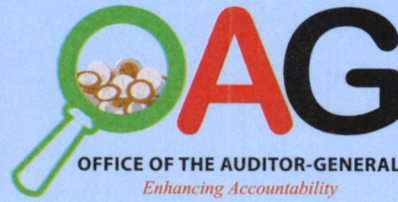
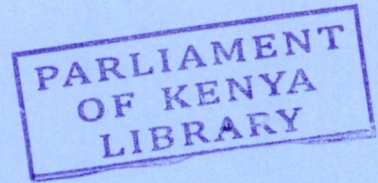


REPUBLIC OF KENYA



REPORT



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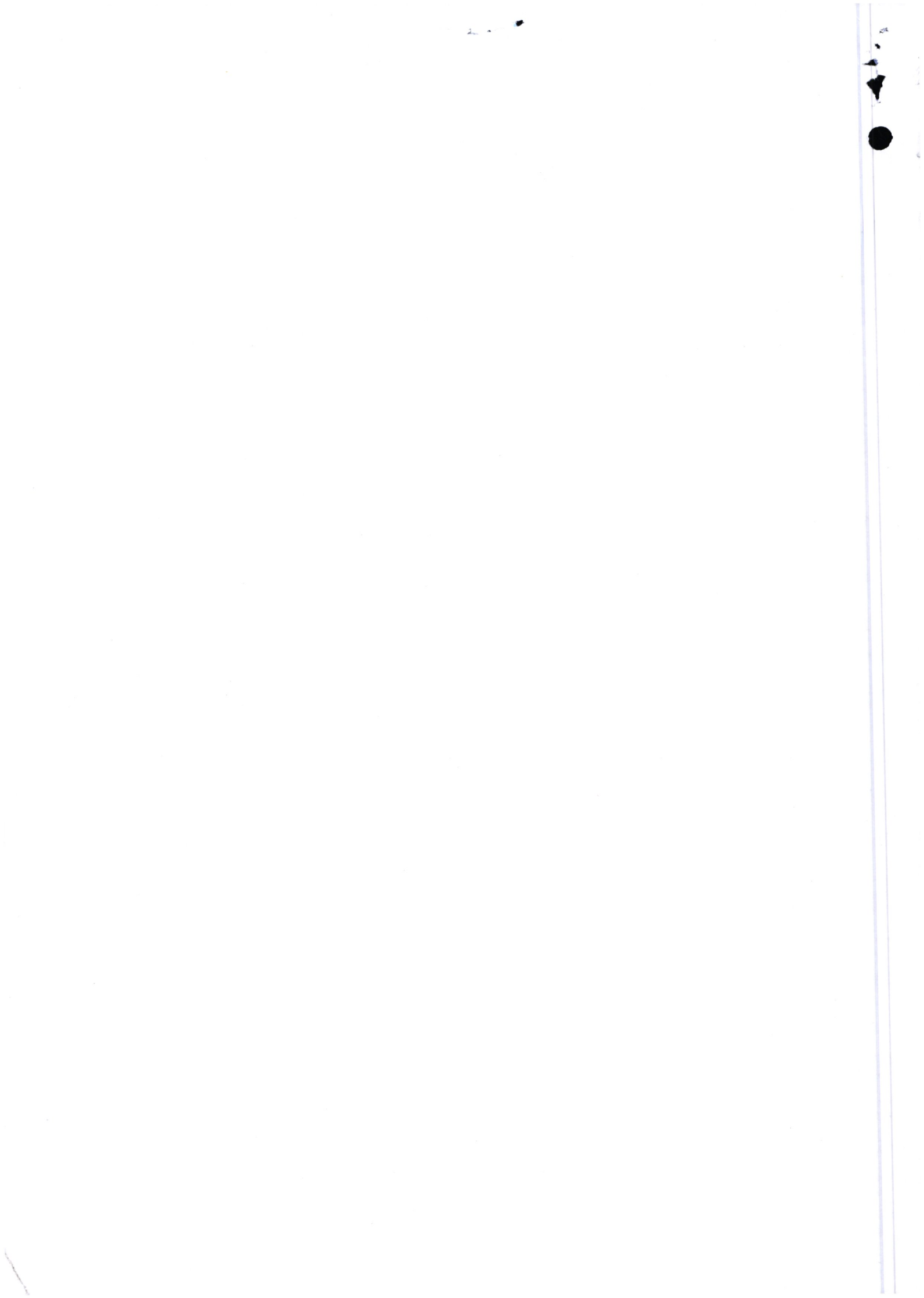
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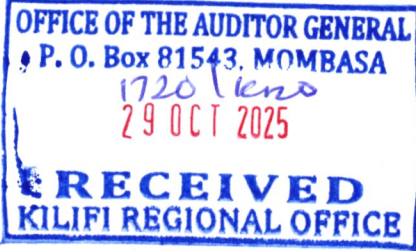
ON

KILIFI COUNTY MICROFINANCE
(WEZESHA) FUND

FOR THE YEAR ENDED
30 JUNE, 2025

PAPERS LAID	
DATE	19/11/2020
TABLED BY	Sen. Mutinda on behalf of Majority Ldr
COMMITTEE	←
CLERK AT THE TABLE	Belinda





Revised 30th June 2025



KILIFI COUNTY MICROFINANCE (WEZESHA) 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)**

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Kilifi County Microfinance (Wezesha) Fund
Annual Report and Financial statements for the year Ended June 30th 2025

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1. Acronyms, Abbreviations, and Definition of Key Terms

A: Acronyms and Abbreviations

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

B: Definition of Key Terms

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

Comparative Year- Means the prior period.

Kilifi County Microfinance (Wezesha) Fund
Annual Report and Financial Statements for the year ended June 30, 2025.

2. Key Entity Information and Management

(a) Background information

Kilifi County Microfinance (Wezesha) Fund is established by and derives its authority and accountability from Kilifi County Microfinance Fund Act gazetted on 10th June 2016. The Fund is wholly owned by the County Government of Kilifi and is domiciled in Kenya.

The fund's objective is to provide support to Micro and Small Enterprises operating within the County through provision of seed capital, Market linkage and Employment Creation

(b) Principal Activities

The Fund has five key mandates as follows:

- (i) To provide access to capital and financial facilities to micro and small enterprises owned by the residents in the County.
- (ii) To support micro and small enterprises to develop linkages with large enterprises.
- (iii) To facilitate marketing of products and services of micro and small enterprises owned by residents in the county in both domestic and international markets.
- (iv) To facilitate investment in small and micro enterprises oriented in commercial infrastructure such as business or industrial parks, stalls, markets or business incubators that will be beneficial to the enterprises.
- (v) To provide business development services to micro and small enterprises, and generate gainful self-employment for the residents of Kilifi.

The mission of Kilifi County Microfinance (Wezesha) Fund is to Provide Affordable Microfinance for Employment Creation.

The vision is, *Maisha Bora Kwa Wakilifi*

(c) Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	Malingi Dzombo Malingi	Chairman of the Board
2	Sidi Jefwa Chai	Board Member representing women
3	Daniel Masha	Board Member representing Cooperatives
4	Uhuru Karisa Raymond	Board Member representing Youth
5	Damaris Kadzo Kitsao	Board Member representing PWDs
6	Hezekiah Nguma Mwarua	Board member representing Department of Finance
7	Lynne Tracy Farrah	Board Member representing Department of Trade
8	Peter Shoka Msuko	Fund Administrator

(d) Key Management

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

Kilifi County Microfinance (Wezesha) Fund
Annual Report and Financial Statements for the year ended June 30, 2025.

No.	Details
1.	Malingi Dzombo Malingi-Chairman of the Board Sidi Jefwa Chai-Board Member representing women Daniel Masha-Board Member representing Cooperatives Uhuru Karisa Raymond-Board Member representing Youth Damaris Kadzo Kitsao-Board Member representing PWDs Hezekiah Nguma Mwarua-Board member representing Department of Finance Lynne Tracy Farrah-Board Member representing Department of Trade
2.	Peter Shoka Msuko-Fund Administrator
3.	Peter Shoka Msuko-Fund Administrator Alex Ondeng-Fund Accountant Magdaline Mwinga- Fund Procurement Officer

(e) Fiduciary Management

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

No.	Designation	Name
1.	Fund Administrator	Peter Shoka Msuko
2.	Fund Accountant	Alex Ondeng'
3.	Head of Procurement	Magdaline Mwinga

Kilifi County Microfinance (Wezesha) Fund
Annual Report and Financial Statements for the year ended June 30, 2025.

Key Entity Information and Management (continued)

(f) Fiduciary Oversight Arrangements

SN	Position	Name
1	Directorate Internal Audit	Kezia Wangui Mugambi
2	Finance and Administration Committee	1. Daniel Masha 2. Lynne Farrah (Chief Officer Trade) 3. Sidi Jefwa 4. Uhuru Raymond
3	Audit and Risk management Committee	1. Raymond Masha 2. Damaris Kadzo 3. Sidi Jefwa 4. Hezekiah Nguma Mwarua (Chief Officer Finance)
4	Credit Committee	1. Lynne Farrah (Chief Officer trade) 2. Raymond Uhuru 3. Daniel Masha
5	County Assembly of Kilifi	

(g) Entity Headquarters

P.O. Box 519
Department of Trade, Tourism and Cooperative Development Offices
Kilifi Water Road
Kilifi, KENYA

(h) Kilifi County Microfinance (Wezesha) Fund Contacts

Telephone: (254) 790 465 544
E-mail: kilificountymicrofinancefund@gmail.com
Website: <http://www.kilifi.go.ke>

(i) Fund Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Kenya Commercial Bank

Kilifi County Microfinance (Wezesha) Fund
Annual Report and Financial Statements for the year ended June 30, 2025.

- 1) Cooperative Bank of Kenya Limited
Kilifi Branch
P.O. Box 96-80108
Kilifi, Kenya

- 2) Kenya Commercial Bank
Kilifi Branch
P.O.Box 48400-00100
Nairobi-Kenya

- 3) Rafiki Microfinance Bank
Mtwapa Branch
P.O.Box 12755-00400
Nairobi-Kenya

Kilifi County Microfinance (Wezesha) Fund
Annual Report and Financial Statements for the year ended June 30, 2025.

Key Entity Information and Management (continued)

(j) Independent Auditor

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

(k) Principal Legal Adviser




i) The Attorney General

State Law Office and Department of Justice
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya






ii) The County Attorney

County Government of Kilifi
P.O. Box 519 - 80108
Kilifi, Kenya

3. The Board of Directors/Fund Committees

Directors	Details
 <p>Lynne Tracy Farrah Master's degree in Public Policy and Administration.</p>	<p>Experience: Over 11 years working experience in the County Government. Currently the Chief Officer for Trade- County Government of Kilifi.</p> <p>Qualifications: Master of Public Policy and Administration from Kenyatta University. BSc. Hons. Forensic Science and Criminology London South Bank University.</p> <p>Date of Birth: 10.11.1974</p> <p>Finance and Administration, Credit and non-executive Director.</p>
 <p>Malingi Dzombo Malingi MBA Finance Option.</p>	<p>Experience: Over 16 years' experience in managing saccos including Imarika Sacco, Kenpipe Sacco Ltd and Nassefu Sacco Ltd.</p> <p>Qualifications: MBA Finance option at Kenya Methodist University. Certified Public Accountant CPAK. ICPAK Membership No. 6046.</p> <p>Date of Birth: 19.11.1974</p> <p>Chairman of the Board.</p>
 <p>Sidi Jefwa Chai Degree (LLB)</p>	<p>Experience: Over 9 years' experience in business management in private sector. Worked as legal assistant and currently practicing law.</p> <p>Qualification: Post Graduate Diploma Human Resource Management from European Business University Luxembourg. Degree (LLB) from Catholic University of Eastern Africa.</p> <p>Date of Birth: 24.06.1986</p> <p>Finance and Administration Committee, Audit and Risk Management and Non-Executive Director</p>

Kilifi County Microfinance (Wezesha) Fund
Annual Report and Financial Statements for the year ended June 30, 2025.



 <p>Daniel Masha Bachelor in Cooperative Business</p>	<p>Experience: Over 31 years in Savings and Credit Cooperatives management. Qualification: Bachelor in Cooperative Business. Date of Birth: 21.04.1961 Credit Committee, Finance and Administration and Non-Executive Director</p>
 <p>Uhuru Karisa Raymond Bachelor of Education</p>	<p>Experience – Over 6 years’ experience in teaching both private and public school. Qualification: Bachelor of Education Bio/Chem from Pwani University. Date of Birth: 26.06.1995 Credit Committee, Finance and Administration and Non-executive Director</p>
 <p>Damaris Kadzo Kitsao Bachelor of Education</p>	<p>Experience. Over 3 years experiencing in teaching profession. Qualifications. Bachelor of Education and Counselling. Date of Birth: 8.11.1977 Audit and Risk and management, and Credit and Non-Executive Director.</p>
 <p>Hezekiah Nguma Mwarua Masters in MBA</p>	<p>Experience. Being the authorized and accounting officer in the department of water services, Finance and Economic Planning in County Government of Kilifi. Qualifications. Masters of Business administration (MBA), Management Science Option at Technical University Mombasa Date of Birth: 16th January, 1983 Audit and Risk management Committee and Non-Executive Director</p>
	<p>Experience: Over 8 years’ experience in both Private and Public Industry with special focus on Business Development and Finance. Qualifications: Bachelor of Commerce Majoring in Accounting. Professional qualifications CPA II, Date of Birth: 05.10.1986</p>

Kilifi County Microfinance (Wezesha) Fund
Annual Report and Financial Statements for the year ended June 30, 2025.

Peter Shoka Msuko Bachelor of Commerce	Secretary to the Board and Committees
---	--

Kilifi County Microfinance (Wezesha) Fund
Annual Report and Financial Statements for the year ended June 30, 2025.

4. Key Management Team

Management	Details
 <p data-bbox="459 797 740 864">Peter Shoka Msuko Bachelor of Commerce</p>	<p data-bbox="938 461 1353 618">Experience: Over 8 years' experience in both Private and Public Industry with special focus on Business Development and Finance.</p> <p data-bbox="938 629 1353 763">Qualifications: Bachelor of Commerce Majoring in Accounting. Professional qualifications CPA II,</p> <p data-bbox="938 797 1246 831">Date of Birth: 05.10.1986</p> <p data-bbox="938 864 1241 943">Secretary to the Board and Committees</p>
 <p data-bbox="240 1429 523 1507">CPA Alex Ondeng' Bachelor of Commerce</p>	<p data-bbox="938 1025 1299 1205">Experience: Over 14 years' experience in both Private and Public sectors in accounting and Finance.</p> <p data-bbox="938 1223 1241 1301">Qualification: Bachelor of Commerce (Accounting)</p> <p data-bbox="938 1319 1246 1397">Professional Qualification: CPA(K)</p> <p data-bbox="938 1415 1230 1449">Date of Birth: 08.12.1987</p>

Kilifi County Microfinance (Wezesha) Fund
Annual Report and Financial Statements for the year ended June 30, 2025.

5. Chairman's Statement

I am delighted to present the Annual Report and Financial Statements for Kilifi County Microfinance (Wezesha) Fund for the year ended 30th June, 2025.

This Fund was established by an Act of County Assembly. The main purpose of the Fund is to provide access to capital and financial facilities to MSEs owned by residents in the County. The Fund Board provides oversight role to the Fund. It is consisting of seven non-executive members appointed by the Governor. The day-to-day management of the business and implementation of policy decisions is the responsibility of the Fund Secretariat.

The joint effort of the Board, the Secretariat and the ward committee teams led to achievement of the following milestones in the 9th year of the life of the Fund.

- i. Appointment of Debt Management officers.**
Due to high rate of loan default, the Board requested for Debt management officers through the County Public service Board that are mainly responsible for loan recoveries.
- ii. Partnership With Financial Institutions**
Wezesha Fund was able to partner with Kenya Commercial Bank and Rafiki Microfinance Bank to assist in providing access to capital and financial facilities to micro and small enterprises (MSMEs) owned by the residents in the County and efficiency in loan recoveries.
- iii) Financing of LPO/LSOs through loan guarantee. This product has helped many suppliers to get into business.

Kilifi County Microfinance (Wezesha) Fund, had some challenges during the year under review. They include the following:

- (i) Political interference that leads to high loan default.
- (ii) Late disbursement of funds from Treasury hindering operations of the fund like loan disbursement.
- (iii) Bureaucracy and late disbursement of loans by the financial partners leading to termination of the MOU of one of the partners Rafiki Microfinance Bank.
- (iv) Lack of fund vehicle to facilitate on loan recoveries and follow ups.

The Fund is getting into its 10th year of operation. The Fund operations are guided by the strategic plan that has expired. The Board is in the process of procuring a consultant to have the strategic plan in place for 2025-2027.

Name MALINGI DZOMBO Signature 
Date 29/10/2025

Chairperson of the Board/Fund.

Kilifi County Microfinance (Wezesha) Fund
Annual Report and Financial Statements for the year ended June 30, 2025.

6. Report of the Fund Administrator

On behalf of the Fund secretariat, it gives me great pleasure to present our annual Report and Financial Statements for the year ended 30th June, 2025.

The Fund was in its 9th year of operation. During the financial year under review, the Fund did record growth in almost all parameters mainly it had partnered with financial institutions namely Rafiki Microfinance Bank and Kenya Commercial Bank. The main reason as to why the Fund partnered with financial Institution was assist the Fund in doing due diligence, loan disbursement and recoveries. Consequently, the change of the name of the Fund from Mbegu Fund to Wezesha Fund led to low loan repayment since people thought the former fund had ceased operations with the former regime. This called for high sensitisation costs informing people that Wezesha Fund and Mbegu was one and the same thing.

Financial performance of the Fund.

The Fund had a total budget of Kshs 14,055,297 available for the Secretariat administrative expenses. The actual expenditure was 12,678,604 which is represents 90% absorption. The County Government allocated Kshs 50,000,000 for the year under review. The portion for administrative running was Ksh 1,500,000 and the balance of 48,500,000 for lending. The actual management fees realised was Kshs 3,274,386 from a budget of Ksh 14,412,000 representing a performance of 23%. The low performance is due to non-remittance of funds to Wezesha Fund to facilitate lending. The fund had a deficit of Ksh 8,958,744 for the period under review. This was as a result of underperformance of management fees as a result of late disbursement of funds.

In terms of lending, the Fund had projected to lend Kshs ksh 205,556,703 in the financial year 2024/2025. The total loans added to the loan book during the year was Kshs 122,885,576 representing a performance of 59.8%. This amount is inclusive of Kshs 2,266,765 management fees deducted at source. The performance on loan repayment has been on a slight rise from Kshs 3,698,916 to Kshs 4,963,140 though more need to be done to ensure timely loan repayments to ensure sustainability.



.....

Name:  MSHKO

Fund Administrator

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

Kilifi County Microfinance (Wezesha) Fund
Annual Report and Financial Statements for the year ended June 30, 2025.

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer shall prepare financial statements of the County Government Kilifi County Microfinance (Wezesha) Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government Kilifi County Microfinance (Wezesha) Fund's performance against predetermined objectives.

The key development objectives of the Fund as per the strategic plan for 2020-2023 are to:

- a) Loan Portfolio Management
- b) Business support Service
- c) Institution Capacity Building
- d) Effective Governance

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Loan Portfolio Management	To increase loan book 150,000,000	Loan book increase to 589,000,000	More groups, cooperative, sole proprietors and companies benefit from accessing loans	Loan book grew to 365,332,552 and 104 groups and 3 cooperative, 254 sole proprietors and 46 companies benefited from loans.
Business Support services	Offer business support services to 6500 groups	Signed MOUs with Institution	6500 trained groups for loans uptake. More products certified by Kebs	No MOU was signed with any institution due to budgetary constraints.
Institution Capacity Building	Training of Board members 7	Implement staff performance management system	7 Trained Board members discharging their duties well.	Board members trained.
Effective Governance	Maximise opportunity exploitation through high decision making	Implement robust information management system	Use of Loan management and accounting system	Installation of Loan management and accounting system.

8. Corporate Governance Statement

Kilifi County Microfinance (Wezesha) Fund
Annual Report and Financial Statements for the year ended June 30, 2025.

The Board of Kilifi County Microfinance (Wezesha) Fund is committed to ensure that the Fund operates with integrity and ethics maintaining high standards of Corporate Governance in the interest of its stakeholders. The Board believes that the Fund has complied with the guidelines on Corporate Governance Practices as is required of public officers.

The Board provides strategic leadership, policy direction and supervision of the Fund. It consists of 7 members.

Board Meetings Attendance

The Board is mandated to hold a minimum of four meetings and a maximum of nine meetings in a Financial Year. In the FY 2024/2025 the board held four full Board meetings and three committee meeting. Below is a table showing the board meetings attendance details:

Table 3: Board meeting attendance

Board Meeting Date	Board Members Presents
5 th July 2025 (Board meeting)	5
19 th September 2023 (Board meeting)	4
24 th September 2023 (committee meeting)	3
27 th September 2023 (Board Meeting)	5
28 th January 2024 (Board Meeting)	6
11 th March 2024 (Risk management meeting)	4
13 th May 2024 (Finance Committee meeting)	3

Kilifi County Microfinance (Wezesha) Fund amendment Act 2016 provides that the Fund board serves a term of three years eligible for reappointment for one further term.

The current board members are serving their first term which commenced on 20th March, 2024. The board chairman is equally serving his first term effective from 14th May, 2024.

Powers and Functions of the Board

The powers and functions of the board include the following:

The board shall provide strategic leadership, policy direction and supervision of the Fund. In exercising its mandate, the board is vested with the following powers:

- (a) Enter into association with such other persons, bodies or organizations within or outside Kenya as the Board may consider appropriate
- (b) Advise the County Executive Member for Finance as provided under section 116(1), 9 and 145 of the Public Finance Management Act, 2012”
- (c) Approve loan applications forms
- (d) Oversee implementation of the fund activities

Board Member’s Process of Appointment and Removal from Office

Kilifi County Microfinance (Wezesha) Fund
Annual Report and Financial Statements for the year ended June 30, 2025.

- The four private board members are nominated by the Executive Committee Member for Trade and appointed by the Governor. These are youth representative, woman representative, representative of people living with disability and a representative of the Cooperative movement.
- The county chief officer responsible for Trade and the county chief officer responsible for Finance.
- The chairperson of the Board is recruited competitively by the County Public Service Board, vetted by the County Assembly and appointed by the Governor.
- A member of the Board may be removed from office on any one or more of the following grounds:
 - a) Lack of integrity
 - b) Gross misconduct
 - c) Violation of the Constitution or any other law
 - d) Physical or mental incapacity to perform the functions of the office
 - e) Missing three consecutive meetings without a reasonable cause
 - f) Incompetence during the period in office

Quorum

The Quorum for the conduct of business of the Board is four members including the Chairperson or the person presiding over the Meeting.

Conflict of interest

The Regulations guiding the Fund provides that:

- (a) A member who has an interest in any contract, or other matter present at a meeting shall at the meeting and as soon as reasonably practicable after the commencement, disclose the fact thereof and shall not take part in the consideration or discussion of, or vote on, any questions with respect to the contract or other matter, or be counted in the quorum of the meeting during consideration of the matter.
- (b) A disclosure of interest made under subparagraph (a) is to be recorded in the minutes of the meeting at which it is made.
- (c) A member of the Board who contravenes subparagraph (a) commits an offence and is liable to imprisonment for a term not exceeding six months, or to a fine not exceeding one hundred thousand shillings, or both.

Board Remuneration

The board received board sitting allowances in line with the provisions of the PFM Act, 2012 sec 195 (2) and according to the SRC circular. Total allowances paid to the board members was Ksh. 529,800

Kilifi County Microfinance (Wezesha) Fund
Annual Report and Financial Statements for the year ended June 30, 2025.

Tasks to be accomplished

The following are the tasks to be accomplished in the FY 2024/2025

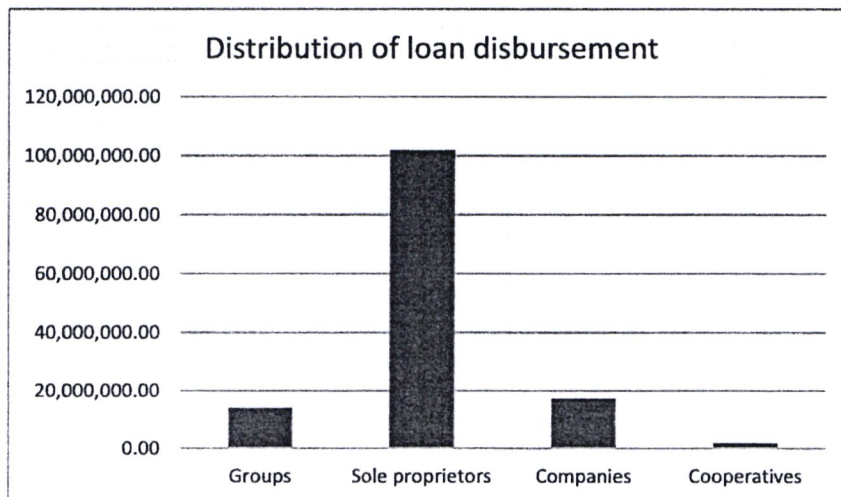
- (i) Bench marking for the Board members.
- (ii) Training and sensitising Loan beneficiaries on Marketing.
- (iii) Building the capacity of groups and cooperatives on accessing of Funds and funds utilizations.

9. Management Discussion and Analysis

The Fund started its operations after the gazettelement of the Amendment Act on 1st August 2018. For the start, the Fund board resolved to start implementing mandate 1 (providing access to capital and financial facilities to micro and small enterprises owned by the residents in the County). On implementation of mandate 1, the Fund began with financing of Groups and Cooperative Societies. In this financial year under review, the Fund introduced LPO financing loan product and loans for small companies.

8.1 Loan Disbursement

No.	Category	Number applied	Total Amount
1	Groups	104	14,067,100
2	Sole proprietors	254	65,503,996
3	Companies	46	41,414,480
4	Cooperatives	3	1,900,000
	TOTAL AMOUNT DISBURSED		122,885,576



Loan guarantee.

Kilifi County Microfinance (Wezesha) Fund
Annual Report and Financial Statements for the year ended June 30, 2025.

The fund partnered with Kenya Commercial Bank and Rafiki Microfinance Bank to finance LPO/LSOs from County Government of Kilifi and any other reputable organisation within the County. The fund deposited Ksh 15,000,000.00 to KCB with a greed ratio of 1:5. The LPO/LSOs were to access five times the money deposited that is Ksh 75,000,000.00. The Rafiki Microfinance Bank MOU was however terminated due to delayed disbursement of loans to beneficiaries.

Loan Repayments.

Most of the loans issued to beneficiaries will be repaid in 24 months' equal instalments. The beneficiaries were given one to three months' grace period before starting repayment. As at 30th June 2025, a total of Ksh. 4,963,140 had been recovered on account of loan repayments. The outstanding loan balance amounted to Ksh. 365,332,552

Table 4: Loan repayment performance

Parameter	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
Outstanding Loan Balance (OLB)	204,302,590	244,975,774	238,389,919	247,410,116	365,332,552
Loan Repayments Received	38,074,403	38,150,307	19,067,819	3,698,916	4,963,140

Major Risks Associated with the Fund

The Kilifi County Microfinance (Wezesha) Fund's activities expose it to a variety of financial risks including credit risk. 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 is working on policies to ensure that credit is extended to customers who conform to Fund laid down procedures.

Given that risk taking is an inherent activity in our business, responsibility and accountability for risk management dwells at all levels within the organization, from the Advisory Board down through the organisation to each staff member.

Credit risk

The Kilifi County Microfinance (Wezesha) Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. 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 Board.

Kilifi County Microfinance (Wezeshu) Fund
Annual Report and Financial Statements for the year ended June 30, 2025.

The Future outlook of the Fund

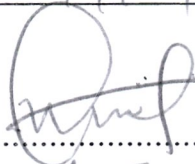
The Fund is in a process to develop a three years' strategic plan which will guide the operations of the Fund up to the year 2027.

The Fund targets to increase its outreach by coming up with new loan products, reducing the average loan turnaround time among other strategies to the economy. More resources shall be directed to loan recoveries to reduce the amount in loan arrears and defaulters.

The Fund will be seeking to enter into strategic partnerships which will contribute to the attaining of the Fund's objectives. The Fund will equally be seeking to source for other sources of income streams to supplement the allocation from the County Government

Kilifi County Microfinance (Wezesha) Fund
Annual Report and Financial Statements for the year ended June 30, 2025.

The Kilifi County Microfinance Wezesha Fund financial statements were approved by the Board on 29/10/ 2025 and signed on its behalf by:



.....
Name: MALINGI DZOMBO

Chairperson of the Board/Fund Committee



.....
Name: PETER MSHKO

Accounting Officer/Fund Administrator

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 KILIFI COUNTY MICROFINANCE (WEZESHA) 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 Kilifi County Microfinance (Wezesha) Fund set out on pages 1 to 36, which comprise of the statement of financial

Report of the Auditor-General on Kilifi County Microfinance (Wezesha) Fund for the year ended 30 June, 2025

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 versus 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.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kilifi County Microfinance (Wezesha) 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.

Emphasis of Matter

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.219,612,000 and Kshs.48,237,526 respectively resulting to an under-funding of Kshs.171,374,474 or 78% of the budget. Similarly, the Fund spent an amount of Kshs.48,253,635 against actual receipts of Kshs.48,237,526 resulting to over-utilization of Kshs.16,109 of the actual receipts.

The under-funding affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional 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 Matter

Unresolved Prior Year Audit Matters

In the audit report of the previous year, several issues were raised. However, the Management has not addressed six (6) issues listed below which were raised in the previous year's audit. In addition, annex 1 on page 37 to the financial statements has incorrectly disclosed that the six (6) audit issues have been resolved.

Audit Issue	Key Issue	Current Status
1. Unsupported, Inaccurate and Doubtful Recovery of Receivables from Exchange Transactions	Kshs.9,744,082 defaulted amount recovered by bank from the Fund.	The Fund has not yet recovered Kshs.9,744,082 from the loan defaulter
2. Inaccurate Property, Plant and Equipment Balance	Depreciation policy and rates used not provided nor disclosed in the FS	Property, plant and equipment not yet subjected to depreciation in the subsequent financial year.
3. Inaccurate Statement of Cash Flows	Unexplained variance of Kshs.86,400 under operating and investing activities Unexplained variance of Kshs.212,500 on proceeds from loan principal repayment Lack of disclosure notes corresponding to loan principal repayments and loan disbursements	The opening cash and cash equivalent balance as at 1 July, 2024 of Kshs.168,460,354 while the audited balance as at 30 June, 2024 was Kshs.168,483,475 resulting to a variance of Kshs.23,121 that has not been explained or supported
4. Budgetary Control and Performance	Under-funding of Kshs.82,443,060 or 50% Under-utilization of Kshs.61,550,465 or 73.80%	The Fund is still operating below set budget limits
5. Other Information	Unexplained variances in the report of Fund Administrator	The current year financial statement still has discrepancies in the presentation of other information and balances/amounts reported in the financial statements.
6. Non-Repayment of Loans	Loan arrears Kshs.30,589,256 issued to 315 groups not serviced for over 90 days Kshs.18,872,792 non-performing loans carried forward from previous years	The Fund has not yet recovered Kshs.30,589,256 issued to three hundred and fifteen (315) groups

Other Information

The Management is responsible for the Other Information set out on page iii to xxv which comprise of Key Entity Information and Management, The Board of Directors/Fund Committees, Management Team, Chairman's Statement, Report of

the Fund Administrator, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors/Fund Committee, Statement of Management Responsibilities and Statement of Performance Against Predetermined Objectives. 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 matter 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

Defaulted Loans

The statement of financial position reflects receivables from exchange transactions balance of Kshs.365,332,552 as disclosed in Note 15 to the financial statements. The balance includes Kshs.242,446,976 in respect of long-term repayments due. However, this portion is not disclosed separately as long-term receivables from exchange transactions under non-current assets. In addition, the defaulted loans increased by Kshs.33,266,511. As previously reported, the loan arrears included non-performing loans carried forward from prior years, contrary to Regulation 14(5)(a) of the Kilifi County Microfinance (Mbegu) Fund Regulations, 2018 that states that a loan shall be considered to be in default when a borrower is ninety (90) days late in repayment and all efforts to make him or her repay have completely failed.

In the circumstances, the recoverability of the loans could not be confirmed and Management was in breach of the law.

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

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

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, 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.

Basis for Conclusion

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.

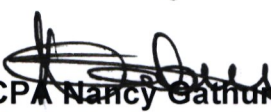
Auditor-General's Responsibilities for the Audit

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

04 November, 2025

KILIFI COUNTY GOVERNMENT MICROFINANCE (WEZESHA) FUND
Annual Report and Financial Statements for the year ended June 30, 2025.

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

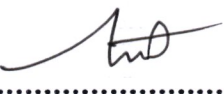
	Notes	2024/2025	2023/2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from other governments entities	6	1,500,000	4,500,000
Public contributions and donations	7	-	200,000
		1,500,000	4,700,000
Revenue from exchange transactions			
Fees and other charges	8	3,274,386	8,179,819
		3,274,386	8,179,819
Total revenue		4,774,386	12,879,819
Expenses			
Use of goods and services	9	9,439,682	16,985,394
Board Expenses	10	529,800	818,640
Depreciation and amortization expense	11	736,048	1,076,186
Repairs and maintenance	12	3,027,600	
Finance Cost	13		4,048,441
Total expenses		13,733,130	22,928,661
Net Deficit for the year		(8,958,744)	(10,048,842)

The notes set out on pages 8 to 36 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 7 were signed on behalf of the Board of Directors/Fund committee by:



Name: **MWANGI DROMBO**
 Chairman Board/Fund

Date **29/10/2025**



Name: **PETER MWANGI**
 Accounting Officer

Date **29/10/2025**



Name: **ALEX MWANGI**
 Departmental Accountant

ICPAK M/No: **16899**
 Date **29/10/25**

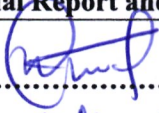
15 Statement of Financial Position as at 30 June 2025

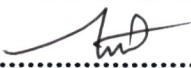
KILIFI COUNTY GOVERNMENT MICROFINANCE (WEZESHA) FUND
Annual Report and Financial Statements for the year ended June 30, 2025.

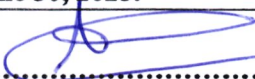
	Notes	2024/2025	2023/2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	14	81,156,842	168,460,354
Receivables from Exchange Transactions	15	122,885,576	247,410,116
Receivables from Non-Exchange Transactions	16	85,000,000	75,023,121
Total Current Assets		289,042,418	490,893,591
Non-Current Assets			
Receivables from Exchange Transactions	15	242,446,976	
Property, Plant and Equipment	17	2,077,876	2,549,324
Total Non- Current Assets		244,524,852	2,549,324
Total Assets (A)		533,567,270	493,442,915
Liabilities			
Current Liabilities			
Trade and Other Payables	18	669,500	86,400
Total Current Liabilities		669,500	86,400
Non-Current Liabilities			
Total Non- Current Liabilities		-	
Total Liabilities (B)		669,500	86,400
Net Assets (A-B)		532,897,771	493,356,515
Represented By:			
Reserves			
Accumulated Surplus		(4,859,082)	4,099,662
Revolving Fund		537,756,853	489,256,853
Net Assets		532,897,771	493,356,515

The financial statements set out on pages 1 to 7 were signed on behalf of the Board of Directors by:

KILIFI COUNTY GOVERNMENT MICROFINANCE (WEZESHA) FUND
Annual Report and Financial Statements for the year ended June 30, 2025.


.....
Name: MAUNGI
DZAMBO
Chairman Board/Fund


.....
Name: PETER
MUKO
Accounting Officer


.....
Name: ALEX OMBENGA
Departmental Accountant

Date 29/10/2025

Date 29/10/2025

ICPAK M/No: 16299
Date 29/10/25

KILIFI COUNTY GOVERNMENT MICROFINANCE (WEZESHA) FUND
Annual Report and Financial Statements for the year ended June 30, 2025.

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

Description	Accumulated surplus	Revolving Fund	Total
	Kshs	Kshs	Kshs
As at July 1, (2023)	14,710,486	343,756,853	358,467,339
Surplus/ deficit for the year	(9,449,004)		(9,449,004)
Capital/development grants received during the year	-	145,500,000	145,500,000
As at June 30, (2024)	5,261,482	489,256,853	494,518,335
Prior Year Adjustments			
Changes in depreciation rate			
Depreciation changes on opening balance 2023	(562,230)		(562,230)
Depreciation changes for the year 2024	(576,469)		(576,469)
Overstated management fees	(23,121)		(23,121)
As at July 1, (2024)	4,099,662	489,256,853	493,356,515
Surplus/ (deficit) for the year	(8,958,744)		(8,958,744)
Capital/development grants received during the year		48,500,000	48,500,000
As at June 30, (2025)	(4,859,082)	537,756,853	532,897,771

IPSAS 3, "Accounting policies, changes in Accounting estimates, and errors," provides guidelines on selecting and applying accounting policies, managing changes in accounting estimates and correcting errors in financial statements.

- i) **Change of Depreciation Rate**-*In the prior year, the Fund depreciated its PPE as follows: Motor Cycle at 20%, Furniture and fittings at 15% and ICT equipment at 10.27%. This was not based on any policy and the rate for computer was not in line with IAS 16 as per Audit report. To correct this, the Fund has relied on PSASB recommended depreciation rates in the MDA's Annual reporting template. Depreciation rates of 16.67%, 12.5%, 33.3% have been used on Motor Cycle, Furniture and ICT equipment respectively. The net change of the application of the new depreciation rates are Kshs 562,230 for the year 2022/2023 and Kshs 576,469 for the year 2023/2024. These changes will have an impact on financial statements as follows;*

<i>Statement of financial performance</i>	<i>Increase in total expenses. The depreciation has been restated to Kshs 1,076,186 from</i>	
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**KILIFI COUNTY GOVERNMENT MICROFINANCE (WEZESHA) FUND
Annual Report and Financial Statements for the year ended June 30, 2025.**

	499,469 and total expenses to Kshs 22,351,944 from Ksh 22,928,661	
Statement of financial position	The PPE has been restated to Kshs 2,549,324 from Kshs 3,688,023 as a result of an increase of accumulated depreciation. Further, the accumulated surplus under Net Assets has been restated to Kshs 4,099,662 from Kshs 5,261,482	

ii) **Correction of misstated closing cash and cash equivalent for the year 2023/2024.** As per the certificate of bank balance from Rafiki Bank, account 0201004000300 (Microfinance Fund Administration) had nil balance. However, it was reported to have a balance of Kshs 23,121. This has been rectified by restating the balance of Cash and Cash equivalent to Kshs 168,460,354 from Kshs 168,483,475. The management fees and surplus under Statement of Financial performance have been restated to Kshs 8,179,819 from Kshs 8,202,940 to correct the overstatement. This change will have the following impact:

Financial Statement	Changes	Impact
Statement of financial performance	Correct overstatement of management fees by Kshs 23,121	Management fees restated by Kshs 8,202,940 to kshs 8,179,819, deficit restated to accommodate this change
Statement of financial position	Correct overstatement of cash and cash equivalent by Kshs 23,121 and update the capital section as a result of changes in surplus in the statement of net assets	Cash and cash equivalent restated by Kshs 23,121 from Ksh 168,483,475 to Kshs 168,460,354. Accumulated surplus restated to accommodate changes in the statement of net assets
Statement of Net asset	Accumulated surplus adjusted to accommodate the changes in management fees	Accumulated surplus restated by Kshs 23,121
Statement of cashflow	Cash and cash equivalent adjusted downwards by Kshs 23,121	Cash and cash equivalent balance restated by Kshs 23,121 from 168,483,475 to Kshs 168,460,354

KILIFI COUNTY GOVERNMENT MICROFINANCE (WEZESHA) FUND
Annual Report and Financial Statements for the year ended June 30, 2025.

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

		2024/2025	2023/2024
	Notes	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other governments entities		1,200,000	2,250,000
Public contributions and donations	7		200,000
Interest/fees received			3,945,378
Fees and other charges		1,026,762	
Total receipts		2,226,762	6,395,378
Payments			
Use of goods and services		(8,980,804)	(16,985,394)
Board Expenses		(405,600)	(732,240)
Repairs and maintenance	12	(3,027,600)	
Total payments		(12,414,004)	(17,717,634)
Net cash flows from/(used in) operating activities		(10,187,242)	(11,322,256)
Cash flows from investing activities			
Purchase of PPE	17	(264,600)	(269,275)
Proceeds from loan principal repayments		4,963,140	3,698,916
Loan disbursements paid out		(35,575,031)	(12,533,112)
Loans recovered from Loan guarantee accounts (KCB and Rafiki Microfinance Banks)		(85,039,780)	
Net cash flows from/(used in) investing activities		(115,916,270)	(9,103,471)
Cash flows from financing activities			
Revolving fund receipts		38,800,000	72,750,000
Net cash flows from financing Activities		38,800,000	72,750,000
Net increase/(decrease) in cash & Cash equivalents		(87,303,512)	52,324,273
Cash and cash equivalents at the beginning (1st July 2024)	14	168,460,354	116,159,202
Cash and cash equivalents at the end (30th June 2025)	14	81,156,842	168,483,475

(PSASB has now prescribed the direct method of cashflow presentation for all entities under the IPSAS Accrual basis of accounting).

KILIFI COUNTY GOVERNMENT MICROFINANCE (WEZESHA) FUND
Annual Report and Financial Statements for the year ended June 30, 2025.

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

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	c= (a+b)	d	e=(c-d)	f=d/c*100
Budget carryovers from the previous year*	75,000,000	(35,000,000)	40,000,000	40,000,000	-	100%
Receipts						
Transfers from Other Governments entities	100,000,000	(50,000,000)	50,000,000	-	50,000,000	0%
Loan repayments	115,200,000	-	115,200,000	4,963,140	110,236,860	4%
Management fees	17,412,000	(3,000,000)	14,412,000	3,274,386	11,137,614	23%
Total Receipts	307,612,000	(88,000,000)	219,612,000	48,237,526	171,374,474	22%
Payments						
Use of Goods and Services	12,677,697	(2,555,400)	10,122,297	8,980,804	1,141,493	89%
Board Expenses	618,000	-	618,000	405,600	212,400	66%
Purchase of furniture	269,000	-	269,000	264,600	4,400	98%
Repairs and Maintenance	2,530,000	516,000	3,046,000	3,027,600	18,400	99%
Expenditure Payments	16,094,697	(2,039,400)	14,055,297	12,678,604	1,376,693	90%
Domestic Lending	291,517,303	(85,960,600)	205,556,703	35,575,031	169,981,672	17%
Total Payments	307,612,000	(88,000,000)	219,612,000	48,253,635	171,358,365	22%

Budget notes

- 1. The underperformance on Transfer from County Government is as a result non remittance of the year's allocation of Kshs 50,000,000 on time*
- 2. The loan repayment did not perform well due to harsh economic times and non-payment of funded LPOS by procuring entities*
- 3. The underperformance of management fees and domestic lending was as a result of late remittance of funds to the Fund and poor performance in repayment*

19. Notes to the Financial Statements

1. General Information

Kilifi County Government Micro-Finance (Wezesha Fund) is established by and derives its authority and accountability from Mbegu Fund Act. The Entity is wholly owned by the County Government of Kilifi and is domiciled in Kenya. The Entity's principal activity is Lending

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts, and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the *Entity's* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Entity*. The financial statements have been prepared in accordance with the PFM Act 2012, the State Corporations Act (*include any other applicable legislation*), and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

KILIFI COUNTY GOVERNMENT MICROFINANCE (WEZESHA) FUND
Annual Reports and Financial Statements for the year ended June 30, 2025.

3. Adoption of New and Revised Standards

- i. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.*

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

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

Standard	Effective date and impact:
IPSAS 45: Property Plant and Equipment	Applicable 1st January 2025 The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. No impact on Wezesha Financial Statments
IPSAS 46: Measurement	Applicable 1st January 2025 The objective of this standard was to improve measurement guidance across IPSAS by: <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value. No impact
IPSAS 47: Revenue	Applicable 1st January 2026 This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS 48: Transfer Expenses	Applicable 1st January 2026 The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers. No impact

KILIFI COUNTY GOVERNMENT MICROFINANCE (WEZESHA) FUND
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<p>IPSAS 49: Retirement Benefit Plans</p>	<p><i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan. No impact</p>
<p>IPSAS 50: Exploration For & Evaluation of Mineral Resources</p>	<p><i>Applicable 1st January 2027</i> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. No impact

iii. Early adoption of standards

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

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees and other charges

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

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services, and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the *Entity* and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that have been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

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

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.

Rental income

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

b) Budget information

The original budget for the Current FY was approved by the County Assembly on 30th June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Entity upon receiving the respective approvals to conclude the final budget. The Entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on an accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of Cashflows has been presented.

c) Taxes

Current income tax

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

Deferred tax

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

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

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enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable *Entity* and the same taxation authority.

Sales tax

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

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

d) Investment property

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

e) Property, plant, and equipment

All property, plant, and equipment are stated at cost less accumulated depreciation and impairment losses. The fund depreciated its assets as follows: Motorcycle-16.67%, Furniture-12.5% and 33.3%. These rates were extracted from the PSASB recommended rates in MDAs reporting template. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus, or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

f) Leases

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

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

g) Intangible assets

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

h) Research and development costs

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

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

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

Financial instruments

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

a) Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Trade and other receivables

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

Fair value through surplus or deficit

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

Impairment

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

b) Financial liabilities

Classification

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

i) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

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

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

j) Provisions

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

k) Contingent liabilities

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

l) Contingent assets

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

m) Nature and purpose of reserves

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

n) Changes in accounting policies and estimates

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

o) Employee benefits

Retirement benefit plans

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The *Entity* provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Entity pays fixed contributions into a separate *Entity* (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

p) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

q) Borrowing costs

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

r) Related parties

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

s) Service concession arrangements

The *Entity* analyses all aspects of service concession arrangements that it enters in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes

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an asset to the arrangement, the *Entity* recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement, or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the *Entity* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

t) 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 an insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and various commercial banks at the end of the financial year.

u) Comparative figures

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

v) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2024.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the *Entity's* financial statements in conformity with IPSAS requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. State all judgements, estimates, and assumptions made:

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The *Entity* based its assumptions and estimates

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on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the *Entity*. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual value

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 37. 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.

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6. Transfers from Other Government entities

Description	2024/2025	2023/2024
	Kshs	Kshs
Unconditional Grants		
Operational Grant	1,500,000	4,500,000
Revolving Fund	48,500,000	145,500,000
Total Unconditional Grants	50,000,000	150,000,000
Total Government Grants and Subsidies	50,000,000	150,000,000

Lending

b) Transfers from Ministry/County Departments

Name of The Entity Sending the Grant	Amount recognized to Statement of Financial performance. *	Amount deferred under deferred income.	Amount recognised in revolving fund.	Total transfers 2024/2025	2023/2024
	Kshs	Kshs	Kshs	Kshs	Kshs
County Government of Kilifi-Division of Trade Development	1,500,000		48,500,000	50,000,000	150,000,000
Total	1,500,000		48,500,000	50,000,000	150,000,000

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7. Public Contributions and Donations

Description	2024/2025	2023/2024
	Kshs	Kshs
Research Donations		
Individuals contribution		200,000
Total Transfers and Sponsorships	-	200,000

8. Fees and other charges

Description	2024/2025	2023/2024
	Kshs	Kshs
Management Fess	3,274,386	8,179,819
Total Fees and other charges	3,274,386	8,179,819

*Note: The prior year management fees has been restated by Kshs 23,121 from Kshs 8,202,940 to Kshs 8,179,819 to correct misstatement as per **Journal number (i) in Appendix VIII**. This will impact on the total revenue, deficit in statement of Financial Performance, accumulated surplus in Statements of Financial Position and Changes in Net Assets.*

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9. Use of Goods and Services

Description	2024/2025	2023/2024
	Kshs	Kshs
Communication, supplies and services	294,000	662,800
Domestic travel and subsistence	1,767,794	
Travel Cost		2,794,540
Daily Subsistence		914,280
Printing, advertising, and information supplies & services	3,415,350	
Printing & stationery		361,535
Advertisements, publicity and public campaigns		4,328,500
Training expenses	565,000	910,000
Hospitality supplies and services	1,622,265	6,442,740
Office and general supplies and services	1,606,386	
Tonnors and stationeries		394,800
Fuel Oil and Lubricants	113,000	126,700
Other operating expenses including bank Charges	55,887	49,499
Total	9,439,682	16,985,394

Note: Prior year use of goods total of Kshs 17,804,034 has been reclassified as follows: Use of goods 16,985,394 and Board expenses Kshs 818,640

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10. Board Expenses

Description	2024/2025	2023/2024
	Kshs	Kshs
Chairman/Directors' Honoraria	240,000	
Sitting Allowances	206,000	818,640
Travel and Accommodation	83,800	
Total	529,800	818,640

(The Board expenses have been further classified into specific expenditure lines)

11. Depreciation and Amortization Expense

Description	2024/2025	2023/2024
	Kshs	Kshs
Property, plant, and equipment	736,048	1,076,186
Total depreciation and amortization	736,048	1,076,186

*Note: The Depreciation expense has been restated from Kshs 499,469 to Kshs 1,076,186. This was necessitated by change in depreciation rates from 20% to 16.67% on Motor Cycle, 15% to 12.5% on Furniture and 10.27% to 33.3% on ICT equipment. These changes have been supported by **Journal number ii in Appendix VIII**. This will impact on the total expenses and deficit in Statement of Financial Performance, Total Assets and accumulated surplus in Statements of Financial position and Changes in Net Assets as a result of accumulated depreciation*

12. Repairs and Maintenance

Description	2024/2025	2023/2024
	Kshs	Kshs
Vehicles	11,600	
Computers	3,016,000	
Total Repairs and Maintenance	3,027,600	-

There was expenditure on system maintenance which has been classified as per the new template

13. Finance Costs

Description	2024/2025	2023/2024
	Kshs	Kshs
Bank administration cost		4,048,441
Total finance costs		4,048,441

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14. Cash and Cash Equivalents

Description	2024/2025	2023/2024
	Kshs	Kshs
Bank balances	81,138,842	168,453,154
Others (Mpesa Balance)	18,000	7,200
Total Cash and Cash Equivalents	81,156,842	168,460,354

Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account number	2024/2025	2023/2024
		Kshs	Kshs
a) a) Bank balances			
Co-op Main Account 01141691949200	01141691949200	170	549
Co-op Administration Account 01141691949201	01141691949201	655	3,430
Co-op Recovery Account 01141691949202	01141691949202	42,365	42,077
b) Bank-CGK Main Account KCB	1316439526	78,752,267	103,379,745
Bank-KCB CGK Loans Guarantee Account	1316439690	2,344,623	14,998,334
Bank-KCB CGK Administration Account	1316439585	(1,239)	30,819
KCG Main Rafiki Microfinance A/c	0201250000030	-	10,000,000
c) KCG Loans guarantee Rafiki Microfinance A/c	0201250000029	-	39,998,200
KCG Administration Rafiki Microfinance A/c	0201004000300	-	
Sub- Total		81,138,842	168,453,154
d) Others (Specify)			
Cash In Hand		18,000	
Mobile Money Accounts	59411		7,200
Sub- Total		18,000	7,200
Grand Total		81,156,842	168,460,354

Note: Cash and cash equivalent has been restated by Kshs 23,121 from Kshs 168,483,475 to Kshs 168,460,354 necessitated by misstatement of closing balance in KCG Administration Rafiki Microfinance A/C number 0201004000300. This is supported by Journal Number iii in Appendix VIII. This will impact on Total Assets in Statement of Financial position and Cash and Cash equivalent in statement of cashflow

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15. Receivables from Exchange Transactions

Description	2024/2025	2023/2024
	Kshs	Kshs
Current Receivables		
Loan interest receivable		
Current Loan Repayments Due	38,426,974	10,584,699
Current portion of long-term Loans receivable	84,458,603	27,644,952
Fees and other charges due		
Other (<i>specify</i>)		
Total Current Receivables	122,885,576	38,229,651
Non-Current Receivables		
Long Term Loan Repayments Due	242,446,976	209,180,465
Total Non- Current Receivables	242,446,976	209,180,465
Total Receivables from Exchange Transactions	365,332,552	247,410,116

(b) Ageing analysis for Receivables from exchange transactions

Description	2024/2025		2023/2024	
	Kshs		Kshs	
	2024/2025		2024/2025	
	Current FY	% of the total	Comparative	% of the total
	Kshs		Kshs	
2024/2025	122,885,575	34%		0%
2023/2024	5,494,466	2%	9,020,197	4%
2022/2023	15,527,819	4%	15,887,171	6%
2021/2022	55,683,767	15%	56,761,824	23%
2020/2021	114,070,547	31%	114,070,547	46%
2019/2020	37,732,132	10%	37,732,132	15%
2018/2019	13,938,246	4%	13,938,246	6%
Total (a+b)	365,332,552	66%	247,410,117	100%

KILIFI COUNTY GOVERNMENT MICROFINANCE (WEZESHA) FUND

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

(c) Loan Movement schedule

Impairment allowance/ provision	2024/2025	2023/2024
	Kshs	Kshs
Loan at the Beginning of the Year	247,410,116	238,389,919
Loan Issued	122,885,576	12,719,113
Loan recovered	(4,963,140)	(3,698,916)
Loan at the end of the year	365,332,552	247,410,116

16. Receivables from Non-Exchange Transactions

Description	2024/2025	2023/2024
	Kshs	Kshs
Money due from the County Government-FY 2023/2024	35,000,000	75,000,000
Money due from the County Government-FY 2024/2025	50,000,000	
Management fees due from Rafiki bank		23,121
Total receivables	85,000,000	75,023,121

17. Property, Plant and Equipment

Cost/Revalued amount	Motor vehicles	Furniture and fittings	ICT Equipment	Total
	Kshs	Kshs	Kshs	Kshs
Depreciation rate	16.67%	12.5%	33.3%	
As At 1 July 2023	319,000	477,485	4,006,917	4,803,402
Additions			269,275	269,275
As at 30th June 2024	319,000	477,485	4,276,192	5,072,677
Additions			264,600	264,600
As at 30th June 2025	319,000	477,485	4,540,792	5,337,277
Depreciation And Impairment				
At 1 July 2023	(53,177)	(59,686)	(1,334,303)	(1,447,166)
Depreciation	(44,313)	(52,225)	(979,649)	(1,076,186)
As At 30th June 2024	(97,490)	(111,911)	(2,313,952)	(2,523,353)
Depreciation	(36,926)	(45,697)	(653,426)	(736,048)
As at 30th June 2025	(134,416)	(157,607)	(2,967,378)	(3,259,401)
Net Book Values				
As at 30th June 2024	221,510	365,574	1,962,240	2,549,324
As at 30th June 2025	184,584	319,878	1,573,414	2,077,876

KILIFI COUNTY GOVERNMENT MICROFINANCE (WEZESHA) FUND
Annual Reports and Financial Statements for the year ended June 30, 2025.

(b) Property, Plant and Equipment at Cost

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Motorcycles	319,000	(134,416)	184,584
Computers And Related Equipment	4,540,792	(2,967,378)	1,573,414
Furniture and Fittings	477,485	(157,607)	319,878
Total	5,337,277	(3,259,401)	2,077,876

Note: The property, plant and equipment has been restated from Ksh 3,688,023 to kshs 2,549,324. This was as a result of change in accumulated depreciation brought about by changes in depreciation rates. This has been supported by Journal iv in appendix VIII. The impact of this change is a reduction of Total Assets from Kshs 494,604,735 to Kshs 493,442,915

18. Trade and Other Payables

Description	2024/2025		2023/2024	
	Kshs		Kshs	
Other payables	669,500		86,400	
Total trade and other payables	669,500		86,400	
Ageing analysis: (Trade and other payables)	2024/2025	% of the Total	2023/2024	% of the Total
Under one year	669,500	100%	86,400	100%
Total	669,500		86,400	

19. Financial Risk Management

The Entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Entity's overall risk management programme focuses on the 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 Entity 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 Entity's financial risk management objectives and policies are detailed below:

i) Credit risk

The Entity 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 assessments in accordance with limits set by the directors.

Financial Risk Management

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The board of directors sets the Entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Entity's directors, who have built an appropriate liquidity risk management framework for the management of the Entity's short, medium, and long-term funding and liquidity management requirements. The Entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the Entity 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.

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Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2025				
Trade payables		545,300		545,300
Others (<i>specify</i>)		669,500		669,500
Total		1,214,800		1,214,800
As at 30th June 2024				
Others (<i>specify</i>)			86,400	86,400
Total			86,400	86,400

iii) Market risk

The *Entity* has put in place an internal audit function to assist it in assessing the risk faced by the *Entity* on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rates, equity prices, and foreign exchange rates which will affect the *Entity's* income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The *Entity's* Audit Department is responsible for the development of detailed risk management policies (subject to review and approval by the Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the *Entity's* exposure to market risks or the way it manages and measures the risk.

a) Foreign currency risk

The *Entity* has no 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 xxx days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

iv) Capital Risk Management

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

KILIFI COUNTY GOVERNMENT MICROFINANCE (WEZESHA) FUND
Annual Reports and Financial Statements for the year ended June 30, 2025.

Description	2024/2025	2023/2024
	Kshs	Kshs
Revaluation Reserve		
Retained Earnings	(4,859,082)	4,099,662
Revolving Fund	537,756,853	489,256,853
Total Funds	532,897,771	493,356,515
Total Borrowings		
Less: Cash and Bank Balances	(81,156,842)	(168,460,354)
Net Debt/(Excess Cash And Cash Equivalents)	451,740,929	324,896,161
Gearing	84.7%	65.9%

20. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the *Entity* include those parties who have the 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.

Government of Kenya

The Government of Kenya is the principal shareholder of the *Entity*, holding 100% of the *Entity's* equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the *Entity*, both domestic and external.

Other related parties include:

- i) The Parent Ministry.
- ii) County Governments
- iii) Other SCs and SAGAs
- iv) Key management.
- v) Board of Directors/Fund Committees.
- vi) Others (*specify*)

Description	2024/2025	2023/2024
	Kshs	Kshs
Transactions with related parties		
a) Grants /transfers from the government		
Grants from National government		
Grants from County government	50,000,000	150,000,000
Donations in kind		
Total	50,000,000	150,000,000
a) Key management compensation		

KILIFI COUNTY GOVERNMENT MICROFINANCE (WEZESHA) FUND
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Description	2024/2025	2023/2024
	Kshs	Kshs
Board Members expenses	529,800	818,640
Total	529,800	818,640

KILIFI COUNTY GOVERNMENT MICROFINANCE (WEZESHA) FUND
Annual Reports and Financial Statements for the year ended June 30, 2025.

21. Events after the Reporting Period

The financial statements for the financial year 2023/2024 were redone. This was necessary to correct errors in the 2023/2024 audited financial statements as recommended by the Senate. The changes have been highlighted in the notes to the financial statements.

Ultimate And Holding Entity

The Entity is a Corporation County of Kilifi. Its ultimate parent is the Kilifi County Government

22. Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

KILIFI COUNTY GOVERNMENT MICROFINANCE (WEZESHA) FUND
Annual Reports and Financial Statements for the year ended June 30, 2025.

20. Appendices

Appendix 1: Implementation Status of Auditor-General'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)
1	<p>1. Inaccurate General Office Administration Expenses Comparative Amount.</p> <p>The statement of financial performance reflects general office administration expenses comparative amount of Kshs. 5,230,707 while the audited previous year financial statements reflect an amount of Kshs. 4,356,427 resulting to unexplained variance of Kshs. 874,280.</p> <p>In the circumstances, the accuracy of general office administration expenses</p>	<p>We have noted your observation on comparative audited administration expenses figure; however, this was a typing error which did not affect the total comparative audited expenses and total comparative audited surplus. Further, the prior year ledger for the general expenses still indicates Kshs.4,356,427 and was not an audit issue in the year 2022/2023. However, measures have been taken to ensure such mistakes do not recur through checks and balances. Attached herein is note 7 of the audited financial statements 2022/2023 as Appendix 1.</p>	Resolved	

KILIFI COUNTY GOVERNMENT MICROFINANCE (WEZESHA) FUND
Annual Reports and Financial Statements for the year ended June 30, 2025.

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)
	comparative amount could not be confirmed.			
2	<p>2. Unsupported Cash and Cash Equivalents Balance. The statement of financial position and Note 7 to the financial statements reflects cash and cash equivalents balance of Kshs. 168,483,475 held in nine (9) bank accounts and one (1) pay bill number. However, two (2) account balances of Kshs. 49,998,200 held in a local microfinance institution were not supported by certificate of bank balances, cash books and bank reconciliation statements.</p> <p>In the circumstances, the accuracy and completeness of cash and</p>	<p>The Cashbooks, Bank reconciliations statements and certificate of bank balances were submitted late during responses to Management letter. The Certificate of Bank balances, Cashbooks and Bank reconciliations for account numbers 0201250000029 and 0201250000030 are hereby attached as Appendix 2a and 2b. respectively. Attached herein also as Appendix 2c is an extract of the response to Management letter showing the submitted documents.</p>	Resolved	

KILIFI COUNTY GOVERNMENT MICROFINANCE (WEZESHA) FUND
Annual Reports and Financial Statements for the year ended June 30, 2025.

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)
	cash equivalents balance of Kshs. 168,483,475 could not be confirmed.			
3	3. Unsupported, Inaccurate and Doubtful Recovery of Receivables from Exchange Transactions	<p>We have noted the observation of the Auditor. The loan movement schedule and the ageing analysis are hereby provided as Appendix 3a and 3b for review.</p> <p>The apportionment into current portion of long term and non-current receivables from exchange transactions receivables shall be reclassified in line with presentation requirement in the financial year 2024/2025.</p> <p>The deduction of Kshs 9,744,082 was in line with the Memorandum of Understanding (MoU) between KCB and the County Government of Kilifi as indicated in clause 3.5.2.6. An extract of the MoU has been attached as Appendix 4. However, the Fund has put in mechanisms by engaging</p>	Resolved	

KILIFI COUNTY GOVERNMENT MICROFINANCE (WEZESHA) FUND
Annual Reports and Financial Statements for the year ended June 30, 2025.

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)
		debt management team employed through the Kilifi County Public Service Board to ensure that the amount is fully recovered. Attached is Appendix 8 showing the deployment letters		
4	4. Unsupported Trade and Other Payables from Exchange Transactions Balance	As at the end of the Financial Year under review, the Fund had trade and other payables amounting to Kshs. 86,400. This amount was on account of Pay As You Earn (PAYE) deducted from Board Members sitting allowances. This amount has since been paid to Kenya Revenue Authority. The analysis and the Payment Slip are attached as Appendix 5.	Resolved	
5	5. Inaccurate Property, Plant and Equipment Balance	The depreciation method used was derived from the accounting standard. However, this was not disclosed in the notes under Significant Accounting Policy in the period under review. This will be disclosed in subsequent reporting		

KILIFI COUNTY GOVERNMENT MICROFINANCE (WEZESHA) FUND
Annual Reports and Financial Statements for the year ended June 30, 2025.

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)
		years. Attached as Appendix 6 is an extract of how we arrived at the depreciation value of Kshs. 499,469		
6	6. Inaccurate Net Assets Balance	We have taken note of the omission as observed by the Auditor. This error will be rectified through a disclosure note in the financial year 2024/2025.	Resolved	
7	Inaccurate Statement of Cash flows	We have noted the observation and wish to confirm that it was a typing error on the totals in net cash flow from operating activities (Kshs. 61,341,344 instead of Kshs. 61,427,744) and net cash flow used in investing activities (Kshs. 9,017,071 instead of Kshs. 9,103,417). This occurred during the transfer of figures from excel template to word which resulted to a variance of Kshs. 86,400. The same shall be corrected in the financial year 2024/2025 through disclosure notes. However, it's imperative to also note that the net cash and cash	Resolved	

KILIFI COUNTY GOVERNMENT MICROFINANCE (WEZESHA) FUND
Annual Reports and Financial Statements for the year ended June 30, 2025.

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)
		equivalent as at 30 June, 2024 was not affected.		

Guidance Notes:

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

.....

DG/C.E.O/M.D/Fund Administrator (enter title of head of Entity)

Date:

KILIFI COUNTY GOVERNMENT MICROFINANCE (WEZESHA) FUND
Annual Reports and Financial Statements for the year ended June 30, 2025.

Appendix IV: Transfers from Other Government Entities

Name of the Entity Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/ Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Rovolving Fund	Deferred Income	Receivables	Others - must be specific	
Kilifi County Government-Treasury	04-Jul-25	Recurrent and Loan disbursements	50,000,000	1,500,000	48,500,000		50,000,000		50,000,000
Total			50,000,000	1,500,000	48,500,000		50,000,000		50,000,000

KILIFI COUNTY GOVERNMENT MICROFINANCE (WEZESHA) FUND
Annual Reports and Financial Statements for the year ended June 30, 2025.

Appendix V- Inter-Entity Confirmation Letter

Name of transferring entity: **Kilifi County Government**

Name of beneficiary entity: **Kilifi County Microfinance (Wezesha) Fund**

Confirmation of amounts received by Kilifi County Microfinance (Wezesha Fund) as at 30th June (Current FY)					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
FT241876LCZ3	05-Jul-24		40,000,000	40,000,000	This receipt relates to financial year 2023/2024
Total			40,000,000	40,000,000	

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

Head of Accounts Department - Disbursing Entity:
 Name Sign Date

Head of Accounts Department - Beneficiary Entity:
 Name Sign Date.....

KILIFI COUNTY GOVERNMENT MICRO-FINANCE (WEZESHA FUND)
Annual Reports and Financial Statements for the year ended June 30, 2025.

Appendix V- Inter-Entity Confirmation Letter

Name of transferring entity: **Kilifi County Government**

Name of beneficiary entity: **Kilifi County Microfinance (Wezesha) Fund**

Confirmation of amounts received by Kilifi County Microfinance (Wezesha Fund) as at 30th June 2025

Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
FT241876LCZ3	05-Jul-24		40,000,000	40,000,000	This receipt relates to financial year 2023/2024
Total			40,000,000	40,000,000	

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

Head of Accounts Department - Disbursing Entity:
 Name *Charles Rundo* Sign *[Signature]* Date *30/8/2025*

Head of Accounts Department - Beneficiary Entity:
 Name *Alex Ouly* Sign *[Signature]* Date *30/8/2025*

COUNTY GOVERNMENT OF KILIFI
 KILIFI COUNTY MICRO-FINANCE (WEZESHA) FUND
 P.O. Box 519 - 80108 KILIFI, KENYA

KILIFI COUNTY GOVERNMENT MICROFINANCE (WEZESHA) FUND
Annual Reports and Financial Statements for the year ended June 30, 2025.

Appendix VI: Reporting of Climate Relevant Expenditures

The Fund had no expenditure related to climate

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
				0	0	0	0	N/A	

Appendix VII: Reporting on Disaster Management Expenditure

The Fund had no expenditure related to Disaster Management

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII

KILIFI COUNTY GOVERNMENT MICROFINANCE (WEZESHA) FUND
Annual Reports and Financial Statements for the year ended June 30, 2025.

Appendix VIII: Prior year Journals

Date	Description	Journal No	Dr	Cr
28-Oct-25	Statement of performance (Management fees)	(i)	23,121	
	Rafiki Bank Account (0201004000300)			23,121
	Journal to correct overstatement of management			

Prepared By : *Abu Ouly* Sign. *[Signature]* Date *29/10/25*

Approved By : *[Signature]* Sign. *[Signature]* Date *29/10/2025*

Date	Description	Journal No	Dr	Cr
28-Oct-25	Motor Cycle	ii	6,727	
	Statement of performance (Depreciation)			6,727
	Furniture		8,654	
	Statement of performance (Depreciation)			8,654
	Statement of performance (Depreciation)		592,099	
	ICT equipment			592,099
	Journal to correct changes in depreciation rates as follows (Motor Cycle 20% to 16.67%, Furniture 15% to 12.5%, ICT equipment from 10.27% to 33.3%)			

KILIFI COUNTY GOVERNMENT MICROFINANCE (WEZESHA) FUND
Annual Reports and Financial Statements for the year ended June 30, 2025.

Workings

<i>Asset</i>	<i>Prior Year Depreciation</i>	<i>Prior year adjusted depreciation</i>	<i>Net Change</i>
<i>Motor Cycle</i>	51,040	44,313	(6,727)
<i>Furniture and fittings</i>	60,879	52,225	(8,654)
<i>ICT equipments</i>	387,550	979,649	592,099
	499,469	1,076,186	576,717

Prepared By : Sign..... Date.....

Approved By: PETER MUKHO Sign [Signature] Date 29/10/2025

Date	Description	Journal No	Dr	Cr
	Statement of performance (Management fees)		23,121	
	Rafiki Bank Account (0201004000300)	(iii)		23,121
28-Oct-25	Journal to correct overstatement of Rafiki Bank Account (0201004000300) balance			

Prepared By : Alex Ouly Sign [Signature] Date 29/10/25

Approved By: PETER MUKHO Sign [Signature] Date 29/10/2025

KILIFI COUNTY GOVERNMENT MICROFINANCE (WEZESHA) FUND
Annual Reports and Financial Statements for the year ended June 30, 2025.

Date	Description	Journal No	Dr	Cr	
30-Jun-25	Accumulated depreciation	(iv)	1,176,639		
	Computer			1,176,639	
	Furniture & fittings		20,591		
	Motor vehicle		17,350		
	Accumulated depreciation			20,591	
	Accumulated depreciation			17,350	
	Journal to correct prior year Net book value after changes in depreciation rates and accumulated depreciation for the period 2023/204 and opening depreciation as at July 2023				


Prepared By : Alex Ombi Sign [Signature] Date 29/10/25

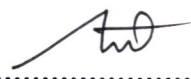
Approved By Peter Moko Sign [Signature] Date 29/10/2025

KILIFI COUNTY GOVERNMENT MICROFINANCE (WEZESHA) FUND
Annual Reports and Financial Statements for the year ended June 30, 2025.

Appendix IX: Journals to support changes in 2024/2025 financial statements

Date	Description	Journal No	Dr	Cr
27/10/2025	Rafiki Bank Account (0201004000300)	1	45,762.00	
	Receivables			23,121.00
	Management fees-ledger attached			22,641.00
	Journal to correct misstatement of management fees			
27/10/2025	Rafiki Bank Account (0201004000300)	2	23,121.00	
	Catering services (Peter Msuko)			23,121.00
	Journal to correct misstatement of general expenses			
	Bank charges		122.00	
	Catering services (Peter Msuko)		30,000.00	
27/10/2025	General office supplies (Peter Msuko)	3	15,640.00	
	Rafiki Bank Account (0201004000300)			45,762.00
	Journal to update catering services and general office expenditures after correction of earlier stated catering services of Kshs 23,121			

Prepared By : Abu Oaly Sign:  Date: 29/10/25

Approved By: PETER Msuko Sign:  Date: 29/10/2025