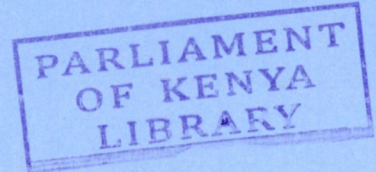


REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

MARSABIT COUNTY ENTERPRISE
FUND

FOR THE YEAR ENDED
30 JUNE, 2025

PAPERS LAID	
DATE	27/11/25
TABLED BY	SML
COMMITTEE	—
CLERK AT THE TABLE	Ms. Nabalayo



MARSABIT COUNTY ENTERPRISE FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED JUNE 30, 2025

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

Marsabit County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Table of Contents

1. Acronyms and Definition of Key Terms	ii
2. Key Entity Information and Management	iii
3. Board of Trustees/ Fund Administration Committee	vii
4. Management Team	viii
6. Report of The Fund Administrator	x
7. Statement of Performance Against the County Fund's Predetermined Objectives	xi
8. Corporate Governance Statement	xii
9. Management Discussion and Analysis	xiii
10. Environmental and Sustainability Reporting	xv
11. Report of The Trustees	xvii
12. Statement of Management's Responsibilities	xviii
13. Report of The Independent Auditor on the Financial Statements for Enterprise Fund	xix
14. Statement of Financial Performance for the Year Ended 30 th June 2025	1
15. Statement of Financial Position As at 30 June 2025	2
16. Statement of Changes in Net Assets for the year ended 30 th June 2025	4
17. Statement of Cash Flows for The Year Ended 30 June 2025	5
18. Statement Of Comparison Of Budget And Actual Amounts For The Period 2025	6
19. Notes to the Financial Statements	8
20. Annexes	40

Marsabit County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2025

1. Acronyms and Definition of Key Terms

A. Acronyms

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

B. Definition of Key Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organization.

Comparative Year- Means the prior period.

2. Key Entity Information and Management

a) Background information

Marsabit County Enterprise Fund is established by and derives its authority and accountability from Marsabit County Enterprise Fund Act on 16th July 2015. The Fund is wholly owned by the County Government of Marsabit and is domiciled in Kenya.

The fund's objective is to provide demand-led and timely credit to various borrowing segments such as Micro and Small Enterprises (SMEs) and Livestock Traders

The Fund's principal activity is to provide financial credits to three critical sectors of the County Economy, namely i) Micro and Small Enterprises (MSEs) sector, ii) Livestock trade and associated enterprises sector, and iii) Jua Kali sector for value addition

b) Principal Activities

The principal activity/mission/ mandate of the Fund (a) To promote the start-ups and flourishing of small businesses through access to affordable finances; (b) To nurture the growth of micro and small enterprises to promote self-reliance among youths and women; (c) To establish a uniform or standardized management of the enterprise fund throughout the county; (d) To provide funds for Livestock Traders who have potential to market or add value to their stock for domestic and international markets; (e) To boost the Jua kali sector towards achieving the County Government's industrialization objective; (f) To source for funding from external sources to compliment County Government allocations; (g) To attract and facilitate investment in cooperative sector institutions that have linkages to micro, small and medium enterprises that benefit the youth, low income persons and women groups; (h) To encourage value addition of livestock products like milk and milk products, hides and skin and meat and meat products. (i) To partner with strategic public, private, and Civil Society Organizations involved in the provision of finance and Entrepreneurship development (j) To provide funds to support enterprises that have the potential to create jobs and value for exports

Marsabit County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2025

c) Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	Chairperson	
2	Other trustees/Committee Members	
3	Fund Manager/ Administrator	
4		
5		

The board of Trustees term for the Fund expired.

d) Key Management team

Ref	Name	Position
1	Mr. Mahad M Dida	Chief Officer-Trade and Cooperative Development
2	Mr. Godfrey Godana	Chief Officer - Finance
2	Mr. Woche Bulge	Ag. Fund Manager

Marsabit County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Key Entity and Management (Continued)

e) Fiduciary Oversight Arrangements

The Fund oversight arrangement is as follows;

SN	Position	Name
1	CECM Trade, Tourism and Cooperative Development	Mr. Jeremy Ledaany
2	Chief Officer - Trade and Cooperative Development	Mr. Mahad Mohamed
3	Chief Officer - Finance	Mr. Godfrey Godana
4	Ag. Fund Manager	Mr. Woche Bulge
5.	Director - Trade and Industry	Mr. Hussein Kasa

f) Registered Offices

P.O. Box 384-60500
Next to KCB Bank-Marsabit
Isiolo-Moyale Highway
Nairobi, KENYA

g) Fund Contacts

E-mail: info@cef.marsabit.go.ke
Website: www.marsabit.go.ke

h) Fund Bankers

Kenya Commercial Bank
Marsabit Branch

Key Entity and Management (Continued)

i) Independent Auditors

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

j) Principal Legal Adviser

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

k) County Attorney

P.O Box 384 – 60500
Marsabit County Headquarters
Marsabit.

**Marsabit County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2025**




3. Board of Trustees/ Fund Administration Committee

Name	Details of qualifications and experience
1. Insert each Trustee's passport-size photo and name	Provide a concise description of each Trustee's date of birth, key academic and professional qualifications, and work experience. Indicate whether the trustee is independent or an executive director and which committee of the Board the trustee chairs where applicable.
2. Trustee 2	
3. Trustee 3	
4. Trustee 4	
5. Fund administrator/ Secretary to the Board	

County Enterprise Fund Board Term ended in the year March 2018.

Marsabit County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2025

4. Management Team

Name	Details of qualifications and experience
<p>Mr. Mahad Mohamed</p> 	<p>Chief officer, trade and cooperative Development DOB: 17/11/1985 Bachelor of Business Management</p>
<p>Mr. Woche Bulge</p> 	<p>Ag. Fund Manager DOB: 21/06/1984 International Business Administration Majoring in Finance Has been working with the County Government of Marsabit as Ag. Fund Manager</p>
<p>Mr. Godfrey Godana</p> 	<p>Date of Birth: DOB: 5/12/1980 Key academic Qualifications: Bachelor Arts. Work Experience: ➤ Chief Officer Finance, Principal Administrative Secretary - Office of the Governor. Head of Program - Caritas.</p>

Marsabit County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2025

5. Board/Fund Chairperson's Report

The Fund Board Chairperson tenure expired in March 2018. The Chairperson tenure has not been renewed nor new chairperson of the Board appointed during the financial year 2024/2025.

Name.....Signature.....Date.....

Chairperson of the Board/Fund

6. Report of The Fund Administrator

The fund was created by an Act of the Marsabit County Assembly (**Marsabit County Enterprise Fund Act, 2015, No.2 of 2015**) to establish a legal and institutional framework to provide access to affordable credit by Micro, Small, and Medium enterprises across Marsabit County.

The fund, with a budgetary allocation of 30 million shillings per every financial year, is distributed between the four Sub-Counties of Moyale, North Horr, Laisamis, and Saku, respectively, using a formula provided by the Commission for Revenue Allocations (CRA), which considers several factors, including population size and poverty index, among others.

The distribution formula (in %) per Sub-County is as shown below:

SUB COUNTY	Percentage Allocation
Moyale	29%
North Horr	27%
Laisamis	23%
Saku	21%
TOTAL	100%

Since its inception until now, the has received and disbursed ONLY one financial year's budgetary allocation of Ksh 30M i.e., FY2017/2018) and subsequently no other loan disbursements have been made since then.

The public uptake of the fund, in terms of the number of individuals and groups who showed interest and applied for loans from across the entire county, was impressively high. However, a sizeable number of applications were rejected during the appraisal exercise, mainly due to technicalities i.e. failure to meet or produce all the mandatory requirements needed to qualify for a loan.

Signed:  Ag. Fund Administrator

Mr. Woche Bulge

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

Introduction

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

The Credit Policy aims to provide timely credit to Micro and Small Enterprises (SMEs) and Livestock Traders, promoting self-reliance among youths and women. It aims to establish a uniform management of the enterprise fund throughout the county, support Livestock Traders with potential to market their stock, boost the Jua Kali sector, source external funding, attract investment in cooperative sector institutions, encourage value addition of livestock products, partner with strategic public, private, and civil society organizations, and support enterprises with potential to create jobs and export value. The policy aims to ensure equity in distribution among 20 administrative Wards.

The fund management has recovered the same amount compared to the previous year and incurred expenses relating to bank charges only during the year. The fund has stagnated over the years due to lack of further additional funding and natural calamities such as severe droughts that affected the economic activity within the county which causes challenges of repayment; thus, the fund has not yet met its targeted objective as intended, though there are efforts to regain its state of establishment through repayment sensitization of the loanee on the local radios, demand notices and physical visit to the beneficiaries during the period. The fund management team will continue to work with routine follow-up with the loanees and ensure that the recovery rate will increase and optimally regain its intended purpose

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Loan Disbursement	Promote Access to Affordable Credit through County Enterprise Fund	Wealth creation/ formalization of enterprises/ increased enterprise turnover	No. of Loans Beneficiaries	In FY 2024/25 The loan to be disbursed was not budgeted in the County Budget. No loan disbursement was done
Loan Recovery	Improve repayment rate by 5% from the baseline of 5%	Increase the loan kitty, Principal repaid back is revolved	% of increase in the Loan repayment rate	In the FY 23/24, the Loan repayment rate increased by 4%. Overall repayment rate increased from 5% to 9%

8. Corporate Governance Statement

Marsabit County enterprise fund Board constitute of eight members, five members appointed by the governor, chief officer trade, chief officer finance and fund manager who is board secretary. Functions of the board include:

- a) Formulate policies relating to the fund including credit policy;
- a) Advise County Government on the structure and operations of the fund;
- b) Establish uniform standards for the operations of the Board;
- c) Administer the property and the funds in such a manner and for such purpose as shall promote the functions of the fund;
- d) Mobilize resources for the enhancement of the fund's mandate;
- e) Partner with county government for purposes of creating cooperation between the two levels of government in the management of the fund;
- f) Keep disaggregated data of beneficiaries by sex, age, region and other relevant factors;
- g) Undertake periodic review of the legal framework;
- h) Formulate training, development and capacity building programmes for its employees; 0) ensure compliance within the Fund operations, sound financial management practices;
- i) Provide where necessary management support services to eligible persons;
- j) Protect the long-term viability of the fund;
- k) Collaborate with relevant institutions so as to promote access to credit and other financial services;
- l) Monitor and evaluate the performance of the fund; and
- m) Perform any other functions assigned to it under this Act.

The County Fund Board shall have at least four meetings in every financial year and not more than four months shall elapse between the date of one meeting and the date of the next meeting. In the financial year 2024/2025 the county enterprise fund board did not do any meeting. The term of the five board members who are appointed by the Governor ended on March 2018 and since then no new members are nominated to the board nor the term of former board members renewed. The remaining board members that is Chief Officer Finance, Chief Officer Trade and Fund Manager could not meet the quorum of four members required by the act for any sitting.

9. Management Discussion and Analysis

As provided for by the rules and regulations governing the fund, a loan beneficiary gets a one- month window before commencement of the payment of loan instalments. As such, for the first batch of loan beneficiaries whose loans were disbursed in May and June of 2017, the commencement of loan repayments was set to begin in July and August of 2017 respectively.

Nonetheless, the loan repayments did not take off as expected due to some major challenges that existed at the time some of which were:

1. **Mode of loan repayment:** The fund's bank account at KCB Marsabit branch was initially the only available mode/option for making loan instalments. Many loan beneficiaries especially those who reside in or operate from the remote parts of the county could not access the bank to make regular monthly loan repayments.
2. **Local Politics:** The fund's first loan disbursement exercise coincided with the political campaign season of the 2017 general elections thereby. Many of the loan beneficiaries took advantage of the campaign period to either deliberately hold back their repayments as required or out of ignorance (especially the illiterate ones from the remote parts of the county) took heed of the misinformation/deception by some political players that the money they received was some sort of a grant/political tokens.
3. **Business failures:** Some loan beneficiaries especially those who engage in livestock trade blamed the long droughts and famine in the last 2 quarters of 2018 which ravaged a lot of livestock in the county as the main factor which contributed to the slump/failure of their livestock trade businesses, thereby hampering their financial capabilities to regularly repay their loans.

Loan Recovery Progress

Despite the challenges experienced so far, some notable positive strides have already been achieved or are in advanced stages/process of being achieved as measures meant to improve CEF loan performance and the management/administration of the Marsabit County Enterprise Fund in general.

Some of these positive strides include:

- Introduction and implementation of an M-Pesa Paybill Number as a more effective and efficient mode for loan repayments to complement the fund's bank account at KCB
- Regular phone calls as follow-up reminders for loan beneficiaries to honour their monthly loan instalments
- Use of Demand Letters issued to loan beneficiaries to initiate enforced regularization of the loans in arrears
- Periodic loan recovery field activities by the CEF team in the various wards to follow up on loan arrears and defaulters
- Regular announcements on the local FM radio stations as reminders for

Marsabit County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2025

loan defaulters to pay up their loan arrears

Other measures already in place or in the process of implementation include;

- Recruitment of a competent and full-time management and administrative staff of the fund
- Acquisition of a reliable Financial Management Information System tool to improve the overall management and administrative efficiency of the fund
- Facilitation to put in place effective logistical support mechanisms to assist in the administration of the fund at the sub-county level e.g. a CEF Credit Officer in all the Sub Counties respectively
- A review of the fund policy through the County Assembly to empower the management of the fund to be able to implement penalties for example powers to repossess the loan securities provided by loan beneficiaries as collaterals for loans.

10. Environmental and Sustainability Reporting

i) *Sustainability strategy and profile*

This is a self-sustaining financing mechanism for the Micro and Small Enterprises sectors, Livestock Traders, and the associated enterprises sector. The fund is also involved in financing climate adaptation enterprise projects within the County. The fund operates on a revolving basis, with loan repayments reinvested to finance new enterprise initiatives. The fund's mission is to accelerate the transition to a low-carbon economy by providing accessible, affordable credit for livestock enterprises that deliver measurable environmental benefits while generating financial returns. The fund's strategic pillars include climate impact financing, environmental risk assessment, portfolio impact targets, transparency and reporting, and capacity building. The fund operates under the guidance of an environmental-related supervisory Committee and maintains exclusion criteria prohibiting financing for any environmentally destructive projects, deforestation activities, or initiatives with significant negative environmental externalities. The fund's revolving structure ensures continuous capital availability for new, environmentally friendly, enterprising initiatives, positioning it as a catalyst for environmental transformation while maintaining financial discipline and measurable business impact.

ii) *Environmental performance*

The enterprise financing has not yet recorded any unfriendly high-risk environmental impact that caused any negative impact relating to any unfriendly environmental consequences

iii) *Employee welfare*

The fund has not incurred any welfare cost during the financial year

iv) *Market place practices-*

The organization should outline its efforts to:

a) *Responsible competition practice.*

The fund has no competing entity within the county

b) *Responsible Supply chain and supplier relations*

The entity has not undertaken any procurement or sourced for supply of any items during the financial year

c) *Responsible marketing and advertisement or Responsible engagement with the citizens.*

The entity has not undertaken any advertisement during the financial year

d) *Product stewardship or Awareness creation*

The entity has not undertaken any related stewardship on consumer rights or any health and safety protection awareness during the year

v) *Corporate Social Responsibility / Community Engagements*

Social Corporate Responsibility (CSR) has evolved from a peripheral business consideration to a central pillar of sustainable enterprise operations. In the realm of enterprise funding and credit lending, CSR represents a fundamental shift in how financial institutions perceive their role in society—moving beyond profit maximization to embrace broader stakeholder welfare and sustainable development goals.

County Enterprise funds and credit lending institutions have significant social responsibility in determining the success of businesses and communities. Traditional lending models often exclude underserved enterprises, perpetuating economic inequality. CSR in credit lending aims to balance financial prudence with social impact, recognizing diverse value creation and community benefits.

Socially responsible enterprise funding focuses on financial inclusion, addressing the lack of access to formal credit systems for millions of businesses worldwide. CSR-oriented lending institutions use innovative methods like microfinance and alternative credit assessment models to support underserved segments, promoting equitable economic growth.

County enterprise funding is increasingly focusing on environmental sustainability due to climate change risks. Progressive funds conduct environmental risk assessments, offer preferential terms for green businesses, and avoid financing enterprises with negative environmental impacts. They fund renewable energy, sustainable agriculture, circular economy, and clean technology ventures.

Responsible enterprise funding requires transparency in lending practices, including fair interest rates, fee structures, and complaint mechanisms. Ethical lenders prioritize borrower education, foster trust, reduce default rates, and contribute to financial literacy in the communities they serve.

CSR in enterprise funding requires rigorous impact measurement, tracking indicators like job creation, income improvements, formalized businesses, women entrepreneurs, and community development outcomes. Frameworks like IRIS and Social Return on Investment help assess social benefits and areas for improvement.

Implementing CSR in County enterprise funding faces challenges like risk management and impact measurement. However, strong CSR can lead to enhanced reputation, customer loyalty, employee engagement, and regulatory relationships. The future of socially responsible funding involves integrating social and environmental considerations, enhancing impact transparency, and innovation in underserved markets.

Marsabit County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2025

11. Report of The Trustees

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

Principal activities

The principal activities of the County Enterprise Fund is to provide demand-led and timely credit to various borrowing segments such as Micro and Small Enterprises (SMEs) and Livestock Traders.

Results

The results of the Fund for the year ended June 30, 2025 are set out on page 1-6

Trustees

The term of the 5 Board Members of County Enterprise Fund expired on March 2018. The term has not been renewed nor new Board members appointed. The remaining board members that is Chief Officer Finance, Chief Officer Trade and Fund Manager could not meet the quorum of four members required by the act for any sitting to transact business on behalf of the board.

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

.....

Chair of the Board/Fund Administration Committee

Date:

12. Statement of Management’s Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by Marsabit County Enterprise Fund Act 2025 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, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and County Enterprise Fund Act , 2015. 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, 2025, and of the Fund’s financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund’s financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Fund’s financial statements were approved by the Board on 13/10/25 2025 and signed on its behalf by:

..........

Administrator of the County Enterprise Fund

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: 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 MARSABIT COUNTY ENTERPRISE FUND FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

The three parts of the report 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 Marsabit County Enterprise Fund set out on pages 1 to 41, which comprise of the statement of financial position as at 30 June, 2025, and the statement of financial performance, statement of changes in

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Marsabit County Enterprise Fund as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Marsabit County Enterprise Fund Act, 2015 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Long Outstanding Receivables

The statement of financial position and Note 18 to the financial statements reflect long term loan repayments due balance of Kshs.24,007,605. However, the loan register provided for audit review revealed that the entire amount was disbursed in the years 2017 and 2018 and has remained outstanding for more than seven (7) years without any repayments. Management did not provide evidence of recovery efforts including demand notices, follow-up correspondence, or legal action, to recover the outstanding balances.

In the circumstances, the accuracy, completeness and recoverability of the long outstanding receivables totalling Kshs.24,007,605 could not be confirmed.

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

Emphasis of Matter

Fund Viability and Going Concern Position

The statements of changes in net assets reflect cumulative deficit of Kshs.3,604,024 resulting in the reduction of initial fund capital from Kshs.30,000,000 to Kshs.26,395,976 despite the Fund being established as a revolving fund, intended to generate recoveries for continued lending. Further, analysis of loan performance revealed that loans totalling Kshs.24,007,605 advanced to beneficiaries in the years 2017 and 2018, remain outstanding and unserviced as at the date of audit.

These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Fund's ability to continue as a going concern.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effects of the matter described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Audit Matters

The following issues raised on Marsabit County Enterprise Fund in the previous audit report remain unresolved;

1. Variance Between the Ledger and the Financial Statements Balances.
2. Long Outstanding Loan Balances.
3. Lack of ICPAK Membership Number for the Fund Accountant.
4. Non-Appointment of Board Members.

Other Information

The Management is responsible for the Other Information set out on page iii to xviii, which comprise of Key Entity Information and Management, Board of Trustees/Fund Administration Committee, Management Team, Report of the Fund Administrator, Statement of Performance Against the County Fund's Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of Trustees and Statement of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on

Report of the Auditor-General on Marsabit County Enterprise Fund for the year ended 30 June, 2025

Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Non-Compliance with Legal Requirements on Fund Lifespan

Review of records maintained by Management revealed that the Fund's ten-year statutory lifespan ended during the year under review. However, no evidence was provided to confirm that the County Executive Committee or County Assembly had granted approvals for its renewal or extension, contrary to Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015 which states that the initial approval for establishment of a county public Fund shall be for a maximum period of ten (10) years, beyond which the County Executive Committee and County Assembly approvals shall be sought.

In addition, no formal winding-up process had been initiated as required under Regulation 199(1) of the Public Finance Management (County Governments) Regulations, 2015, and there was no winding-up report submitted to the Auditor-General and County Assembly, as required under Regulation 199(2) of the Public Finance Management (County Governments) Regulations, 2015. The Fund's administration also failed to provide any documentation indicating that action had been taken to comply with these provisions.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters 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

1. Non-Appointment of the Board

Review of the Fund's records revealed that the Board Members were appointed in the year 2015 and their tenure expired in March, 2018. However, as previously reported no new board was appointed after the expiry of the board tenure. This is contrary to Section

13(1) of the Marsabit County Enterprise Fund Act, 2015 which provides that every member of the board, other than members under 6(1)(c)(d) and (f) shall hold office on a part time basis for a term of three (3) years but may be eligible for re-appointment. The Fund has therefore, been operating without a Board.

In the circumstances, the effectiveness of Fund's governance could not be confirmed.

2. Lack of Risk Management Policy

Management did not develop a Risk Management Policy to guide on risk management assessment and formulation of risk mitigation strategies in the year under review. This was contrary to the Regulation 158(1) of the Public Finance Management (County Governments) Regulations, 2015 which requires accounting officer to develop risk management strategies which include fraud prevention mechanisms and internal control that builds robust business operation.

In the circumstances, the effectiveness of the internal controls on the Fund's financial and operational system 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 controls, risk management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and the Fund Administration Committee

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

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

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

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

The Fund Administration Committee is 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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

17 November, 2025

Marsabit County Enterprise Fund/Board

Annual Report and Financial Statements for the year ended June 30, 2025

14. Statement of Financial Performance for the Year Ended 30th June 2025

Description	Note	FY2024/2025	FY2023/2024
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	6	-	-
Transfers From the County Government	7	-	-
Fines, Penalties and Other Levies	8	-	-
		-	-
Revenue From Exchange Transactions			
Interest Income	9	-	-
Other Income	10	-	-
		-	-
Total Revenue		-	-
Expenses			
Employee Costs	11	-	-
Use of goods and services	12	-	-
Depreciation and Amortization Expense	13	-	-
Finance Costs	14	1,530	3,436
Total Expenses		1,530	1,530
Other Gains/Losses			
Gain/Loss on Disposal of Assets	15	-	-
Gain /Loss on fair value of investments	16	-	-
Surplus/(Deficit) for the Period		(1,530)	(3,436)

Worke Bulge
 Name: *Worke Bulge*
 Administrator of the Fund

Kateky Diba Ramatou
 Name: *Kateky Diba Ramatou*
 Fund Accountant
 ICPAK Member Number: *12012*

Marsabit County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2025

15. Statement of Financial Position As at 30 June 2025

Description	Note	FY2024/2025	FY2023/2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	17	2,388,371	2,379,891
Current Portion of Long- Term Receivables from Exchange Transactions	18	24,007,605	24,017,615
Prepayments	19	-	-
Inventories	20	-	-
Investments in financial assets	21	-	-
Total current assets		26,395,976	26,397,506
Non-Current Assets			
Property, Plant and Equipment	22	-	-
Intangible Assets	23	-	-
Long Term Receivables from Exchange Transactions	18	-	-
Investment Property	24	-	-
Total non- current assets		26,395,976	26,397,506
Total Assets (A)		26,395,976	26,397,506
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	25	-	-
Current Provisions	26	-	-
Current Portion of Borrowings	27	-	-
Employee Benefit Obligations	28	-	-
Social benefit liabilities	29	-	-
Total current liabilities		-	-
Non-Current Liabilities			
Non-Current Provisions	26	-	-
Long Term Portion of Borrowings	27	-	-
Non-Current Employee Benefit Obligation	28	-	-
Social benefit liabilities	29	-	-

Marsabit County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Description	Note	FY2024/2025	FY2023/2024
		Kshs	Kshs
Total Liabilities (B)		-	-
Net Assets (A-B)		-	-
Represented By:			
Revolving Fund		30,000,000	30,000,000
Reserves		-	-
Accumulated Surplus		(3,604,024)	(3,602,494)
Net Assets		26,395,976	26,397,506

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 _____ 2025 and signed by:

Worhe Ridge
 Name: *Worhe Ridge*
 Administrator of the Fund

Katebo
 Name: *Katebo Diba Ramata*
 Fund Accountant
 ICPAK Member Number: *12012*

Marsabit County Enterprise Fund/Board
Annual Report and Financial Statements for the year ended June 30, 2025

16. Statement of Changes in Net Assets for the year ended 30th June 2025

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2023	30,000,000	-	(3,599,058)	26,400,942
Surplus/(Deficit) For the Period	-	-	(3,437)	(3,437)
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance as at 30 June 2024	30,000,000	-	(3,602,494)	26,397,506
Balance As At 1 July 2024	30,000,000	-	(3,602,494)	26,397,506
Surplus/(Deficit) For the Period		-	(1,530)	(1,530)
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June (Current FY)2025	30,000,000	-	(3,604,024)	26,395,976

Marsabit County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2025

17. Statement of Cash Flows for The Year Ended 30 June 2025

Description	Note	FY2024/2025	FY2024/2025
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the county government		-	-
Interest received		-	-
Receipts from other operating activities		-	-
Total receipts		-	-
Payments			
Fund administration expenses		-	-
General expenses		(1,530)	(3,437)
Finance cost		-	-
Other payments		-	-
Net cash flows from operating activities		1,530	3,437
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets		-	-
Proceeds from sale of property, plant & equipment		-	-
Proceeds from loan principal repayments		10,010	10,510
Loan disbursements paid out		-	-
Net cash flows used in investing activities		10,010	10,500
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash & cash Equivalents		8,480	7,064
Cash and cash equivalents at 1 July	17	2,379,891	2,372,828
Cash and cash equivalents at 30 June	17	2,388,371	2,379,891

Marsabit County Enterprise Fund/Board
Annual Report and Financial Statements for the year ended June 30, 2025

18. Statement Of Comparison Of Budget And Actual Amounts For The Period 2025

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
Budget carryovers from the previous year*	-	-	-	-	-	-%
Receipts						
Public Contributions and Donations	-	-	-	-	-	-%
Transfers From County Govt.						
Interest Income	-	-	-	-	-	-%
Other Income	-	-	-	-	-	-%
Total Income	-	-	-	-	-	-%
Expenses						
Fund Administration Expenses	-	-	-	-	-	-%
General Expenses	-	-	-	-	-	-%
Finance Cost	-	-	-	-	-	-%
Total Expenditure	-	-	-	-	-	-%
Capital expenditure	-	-	-	-	-	
Surplus For the Period	-	-	-	-	-	

Marsabit County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Budget notes

1. Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (IPSAS 24.14)
2. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	A
1	Reason for differences	-
2	Reason for differences	-
3	Reason for differences	-
4	Reason for differences	-
	Closing Cash and Cash Equivalent as per the statement of Cash flows	-

19. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

The County Enterprise Fund entity is established by and derives its authority and accountability from the County Enterprise Fund Act, 2015, No. 2 of 2015. The entity is wholly owned by the Marsabit County Government and is domiciled in Kenya. The entity's principal activity is to provide demand-led and timely credit to various borrowing segments such as Micro and Small Enterprises (SMEs) and Livestock Traders.

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 2025

There were no new and amended standards issued in the financial year.

(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.

Standard	Effective date and impact:
IPSAS 43: Leases	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. Not relevant and no impact on Marsabit County enterprise Fund
IPSAS 44: Non- Current Assets Held for	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at

Marsabit County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2025

<p>Sale and Discontinued Operations</p>	<p>the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. Not relevant and no impact on Marsabit County enterprise Fund during the year</p>
<p>IPSAS 45: Property Plant and Equipment</p>	<p><i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. Not relevant and no impact on Marsabit County enterprise Fund during the year</p>
<p>IPSAS 46: Measurement</p>	<p><i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by: <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value. Marsabit County Enterprise Funds adheres to consistency on its record keeping</p>
<p>IPSAS 47: Revenue</p>	<p><i>Applicable 1st January 2026</i> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of</p>

Marsabit County Enterprise Fund

Annual Report and Financial Statements for the year ended June 30, 2025

	<p>revenue and cash flow arising from revenue transactions.</p> <p>Not relevant and no impact on Marsabit County enterprise Fund during the year</p>
<p>IPSAS 48: Transfer Expenses</p>	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p>Not relevant and no impact on Marsabit County enterprise Fund during the year</p>
<p>IPSAS 49: Retirement Benefit Plans</p>	<p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p>Not relevant and no impact on Marsabit County enterprise Fund during the year</p>
<p>IPSAS 50: Exploration For & Evaluation of Mineral Resources</p>	<p>Applicable 1st January 2027</p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. <p>Not relevant and no impact on Marsabit County enterprise Fund during the year</p>

(i) Early adoption of standards

The Entity did not early-adopt any new or amended standards in the financial year 2025

4. Summary of 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 2025 was not budgeted and approved by the County Assembly on 2025. Subsequent revisions or additional appropriations were not made to the approved budget in accordance with specific approvals from the appropriate authorities. No additional appropriations were either made to the original budget and no further respective approvals was concluded in the final budget. Accordingly, no additional appropriations was recorded on the FY 2025 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.

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 cash flows has been presented.

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.

a) 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.

b) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an xx-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit. 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.

Summary of Significant Accounting Policies (Continued)

c) Financial instruments

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

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Summary of Significant Accounting Policies (Continued)

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Summary of 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.

d) 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.

e) 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.

f) 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.

Summary of Significant Accounting Policies (Continued)

g) 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.

h) Nature and purpose of reserves

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

i) Changes in accounting policies and estimates

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

j) Employee benefits – Retirement benefit plans

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

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

Summary of Significant Accounting Policies (Continued)

k) Foreign currency transactions

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

l) Borrowing costs

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

m) Related parties

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.

n) Cash and cash equivalents

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

o) Comparative figures

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

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.

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 Note.

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

Marsabit County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Notes To the Financial Statements Continued

6. Public contributions and donations

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Donation From Development Partners	-	-
Contributions From the Public	-	-
Total	-	-

7. Transfers from County Government

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Transfers From County Govt. –Operations	-	-
Payments By County On Behalf Of The Entity	-	-
Unconditional Development grants	-	-
Total	-	-

8. Fines, penalties and other levies

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Late Payment Penalties	-	-
Fines	-	-
Total	-	-

9. Interest income

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Interest Income from Mortgage Loans	-	-
Interest Income From Car Loans	-	-
Interest Income From Investments in financial assets	-	-
Interest Income On Bank Deposits	-	-
Total Interest Income	-	-

Marsabit County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2025

10. Other income

Description	FY2024/2024	FY2023/2024
	Kshs	Kshs
Insurance Recoveries	-	-
Income from Sale of Tender Documents	-	-
Bad debts recovered	-	-
Miscellaneous Income	-	-
Total Other Income	-	-

11. Employee Costs

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	-	-
Social Security Contribution	-	-
Total	-	-

12. Use of Goods and Services

Description	FY2024/2025	FY2023/2024
	Kshs.	Kshs.
General Office Expenses	-	-
Loan Processing Costs	-	-
Professional Services Costs	-	-
Administration Fees	-	-
Committee Allowances	-	-
Bank Charges	1,530	3,436
Electricity And Water Expenses	-	-
Fuel And Oil Costs	-	-
Insurance Costs	-	-
Postage And Courier	-	-
Printing And Stationery	-	-
Rental Costs	-	-
Security Costs	-	-
Telephone And Communication Expenses	-	-
Audit Fees	-	-
Provision For Doubtful Debts	-	-

Marsabit County Enterprise Fund

Annual Report and Financial Statements for the year ended June 30, 2025

Description	FY2024/2025	FY2023/2024
	Kshs.	Kshs.
Social benefit expenses	-	-
Total	1,530	3,436

13. Depreciation and Amortization Expenses

Description	FY2024/2025	FY2023/2024
	Kshs.	Kshs.
Property Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

14. Finance costs

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Interest On Bank Overdrafts	-	-
Interest On Loans from Banks	-	-
Total	-	-

Marsabit County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2025

15. Gain/(loss) on disposal of assets

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Property, Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

16. Gain/ (loss) on Fair Value Investments

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Investments at Fair Value- Equity investments	-	-
Fair value – Investment property	-	-
Fair value- other financial assets (specify)	-	-
Total Gain	-	-

17. Cash and cash equivalents

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Fixed Deposits Account	-	-
Current Account – KCB Bank	2,388,371	2,379,891
Total Cash and Cash Equivalents	2,388,371	2,379,891

Marsabit County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2025

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

Financial Institution	Account number	FY2024/2025	FY2023/2024
		Kshs	Kshs
a) Fixed Deposits Account			
Kenya Commercial Bank		-	-
Equity Bank		-	-
Sub- Total		-	-
b) On - Call Deposits			
Kenya Commercial Bank		-	-
Equity Bank - Etc.		-	-
Sub- Total		-	-
c) Current Account			
Kenya Commercial Bank		2,388,371	2,379,989
Sub- Total		2,388,371	2,379,891
d) Others (Specify)			
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		-	-

18. Receivables from exchange transactions

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Current Receivables		
Interest Receivable	-	-
Current Loan Repayments Due	-	-
Other Exchange Debtors	-	-
Less: Impairment Allowance	-	-
Total Current Receivables		
Non-Current Receivables		
Long Term Loan Repayments Due	24,007,605	24,017,615
Total Non- Current Receivables	-	-
Total Receivables from Exchange Transactions	24,007,605	24,017,615

Marsabit County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Additional disclosure on interest receivable

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
Current loan repayments due		
Current portion of long-term loans from previous years	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	-	-

19. Prepayments

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Total	-	-

20. Inventories

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts and Meters	-	-
Catering	-	-
Total Inventories	-	-

Marsabit County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Detailed disclosure on inventories

	FY2024/2025	FY2023/2024
Opening balance as at 1/7/2024	-	-
Additional Inventory in the year	-	-
Inventory expensed in the year	-	-
Write-downs in the year	-	-
Others specify	-	-
Closing balance as at 30/6/2025	-	-

21. Investments in financial assets

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
a. Investment in Treasury bills and bonds		
Financial institution		
CBK	-	-
CBK	-	-
Sub- total	-	-
b. Investment with Financial Institutions/ Banks		
Banks	-	-
Sub- total	-	-
c. Equity investments		
Equity/ shares	-	-
Sub- total	-	-
Grand total	-	-

Movement of Equity Investments

Impairment allowance/ provision	FY2024/2025	FY2023/2024
	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	-	-

Marsabit County Enterprise Fund

Annual Report and Financial Statements for the year ended June 30, 2025

e) Shareholding in other entities

Name of Entity where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding		Current year	Prior year
	%	%	%	Kshs	Kshs	Kshs
Entity	-	-	-	-	-	-
	-	-	-	-	-	-

Marsabit County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2025

22. Property, plant, and equipment

	Land	Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Rate	X%	X%	X%	X%	X%	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As at 1st July 2024	-	-	-	-	-	-
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-
As at 30th June 2024	-	-	-	-	-	-
As at 1st July 2025	-	-	-	-	-	-
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-
As at 30th June 2025	-	-	-	-	-	-
Depreciation And Impairment	-	-	-	-	-	-
At 1 st July 2024	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
As at 30th June 2024	-	-	-	-	-	-
As at 1st July 2025	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-
As at 30th June 2025	-	-	-	-	-	-
Net Book Values	-	-	-	-	-	-
As at 30th June 2024	-	-	-	-	-	-
As at 30th June 2025	-	-	-	-	-	-

Marsabit County Enterprise Fund/Board
Annual Report and Financial Statements for the year ended June 30, 2025

23. Intangible assets

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Cost		
As at 1/7/2024	-	-
Additions	-	-
As at 30/6/2025	-	-
Amortization And Impairment		
As at 1/7/2024	-	-
Amortization	-	-
As at 30/6/2025	-	-
Impairment Loss	-	-
As at 30/6/2025	-	-
NBV	-	-

24. Investment Property

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
As at 1/7/2024	-	-
Additions	-	-
Disposal during the year	-	-
Depreciation	-	-
Impairment	-	-
Gain/(loss) in fair value (if fair value is elected)	-	-
As at 30/6/2025	-	-

Marsabit County Enterprise Fund/Board
Annual Report and Financial Statements for the year ended June 30, 2025

25. Trade and other payables from exchange transactions

Description	FY2024/2025		FY2023/2024	
	Kshs		Kshs	
Trade Payables	-		-	
Refundable Deposits	-		-	
Accrued Expenses	-		-	
Other Payables	-		-	
Total Trade and Other Payables	-		-	
Ageing analysis (Trade and other payables)	Current FY 2025	% of the Total	Comparative FY2024	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (tie to above total)	-	-	-	-

26. Provisions

Description	Leave provision	Gratuity Provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance b/f as at 1/7/2024	-	-	-	-
Additional provisions	-	-	-	-
Provision utilised	-	-	-	-
Change due to discount and time value for money	-	-	-	-
Total provisions year-end as at 30/6/2025	-	-	-	-
Current Provisions	-	-	-	-
Non-Current Provisions	-	-	-	-

Marsabit County Enterprise Fund/Board
Annual Report and Financial Statements for the year ended June 30, 2025

27. Borrowings

Description	FY2025	FY2024
	Kshs	Kshs
Balance as at 1/7/2024	-	-
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 as at 30/6/2025	-	-

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

Description	FY2025	FY2024
	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 30/6/2025	-	-

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

Description	FY2025	FY2024
	Kshs	Kshs
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

Marsabit County Enterprise Fund/Board
Annual Report and Financial Statements for the year ended June 30, 2025

28. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	FY2025	FY2024
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total	-	-	-	-	-

29. Social Benefit Liabilities

Description	FY2025	FY2024
	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)	-	-

Marsabit County Enterprise Fund/Board
 Annual Report and Financial Statements for the year ended June 30, 2025

30. Cash generated from operations.

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	-	-
Adjusted For:		
Depreciation	-	-
Amortization	-	-
Gains/ Losses on Disposal of Assets	-	-
Interest Income	-	-
Finance Cost	-	-
Working Capital Adjustments		
Increase In Inventory	-	-
Increase In Receivables	-	-
Increase In Payables	-	-
Net Cash Flow from Operating Activities	-	-

31. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Transfers From Related Parties'	-	-
Transfers To Related Parties	-	-

c) Key management remuneration

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Government	-	-
Total	-	-

Other Disclosures Continued

e) Due to related parties

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
Total	-	-

32. Contingent assets and contingent liabilities

Contingent Liabilities	FY2024/2025	FY2023/2024
	Kshs	Kshs
Court Case Against the Fund	-	-
Bank Guarantees	-	-
Total	-	-

33. 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
As at 30 June 2025				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-
As at 30 June 2024				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-

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 xxxx

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
As at 30 June 2025				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
As at 30 June 2024				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

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
As at 30 June 2025			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables			
Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

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 Kenyan shilling appreciated with all other variables held constant.

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
30/6/2025			
Euro	10%	-	-
USD	10%	-	-
30/6/2024			
Euro	10%	-	-
USD	10%	-	-

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

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	FY2025/2024	FY2023/2024
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	30,000,000	30,000,000
Accumulated surplus/(Deficit)	(3,604,024)	(3,602,494)
Total funds	26,395,976	26,397,506
Total borrowings	-	-
Less: cash and bank balances	(2,388,371)	(2,379,901)
Net debt/(excess cash and cash equivalents)	24,007,605	24,017,605
Gearing	0%	0%

34. Events after the reporting period

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

35. Ultimate and Holding Entity

The entity is a County Enterprise Fund established by Marsabit County Legislative Assembly Act, 2015, No. 2 of 2015.

36. Currency

The financial statements are presented in Kenya Shillings (Kshs)

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 : (Put a date when you expect the issue to be resolved)
OAG/IRO/MCE F/2023/2024/(15)	Report on the financial statement			
	1). There are variances between the financial statement and the supporting schedule on the long term receivables	The management has reconciled the long-term receivables supporting schedule and financial statements	Resolved	13/10/2025
	2). Long term outstanding loan balances	The management has put in place more effort into recovering long-outstanding loan balances	Not Resolved	30/06/2026
	Emphasis of matter			
	Material uncertainty related to going concern	The management has put in place more effort into recovering long-outstanding loan balances	Not Resolved	30/06/2026
	Other matter			
	Unresolved prior year matter	The management will put in place to resolve prior year audit findings	Not Resolved	30/06/2026
	Report on lawfulness and effectiveness in the use of public resources			

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
	Non-appointment of Board Members	Delay in appointing the board member has been primarily due to budget allocation compounded with administrative processes that are currently being addressed i.e, no CEF fund received	Not Resolved	30/06/2026

Guidance Notes:

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

Ag. Fund Manager/Accounting Officer (enter title of head of Fund)

Date.....13/10/25.....

**Marsabit County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

**Annex II: Inter-Fund Confirmation Letter
[Insert your Letterhead]**

Marsabit County Enterprise Fund
P.O Box 75-60500

The Marsabit County Enterprise Fund wishes to confirm the amounts disbursed to you as at 30th June 2025 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 [Insert name of beneficiary Fund] as at 30 th June 2025							
Reference Number	Date Disbursed	Amounts Disbursed by [CC/SAGA/Fund] (Kshs) as at 30 th June 2025				Amount Received by [beneficiary Fund] (KShs) as at 30 th June 20xx (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
Total							

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

Head of Accountants department of beneficiary Fund:

Name Kateba Diba Ramata Sign [Signature] Date 13/08/25

Marsabit County Enterprise Fund
Annual Report and Financial Statements for the year ended June 30, 2025

Annex III: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities	2025				Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		



Marsabit County Enterprise Fund

Annual Report and Financial Statements for the year ended June 30, 2025

Annex IV: Reporting on Disaster Management Expenditure

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