Internal Control

The board is responsible for reviewing the effectiveness of the LCDA's system of internal control which is designed to provide reasonable, but not absolute, assurance regarding the safeguarding of the development board allocation against unauthorized use or disposition and the maintenance of proper accounting records and the reliability of financial information used within the business or for publication. These controls are designed to manage rather than eliminate the risk of failure to achieve business objectives due to circumstances which may reasonably be unforeseen and can only provide reasonable and not absolute assurance against material misstatement or loss.

Standing Instructions

LAIKIPIA COUNTY DEVELOPMENT AUTHORITY
Annual Report and Financial Statements For the year ended June 30, 2022

The LCDA board has a Code of Ethics and Service Charter that is applicable to all employees. These have a number of standing instructions to employees of the board designed to enhance internal control.

Strategic Plan

The business of the board is determined by the strategic plan. The strategic plan sets out the objectives of the board, and the annual targets to be met to attain those objectives. The board on an annual basis approves the work plan supported by the financial plan for the year. Progress against the plan is monitored on a quarterly basis.

Internal Control Framework

The board continues to review its internal control framework to ensure it maintains a strong and effective internal control environment. Business processes and controls are reviewed on an on-going basis. A risk-based audit plan, which provides assurance over key business processes and operational and financial risks facing the board, is approved by the audit and risk committee.

Risk Management

The board has in place a risk management framework which guides the board in identifying, assessing and managing the risks. The board has developed a risk register which documents and prescribes mitigating measures of all the risks both external and internal facing the board.

Management Team

The management team headed by the C.E.O implements the board decisions and policies through action plans. The team meets regularly to review these action plans to ensure that the board's objectives are achieved effectively and efficiently.

Auditor

The Authority will be audited by the Office of the Auditor-General.

8. Management Discussion And Analysis

During the financial year LCDA embarked on the key development objectives of the Laikipia County Development Authority's strategic plan 2018-2022:

- (a) Brand Laikipia-to brand the county as the best place to visit, invest and get settled.
- (b) Ease of doing business-reducing the red tape that businesses face when venturing to their businesses.
- (c) Flagship economic investments-supporting the investment in viable commercial enterprises in the country.
- (d) Flagship social investments - a leading role in the social welfare of the people of Laikipia in matters Health, education and social justice.

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

- Brand Laikipia
- Flagship investment projects
- Ease of doing business
- Flagship social investment projects

1. Brand Laikipia

The Brand Laikipia pillar has three - fold objectives: -

- To build a strong brand that positions Laikipia as the County of choice for residents, visitors and investors, a place to visit, live and invest.
- To rally the business and people to a shared and lasting change agenda.
- To create and market 'made in Laikipia' brands. Brand Laikipia's intent is to take the county's unique features- its ethnic diversity; its cosmopolitan character; its diverse ecology; its vast tourist resources; its geographical location and its proximity to markets and condense these different elements into a unique, marketable product with which stakeholders can readily identify with and buy-in.

(a) Branding, Marketing and Communication Strategy 2020-2025

Oxspear Consultants Limited was awarded the contract to develop a comprehensive Branding, Marketing and Communication Strategy to define, strengthen and promote Laikipia County as a brand and preferred destination to live, visit and invest to all appropriate stakeholders.

The first phase of the assignment included generation of a document that presents and explains the Laikipia branding, marketing and communication strategy.

(b) Destination Laikipia and Laikipia County Development Authority Websites

The County envisioned two fully operational and responsive websites: -

- (i) LCDA for all business concerns.

- (ii) Destination Laikipia for all tourism, entrepreneurship, innovation, real estate investment and publicity related matters. Destination Laikipia has an ecommerce platform for supporting local business in Laikipia. The site targets both the formal and informal sector enabling them to directly supply to their consumers through a wider market base.

Destination Laikipia is the current home of LCDA information. Development of a separate LCDA website including hosting as well as installation of tracking tools is in the pipeline.

2. Flagship Investment Projects

This Pillar aims to make Laikipia the best county to invest in - measured on objective criteria and to do so by developing a portfolio of outstanding, socially inclusive investment projects. At a minimum these are politically and socially relevant, which means that they are aligned with core county government commitments as set out in the Governor's manifesto, the county integrated development plan, the medium-term expenditure framework and the national government's agenda. Flagship projects also aim to balance across sectors so that both thriving sectors and high potential but currently stunted sectors may all get a leg-up. To the extent possible, these projects also aim to meet social objectives of creating jobs, improving household incomes and being environmentally responsible.

(a) BJ50 Sagak Tech Enterprises Project

SAGAK Tech enterprise has grown from being a sole proprietor to a limited company, whereby, creation of the business plan will enable to project growth on capital and annual production units. A good relationship was established through the inter-agency forum that brought together the company and government agencies such as the Chief Mechanical Engineer (CMTE), Kenya Bureau of Standards(KEBS), National Transport and Safety Authority (NTSA), Ministry of Transport represented by the P.S and other stakeholders.

The period has mainly been focused product development and establishment of a registration process of the units ready for commercialization. A new plant was established and equipped to ensure the products meet the set standards of quality, the company was issued with standard mark of quality as its products met criteria of KS:1515.

Where are we now?

The review of SAGAK TECH as outlined indicates that;

- (i) Mr. Njogu, the production manager ventured into motor vehicle assembly in 2007 after closing his scrap metal dealership where he got his motivation from traffic police officers who had seen his potential in the transport sector. He was advised to scale up production in 2018 after meeting Laikipia County officials, at an innovation fair in Nyahururu showcasing his taxi tuktuk that he had made back in 2017.
- (ii) Through concerns raised with KEBS on standardization issue, the recommendation was to have production of two similar vehicles which are white in colour with same

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similarities and which, KEBS takes measurements so as to provide a standard mark of quality based on KS.1515 (used for second hand vehicles).

- (iii) Chief mechanical had recommended KS.2725 (used for new model vehicles) but after deliberations on the homologation i.e. meeting the set standards to be sold outside the country could not be met due to factors beyond the companies reach, the units got to be inspected by the chief mechanical engineers and they gave their recommendations on improvements. Thereafter, approvals were sort out from the chief mechanical who was of the idea to deal with what is possible first and make improvements with time.
- (iv) The Kenya Revenue Authority created two policies to facilitate registration of automobiles manufactured and assembled locally i.e. C.414 (for tuktuks) and C.415 (for Vehicles inclusive of MOBIUS). This enabled the manufacturers to get exemptions on corporate tax and resolved the challenge of getting entry number TIMS for NTSA registration.
- (v) NTSA through the inter-agency team facilitated registration of 8 units which was vital in compliance to achieve the road worthiness certificate. There is also need to amend the TIMS portal to include two model series i.e.
- Series X -for passenger. Inspection for the PSV sticker is a requirement
 - Series Y -for Pick-up. The design is yet to be undertaken fully.

Challenges Encountered

It is important to note that after vehicles were registered; SAGAK ventured into public transportation where they intended to create a Sacco plying between Mairo Inya and Nyahururu Town, but due to issues with the Police and other Sacco's aggressiveness, the venture was dropped.

A major challenge faced was finance, it was noted that production of the vehicles has stalled due to lack of finances. Money had been used to rehabilitate the workshop and help in assembling of the units has not been reimbursed back. LCDA purchased a vehicle at a cost of Kshs 350,000 with a remainder of Kshs 100,000 pending and SAGAK Tech cleared its Equity Bank loan. There was a suggestion on having SAGAK operate 6 units as PSVs once they are complete for income generation, product improvement and marketing purposes as ways of unlocking the business.

Other overhead expenses such as rent for the workshop are yet to be cleared. The rent arrears of Kshs 50,000 each month is due for a period of 10 months. In order to manage payment of rent every month, there was a suggestion of having SAGAK Tech workshop as the Incubation Centre for Laikipia County where it could absorb and model other projects and ideas in the county to enable their growth and development in the Incubator Centre .

The production manager Mr.Njogu who has been stationed at the workshop for the period from October 2021 to date indicated on the need of having financial sustenance for the running cost

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that include clearance of water and electricity bills and other maintenance activities on the ground for production activities taking place.

(b) Proposed Joint Venture for the Development of Yard Two Affordable Housing Scheme in Nanyuki Town

Project Brief

The County Government of Laikipia in collaboration with State department of housing and urban development (SDHUD) seeks to construct 700 affordable housing units in Nanyuki Town. The project will be undertaken by the County Pension Fund which was awarded the tender in April 2022. This is in response to the shortfall of housing units in the county against high demand brought about by population growth and rural-urban migration. The establishment of the county government and the sprouting of institutions in the county has resulted in a huge housing deficit in the area.

Project Site

The project site for the Affordable Housing Project (AHP) is a 5.5-acre parcel of land located within the precincts of Nanyuki town centre, off Nanyuki-Nyeri (equator road), and about 1.5km from Nanyuki Central Business district. The site is generally flat, and it comprises few structures including Duma Mabati Factory, old, neglected structures and several informal housing structures which all have been demolished and relocated elsewhere, it also comprises a 1000 M³ water storage tank. Within the proposed site neighbourhoods are educational institutions, hotels, market centres and booming residential properties.

Project Delivery Model

The proposed delivery model for the Nanyuki project shall be Developer/Investor led where the Developer/Investor shall be responsible for Designing, Building, Financing and Transferring of the project and shall be paid Off-Taker upon completion and receipt of a practical completion certificate in line with the terms of the executed Project Agreements. The project will be developer led whereby the developer will undertake to Design, Build, Finance and Transfer of affordable housing units.

Provisional Construction Cost Estimates.

UNIT TYPE	AREA M2	CONSTRUCTION COST @	NO. OF UNITS	TOTAL COST
Bedsitter/Studio	28	910,000	84	76,440,000
One Bedroom	35	1,137,500	60	68,250,000
Two-bedroom Type A	40	1,300,000	216	280,800,000
Two-bedroom Type B	50	1,625,000	144	234,000,000
Three-bedroom Type A	60	1,950,000	144	280,800,000
Three-bedroom Type B	75	2,437,500	48	117,000,000
TOTAL	288			1,057,290,000

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Land Value

According to the valuation report done by the Laikipia County Government valuer, the land value is **Ksh. 110,000,000.**

Item	Description	Percentage Value (%)	Total Amount (VAT Inclusive)
1.	Construction (Building Cost)	75	1,057,290,000
2.	Infrastructure Cost	14	245,140,955
3.	Consultancy	11	169,497,460
4.	Other Costs	2.5	42,759,587
5.	Contingency	2.5	43,828,576
6.	Cost of land	Item	165,000,000
ESTIMATED TOTAL PROJECT COST			1,723,516,578

UNIT PRODUCTION AND SALE COST PROJECTIONS

UNIT TYPE	SELLING PRICE	NO OF UNITS	INCOME
Bedsitter/Studio	1,799,999	84	151,199,916
One bedroom	2,249,999	60	134,999,940
Two-bedroom Type A	3,000,000	216	648,000,000
Two-bedroom Type B	3,750,000	144	540,000,000
Three-bedroom Type A	4,500,000	144	648,000,000
Three-bedroom Type B	5,625,000	48	270,000,000
TOTAL			2,392,199,856

The Master Plan

The master plan a gated community with eleven blocks of bedsitters, one bedroom, two and three bedroomed residential units with necessary infrastructure and ancillary facilities. Also within the development are provisions for shopping stalls, a multipurpose hall, several open spaces for play and relaxation, high speed lifts, laundry facilities/hanging lines, innovative landscape architecture, estate street lights, gas reticulation infrastructure, rain water harvesting and ground floor parking spaces. Each residential block will have 6 floors with a ground floor parking unit for each home. The nature of this development will require use of high speed lifts. The front row comprises block A & B each block having 84 bedsitters and 60 one-bedroom units respectively. The second block comprises blocks F,G, H each block having 48 three bedroom type A units. The fourth row comprises blocks I, J with 72 two-bedroom type B units and 48 three-bedroom type B units, respectively. The corner block will host 72 Two-bedroom type B units. The development will also feature a minipark, fully manned 24-hour gates, and perimeter wall with electric fence, well paved walkways and driveways.

Workplan

Enter into a joint venture agreement with the County Pension Fund for the said project.

(c) Establishment of a Special Economic Zone in Rumuruti

County Government of Laikipia has set aside 2000 acres of land in Rumuruti for the purpose of SEZ. Its going to be a game changer in the efforts to develop Rumuruti as an industrial town especially in the manufacturing of Agricultural equipment and food processing.

- The establishment of SEZ will enable Laikipia to attract investment, expand and diversify production of goods and services for domestic and export markets, promote value addition in the agricultural sector, promote local entrepreneurship through Small Medium Enterprises (SMEs).
- It will also promote rural and regional industrialization by exploiting the available mineral resources in Laikipia.

The SEZ programme will transform the County into an industrial hub while stimulating the economy from slow growth. LCDA notes that Rumuruti SEZ will be very crucial and important as it will be very crucial and important as it will meet the objectives of the authority. They include bringing industries at the county level which will create jobs, harness available resources and add value to the agricultural produce in Laikipia.

LCDA is in receipt of a good number of request from potential investors seeking for land space to invest.

Work plan

LCDA is planning to engage a consultant in this financial year to develop a master plan for the Special Economic Zone.

3. Ease of Doing Business

The government of Kenya through the ministry of East African Community and Regional Development rolled out initiatives to attract and retain investors in the country by fostering a conducive environment to accelerate growth in the private sector to create job creation, wealth creation and general improvement of the national economy. By employing a raft of measures such as increased power supply, reducing business licensing, legislation and registration processes, improving transport infrastructure among others, Kenya moved 80 positions in World Bank's ranking on ease of doing business from position 136 in 2014 to position 56 globally by 2019 (GOK, 2020). County government of Laikipia through LCDA worked with 10 other member counties of the Central Region Economic Block to complement national Government's efforts as well as to improve ease of doing business in the county for the benefit of its people. This was undertaken in two fronts by.

Removing barriers to trade within the mandate of the County Government and liaise with the national government in removing barriers in the mandate of the national government. Together with this, the pillar also supported other county departments to enhance trade, investment and innovation within the county of Laikipia. This report therefore covers progress made by LCDA in achieving its set target.

Progress towards set goals

One of the goals for this pillar is to improve the ease of doing business by eliminating barriers and reduce the procedures as well as the costs of doing business in the County for mandates that are under the county, and to liaise with the national government on reforms to eliminate barriers that are within the mandate of the national government.

Under this goal LCDA achieved the following: -

- Worked with other County Government of Laikipia's department to reduce burdensome rules, procedures, regulations and turnaround time in business licensing, where all trading licenses were previously obtained from different County Government department were collapsed into one single business license. This eased the process of acquiring trading licenses and reduced time spent on the same.
- The member counties in collaboration with the ministry of East African Co-operation launched online repository showing legal and licensing requirements for establishing business in member counties. This eased access to information to potential investors, entrepreneurs and innovators, hence increased access to legal and regulatory information on doing business to potential investors, entrepreneurs and innovators.
- LCDA worked with 10-member Counties of the Central economic block to remove trade barriers and restrictions where they held meetings to reviewed progress on harmonizing trade licenses, payment of cess at a single point of origin, eliminating parking fees for distributors and getting a common understanding of trade across borders. However, the member counties are yet to reach to an agreement.

Future plans

- Support Enterprise Development Fund and Cooperative Development Revolving fund to review some of its policies and develop their strategic plan.
- Work with innovation department in establishing and building the capacity of cottage industries within Laikipia County with a view of enhancing their production for wealth and job creation.
- Engage private investors and other non-governmental organizations on boosting trade and investment in Laikipia County.

9. Environmental and sustainability Reporting

Laikipia County Development Authority exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

I. Sustainability strategy and profile

LCDA is keen on posterity. We are working on sourcing funds to engage a consultant to prepare our sustainability strategy.

II. Environmental performance

Though we don't have an Environmental policy, all our waste is managed together with the larger counties by the department of water environment and natural resources. We are currently supporting the efforts of environmental conservation by one MSME's who is working at the dumpsite on recycling of waste.

III. Employee welfare

We are guided by the county employee policy. We have taken our staff to various trainings with the aim of increasing their skills sets. The use of the ICOMS systems ensures we appraise and reward our staff fairly. Safety of our staff is paramount and we have also provided multiple ablutions and working spaces in line with the Occupational Safety and Health Act of 2007, (OSHA.)

IV. Market place practices

The organisation should outline its efforts to:

a) Responsible competition practice.

Given the fact that we don't directly involve ourselves with politics, we respect responsible competition. Our staff have signed the integrity forms and always declare their wealth as required by law.

b) Responsible Supply chain and supplier relations

We follow the guidelines given by the procurement laws and the regulations 2020. We endeavour to stick to our budgets and therefore our supplier are paid on time.

c) Responsible marketing and advertisement

All our outward communications are reviewed by a team of highly qualified communications team before release to ensure we comply to expected standards.

d) Product stewardship

N/a

e) Community Engagements

LCDA participates in all citizen engagement meetings in the county during the budgeting process and also during project initiations and implementation.

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10. Report Of The Trustees

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2022, which show the state of the Authority's affairs.

10.1 Principal activities

The principal activities of the authority are to co-ordinate and promote development in Laikipia.

10.2 Results

The performance of the authority for the year ended June 30, 2022, are set out on 1 to 6.

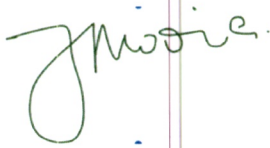
10.3 Trustees

The members of the Board of Trustee who served during the year are shown on page 3. There were changes in the Board membership during the financial year. Mr. John Mwaniki was appointed as the Acting CEO for LCDA and also became the secretary of the board.

10.4 Auditors

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

By Order of the Board
Laikipia County Development Authority



Dr. James Mworia
Chair of the Board
26th September 2022

LAIKIPIA COUNTY DEVELOPMENT AUTHORITY

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11. Statement Of Management’s Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the CEO of LCDA established by County legislation shall prepare financial statements for the Authority in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The CEO of LCDA is responsible for the preparation and presentation of the Authority’s financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of each quarter and at the end of the financial year. 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 Authority;
- (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 Authority;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The CEO of LCDA accepts responsibility for the Authority’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and The Laikipia county development Act 2014. The CEO of the Authority is of the opinion that the Authority’s financial statements give a true and fair view of the state of Authority’s transactions of the Authority’s financial position as at 30th June 2022. The CEO further confirm the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority’s financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the CEO of Laikipia County Development Authority has assessed the Authority’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 CEO to indicate that the Authority will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

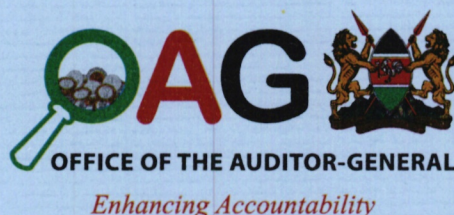
The Authority’s financial statements were approved by the board on and signed on its behalf by:



John Mwaniki
CEO - Laikipia County Development Authority

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON LAIKIPIA COUNTY DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Laikipia County Development Authority set out on pages 1 to 35, which comprise the statement of financial position as

at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Laikipia County Development Authority as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Laikipia County Development Authority Act, 2014.

Basis for Qualified Opinion

1.0 Property, Plant and Equipment

The statement of financial position reflects Kshs.530,335 in respect to property, plant, and equipment as at 30 June, 2022 while the assets register, reflects Kshs.892,990 in respect to the same assets resulting to unreconciled variance of Kshs.362,655 between the two records.

In addition, the ownership documents for the motor vehicles were also not provided for audit review. Further, the Authority's assets were not tagged as a mechanism of tracking them.

In the circumstance, the accuracy, completeness, and ownership of the property, plant, and equipment balance of Kshs.530,335 could not be confirmed.

2.0 Unsupported Consultancy Service

The statement of financial position and as disclosed in Note 16 to the financial statements reflects Kshs.2,983,000 in respect to net book value of intangible assets. Information available indicated that a Consultancy Services Agreement was signed between the Authority and the Consultant for branding, marketing, and communication strategy. The contract outlined the basic phases of deliverables. However, although the Consultant had been paid an amount of Kshs.2,983,000, the contract execution period had lapsed and information available revealed that the deliverables, which included improving the Laikipia County Development Authority destination website, integrate the destination Laikipia website with other counties websites, and install tracking tools across the sites to be able to measure activities throughout the site, among others had not been met or achieved.

In the circumstance, the validity and value for money for the expenditure of Kshs.2,983,000 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Laikipia County Development Authority

Management in accordance with ISSAI 130 on 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.

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.25,500,000 and Kshs.15,481,511 respectively resulting to an under-funding of Kshs.10,018,489 or 39% of the budget. Similarly, the Authority expended Kshs.15,346,466 against an approved budget of Kshs.25,500,000 resulting to an under-expenditure of Kshs.10,153,534 or 40% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

There is need for Management to adopt a realistic budget strategy to avoid instances of under-realization of the budget for efficient and effective delivery of goods and services to the residents of Laikipia County.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Ethnic Diversity of the Authority

As reported in the previous year, Laikipia County Development Authority Board has ten (10) Board members, out of which seven members or 70% of the total number of the Board members were from the dominant ethnic community in the county. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and no public establishment shall have more than one third of its staff from the same ethnic community.

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

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 effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Authority's ability to sustain 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 Authority 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 Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal 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 noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

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

01 March, 2023

LAIKIPIA COUNTY DEVELOPMENT AUTHORITY
Annual Report and Financial Statements for the year ended June 30, 2022

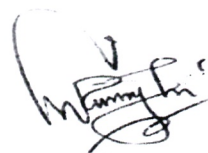
13. Statement of Financial Performance For The Year Ended 30th June 2022.

Description	Note	2021-2022	2020-2021
		KShs	KShs
Revenue from non-exchange transactions			
Public contributions and donations	1	-	270,000
Transfers from the County Government	2	25,500,000	13,663,022
		25,500,000	13,933,022
		-	-
Total Revenue		25,500,000	13,933,022
Expenses			
Use of goods and services	7	17,971,111	9,024,543
Depreciation and Amortization Expense	8	227,287	-
Total expenses		18,198,398	9,024,543
Other gains/(losses)			
Gain/(loss) on disposal of assets		-	-
		-	-
Surplus/(deficit) for the period		7,301,602	4,908,479

The notes set out on pages 7 to 34 form an integral part of these Financial Statements.

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.....and signed by:


John Mwaniki
CEO of the Authority



Caleb Mwangi
Authority Accountant
ICPAK Member No: 10187

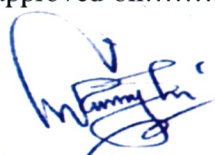
LAIKIPIA COUNTY DEVELOPMENT AUTHORITY
Annual Report and Financial Statements For the year ended June 30, 2022

14. Statement of Financial Position As At 30 June 2022

Description	Note	2021-2022	2020-2021
		KShs	KShs
Assets			
Current assets:			
Cash and cash equivalents	11	240,438	1,215,394
Total receivables from transactions	12	12,612,900	2,594,411
Prepayments	13	350,000	
Total Current assets		13,203,338	3,809,805
Non-current assets:			
Property, plant and equipment	15	530,335	757,622
Investments	24	10,000,000	10,000,000
Intangible assets	16	2,983,000	2,983,000
Total Non-current assets		13,513,335	13,740,622
Total assets		26,716,673	17,550,427
Liabilities			
Current liabilities:			
Trade and other payables from exchange transactions	17	2,291,942	427,297
Total liabilities		2,291,942	427,297
TOTAL NET ASSETS		24,424,731	17,123,130
Financed By:			
Accumulated surplus		24,424,731	17,123,129
TOTAL EQUITY		24,424,731	17,123,129

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.....and signed by:


John Mwaniki
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Caleb Mwangi
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LAIKIPIA COUNTY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements For the year ended June 30, 2022

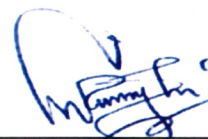
15. Statement Of Changes In Net Assets For The Year Ended 30th June 2022

Description	Accumulated surplus	Total
	KShs	KShs
Balance as at 1st July 2020	12,214,650	12,214,650
Surplus/(deficit) for the period	4,908,479	4,908,479
Funds received during the year	-	-
Revaluation gain	-	-
Balance as at 30th June 2021	17,123,129	17,123,129
Balance as at 1st July 2021	17,123,129	17,123,129
Surplus/(deficit) for the period	7,301,602	7,301,602
Funds received during the year	-	-
Revaluation gain	-	-
Balance as at 30th June 2022	24,424,731	24,424,731

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 and signed by:



John Mwaniki
CEO of the Authority



Caleb Mwangi
Authority Accountant
ICPAK Member No: 10187

LAIKIPIA COUNTY DEVELOPMENT AUTHORITY
Annual Report and Financial Statements For the year ended June 30, 2022


16. Statement Of Cash Flows For The Year Ended 30 June 2022

Description	Note	2021-2022	2020-2021
Cash flows from operating activities			
Receipts			
Public contributions and donations	1	-	270,000
Transfers from the County Government	2	25,500,000	13,633,022
Total Receipts		25,500,000	13,933,022
Payments			
Use of goods and services	7	18,198,398	9,024,543
Total Payments		18,198,398	9,024,543
Adjustments for:			
Changes in Accounts Receivables		(10,018,489)	237,311
Changes in Accounts Payables		1,864,645	5,602,480
Depreciation for PPE	8	227,287	(324,695)
Changes in Prepayment		(350,000)	-
		(8,276,557)	5,515,096
Net cash flows from operating activities	21	(974,955)	(606,617)
Cash flows from investing activities			
Purchase of intangible assets	16	-	2,983,000
Purchase of property, plant, equipment	15	-	
Net cash flows used in investing activities		-	2,983,000
Net increase/(decrease) in cash and cash equivalents		(974,955)	(3,589,617)
Cash and cash equivalents at the beginning of the year		1,215,393	4,805,010
Cash and cash equivalents at the end of the quarter		240,438	1,215,393

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..... and signed by:



John Mwaniki
CEO of the Authority


Caleb Mwangi
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17. Statement of Comparison of Budget and Actual Amounts for the Period

Description	Original budget	Adjustments	Final Budget	Actual on comparable difference	Performance difference	% Utilisation
	2022	2022	2022	2022	2022	2022
Revenue	KShs	KShs	KShs	Kshs	KShs	KShs
Transfers from County Government - 2021/2022	25,500,000	-	25,500,000	15,481,511	10,018,489	61%
Total income	25,500,000	-	25,500,000	15,481,511	10,018,489	61%
Expenses						
General expenses	25,500,000	-	25,500,000	15,346,466	10,153,534	60%
Total expenditure	25,500,000	-	25,500,000			
Surplus for the period	-	-	-	135,045	(135,045)	

i) Under utilization resulted from late releases of funds by the National Treasury making full funding by the county not possible hence recognizing the balance as receivables.


ii) Underutilization of budget was due to limitation of cash flow.

LAIKIPIA COUNTY DEVELOPMENT AUTHORITY
Annual Report and Financial Statements For the year ended June 30, 2022

DESCRIPTION	STATEMENT OF FINANCIAL PERFORMANCE/ POSITION	STATEMENT OF COMPARISON BUDGET AND ACTUAL AMOUNTS	VARIANCE	REMARKS
REVENUE				
Transfers From county executive	25,500,000	15,481,511	10,018,489	Accrued Receivables
	25,500,000	15,481,511	10,018,489	
PAYMENTS				
General Expenses	(17,971,111)	(15,346,466)	(2,624,645)	Accrued Expenses
	(17,971,111)	(15,346,466)	(2,624,645)	
SURPLUS/(DEFICIT)	7,528,889	135,045	7,393,844	




John Mwaniki
CEO of the Authority



Caleb Mwangi
Authority Accountant
ICPAK Member No: 10187

18. Notes to the Financial Statements

1. General Information

Laikipia County Development Authority is established by and derives its authority and accountability from The Laikipia County Development Authority Act of 2014. The authority is wholly owned by the County Government of Laikipia and is domiciled in Kenya. The entity's principal activity is to co-ordinate and promote development in Laikipia.

2. Statement of compliance and basis of preparation

The Authority'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 Authority. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

3. Adoption of new and revised standards

(i) Relevant new standards and amendments to published standards effective for the year ended 30 June 2022

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023:</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

Standard	Effective date and impact:
	<p>asset's cash flows and the objective for which the asset is held;</p> <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 2023</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;</p> <p>(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>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<p><i>Applicable 1st January 2023</i></p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p>

LAIKIPIA COUNTY DEVELOPMENT AUTHORITY
Annual Report and Financial Statements for the year ended June 30, 2022

Standard	Effective date and impact:
	<ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • <i>IPSAS 29: Financial instruments: Recognition and Measurement</i> Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

(iii) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2022.

4. Significant Accounting Policies (Continued)

a) Revenue Recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2021/2022 was approved by the County Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

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

LAIKIPIA COUNTY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements for the year ended June 30, 2022

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 13 of these financial statements.

c) Property, plant and equipment

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

d) Intangible assets

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

e) 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

LAIKIPIA COUNTY DEVELOPMENT AUTHORITY
Annual Report and Financial Statements for the year ended June 30, 2022

fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

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 a 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.

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Annual Report and Financial Statements for the year ended June 30, 2022

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

f) 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.

g) 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.

Summary Of Significant Accounting Policies (Continued)

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

Contingent liabilities

LAIKIPIA COUNTY DEVELOPMENT AUTHORITY

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

Contingent assets

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

h) Nature and purpose of reserves

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

i) Changes in accounting policies and estimates

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

j) Employee benefits – Retirement benefit plans

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

the payment of retirement benefits are charged against income in the year in which they become payable.

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

Summary Of Significant Accounting Policies (Continued)

k) Foreign currency transactions

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

l) Borrowing costs

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

m) Related parties

Summary of Significant Accounting Policies (Continued)

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/ Trustee, the Authority Managers and Authority Accountant.

n) Cash and cash equivalents

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

o) Comparative figures

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

p) Events after the reporting period

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

q) Ultimate and Holding Entity

The entity is a LCDA established by Laikipia County Development Authority Act 2014 under the Department of Finance (originally under Department of Trade). Its ultimate parent is the County Government of Laikipia.

r) Currency

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

Summary Of Significant Accounting Policies (Continued)

5) Significant judgments and sources of estimation uncertainty

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

State all judgements, estimates and assumptions made.

a) Estimates and assumptions

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

b) Useful lives and residual values

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

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

c) Provisions

Provisions were raised and management determined an estimate based on the information available.

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

LAIKIPIA COUNTY DEVELOPMENT AUTHORITY
Annual Report and Financial Statements for the year ended June 30, 2022

Notes To The Financial Statements

1. Public contributions and donations

Description	2021-2022	2020-2021
	Kshs	Kshs
Donation From Development Partners	-	270,000
Contributions From The Public	-	-
Total	-	270,000

2. Transfers from County Government

Description	2021-2022	2020-2021
	Kshs	Kshs
Transfers From County Govt. –Operations	25,500,000	13,318,611
Payments By County On Behalf Of The Entity		1,387,100
Total	25,500,000	13,663,022

3. Fines, penalties and other levies

Description	2021-2022	2020-2021
	Kshs	Kshs
Late Payment Penalties	-	-
Fines	-	-
Total	-	-

4. Interest income

Description	2021-2022	2020-2021
	Kshs	Kshs
Interest Income From Mortgage Loans	-	-
Total Interest Income	-	-

LAIKIPIA COUNTY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements for the year ended June 30, 2022

Notes to the Financial Statements Continued

5. Other income

Description	2021-2022	2020-2021
	Kshs	Kshs
Insurance Recoveries	-	-
Income From Sale Of Tender Documents	-	-
Miscellaneous Income	-	-
Total Other Income	-	-

6. Employee Costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	-	-
Total	-	-

7. Use of Goods and Services

Description	2021-2022	2020-2021
	KShs	KShs
Depreciation	-	324,695
Bank Charges	6,420	4,440
Domestic travel and subsistence	8,381,200	1,960,263
Board Allowance	339,400	-
Electricity and water expenses	115,580	129,160
Fuel, oil and Lubricants	49,623	50,074
Office and General Supplies and Services	309,246	254,075
Hospitality Supplies and Services	2,838,655	2,194,528
Printing, Advertising & Information Supplies & Services	1,671,918	2,548,220

LAIKIPIA COUNTY DEVELOPMENT AUTHORITY**Annual Report and Financial Statements for the year ended June 30, 2022**

Communication Supplies and Services	136,800	236,000
Office machines and services	-	567,850
LaInvest Ltd - NSE registration costs	-	45,600
Office Repairs and Maintenance	-	89,910
Training Expenses.	392,000	667,100
Foreign Travel	1,806,170	-
Rental of produced assets	575,000	-
Investment Costs	1,349,100	-
Adjustment for Account Payables(Overstated accounts payables)	-	(47,372)
Total	17,971,111	9,024,543

8. Depreciation and Amortization Expense

Description	2021-22	2020-21
	Kshs.	Kshs.
Property Plant and Equipment	227,287	-
Intangible Assets	-	-
Total	227,287	-

9. Finance costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Interest On Bank Overdrafts	-	-
Interest On Loans From Banks	-	-
Total	-	-

10. Gain/(loss) on disposal of assets

Description	2021-2022	2020-2021
	Kshs	Kshs
Property, Plant And Equipment	-	-
Intangible Assets	-	-
Total	-	-

LAIKIPIA COUNTY DEVELOPMENT AUTHORITY**Annual Report and Financial Statements for the year ended June 30, 2022****Notes to the Financial Statements Continued****11. Cash and cash equivalents**

Description	2021-2022	2020-2021
	Kshs	Kshs
Xxx Car Loan Account	-	-
Xxx County Mortgage Account	-	-
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	-	-
Others	-	-
Total Cash And Cash Equivalents	-	-

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

		2021-2022	2020-2021
Financial Institution	Account number	Kshs	Kshs
a) Current Account			
Kenya Commercial Bank			
Equity Bank- 0270279074923		240,438	1,215,394
Grand Total		240,438	1,215,394

12. Receivables from non exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Receivables		
Receivable- County Executive	12,612,900	2,594,411
Less: Impairment Allowance		
Total Receivables From Exchange Transactions	12,612,900	2,594,411

LAIKIPIA COUNTY DEVELOPMENT AUTHORITY**Annual Report and Financial Statements for the year ended June 30, 2022****Additional disclosure on interest receivable**

Description	2021-2022	2020-2021
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
Current loan repayments due		
Current portion of long-term loans from previous years	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	-	-

13. Prepayments

Description	2021-2022	2020-2021
	Kshs	Kshs
Prepaid Vehicle	350,000	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Total	350,000	-

14. Inventories

Description	2021-2022	2020-2021
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts And Meters	-	-
Other Inventories (Specify)	-	-
Total Inventories At The Lower Of Cost And Net Realizable Value	-	-

LAIKIPIA COUNTY DEVELOPMENT AUTHORITY
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Notes To The Financial Statements (Continued)

15. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment (30%)	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 st July 2019	-	-	-	1,082,317	1,082,317
Additions	-	-	-	-	-
At 30 th June 2020	-	-	-	1,082,317	1,082,317
At 1 st July 2020	-	-	-	-	-
Additions	-	-	-	-	-
At 30 th June 2021	-	-	-	1,082,317	1,082,317
At 1 st July 2021	-	-	-	-	-
Additions	-	-	-	-	-
At 30 th June 2022	-	-	-	-	-
Depreciation And Impairment					
At 1 st July 2020	-	-	-	-	-
Depreciation	-	-	-	324,695	324,695
At 30 th June 2021	-	-	-	324,695	324,695
At 1 st July 2021	-	-	-	-	-
Depreciation	-	-	-	227,287	227,287
At 30 th June 2022	-	-	-	-	-
Net Book Values	-	-	-	-	-
At 30 th June 2021	-	-	-	757,622	757,622
At 30 th June 2022	-	-	-	530,335	530,335

LAIKIPIA COUNTY DEVELOPMENT AUTHORITY
Annual Report and Financial Statements For the year ended June 30, 2022

Notes To The Financial Statements (Continued)

16. Intangible assets

Description	2021-2022	2020-2021
	Kshs	Kshs
Cost		
At Beginning Of The Year	2,983,000	2,983,000
Additions	-	-
At End Of The Year	2,983,000	2,983,000
Amortization And Impairment		
At Beginning Of The Year	-	-
Amortization	-	-
At End Of The Year	-	-
Impairment Loss	-	-
At End Of The Year	-	-
NBV	2,983,000	2,983,000

17. Accounts and other payables from exchange/non exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Account Payables	2,291,942	427,297
Refundable Deposits		-
Accrued Expenses		-
Other Payables		-
Total Account And Other Payables	2,291,942	427,297

18. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance At The Beginning Of The Year (1.07.2021)	-	-	-	-
Additional Provisions	-	-	-	-
Provision Utilised	-	-	-	-
Change Due To Discount And Time Value For Money	-	-	-	-

LAIKIPIA COUNTY DEVELOPMENT AUTHORITY**Annual Report and Financial Statements For the year ended June 30, 2022**

Transfers From Non -Current Provisions	-	-	-	-
Balance At The End Of The Year (30.06.2022)	-	-	-	-

19. Borrowings

Description	2021-2022	2020-2021
	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:

	2021-2022	2020-2021
	Kshs	Kshs
External Borrowings	-	-
Dollar Denominated Loan From 'X Organisation'	-	-
Sterling Pound Denominated Loan From 'Y Organisation'	-	-
Euro Denominated Loan from Z Organisation'	-	-
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	-	-

LAIKIPIA COUNTY DEVELOPMENT AUTHORITY**Annual Report and Financial Statements For the year ended June 30, 2022**

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

Description	2021-2022	2020-2021
	Kshs	Kshs
Short Term Borrowings(Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

20. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	2021-2022	2020-2022
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total	-	-	-	-	-

21. Cash generated from operations

	2021-2022	2020-2021
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	7,301,602	4,908,479
Adjusted For:		
Depreciation	227,287	324,695
Working Capital Adjustments		
Increase In Receivables	(10,018,489)	(237,311)
Increase In Payables	1,864,645	(5,602,480)
Increase in Prepayment	(350,000)	-
Net Cash Flow From Operating Activities	(974,955)	(606,617)

LAIKIPIA COUNTY DEVELOPMENT AUTHORITY
Annual Report and Financial Statements For the year ended June 30, 2022

Other Disclosures

22. Related party balances

a) Nature of related party relationships

Entities and other parties related to the Authority 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 Authority/scheme is related to the following entities:

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

b) Related party transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Transfers From Related Parties'	15,481,511	11,931,511
Transfers To Related Parties	-	270,000
Total	15,481,511	12,201,511

c) Key management remuneration

Description	2021-2022	2020-2021
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

Description	2021-2022	2020-2021
	Kshs	Kshs
Due From Parent Ministry	12,612,900	2,250,000
Due From County Government		
Total	12,612,900	2,250,000

LAIKIPIA COUNTY DEVELOPMENT AUTHORITY
Annual Report and Financial Statements For the year ended June 30, 2022

e) Due to related parties

Description	2021-2022	2020-2021
	Kshs	Kshs
Due To Parent Ministry	-	-
Total	-	-

23. Contingent assets and contingent liabilities

Contingent Liabilities	2021-2022	2020-2021
	Kshs	Kshs
Bank Guarantees	-	-
Total	-	-

24. Investment

Description	2021-2022	2020-2021
	Kshs	Kshs
SAGAK Investment	10,000,000	10,000,000
Total	10,000,000	10,000,000

25. Changes in Accounts Receivables

Description	2021-2022	2020-2021
	Kshs	Kshs
Receivables at End (B)	12,612,900	(2,357,100)
Receivables at Start (A)	2,594,411	2,594,411
Total	(10,018,489)	237,311

LAIKIPIA COUNTY DEVELOPMENT AUTHORITY
Annual Report and Financial Statements For the year ended June 30, 2022

26. Changes in Accounts Payables

Description	2021-2022	2020-2021
	Kshs	Kshs
Payables at End (B)	2,291,942	
Payables at Start (A)	427,297	
Payment of Investment in SAGAK	-	(2,257,993)
Payment of Investment in SAGAK	-	(1,742,007)
Payment of Comeback Systems	-	(1,082,317)
Payment of Ecoris & Conis Enterprises	-	(900,088)
Decrease in Payables		(5,982,405)
Adjustment for Accounts Payables (overstated accounts payables)	-	(47,372)
Increase in payables (C/F)	-	427,297
Total	1,864,645	(5,602,480)

LAIKIPIA COUNTY DEVELOPMENT AUTHORITY
Annual Report and Financial Statements For the year ended June 30, 2022

Other Disclosures Continued

24. Financial risk management

The Authority's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Authority's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Authority 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 Authority's financial risk management objectives and policies are detailed below:

a) Credit risk

The Authority 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:

	Total amount KShs	Fully performing KShs	Past due KShs	Impaired KShs
At 30 June 2022				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	12,612,900	-	-	-
Bank balances	-	-	-	-
Total	12,612,900			
At 30 June 2021				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	2,594,411	-	-	-
Bank balances	-	-	-	-

LAIKIPIA COUNTY DEVELOPMENT AUTHORITY
Annual Report and Financial Statements For the year ended June 30, 2022

Total	2,594,411	-	-	-
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(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

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

The board of trustees sets the Authority'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 CEO Authority, 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 Authority 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 2022				
Trade payables	-	-	2,291,942	2,291,942
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	2,291,942	2,291,942
At 30 June 2021				
Trade payables	-	-	427,297	427,297
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	-	427,297	427,297

LAIKIPIA COUNTY DEVELOPMENT AUTHORITY
Annual Report and Financial Statements For the year ended June 30, 2022

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 Authority'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.

d) 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 2021			
Financial assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ receivables	-	-	-
Liabilities	-	-	-
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

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

LAIKIPIA COUNTY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements For the year ended June 30, 2022

Foreign currency sensitivity analysis

The following table demonstrates the effect on the Authority'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
2022			
Euro	10%	-	-
USD	10%	-	-
2021			
Euro	10%	-	-
USD	10%	-	-

e) 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 Authority to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Authority's deposits.

Management of interest rate risk

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

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs 0 (2021: KShs 0). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs 0 (2020 – KShs 0)

LAIKIPIA COUNTY DEVELOPMENT AUTHORITY
Annual Report and Financial Statements For the year ended June 30, 2022

f) Capital risk management

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

	2021/2022	2020/2021
	KShs	KShs
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	-	-
Total funds	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
Gearing	-	-

LAIKIPIA COUNTY DEVELOPMENT AUTHORITY
Annual Report and Financial Statements For the year ended June 30, 2022

19. Progress on Follow up of Prior Year Auditor’s Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. 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	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Ethnic Diversity of the Authority</p> <p>LCDA Board has ten (10) Board members, out of which seven members or 70% of the total number of the Board members were from the dominant ethnic community in the country contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and no public establishment shall have more than one third of its staff from the same ethnic community.</p>	<p>This has been and an on-going process in a bid to achieve the minimum requirements.</p>	<p>On-going</p>	



John Mwaniki
 CEO of the Authority