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OFFICE OF THE AUDITOR-GENERAL
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REPORT

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OF

THE AUDITOR-GENERAL

ON

NYERI COUNTY ENTERPRISE DEVELOPMENT FUND

FOR THE YEAR ENDED 30 JUNE, 2026

OFFICE OF THE AUDITOR GENERAL
NYERI REGIONAL OFFICE
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NYERI COUNTY ENTERPRISE DEVELOPMENT FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED JUNE 30, 2026

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

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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
PLWD	Persons Living with Disabilities
EDF	Enterprise Development Fund
No.	Number of
MSEs	Micro and Small Enterprises
ToR	Terms of Reference

2. Who we are

a) Background information

Nyeri County Enterprise Development Fund was established by and derives its authority and accountability from Nyeri County Enterprise Development Fund (Amendment) Act, on 29th March 2018. The Fund is wholly owned by the County Government of Nyeri and is domiciled in Kenya.

The fund's objective is to:

a. Provide affordable loans to applicants stipulated under section 20 of the Nyeri County Enterprise Development Act (amendment) ,2018;
b. Support capacity building of the beneficiaries;
c. Provide training, mentorship and provision of business development services to beneficiaries;
d. Promote enterprise development in Nyeri County;
e. Support micro and small enterprises to develop linkages with large enterprises
f. Promote marketing of products and services for the enterprises;
g. Support technology acquisition, adoption and utilization by Micro and small enterprisesand Cooperatives Societies; and
h. Promote gainful employment through enterprise development.

The Fund's principal activity is to promote enterprise development within the County by providing affordable loans to eligible applicants operating businesses in Nyeri County

Principal Activities

Our Vision

To be the most affordable and accommodative financial partner

Our Mission

To offer affordable financing alternatives and financial skills to enhance business and economic growth to Nyeri County Business community, targeting MSEs.

Core Objective

The Fund's principal activity is promoting enterprise development within the County by providing affordable loans to eligible applicants operating businesses in Nyeri County.

b) Assurance and Audit

Nyeri County Enterprise Development Fund applies a combined assurance model to enhance the reliability of this report. Assurance is provided through:

- Management reviews
- External audit of financial statements by the Office of the Auditor-General (OAG)

The Board has applied its collective judgment to this report and confirms that it provides a balanced and accurate reflection of Nyeri County Enterprise Development Fund performance, strategy, and value-creation approach.

c) Registered Offices

Nyeri County Enterprise Development Fund
P.O. Box 1112-10100
Nyeri, Kenya
Opposite Nyeri Golf Club along Kamakwa Road

d) Fund Contacts

Telephone: +254711269464
E-mail: nyericountyedf@gmail.com
Website: www.nyeri.go.ke

e) Fund Bankers

Kenya Commercial Bank, Nyeri Branch
P.O Box 192-10100
Nyeri, Kenya

f) Entity Auditors

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

g) Principal Legal Adviser

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

h) County Attorney

Nyeri County
P.O Box 1112-10100
Nyeri, Kenya

3. Board/Fund Chairperson's Report

It is my pleasure to present, on behalf of the board, the Nyeri County Enterprise Development Fund financial statements for the year ended 30th June 2026. The financial statements present the financial performance of the fund over the past year.

One of the board members who was also the Chief Officer for trade exited and the current one joined the board. The fund and its stakeholders are increasingly emphasizing on the need to ensure sustainability through resource mobilization and financing capabilities with an objective of ensuring that the fund remains a going concern.

In the year under review the fund disbursed loans amounting to **Ksh. 20,450,000** to 54 successful applicants.

The fund received interest income amounting to **Kshs. 896,462** from loans advanced to members. The total expenditures during the period amounted to **Kshs. 350,220.**

The fund's primary goal remains steadfast; to foster economic growth and development by empowering local businesses. The fund also focuses on enhancing its efficiency and effectiveness by building automation infrastructure in form of a loan management System.

I take this opportunity to express my sincere gratitude and appreciation to the County Government, partners, stakeholders, the board and the secretariat for their continued support which made us achieve these results.

The fund looks forward to the continued support in the year 2026/2027 as it works towards realization of its mandate.

Name: Philip Gikunju **Signature**.....**Date**.....4.8.2026

Chairperson of the Board

Nyeri County Enterprise Development Fund

4. Report of the Fund Administrator

It is my pleasure to present the Nyeri County Enterprise Development Fund financial statements for the year ended 30th June 2026. The financial statements present the financial performance of the fund over the past year.

The fund was established in the financial year 2017/2018 and started with an amount of **Kshs. 30Million**. An amount of **Kshs. 10,000,000** was added in the financial year 2022/2023.

Since establishment of the fund, loans worth **Kshs. 98,636,376** have been issued to **289** enterprises within Nyeri County. In the year under review, the fund disbursed loans worth **Ksh. 20,450,000** to **54** successful applicants.

Table 1: Loans Disbursed per year

YEAR	Total Amount Disbursed	No. of Beneficiaries	No. of Male Owned Enterprises	No. of Female Owned Enterprises	%tage of Male Owned Enterprises	%tage of Female Owned Enterprises
2018/2019	500,000	1	1	-	100	-
2019/2020	9,250,000	25	15	10	60	40
2020/2021	23,204,150	76	43	33	57	43
2021/2022	16,532,226	60	46	14	77	23
2022/2023	12,350,000	32	19	13	59	41
2023/2024	16,350,000	41	25	16	61	39
2024/2025	-	-	-	-	-	-
2025/2026	20,450,000	54	26	28	48	52
	98,636,376	**289**	**175**	**114**	**61**	**39**

Chart 1: Loans Disbursed per year

The chart represents the amount of loans disbursed every year since inception and the no. of enterprises that have benefited

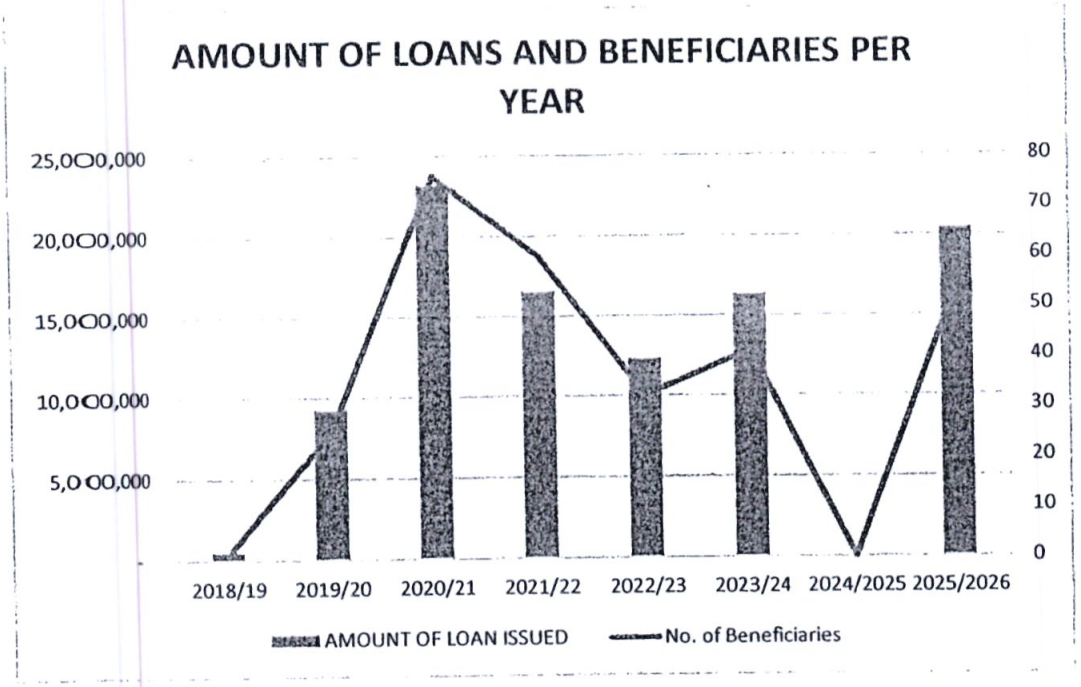


Chart 2: Segregation based on Gender

The chart shows gender representation of ownership of the enterprises that have benefited from loan disbursement by the Nyeri County Enterprise Development Fund every year since its establishment.

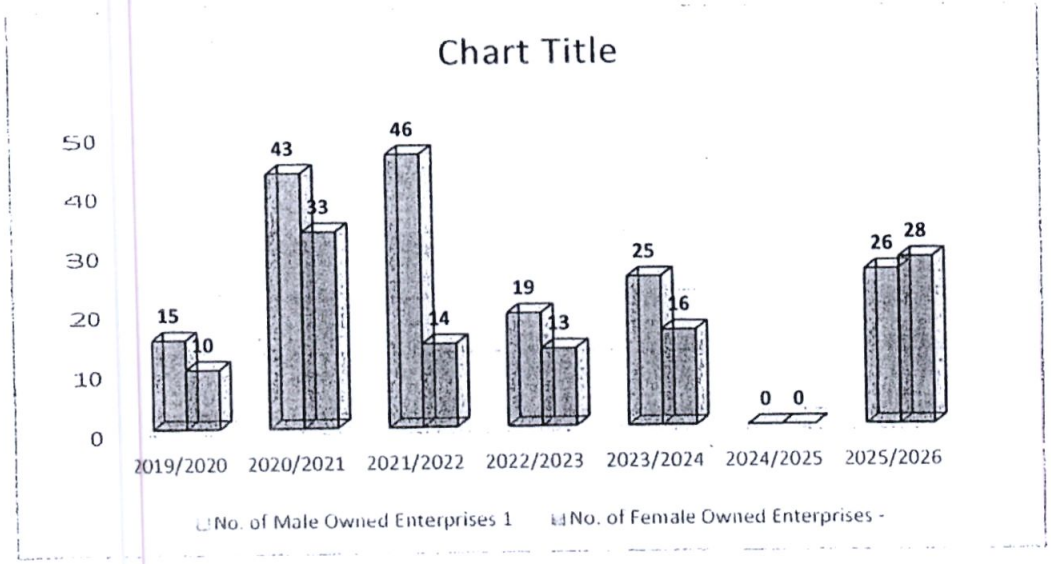
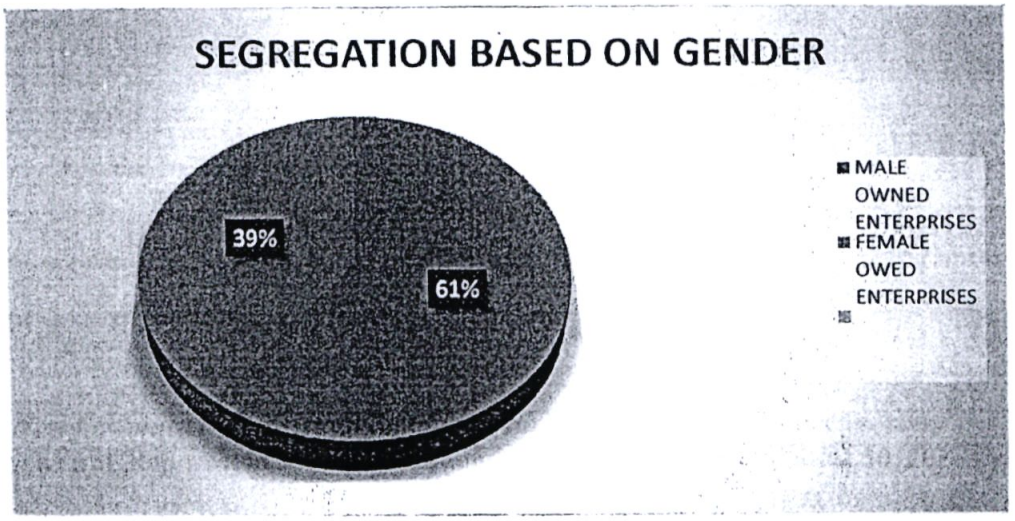


Chart 3: Segregation based on Gender

Out of the 289 enterprises that have benefited from loans disbursed by the Nyeri County Enterprise Development Fund, 114 are female owned representing 39% while 175 are male owned representing 61%.



Loan Applications and Approval

In the year 2025/2026, the board disbursed loans worth Ksh. 20,450,000 to 54 successful applicants operating within the County.

In the year ended 30th June 2026, the fund received revenue from interest on loans from members amounting to **Kshs. 896,462**.

Capacity Building and Sensitization.

In line with the strategic objectives of the fund, capacity building for all successful applicants was conducted and a sensitization exercise carried out throughout the county with the aim of creating more awareness of the fund to the citizenry of Nyeri County.

In the year under review the fund experienced automation challenges which are currently being addressed through procurement of a loan management system through the department of Trade, Tourism, Cooperatives and Culture.

I take this opportunity to thank all stakeholders, the board, and the secretariat for the support to ensure that Nyeri County Enterprise Development Fund achieves its objectives.

5. 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 includes a statement of the county government entity's performance against predetermined objectives.

The key development objectives of the Fund as per the strategic plan for 2023-2027 are to:

i. Provide affordable loans to applicants operating in Nyeri County as stipulated under section 20 of the Nyeri County Act of 2018.
ii. Support capacity building of the beneficiaries.
iii. Provide training, mentorship and provision of business development services to entrepreneurs.

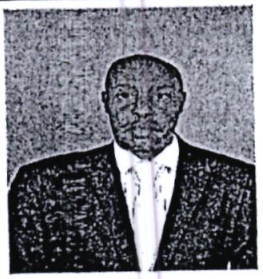
Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Provision of loan to applicants operating in Nyeri County	To ensure MSEs have access to affordable loans	No. of loans successfully applied	% of applications approved	During the Financial year 2025/2026, 56 applications were received and processed and 96% were approved. and the beneficiaries received their disbursements
Provision of training and capacity building to applicants	To ensure MSEs are supported through capacity building	No. of beneficiaries trained	% of beneficiaries trained	During the financial year 2025/2026, all the 54 successful applicants representing 100% were trained.

6. Corporate Governance Statement

Part A: Board of Trustees/ Fund Administration Committee:

Name	Details of qualifications and experience
	CPA Adan Ibrahim Edin Masters in Strategic Management Date of Birth *8th February 1986* Chief Officer, Trade Tourism and Cooperative Development Board Member
	Philip Gikunju Waithaga Degree in Food Science and Technology Date of Birth *8th September 1975* Board Chairperson
	Isabella Nyaruai Gikandi Bachelor of Business Management- Human Resource ***Date of Birth – 6th October 1993*** Board Vice Chairperson
	Stephen Mathenge Bachelor of Science Information Technology ***Date of Birth – 28th December 1986*** Board Member

	Erastus Muthura Masters in Business Administration – Strategic Management ***Date of Birth – 25th May 1978*** Board Member
	CPA Evah Ndiang'ui Bachelor of International Business Administration – Finance Masters in Business Administration – Strategic Management CPA-K ***Date of Birth – 30th January 1989*** Director - Trade Development Board Member
	CPA Mary Wanjugu Bachelor of Science in Mathematics CPA-K ***Date of Birth – 16th April 1990*** Fund Administrator

Part B: Management Profile

Name	Details of qualifications and experience
	CPA Adan Ibrahim Edin Masters in Strategic Management Date of Birth *8th February 1986* Chief Officer, Trade Tourism and Cooperative Development Board Member
	Philip Gikunju Waithaga Degree in Food Science and Technology Date of Birth *8th September 1975* Board Chairperson
	Stephen Mathenge Bachelor of Science Information Technology *Date of Birth – 28th December 1986* Board Member
	CPA Mary Wanjugu Bachelor of Science in Mathematics CPA-K *Date Of Birth – 16th April 1990* Fund Administrator

Part C: Governance arrangements

i. **Appointment of Board members, Process of appointment and removal of directors, The size, diversity, and demographics of the Board, Existence of the board charter**

- **Appointment and Removal of the Board**

The nomination process is as per the County Executive Committee Member for Trade guidelines follows:

Appointment

a. **Representative of the Business Community**

- Two groups/associations with major representation of the Business Community
- Each group/association to nominate two people of the opposite gender
- The nominees should be residents of Nyeri County
- The nominees should not be from the same Sub-County to ensure regional balance.
- One person will then be appointed to represent this particular category.

b. **Youth Representative**

- Two groups/associations with major representation of the youth in creative industry
- Each groups/associations to nominate two people of the opposite gender
- The nominees should be residents of Nyeri County
- The nominees should not be from the same Sub-County to ensure regional balance
- One person will then be appointed to represent this particular category

c. **Cooperative Societies Representative**

- Two cooperatives with major of membership from Nyeri County
- Each cooperative to nominate two people of the opposite gender
- The nominees should be residents of Nyeri County

- The nominees should not be from the same Sub-County to ensure regional balance
- One person will then be appointed to represent this particular category

d. Persons living with disability (PLWD) Representative

- National Council for persons living with disability has been identified as the mostrepresentative association for PLWD involved in the county.
- Submit names of two Nominees who should be residents of Nyeri County
- The nominees should be running a micro and small enterprise development
- The nominees should not be from the same Sub-County to ensure regional balance
- Only one will then be appointed from the two nominees.

For a person to be eligible for appointment as a member the following criteria should be met

i. Is a Kenyan citizen;

ii. Holds a minimum of a diploma from a recognized institution in Kenya;

iii. Has operated a business which is a micro and small enterprise in the County for a period of three years;

iv. Satisfies the requirements of Chapter Six of the Constitution.

v. The members of the Board may be removed from office for-

vi. Gross violation of the Constitution or any other law;

vii. Gross misconduct, whether in the performance of the member's functions or otherwise;

viii. Physical or mental incapacity to perform the functions of office; or

ix. Incompetence or neglect of duty.

Removal

The Nyeri County Enterprise Development Fund further provides that; the County Executive Committee Member responsible for Trade may, upon the recommendation of the Board, revoke the appointment of a member of the Board on any of the below mentioned grounds.

The following reasons may result in the ceasing to be a member of the Board: -

- Resignation in writing, to the County Executive Member for the time being responsible for Trade;
- Conviction of a criminal offence resulting in a sentence to a term of imprisonment of not less than six months;
- Being declared bankrupt;
- Being unable to perform the functions of his or her office by reason of mental or physical incapacity; or
- Dies.

Where a vacancy occurs in the membership of the Board, the County Executive Member for the time being responsible for Trade shall, if the vacancy relates to non-ex- officio member appoint new member in accordance with the provisions of this Act.

The board comprises of seven members; four members appointed from the above mentioned groups and other three being the Chief Officer for Trade, Director for Trade and the Fund administrator.

The Board charter has not been developed, however, the activities undertaken by the fund are included in the department's charter.

ii. Roles and functions of the board

- To formulate sound policies for the administration, regulation and management of the fund
- Set the criteria for appraisal of loan applications
- Approve the disbursement of the fund

- To set the loan repayment conditions
- To put in place necessary mechanisms for sanctions and their enforcement in cases of loan repayment default
- To institute measures and mechanisms aimed at loan recovery
- To mobilize resources for the furtherance of objectives of the fund
- To receive any grants and or donations
- To develop and facilitate sectoral linkage to the fund
- To establish and maintain links in and outside the county with organizations with similar objectives
- To develop programs, projects and other related activities aimed at capacity building tofund beneficiaries.
- To convene an annual forum for fund beneficiaries for sensitization purposes
- Monitor and evaluate the programs under the fund
- Collaborate with other relevant stakeholders in the provision of appropriate business development service to fund beneficiaries.
- To prepare and submit annual reports on operations and performance of the fund to theCounty Executive Committee Member
- To carry out any other function which, in the opinion of the County Executive CommitteeMember for the time being responsible for Trade, will be necessary to promote and facilitate the objects for which the fund is established.

iii. Induction, training, and development

The fund ensures induction is carried out for the new board.

iv. Board and members' performance

The board has:

- Ensured compliance with legal, ethical and regulatory requirements
- Offered strategic direction for the fund
- Made and evaluated policies and controls for the fund
- Offered insights and expertise to guide the fund's vision and mission

- Attended, participated and offered constructive engagement in the fund's meetings

v. Number of Board meetings held and the attendance to those meetings by members

The Board held four meetings within the financial year and all meetings had a quorum.

vi. Succession plan

The composition of the fund board is as per the Nyeri County Enterprise Development Fund (Amendment) Act, 2018 and/or the County Executive Committee Member for Trade guidelines. The members appointed serve a period of 2 terms of 3 years each and non- renewable after 6 years

vii. Policy to manage conflict of interest.

The fund has not established any conflict of interest among the appointed board members

viii. Board remuneration

Board members receive sitting allowances as provided by Salaries and Remuneration Commission (SRC)

ix. Ethics and Conduct

The EDF board upholds ethics and conduct by ensuring:

- Integrity
- Accountability
- Fairness
- Respect
- Transparency

x. Governance audit

The board has not conducted governance audit.

xi. Communication policy

The fund ensures all communication is professional, accurate and aligned with the fund's values.

xii. Terms of Reference of Committees

ToR of the Nyeri County Enterprise Development Fund board is as per the Nyeri County Enterprise Development Fund (Amendment) Act, 2018 which outlines clearly; the role of the board, no. of members required, criteria for membership, term lengths etc.

xiii. Policy on related party transactions

The fund ensures transparency through disclosures in financial statements; the fund is protected from bias, abuse and financial risks by ensuring all related party transactions are handled with integrity, fairness and integrity and as per the Act governing the fund.

xiv. Statement of compliance with laws and regulations

The Fund fully complies with all applicable Government Regulations, operational statutory obligations, and specifically the Nyeri County Enterprise Development Fund Act, 2018, regulations and guidelines governing it.

xv. Key Management Structure and its key roles.

S/NO	NAME	ROLE
1	Philip Gikunju	Chairperson
2	Stephen Mathenge	Member
3	Ibrahim Adan	Chief Officer (*Responsible for Trade*)
4	Mary Wanjugu	Fund Administrator

xvi. Fiduciary Oversight Arrangements.

S/NO	POSITION	NAME
1	Directorate of Internal Audit	Audit and Finance Committee
2	The County Assembly	Public Finance and Accounts Committee
3	The Senate	County Public Investments and Special Funds Committee

7. Financial Performance Overview

FY 2025/2026 Financial and Operational Performance Report

1. Revenue

Table 2: Revenue Analysis by Nature

2025/2026

Revenue Analysis		
Nature	**Description**	**Amount**
Interest Income	Income from loan	1,887,934
Application Fee	Nonrefundable fee payable on application	6,000
		1,893,934

2. Expenditure

Table 3: Expenditure Analysis by Function and Nature

2025/2026

Expenditure Analysis		
ADMINISTRATION EXPENSES		
COMMITTEE AND BOARD ALLOWANCES	Facilitation for Loan Appraisal and Business Visits	52,000.00
	Board allowances	193,000.00
		245,000.00
STATIONERY	Printing and Stationery	53,800.00
		53,800.00
TELEPHONE	Issuance of Airtime	20,000.00
		20,000.00
CONFERENCE	Provision of Catering Services	29,000.00
		29,000.00
FINANCE EXPENSES	Bank Charges	**2,420.00**
TOTAL		**350,220**

3. Revenue and Expenditure per Budget Estimates

In the year under review the fund's major activities were supported by the department of Trade, hence the variance in the utilization of the fund budget.

4. Assets of the Entity

The fund's assets are the cash and cash equivalents of Ksh.5, 633,468 and debtors of Ksh. 41,910,019.

5. Liabilities of the Entity

The fund's liabilities were unidentified deposits of Ksh. 465,705.

6. Multi-Year Operational and Financial Performance (3–5 Years)

Table 4: CHANGE IN ASSETS OVER THE YEARS

YEAR	CHANGE IN ASSETS	SURPLUS
2018/2019	30,000,000	-
2019/2020	31,802,996	1,802,996
2020/2021	31,878,254	75,258
2021/2022	32,409,119	530,865
2022/2023	42,997,112	587,993
2023/2024	44,753,678	1,756,566
2024/2025	45,534,068	780,390
2025/2026	47,077,782	1,543,714

CHART 4: CHANGE IN ASSETS OVER THE YEARS

The chart represents the growth in the assets of the fund over the years since its establishment.

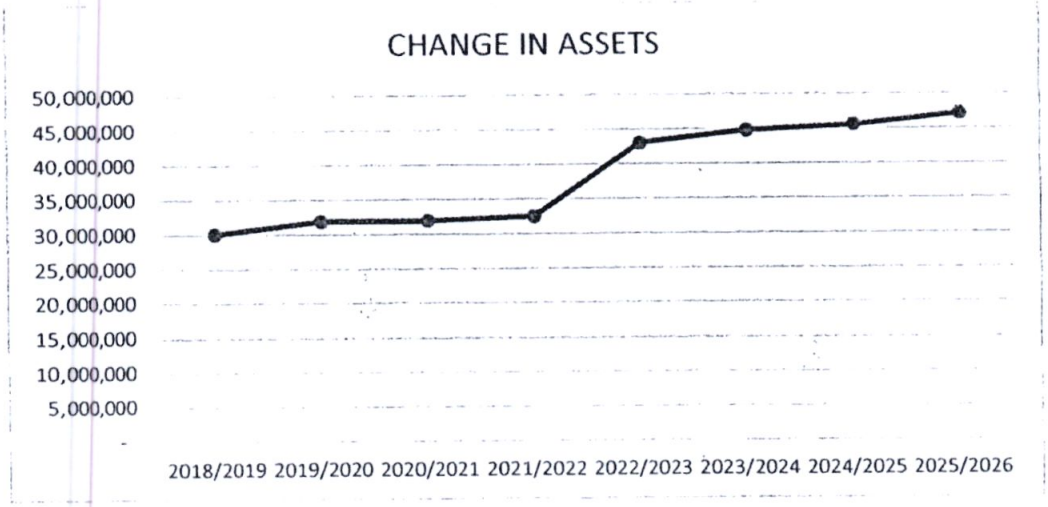


Chart 5: SURPLUS REALISED OVER THE YEARS

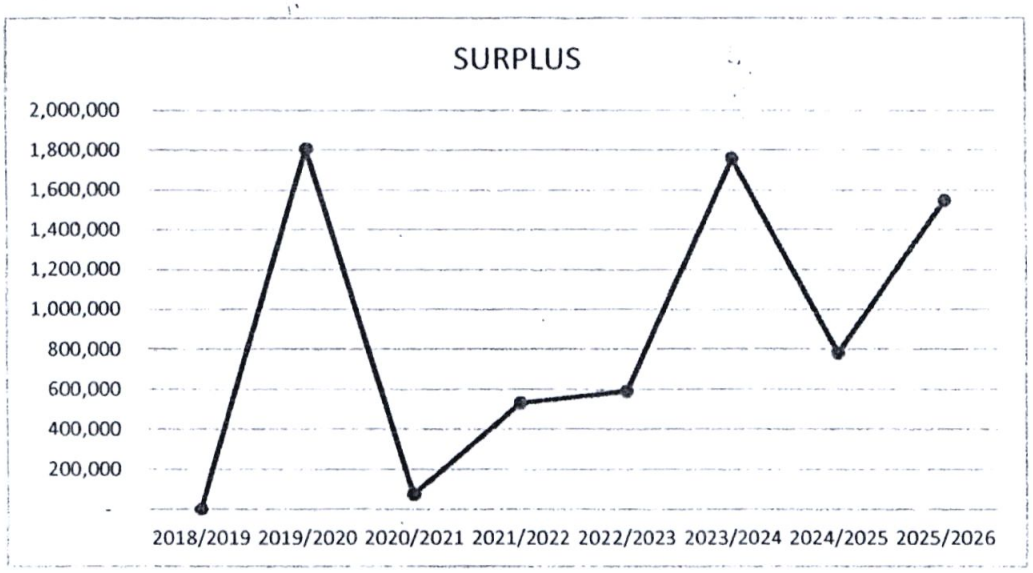


Table 5: Balance sheet summary over the years

YEAR	2025/2026	2024/2025	2023/2024
DESCRIPTION			
Cash and Cash Equivalents	5,633,468	17,359,812	11,345,429
Receivables	41,910,019	28,729,594	33,947,210
Payables	465,705	555,338	538,961
Net Assets	**47,077,782**	**45,534,068**	**44,753,678**
Revolving Fund	41,802,996	41,802,996	41,802,996
Accumulated Surplus	5,274,786	3,731,072	2,950,682
Net Assets	**47,077,782**	**45,534,068**	**44,753,678**

8. Risk Analysis and Statutory Compliance

The Fund's primary operational constraint remains credit risk arising from sluggish loan repayment cycles by beneficiaries. To mitigate this risk, the Management has enforced strict security requirements for all applicants through tangible collateral, supplemented by mandatory comprehensive credit life insurance policies covering permanent disability and death.

The Fund has fully complied with all applicable statutory provisions and maintains a framework to ensure sustained regulatory compliance into the future. Additionally, the Fund confirms it has no outstanding debt or unfulfilled financial obligations to any institution or individual.

8. Environmental and Sustainability Reporting

The fund has not been involved in environmental and sustainability activities

9. Report of the Board

The board submits their report together with the audited financial statements for the year ended June 30, 2026 which show the state of the Fund affairs.

Principal activities

The Fund's principal activity continues to be; promoting enterprise development within the County by providing affordable loans to eligible applicants operating businesses in Nyeri County.

Results

The results of the Fund for the year ended June 30, 2026 are set out on page 1.

Trustees

The members of the Nyeri County Enterprise Development Fund Board who served during the year are shown on page xiii-xv.

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

	FORMER BOARD MEMBER		CURRENT BOARD MEMBER	
	NAME	POSITION	NAME	POSITION
1	George Mwangi	Chief Officer, Trader Member	Ibrahim Adan	Chief Officer, Trader Member

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

.....

Philip Gikunju

Chairperson of the Board

Date: 4/8/2026

10. 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 the Nyeri County Enterprise Development Fund (Amendment) Act, 2018 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 Nyeri County Enterprise Development Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view ofthe 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 ofthe 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) selectingand applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the Nyeri County Enterprise Development 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 InternationalPublic Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Nyeri County Enterprise Development Fund (Amendment) Act, 2018. The Administrator ofthe Fund is of the opinion that the Fund's financial statements give a true and fair view of the stateof Fund's transactions during the financial year ended June 30, 2026, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Fund's financial statements were approved by the Board on 4/8/ 2026 and signed on its behalf by:

.....

Mary Wanjugu

Fund Administrator

Nyeri County Enterprise Development Fund

REPUBLIC OF KENYA

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Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke

REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON NYERI COUNTY ENTERPRISE DEVELOPMENT FUND FOR THE YEAR ENDED 30 JUNE, 2026

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, Cap.412A, and the Public Audit Act, Cap.412B. 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 Nyeri County Enterprise Development Fund set out on pages 1 to 54, which comprise of the statement of financial position as at 30 June, 2026 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, 412B. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Nyeri County Enterprise Development Fund as at 30 June, 2026 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 Nyeri County Enterprise Development Fund Act, No.7 of 2015 and the Public Finance Management Act, Cap.412A.

Basis for Qualified Opinion

1. Inaccurate Interest Income

The statement of comparison of budget and actual amounts reflects nil amount in respect to actual interest income and other income, however, the statement of cashflows reflects receipts of Kshs.896,462 and Kshs.6,000 respectively on the same revenue line items resulting to a variance of Kshs.896,462 and Kshs.6,000 respectively.

In the circumstances, the accuracy of the nil amount in respect to interest income could not be confirmed.

2. Receivables from Exchange Transactions

Review of the statement of financial position and supporting credit records revealed critical misclassifications, collection inefficiencies, and an unreconciled variance within the receivable's portfolio as follows;

i. The statement reflects comparative total assets balance of Kshs.46,089,406 out of which Kshs.8,253,734 have been wrongly classified as current portion of receivables from exchange transactions instead of being correctly captured under long-term portion exchange transactions.

ii. The statement reflects a balance of Kshs.41,910,019 in respect to current portion of long-term receivables from exchange transactions, as disclosed in Note 21 to the financial statements. However, review of the loan portfolio revealed that current loan repayments due increased from Kshs.11,234,443 in the previous year to Kshs.38,590,820 during the year under review, representing an increase of Kshs.27,356,377 (243%) whose explanation was not provided. During the same period, the Fund advanced fifty-four (54) new loans amounting to Kshs.20,450,000. However, the increase in current loan repayments due exceeded the value of the new loans by Kshs.6,906,377, indicating that a significant proportion of loans due for repayment remained uncollected.

iii. Interest receivable increased from Kshs.433,549 to Kshs.3,319,199 an indication of an accumulation of unpaid interest on overdue loans. This is indicative of deficiencies in loan recovery and debt management despite the Fund's maximum loan repayment period of two years. However, Management has not shown efforts made to recover the outstanding loans.

iv. Review of the statement of financial position revealed an opening receivables balance of Kshs.28,729,594. During the financial year, Management disbursed new loans totalling Kshs.20,450,000, bringing the cumulative gross receivables to Kshs.49,179,594. After deducting loan repayments of Kshs.8,253,734, the expected closing receivables balance should be Kshs.40,925,860. However, the financial statements reflect a balance of Kshs.41,910,019, resulting in an unreconciled variance of Kshs.984,159.

In the circumstances, the accuracy, completeness and recoverability of the current and long-term receivables from exchange transactions balance of Kshs.41,910,019 could not be confirmed.

3. Non-Provision for Expected Credit Losses and Violation of Loan Repayment Regulations

The statement of financial position reflects a balance of Kshs.41,910,019 in respect to current portion of long-term receivables from exchange transactions as disclosed in Note 21 to the financial statements. Included in this balance are long-outstanding loans totalling Kshs.12,992,105, representing 31% of the total portfolio which have remained unpaid for over three (3) years as of 30 June, 2026. This exceeds the maximum twenty-four (24) month loan repayment period prescribed by the Administration Committee. Despite this prolonged delinquency, Management has neither assessed the recoverability of these non-performing loans nor recognized an impairment allowance for Expected Credit Losses (ECL).

In the circumstances, the carrying value of loan receivables balance of Kshs.41,910,019 is potentially overstated, leading to a material misstatement of the financial statements.

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

Key Audit Matters

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

My Opinion is not modified in respect of this matter.

Other Matter

Unresolved Prior Year Matters

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the Nyeri County Enterprise Development Fund in 2025/2026 revealed that the following matters remained unresolved as detailed in below;

Appendix - Unresolved Prior Year Matters

	Financial Year	Audit Issue
1	2024/2025	Default in Loan Repayment
2	2024/2025	Non-Recovery of Loans in Default
3	2024/2025	Failure to Collect Interest on Loans Disbursed
4	2024/2025	Lapses in Loan Management System

Other Information

The Management is responsible for the Other Information set out on page iv to xxviii which comprise of the Key Entity Information and Management, Report of the Board Committee Chairperson, Report of the Fund Administrator, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis and Environmental and Sustainability Reporting, Report of the Board and Statement of Management 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 and 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 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 the Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Non-Compliance with Data Protection Registration Requirements

During the financial year under review, the Fund actively collected, processed, and stored personal data. Under Section 18(1) of the Data Protection Act, Cap. 411C, any entity handling such information must officially register with the Office of the Data Protection Commissioner. Despite this clear legal framework, Management failed to provide valid registration certificates for verification.

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, Cap. 412B, 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 overall governance were not effective.

Basis for Conclusion

1. Non-Compliance with Loan Repayment Periods and Defaulted Receivables

Note 21 to the financial statements discloses a current portion of long-term receivables from exchange transactions amounting to Kshs.41,910,019. An audit review, however, established that ninety-nine (99) loan accounts totalling Kshs.25,285,744 have been in default for more than twelve months. Review of the Nyeri County Enterprise Development Fund financial records revealed that Management extended credit facilities beyond mandated timelines and failed to recover long-outstanding balances. Management failed

to track loan timelines, observe statutory default triggers, or issue penalties and legal demands to non-paying borrowers. This administrative inaction directly prevented the recovery of public funds. Failing to enforce these operational timelines, manage defaults, reduced the optimization of the fund velocity.

In the circumstances, the effectiveness of controls on the recoverability of the outstanding balance of Kshs.25,285,744 remains highly doubtful due to prolonged delinquency.

2. Inadequate Loan Management Information System

Review of the Fund's loan management processes revealed that the Secretariat utilized Microsoft excel spreadsheets to manage the loan portfolio instead of a dedicated loan Management Information System (MIS). The spreadsheets lacked the requisite functionality to support effective portfolio management. Furthermore, the manual records failed to capture critical borrower data, including unique identification details, disbursement timelines, comprehensive repayment histories, borrower risk assessments, and loan risk classifications. Additionally, the tracking system could not compute or generate automated reports on penalties accruing from outstanding arrears.

In the circumstances, Management was unable to effectively monitor loan performance, enforce recovery mechanisms, or accurately assess the Fund's overall credit risk exposure.

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 Management and the Fund Administrative 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 control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Board's ability to continue 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, Cap.412B.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are

in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Fund Administrative Committee is responsible for overseeing the Board'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, Cap.412B 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, Cap.412B. 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, Cap.412B.

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

18 September, 2026

12. Statement of Financial Performance for the Year Ended 30th June 2026

Description	Note	2025-2026 Kshs	2024-2025 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	1,887,934	1,121,815
Other Income	10	6,000	-
Total Revenue		**1,893,934**	**1,121,815**
Expenses			
Employee Costs	11	-	-
Use of goods and services	12	350,220	341,425
Depreciation and Amortization Expense	13	-	-
Finance Costs	14	-	-
Total Expenses		**350,220**	**341,425**
Other Gains/Losses			
Gain/Loss on Disposal of Assets	15	-	-
Gain /Loss on fair value of investments	16	-	-
Gain/Loss on Fair Value of Investment Property	17	-	-
Impairment Loss	18	-	-
Surplus/(Deficit) for the Period		**1,543,714**	**780,390**
Surplus/Deficit from Discontinued Operations	19	-	-
Net Surplus for the Period		**1,543,714**	**780,390**

The entity financial statements were approved on 4/8/ 2026 and signed by:

Name: Mary Wanjugu
Administrator of the Fund

Date 4/8/2026.

Name: CPA Stephen Kioni
Chief Officer, Finance and Accounting
ICPAK Member Number: 22190

Date 4/8/2026

13. Statement of Financial Position as at 30 June 2026

Description	Note	2025- 2026	2024-2025
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	20	5,633,468	17,359,812
Current Portion of Long- Term Receivables from Exchange Transactions	21	41,910,019	11,667,992
Prepayments	22	-	-
Inventories	23	-	-
Investments in financial assets	24	-	-
Non – Current Assets as Held for Sale	25	-	-
Total current assets		**47,543,487**	**29,027,804**
Non-Current Assets		-	-
Long Term Receivables from Exchange Transactions	21	-	17,061,602
Property, Plant and Equipment	26	-	-
Intangible Assets	27	-	-
Investment Property	28	-	-
Right of Use Assets	29	-	-
Total non- current assets		-	**17,061,602**
Total Assets (A)		**47,543,487**	**46,089,406**
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	30	465,705	555,338
Current Provisions	31	-	-
Current Portion of Borrowings	32	-	-
Employee Benefit Obligations	33	-	-
Social benefit liabilities	34		
Liabilities for discontinued operations/NCA held for sale	35	-	-
Total current liabilities		**465,705**	**555,338**
Non-Current Liabilities		-	-
Non-Current Provisions	31	-	-
Long Term Portion of Borrowings	32	-	-
Non-Current Employee Benefit Obligation	33	-	-
Social benefit liabilities	34		

Total Liabilities (B)		**465,705**	555,338
Net Assets (A-B)		**47,077,782**	**45,534,068**
			-
Represented By:			
Revolving Fund		41,802,996	41,802,996
Reserves			-
Accumulated Surplus		5,274,786	3,731,072
Net Assets		**47,077,782**	**45,534,068**

The entity financial statements were approved on 4/8/ 2026 and signed by:

Name: Mary Wanjugu
Administrator of the Fund

Date 4/8/2026

Name: CPA Stephen Kioni,
Chief Officer, Finance and Accounting
ICPAK Member Number: 22190

Date 4/8/2026

14. Statement of Changes in Net Assets for the year ended 30th June 2026

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Fair value adjusted	Total
		Kshs	Kshs		Kshs
Balance As At 1 July 2024	**41,802,996**	**-**	**2,950,682**	**-**	44,753,678
Surplus/(Deficit) For the Period	-	-	780,390	-	780,390
Funds Received During the Year	-	-	-	-	-
Fair value adjustment on investments	-		-	-	-
Transfers	-	-	-	-	-
Revaluation Gain	-	-	-	-	-
Balance As At 30 June 2025	**41,802,996**	**-**	**3,731,072**	**-**	**45,534,068**
Balance As At 1 July 2025	**41,802,996**	**-**	**3,731,072**	**-**	**45,534,068**
Surplus/(Deficit) For the Period	-	-	1,543,714	-	1,543,714
Funds Received During the Year	-		-	-	-
Fair value adjustment on investments	-	-	-	-	-
Transfers	-	-	-	-	-
Revaluation Gain	-			-	
Balance As At 30 June 2026	**41,802,996**	**-**	**5,274,786**	**-**	**47,077,782**

15. Statement of Cash Flows for the Year Ended 30 June 2026

Description	Note	2025- 2026 Kshs	2024-2025 Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the county government		-	-
Interest received		896,462	681,272
Receipts from other operating activities		6,000	-
Total receipts		**902,462**	**681,272**
Payments			
Fund administration expenses		274,000	284,960
General expenses		76,220	56,465
Finance cost		-	-
Other payments		-	-
		350,220	**341,425**
Net cash flows from operating activities	36	552,242	339,847
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets			
Proceeds from sale of property, plant & equipment		-	-
Unidentified deposits of loan repayment		-	10,500
Refunds paid out		(82,320)	-
Proceeds from loan principal repayments		8,253,734	5,664,036
Loan disbursements paid out		(20,450,000)	-
Net cash flows used in investing activities		- **12,278,586**	**5,674,536**
Cash flows from financing activities		-	-
Proceeds from revolving fund receipts		-	-
Additional borrowings			
Repayment of lease Principal			-
Repayment of borrowings			-
Net cash flows used in financing activities			
Net increase/(decrease) in cash & cash Equivalents		(11,726,344)	6,014,383
Cash and cash equivalents at 1 July	20	17,359,812	11,345,429
Cash and cash equivalents at 30 June	20	5,633,468	17,359,812

16. Statement of Comparison Of Budget And Actual Amounts For The Period 2026

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	-	-	-	0	-	0
Transfers From County Govt.		-	-	-	-	-
Interest Income	-	-	-	-	-	0
Other Income	-	-	-	-	-	0
Fund Administration	520,795		**520,795**	**520,795**	-	100
Total Receipts	**520,795**	-	**520,795**	**520,795**	-	**100**
Payments						0
Fund Administration Expenses	370,000		370,000	274,000	96,000	74
General Expenses	150,795		150,795	76,220	74,575	51
Finance Cost	-		-	-	-	0
Total Payments	**520,795**	-	**520,795**	**350,220**	**170,575**	**67**
Surplus For the Period	-	-	-	**170,575**	**(170,575)**	**33**

Budget notes

In the year under review the fund's major activities were supported by the department of Trade, hence the underutilization of the fund budget.

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	-
1	Amounts set aside for loan disbursement at the start of the year	16,758,243
2	Loanees from previous years continued paying the outstanding loans	9,156,196
4	Refunds paid out	(1,546)
5	Loans issued within the year	(20,450,000)
6	Fund administration cost variance	170,575
	Closing Cash and Cash Equivalent as per the statement of Cash flows	**5,633,468**

17. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Nyeri County Enterprise Development Fund is established by and derives its authority and accountability from Nyeri County Enterprise Development Fund (Amendment) Act, 2018. The entity is wholly owned by the Nyeri County Government and is domiciled in Kenya. The entity's principal activity is promoting enterprise development within the County by providing affordable loans to eligible applicants operating businesses in Nyeri County.

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.

Basis of measurement

Under the historical cost basis, assets are recorded at the amount of cash or cash equivalents paid, or the fair value of the consideration given to acquire them at the time of acquisition, plus directly attributable transaction costs. Liabilities are recorded at the amount of consideration received to assume the obligation, less transaction costs incurred when the liability was assumed.

For those assets and liabilities measured at fair value, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the Entity uses market-to-observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Entity using valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs (e.g., by use of the market comparable approach that reflects recent transaction prices for similar

items, or discounted cash flow analysis). Inputs used are consistent with the characteristics of the asset or liability that market participants would take into account.

Fair values are categorized into three levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that the Entity can access at the measurement date.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

- The Entity's accounting policy is to recognize transfers between levels of the fair value hierarchy at the end of the reporting period during which the change occurred. This policy is consistently applied to transfers into and out of each level.

Use of Estimates

The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the Entity's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

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 2026

Standard	Effective date and impact:
IPSAS 43: Leases	***Applicable 1st January 2025*** 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.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	***Applicable 1st January 2025*** The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: 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.
IPSAS 45: Property Plant and Equipment	***Applicable 1st January 2025*** 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.
IPSAS 46:	***Applicable 1st January 2025***

Measurement	The objective of this standard was to improve measurement guidance across IPSAS by: 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.

(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2026.

Standard	Effective date and impact:
IPSAS 47: Revenue	***Applicable 1st January 2026*** 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 revenue and cash flow arising from revenue transactions.
IPSAS 48: Transfer Expenses	***Applicable 1st January 2026*** 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.
IPSAS 49: Retirement Benefit Plans	***Applicable 1st January 2026*** 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.

IPSAS 50: Exploration For & Evaluation of Mineral Resources	*Applicable 1st January 2027* The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: 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.
IPSAS 51: Tangible Natural Resources Held for Conservation	*Applicable 1st January 2028* The objective of this Standard is to establish the principles that an entity shall apply to report relevant information to users of financial statements about the nature, amounts, timing, and uncertainties arising from tangible natural resources held for conservation. A tangible natural resource held for conservation is a naturally occurring tangible asset that is managed to prevent its degradation.
IPSASB SRS 1: Climate Related Disclosures	*Applicable 1st January 2028* This standard provides principles for an entity to address climate-related risks and opportunities arising from an entity's activities and operations. The standard provides disclosures on governance, strategy, risk management, and metrics and targets.

(i) Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year.

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

Finance income

Finance 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 and other similar Distributions

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.

Other revenues

Fees charged for distinct services that do not represent an integral part of the effective interest rate of a financial instrument (such as independent document processing or general credit assessment fees) are accounted for under IFRS 15. Revenue is recognized at a point in time when the performance obligation is satisfied (i.e., when the application is processed and the service is rendered to the applicant)

Budget information

The original budget for FY 2025/2026 was approved by the fund board on 22nd August 2025. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded no additional appropriations on the FY 2025/20256.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial cash flows has been presented.

b) Property, plant and equipment

Recognition and Measurement

The Entity's Property, Plant, and Equipment (PPE) are tangible items held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and are expected to be used for more than one reporting period.

An item of PPE is recognized as an asset if, and only if:

- It's probable that the future economic benefits or service potential associated with the item will flow to the entity.
- The cost or fair value of the item can be measured reliably.

Items acquired through non-exchange transactions (e.g., donations) are measured at their deemed cost, which is the fair value at the date of acquisition. For all other acquisitions, initial measurement is at cost, which includes all expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The entity has adopted the Historical cost model for the subsequent measurement of its PPE. Under this model, after initial recognition, an asset is carried at its cost less any accumulated depreciation and accumulated impairment losses.

Depreciation and Impairment

The entity applies the straight-line method of depreciation, as it best reflects the pattern of the asset's consumption of its future economic benefits or service potential. Depreciation begins when the asset is available for use and ceases at the earlier of the date the asset is classified as held for sale or the date of derecognition. The depreciable amount is the cost of the asset less its residual value. The residual value and the useful life of an asset are reviewed at least at each annual reporting date. The table below indicates the various classes of assets and the depreciation rates.

PPE Item	Depreciation Rate
Land	
Buildings	**2-10%**
Motor vehicles	**10-16.67%**
Infrastructure assets	2-20%
Furniture and fittings	12.5%
Computers & ICT Equipment	33.3%
Heritage Assets	x%
Work in progress (WIP)	
Service concession assets	

Impairment

The entity assesses at each reporting date whether there is any indication that an asset may be impaired. If an indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognized immediately in the statement of financial performance.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in statement of financial performance.

c) **Right of Use Asset**

A right-of-use asset represents the entity's right to use an underlying leased asset over the lease term. At the commencement date of a lease, the entity recognizes a right-of-use asset and a lease liability, except for short-term leases and leases of low-value assets as allowed under IPSAS 43.

Recognition

The entity recognizes a right-of-use asset at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises:

- The amount of the initial lease liability;
- Any lease payments made at or before the commencement date, less any lease incentives received;
- Any initial direct costs incurred; and
- An estimate of the costs to be incurred in dismantling and removing the underlying asset or restoring the site.

Measurement

Right-of-use assets are initially measured at cost. After initial recognition, right-of-use assets are measured using the cost model, where the asset is carried at: Cost less accumulated depreciation, and Any accumulated impairment losses. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Depreciation of right-of-use assets is charged to expenditure in accordance with the entity's depreciation policy applicable to owned assets of the same class. Right-of-use assets are

assessed for impairment in accordance with IPSAS 21 – Impairment of Non-Cash-Generating Assets or IPSAS 26 – Impairment of Cash-Generating Assets, as applicable.

d) Lease Liability

The lease liability is measured at the present value of lease payments that are not paid at that date. The lease payments have been discounted using the interest rate implicit in the lease, and the rate can be readily determined. If the rate cannot be readily determined, the entity uses the incremental borrowing rate.

Subsequently, the lease liability is measured at amortized cost using the effective interest method and reduced by lease payments. Interest expense is recognized in the statement of financial performance.

e) 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.

f) Non-Current Assets Held for Sale and Discontinued Operations

Non-current assets or disposal groups are classified as held for sale when their carrying amount is expected to be recovered through sale rather than continued use. They are measured at the lower of carrying amount and fair value less costs to sell and have been presented separately in the Statement of Financial Position. Depreciation has ceased for the assets classified as held for sale.

The assets classified as held for sale have met the following required criteria: management has made a commitment to sell, the asset is actively being marketed for sale at a reasonable price, the sale will be completed within one year of the classification date, an active program to find a buyer has been initiated, and there are no significant changes to the plan that might impact the sale.

Discontinued operations are the major components that have been disposed of or are held for sale. Their results have been presented separately in the Statement of Financial Performance.

g) 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. 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.

h) 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. 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.

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

i) 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.

j) 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.

k) 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.

l) 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.

m) Nature and purpose of reserves

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

n) 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.

o) 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.

p) 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.

q) 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.

r) 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.

s) 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.

t) 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.

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

a) Estimates and assumptions –

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

b) Useful lives and residual values

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

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

c) Provisions

No provisions were raised and no estimates were determined by based on the information available. No Additional disclosure of any estimates of provisions is included.

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.

Notes To the Financial Statements Continued

6. Public contributions and donations

Description	2025/2026	2024/2025
	Kshs	Kshs
Donation From Development Partners	-	-
Contributions From the Public	-	-
Total	-	-

7. Transfers from County Government

Description	2025/2026	2024/2025
	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	2025/2026	2024/2025
	Kshs	Kshs
Late Payment Penalties	-	-
Fines	-	-
Total	-	-

9. Interest income

Description	2025-2026	2024-2025
	Kshs	Kshs
Interest Income from Mortgage Loans		-
Interest on Enterprise Loans	1,887,934	-
Interest Income From Car Loans	-	-
Interest Income From Investments in financial assets(Interest on Loans)	-	1,121,815
Interest Income On Bank Deposits		-
Total Interest Income	**1,887,934**	**1,121,815**

This revenue represents the 5% p.a interest charged on the loan advanced to benefiting enterprises operating within Nyeri County. It accrues every month and is calculated on reducing balance.

10. Other income

Description	2025-2026 Kshs	2024-2025 Kshs
Insurance Recoveries	-	-
Income from Sale of Tender Documents	-	-
Bad debts recovered	-	-
Miscellaneous Income(*application fee*)	6,000	-
Total Other Income	**6,000**	-

11. Employee Costs

Description	2025/2026 Kshs	2024/2025 Kshs
Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	-	-
Social Security Contribution	-	-
Other *(Specify)*	-	-
Total	-	-

12. Use of Goods and Services

Description	2025-2026 Kshs.	2024-2025 Kshs.
General Office Expenses	-	-
Loan Processing Costs	-	-
Professional Services Costs	-	-
Administration Fees	-	-
Committee Allowances	245,000	245,500
Bank Charges	-	-
Electricity And Water Expenses	-	-
Fuel And Oil Costs	-	-
Insurance Costs	-	-
Postage And Courier	-	-
Printing And Stationery	53,800	37,400
Rental Costs	-	-
Security Costs	-	-
Telephone And Communication Expenses	20,000	18,000
Bank Charges	2,420	1,065
Audit Fees	-	-
Provision For Doubtful Debts	-	-
Other (*Conference/Catering Services*)	29,000	39,460
Total	**350,220**	**341,425**

13. Depreciation and Amortization Expenses

Description	2025/2026	2024/2025
	Kshs.	Kshs.
Property Plant and Equipment	-	-
Intangible Assets	-	-
Investment Property Carried at cost	-	-
Right of Use Assets	-	-
Total	-	-

14. Finance costs

Description	2025/2026	2024/2025
	Kshs	Kshs
Interest On Bank Overdrafts	-	-
Interest On Loans From Banks	-	-
Total	-	-

15. Gain/(loss) on disposal of assets

Description	2025/2026	2024/2025
	Kshs	Kshs
Property, Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

16. Gain/ (loss) on Fair Value Investments

Description	2025/2026	2024/2025
	Kshs	Kshs
Investments at Fair Value- Equity investments	-	-
Fair value – Investment property	-	-
Fair value- other financial assets (specify)	-	-
Total Gain	-	-

17. Gain/Loss on Fair Value on Investment Property

Description	2025/2026	2024/2025
	Kshs	Kshs
Land	-	-
Buildings	-	-
Total	-	-

18. Impairment Loss

Description	2025/2026	2024/2025
	Kshs	Kshs
Property, Plant and Equipment	-	-
Intangible Assets	-	-
Others specify	-	-
Total Impairment Loss	-	-

19. Surplus/Deficit from Discontinued Operations

Description	2025/2026	2024/2025
	Kshs	Kshs
Revenues *(specify)*	-	-
Expenses *(specify)*	-	-
Surplus/Deficit	-	-

20. Cash and cash equivalents

Description	2025-2026	2024-2025
	Kshs	Kshs
Xxx Car Loan Account		-
Xxx County Mortgage Account		-
Fixed Deposits Account		-
On – Call Deposits		-
Current Account	5,633,468	17,359,812
Others (*Specify*)		-
Total Cash And Cash Equivalents	**5,633,468**	**17,359,812**

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

Financial Institution	Account number	2025-2026	2024-2025
		Kshs	Kshs
a) Fixed Deposits Account			
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
Sub- Total		-	-
b) On - Call Deposits			
Kenya Commercial Bank		-	-
Equity Bank - Etc.		-	-
Sub- Total		-	-
c) Current Account			
Kenya Commercial Bank	125xxxx941	5,633,468	17,359,812
Bank B			
Sub- Total		**5,633,468**	**17,359,812**

d) Others(Specify)		-	-
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		**5,633,468**	**17,359,812**

21. Receivables from exchange transactions

Description	2025-2026 FY Kshs	2024-2025 FY Kshs
Current Receivables		
Interest Receivable	3,319,199.12	433,549
Current Loan Repayments Due	38,590,820	11,234,443
Other Exchange Debtors	-	-
Less: Impairment Allowance	-	-
Total Current Receivables	**41,910,019**	**11,667,992**
Non-Current Receivables		-
Long Term Loan Repayments Due	-	17,061,602
Total Non- Current Receivables	-	**17,061,602**
Total Receivables From Exchange Transactions	**41,910,019**	**28,729,594**

Aging analysis for Receivables from exchange transactions

Description	2025/2026 Kshs		2024/2025 Kshs	
	2025/2026	% of the total	2024/2025	% of the total
Less than 1 year	70	45	53	42
Between 1 and 2 years	19	12	26	20
Between 2-3 years	18	12	25	20
Over 3 years	49	31	23	18
Total (a+b)	**156**	-	**127**	-

Additional disclosure on interest receivable

Description	2025-2026	2024-2025
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous periods	3,151,740	433,549
Accrued interest receivable from of long-term loans of previous period	-	1,870,345
Interest receivable from current portion of long-term loans issued in the current period	167,459	-
Current loan repayments due	**3,319,199**	**2,303,894**
Current portion of long-term loans from previous periods	23,043,271	11,234,443
Accrued principal from long-terms loans from previous periods		15,191,257
Current portion of long-term loans issued in the current period	15,547,549	-

22. Prepayments

Description	2025/2026	2024/2025
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Other Prepayments *(Specify)*	-	-
Total	-	-

23. Inventories

Description	2025/2026	2024/2025
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts And Meters	-	-
Catering	-	-
Other Inventories (Specify)	-	-
Total Inventories	-	-

Detailed disclosure on inventories

	2025/2026	2024/2025
Opening balance	-	-
Additional Inventory in the year	-	-
Inventory expensed in the year	-	-
Write-downs in the year	-	-
Others specify	-	-
Closing balance	-	-

24. Investments in financial assets

Description	2025/2026	2024/2025
	Kshs	Kshs
a. Investment in Treasury bills and bonds		
Financial institution		
CBK	-	-
CBK	-	-
Sub-total	-	-
b. Investment with Financial Institutions/ Banks	-	-
Bank x	-	-
Bank y	-	-
Sub-total	-	-
c. Equity investments (specify)	-	-
Equity/ shares in Entity xxx	-	-
Sub-total	-	-
Grand total	-	-

Movement of Equity Investments

Impairment allowance/ provision	2025/2026	2024/2025
	Kshs	Kshs
At the beginning of the year	-	-
Purchase of investments in the year	-	-
Sale of investments during the year	-	-
Gain/(loss) in fair value of investments through surplus or deficit	-	-
At the end of the year	-	-

e) Shareholding in other entities

Name of Entity where investment is held	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 A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
	-	-	-	-	-	-

25. Non-Current Assets as Held for Sale

Description	2025/2026	2024/2025
	Kshs	Kshs
Motor Vehicles	-	-
Furniture	-	-
Office Equipment	-	-
ICT Equipment	-	-
Total	-	-

26. Property, plant, and equipment

2025/2026

Cost/Value	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Infrastructure Assets	Service Concession Assets	Other Assets (Specify)	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs		Kshs	Kshs
As At 1July 2025	-	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-	-
As at 30th June 2026	-	-	-	-	-	-	-	-	-	-
Depreciation & Impairment										
At 1 July 2025	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-	-
Transfers/ Adjustments	-	-	-	-	-	-	-	-	-	-
As at 30th June 2026	-	-	-	-	-	-	-	-	-	-
Net Book Value as at 30th June 2026	-	-	-	-	-	-	-	-	-	-

2024/2025

Cost/Value	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Infrastructure Assets	Service Concession Assets	Other Assets (Specify)	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs		Kshs	Kshs
As at 1 July 2024	-	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-	-
As at 30th June 2025	-	-	-	-	-	-	-	-	-	-
Depreciation & Impairment										
At 1July 2023	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-	-
Transfers/ Adjustments	-	-	-	-	-	-	-	-	-	-
As at 30th June 2024	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Net book Value As at 30th June 2025	-	-	-	-	-	-	-	-	-	-

a) **Valuation**

No valuation was conducted within the year.

b) **Property, Plant and Equipment at Cost**

If the revalued freehold land, buildings, and other assets were stated on the historical cost basis, the amounts would be as follows:

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	-	-	-
Buildings	-	-	-
Plant And Machinery	-	-	-
Motor Vehicles, Including Motorcycles	-	-	-
Computers And Related Equipment	-	-	-
Office Equipment, Furniture, And Fittings	-	-	-
Total	-	-	-

c) **Fully depreciated assets**

Property, plant, and Equipment includes the following assets that are fully depreciated:

Description	Cost or valuation	Normal annual depreciation charge
Plant and Machinery	-	-
Motor Vehicles, including Motorcycles	-	-
Computers and Related Equipment	-	-
Office Equipment, Furniture, and Fittings	-	-
Total	-	-

d) Infrastructure assets

Not applicable

e) Service Concession assets

Not applicable

f) Disclosures on capital work in progress

Not applicable

27. Intangible assets

2025/2026

Description	Indefinite life	Definite life	Work in Progress	Total
Rate	Kshs	Kshs	Kshs	Kshs
Cost/Value at 1st July 2025	-	-	-	-
Additions	-	-	-	-
Transfers	-	-	-	-
Disposal	-	-	-	-
Cost/Value at 30th of June 2026	-	-	-	-
Amortization and impairment				
At 1st July 2025	-	-	-	-
Amortization charge for the year	-	-	-	-
Disposal	-	-	-	-
Impairment loss	-	-	-	-
At the end of the period	-	-	-	-
NBV at 30th June 2026	-	-	-	-

2024/2025

Description	Indefinite life	Definite life	Work in Progress	Total
Rate	Kshs	Kshs	Kshs	Kshs
Cost/Value at 1st July 2024	-	-	-	-
Additions	-	-	-	-
Transfers	-	-	-	-
Disposal	-	-	-	-
Cost/Value at 30th of June 2025	-	-	-	-
Amortization and impairment	-	-	-	-
At 1st July 2024	-	-	-	-
Amortization charge for the year	-	-	-	-
Disposal	-	-	-	-
Impairment loss	-	-	-	-
At the end of the period	-	-	-	-
NBV at 30th June 2025	-	-	-	-

28. Investment Property

Description	2025/2026	2024/2025
	Kshs	KShs
At beginning of the year	-	-
Additions	-	-
Disposal during the year	-	-
Depreciation	-	-
Impairment	-	-
Gain/(loss) in fair value (if fair value is elected)	-	-
At end of the year	-	-

29. Right of use Assets

2025/2026

	Buildings	Motor Vehicles	Equipment	Others Specify	Total
	Kshs	Kshs	Kshs		Kshs
As at 1 July 2025	-	-	-	-	-
Additions in the period	-	-	-	-	-
Remeasurement/Adjustments	-	-	-	-	-
Disposals/Terminations	-	-	-	-	-
As at 30 June 2026	-	-	-	-	-
	-	-	-	-	-
Accumulated Depreciation	-	-	-	-	-
As at 1 July 2025	-	-	-	-	-
Charge for the year	-	-	-	-	-
Elimination on Disposal/Transfer out	-	-	-	-	-
As at 30 June 2026	-	-	-	-	-
	-	-	-	-	-
NBV As at 30 June 2026	-	-	-	-	-

2024/2025

	Buildings	Motor Vehicles	Equipment	Others Specify	Total
	Kshs	Kshs	Kshs		Kshs
Cost/Valuation					
As at 1 July 2024	-	-	-	-	-
Additions in the period	-	-	-	-	-
Remeasurement/Adjustments	-	-	-	-	-
Disposals/Terminations	-	-	-	-	-
As at 30 June 2025	-	-	-	-	-
	-	-	-	-	-
Accumulated Depreciation	-	-	-	-	-
As at 1 July 2024	-	-	-	-	-
Charge for the year	-	-	-	-	-
Elimination on Disposal/Transfer out	-	-	-	-	-
As at 30 June 2025	-	-	-	-	-
	-	-	-	-	-
NBV As at 30 June 2025	-	-	-	-	-

30. Trade and other payables from exchange transactions

Description	2025-2026	2024-2025
	Kshs	Kshs
Trade Payables	-	-
Refundable Deposits	-	89,633.00
Accrued Expenses	-	-
Other Payables	465,705	465,705
Total Trade and Other Payables	**465,705**	**555,338**

Ageing analysis (Trade and other payables)	2025-2026	% of the Total	2024-2025
Under one year	-	-	10,500
1-2 years	10,500	2%	92,100
2-3 years	92,100	20%	342,905
Over 3 years	363,105	78%	20,200
Total (tie to above total)	**465,705**	100%	**465,705**

31. Provisions

Description	Leave provision	Gratuity Provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance b/f	-	-	-	-
Additional provisions	-	-	-	-
Provision utilised	-	-	-	-
Change due to discount and time value for money	-	-	-	-
Total provisions year end	-	-	-	-
Current Provisions	-	-	-	-
Non-Current Provisions	-	-	-	-

32. Borrowings

Description	2025/2026	2024/2025
	Kshs	Kshs
a) External borrowings		
Balance at the beginning of the year	-	-
External borrowings during the year	-	-
Accrued Interest	-	-
Repayment of accrued interest	-	-
Principal Repayments during the year	-	-
Balance at the end of the year	-	-
b) Domestic borrowings	-	-

Balance at the beginning of the year	-	-
Domestic borrowings during the year	-	-
Accrued Interest	-	-
Repayment of accrued Interest	-	-
Principal Repayments during the year	-	-
Balance at the end of the year	-	-
Balance at the end of the period- domestic and External borrowings c = a+b	-	-

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

Description	2025/2026	2024/2025
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan From 'X Organization'	-	-
Sterling Pound Denominated Loan From 'Y Organization'	-	-
Euro Denominated Loan from Z Organization'	-	-
Domestic Borrowings	-	-
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Borrowings From Other Government Institutions	-	-
Total Balance at End of The Year	-	-

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

Description	2025/2026	2024/2025
	Kshs	Kshs
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

33. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	2025/2026	2024/2025
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total	-	-	-	-	-

34. Social Benefit Liabilities

Description	2025/2026	2024/2025
	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)	-	-

35. Liabilities for Discontinued Operations/NCA Held for Sale

Description	2025/2026	2024/2025
	Kshs	Kshs
Specify	-	-
Specify	-	-
Total	-	-

36. Cash generated from operations.

Description	2025-2026	2024-2025
	Kshs	Kshs
Surplus/ (Deficit) For the period **Before Tax**	**902,462**	**681,272**
Adjusted For:		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	(896,462)	(681,272)
Finance Cost	-	-
Working Capital Adjustments		
Increase In Inventory	-	-
Increase In Receivables	(350,220)	(341,425)
Increase In Payables	896,462	681,272
	-	
Net Cash Flow From Operating Activities	**552,242**	**339,847**

37. 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 Department;
c) Key management;
d) Board of Trustees; etc.

b) Related party transactions

Description	2025/2026	2024/2025
	Kshs	Kshs
Transfers From Related Parties'	-	-
Transfers To Related Parties	-	-

c) Key management remuneration

Description	2025/2026	2024/2025
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

Description	2025/2026	2024/2025
	Kshs	Kshs
Due From Parent Department	-	-
Due From County Government	-	-
Total	-	-

Other Disclosures Continued

e) Due to related parties

Description	2025/2026	2024/2025
	Kshs	Kshs
Due To Parent Department	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
Total	-	-

38. Contingent assets and contingent liabilities

Contingent Liabilities	2025/2026	2024/2025
	Kshs	Kshs
Court Case Xxx Against the Fund	-	-
Bank Guarantees	-	-
Total	-	-

39. Financial risk management

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

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

a) Credit risk

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2025				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-
At 30 June 2026	-	-	-	-
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 -x

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

b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the Fund under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2026				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2025				
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
At 30 June 2026			
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 Kenya Shilling appreciated with all other variables held constant.

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

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs xxx (20xx: Kshs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (20xx – Kshs xxx).

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	2025/2026 Kshs	2024/2025 Kshs
Revaluation reserve	-	-
Revolving fund	41,802,996	41,802,996
Accumulated surplus	5,274,786	3,731,072
Total funds	47,077,782	45,534,068
Total borrowings	-	-
Less: cash and bank balances	(5,633,468)	(17,359,812)
Net debt/(excess cash and cash equivalents)	5,633,468	17,359,812
Gearing	-	-

40. Events after the reporting period

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

41. Ultimate and Holding Entity

The entity is a County Public Fund established by Nyeri County Enterprise Development Fund (Amendment) Act, 2018 under the Department of Trade, Co-operatives, Culture and Tourism. Its ultimate parent is the County Government of Nyeri.

42. Currency

The financial statements are presented in Kenya Shillings (Kshs)

18. Annexes

Appendix I: Progress on Follow-Up of Prior Years' Auditor General's Recommendations

The following is a summary of the issues raised by the Auditor General and the management responses provided.

Reference No.	Issue/Observation	Management Response	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Financial Statements			
	1.0 Default in Loan Repayment	The Management has escalated the loan recovery of all defaulted loans and some beneficiaries have responded by making payments and the schedules have been shared with the auditor. The Management has also taken legal action against the defaulters through the office of the County Attorney. The process is ongoing The County Government has prequalified loan recovery agents (auctioneers), and the department has requested for auctioneering	Resolved	

Reference No.	Issue/Observation	Management Response	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		services who are to be engaged to resolve the non-responsive final demand notices.		
	2.0 Non-recovery of Loans in Default	The Management has escalated the loan recovery of all defaulted loans and some beneficiaries have responded by making payments and the schedules have been shared with the auditor. The Management has also taken legal action against the defaulters through the office of the County Attorney. The process is ongoing The County Government has prequalified loan recovery agents (auctioneers), and the department has requested for auctioneering services who are to be engaged to resolve the non-responsive final demand notices.	Resolved	

Reference No.	Issue/Observation	Management Response	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Lawfulness & Effectiveness in the use of Public Resources			
	Failure to collect interest on loans disbursed	Some beneficiaries have responded by making payments and the schedules have been shared with the auditor The interest schedule has been shared with the auditor.	Resolved	
	Effectiveness of Internal Controls, Risk Management & Governance			
	Lapses in Loan Management System	All the loans issued are secured and charged under the County Government of Nyeri as per the fund regulations and the securities were shared with the auditor. The management successfully developed the Fund Credit Policy during the year under review. The policy provides a structured	Resolved	

Reference No.	Issue/Observation	Management Response	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
		framework for the administration of credit facilities, ensuring transparency, accountability, and consistency in the management of the Fund's resources. To strengthen this framework, the management will, going forward, develop and outline a comprehensive Fund Valuation Policy together with clear implementation guidelines.		

Guidance Notes:

(i) Use the same reference numbers as contained in the Audit report.

(ii) Obtain the "Issue/Observation" and "management Responses" required above from the report that is signed by Management.

(iii) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report.

.....

Fund Administrator

Date.....4/8/2026.....

Annex II: Inter-Fund Confirmation Letter

[Insert your Letterhead] N/A

[Insert name of beneficiary Fund]
[Insert Address]

The *[insert XXX name here]* wishes to confirm the amounts disbursed to you as at 30th June 20xx 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 30th June 20xx							
		Amounts Disbursed by [CC/SAGA/Fund] (Kshs) as at 30th June 20xx				Amount Received by [beneficiary Fund] (KShs) as at 30th June 20xx (E)	Differences (KShs) (F)=(D-E)
Reference Number	Date Disbursed	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 ..... Sign .....Date .....

N/A

Annex III: Reporting of Climate Relevant Expenditures

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

Annex IV: Reporting on Disaster Management Expenditure

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