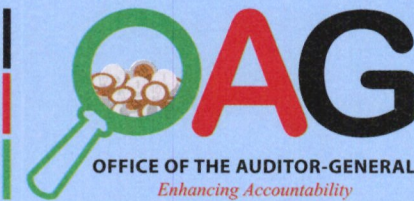
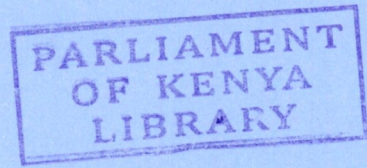


REPUBLIC OF KENYA



REPORT



OF

THE AUDITOR-GENERAL

ON

EMBU COUNTY REVENUE AUTHORITY

**FOR THE YEAR ENDED
30 JUNE, 2025**

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



EMBU COUNTY REVENUE AUTHORITY
County Government of Embu

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30TH JUNE
2025

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

Embu County Revenue Authority (ECRA)
County Government of Embu
Annual Report and Financial Statements
for the year ended June 30, 2025

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1. Acronyms and Definition of Key Terms

A: Acronyms

CEO	Chief Executive Officer
DG	Director General
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
MD	Managing Director
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
WB	World Bank
VC	Vice Chancellor
ECRA	Embu County Revenue Authority
CECM	County Executive Committee Member

Comparative Year- Means the prior period.

B: Definition of Key Terms

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

Comparative Year- Means the prior period.

2. Key Entity Information and Management

a) Background information

Embu County Revenue Authority was incorporated/ established under the Embu County Revenue Authority Act in 2017. The Entity is domiciled in Kenya and has branches in Embu County. Its primary mandate involves the assessment, collection, and accounting of all revenue within Embu County. As a critical entity in the county's financial management system, ECRA plays a pivotal role in ensuring the efficient and effective collection of revenue, which is essential for funding public services and development projects. The agency operates with a degree of independence to enhance transparency, accountability, and efficiency in revenue administration, thereby contributing to the county's economic growth and stability.

The Embu County Revenue Authority (ECRA) encompasses numerous streams cutting across different departments: Department of Trade, Tourism, Investment and Industrialization; Department of Administration, Public Service and ICT; Department of Road, Transport, and Public Works; Department of Health; Department of Agriculture, Livestock, and Cooperative Development; Department of Water, Irrigation, Environment, Climate Change & Natural Resources; and Department of Youth, Gender, Sports, Culture & Social Services. ECRA has deployed inherent initiatives to achieve its annual target of 750 million for the financial year 2023/2024.

b) Principal Activities

Pursuant to ECRA Act 2017 Section 6 (1), the Embu County Revenue Authority is responsible for following;

- i. Assessing, collecting and accounting for all revenue in accordance with the County and national laws related to revenue;
- ii. Administering and enforcing County laws related to revenue;
- iii. Advising the Executive Member on all matters related to administration and collection of revenue under County laws;
- iv. Carrying out such other roles necessary for the implementation of the objects and purpose of this Act.

Functions of the Board

- i. Approval and review of the policy of the Authority.
- ii. Monitoring of the performance of the Authority in carrying out its functions.
- iii. The discipline and control of all members of staff of the Authority appointed under this Act.

Embu County Revenue Authority (ECRA)
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Vision

Excel in revenue collection and management fostering compliance, optimizing collection, and enhancing County's financial growth.

Mission

Assess, collect, and manage county revenue with integrity and efficiency as per relevant laws and regulations.

c) Key Management

The *Entity's* day-to-day management is under the following key organs:

No.	Designation	Name
1.	Ag.Chief Executive Officer	Erick Ileri
2.	Deputy Director – Finance, administration and devolved units	Paul Muriithi
3.	Assistant director – Mbeere south sub-county	Beatrice Sila
4.	Assistant director – Mwea Sub -county	Mohammed Ndung'u
5.	Assistant director – Embu West Sub-county	Edward Kariuki
6.	Assistant director – Runyenjes Sub-county	Jamlick Muriuki
7.	Assistant director – Mbeere North Sub-county	Euphraith Njeru
8.	Assistant director – Embu North Sub-county	William Kariuki

d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Ag. Chief Executive Officer	Erick Ileri
2.	Deputy Director Finance	Paul Muriithi
3.	Head of Department Human Resources	Felistus Ciira
4.	Sub County Revenue Officer – Embu West	Edward Kariuki
5.	Sub County Revenue Officer – Runyenjes	Jamlick Muriuki
6.	Sub County Revenue Officer – Mbeere South	Beatrice Sila
7.	Sub County Revenue Officer – Mwea	Mohammed Ndung'u
8.	Sub County Revenue Officer – Embu North	William Kariuki

Key Entity Information and Management (continued)

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e) Fiduciary Oversight Arrangements

The fiduciary oversight arrangements include the following;

- i. ECRA Board Finance committee
- ii. ECRA Board HR committee
- iii. ECRA Board Strategic committee
- iv. ECRA Board Legal, Audit and Compliance committee

f) ECRA Headquarters

P.O. Box 36 – 60100
Embu Town Hall Building
Meru – Nairobi Highway
Nairobi, KENYA

g) ECRA Contacts

Telephone: (254) 0202163116
E-mail: info@cmbu.go.ke
Website: www.cmbu.go.ke

h) Consolidated bank of Kenya

P.O Box 51133-00200
Nairobi

i) Independent Auditor

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

j) Principal Legal Adviser



The County Attorney
Embu County Government
P.O. Box 36-60100
Embu

Embu County Revenue Authority (ECRA)
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3. The Board of Directors/Council

Ref	Directors	Details
1.	<p><i>Chairman of the Board of Directors</i></p>  <p>ENG. BENSON MURIITHI KINGA, BSC (ELEC. ENG), MBA, R. ENG. KPLC</p>	<p>Eng. Benson Muriithi Kinga, ECRA Board Chairman, holds an MBA and a Bachelor's degree in Electrical Engineering from the University of Nairobi. As an active Electrical Consulting Engineer and a certified PPP expert from the Institute of PPP, Virginia, USA, he contributes more than 40 years of technical and administrative expertise. His vast experience in the energy sector encompasses senior managerial roles with a focus on branding and change management, commercial operations, and infrastructure projects. He excels in planning, design, implementation, evaluation, monitoring, operations and maintenance, procurement, and logistics. Eng. Kinga's leadership and strategic vision have been instrumental in driving organizational success and advancing the energy industry.</p>
2.	<p><i>ECRA Director</i></p>  <p>MRS. SOPHIE M NJAGI</p>	<p>MS. SOPHIE M NJAGI, ECRA Board Member, a PhD finalist and holder of a Master's Degree in Strategic Management from the University of Nairobi, possesses a Post Graduate qualification in Human Resources Management and Development, alongside numerous professional certifications. Over a distinguished 25-year career, she has made significant contributions to talent management, employee development, and organizational effectiveness in both local and international corporate environments, including positions at Nation Media Group, Kenya Airways, and VSO International. Currently, she serves as the Managing Director and Lead Consultant at GRIBS HUMAN CAPITAL Ltd., manages Zawadi Dairies Limited, and is a Director at GRIBS Agencies Limited. Her extensive board service includes roles with the Embu Country Revenue Authority Board and Progressive Credit Limited. A multiple Paul Harris Fellow, Sophie has been an active member of Rotary since 2008, holding various leadership roles and incumbent Centenary Country Chair for 2024/25. Her passion for exploration and cultural immersion has led her to participate in numerous Rotary events and programs.</p>
3.	<p><i>ECRA Director</i></p> 	<p>Mrs. Jennifer Irumbi Nyaga, ECRA Board Member, holds a BSc in International Business Administration with a focus on Accounting and Financial Management, and an MBA in Human Resource and Strategic Management from USIU Africa. She is a Certified Public Secretary (CPS K) and a registered member of the Institute of Certified Public Secretaries of Kenya (ICPSK), as well as an Associate Member of the Institute of Human Resource Management (IHRM). Additionally, she is a Practicing Certified Public Secretary registered by the Certified Public Secretary Board. Mrs. Nyaga has attended numerous courses, including Governance Auditor by ICPSK, E-Government Programme by Soul Human Resource Development Center of South Korea, Strategic Leadership Development Programme</p>



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	<p>MRS. JENNIFER IRUMBI NYAGA</p>	<p>(SLDP), Local Government Reform Programme for Anglophone African Countries by JICA in Osaka, Japan, and training on the role of SME development in Sweden organized by Labour Market Dialogue (LMD). Her extensive career in public service spans over thirty-four years, during which she has held various positions such as Deputy Town Clerk and Director of Human Resource Management at the City Council of Nairobi, County Transitional Coordinator for Laikipia and Kirinyaga County Governments, among other managerial roles in Local Governments. At the Nairobi City Council, she played a pivotal role in sensitizing staff on Result Based Management, Performance Contracts, Rapid Result Initiative (RRI), and the Performance Appraisal System (PAS). Currently, she is a practicing private Company Secretary and Human Resource Management professional. Mrs. Nyaga has also served on the Board of Management for Siakago Girls Secondary School, Kiambeere Complex Secondary School, and currently Mayori Secondary School.</p>
<p>4.</p>	<p><i>ECRA Director</i></p>  <p>MR. DUNCAN MURATIA NYAGA</p>	<p>MR. DUNCAN MURATIA NYAGA, ECRA Board Member, holds a Bachelor of Commerce from the Catholic University of Eastern Africa, currently pursuing a Master's in Management and Leadership. He is a distinguished figure in Kenya's business sector, holding pivotal roles as a Director at the Chamber of Commerce, a Director on the Embu County Revenue Authority Board (ECRA), and a Sales Agent at Sanlam Insurance. He has a robust understanding of finance, leadership, and economic development. Since joining Sanlam Insurance in July 2016, his tenure has been marked by exceptional performance, particularly in client engagement and sales, underscoring his expertise in the insurance industry. His role on the ECRA Board underscores his significant influence in shaping regional economic strategies, with a focus on enhancing local revenue systems and fiscal policies to foster economic growth. Beyond his professional responsibilities, Duncan is passionately committed to mentorship, charity, and community development initiatives. His dedication to empowering communities through education and support is evident in his mentorship of future leaders and entrepreneurs, driving growth and prosperity through strategic engagement and innovative policy initiatives.</p>
<p>5.</p>	<p><i>ECRA Director</i></p> 	<p>MR. JAMES IRERI JOHN, ECRA Board Member, holds a MA in Arts and BSc. He possesses extensive experience in policy formulation, the health sector, agricultural areas, and environmental consultancy services. With 27 years of extensive experience in both the public and private sectors, his diverse background has equipped him with a comprehensive understanding of various industry dynamics and the ability to adapt to different organizational environments. Throughout his career, he has consistently demonstrated a commitment to transparency and accountability, upholding these principles as core values in every professional undertaking. As a result-oriented professional, Mr. John has a proven track record of achieving significant outcomes, leveraging his expertise in strategic planning, operational efficiency, and stakeholder engagement. His dedication to excellence has driven success in numerous projects and initiatives, where he has applied his skills to enhance organizational performance and foster sustainable growth. Whether leading teams, managing complex projects, or</p>

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	<p>MR. JAMES IRERI JOHN</p>	<p>implementing innovative solutions, his focus remains on delivering measurable results and contributing to the long-term success of the organizations he serves.</p>
<p>6.</p>	<p><i>Chief Executive Officer</i></p>  <p>MR. ERICK N.JERU IRERI</p>	<p>MR. ERICK IRERI, the Acting Chief Executive Officer and Secretary to the Board of the Embu County Revenue Authority (ECRA), holds a Bachelor’s Degree in Business Administration (Accounting option), is a Certified Public Accountant (CPA), and has earned numerous certifications in revenue administration, tax administration, revenue mobilization and growth, leadership training and development, banking operations and customer service. He has over 18 years of progressive experience in leadership and management across the public and private sectors and holding key positions in the banking industry, such as Branch Manager at Fortune Sacco Limited, Agency Supervisor at Equity Bank, and various leadership roles at K-Rep Bank Limited, where he worked as Branch Manager, Operations Manager, and Finance Officer. His professional journey also includes academic contributions as a lecturer in business management courses at the Kenya Institute of Management (KIM) and St. Phillip College, accredited to Moi University, as well as accounting roles with the Diocese of Embu–Development and Social Services Department. Beyond his professional roles, Mr. Ireri has actively served in governance and community leadership, including board service with the Embu County Revenue Authority and St. Thomas Aquinas Igumori. With over a decade of specialized experience in revenue collection and mobilization, he has distinguished himself as a Certified Tax Administration Assessment Tool (TADAT) expert, a skill that has enabled him to strengthen tax systems and align ECRA’s operations with international best practices. Under his stewardship, the Authority has achieved its highest-ever revenue performance since the advent of devolution, cementing his reputation as a visionary leader dedicated to integrity, professionalism, sustainable growth, efficiency, and accountability in public finance management.</p>
<p>7.</p>	<p><i>County Solicitor</i></p>  <p>MR. KIMANI KARANJA</p>	<p>MR. KIMANI KARANJA, ECRA Board member, holds a Master of Laws (LLM) degree in Corporate & Commercial Law from the University of Dar es Salaam (UDSM), a Post Graduate Diploma in Law from the Kenya School of Law (KSL), and a Bachelor of Laws (LLB) degree from The Catholic University of Eastern Africa (CUEA). Since March 2024, he has been serving as the County Solicitor for the Embu County Government. Prior to this role, he was an Adjunct Law Lecturer at The Catholic University of Eastern Africa (CUEA). He also held the position of Managing Partner at Kimani, Njanja & Company Advocates LLP and worked as an Associate Advocate at Sheth & Wathigo Advocates. His professional interests include constitutional law litigation, particularly in the areas of land, environment, and administrative procedures, as well as Property Law and Commercial Law.</p>

4. Key Management Team

	Management	Details
1.	<p><i>Ag. CHIEF EXECUTIVE OFFICER</i></p>  <p>MR. ERICK NJERU IRERI</p>	<p>Responsible for day to day management of the affairs of the Authority</p>
2.	<p>DEPUTY DIRECTOR DEVOLVED UNITS</p>  <p>MR PAUL MURIITHI NJUE</p>	<p>Head of finance and Devolved functions.</p>

Embu County Revenue Authority (ECRA)
County Government of Embu
Annual Report and Financial Statements for the year ended June 30, 2025

5. Chairman's Statement

On behalf of the Board of Directors of the Embu County Revenue Authority, I am pleased to present the reports and financial statements for the twelve months ended 30th June 2025.

In accordance with statutory requirements, and within two months after the close of the financial year, the Board has submitted to the Auditor-General the accounts of the Authority together with:

- a) A Statement of Financial Position as at 30th June 2025
- b) A Statement of Comprehensive Income.
- c) A Statement of Cash Flows for the year ended.
- d) A summary of significant accounting policies and other explanatory information.

The Board reaffirms its commitment to fulfilling the Authority's mandate, while continuing to establish and strengthen systems that will enhance operational efficiency, transparency, and accountability. We remain steadfast in driving revenue growth, improving service delivery, and laying a strong foundation for sustainable performance in the years ahead.



ENG. BENSON MURIITHI KINGA
CHAIRMAN, BOARD OF DIRECTORS
EMBU COUNTY REVENUE AUTHORITY

6. Report of the Chief Executive Officer

a. Introduction

The Financial Year 2024/2025 marked another significant phase for the Embu County Revenue Authority (ECRA) in strengthening Own Source Revenue (OSR) mobilization and enhancing financial sustainability. Established under the Embu County Revenue Authority Act, 2017, the Authority is mandated to assess, collect, and account for all county revenue while enforcing revenue-related laws and advising the County Executive on revenue administration.

Guided by its mission, vision, and core values, ECRA has consistently worked towards transparent, efficient, and accountable revenue collection systems. This report presents an in-depth review of revenue performance for the year ended 30th June 2025. It highlights achievements, analyses trend, compares performance against set targets and prior-year collections, and outlines strategies and challenges affecting revenue mobilization.

b. Overview of Own Source Revenue Performance

As at 30th June 2025, total County revenue collections stood at **Kshs. 919,665,412** against a target of **Kshs. 1,546,792,250**, representing **59% realization**. This reflects a **21% growth** compared to **Kshs. 746,970,100** collected in FY 2023/2024.

Breakdown of Revenue Sources:

- **Local Revenue:** Kshs. 401,914,716 (37% of target Kshs. 1,070,743,342)
- **Facility Improvement Fund (FIF):** Kshs. 517,750,696 (106% of target Kshs. 476,048,908)

The notable FIF overperformance was driven by the successful implementation of the FIF model, which empowers public health facilities to retain and reinvest generated funds in service delivery.

Table 1: OSR Performance Against Projection FY 2024/2025

Receipt	Budget FY 2024/2025 (Kshs.)	Actual Collection (Kshs.)	Achievement (%)
Local Revenue	1,070,743,342	401,914,716	37
Facility Improvement Fund	476,048,908	517,750,696	106
Total	1,546,792,250	919,665,412	59

The revenue performance demonstrates steady growth despite underperformance in several traditional OSR streams. The graph below shows a 5-year OSR performance;

A GRAPH OF REVENUE PERFORMANCE FOR THE PAST FOUR FINANCIAL YEARS

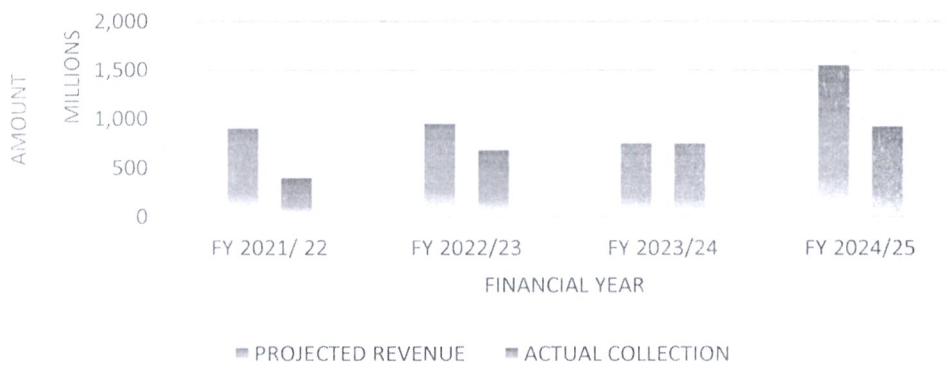


Figure 1: A graph of OSR performance for the last four years

c. Budget Realization Analysis

While overall performance was below target (59%), there were areas of strong achievement:

- **Above-target performance:** FIF exceeded projections by 6%, reflecting improved compliance and enhanced health facility management.
- **Below-target performance:** Local Revenue streams realized only 37% of their projection, signalling persistent challenges in enforcement, compliance, and expansion of the revenue base.

This mixed outcome underscores the need for targeted reforms in billing, assessment, and enforcement strategies.

3. Challenges in Revenue Mobilization

Despite notable gains, several challenges constrained revenue performance:

- i. **Revenue Leakages:** Manual processes and loopholes in system integration facilitated revenue losses.
- ii. **Compliance Gaps:** Low compliance levels, especially in markets, single business permits, and property rates.
- iii. **Economic Constraints:** Reduced business activity and rising costs limited taxpayers' ability to remit dues.
- iv. **Outdated Revenue Data:** Inadequate valuation roll and incomplete taxpayer registers hindered accurate assessments.
- v. **Capacity Limitations:** Gaps in specialized staff training, enforcement logistics, and insufficient budget allocation.

d. Strategic Interventions/recommendations

To address the above challenges and strengthen revenue mobilization, the following strategies will be pursued:

- i. **Revenue Automation:** Full rollout and enhancement of the County's automated revenue management system.
- ii. **Enforcement Measures:** Intensified compliance campaigns, inspections, and legal enforcement against defaulters.
- iii. **Capacity Building:** Training revenue staff in financial analysis, revenue collection and administration and modern enforcement methods.
- iv. **Stakeholder Engagement:** Strengthened partnerships with traders, property owners, and other stakeholders to enhance compliance.
- v. **Revenue stream mapping, revenue base establishment and valuation roll updates:** Development of a comprehensive revenue base, establishment of new revenue streams and updating of the valuation roll.
- vi. **Infrastructure Support:** Improvement of market facilities and provision of adequate transport for enforcement officers.

e. Conclusion

The **FY 2024/2025** revenue performance demonstrates **resilience and growth**, with overall collections rising by **21% compared to FY 2023/2024**. However, the shortfall against targets highlights systemic and operational challenges requiring urgent attention.

ECRA remains committed to implementing bold reforms and strategic interventions to enhance revenue collection, improve compliance, and strengthen fiscal sustainability.

The Authority appreciates the support of the County Government leadership, the Board of Directors, staff, and stakeholders in advancing this mandate. With continued collaboration, Embu County is poised to achieve higher revenue performance and sustainable socio-economic development in the coming years.



ERICK IRERI

Ag. CHIEF EXECUTIVE OFFICER

EMBU COUNTY REVENUE AUTHORITY

Embu County Revenue Authority (ECRA)

County Government of Embu

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7. Statement of Performance against Predetermined Objectives for FY 2024/2025

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 performance against predetermined objectives.

The key development objectives of the Embu County Revenue Board in the Embu County Government 2024/2025 plan are to:

1. *To enhance locally generated revenue.*
2. *To enhance effectiveness and efficiency in revenue collection process.*
3. *Formulation of the Revenue Board Regulations.*
4. *Civic Education to the tax payers on revenue matters.*

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Revenue Management Services	To enhance locally generated revenue	% increase on own source revenue	23% increase on own source revenue	Attained 96% of budget implementation.
Revenue Automation	To enhance Effective and efficiency in revenue collection process	No of revenue streams automated	No of revenue centres connected. No of revenue streams automated	All 4 sub-counties connected to the revenue board network infrastructure, 92% Automation.
Formulation of the Revenue Board Regulation	To enhance capacity of the Board	To have Adequate legal Framework in place.	To Develop at least two policy documents	Enactment of Finance Act 2024
Revenue Restructuring and human resource	To improve the capacity of the Revenue Board.	Adequate and skilled staff	To train at least 200 staff on Revenue Administration and Reporting, 5 Board members	Trained 5 Board members on good governance.
Citizen Engagement	To enhance compliance	Improved revenue collection	1.No of forums held. 2. Copies of meeting minutes	Conducted 4 sub-county forums on Finance Bill Public Participation across the County

8. Corporate Governance Statement

The practice of good corporate governance is central to delivering sustainable value to the County while meeting the needs of all stakeholders. It entails the adoption of ethically driven policies, procedures, and processes that promote transparency, accountability, and fairness.

The Embu County Revenue Authority (ECRA) Board is committed to ensuring that the expectations of our stakeholders are met while safeguarding the Board's assets. We recognize our responsibility to provide timely and accurate disclosures on financial and operational performance, and to ensure that the Authority is guided by effective leadership and sound governance practices.

Governance Principles and Guidelines

The Board of Directors forms the core of the Authority's governance framework, ensuring the protection of the long-term interests of all stakeholders. Guided by principles of best practice, the Board performs its duties in the interest of the County to improve stakeholder value and promote sustainability.

The Board provides oversight to Management and ensures adherence to the Code of Conduct and Ethics, the Public Officers Ethics Act, and the Code of Governance for County Corporations.

Responsibilities of the Board

The primary responsibility of the Board is to provide strategic leadership and direction. Board members are expected to exercise the highest degree of care, skill, and diligence. Key responsibilities include:

- i. Establishing short- and long-term goals, developing strategies to achieve them, and monitoring performance.
- ii. Approving financial statements and reports.
- iii. Reviewing and approving annual budgets.
- iv. Overseeing the business affairs of the Authority in light of emerging risks and opportunities.
- v. Ensuring robust internal control systems and compliance monitoring for business continuity.
- vi. Directors may seek independent professional advice on Board business at the Authority's expense where necessary.
- vii. Capacity Building for the Board

The Board prioritizes continuous professional development to ensure members are well-equipped to discharge their mandate effectively. Newly appointed Directors undergo detailed induction training, and annual training calendars are developed to address identified skill gaps. During the year, Directors participated in various programs on leadership, governance, finance, and other relevant areas.

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Conflict of Interest

No cases of conflict of interest were reported during the financial year.

Board Charter

The Authority has developed a Board Charter that defines the roles, responsibilities, and conduct of the Board.

Appointment and Removal of Board Members

Board members are appointed by the Governor through a competitive process, with the Chairperson vetted by the County Assembly of Embu. Members serve a three-year term. Removal may occur under specific conditions, including bankruptcy, conviction of offences involving dishonesty or fraud, mental incapacity, or voluntary resignation.

Composition of the Board

The Board, led by the Chairperson, comprises four members excluding ex-officio members—the Chief Executive Officer, Chief Officer Finance, and County Solicitor. The composition reflects diversity in skills, qualifications, gender, age, and experience. The Chairperson's role is to provide leadership and ensure that the Board receives adequate and timely information. The General Manager oversees day-to-day operations.

Accountability and Audit

In line with the Act, the Board prepares annual financial statements that present a true and fair view of its financial position. These statements are audited annually, and Directors ensure compliance with accounting standards, prudent judgment, and sound record-keeping practices.

Internal Controls

The Authority maintains a sound internal control system to safeguard public funds. While absolute assurance cannot be guaranteed, reasonable steps are taken to ensure the system is effective and continuously monitored.

Directors' Remuneration

Directors receive sitting allowances in accordance with SRC guidelines and County Treasury limits for Boards.

Board Meetings

The Board held twelve (12) meetings during the financial year, with full attendance except where apologies were formally submitted.

9. Management Discussion and Analysis

Key Milestones During the Financial Year

- a) Successfully automated the majority of revenue streams through the Jambo Pay system.
- b) Initiated the process of delinking the Board payroll from the County Government payroll (process ongoing).
- c) Received full budgetary allocation through phased disbursements.
- d) Implemented a centralized fuel consumption system through a County Treasury-developed framework.
- e) Secured a waiver from Her Excellency the Governor for plot owners to clear outstanding arrears.

Challenges

- a) Limited mobility due to an insufficient number of vehicles, affecting revenue collection in all sub-counties.
- b) Non-payment of market fees in certain markets, e.g., Mutuobare and Mitumba.
- c) Outdated valuation roll impacting property rate assessments.
- d) Inadequate budget allocation affecting operational efficiency.
- e) Shortage of POS machines and occasional revenue system downtimes.

Way Forward / Recommendations

- a) Enhance collaboration with other County departments and agencies.
- b) Update and implement a new valuation roll and strengthen laws related to land rates. Facilitate the acquisition of additional vehicles for revenue operations.
- c) Harmonize all revenue streams under the Authority’s collection mandate.
- d) Construct additional cess point shelters to improve working conditions.
- e) Develop and deploy an in-house revenue collection system to improve efficiency and reduce downtime risks.

Table 1: A table of OSR Performance for the last five years.

MONTH	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
JUL	48,328,602	37,546,244	28,010,205	55,813,272	15,382,063	53,665,164	53,326,830
AUG	42,522,893	47,770,551	26,321,369	31,787,383	24,721,557	68,503,882	43,371,764
SEP	35,885,449	41,461,090	54,783,949	27,132,343	29,998,665	36,234,076	50,892,131
OCT	55,020,130	39,007,370	24,819,066	20,167,551	50,036,160	40,022,890	74,764,794
NOV	37,300,018	50,693,145	22,820,611	15,424,530	50,677,586	34,424,084	44,847,953
DEC	33,075,448	41,089,013	15,712,030	22,460,735	38,903,877	31,428,904	54,169,910
JAN	42,002,962	40,036,790	26,355,799	29,363,411	56,508,591	69,252,638	68,108,890
FEB	68,383,179	47,645,068	31,637,799	31,298,067	73,060,870	79,448,892	91,260,639
MAR	83,417,888	56,606,794	52,747,119	64,381,897	117,829,567	88,053,659	115,255,570
APRIL	54,101,082	22,723,489	24,356,002	31,259,871	53,401,613	77,813,974	132,927,244
MAY	78,310,666	39,520,933	44,013,837	36,238,129	76,336,990	108,073,206	82,390,271
JUNE	50,797,390	45,591,672	23,748,005	29,213,539	93,921,927	58,481,811	108,347,239

Embu County Revenue Authority (ECRA)

County Government of Embu

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TOTALS	629,145,707	509,692,159	375,325,791	394,540,728	680,779,466	746,970,100	919,665,412
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A Graph of OSR Performance for the last five years.

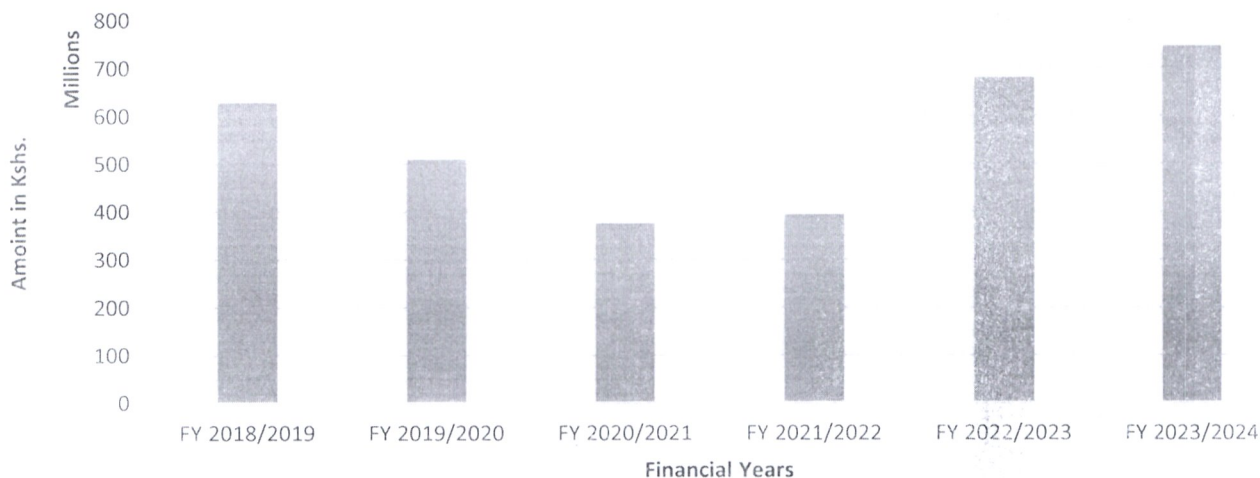


Figure 2: A Graph of OSR Performance for the last five years.

10. Environmental and Sustainability Reporting

i) *Sustainability strategy and profile*

will continues to reflect the Board's performance as well as the Board's strategy and vision for the future. As an exemplary Revenue Collection Board, we recognize that we must conduct our operations in a manner that considers the environmental and social impact to ensure the success and longevity of the Entity. We are committed to being transparent, candid and open about our entity and this report is a reflection of that commitment. At the Embu County Revenue Board, we have a pragmatic approach to sustainability. We focus on identifying and putting into practice initiatives and programs that deliver real world and lasting benefits under the three areas of our sustainability activities. These areas include; maintaining a sustainable supply chain, minimizing our environmental footprint and caring for our people

ii) *Environmental performance*

In our offices and operational areas, we continue to encourage employees to minimize energy consumption by switching of their computers and lights at the end of the day. We actively identify ways to reduce our carbon footprint and help to implement initiatives across the organization.

iii) *Employee welfare*

We invest in providing the best working environment for our employees. Recognition and appreciation of our employees is paramount to achieving this. Our employees guiding

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principles allow embracing of diversified ideas and opinions from all employees. The Board promotes a healthy lifestyle to employees by encouraging and supporting them by continually building their skills and knowledge. The Board invests heavily in learning and development program for employees. These include courses on leadership, management and technical competencies relevant to each employee.

The Board has a total of 220 staff members, 77 on contract and 143 on permanent terms. The gender composition ratio is 105 males (50%) and 115 females which is 50% meeting the gender threshold as outlined in the Kenyan constitution 2010.

11. Report of the Board of Directors

The Board of Directors submit their report together with the audited financial statements for the year ended June 30, 2025 which show the state of the Board affairs.

Activities of the Board

- a. Collecting and receiving county revenue
- b. Administering and enforcing county laws related to revenue;
- c. Assessing, collecting and accounting for all revenue in accordance with the county laws relating to revenue.
- d. Advising the County Executive Committee on all matters related to administration and collection of revenue under county laws;
- e. Carry out such other roles necessary for the implementation of the objects and purpose of this Act and perform such other functions as may, from time to time, be assigned by the Executive Member

i) Results

The results of the Entity for the year ended June 30, 2025, are set out on page

ii) Directors

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

iii) Auditors

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

By Order of the Board



Name **BENSON MORIRI KINGA**

Chairperson to the Board

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12. Statement of Directors 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 under the County Revenue Board Act, shall prepare financial statements for the Board in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board (PSASB).

The Chief Executive Officer (CEO) of the Board is responsible for the preparation and presentation of the Board's financial statements, which must give a true and fair view of the state of affairs of the Board as at, and for the year ended, 30th June 2024. This responsibility includes:

- i. Ensuring adequate financial management arrangements are maintained and remain effective throughout the reporting period.
- ii. Maintaining proper accounting records that disclose, with reasonable accuracy, the financial position of the Board at any given time.
- iii. Designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements, ensuring they are free from material misstatement, whether due to fraud or error.
- iv. Safeguarding the assets of the Board.
- v. Selecting and applying appropriate accounting policies.
- vi. Making reasonable and prudent accounting estimates under the circumstances.

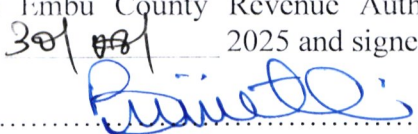
The Chief Executive Officer accepts full responsibility for the Board's financial statements, which have been prepared using appropriate accounting policies, supported by reasonable and prudent judgments and estimates, and in conformity with the International Public Sector Accounting Standards (IPSAS) as required by the PFM Act, 2012.


In the opinion of the Chief Executive Officer, the Board's financial statements present a true and fair view of the Board's financial transactions during the year ended 30th June 2024, and its financial position as at that date. The Chief Executive Officer further confirms the completeness of the accounting records relied upon in preparing these statements, as well as the adequacy of the internal financial control systems.

In preparing these financial statements, the Chief Executive Officer has assessed the Board's ability to continue operating as a going concern and has disclosed, where applicable, matters relating to the use of the going-concern basis of accounting. Nothing has come to the attention of the Chief Executive Officer to indicate that the Board will not remain a going concern for at least twelve months from the date of this statement.

Approval of the financial statements

The Embu County Revenue Authority financial statements were approved by the Board on 30th June 2025 and signed on its behalf by:


Name **Benson Toureirahi Kabira**
Chairperson of the Board/Council


Name **Paul Muriithi**
Accounting Officer

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON EMBU COUNTY REVENUE AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Embu County Revenue Authority set out on pages 1 to 31, which comprise of the statement of financial position as at 30 June, 2025, and the statement of financial performance, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in

accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report the financial statements present fairly, in all material respects, the financial position of Embu County Revenue Authority as at 30 June, 2025, and of its financial performance and of its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Embu County Revenue Authority Act, 2017 and Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Cash and Cash Equivalents

The statement of cashflows reflects a nil cash and cash equivalents balance as at 30 June, 2025. Review of the financial statements under Key Entity Information, revealed that the entity has one (1) bank account domiciled in a commercial bank. However, cashbook, bank reconciliations, bank statements and certificates of bank balance were not provided for audit. Although, approval for opening the bank account from May, 2025 was provided for audit review, inquiry from Key Management revealed that no funds had been deposited into the bank account as at 30 June, 2025.

In the circumstances, the accuracy and completeness of the nil cash and cash equivalents balance could not be confirmed.

2. Unsupported Payables

The statement of financial position and as disclosed in Note 14 to the financial statements reflects trade and other payables balance of Kshs.22,687,665. However, a detailed ageing analysis of the trade and other payables detailing reference numbers such as local purchase orders and local service orders were not provided for audit.

In the circumstances, the accuracy and completeness of trade payables balance of Kshs.22,687,665 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final approved and actual receipts budget of Kshs.35,399,224 and Kshs.33,004,383. respectively, resulting in an underfunding of Kshs.2,394,841 or 7% of the budget.

The underfunding and underperformance affected implementation of planned activities and may have impacted negatively on delivery of services to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Information

The Board of Directors is responsible for the Other Information set out on page i to xxi which comprise of Fund Information and Overall Performance, Statement of Performance Against Fund's Predetermined Objectives, Environmental and Sustainability Reporting and Statement of Fund's Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Authority'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 effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Irregularities in the Budget Process.

Audit review revealed that Management of the Authority prepared budget estimates before the commencement of the financial year and failed to submit them to the Board for approval, but instead submitted to the Executive Member for final approval, contrary to provisions of Section 13 of Embu County Revenue Authority Act, 2017. This was contrary to Section 23 of the Embu County Revenue Authority Act, 2017 which states that at least

three months before the commencement of each financial year, the Authority shall cause to be prepared the budget of the Authority for the year. The annual estimates shall be approved by the Board before commencement of the financial year to which they relate, and once approved, the sum provided in the estimates shall be submitted to the Executive Member for final approval.

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

2. Non-submission of Prior Year Financial Statements for Audit

Audit review revealed that Embu County Revenue Authority was established on 5 May, 2017 and the Board was appointed in March, 2024. However, the Authority did not submit financial statements for the period ending 30 June, 2024, contrary to Section 25 (1) of the Embu County Revenue Authority Act, 2017 which states that within a period of three months after the end of each financial year, the Board shall submit to the Auditor General, the accounts of the Authority for audit. This was also contrary to Section 47(1) of the Public Audit Act, 2015 which states that the financial statements required under the Constitution, the Public Finance Management Act, 2012 and any other legislation shall be submitted to the Auditor-General within three months after the end of the financial year to which the accounts relate.

In the circumstance. Management was in breach of the law.

3. Failure to Meet the Core Mandate of the Authority

Audit review revealed that the Authority failed to develop applicable policies to guide revenue collection from the various revenue streams and to register all County tax payers in a prescribed manner and assign a tax identification number to each tax payer. In the circumstances, the entity failed to meet its core mandate. This was contrary to Section, 28, 29 & 30 of the Embu County Revenue Authority Act, 2017 which states that the Executive Member shall identify and prescribe the County laws applicable for the purposes of determining the revenues collectable under the Act. The Authority shall register all County tax payers in a prescribed manner and each taxpayer assigned a tax identification number.

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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Lack of a Substantive Chief Executive Officer

Review of human resource records revealed that an Officer had been acting in the position of Chief Executive Officer for more than five (5) years since 5 May, 2017, and has neither been formally appointed to the position nor any further action been taken to regularize their appointment. This was contrary to Human Resource Policy Section C.14(1) which states that when an officer is eligible for appointment to a higher post and is called upon to act in that post pending advertisement of the post, he is eligible for payment of acting allowance at the rate of twenty percent (20%) of his substantive basic salary. Acting allowance will not be payable to an officer for more than six (6) months. Lack of a substantive chair leads to weakness in governance of the Authority.

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

Responsibilities of the Management and the Board of Directors

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 governance.

In preparing the financial statements, Management is responsible for assessing the Authority'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, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the

activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


17 November, 2025


Embu County Revenue Authority (ECRA)
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Annual Report and Financial Statements
for the year ended June 30, 2025


14. Statement of Financial Performance for the year ended 30 June 2025

	Notes	FY. 2024/2025
		Kshs
Revenue from non-exchange transactions		
Transfers in Kind - Payments made on behalf ECRA	6	88,119,483
Revenue from exchange transactions		
Rendering of services	7	0
Total revenue		88,119,483
Expenses		
Accommodation and travel	9	4,924,040
Employee costs	6	55,115,100
Board Expenses	10	5,547,350
Repairs and maintenance	11	4,156,600
Printing and Advertising	12	2,525,695
Finance costs	13	200,000
Intangible Assets	14	9,963,504
Contracted Services	15	5,687,194
Total expenses		88,119,483
Surplus/ (deficit) before tax		0

Signed on behalf of the Board of Directors by:


.....
Name: **ERICK IRERI**
Accounting Officer


.....
Name: **Paul Muriuki**
Head of Finance


.....
Name: **BENSON MWANTHI KINGA**
Chairman of the Board

Date **30.08.2025**

ICPAK M/No: **3642**
Date **30/08/2025**

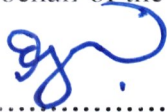
Date

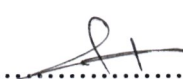
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15. Statement of Financial Position as at 30 June 2025

	Notes	FY. 2024/2025
		Kshs
Assets		
Non-Current Assets		
Property, Plant and Equipment		
Investments		
Intangible Assets	13	9,963,504
Investment Property		0
Receivables from Exchange Transactions		0
Total Non- Current Assets		0
Total Assets (A)		0
Liabilities		
Current Liabilities		
Trade and Other Payables	14	22,687,665
Total Current Liabilities		22,687,665
Non-Current Liabilities		
Total Non- Current Liabilities		0
Total Liabilities (B)		22,687,665
Net Assets (A-B)		(12,724,161)
Represented by:		
Capital Fund		22,687,665
Net Assets		(12,724,161)

Signed on behalf of the Board of Directors by:


 Name: **ERICK IRERI**
 Accounting Officer
 Date: **30.08.25**


 Name **Paul Muriithi**
 Head of Finance
 ICPAK Member Number: **3642**
 Date **30/08/2025**


 Name **BENSON MWANGI KINGA**
 Chair
 man, of the Board
 Date **30.8.2025**

Embu County Revenue Authority (ECRA)
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for the year ended **June 30, 2025**

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

Description	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Accumulated Surplus	Proposed dividends
	Kshs	Kshs	Kshs	Kshs	Kshs
As at July 1, 2023	0	0	0	0	0
Issued new capital	0	0	0	0	0
Revaluation gain	-	-	-	-	-
Transfer of excess depreciation on revaluation	-	(0)	-	0	-
Deferred tax on excess depreciation	-	0	-	-	-
Fair value adjustment on investments	-	-	0	-	-
Surplus/ deficit for the year	-	-	-	0	-
Capital/development grants received during the year	-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	0	-
Dividends paid	-	-	-	-	(0)
Interim dividends paid	-	-	-	(0)	-
Proposed final dividends	-	-	-	(0)	0
As at June 30, 2024	0	0	0	0	0
As at July 1, 2024	0	0	0	0	0
Issue of new share capital	0	0	0	0	0
Revaluation gain	-	0	-	-	-
Transfer of excess depreciation on revaluation	-	(0)	-	0	-
Deferred tax on excess depreciation	-	0	-	-	-
Fair value adjustment on investments	-	-	0	-	-
Surplus/ (deficit) for the year	-	-	-	0/(0)	-
Capital/development grants received during the year	-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	0	-
Dividends paid	-	-	-	-	(0)
Interim dividends paid	-	-	-	(0)	-
Proposed final dividends	-	-	-	(0)	0
As at June 30, 2025	0	0	0	0	0

17. Statement of Cash Flows for the year ended 30 June 2025

	Insert Current FY	
	Notes	Kshs
Cash flows from operating activities		
Receipts		
Transfers from the County Government entities		0
Rendering of services		0
Total receipts		0
Payments		
Use of goods and services		0
Employee costs		0
Board Expenses		0
Repairs and maintenance		0
Contracted services		0
Total payments		0
Net cash flows from/(used in) operating activities		0
Cash flows from investing activities		
Purchase of PPE and Intangible assets		0
Net cash flows from/(used in) investing activities		0
Cash flows from financing activities		
Net cash flows from financing Activities		0
Net increase/(decrease) in cash & Cash equivalents		0
Cash and cash equivalents at 1 July 2024		0
Cash and cash equivalents at 30 June 2025		0

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18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2025

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Transfers from Other Governments entities	23,500,000	11,899,224	35,399,224	33,004,383.45	2,394,840.55	93%
Total Income	23,500,000	11,899,224	35,399,224	33,004,383.45	2,394,840.55	93%
Expenses						
Electricity	200,000		200,000	0	200,000	0%
Telephone, telex and others	200,000		200,000	200,000	0	100%
Travel costs	700,000	0	700,000	694,000	6,000	99%
Accommodation-Domestic	1,100,000	0	1,100,000	1,007,500	92,500	92%
Advertising	300,000	0	300,000	0	300,000	0
Printing expenses	3,200,000	0	3,200,000	2,475,695	724,305	77%
Training expenses	500,000	0	500,000	0	500,000	0
Catering services	400,000	1,000,000	1,400,000	1,000,740	399,260	71%
Board Committees	2,300,000	0	2,300,000	2,300,000	0	100%
Board Allowances	1,200,000	2,000,000	3,200,000	3,247,350	(47,350)	101%
Motor Vehicle Insurance	800,000	0	800,000	0	800,000	0
Purchase of uniforms	1,000,000	0	1,000,000	0	1,000,000	0
General office supplies	400,000	0	400,000	350,000	50,000	88%
Refined fuels and lubricants	3,800,000	600,974	4,400,974	3,370,000	1,030,974	77%
Other operating expenses	0	3,000,000	3,000,000	1,921,800	1,078,200	64%
Maintenance Expenses	1,500,000	1,000,000	2,500,000	786,600	1,713,400	31%
Purchase of motor vehicles	2,500,000	0	2,500,000	0	2,500,000	0

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Purchase of computers	400,000	4,298,250	4,698,250	2,687,194	2,011,056	57%
Purchase of ICT Networks	3,000,000	0	3,000,000	3,000,000	0	100%
Total Expenditure	23,500,000	11,899,224	35,399,224	23,040,879	12,358,345	65%
Capital Expenditure	31,000,000	0	31,000,000	9,963,504	22,617,914	32%
Totals	54,500,000	11,899,224	66,399,224	33,004,383	34,976,259	50%

**Embu County Revenue Authority (ECRA)
County Government of Embu
Annual Report and Financial Statements
for the year ended June 30, 2025**

19. Notes to the Financial Statements

1. General Information

Embu County Revenue Authority (ECRA) is established by and derives its authority and accountability from ECRA Act, 2017. The Entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The Entity's principal activity is assessing, collecting and accounting for all revenue.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. 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 judgement in the process of applying the *Entity's* accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Entity*. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act (*include any other applicable legislation*), and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2024.*

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

- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024*

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Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 45-Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>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.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 46 Measurement	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p>

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Standard		Effective date and impact:
		<ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS Revenue	47-	<p><i>Applicable 1st January 2026</i></p> <p>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.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS Transfer Expenses	48-	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS Retirement Benefit Plans	49-	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>

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iii. Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.)*

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Notes to the financial statements (continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

The *Entity* recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the *Entity* and the fair value of the asset can be measured reliably.

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. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

The *Entity* recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

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**Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)**

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the *Entity*.

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for the Current FY was approved by the National Assembly on xxx. 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 Entity recorded additional appropriations of xxx on the 20xx budget following the governing body's approval.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Budget information (continued)

The *Entity's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section xxx of these financial statements.

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the *Entity* operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable *Entity* and the same taxation authority.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- ii) When receivables and payables are stated with the amount of sales tax included
The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. *Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an xx-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit.* **(entity to amend appropriately based on the model adopted)** 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. Transfers are made to or from investment property only when there is a change in use.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

e) Property, plant and equipment

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

f) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the *Entity*. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The *Entity* also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the *Entity* will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the *Entity*. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

g) 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. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

h) Research and development costs

The *Entity* expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the *Entity* can demonstrate:

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale.
- ii) Its intention to complete and its ability to use or sell the asset.
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset.
- v) The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

i) Financial instruments

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

a) 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.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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.

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.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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.

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*.

b) Financial liabilities

Classification

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

j) 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:

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) 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

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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*.

Summary of Significant Accounting Policies (Continued)

k) 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.

l) 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.

m) 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.

n) 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

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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.

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Summary of Significant Accounting Policies (Continued)

o) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. *Entity to state the reserves maintained and appropriate policies*

p) 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.

q) 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. *(the entity to retain information relating to defined benefits or contributions, where both schemes are managed full policy applies)*

r) Foreign currency transactions

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

Summary of Significant Accounting Policies (Continued)

s) 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.

t) 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. (Entity to amend accordingly)*

u) Service concession arrangements

The *Entity* analyses all aspects of service concession arrangements that it enters in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the *Entity* recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the *Entity* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

v) 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.

w) Comparative figures

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

x) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 20xx.

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:

Estimates and assumptions.

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

Useful lives and residual value

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40. 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.

(include provisions applicable for your organisation e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).

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Notes to the Financial Statements

6. Transfers in Kind - Payments made on behalf ECRA.

Description	FY. 2024/2025
	Kshs.
Salaries and wages	55,115,100
Accommodation and travel	4,924,040
Board Allowances	5,547,350
Repair and Maintenance	4,156,600
Printing and Advertising	2,525,695
Telephone and Telex	200,000
Software Developments	9,963,504
Contracted services	5,687,194
Total Transfers in Kind - Payments made on behalf ECRA.	88,119,483

N.B The salaries and wages are budgeted and accounted for by the executive.

7. Rendering of services

Description	FY. 2024/2025
	Kshs
Agency income	0
Tuition Fees	0
Training Fees	0
Total Revenue from the Rendering of services	0

7. Employee Costs

Description	FY. 2024/2025
	Kshs
Salaries and wages	55,115,100

8. Accommodation and Travel

Description	FY. 2024/2025
	Kshs
Accommodation and Travel	550,000
Accommodation and Travel	1,000,740
Accommodation and Travel	1,640,300
Accommodation and Travel	1,733,000
Totals	4,924,040

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Notes to the Financial Statements (Continued)

10. Board Expenses

Description	FY. 2024/2025
	Kshs
Chairman/Directors' Honoraria	
Sitting Allowances	5,547,350
Other Allowances	0
Total	5,547,350

11. Repairs and Maintenance

Description	FY. 2024/2025
	Kshs
Refined Fuels and Lubricants for Transport	1,500,000
Refined Fuels and Lubricants for Transport	1,870,000
Vehicle maintenance	50,000
Vehicle maintenance	736,600
Totals	4,156,600

12. Printing and Advertising

Description	FY. 2024/2025
	Kshs
Printing and Advertising	25,000
Printing and Advertising	644,000
Printing and Advertising	702,000
Printing and Advertising	954,695
Printing and Advertising	50,000
Printing and Advertising	62,500
Printing and Advertising	87,500
Total	2,525,695

13. Finance Costs-Telephone and Telex

Description	FY. 2024/2025
	Kshs
Telephone and communication	200,000
Other Allowances	0
Total	200,000

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14. Intangible assets

Description	FY. 2024/2025
	Kshs
Nedyma International Limited-Purchase of software	377,500.00
Allen Dalle Communications systems limited -Purchase of software	1,101,888.00
Proview Limited- Purchase of software	2,579,250.00
Agile Productivity Tools and Data Systems Limited-Purchase of software	2,965,006.40
Safaricom Limited -Purchase of Software	2,939,860.00
Total	9,963,504

15. Contracted services

Description	FY. 2024/2025
	Kshs
Contracted services	1,689,362
Contracted services	997,832
Contracted services	1,500,000
Contracted services	1,500,000
Total	5,687,194

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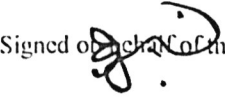
Notes to the Financial Statements (Continued)

16. Trade and Other Payables

Description	FY. 2024/2025	
	Kshs	
Supply of fuel	1,029,300	
General printers and supplies	801,400	
Motor vehicles repairs and maintenance	1,215,985	
Supply of uniforms	997,000	
Supply of motorbikes	2,495,000	
Repair of vehicles	50,000	
Supply and delivery of ECRA branding materials	465,680	
Supply and delivery of ECRA parking cess and booth	493,800	
Supply and delivery of office stationeries	378,500	
Lunch,snacks and conference halls	72,375	
Installation of single business permit and liquor licensing system	1,566,000	
Supply and delivery of toners	581,100	
Supply of printing papers	300,000	
Forensic Audit on E-revenue management system	1,392,000	
Supply and delivery of accountable documents	3,972,350	
Perdiem allowances	377,500	
Board allowances	367,700	
Perdiem allowances vouchers	175,000	
Claim on allowances	12,101	
Perdiem allowances vouchers	22,400	
Perdiem allowances vouchers	143,550	
Perdiem allowances vouchers	79,800	
Perdiem allowances vouchers	199,400	
Third party costs for E-revenue system	5,499,724	
Total trade and other payables	22,687,665	
	Current	% of
Ageing analysis: (Trade and other payables)	FY	the
		Total
Under one year	21,121,665	93%
1-2 years	1,566,000	7%
2-3 years	0	0%
Over 3 years	0	0%
Total (tie to above total)	22,687,665	100%

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Signed on behalf of the Board of Directors by:



Name **ERICK IRERI**

Accounting Officer

Date **30.08.2025**



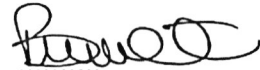
Name

Paul Muriithi

Head of Finance

ICPAK Member Number:

Date **30/08/2025**



Name

Benson Mwangi

Chairman, of the Board

Date **30.8.2025**