

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

PARLIAMENT
OF KENYA
LIBRARY

OF

THE AUDITOR-GENERAL

PAPERS LAID	
DATE	16/04/2024
TABLED BY	Majority Leader
COMMITTEE	Finance & Budget
SPK AT THE TABLE	C. Cherop

ON

LAIKIPIA COUNTY ENTERPRISE FUND

FOR THE YEAR ENDED
30 JUNE, 2023



OFFICE OF THE AUDITOR GENERAL
UPPER EASTERN REGIONAL OFFICE - ISIOLO

06 DEC 2023
RECEIVED
P. O. Box 1027 - 60300, ISIOLO



**COUNTY GOVERNMENT OF LAIKIPIA
LAIKIPIA COUNTY ENTERPRISE FUND**

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

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



Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Table of Content

1.	ACRONYMS AND GLOSSARY OF TERMS	iii
2.	KEY ENTITY INFORMATION AND MANAGEMENT	iv
3.	COUNTY ENTERPRISE FUND BOARD	vii
4.	KEY MANAGEMENT TEAM	x
6.	REPORT OF THE FUND ADMINISTRATOR	xiii
7.	STATEMENT OF PERFORMANCE AGAINST THE COUNTY FUND'S PREDETERMINED OBJECTIVES	xvi
8.	CORPORATE GOVERNANCE STATEMENT	xix
9.	MANAGEMENT DISCUSSION AND ANALYSIS	xxi
10.	ENVIRONMENTAL AND SUSTAINABILITY REPORTING	xxiv
11.	REPORT OF THE BOARD	xxvi
12.	STATEMENT OF MANAGEMENT'S RESPONSIBILITIES	xxvii
13.	REPORT OF THE INDEPENDENT AUDITOR ON THE FINANCIAL STATEMENTS FOR LAIKIPIA COUNTY ENTERPRISE FUND	xxviii
14.	STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023	1
15.	STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023	2
16.	STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2023	3
17.	STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023	4
18.	STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2023	5
19.	NOTES TO THE FINANCIAL STATEMENTS	7
20.	ANNEXES	39

**Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

1. ACRONYMS AND GLOSSARY OF TERMS

a) Acronyms

LCEF	Laikipia County Enterprise Fund
MSMEs	Micro, Small and Medium Enterprises
SACCOs	Savings and Credit Cooperative Societies
BDOs	Business Development Officers
KCB	Kenya Commercial Bank
CRB	Credit Reference Bureau
CIDP	County Integrated Development Plan
NHIF	National Health Insurance Fund
CO	Chief Officer
BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
COVID-19	Coronavirus Disease 19
CECM	County Executive Committee Member
CSR	Corporate Social Responsibility
KNBS	Kenya National Bureau of Statistics
Kshs	Kenya Shillings
FAO	Food and Agriculture Organization
FY	Financial Year

b) Glossary of Terms

Fiduciary Management	The key management personnel who had financial responsibility
Bad debt	Amounts owed to the fund that is recognized but cannot be paid.
Defaulters	Customers unable to meet their financial obligations
Depreciation	When the value of an asset decreases with time. Depreciation is usually a percentage calculated at the end of each financial year
Micro and Small enterprise	A trade, service, enterprise whose annual turnover is less than five million shillings.

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023

2. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

Laikipia County Enterprise Fund is established by and derives its authority and accountability from the Laikipia County Enterprise Fund Bill enacted into law on 19th of June 2014 with amendments onto the same on 28th June 2017 and 2018.

The Fund was gazetted vide legal notice number 18 Act NO.10 on 19-06-2014 established by Legal Notice No.10 of 2014.

The Fund is wholly owned by the County Government of Laikipia and is domiciled in Kenya.

The Fund's objectives are:

1. To assist micro and small enterprise owners access credit for business capital
2. To promote enterprise development in youth, women, persons with disability and needy persons.
3. Facilitating a favourable environment for appropriate business and entrepreneurial growth.
4. Job creation
5. To enhance entrepreneurial skills by providing training in enterprise and business development
6. Providing technical assistance, in product and market development.
7. Promoting local economic growth by supporting innovators, manufacturers and developing home based local industries

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to provide affordable credit to SMEs.

Vision

A Sustainable Fund Empowering Laikipians for Social Economic Development

Mission

To Offer Accessible and Affordable Financial and Innovative Business Support Services to Laikipians for Enterprise Development through Resources Mobilization, Collaborations, and Partnerships.

Core Values

- Integrity & Professionalism
- Equity & Respect for Diversity Transparency & Accountability
- Customer Focused
- Team Work
- Innovation

**Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

c) Fund Administration Committee

Ref	Name	Position
1	Joseph Maina Mdoido	Chairman
2	Silas Kimathi Mwiti	Member representing Youth
3	Jane Yiampaire Maranga	Member representing Women
4	Michael Njama Ngugi	Member representing People With Disability
5	Evelyn Wanjiku Mbugua	Secretary to Board
6	Samuel Njuki Mahiga	Chief Officer Trade, Tourism, Cooperatives & Enterprise Development
7	Jacinta Koree	Chief Officer Youth and Sports
8	Daniel King'ori Ngumi	Chief Officer Finance and Economic Planning

d) Key Management Team

Ref	Name	Position
1	Evelyn Mbugua	Fund Administrator
2	Lydia Mokeira	Fund Accountant - Fund Operations
3	Caleb Mwangi	Fund Accountant - Fund Financial Reporting

e) Fiduciary Oversight Arrangements

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

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023

f) Registered Offices

Interim County Headquarter Building
P.O.Box 1271-10400,
County Government of Laikipia
Nanyuki, Kenya.

Key Entity and Management (Continued)

g) Fund Contacts

County Government of Laikipia
P.O. Box 1271-10400, Nanyuki
Tel: 0722 396670

h) Fund Bankers

Kenya Commercial Bank
Nanyuki Branch
A/C-117637375156

i) Independent Auditors

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

j) Principal Legal Adviser

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

**Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

3. COUNTY ENTERPRISE FUND BOARD

Name	Details of qualifications and experience
<p>1. Joseph Maina -Chairperson</p> 	<p>Born in 1972</p> <p>He holds a Bachelors degree of Arts in Public Administration and Governance, Diploma in County Governance.</p> <p>He has over 25 years leadership experience as the Director NAWASCO, Chairman NAWASCO, Councillor Municipal Council of Nanyuki, Chairman Municipal Council of Nanyuki Environmental Committee, Member Laikipia District Health Management Board and Chairman Kenya National Chamber of Commerce and Industry Laikipia.</p>
<p>2. Michael Njama-Member PWD representative</p> 	<p>Born in 1979</p> <p>He holds a Diploma in Community Development. He has vast experience as the Chairperson Laikipia West Constituency Disability Committee, Member Gatero Girls High School Board, Member Laikipia County Education Board, Board Member Melwa, Kwa Wanjiku and Ngarenaro Special Schools</p>
<p>3. Jane Maranga-Member Representing Women</p> 	<p>Born in 1977</p> <p>She holds a Diploma in Community Development. Has over 17 years leadership experience as Chairlady Maendeloe ya Wanawake Laikipia North, Supervisory Chairperson Loata Sand Cooperative and Member CDF Committee Laikipia North. She has previously worked with United Nations FAO and Laikipia Women League.</p>

**Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

<p>4. Silas Kimathi- Member representing Youth</p> 	<p>Born in 1977</p> <p>He holds a Diploma in Theological Studies. He is the Chairman Laikipia Bodaboda Association. He has over 20 years' experience as transport Chairman in the Bodaboda industry.</p>
<p>5. Daniel Ngumi- Member</p> 	<p>Born in 1984</p> <p>He is the Accounting Officer Finance and County Planning. Mr. Ngumi Daniel is currently the Chief Officer Finance and County Treasury. Holds Bachelors Degree in Economics and Public Administration and Masters Degree in Accounting and Finance. He is also a CPA(K).</p> <p>Has previously worked with National Treasury for six years in various Departments as Chief Accountant; Has also worked with County Government of Laikipia as Head of County Treasury Accounting and in County Government of Kiambu as Director of Finance</p>
<p>6. Samuel Njuki Mahiga - Member</p> 	<p>Born in 1986.</p> <p>He holds Master of Science in Environmental Studies, Bachelor of Science in Wildlife Management and Diploma in Wildlife Management.</p> <p>He Worked as Wildlife and Environmental Conservation with more than 12 years of professional experience in Environmental Conservation, Community Development, Wildlife Ecological Monitoring, Research and Environmental Social Impact Assessment. Work in Mt. Kenya Wildlife Conservancy, William Holden Wildlife Foundation and Mt. Mountain Bongo Publicity Programme. Currently the Chief Officer Trade, Tourism, Enterprise Development and Co-operatives</p>

**Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

<p>7. Jacinta Koree- Chief Officer Youth and Sports</p> 	<p>Born in 1988</p> <p>She is the Accounting Officer Youth and Sports in Laikipia County. She worked as the Principal research officer in Laikipia County Assembly in the year 2022. She also worked in Laikipia County Assembly as a senior ICT Officer from 2014 to 2021. Worked as a research assistant in KNBS in 2013. Currently Chief Officer Youth and Sports</p>
<p>8. Evelyn Mbugua- Secretary to the Board.</p> 	<p>Born in 1987</p> <p>She is the Fund administrator. She Holds a Bachelors Degree in Business Administration (Accounts), Certified Public Accountant of Kenya, Diploma in Project Management, Diploma in Guidance & Psychological Counselling and Strategic Management and Leadership course.</p> <p>Pursuing Monitoring and Evaluation course.</p>

**Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

4. KEY MANAGEMENT TEAM

Name	Details of qualifications and experience
<p>1. Evelyn Mbugua- Fund Administrator</p> 	<p>Born 1987 She holds a Bachelors Degree in Business Administration (Accounts), Certified Public Accountant, Diploma in Project Management & a Strategic Management and Leadership course. Pursuing Monitoring and Evaluation course. She has over 12 years' experience in Management Accounting and Administration. She has worked as an Accountant at Laikipia Nature Conservancy/Gallmann Memorial Foundation and as a Manager at Savannah Traders SACCO.</p>
<p>2. Caleb Mwangi –Fund Accountant (Reporting)</p> 	<p>Born 1980 He holds Bachelor's Degree in Commerce (Finance) and Post Graduate Diploma in Project management. He is also a Certified Public Accountant of Kenya (CPA-K). He is currently the Accountant in charge of Funds financial reporting. He has an Internal Auditing experience of over 12 years since 2008 to 2020.</p>
<p>3. Lydiah Mokeira –Fund Accountant (Operations)</p> 	<p>Born 1993 She holds Bachelor's Degree in Commerce. (Banking and Finance) and is a Certified Public Accountant (CPA-K) with a history of Accounting and Risk management for various Funds within the County Treasury. Currently she is the Accountant for Laikipia County Enterprise Fund (LCEF).</p>

**Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

5. FUND CHAIRPERSON'S REPORT

It is my pleasure to present, on behalf of the board, the Laikipia County Enterprise Fund financial statements for the year ended 30th June 2023. The financial statements present the financial performance of the Fund over the past year.

Sustainability

The Fund and its stakeholders are increasingly emphasizing on the need to ensure sustainability for both its investments and its resource mobilization and financing capabilities with an objective of ensuring that the Fund's going concern is secured.

The Fund has conducted an assessment of available options for feasible financing tools that would assure the Fund of its long-term sustainability. The Fund has reviewed its current resource mobilization strategies and proposed feasible sustainability financing options.

Board and Management Changes

I take this opportunity to appreciate H.E Governor Joshua Irungu for appointing the LCEF Board. There were changes in the board as the previous term for the Board members had lapsed and new Chief Officers had been appointed following the transition into the new Administration. The new appointments were;

1	Joseph Maina Mdoido	Chairman
2	Silas Kimathi Mwiti	Member representing Youth
3	Jane Yiampaire Maranga	Member representing women
4	Michael Njama Ngugi	Member representing People With Disability
5	Samuel Njuki Mahiga	Chief Officer Trade, Tourism, Cooperatives & Enterprise Development
6	Jacinta Koree	Chief Officer Youth and Sports
7	Daniel King'ori Ngumi	Chief Officer Finance and Economic Planning

Loans

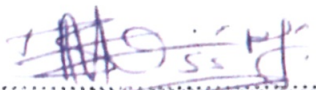
The Board approved loans to 20 groups to a tune of Ksh 2,230,000 to promote Enterprise Development and planned to disburse Ksh 19 million to the current applicants. Actionable steps to recover the outstanding loans were taken and in-depth discussions on how to undertake the recovery

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023

was done. It was resolved that the defaulters should be blacklisted in CRB, auctioned and legal actions be taken.

Appreciation

I take this opportunity to express my sincere gratitude and appreciation to the County Government, Stakeholders, management, staff and fellow board members for their continued support which made us achieve these results.



.....
Joseph Maina Mdoido

Chairperson of the Board

Date. 26/09/23

**Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

6. REPORT OF THE FUND ADMINISTRATOR

6.1 Background

It is my pleasure to present the Laikipia County Enterprise Fund financial statements for the year ended 30th June 2023. The financial statements present the financial performance of the Fund over the past one year.

The Enterprise Fund is intended to provide access to affordable credit to Small & Micro Enterprises (SMEs) to enable them compete and graduate into vibrant enterprises. By making credit accessible to them through Enterprise Fund the County Government seeks to place women, persons with disability and youth at the centre of job creation in the county. We believe that the Enterprise Fund will play a significant role in promoting women and youth led -enterprises thereby generating gainful self-employment in the short to medium term. These efforts, coupled with a robust capacity building and mentorship framework will propel the expected impacts into perpetuity and spur a culture of saving.

Thereafter, we expect to see women, persons with disability and youth groups taking advantage of the public procurement preferences and reservations, and sustain proactive engagement in securing the 30% government contracts for goods and services reserved for these and other eligible enterprises. I therefore encourage women, persons with disability and youth groups to actively take up this opportunity, and exploit it to its full capacity.

6.2 Sustainability

The Fund and its stakeholders are increasingly emphasizing on need to ensure sustainability for both its investments and its resource the mobilization and financing capabilities with an objective of ensuring that the Fund's going concern is secured.

The Fund has conducted an assessment of available options for feasible financing tools that would assure the Fund of its long-term sustainability. The Fund has reviewed its current resource mobilization strategies and proposed feasible sustainability financing options.

6.3 Board and Management Changes

A new team of Board members had been appointed and changes were experienced in all the Board positions. The current board started its operations in October 2018 and was in its final term and after transitioning to the new administration new Chief Officers were appointed. The new members have vast leadership and management skills that will assist in achieving the Fund's objective.

6.4 Review of performance

- **Loans**

Loan applications had been received from 113 groups of which 20 groups benefited in the first tranche. The other applications were vetted and appraised awaiting Board approval and disbursement. They were issued with Ksh 2,230,000 to boost their business activities which included goat rearing, table banking, chicken rearing, livestock fattening and general trading among others.

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Loan repayments from previous tranches had been affected by the ongoing Covid-19 disaster after effects and many enterprises had either closed down or unable to meet their obligations. The 2022 Elections and draught also affected the income of these enterprises causing delayed payments. The Management took steps to ensure that those loans were being recovered through numerous calls and visits, signing of promissory letters and by engaging a debt collector. The response was positive and previously dormant loans became active. The Board resolved that further measures to be taken to recover the loans in totality. The defaulters will be blacklisted at Metropol CRB, auctioned and legal actions taken to those non-cooperative defaulters.

- **Income**

During the year, the Fund revenues amounted to Kshs 8,333,142 from the interest income and principal repayment. The opening cash balance was Kshs 15,065,203 at the beginning of the year and Ksh 19,923,409 at year end from the previous year.

- **SMES Training**

A total of 305 enterprises were trained across the County and an Annual Forum of beneficiaries and prospects was held on 12th May 2023. The Fund continued to train SMES on:

1. Entrepreneurial skills
2. Record keeping, marketing and financial management
3. Linking with other departments for technical training from other departments like Innovation.
4. Business Continuity
5. Savings and Investments
6. Conflict resolution
7. Introduction to table banking concept for merry go round.

The Fund has also managed to distribute more application forms and sensitise members of the Public through various entities:

- Ward credit officers
- Laikipia County Government Website
- Social media platforms (Facebook)
- County Business Development Officers
- Administration department
- CDA's –Education department
- Public participation meetings

- **Constraints**

The effects of weather uncertainties, Covid-19 pandemic and political uncertainties continued to result into an increasing high default rate, low number of applicants and being costlier in terms of fund operations.

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023

6.5 Future outlook

Despite the challenges experienced during this Financial year including lack mobility and inadequate operation's budget, the Fund is looking forward to build a robust and sustainable Fund with a motivated workforce and structures that enhances efficiency and effectiveness in the service delivery. The Fund looks forward to continued support from the County Government and other development partners to aid in the realization of its mandate.

The Management is also looking forward to exploration of new opportunities through acquiring of software that will also help in efficiency and automation of records. Key policies will also be factored in the next financial year to ensure smooth running of the Fund

6.6 Risk Management Strategies

The board made the Risk Management policy an integral part of its operations, focusing on strategies to minimize impacts of risks towards achieving its strategic goals and maintaining its financial stability. The initial stage was to have a win - win situation where the board led by the chairman made seven days follow up to all the fund beneficiaries and made a mutual agreement on the overall benefits of the fund.

6.7 Conclusion

I take this opportunity to express my sincere gratitude and appreciation to the County Government, Board members, staff and stakeholders for their continued support which made us progress positively towards the growth of the Fund and achieving our mission.


.....
Evelyn Mbugua ★
Fund Administrator
Laikipia County Enterprise Fund

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023

**7. STATEMENT OF PERFORMANCE AGAINST THE COUNTY FUND'S
 PREDETERMINED OBJECTIVES**

Introduction

Section 164 (2) (f) of the PFM 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 Enterprise Fund plan are:

1. To assist micro and small enterprise owners access credit for business capital
2. To promote enterprise development in youth, women, persons with disability and needy persons.
3. Facilitating a favourable environment for appropriate business and entrepreneurial growth.
4. Job creation
5. To enhance entrepreneurial skills by providing training in enterprise and business development
6. Providing technical assistance, in product and market development.
7. Promoting local economic growth by supporting innovators, manufacturers and developing home based local industries

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

1.CIDP OBJECTIVE

Program	Objective	Outcome	Indicator	Performance
Enterprise Fund	Increased employment opportunities	To disburse and ensure recovery of loans(300 enterprises)	No. of enterprises funded/ Individuals	20 groups funded during FY 2022/2023.

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Programs and sub programs performance report for the period ending 30 th June ,2023 (Non-Financial information)								
Programme :LAIKIPIA ENTERPRISE FUND								
PROGRAMME	Sub program	Delivery unit	Key output	KPIs	FY 2022/23			Remarks
					Target	Actual	Variance	
LAIKIPIA COUNTY ENTERPRISE FUND	Enterprise Fund	Enterprise Fund section	1.To disburse and ensure recovery of loans (to 100-individuals and 200 groups)	-No of applications received -number of beneficiaries approved by board	-Fund 200 Groups -Fund 100 individual entrepreneurs	1.Applications received and appraised: 113 group applications received of which 20 were funded and 18 groups had insufficient documentation. The rest were appraised for approval in the next month	180 groups and 100 Individual entrepreneurs	Individual target was not achieved as the Fund did not have sufficient funds to disburse to all. The Board resolved to halt individual applications as they were too risky as experienced in the prior years and the funds were inadequate.
			2. Training of SMES on entrepreneurial skills and proper records management	No of SMES trained	Capacity building to 500 SMES	Trained a total of 305 groups and held 1 annual forum for beneficiaries and prospects.	195 SMEs	There was an improvement from the previous year though the target was not precisely achieved due to the elections as most residents were unavailable.
			3.Ensure recovery of loans from entrepreneurs	Percentage of loans recovered from the revolving fund	Recover 90% of funds issued on both individua	Recovered: Loans Groups and individuals	Total loan portfolio is 22% on groups and	Target was not achieved due to after effects of corona virus, draught and being an electioneering period

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023

					ls and groups		40% individuals Total combined portfolio is 27%	most businesses had closed down or unable to meet their financial obligations. Demand letters were issued by a debt collector.
--	--	--	--	--	---------------	--	--	--

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023

8. CORPORATE GOVERNANCE STATEMENT

8.1 Board Meetings

During the year under review there were 4 board and committee meetings held and adoption of online meetings was done due to the rapid spread of the coronavirus which prompted to cancellation of physical meetings.

8.2 Succession Plan

Pursuant to section 5 of Laikipia County Enterprise Fund Act 2014 the board members shall serve for a term of three years and may be renewed for one further term after which the person shall retire from the board for at least two years before being eligible for reappointment to the board.

8.3 Appointment and Removal of Member of the Board

This is clearly stipulated in Section 6 (i) of Laikipia County Enterprise Fund Act 2014 and schedule on Provision as to the conduct of business and affairs of the board

8.4 Roles and Functions of The Board

Section 7(1) of the Laikipia County Enterprise Fund Act 2014 stipulates clearly the functions of the board.

The Board shall be responsible for:

- (a) Providing overall management and oversight of the Fund
- (b) Advising the Executive Member on the appropriate guidelines and procedures for better management of the Fund;
- (c) Approving disbursements or utilization of the Fund;
- (d) Preparing annual report on the implementation of the Fund for transmission to the Executive Member;
- (e) Advising the Executive Member generally on implementation of this Act.

8.5 Board Induction and Training, Board and Member Performance, Conflict of Interest, Board Remuneration, Ethics and Conduct / Governance Audit

The board has been inducted; no conflict of interest noted. Remuneration is guided by Laikipia Public Service Board while taking in to account recommendation by Salaries Remuneration Commission of Kenya.

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023

8.6 Conflict of interest

Board members and employees maintain public confidence in the objectivity of their service by preventing and avoiding situations that could give the appearance of a conflict of interest or result in a potential or actual conflict of interest.

8.7 Governance, Ethics and Conduct

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

The fund is governed by a board and administered by the Fund Administrator. The Fund Administrator reports functionally to the Board and administratively to the Chief Officer of the department of Trade, Tourism and Cooperatives.

9. MANAGEMENT DISCUSSION AND ANALYSIS

Operational Performance

SMES continue to play a major role in the development of the County economy. During the formulation and review of the C.I.D.P. it was noted that one of the issues of SMES was inadequate working capital. To address this issue, the County Government created the Fund with a prime objective of availing cheap and affordable credit to SMES with the purposes that are in tandem with the Laikipia C.I.D.P. Key flagship areas where enterprises are expected to play a role include; innovations, value addition to products and services, manufacturing, financial services, Boda-boda sector, wholesale and retail trade. It was envisaged that Enterprises will be assisted and strengthened to brand and market county products for both local and national markets.

The Fund also focuses on the Governors manifesto of creating 30,000 jobs opportunities in the county. However, to achieve this, the Fund has established partnership and collaborations with strategic institution with the capacity to build strong and vibrant framework. These institutions include FOSAs, National Agencies and other micro finance institutions operating in the county.

The Fund has to critically looked into specific viable value chain e.g. Poultry, milk, maize, livestock fattening and marketing, sand and coffee that will stir economic growth in the rural area. To address the issue of food shortage and unemployment, deliberate affirmative action through this programme has been taken in a professional manner that will encourage groups in agri-business sector to develop their skills so as to invest back in the economy. The partnership will focus on key areas of promoting professional extension services, imparting agribusiness skills and providing financial support to the development of the identified value chain. The programme will also focus more on the youth and women groups as the most disadvantage people in the community. The purpose of using groups is to enable the Fund support the value chain groups in the rural areas that are not registered.

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

Pursuant to Laikipia County Enterprise Fund amendment 2017 the Fund is headed by a Fund Administrator who implements the Boards' decision and policies through action plan; and the team meets regularly to review and ensure the Boards objectives are achieved effectively and efficiently.

**Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Financial Performance of the fund

a) Disbursement of the fund

Group Loans			Individual Loans			Totals
Year	No	Amount	Year	No	Amount	
2015/2016	66	3,300,000	2015/2016	-	-	3,300,000
2016/2017	17	850,000	2016/2017	-	-	850,000
2017/2018	4	1,454,464	2017/2018	-	-	1,541,731
2018/2019	163	14,860,000	2018/2019	163	15,626,000	30,486,000
2020/2021	71	14,240,000	2020/2021	-	-	14,240,000
2021/2022	46	10,090,000	2021/2022	5	1,620,000	11,710,000
2022/2023	20	2,230,000	2022/2023	-	-	2,230,000
TOTALS	387	47,024,464		168	17,246,000	64,270,464

b) Disbursement by Sub-County

Sub County	2015/2016	2016/2017	2017/2018	2018/2019	2020/2021	2021/2022	2022/2023	TOTALS
Laikipia West	1,650,000	600,000	-	13,335,000	4,150,000	5,340,000	-	25,075,000
Laikipia East	1,100,000	250,000	1,066,339	12,931,000	8,740,000	4,560,000	-	28,647,339
Laikipia North	550,000	-	388,125	4,220,000	1,350,000	1,810,000	2,230,000	10,548,125
Totals	3,300,000	850,000	1,454,464	30,486,000	14,240,000	11,710,000	2,230,000	64,270,464

**Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

LOANS DISBURSEMENT BY SUB-COUNTY



C) Borrowers' Analysis

	2015/16	2016/17	2017/18	2018/19 Groups	2018/19 Individual	2020/21 Groups	2020/21 Individual	2021/22	2022/23
WOMEN	980	118	65	1,880	81	329	1	710	254
MEN	397	74	62	966	82	170	4	403	45
TOTALS	1377	192	127	2846	163	499	5	1113	299
PWDs	136	4	0	136	1	8	1	13	1
YOUTHS	137	13	0	401	39	306	-	368	163

The Fund focuses on addressing the issue of unemployment and food shortage from entrepreneurial perspective by encouraging enterprises to develop their business management skills and providing affordable working capital so as to invest back in the County's economy. The programme also focuses more on the youth, people with disabilities and women groups being the most disadvantaged people in the community. The purpose of using groups is to enable the Fund uplift the economic status of the residents of Laikipia in the rural areas and impact larger numbers.

**Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

The Enterprise Fund was formed through an Act of County Assembly of Laikipia that was enacted in 2014. Further Amendments have been done to the act in 2017 and 2018 respectively. The Fund is managed by a board comprising of 7 members with the Fund Manager being an ex- official member and secretary to the board.

The objectives of the Fund are;

- To facilitate access to credit for business capital to Small and Micro Enterprises for them to be competitive and growth to big enterprise
- To promote enterprise among the youth, women, persons with disabilities and needy Persons
- To enhance enterprise skills development
- To promote local economic growth

Fund Regulatory Framework

- i) Laikipia County Enterprise Fund Act 2014 and Amendments 2017, 2018 & 2021
- ii) Laikipia County Enterprise Fund Regulations 2020
- iii) Laikipia County Enterprise Fund Credit Policy and Operations Manual.
- iv) Laikipia County Enterprise Fund Strategic Plan

The Enterprise Fund is a revolving fund and it provides affordable credit to SMEs at an annual interest rate of 6%. The Fund carries out capacity building for enterprises within Laikipia County through training of both beneficiaries and prospective beneficiaries. It also assists the enterprises to register formally, mechanize and meet the required standards thus increasing job opportunities and income for the society. Through new jobs and higher income, the community is able to enhance their socioeconomic lifestyles and afford medical care like NHIF. The Fund has enabled start-ups to rise in the society through business plans, advise and financial support.

The Fund has received a total of Ksh 48,802,107 from the County Government of Laikipia since inception.

Sustainability strategy and profile

The Laikipia County Enterprise Fund is keen on posterity and the management has activated various sustainability strategies but not limited to,

- Ensuring compliance of laws, regulations, policies and set standards.
- Working towards a Strategic Plan for the Fund.
- Working towards developing of a Risk Register that will ensure risks are identified and mitigated timely.
- Continuous capacity building of enterprises within Laikipia

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Employee welfare

The Laikipia County Enterprise Fund relies on the County Public Service Board that is charged with the hiring and empowering of employees in the County. The Fund has been allocated employees who serve the 15 wards and they are involved in enterprise development, trainings and credit administration.

The employees are continually trained on innovation, enterprise development and manufacturing by the County Government of Laikipia. They are also actively involved during exhibitions and public engagements.

Market place practices

The Fund ensures that it adheres to set laws, policies and regulations. The Management ensures that all the enterprises funded meet the required threshold as per the laws and the Laikipia County Enterprise Fund also practices responsible marketing and advertisement practices.

The Fund also adheres to the 3% expenses rule and ensures compliance of Procurement and Disposal of Assets Act 2015 which gives guidelines on procurement matters.

Community Engagements

The Laikipia County Enterprise Fund continually promotes enterprise development through trainings within the community and identify new potential enterprises. The Fund has been involved in public engagements to create awareness of the Fund as well as gather information on emerging enterprise needs.

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023

11. REPORT OF THE BOARD

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

Principal activities

The principal activities of the Fund are to provide access to affordable credit for enterprises.

Results

The results of the Fund for the year ended June 30, 2023 are set out on page 1 to 6.

Members

The members of the Board who served during the year are shown on page iv.

The changes in the Board during the financial year are as shown below:

New Board members were appointed as follows:

1	Joseph Maina Mdoido	Chairman
2	Silas Kimathi Mwiti	Member representing Youth
3	Jane Yiampaire Maranga	Member representing women
4	Michael Njama Ngugi	Member representing People With Disability
5	Samuel Njuki Mahiga	Chief Officer Trade, Tourism, Cooperatives & Enterprise Development
6	Jacinta Koree	Chief Officer Youth and Sports
7	Daniel King'ori Ngumi	Chief Officer Finance and Economic Planning

Auditors

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

By Order of the Board

 26/09/23

Joseph Maina Mdoido Njogu
Chair of the County Enterprise Fund Board

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023

12. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Section 167 of the PFM Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by Laikipia County Enterprise Fund Act 2014 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2022. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

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

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

Approval of the financial statements

The Fund's financial statements were approved by the Board on 26/09/23 and signed on its behalf by:



.....
Evelyn Mbugua
Administrator of Laikipia County Enterprise Fund

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON LAIKIPIA COUNTY ENTERPRISE FUND FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Laikipia County Enterprise Fund set out on pages 1 to 40, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net

Report of the Auditor-General on Laikipia County Enterprise Fund for the year ended 30 June, 2023

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 Enterprise Fund as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Laikipia County Enterprise Fund Act, 2014.

Basis for Qualified Opinion

1.0. Unsupported Provision for Non-Performing Loans

The statement of financial position and Note 13 to the financial statements reflect receivables from exchange transactions amounting to Kshs.4,663,198. This includes provisions for bad and doubtful debts of Kshs.5,217,919 as at 30 June, 2023. However, no schedule or provision policy to support the balance was provided for audit review.

In the circumstances, the accuracy and completeness of receivables from exchange transactions balance of Kshs.4,663,198 could not be confirmed.

2.0 Long Outstanding Transfers from Non-Exchange Transactions

The statement of financial position and Note 14 to the financial statements reflect long-term receivables from non-exchange transactions amounting to Kshs.17,374,000. These were transfers due from the County Executive that had remained outstanding since 2021/2022 financial year. Recoverability of the amount is doubtful. However, no provision for doubtful debts for the same was made in these financial statements.

In the circumstances, the accuracy of long-term receivables from non-exchange transactions balance of Kshs.17,374,000 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 Enterprise Fund Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Unresolved Prior Year Issues

In the report of the previous year, one (1) issue was raised under the Report on Lawfulness and Effectiveness in Use of Public Resources and one (1) issue on Report on Effectiveness of Internal Controls, Risk Management and Governance. However, although Management has indicated that some issues have been resolved, the matters remained unresolved as the Senate and County Assembly are yet to deliberate on the Report for 2021/2022 financial year.

My opinion is not modified on the effects of the above matter.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (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 comply, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Lack of Debt Management Policies

The statement of financial position reflects receivables from exchange transactions balance of Kshs.4,663,198 as disclosed in Note 13 to the financial statements. However, Management has not established debt management policies.

In the circumstances, the effectiveness of controls on loan recoveries could not be confirmed.

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 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 overall governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal 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 controls may not prevent or detect misstatements and instances of noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Fund policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

19 January, 2024

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023

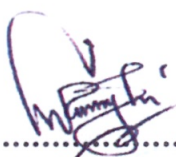
14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

	Note	2022-2023	2021-2022
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Transfers From the County Government	2	-	10,000,000
		-	10,000,000
Revenue From Exchange Transactions			
Interest Income	4	133,800	1,405,200
Total Revenue		133,800	11,405,200
Expenses			
Use of goods and services	7	1,435,445	1,399,757
Depreciation and Amortization Expense	8	20,715	29,593
Provision for Bad Debts	26	5,217,919	940,009
Total Expenses		6,674,079	2,369,359
Surplus/(Deficit) For The Period		(6,540,279)	9,035,841

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.



Evelyn Mbugua
 Administrator of the Fund



Caleb Mwangi
 Fund Accountant
 ICPAK Member Number: 10187

**Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

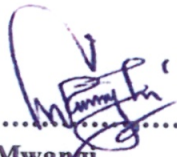
15. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Note	2022-2023	2021-2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	12	19,923,409	15,065,203
Receivables from Exchange transactions	13	4,663,198	15,850,459
Total Current Assets		24,586,607	30,915,662
Non-Current Assets			
Property, Plant and Equipment	18	48,336	69,051
Long Term Receivables from Non-Exchange Transactions	14	17,374,000	17,374,000
		17,422,336	17,443,051
Total Assets		42,008,942	48,358,712
Liabilities			
Current Liabilities			
Loans Overpayment	25	190,207	153,998
Accounts and other payables from exchange transactions	21	154,300	-
Total Liabilities		344,507	153,998
Net Assets		41,664,435	48,204,714
Revolving Fund		46,590,840	46,590,840
Accumulated Surplus		(4,926,415)	1,613,864
Total Net Assets and Liabilities		41,664,425	48,204,704

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 _____ 2023 and signed by:



Evelyn Mbugua
 Administrator of the Fund



Caleb Mwangi
 Fund Accountant
 ICPAK Member Number: 10187

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023

16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2023

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2021	46,590,840	-	(7,421,977)	39,168,863
Surplus/(Deficit) For the Period	-	-	9,035,841	9,035,841
Balance As At 30 June 2022	46,590,840	-	1,613,864	48,204,704
Balance As At 1 July 2022	46,590,840	-	1,613,864	48,204,704
Surplus/(Deficit) For the Period		-	(6,540,279)	(6,540,279)
Balance As At 30 June 2023	46,590,840	-	(4,926,415)	41,664,425

The fund does not maintain reserves.

**Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

	Note	2022-2023	2021-2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Interest income received	13	471,687	721,450
Total receipts		471,687	721,450
Payments			
Use of Goods and Services	7	1,281,145	1,399,757
Payment of Accounts payables	21	-	26,000
Total payments		1,281,145	1,425,757
Net cash flows from operating activities	31	(809,458)	(704,307)
Net cash flows used in financing activities		-	-
Cash flows from Investing activities			
Loans overpayment	28	36,209	101,750
Proceeds from loan principal repayments	13	7,861,455	12,024,162
Loan disbursements paid out	13	(2,230,000)	(11,710,000)
Net cash flows used in investing activities		5,667,664	415,912
Net increase/(decrease) in cash & cash Equivalents		4,858,206	(288,395)
Cash and cash equivalents at 1 July 2022	12	15,065,204	15,353,599
Cash and cash equivalents at 30 June 2023	12	19,923,410	15,065,204

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023

18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2023

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c*100
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Transfers from County Government	28,000,000	(24,041,880)	3,958,120	-	(3,958,120)	0%
Interest Income	5,400,000	-	5,400,000	471,687	(4,928,313)	9%
Opening Bank balance	15,065,203	-	15,065,203	15,065,203	-	100%
Receivables from non-exchange transactions	17,374,000	-	17,374,000	-	(17,374,000)	0%
Receivables from exchange transactions	15,850,459	-	15,850,459	7,861,455	(7,989,004)	50%
Total Revenue	81,689,662	(24,041,880)	57,647,782	23,398,345	(34,249,437)	
Expenses		-				
Use of Goods and Services	2,450,690	(721,256)	1,729,433	1,456,160	(273,273)	84%
Loan Disbursement	45,000,000	-	45,000,000	2,230,000	(42,770,000)	5%
Total Expenditure	47,450,690	(721,256)	46,729,433	3,686,160	(43,043,273)	
Surplus For The Period	34,238,972	(23,320,624)	10,918,349	19,712,185	8,793,837	

Budget notes

1. The difference between original & final budget was because of reallocations during the supplementary budget.
2. The utilisation of interest income was 9%, the variance was as a result of issuance of loans below the amount planned for.
3. The loan disbursement was at 5% due to late establishment of new board members.
4. There were no transfers received from the county government.
5. The performance difference on the utilisation on use of goods and services was due to late board constitution.

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023

6. *The performance difference on the utilisation of receivables from exchange transactions was due to different loan tenures.*

Reconciliation between Statement of Financial Performance and Statement of Comparison Budget and Actual Amounts

DESCRIPTION	STATEMENT OF FINANCIAL PERFORMANCE/ POSITION	STATEMENT OF COMPARISON BUDGET AND ACTUAL AMOUNTS	VARIANCE	REMARKS
REVENUE				
Interest Income	133,800	471,687	(337,887)	<i>Interest Income received on loans issued in prior periods</i>
PAYMENTS				
Provision for doubtful debts	5,217,919	0	5,217,919	<i>New provision for doubtful debts</i>

**Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

19. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Laikipia County Enterprise Fund is established by and derives its authority and accountability from the Laikipia County Enterprise Fund Act enacted into law on 19th of June 2014 with amendments onto the same on 28th June 2017 and 2018.

The Fund was gazetted vide legal notice number 18 Act No.10 on 19-06-2014 established by Legal Notice No.10 of 2014 Act. The entity is wholly owned by the County Government and is domiciled in Kenya. The entity's principal activity is to promote enterprise development by providing affordable credit to SMEs.

2. Statement of compliance and basis of preparation

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

3. Adoption of new and revised standards

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

Standard	Effective date and impact
<p>IPSAS 41: Financial Instruments</p>	<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>

**Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Standard	Effective date and impact
	<ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • 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> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <ul style="list-style-type: none"> 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. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.

**Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Standard	Effective date and impact
	<p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p>Applicable 1st January 2023</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> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>

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

Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</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>

**Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Standard	Effective date and impact:
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 the financial year 2022-2023

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023

1. Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2022-2023 was approved by the County Assembly on 29th June 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded no additional appropriations on the FY 2022-2023 budget following the governing body's approval.

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

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Summary of Significant Accounting Policies (Continued)

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 18 of these financial statements.

c) Property, plant and equipment

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

d) Intangible Assets

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

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

e) Investment property

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

**Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Summary of Significant Accounting Policies (Continued)

f) Financial instruments

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Summary of Significant Accounting Policies (Continued)

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

g) Inventories

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

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

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

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

h) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

i) Social Benefits

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

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Summary of Significant Accounting Policies (Continued)

j) Contingent liabilities

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

Contingent assets

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

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates

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

m) Employee benefits – Retirement benefit plans

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

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

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Summary of Significant Accounting Policies (Continued)

n) Foreign currency transactions

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

o) Borrowing costs

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

p) Related parties

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

q) Cash and cash equivalents

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

r) Comparative figures

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

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023

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 e.g.

a) Estimates and assumptions –

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

b) Useful lives and residual values

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

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

c) Provisions

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

The provisions for doubtful debts were raised as per The Laikipia county Enterprise fund Regulation 2020 section 27 provisions as stated below;

Normal provision	1%
Watch (30-60 days)	3%

**Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

61-90 NOT PROVIDED	
Doubtful debts (91-180 days)	20%
Substandard (181-360 days)	100%
Loss Above 361 days	100%

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date.

**Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

6. Notes To The Financial Statements

1. Public contributions and donations

Description	2022-2023	2021-2022
	Kshs	Kshs
Donation From Development Partners	-	-
Contributions From The Public	-	-
Total	-	-

2. Transfers from County Government

Description	2022-2023	2021-2022
	Kshs	Kshs
Transfers from County Govt. – Operations	-	-
Transfers from County Govt	-	10,000,000
Total	-	10,000,000

The transfers allocated to the entity in the FY 2022/23

3. Fines, penalties and other levies

Description	2022-2023	2021-2022
	Kshs	Kshs
Late Payment Penalties	-	-
Fines	-	-
Total	-	-

4. Interest income

Description	2022-2023	2021-2022
	Kshs	Kshs
Interest Income From Loans	133,800	1,405,200
Interest Income On Bank Deposits	-	-
Total Interest Income	133,800	1,405,200

The interest income earned from new loans issued by the entity

**Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Notes to the Financial Statements Continued

5. Other income

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

6. Employee Costs

Description	2022-2023	2021-2022
	Kshs	Kshs
Salaries And Wages	-	-
Social Security Contribution	-	-
Total	-	-

7. Use of Goods and Services

Description	2022-2023	2021-2022
	Kshs.	Kshs.
General Office Expenses	-	234,550
Hospitality Costs	113,050	-
Loan Processing Costs	40,600	45,120
Training Costs	300,000	304,200
Administration Expense	584,630	343,000
Committee Allowances	30,900	258,700
Fuel And Oil Costs	21,893	69,000
Postage And Courier	900	1,500
Printing And Stationery	110,827	66,285
Telephone And Communication Expenses	73,900	54,000
Bank Charges	4,445	23,402
Accrued board allowances	154,300	-
Total	1,435,445	1,399,757

This relates to the total administration costs of the fund incurred during the FY2022/2023.

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023

8. Depreciation and Amortization Expense

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Property Plant and Equipment	20,715	29,593
Intangible Assets	-	-
Total	20,715	29,593

The depreciation expense for Computers and office equipment at 30% p.a

9. Finance costs

Description	2022-2023	2021-2022
	Kshs	Kshs
Interest On Bank Overdrafts	-	-
Interest On Loans From Banks	-	-
Total	-	-

10. Gain/(loss) on disposal of assets

Description	2022-2023	2021-2022
	Kshs	Kshs
Property, Plant and Equipment	-	-
Total	-	-

11. Gain/ (loss) on Fair Value Investments

Description	2022-2023	2021-2022
	Kshs	Kshs
Investments at Fair Value- Equity investments	-	-
Fair value- other financial assets (specify)	-	-
Total Gain	-	-

12. Cash and cash equivalents

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Account	19,923,409	15,065,203
Total Cash And Cash Equivalents	19,923,409	15,065,203

**Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

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

Financial Institution	Account number	2022-2023	2021-2022
		Kshs	Kshs
a) Current Account			
Kenya Commercial Bank	1176375156	19,923,409	15,065,203
Sub- Total		19,923,409	15,065,203
Grand Total		19,923,409	15,065,203

13. Receivables from Exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Receivables		
Bal b/d	15,850,459	16,420,880
New loans	2,230,000	11,710,000
Interest Receivable	133,800	1,405,200
Current Loan Repayments - Principal	(7,861,455)	(12,024,162)
Current Loan Repayments - Interest	(471,687)	(721,450)
Less: Provision for Bad Debts	(5,217,919)	(940,009)
Less: Non-exchange transaction		-
Total Current Receivables	4,663,198	15,850,459
Non-Current Receivables		
Long Term Loan Repayments Due	-	-
Total Non- Current Receivables	-	-
Total Receivables From Exchange Transactions	4,663,198	15,850,459

14. Receivables from Non-Exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Receivables	-	-
Transfers from County Executive	17,374,000	17,374,000
Total Current receivables	17,374,000	17,374,000

**Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Notes to the Financial Statements Continued

15. Prepayments

Description	2022-2023	2021-2022
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Total	-	-

16. Inventories

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

17. Investments in financial assets

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

Notes to the Financial Statements Continued

**Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

d) Movement of Equity Investments

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

e) Shareholding in other entities

Name of Entity where investment is held	Number of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding		Current year	Prior year
	%	%	%	Kshs	Kshs	Kshs
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
	-	-	-	-	-	-

**Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Notes To The Financial Statements (Continued)

18. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At 1st July 2021	-	-	-	98,644	98,644
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-
At 30th June 2022	-	-	-	-	-
At 1st July 2022	-	-	-	69,051	69,051
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
At 30th June 2022	-	-	-	-	-
Depreciation And Impairment	-	-	-	-	-
At 1 st July 2021	-	-	-	(100,189)	(100,189)
Depreciation	-	-	-	(29,593)	(29,593)
Impairment	-	-	-	-	-
At 30th June 2022	-	-	-	(129,782)	(129,782)
At 1st July 2022	-	-	-	(129,782)	(129,782)
Depreciation	-	-	-	(20,715)	(20,715)
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-
At 30th June 2023	-	-	-	(150,497)	(150,497)
Net Book Values	-	-	-	-	-
At 30th June 2022	-	-	-	69,051	69,051
At 30th June 2023	-	-	-	48,336	48,336

**Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Notes To The Financial Statements (Continued)

19. Intangible assets

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

20. Investment Property

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

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

21. Accounts and other payables from exchange transactions

Description	2022-2023		2021-2022	
	Kshs		Kshs	
Balance Brought Forward	-		26,000	
Payment of Accounts payables	-		(26,000)	
Accrued Expenses	154,300			
Total Accounts and Other Payables	154,300		-	
Ageing analysis (Accounts and other payables)	2022-2023	% of the Total	2021-2022	% of the Total
Under one year	-	%	-	%
1-2 years	154,300	%		100%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (tie to above total)	154,300			

22. Provisions

Description	Leave provision	Bonus provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance At the Beginning Of The Year	-	-	-	-
Additional Provisions	-	-	-	-
Provision Utilised	-	-	-	-
Change Due To Discount And Time Value For Money	-	-	-	-
Transfers From Non -Current Provisions	-	-	-	-
Balance At The End of The Year				

23. Borrowings

Description	2022-2023	2021-2022
	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	-	-

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023

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

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

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

Description	2022-2023	2021-2022
	Kshs	Kshs
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

24. Employee benefit obligations

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

**Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Notes To The Financial Statements (Continued)

25. Loans overpayment

Description	2022-2023	2021-2022
	KShs	KShs
Balance Brought forward	153,998	52,248
Additional loan overpayment	36,209	117,250
Refunds of overpayment		(12,200)
Loan overpayment Offset on loans		(3,300)
Total Overpayments	190,207	153,998

This represents Unclaimed loan overpayments and unknown deposits into the Fund's bank account.

26. Provision for Doubtful Debts

Description	2022-2023	2021-2022
	KShs	KShs
Provision for bad debts for the year	5,217,919	940,009
Total provisions	5,217,919	940,009

The provision for bad debts of the entity in the FY 2022/2023

27. Changes in Provisions for Bad Debts

Description	2022-2023	2021-2022
	KShs	KShs
Provisions for Doubtful Debts - End B	14,424,697	9,206,778
Provisions for Doubtful Debts - Start A	(9,206,778)	(8,266,769)
Total (B-A)	5,217,919	940,009

Changes in provision for bad debts from FY2021/2022 to FY2022/2023

28. Additional Loans overpayment

Description	2022-2023	2021-2022
	KShs	KShs
Additional Loans overpayment	36,209	117,250
Refunds & offsetting of Loan overpayments to loan balances	-	(15,500)
Total	36,209	101,750

Loan overpayments and unknown deposits in the Fund bank account.

**Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Notes To The Financial Statements (Continued)

29. Changes in Accounts Payables

Description	2022-2023	2021-2022
	KShs	KShs
Decrease in Accrued expenses –Administration expenses	-	(26,000)
Increase in Accrued expenses –Administration expenses	--	
Net Change	-	(26,000)

30. Social Benefit Liabilities

Description	2022-2023	2021-2022
	Kshs	Kshs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
Total	-	-
Current social benefits	-	-
Non- current social benefits	-	-
Total (tie to totals above)	-	-

31. Cash generated from operations

Description	2022-2023	2021-2022
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	-	-
Adjusted For:		
Depreciation	-	-
Provision for doubtful debts	-	-
Working Capital Adjustments		
Increase In Interest Receivables	-	-
Decrease In Interest Receivables	-	-
Increase In Transfer receivables	-	-
Decrease In Accounts Payables	-	-
Net Cash Flow From Operating Activities	-	-

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

32. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

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

c) Key management remuneration

Description	2022-2023	2021-2022
	Kshs	Kshs
Board Of Trustees	-	-
Total	-	-

d) Due from related parties

Description	2022-2023	2021-2022
	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Government	17,374,000	17,374,000
Total	17,374,000	17,374,000

**Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

e) Due to related parties

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

33. Contingent assets and contingent liabilities

Contingent Liabilities	2022-2023	2021-2022
	Kshs	Kshs
Court Case Against the Fund	-	-
Bank Guarantees	-	-
Total	-	-

**Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Notes To The Financial Statements (Continued)

34. Financial risk management

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

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

a) Credit risk

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022				
Receivables From Exchange Transactions	15,850,459	7,628,244	8,222,215	-
Receivables From Non-Exchange Transactions	12,374,000	10,000,000	2,374,000	-
Bank Balances	15,065,203	15,065,203	-	-
Total	43,289,662	32,693,447	10,596,215	-
At 30 June 2023				
Receivables From Exchange Transactions	4,663,198	3,723,189	940,009	-
Receivables From Non-Exchange Transactions	17,374,000	10,000,000	17,374,000	-
Bank Balances	19,923,409	19,923,409	-	-
Total	41,960,607	33,646,598	18,314,009	-

**Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Notes To The Financial Statements (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has 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 none.

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

b) Liquidity risk management

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

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

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

Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023

Notes To The Financial Statements (Continued)

c) Market risk

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

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

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

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

i. Foreign currency risk

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

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

Description		Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2023			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables	-	-	-
Liabilities	-	-	-
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

**Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Notes To The Financial Statements (Continued)

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
(Current FY)			
Euro	10%	-	-
USD	10%	-	-
(Comparative FY)			
Euro	10%	-	-
USD	10%	-	-

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase. A rate increase/decrease of 5% would result in a decrease/increase in profit before tax

**Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Notes To The Financial Statements (Continued)

d) Capital risk management.

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

Description	FY 2022-23	FY 2021-2022
	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	-	-

35. Events after the reporting period

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

36. Ultimate and Holding Entity

The entity is a County Public Fund established by Laikipia County Enterprise Fund Act under the Department of Finance (originally under Department of Trade). Its ultimate parent is the County Government of Laikipia.

37. Currency

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

**Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

20. ANNEXES

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
OAG/UERO/ LKP.C.ENT/2 021/2022(23)	Unsecured Non-Performance Loans- On 17 September 2021, a facility to purchase a block machine of Ksh.750,000 was issued to be repaid within 24 monthly instalments. However, only Ksh.7,000 had been repaid by November 2022 implying that the loan was more than 13 months in arrears. In addition, the loan was not secured by an executed chattel for the asset.	The fund officers visited the Mr. Reuben Mugo Michire (borrower) and established that he had encountered delays due to slow installation of a 3 phase power line to operate the machine. This delayed production operation for approximately 3months.The officers have since then followed up with the borrower with regards to subsequent loan repayments arrears and issued him with demand letters to which he has not responded as yet.	Not Resolved	June 2024
OAG/UERO/ LKP.C.ENT/2 021/2022(23)	Lack of Debt Management and Bad Debt Policies- The Statement of Financial Position reflects long term	The debt management and bad debts policies are contained in Laikipia County Enterprise Fund Regulations 2020 from Section 12 to Section 27.In addition, the management resolved to	Resolved.	

**Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	receivables from transactions balance of Kshs.15,850,459 as disclosed in note 12 to the financial statements.	develop a separate debt management policy which is included in the current financial year's budget awaiting release of funds for the procurement of an ideal debt management policy.		



**Evelyn Mbugua
Fund Administrator**

Date.....

**Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

**Annex II: Inter-Fund Confirmation Letter
Laikipia County Enterprise Fund**

The **Laikipia County Enterprise Fund** wishes to confirm the amounts no amounts were disbursed to any entity as at 30th June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by N/A							
Reference Number	Date Disbursed	Amounts Disbursed by [N/A] (Kshs) as at 30 th June 2023				Amount Received by N/A (KShs) as at 30 th June 2023 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
N/A						NIL	
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
Total							

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

Head of Accountants department of beneficiary Fund:

Name **Sign** **Date**

**Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Annex III: Reporting of Climate Relevant Expenditures

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

**Laikipia County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2023**

Annex IV: Reporting on Disaster Management Expenditure

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