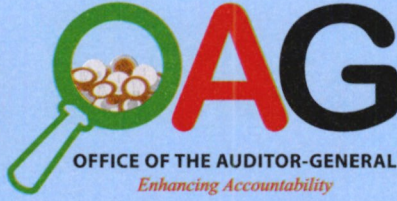


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REPORT

OF

THE AUDITOR-GENERAL

ON

**MURANG'A COUNTY AGRICULTURAL
FARM INPUTS SUBSIDY AND INCENTIVE
FUND (AFIS FUND)**

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



OFFICE OF THE AUDITOR GENERAL
NYERI REGIONAL OFFICE

★ 13 OCT 2025 ★

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MURANGA COUNTY AGRICULTURAL FARM INPUTS SUBSIDY AND INCENTIVE
FUND

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

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

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the year ended June 30th, 2025**

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the year ended June 30th, 2025**

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**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
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1. Acronyms and Definition of Key Terms

A. Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings
AFIS	Agricultural Farm Inputs Subsidy and Incentive Fund

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.

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the year ended June 30th, 2025**

**2. Key Murang'a county agricultural farm input subsidy and incentive fund
Information and Management**

a) Background information

The Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund is established pursuant to The Public Finance (Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund) Regulations, 2022. The Fund is wholly owned by the County Government of Murang'a and is domiciled in Kenya.

The Fund's objective is:

- a) To Provide for capacity building of the Agricultural farm inputs subsidy beneficiaries and process implementers to improve on delivery.
- b) To facilitate transfer of farm inputs subsidy to farmers/producers of raw materials and service providers in Murang'a County from physical procurement and delivery of inputs to an electric mode in form of mobile wallet and e cash payment.
- c) To ring-fence the farmer subsidies to only the targeted farm inputs and services through an integrated IT system.

b) Principal Activities

The principal activity/ mandate of the Fund is to: -

- i. Promote Mango and dairy produce farming through agricultural farm input subsidy and incentive to farmers subject to the regulations;
- ii. To Spur an increase in usage of farm inputs in mangoes and dairy value chains.

b) Fund Administration Committee

Ref	Name	Position
1	Paul Mugo	CECM In charge Agriculture
2	Prof. Kiarie Mwaura	CECM In charge of Finance.
3	Dr. Apollo K. Maina	Chief Officer – Agriculture
4	Peter Muchiri	Director Agriculture
5	Anthony Waithaka	Fund Manager
6.	Fredrick Kinyanjui	Committee Member
7.	Edmund Ngaruiya	Committee Member

c) Key Management team

Ref	Name	Position
1	Anthony Waithaka	Fund Manager
2	Samuel Mathenge	Fund Accountant
3.	Vincent Mwahi	Secretariat
4.	John Nderu	Secretariat
6.	Peter Muchiri	Secretariat
7.	Benson Kamau	Secretariat

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the year ended June 30th, 2025**

8	Dr. William Mwangi	Secretariat
9	Rose Maingi	Secretariat
10	Peterson Kamau	Secretariat

d) Fiduciary Oversight Arrangements

Ref	Position	Name
1	Directorate Internal Audit	CPA George Mburu
2	Agricultural Farm Input Subsidy and Incentive Fund Committee	Paul Mugo
3	Office of the Auditor General	Auditor General

e) Registered Offices

P.O. Box 52-10200
Murangá, Kenya
Nairobi, KENYA

f) Fund Contacts

Telephone: (254) 060-2030271
info@muranga.go.ke
Website: www.muranga.go.ke

g) Fund Bankers

Co-operative Bank of Kenya
Murang'a Branch, Kenya

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the year ended June 30th, 2025**

h) Independent Auditors

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

i) Principal Legal Adviser




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

j) County Attorney



P.O. Box 52-10200
Murangá, Kenya

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the year ended June 30th, 2025**

3. Fund Administration Committee





Name	Details of qualifications and experience
 <p>Hon. Paul Mugo CECM Agriculture, Trade, Industrialization and Cooperative Development</p>	<p>Bachelor of Arts (BA) in Economics and Geography from University of Nairobi. Date of birth 24/02/1975</p>
 <p>Prof Kiarie Mwaura CECM Finance and Economic Planning</p>	<p>He is a Fellow of the UK Higher Education Academy, a Certified Public Secretary (CPS– K), and an Advocate of the High Court of Kenya, who read law at Queen’s University Belfast (Postgraduate Certificate in Higher Education Teaching), University of Wolverhampton (PhD), Staffordshire University (LLM), Kenya School of Law (Legal Practice Diploma), University of Nairobi (LLB), and the Canadian Foundation of Administrative Justice (Certificate in Tribunal Administrative Justice). Date of birth: August 19, 1971</p>
 <p>Dr. Apollo K. Maina Chief Officer- Agriculture, Livestock & Fisheries</p>	<p>Bachelor of Veterinary Medicine (BVM) 1995 – 2000 Date of birth 17/2/1975</p>

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the year ended June 30th, 2025**




	<p>CPA(K) Bachelor of Commerce Certified Co-operative Practitioner Certified Internal Auditor D.o.B 9th August 1978</p>
<p>CPA Anthony Waithaka Fund Manager</p>	
	<p>BSc. Horticulture MSc. Horticulture Date of birth: 24th June 1967</p>
<p>Peter Muchiri Member</p>	

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the year ended June 30th, 2025**



4. Management Team

Name	Details of qualifications and experience
 <p>CPA Anthony Waithaka Fund Manager</p>	<p>CPA(K) Bachelor of Commerce Certified Co-operative Practitioner Certified Internal Auditor D.o.B 06th August, 1978</p>
 <p>CPA Samuel Mathenge Fund Accountant</p>	<p>CPA(k) Bachelor of Commerce MSc Finance & Investment D.o.B 27th June 1985</p>
 <p>Vincent Mwohi Secretariat</p>	<p>BSc Range Management Director Livestock DOB; 21/03/1969</p>
 <p>John Nderu Secretariat</p>	<p>MBA Certified cooperative practitioner, D.o.B 1967</p>

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the year ended June 30th, 2025**

 <p>Peter Muchiri Secretariat</p>	<p>BSc. Horticulture MSc. Horticulture Date of birth: 24th June 1967</p>
 <p>Benson Kamau Secretariat</p>	<p>Accounts clerk with diploma in business management Dob. 20th march 1988</p>
 <p>Dr. William Mwangi Secretariat</p>	<p>Bachelor of Veterinary Medicine Date of birth 13th March, 1981</p>
 <p>Rose Maingi Secretariat</p>	<p>MBA - Strategic Management and Marketing DOB - 1979</p>
 <p>Peterson Kamau Secretariat</p>	<p>Senior Management Course, Bsc. Horticulture DoB.....01/09/1973</p>

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the year ended June 30th, 2025**

 <p>Fredrick Kinyanjui Secretariat</p>	<p>Farmer D.o.B 1963</p>
 <p>Edmund Muiruri Ngaruiya Secretariat</p>	<p>Diploma in Business management Date of birth 28/3/1976</p>

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the year ended June 30th, 2025**

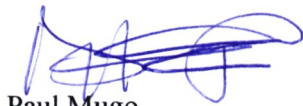
5. Fund Chairperson's Report

In its agenda to sustainably lift the livelihood of its people, Murang'a County Government Election manifesto committed to establish an Agricultural Farm Inputs Subsidy Fund. On assuming office, the County Government formulated the Murang'a Kilimo agenda, as the force behind which to actualize, and manage the Farm Input Subsidy Policy, through the Public Finance Management Act [PFMA] Farm Inputs and incentive Fund Regulations [2022]. With the gracious and overwhelming support of the County Assembly, the Budget [2024-2025] established the ksh.195 million subsidy Fund for milk and Mango, which seeks to promote organized value chain optimization and operational governance, as the long-term benefits of the fund to propel wealth creation in Murang'a. At the end the month of February, 2025, a supplementary budget of FY 2024-2025 reduced the said amount by 70 million to 125 million.

The administration of the fund is carried out by the Agricultural Farm Input Subsidy and Incentive Fund Committee.

The committee members are drawn from Agriculture and Finance Directorates and Representatives of producer organisations. This has translated to increased production and reduced cost of production for both mango and milk in the county. The fund is expected to grow significantly and benefit more than 42,000 farmers.

The AFIS fund committee commits to prudently manage the fund for the benefit of Murang'a residents and for the overall achievement and realization of the subsidy objectives as set out under the subsidy policy.



Paul Mugo

AFIS Fund Committee Chairman

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the year ended June 30th, 2025**

6. Report of The Fund Administrator

The Murang'a County Agricultural Farm Input and Incentive Fund was established in March 2023. As at the close of the period, the fund had received a total of kshs. 144,999,588 for the Financial Year 2024-2025. At the beginning of the financial year, the fund had Kshs. 160,013,002 in its commercial bank account. Thus, the total amount available for the operation during the financial year amounted to Kshs. 305,012,590. The AFIS funds were utilized in accordance with the provisions of the Public Finance Management (PFM) act 2012, the Public Management Act (Agricultural Farm Input Subsidy and Incentive Fund Regulations 2022) and all other applicable legislation and for the purpose for which it was intended. The AFIS fund principal activity is to facilitate the transfer of farm input subsidy to farmers from physical procurement to delivery of input using an electronic platform-based infrastructure and facilitate capacity building to Agricultural Farm Input beneficiaries and process implementations.



CPA Anthony Waithaka
Fund Manager

Dated; 23rd September, 2025.

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the year ended June 30th, 2025**

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

Introduction

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

The key objectives of the Fund are:

- a) To Provide for capacity building of the Agricultural farm inputs subsidy beneficiaries and process implementers to improve on delivery.
- b) To facilitate transfer of farm inputs subsidy to farmers/producers of raw materials and service providers in Murang'a County from physical procurement and delivery of inputs to an electric mode in form of mobile wallet and e cash payment.
- c) To ring-fence the farmer subsidies to only the targeted farm inputs and services through an integrated IT system.

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the year ended June 30th, 2025**

8. Corporate Governance Statement

The purpose and importance of corporate governance in AFIS Fund are significant and multifaceted. Corporate governance refers to the framework of rules, practices, and processes by which the fund is directed and controlled. The primary objectives are to ensure transparency, accountability, fairness, and the protection of fund.

Accountability:

There is a clear line of responsibility and accountability within the fund. This ensures that decision-makers are answerable for their actions and decisions.

Ethical Conduct:

High level of ethical behavior and integrity at all levels of the fund is strictly observed. This is aimed at preventing fraud, corruption, and other unethical practices.

Transparency

It ensures that information about its financial performance, operations, and decision-making processes is disclosed to stakeholders and the public in a clear and accurate manner.

6.1 Committee of the Fund

The committee consists of the following;

- a.) The County Executive Committee member in charge of Agriculture;
- b.) The County Executive Committee in charge of Finance;
- c.) The Chief Officer in charge of Agriculture;
- d.) The Fund Manager;
- e.) A Director in the Agricultural Department;
- f.) Two representatives of Producer Organizations.

The Fund Manager is the secretary to the committee.

Functions of the committee

- a.) Consider and recommend the estimates of revenue and expenditure of the fund to the county Executive Committee Member for finance for consideration;
- b.) Approve disbursement from the fund account;

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the year ended June 30th, 2025**

- c.) Receive, review and approve reports on the performance of the fund from the fund manager;
- d.) Oversee the monitoring and evaluation of the program activities under the Fund.

6.2. Fund Manager

Roles of the Fund Manager

- a.) Supervise and control the administration of the fund;
- b.) Cause to be kept proper books of account and other books and records in relation to the Fund and for all payments made as subsidy from the Fund;
- c.) Prepare, sign and transmit to the Auditor-General in respect of each financial year and within three months after the end thereof, a statement of accounts relating to the Fund, prepared and signed by him specifying the capital of the Fund and showing the expenditure incurred from the Fund, in such details as the committee may from time to time direct in accordance with the Public Finance Management Act;
- d.) Furnish such additional information as may be required for the purpose of examination and audit by the Auditor-General.

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the year ended June 30th, 2025**

9. Management Discussion and Analysis

Section A

The Fund was operationalized in the financial year 2022-2023 following an all-inclusive public participation process involving the public county wide. The fund's regulations and policy were tabled and approved by the Murang'a County Assembly. In line with the regulations, an allocation of KShs. 195M was done in the budget for the Fiscal Year 2024-2025. At the end the month of February, 2025, a supplementary budget of FY 2024-2025 reduced the said amount by 70 million to 125 million.

In the Financial year under review, the Fund received exchequer release of KShs. 144,999,588 which included total budget allocation for the financial year and Kshs. 19,999,588 for the financial year 2023-2024 which was received during the current financial year. In addition, the fund closed the financial year 2023-2024 with a balance of Kshs. 160,013,002. This made the available amount for operations during the year to be Kshs. 305,012,590. Out of this, the Fund has managed to spend KShs. 240,508,163 within the Financial Year.

Section B

Murang'a County Agricultural Farm Input Subsidy and Incentive Fund's compliance with statutory requirements

Since establishment of the fund, the fund has operated within the limits of its stipulated policies and regulations. To this extent, the fund has complied with all the legal requirements.

Section C

Key Projects and Investment Decisions the Murang'a County Agricultural Farm Input Subsidy and Incentive Fund is planning/implementing

The fund shall continue implementing the farm input subsidy program as stipulated by its policy and regulations so as to achieve the objectives of the fund to promote mango and dairy produce farming and spur increase in usage of farm inputs in mangoes and dairy value chain. This is in line with the National Government's agenda of promoting production at the lowest section/class of the country while increasing their earnings. It is also in line with the County Government's agenda of ensuring increase in production and guaranteeing minimum returns to local producers.

Section D

Major Risks facing the Murang'a County Agricultural Farm Input Subsidy and Incentive Fund

The fund's major risk is liquidity risk. This would arise in the event claims from producers exceeded the available funds. The fund shall mitigate this risk by varying the amount payable to farmers to an amount within the available funds at any time including delaying payment until funds are available.

Section E

The Murang'a County Agricultural Farm Input Subsidy and Incentive Fund faces no financial probity or governance issues

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the year ended June 30th, 2025**

10. Environmental and Sustainability Reporting

Sustainability Strategy and Profile:

The Agricultural Farm Input Subsidy Fund (AFIS) operates with a clear commitment to sustainability, aiming to balance economic growth with environmental stewardship and social responsibility. Our sustainability strategy focuses on promoting sustainable farming practices, reducing environmental impact, and fostering community resilience.

Key elements of our sustainability profile include:

- **Promoting Sustainable Agriculture:** Encouraging farmers to adopt practices that enhance soil health, reduce chemical inputs, and promote biodiversity.
- **Resource Efficiency:** Ensuring efficient use of water, energy, and other resources in agricultural production.
- **Climate Resilience:** Supporting farmers in adapting to climate change through innovative farming techniques and resilient crop varieties.

Environmental Performance:

AFIS is dedicated to monitoring and improving its environmental performance across all operations. Key initiatives include:

- **Reducing Carbon Footprint:** Implementing measures to reduce greenhouse gas emissions from agricultural activities and logistics this is achieved through regular trainings.
- **Waste Management:** Farmers' trainings on Promoting recycling and proper disposal of agricultural waste to minimize environmental impact.
- **Biodiversity Conservation:** Partnering with local communities and conservation organizations to protect biodiversity hotspots near agricultural areas.

Employee Welfare and Market Place Practices:

AFIS prioritizes the welfare of its employees and practices fair market engagements:

- **Employee Welfare:** Providing safe working conditions, fair wages, and opportunities for training and career development.
- **Marketplace Practices:** Ensuring transparency and ethical conduct in all business dealings, fostering trust with stakeholders and partners.

Corporate Social Responsibility / Community Engagements:

AFIS recognizes its role in contributing positively to society and engaging with communities:

Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the year ended June 30th, 2025

- **Community Development:** Supporting local communities through mango farmers training programs and distribution of mango and avocado seedlings during distribution of Inua Mkulima E-wallet identification cards.
- **Stakeholder Engagement:** Collaborating with farmers, government agencies, NGOs, and other stakeholders to address community needs and foster sustainable development. The fund joined the County Government in the month of April in promoting maize programme in the County,
- **Ethical Standards:** Upholding high ethical standards in all interactions, promoting integrity and accountability in our operations.

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the year ended June 30th, 2025**

11. Report of The Trustees

The committee submit their report together with the audited financial statements for the year ended June 30th, 2025 which show the state of the Murang'a County Agricultural Farm Inputs and Incentive Subsidy Fund affairs.

Principal Activities

The principal activity/ mandate of the Fund is to: -

- i. Promote Mango and dairy produce farming through agricultural farm input subsidy and incentive to farmers subject to the regulations;
- ii. To Spur an increase in usage of farm inputs in mangoes and dairy value chains.

Results

The results of Murang'a County Agricultural Farm Inputs and Incentive Subsidy Fund for the year ended June 30th, 2025 are set out on page 1.

Trustees

The members of the Board of Trustees who served during the year are shown on page iii. There were changes during the year. Mr. Fredrick Kinyanjui- mango farmer representative- replaced Mr. David Njane, while Mr. Edmund Ngaruiya replaced Mr. Julius Maina

Auditors

The Auditor General is responsible for the statutory audit of Murang'a County Agricultural Farm Inputs and Incentive Subsidy Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By order of Murang'a County Agricultural Farm Inputs and Incentive Subsidy Fund Committee.



.....
Chairman

Agricultural Farm Input Subsidy and Incentive Fund Committee

Date: 23rd September, 2025

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the year ended June 30th, 2025**

12. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by the Public Finance (Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund) regulations, 2022 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Fund Manager of the Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the period ended on 31st March 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Fund Manager of the Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Public Finance (Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund) regulations, 2022. The Fund Manager of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the period ended 30th June 2025, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

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

Approval of the financial statements

The Fund's financial statements were approved by the Fund Committee on 23rd September, 2025 and signed on its behalf by:

.....


Anthony M. Waithaka

Fund Manager

Date: 23rd September, 2025

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 MURANG'A COUNTY AGRICULTURAL FARM INPUTS SUBSIDY AND INCENTIVE FUND (AFIS FUND) FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

An Unmodified Opinion is issued when the Auditor-General concludes that 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 aim to address the Auditor-General's statutory roles and responsibilities 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

Opinion

I have audited the accompanying financial statements of Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund (AFIS Fund) set out on pages 1 to 39, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund (AFIS Fund) as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting standards (Accrual Basis) and comply with the Public Finance (Murang'a County Agricultural Inputs and Incentives Fund) Regulations, 2022 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Key Audit Matters

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

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the 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. Non-Integration with Banking System

Review of the Fund's management information system revealed that it was not integrated with the banking system, contrary to Clause 29 of the Memorandum of Understanding (MOU) with the bank providing banking services. As a result, the dashboard for real-time monitoring, reconciliation, and reporting on funds utilization had not been implemented, limiting the Fund's ability to track transactions in real time. Further, the Bank did not provide the required detailed transaction records for merchants, contrary to Clause 30 of the MOU. In addition, the bank was noted to be in charge of the Fund database instead of the Fund manager, contrary to the Fund Regulations.

In the circumstances, Management was in breach of the memorandum of understanding. Additionally, the effectiveness of the monitoring of funds utilization could not be confirmed.

2. Lack of Data Protection Policy

The audit revealed that the Fund did not have a formally documented Data Protection Policy contrary to Section 29 of the Data Protection Act, 2019 requires data controllers and processors to implement appropriate technical and organizational measures to ensure the protection of personal data.

In addition, there were no internal guidelines or documented procedures outlining how personal data was collected, processed, stored, or shared, contrary to Regulation 23 of the Data Protection Regulations, 2021.

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

3. Non-Compliance with Data Controller Registration Requirements

The audit established that in the financial year under review, the Fund was actively processing data relating to revenue payers despite not having obtained a certificate of registration as a data controller from the ODPC, as required under Section 18 of the Data Protection Act, 2019. Further, no application for registration had been submitted, and no evidence was provided to confirm compliance with statutory registration requirements.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

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 those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue 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.

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

Auditor-General's Responsibilities for the Audit

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

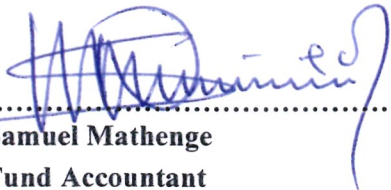
Nairobi

28 October, 2025


**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the year ended June 30th, 2025**

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

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	6	-	1,433,750
Transfers From the County Government	7	144,999,588	219,999,913
		144,999,588	221,433,663
Revenue From Exchange Transactions			
Interest Income	9	-	1,821,096
Other Income	10	-	-
		-	1,821,096
Total Revenue		144,999,588	223,254,759
Expenses			
Employee Costs	11	-	-
Farmers Disbursements	8	214,104,603	185,977,674
Use of goods and services	12	25,999,716	21,560,547
Depreciation and Amortization Expense	13	403,845	295,907
Finance Costs	14	-	-
Total Expenses		240,508,163	207,834,128
Other Gains/Losses			
Gain/Loss on Disposal of Assets	15	-	-
Gain /Loss on fair value of investments	16	-	-
Total Other Gains/Losses		-	-
Surplus/(Deficit) for the Period		(95,508,575)	15,420,631



Samuel Mathenge
Fund Accountant
ICPAK Member Number: 16255



Anthony M. Waithaka
Fund Manager
ICPAK Member Number: 13755

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the year ended June 30th, 2025**

14. Statement of Financial Position As at 30th June 2025

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	17	64,288,256	160,013,002
Current Portion of Long- Term Receivables from Exchange Transactions	18	-	-
Prepayments	19	-	-
Inventories	20	-	-
Investments in financial assets	21	-	-
Total current assets		64,288,256	160,013,002
Non-Current Assets			
Property, Plant and Equipment	22	808,904	592,703
Intangible Assets	23	-	-
Long Term Receivables from Exchange Transactions	18	-	-
Investment Property	24	-	-
Total non- current assets		808,904	592,703
Total Assets (A)		65,097,160	160,605,705
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	25	-	-
Current Provisions	26	-	-
Current Portion of Borrowings	27	-	-
Current Employee Benefit Obligations	28	-	-
Social benefit liabilities	29	-	-
Total current liabilities		-	-
Non-Current Liabilities			
Non-Current Provisions	26	-	-
Long Term Portion of Borrowings	27	-	-

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the year ended June 30th, 2025**

Non-Current Employee Benefit Obligation	28	-	-
Social benefit liabilities	29	-	-
Total Non-Current Liabilities		-	-
Total Liabilities (B)		-	-
Net Assets (A-B)		65,097,160	160,605,705
Represented By:			
Revolving Fund		-	-
Surplus as at 1 st July		160,605,705	145,185,074
Surplus for the year ended 30 th June		(95,508,575)	15,420,631
Net Assets		65,097,130	160,605,705

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Murang'a county agricultural farm input subsidy and incentive fund financial statements were approved on 23rd September, 2025 and signed by:

.....
Samuel Mathenge
Fund Accountant
ICPAK Member Number: 16255

.....
Anthony M. Waithaka
Fund Manager
ICPAK Member Number: 13755

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the year ended June 30th, 2025**

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

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2023	-	-	145,185,074	145,185,074
Surplus/(Deficit) For the Period	-	-	15,420,631	15,420,631
Funds Received During the Year	-	-		-
Transfers	-		-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2024	-	-	160,605,705	160,605,705
Balance As At 1 July 2024	-	-	160,605,705	160,605,705
Surplus/(Deficit) For the Period		-	(95,508,575)	(95,508,575)
Funds Received During the Year	-	-	-	-
Transfers	-		-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2025	-	-	65,097,130	65,097,130

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the year ended June 30th, 2025**

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

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations	6	-	1,433,750
Transfers from the county government	7	144,999,588	219,999,913
Interest received	9	-	1,821,096
Receipts from other operating activities	10	-	-
Total receipts		144,999,588	223,254,759
Payments			
Employee Costs	11	-	-
Use of Goods and Services	12	25,999,716	21,560,547
Farmers Disbursements	8	214,104,603	185,977,674
Finance cost	14	-	-
Total payments		240,104,318	207,538,221
Net cash flows from operating activities	30	(95,104,730)	15,716,538
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets	22	(620,046)	(888,610)
Proceeds from sale of property, plant & equipment	22	-	-
Proceeds from loan principal repayments	27	-	-
Loan disbursements paid out	27	-	-
Net cash flows used in investing activities		(620,046)	(888,610)
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Additional borrowings	27	-	-
Repayment of borrowings	27	-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash & cash Equivalents		(95,724,776)	14,827,928
Cash and cash equivalents at 1 July	17	160,013,002	145,185,074
Cash and cash equivalents at 30 June	17	64,288,226	160,013,002

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the year ended June 30th, 2025**

17. Statement Of Comparison of Budget and Actual Amounts for The Period 2025

Description	Original budget	Adjustments	Final budget	Actual comparable basis	Performance difference	%Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Balance of Cash Brought Forward	160,013,002	-	160,013,002	160,013,002	-	100
Receipts					-	-
Public Contributions and Donations	-	-	-		-	-
Transfers From County Govt.	195,000,000	(70,000,000)	125,000,000	125,000,000	-	100
Interest Income	-	-	-			-
Other Income	19,999,588	-	19,999,588	19,999,588		100.
Total Income	375,012,590	(70,000,000)	305,012,590	305,012,590		100
Expenses						
Use of Goods & Servicers	30,000,000	(2,400,000)	27,600,000	25,999,716	1,600,284	94.20
Farmers Disbursements	345,012,590	(67,600,000)	277,412,590	214,104,603	63,307,987	77.18
Total Expenditure	375,012,590	(70,000,000)	305,012,590	240,104,318	64,908,272	78.72
Capital expenditure	800,000	-	800,000	620,046	179,954	77.51

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the year ended June 30th, 2025**

Surplus For the Period	-	-	-	64,288,226.00	-
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Budget notes

1. Kshs. 19,999,988 was disbursed to the operations Account in 10th July 2024 was for the final disbursement for Financial Year 2023-2024.
2. Attached is Bank Reconciliation for 30th June,2025

Budget Reconciliation

Description of Particulars	Amount in Kshs
Actual Surplus Amounts as per the statement of Budget	64,288,226
Reason for differences	-
Reason for differences	-
Reason for differences	-
Reason for differences	-
Closing Cash and Cash Equivalent as per the statement of Cash flows	64,288,226

18. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Murang’a county agricultural farm input subsidy and incentive fund is established by and derives its authority and accountability from public finance (Murang’a County Agricultural Farm Input Subsidy and Incentive Fund) regulation 2022. The Murang’a County Agricultural Farm Input Subsidy and Incentive Fund is wholly owned by the Murang’a County Government and is domiciled in Kenya. The fund principal activity is to promote mango and dairy produce farming through agriculture farm input subsidy and incentive to farmers and to spur increase in usage of farm input in mango and dairy value chain

2. Statement of compliance and basis of preparation

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

3. Adoption of new and revised standards.

Standard	Effective date and impact:
IPSAS 45: Property Plant and Equipment	<i>Applicable 1st January 2025</i> The standard has been adopted by the fund.
IPSAS 46: Measurement	<i>Applicable 1st January 2025</i> The standard has been adopted by the fund.
IPSAS 47: Revenue	<i>Applicable 1st January 2025</i> The standard has been adopted by the fund.

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the year ended June 30th, 2025**

(i) Early adoption of standards

The Murang'a county agricultural farm input subsidy and incentive fund adopted IPSAS 145

4. Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Murang'a county agricultural farm input subsidy and incentive fund's right to receive payments is established.

Rental income

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

b) Budget information

The original budget for FY 2024-2025 was approved by the County Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Murang'a county agricultural farm input subsidy and incentive fund upon receiving the respective approvals in order to conclude the final budget.

The Murang'a county agricultural farm input subsidy and incentive fund'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

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the year ended June 30th, 2025**

basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

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

c) Property, plant and equipment

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

d. Intangible Assets

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

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

e. Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. A financial instrument is any contract that gives rise to a financial asset of one Murang'a county agricultural farm input subsidy and incentive fund and a financial liability or equity instrument of another Murang'a county agricultural farm input subsidy and incentive fund. At initial recognition, the Murang'a county agricultural farm input subsidy and incentive fund 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

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the year ended June 30th, 2025**

costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

The Murang'a county agricultural farm input subsidy and incentive fund 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 Murang'a county agricultural farm input subsidy and incentive fund'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 Murang'a county agricultural farm input subsidy and incentive fund has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the Murang'a county agricultural farm input subsidy and incentive fund 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.

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the year ended June 30th, 2025**

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the Murang'a county agricultural farm input subsidy and incentive fund manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

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

Impairment

The Murang'a county agricultural farm input subsidy and incentive fund 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 Murang'a county agricultural farm input subsidy and incentive fund 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 Notes.

Financial liabilities

Classification

The Murang'a county agricultural farm input subsidy and incentive fund classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

f. Inventories

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

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

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

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

g. Provisions

Provisions are recognized when the Murang'a county agricultural farm input subsidy and incentive fund 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 Murang'a county agricultural farm input subsidy and incentive fund 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.

h. 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 Murang'a county agricultural farm input subsidy and incentive fund 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

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
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of the cost (the social benefit payments) that the Murang'a county agricultural farm input subsidy and incentive fund will incur in fulfilling the present obligations represented by the liability.

i. Contingent liabilities

The Murang'a county agricultural farm input subsidy and incentive fund does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent assets

The Murang'a county agricultural farm input subsidy and incentive fund 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 Murang'a county agricultural farm input subsidy and incentive fund in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

j. Nature and purpose of reserves

The Murang'a county agricultural farm input subsidy and incentive fund creates and maintains reserves in terms of specific requirements.

k. Changes in accounting policies and estimates

The Murang'a county agricultural farm input subsidy and incentive fund recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

l. Employee benefits – Retirement benefit plans

The Murang'a county agricultural farm input subsidy and incentive fund provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Murang'a county agricultural farm input subsidy and incentive fund pays fixed contributions into a separate Murang'a county agricultural farm input subsidy and incentive fund (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

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the year ended June 30th, 2025**

contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

m. 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.

n. 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.

o. Related parties

The Murang'a county agricultural farm input subsidy and incentive fund regards a related party as a person or an Murang'a county agricultural farm input subsidy and incentive fund with the ability to exert control individually or jointly, or to exercise significant influence over the Murang'a county agricultural farm input subsidy and incentive fund, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

p. 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.

q. Comparative figures

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

5. Significant judgments and sources of estimation uncertainty

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

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

a) Estimates and assumptions –

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Murang'a county agricultural farm input subsidy and incentive fund 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 Murang'a county agricultural farm input subsidy and incentive fund. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

b) Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by the Murang'a county agricultural farm input subsidy and incentive fund
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

c) Provisions

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

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.

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
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Notes To the Financial Statements Continued

6. Public contributions and donations

Description	2024-2025	2023-2024
	Kshs	Kshs
Donation From Development Partners	-	-
Exhibitors Contributions and Donations	-	1,433,750
Total	-	1,433,750

7. Transfers from County Government

Description	2024-2025	2023-2024
	Kshs	Kshs
Transfers From County Govt. –Operations	144,999,588	219,999,913
Payments By County on Behalf of The Murang'a County Agricultural Farm Inputs and Incentive Subsidy Fund	-	-
Unconditional Development grants	-	-
Total	144,999,588	219,999,913

8. Farmers Disbursements

Description	2024-2025	2023-2024
	Kshs	Kshs
Mango Incentives	15,343,797	10,013,180
E-Wallet (Inua mkulima)	198,760,806	47,791,200
Farmers disbursement-Milk (July2023-March 2024)		128,173,294
Total	214,104,603	185,977,674

9. Interest income

Description	2024-2025	2023-2024
	Kshs	Kshs
Interest Income from Mortgage Loans	-	-
Interest Income from Car Loans	-	-
Interest Income from Investments in financial assets	-	-
Interest Income on Call Deposits	-	1,821,096

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
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Total Interest Income	-	1,821,096
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10. Other income

Description	2024-2025	2023-2024
	Kshs	Kshs
Insurance Recoveries	-	-
Income from Sale of Tender Documents	-	-
Bad debts recovered	-	-
Miscellaneous Income	-	-
Total Other Income	-	-

11. Employee Costs

Description	2024-2025	2023-2024
	Kshs	Kshs
Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	-	-
Social Security Contribution	-	-
Other (<i>Specify</i>)	-	-
Total	-	-

12. Use of Goods and Services

Description	2024-2025	2023-2024
	Kshs.	Kshs.
General Office Expenses	171,100	214,000
Hospitality	116,934	1,432,797
Stakeholders Meetings and Public Participation	15,373,740	10,091,082
Bank Charges	15,243	1,320
Farmers, Staff and Committee Expenses	6,714,350	5,236,140
Fuel And Oil Costs	166,781	148,400
Internet	22,500	14,500
Printing And Stationery	1,045,596	3,256,464
Training Expenses	1,398,000	588,344
Withholding tax	128,571	-

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Telephone And Communication Expenses	111,900	190,000
Advertising	735,000	32,000
Packaging		53,500
Transport Costs	-	302,000
Total	25,999,716	21,560,547

13. Depreciation and Amortization Expenses

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Property Plant and Equipment	403,485	295,907
Intangible Assets	-	-
Total	403,845	295,907

14. Finance costs

Description	2024-2025	2023-2024
	Kshs	Kshs
Interest On Bank Overdrafts	-	-
Interest On Loans from Banks	-	-
Total	-	-

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
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15. Gain/(loss) on disposal of assets

Description	2024-2025	2023-2024
	Kshs	Kshs
Property, Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

16. Gain/ (loss) on Fair Value Investments

Description	2024-2025	2023-2024
	Kshs	Kshs
Investments at Fair Value- Equity investments	-	-
Fair value – Investment property	-	-
Fair value- other financial assets (specify)	-	-
Total Gain	-	-

17. Cash and cash equivalents

Description	2024-2025	2023-2024
	Kshs	Kshs
Xxx Car Loan Account	-	-
Xxx County Mortgage Account	-	-
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	64,288,226	160,013,002
Others (<i>Specify</i>)	-	-
Total Cash and Cash Equivalentents	64,288,226	160,013,002

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
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Detailed analysis of the cash and cash equivalents are as follows:

Financial Institution	Account number	2024-2025	2023-2024
		Kshs	Kshs
a) Fixed Deposits Account			
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
Sub- Total		-	-
b) On - Call Deposits			
Kenya Commercial Bank		-	-
Equity Bank - Etc.		-	-
Sub- Total		-	-
c) Current Account			
Co-operative Bank	01141574182600	64,288,226	160,013,002
Bank B		-	-
Sub- Total		64,288,226	160,013,002
d) Others(Specify)			
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		64,288,226	160,013,002

18. Receivables from exchange transactions

Description	2024-2025	2023-2024
	Kshs	Kshs
Current Receivables		
Interest Receivable	-	-
Current Loan Repayments Due	-	-
Other Exchange Debtors	-	-
Less: Impairment Allowance	-	-
Total Current Receivables		
Non-Current Receivables		
Long Term Loan Repayments Due	-	-
Total Non- Current Receivables	-	-
Total Receivables From Exchange Transactions	-	-

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
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Additional disclosure on interest receivable

Description	2024-2025	2023-2024
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
Current loan repayments due		
Current portion of long-term loans from previous years	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	-	-

19. Prepayments

Description	2024-2025	2023-2024
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Other Prepayments (<i>Specify</i>)	-	-
Total	-	-

20. Inventories

Description	2024-2025	2023-2024
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts and Meters	-	-
Catering	-	-
Other Inventories (<i>Specify</i>)	-	-
Total Inventories	-	-

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
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Detailed disclosure on inventories

	2024-2025	2023-2024
Opening balance	-	-
Additional Inventory in the year	-	-
Inventory expensed in the year	-	-
Write-downs in the year	-	-
Others specify	-	-
Closing balance	-	-

21. Investments in financial assets

Description	2024-2025	2023-2024
	Kshs	Kshs
a. Investment in Treasury bills and bonds		
Financial institution		
CBK	-	-
CBK	-	-
Sub- total	-	-
b. Investment with Financial Institutions/ Banks		
Bank x	-	-
Bank y	-	-
Sub- total	-	-
c. Equity investments (specify)		
Equity/ shares in Murang'a county agricultural farm input subsidy and incentive fund xxx	-	-
Sub- total	-	-
Grand total	-	-

Movement of Equity Investments

Impairment allowance/ provision	2024-2025	2023-2024
	Kshs	Kshs
At the beginning of the year	-	-
Purchase of investments in the year	-	-
Sale of investments during the year	-	-
Gain/(loss) in fair value of investments through surplus or deficit	-	-
At the end of the year	-	-

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
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e) Shareholding in other entities

Name of Murang'a county agricultural farm input subsidy and incentive fund where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding		Current year	Prior year
	%	%	%	Kshs	Kshs	Kshs
Murang'a county agricultural farm input subsidy and incentive fund A	-	-	-	-	-	-
Murang'a county agricultural farm input subsidy and incentive fund B	-	-	-	-	-	-
Murang'a county agricultural farm input subsidy and incentive fund C	-	-	-	-	-	-
	-	-	-	-	-	-

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
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22. Property, plant, and equipment

	Land and	Motor vehicles	Furniture and fittings	Computers and Office Equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
				33.33%	
At 1st July 2023	-	-	-	-	-
Additions	-	-	-	888,610	888,610
Disposals	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-
At 30th June 2024	-	-	-	888,610	888,610
At 1st July 2024	-	-	-	888,610	888,610
Additions	-	-	-	620,046	620,046
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
At 30th June 2025	-	-	-	1,508,656	1,508,656
Depreciation And Impairment					
At 1 st July 2023	-	-	-	-	-
Depreciation	-	-	-	295,907	295,907
Impairment	-	-	-	-	-
At 30th June 2024	-	-	-	295,907	295,907
At 1st July 2024	-	-	-	295,907	295,907
Depreciation	-	-	-	403,845	403,845

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
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Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-
At 30th June 2025	-	-	-	699,752	699,752
Net Book Values					
At 30th June 2024	-	-	-	592,703	592,703
At 30th June 2025	-	-	-	808,904	808,904

The depreciation rate is 33.33% on a reducing balance method.

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
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23. Intangible assets

Description	2024-2025	2023-2024
	Kshs	Kshs
Cost		
At Beginning of The Year	-	-
Additions	-	-
At End of The Year	-	-
Amortization And Impairment		
At Beginning of The Year	-	-
Amortization	-	-
At End of The Year	-	-
Impairment Loss	-	-
At End of The Year	-	-
NBV	-	-

24. Investment Property

Description	2024-2025	2023-2024
	Kshs	Kshs
At beginning of the year	-	-
Additions	-	-
Disposal during the year	-	-
Depreciation	-	-
Impairment	-	-
Gain/(loss) in fair value (if fair value is elected)	-	-
At end of the year	-	-

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
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25. Trade and other payables from exchange transactions

Description	2024-2025		2023-2024	
	Kshs		Kshs	
Trade Payables	-		-	
Refundable Deposits	-		-	
Accrued Expenses	-		-	
Other Payables	-		-	
Total Trade and Other Payables	-		-	
Ageing analysis (Trade and other payables)	2024-2025	% of the Total	2023-2024	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (tie to above total)	-		-	

26. Provisions

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

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
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27. Borrowings

Description	2024-2025	2023-2024
	Kshs	Kshs
Balance At Beginning of The Period	-	-
External Borrowings During the Year	-	-
Domestic Borrowings During the Year	-	-
Repayments of External Borrowings During the Period	-	-
Repayments of Domestic Borrowings During the Period	-	-
Balance At End of The Period	-	-

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

Description	2024-2025	2023-2024
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan From 'X Organization'	-	-
Sterling Pound Denominated Loan From 'Y Organization'	-	-
Euro Denominated Loan from Z Organization'	-	-
Domestic Borrowings		
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Borrowings From Other Government Institutions	-	-
Total Balance at End of The Year	-	-

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

Description	2024-2025	2023-2024
	Kshs	Kshs
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
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28. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	2024-2025	2023-2024
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total	-	-	-	-	-

29. Social Benefit Liabilities

Description	2024-2025	2023-2024
	Kshs	Kshs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
Total	-	-
Current social benefits	-	-
Non- current social benefits	-	-
Total (tie to totals above)	-	-

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
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30. Cash generated from operations.

Description	2024-2025	2023-2024
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	(95,508,575)	(15,420,621)
Adjusted For:		
Depreciation	403,845	(295,907)
Amortization	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	-	-
Finance Cost	-	-
Working Capital Adjustments		
Increase In Inventory	-	-
Increase In Receivables	-	-
Increase In Payables	-	-
Net Cash Flow From Operating Activities	(95,104,730)	(15,716,528)

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
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31. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

Description	2024-2025	2023-2024
	Kshs	Kshs
Transfers From Related Parties'	-	-
Transfers To Related Parties	-	-

c) Key management remuneration

Description	2024-2025	2023-2024
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

Description	2024-2025	2023-2024
	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Government	-	-
Total	-	-

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
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e) Due to related parties

Description	2024-2025	2023-2024
	Kshs	Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
Total	-	-

32. Contingent assets and contingent liabilities

Contingent Liabilities	2024-2025	2023-2024
	Kshs	Kshs
Court Case Xxx Against the Fund	-	-
Bank Guarantees	-	-
Total	-	-

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
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33. Financial risk management

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

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

a) Credit risk

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-
At 30 June 2021				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-

**Murang’a County Agricultural Farm Inputs Subsidy and Incentive Fund
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The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Murang’a county agricultural farm input subsidy and incentive fund has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The Murang’a county agricultural farm input subsidy and incentive fund has significant concentration of credit risk on amounts due.

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

b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has built an appropriate liquidity risk management framework for the management of the Murang’a county agricultural farm input subsidy and incentive fund’s short, medium and long-term funding and liquidity management requirements. The Murang’a county agricultural farm input subsidy and incentive fund manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30th June 2025				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
At 30th June 2024				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

**Murang’a County Agricultural Farm Inputs Subsidy and Incentive Fund
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c) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the Murang’a county agricultural farm input subsidy and incentive fund on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

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

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

There has been no change to the Murang’a county agricultural farm input subsidy and incentive fund’s exposure to market risks or the manner in which it manages and measures the risk.

i. Foreign currency risk

The Murang’a county agricultural farm input subsidy and incentive fund has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The carrying amount of the Murang’a county agricultural farm input subsidy and incentive fund’s foreign currency-denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description		Other currencies	Total
	Kshs	Kshs	Kshs
At 30th June 2025			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables			
Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
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Foreign currency sensitivity analysis

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

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

ii. Interest rate risk

Interest rate risk is the risk that the Murang'a county agricultural farm input subsidy and incentive fund's financial condition may be adversely affected as a result of changes in interest rate levels. The Murang'a county agricultural farm input subsidy and incentive fund's interest rate risk arises from bank deposits. This exposes the Fund to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Fund's deposits.

Management of interest rate risk

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

Sensitivity analysis

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

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
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d) Capital risk management.

The objective of the Fund's capital risk management is to safeguard the Fund's ability to continue as a going concern. The Murang'a county agricultural farm input subsidy and incentive fund capital structure comprises of the following funds:

Description	2024-2025	2023-2024
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	-	-
Total funds	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
Gearing	-	-

34. Events after the reporting period

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

35. Ultimate and Holding Murang'a county agricultural farm input subsidy and incentive fund
The Murang'a county agricultural farm input subsidy and incentive fund is a County Public Fund established Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund) Regulations, 2022 under the Ministry of Agriculture, Livestock and Fisheries. Its ultimate parent is the County Government of Murang'a.

36. Currency

The financial statements are presented in Kenya Shillings (Kshs)

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19. Annexes

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Weak internal controls systems	The committee in partnership with Co-operative Bank has automated the subsidy process	Resolved	
	Failure to submit quarterly reports to the County Assembly	The financial reports are now being submitted as per the regulations	Resolved	



Fund Manager - Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund

23rd September, 2025

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
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Annex II: Inter-Fund Confirmation Letter

MURANG'A COUNTY GOVERNMENT

ALL CORRESPONDENCE TO BE ADDRESSED:
THE COUNTY SECRETARY



County Hall,
P.O Box 52—10200,
Murang'a,
Kenya
Telephone 060-2030271

E-mail: info@muranga.go.ke

23rd September,2025.

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
P.O Box 52-10200
MURANGA**

The Murang'a County Agricultural Farm Inputs and Incentive Subsidy Fund wishes to confirm the amounts disbursed to you as at 30th June 2025 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
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Confirmation of amounts received by Murang'a County Agricultural Farm Inputs and Incentive Subsidy Fund as at 30 th June 2025							
Reference Number	Date Disbursed	Amounts Disbursed by [CC/SAGA/Fund] (Kshs) as at 30 th June 2025				Amount Received by [beneficiary Fund] (KShs) as at 30 th June 2025 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
FT24192P82335	10/7/2024		19,999,988		19,999,988	19,999,988	-
FT25030VRH6F,1/MURANGA	30/01/2025		10,000,800		10,000,800	10,000,800	-
FT2506389XTW	4/3/2025		40,000,800		40,000,800	40,000,800	-
FT250843DYFJ	25/03/2025		52,000,800		52,000,800	52,000,800	-
FT25084WSLMX	25/03/2025		7,543,200		7,543,200	7,543,200	-
FT25084L8TZT	25/03/2025		15,454,000		15,454,000	15,454,000	-

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Total			144,999,588		144,999,588	144,999,588	-
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In confirm that the amounts shown above are correct as of the date indicated.

Head of Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund:

Name A. Waiheka Sign [Signature] Date 23rd September, 2025

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
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Annex III: Reporting of Climate Relevant Expenditures

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

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
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Annex IV: Reporting on Disaster Management Expenditure

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

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
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F.O.30

REPUBLIC OF KENYA

BANK RECONCILIATION

MURANG'A COUNTY AGRICULTURAL FARM INPUTS SUBSIDY AND INCENTIVE FUND

Date: 30-JUNE-25

Account Number: 01141574182600

Balance as per bank certificate: Kshs. 64,306,251

Less --

Payment in Cash Book not yet recorded in Bank Statement Kshs. 18,027

1.

(Unpresented Cheques)

2. Receipts in Bank Statement not yet recorded in Cash Book -

Add --

3. Payment in Bank Statement not yet recorded in Cash Book -

4. Receipts in Cash Book not yet Recorded in Bank Statement -

Bank Balance as per Cash Book Kshs. 64,288,226

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15/04/2025	Standard chartered Bank	Mango Incentives	1618	10,107.30
15/04/2025	Kiarie Mwenda	Mango Incentives	1631	3,652.60
16/04/2025	Rachael M. Njoroge	Mango Incentives	1649	3,560.00
23/04/2025	Magdalene Kaluki	Mango Incentives	1657	221.20
23/04/2025	Boniface Maingi	Mango Incentives	1655	486.50
Total				18,027

Reconciled by: Matticuye Signature: [Signature] Date: 23/09/25

Reviewed by: Benson Signature: [Signature] Date: 23/9/25

Approved by: A. Wanjara Signature: [Signature] Date: 23/9/25