

REPUBLIC OF KENYA



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REPORT

OF

THE AUDITOR-GENERAL

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DEMONSTRATION FARM FUND KISII

FOR THE YEAR ENDED
30 JUNE, 2025

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DEMONSTRATION FARM FUND KISII

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

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

Kisii County Government
Demonstration Farm Fund Kisii
Annual Report and Financial Statements for the year ended June 30, 2025

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1. Acronyms and Definition of Key Terms

A. Acronyms

AGPO	Access to government procurement opportunities program
ATC	Agricultural Training Centre
CECM	County Executive Committee Member
CSR	Corporate Social Responsibility
BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
KSHS	Kenya Shillings
TMC	Technical Management Committee
BOM	Board of Management
KATC	Kisii Agricultural Training Centre
ATVET	Agriculture Training Vocational Education and training
KALRO	Kenya Agricultural and Livestock Research Organization
BSC	Bachelor of Science
BED	Bachelor of Education
MSC	Master of Science
PHD	Doctor of philosophy

B. Definition of Key Terms

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

Comparative Year- Means the prior period.

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2. Key Entity Information and Management

a) Background information

Demonstration Farm Fund is established by and derives its authority and accountability from Exchequer and Audit Act, Cap 412 Laws of Kenya through Legal Notice No 456 of 16th November 1990. The Fund is wholly owned by the County Government of Kisii and is domiciled in Kenya.

The fund's objective is to provide funds for running of the commercial enterprises at ATC's on a revolving basis with the ultimate goal of making the ATC's self-sustaining

The Fund's principal activity is to provide funds for developing and running of the commercial enterprises at ATC's.

b) Principal Activities

The principal activity is to train farmers on modern farming

Vision

The Vision of the Agricultural Training Centre is "To be Centre of excellence for Agri-business incubation and training of farmers/pastoralist/aqua culturist and other stakeholders".

Mission

The Mission of the Agricultural Training Centre is "To train farmers/pastoralists/aqua culturists and other stakeholders on relevant agricultural technologies, innovations and skills through teaching, demonstrations, agri-business incubation, provision of training facilities and Germplasm on a sustainable basis".

Mandate/Scope

Agricultural Training Centres are vital training institutions whose functions include regular short term class training sessions, farm demonstrations and outreach activities in a defined catchment area.

Objectives

The overall objective of ATCs is to provide quality training services and facilities for enhancing agriculture and development.

Specific objectives for ATCs are:

- (a) To improve access to agricultural technologies, innovations and Information;
- (b) Provide quality training facilities for agricultural development;
- (c) Promotion of sustainable land use and conservation of natural Resources;
- (d) Promote household food security;
- (e) To provide improved germplasm to users
- (f) Promote value-addition and utilization of agricultural produce; and
- (g) Promote commercialization of agricultural enterprises.

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c) Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	Chairperson	N/A
2	Other trustees/Committee Members	N/A
3	Fund Manager/ Administrator	N/A

d) Key Management team

Ref	Name	Position
1	Benson Mulei	Principal/Secretary to the Board of Management
2	John Nyandanyi	Fund Accountant

Key Entity and Management (Continued)

e) Fiduciary Oversight Arrangements

SN	Position	Name
1	Directorate Internal Audit	Nicodemus Karori
2	Internal Auditor	Dennis Mosomi

f) Registered Offices

P.O. Box 4550
Municipal Building
Kisii-Keroka Road

g) Fund Contacts

Telephone: 0796225566
E-mail: kisiiatc@yahoo.com
Website: www.kisii.go.ke

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h) Fund Bankers

Kenya Commercial Bank
Kisii Branch
P.O. Box 476-40200
Kisii

i) Independent Auditors

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

j) County Attorney





Kisii County Attorney
P.O BOX 4550-40200
Kisii

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3. Board of management

Name	Details of qualifications and experience
<p>1. Prof: Benson Mochoge</p> 	<ul style="list-style-type: none"> • Date of Birth September 1947 • Academic qualifications: Bachelor of Science Agriculture from Deventer Agricultural College, the Netherlands in 1974; Master of Science Agronomy in 1977 and Dr. Sc. Agric. in 1981 from the University of Goettingen, Germany. He obtained postgraduate Diploma on Higher Education and International Development in 1982 from the University of Kassel, Witzenhausen, Germany. • Work experience: full professor in Agricultural Resources Management, in the School of Agriculture and Enterprise Development Kenyatta University. He was the founder and Chairman of the Department of Agricultural Resource Development (2008-2010), and co-founder of the School of Agriculture and enterprise Development, Kenyatta University.
<p>2. Beatrice Moraa Nyautu</p> 	<ul style="list-style-type: none"> • Date of Birth 24/08/1975 • Academic qualifications: Bachelor of Education Arts (English/Lit) • Work experience: Teaching for 25 years.
<p>3. Prof: Samwel Maobe</p> 	<ul style="list-style-type: none"> • Date of Birth 1957 • Academic qualification: Bsc. Agric., MSC, PhD (University of Nairobi) • Work Experience: Agric. Officer, Senior Agric. Officer, Research Officer II, Research Officer I, Senior Research Officer I, Principal Researcher, Senior Principal Researcher (KALRO) • Current Position: Lecturer, Senior Lecturer, Professor, Kisii University and consultant
<p>4. David Onwong'a</p> 	<ul style="list-style-type: none"> • Date of birth 12/07/1957 • Academic qualifications: Msc Procurement and Logistics • Work experience: Supply Chain Officer for 33 years in public service now retired. • Currently: Farming
<p>5. Judith Oroko</p>	<p>Date of birth 03/02/1988</p>






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	<p>Academic Qualifications: BSC Food Science and nutrition Work Experience: 4 years teaching and KNEC examiner.</p>
<p>6. Amos Oirongo</p> 	<p>Date of birth 28/09/1976 Academic qualifications: Bed. Arts (English/Literature) Profession: Teaching Work experience: Teacher for 22 years (16 years public)</p>
<p>7. Wilson Nyakundi Abuga</p> 	<p>Date of birth 1948 Academic qualifications: A Level Profession: Accountant. Work experience: Accountant for 7 years. Associate pastor, Champlain and Farmer.</p>
<p>8. Evelyne Mogaka</p> 	<p>Date of birth 1978 Academic qualification: Diploma in Education Work Experience: Teaching for 21 years. Assistant executive secretary Knut Kisii south branch.</p>
<p>9. Samuel Okemwa Nyakangi</p> 	<p>Date of birth 1957. Academic Qualification; Degree in Economics. Senior Management Course and performance management from KSG Profession; Economist. Work Experience in planning and statistics. County Commissioner for cooperatives, Director Town Manager</p>
<p>10. Joseck Oseko</p> 	<p>Date of birth 1957. Academic Qualification : Bachelor of Commerce, Diploma Financial management. Business person and Farmer</p>

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<p>11. Benson Mutiso Mulei</p> 	<ul style="list-style-type: none"> • Date of birth 10/10/1965 • Board secretary/Principal Kisii ATC • Holds BSC in horticulture from Egerton University. • Trained in SMC and SLDP among other professional and managerial trainings. • 30years of experience in extension and management in the department of agriculture
<p>12. Nathan Soire</p> 	<p>Born in 1960 BSC Agriculture, Msc Agriculture & Extension 38years work experience as Agriculture Extension officer</p> <ol style="list-style-type: none"> 1. County Director of Agriculture Kisii County.
<p>13. Kennedy Osoro</p> 	<p>Born on 12/12/1969. BSC Animal production, MSC AGED SMC, SLDP. County Director of Livestock Production Work experience of 28 years</p>
<p>14. Hon. Elijah Obwori</p> 	<p>CECM Agriculture, Livestock, Fisheries & Cooperative Development.</p>
<p>15. Agnes Choti</p> 	<p>Chief Officer Agriculture, Livestock, Fisheries & Cooperative Development. Teacher by profession Bsc Agric. Education and Extension from Egerton University Has been teaching up to 2022</p>

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Management Team

Name	Details of qualifications and experience
Agnes Choti	<ul style="list-style-type: none">• Chief Officer Agriculture, Livestock, Fisheries & Cooperative Development.• B.sc Agric. Education and Extension from Egerton University• Overall responsibility of the fund
Benson Mutiso Mulei	<ul style="list-style-type: none">• Fund administrator/Principal Kisii ATC• Born in 10/10/1965• Holds BSC in horticulture from Egerton University.• Trained in SMC and SLDP among other professional and managerial trainings.• 30years of experience in extension and management in the department of agriculture
Mr. John Nyandanyi	<ul style="list-style-type: none">• Deputy Director Finance/Fund Accountant• Born 10/11/1974• Career civil servant with an experience of 25years.• Holds a Master's degree in Finance, CPA(K) and a member of ICPAK.• Trained in SMC and SLDP.

4. Board/Fund Chairperson's Report

Kisii County Government supported the following projects to improve performance of the institution; Cabro paving on the ATC road (70m x 5m), perimeter wall masonry fence and supply of dairy materials, machinery and equipment for improved farm operations. All the projects were completed and are currently in use.

The avocado nursery which was constructed within the ATC with mature seedlings for marketing was handed over to the ATC as a revenue stream.

The Fund realized remarkable improvement in revenue collection as compared to the revenue target and the expenditure indicating that there was value for money invested (return to investments). This was mainly attributed to commitment by the key management team in ensuring that resources were always available to undertake the intended activities as and when need arises. The team also put in place mechanisms to ensure that all revenue streams are tapped.

We look forward in ensuring that there is continuous improvement and that the objective of the fund is achieved.

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Signature..... Betty Date..... 19/9/2025

Chairperson of the Fund

FOR
DEPUTY CHAIR PERSON
BEATRICE MORAA NYAUNTU

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5. Report of the Fund Administrator

The period under review saw a great improvement in terms of implementation of the fund's objective of training farmers and stakeholders through the partnerships with other stakeholders.

During the period under review, the fund realized remarkable improvement in revenue collection. This was mainly attributed to commitment by the management team in ensuring that resources were always available to undertake timely implementation of the planned activities targeting all revenue streams.

The total revenue projection for the period was about Kshs.20, 764,200 the actual collection was Ksh18, 508,536.29.

The fund was not able to reach its target due to a decline in the number of conference compared to other previous years.

On the budget performance, there was 89.13% absorption.

A debt management strategy was put in place to collect outstanding debts which included working closely with CECM in charge of finance, constant follow ups to the debtors. Additionally, the institution is working on the fund bill which will include debt management strategies and procedures.

The period also saw the fund contracting suppliers of goods and services through frame work contracting while observing AGPO regulations and sourcing of its suppliers from the local smallholder traders. This also served as a CSR in the community providing a local market for the locally produced commodities hence increased community incomes.

On environmental sustainability the institution developed a master plan to plant 100,000 trees this project has since started to increase the forest cover and also act as a source of fuel and income, waste management through recycling agriculture, waste sorting into organic and inorganic and composting.

There was implementation and completion of some development projects being supported by the county government by the Ministry of Agriculture which is the parent Ministry the projects include Perimeter wall fencing Phase II , Kitchen renovation and Road Cabro paving.

The major challenges faced included reduced number of conferences and delay to pay conference fees once activities have been rendered.

We look forward to ensuring that there is continuous improvement and that the objective of the fund is achieved.

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7. Statement of Performance verses the County Fund's Predetermined Objective

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

- a) Provide resources for development and running commercial activities in the farm.
- b) provide resources for provision of quality training services and facilities for enhancing agriculture and development

Progress on attainment of Strategic development objectives

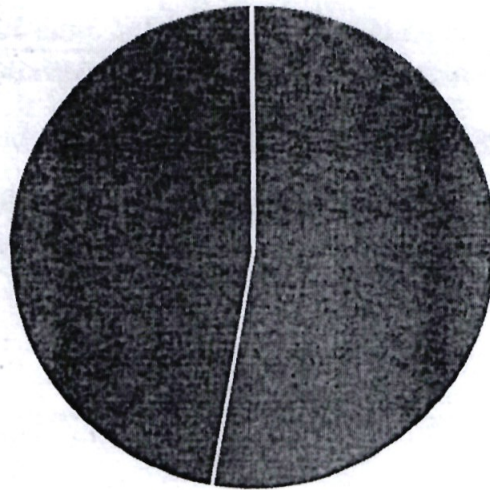
Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Perimeter fencing of the ATC	Improve farm security for enterprises. About 568m length to be covered.	Perimeter wall fence round the farm	Fence done	Complete
Cabro paving from the gate, walkway to principal's office	Improved access to the ATC	Increased number of trainings	Cabros laid	Complete
Kitchen renovation	Improved efficiency at the kitchen	Increased trainings	Renovation done	Complete

The major challenges experienced included but not limited to

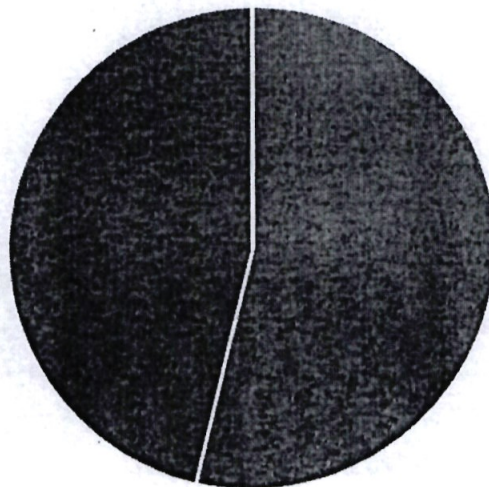
1. Inadequate funds for program implementations
2. No disbursement of funds from the exchequer.
3. Inadequate water supply.
4. Delayed payment for services by the clients
5. Credit risks

Revenue



■ Revenue Target ■ Achievement ■ ■

Budget Absorption



■ Target ■ Achievement ■ ■

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6. Corporate Governance Statement

Board of management meetings held:

Date	Members Attendance	In attendance	Key activity
25/6/2025	13	9	Full board of management meeting
28/3/2025	13	2	Full board meeting
23/12/2024	13	3	Full board meeting
25/9/2025	13	5	Full board meeting

The board of management performs the following roles

- Link the KATC with the community within the county.
- Offer advisory services to enhance KATC management.
- Facilitate acquisition and safeguarding of KATC Properties.
- Encourage stakeholder participation in KATC programs.
- Market KATC products and services to public/local community.
- In Liaison with the department, mobilize resources from stakeholders and development partners.
- Review asset and security status of the ATC and make recommendations.

The board is appointed by the Kisii County Executive Committee member in charge of agriculture department for period 3year term renewable once.9 farmer representatives each from a sub county and 1 farmer representing people living with disability.

Qualification for appointment

The key qualification is being a practicing farmer who is a role model from a particular sub-county .Other qualifications for appointment includes; O-Level academic qualification and above, ability to communicate in Kiswahili or English, high passion for agriculture, capacity to represent farmers and stakeholders interests, compliant with chapter six of the constitution of Kenya 2010 and gender equity.

The process of appointment of the board is initiated by the principal who is also the fund administrator at the end of the three-year term of the board or when the office of the board member falls vacant. The communication is addressed to the CEC in charge of agricultural functions.

For a smooth succession, the board members are appointed for 3-year term that is renewable so other members are always reappointed after the first 3-year term to offer guidance to the new

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members. The board secretary who is the principal and county director of agriculture serve in this committee by virtue of the office they hold and not tied to the three-year term of the board.

Induction and training

To enhance the capacity of the board members, every new Board undergoes an induction session. During such sessions, they get familiarized with the operations, assets, liabilities, development projects, proposed future plan and pending issues to be followed up by the board. These trainings are carried out within the ATC or other training facilities based on the availability of funds. The board members also undergo trainings together with the other farmers to improve their agricultural skills so that they maintain their position as lead farmers from their respective sub-counties.

The fund also organizes for exchange program to other Agricultural institutions where the board members have been able to interact and learn more from the other boards.

Conflict of interest

There has been no instance of conflict of interest between the funds and management.

Remuneration

For every sitting the board chairman is paid an allowance of Kshs.7,000 and members Kshs.5,000.

Board charter

Currently there is a guideline that shows the appointment process, qualifications terms of service and roles. Going forward the board will develop a board charter which shall clearly spell out their roles, terms of office, competitive remuneration, and qualification for appointment, dismissal and working succession plan that will ensure continuity effective performance of the board

7. Management Discussion and Analysis

During the year, the management held quarterly meetings for both board of management and technical management committee as required. There was no ad hoc meeting.

The fund achieved its objective of farmer training through the field day program, farm visits-extension and farmer open days that witness an improvement during the year under review.

During the period the fund was able to absorb over 89% of the budget and realized a profit margin of about 24% and therefore there was value for the funds invested.

Key development projections and investment plans were discussed during the board of management and agreed upon to improve the performance of the institution.

Key among them include: acquisition of title deed, valuation of institution assets and completion of the on-going projects hostel, Kitchen renovation, fencing and Cabro paving. Also discussed was Kisii ATC ATVET, station master plan, station maintenance, procurement of goods and services and annual DFF budgets

The projects being supported by the County Government of Kisii were all completed and are currently in use.

The fund also complied with statutory requirement through payment of VAT by retaining 2% withholding tax from suppliers of bottled drinking water, sanitary services provided by Rentokil initial. All the staff working for the fund on full time basis complied with statutory obligations including tax, NSSF and NHIF payments. There was no case of statutory arrears for the fund.

The likely risks that faces the fund is credit risk even though the management has put a debt recovery strategy to ensure payment is done in time and if not so, follow ups are made to the debtors. Clients are also encouraged to make LSO commitments and a down payment of 50% - 70% before the service is rendered.

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8. Environmental and Sustainability Reporting.

The fund supports enterprises in the farm and the training section that requires casual labor that is mainly sourced from the neighborhood like tea pickers, dairy attendants, farm attendants, training facilities maintenance thus hostels cleaning, as source of employment and income to many in the area mainly women and youth who work as farm attendants they are given piece meal work as per demand or need arise. This in turn has helped them be able to meet their daily basic needs that includes; food, clothing, educate their children and pay for their health care.

The enterprises in the farm act as training sites for farmers in the region on modern agricultural technologies at zero cost. This has been a source of empowerment to the community hence improved family incomes and livelihoods.

On environmental conservation the institution has been in cooperating the environmental conservation aspects in their farmer trainings during the farmer open days such as planting of trees, use of conservation agriculture and climate smart technologies such as fireless, improved jikos in the kitchen, use of biogas, planting of trees

The institution initiated a program of tree planting to plant at least 100,000 trees to increase its forest cover and provide the institution with fuel wood and a source of income in the future. This program has since started with the plantation of several trees along the sides of the ATC main road and round the farms.

The institution also trains its clients on value addition and agro processing through the fund. This has helped to improve nutrition and healthcare. This has also become a source of employment and income to the community.

To promote education for the local community the institution has established an ATVET as one of its programs to undertake full time training on agriculture for both the youth and practicing farmers. This also boosts their entrepreneurship skills thus get involved in agribusiness hence increased income among the farming community.

To improve on water sanitation and waste management; the institution has invested on water harvesting though still inadequate but the prospects are positive. The institution has also partnered with the county waste management team that helps in the collection and disposal of solid wastes. During the reporting period the institution constructed a new sewer line and connected it to the main county sewerage system for proper management of liquid wastes.

The institution has also partnered with private individuals who pick plastic bottles for re use.

The institution conducts annual staff training needs assessment and works closely with the Director Human Resource to for trainings.

During the period staff attended various trainings organized by stakeholders as well as the County Government.

1. Sustainability strategy and profile

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To ensure sustainability of the fund the management only invests into programs that have returns to the fund hence value for money. Enterprise choice and Commercialization of enterprises is a priority to ensure sustainability.

The institution also going to the future intends to venture into the money market and keep its capital reserves in terms of dollars to reduce challenges of economic meltdown.
Capacity building of staff and succession plan will be strengthened to ensure continuity and sustainability.

2. Environmental performance

Environmental protection and conservation is mainstreamed in all the institution activities and program including promotion of green energy, planting of trees, use of conservation technologies such as fireless, improved jikos in the kitchen
The institution initiated a program of tree planting to plant at least 100,000 trees which has since started to increase its forest cover and provide the institution with fuel wood and a source of income in the future

3. Employee welfare

The permanent employees of the institution are appointed by the Kisii County Public service board and posted and are transferable from time to time. Their appointments are done as per the employment and labor regulations laws of Kenya.
To improve on their performance there are always staff trainings that are organized through the county human resource department.
Staff welfare is taken care of through health care insurance, deduction and submission of statutory and personal obligations, organized counseling and guidance, rehabilitation program and generally creating an enabling working environment.
Several medical check-ups have also been organized by health service providers within the ATC.

4. Market place practices

There are generally very few government institutions to provide similar services in the region and therefore there are no competitors except for the commercial hotels which are very expensive while the institution offers its hospitality services and farm products at government subsidized rates.
To maintain an edge over the private hotels the institution provides quality customer responsive services at considerable charges in a friendly environment.
The institution has a complaints and compliments box with a feedback mechanism to facilitate continual improvement
Local suppliers are engaged to promote local economy and business development.

5. Corporate Social Responsibility / Community Engagements

The fund supports enterprises in the farm and the training section that requires casual labor that is mainly sourced from the community.
They are also engaged in other development projects like construction and supply of materials and services through contractual arrangement.
The community also benefits from the farm produce like vegetables, fruits, milk and even dairy animals when sold either as curl or bull calves.

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The institution also acts as a learning Centre for the community as they are able to access technologies and innovations from the farm.

Most of the students taking agriculture courses in tertiary institutions are also offered field attachment opportunities within the institution.

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9. Report of the Trustees

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

Principal activities

The principal activity is to provide funds for developments and running of the commercial enterprises at ATCs

Results

The results of the Fund for the year ended June 30, 2025 are set out on page 1-5

Trustees

The members of the Board of Trustees who served during the year are shown on page viii-x.

Auditors

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to audit the Demonstration Farm Fund Kisii for the year/period ended June 30, 2024

By Order of the Board

..... Betty

Chairman

FOR DEPUTY CHAIRPERSON

Date:

19/9/2025

BEATRICE MORAA NYAUNTU

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10. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of Demonstration Farm Fund Kisii shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.


The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the Demonstration Farm Fund Kisii accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2024, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Fund's financial statements were approved by the Board on 25th August, 2025 and signed on its behalf by:


BENSON MUTISO MULI
Administrator of the County Public Fund

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON DEMONSTRATION FARM FUND KISII FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Demonstration Farm Fund Kisii set out on pages 1 to 22, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net

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

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

Basis for Qualified Opinion

1. Unconfirmed Accuracy on Property, Plant and Equipment

The statement of financial position reflects property and equipment balance of Kshs.1,870,615,432 as disclosed in Note 12 to the financial statements. However, review of property, plant and equipment records revealed the following anomalies:

- i. Included in the balance is Kshs.1,600,000,000 in respect of land. However, review of documents revealed that the part development plan was approved by the Ministry of Lands and Physical Planning on 19 July, 2021. However, the survey works to facilitate alienation, and documentation of the land had not been finalized as of 30 June, 2025. Further, details of the land size and the ownership documents or title deeds for the parcels of land were not provided for audit review.
- ii. Management did not maintain a complete and an updated fixed asset register to record necessary information such as date of acquisition, type of assets, supplier name, costs, accumulated depreciation, net book values, value, asset codes, custodian, and location, among other details in respect of the assets the fund owns. As a result, it was not possible to establish the fully depreciated assets, bonded items and how the same will be written off in the book of accounts.
- iii. Most of the assets were not tagged, and the asset movement registers were not appropriately completed and updated. Thus, such assets may easily be misused or misappropriated.
- iv. There was no evidence of any disposal of assets, yet there were quite a number of bonded items kept in the respective stores.
- v. The Fund had a number of loose tools in various sections, farm equipment and structures in respective sections, whose records and registers were not provided for audit review.
- vi. No assets manager was appointed or an asset management committee put in place to effectively manage the Fund's assets.

vii. The asset values are carried at cost without providing for depreciation.

In the circumstances, the ownership of the parcel of land valued at Kshs.1,600,000,000 and the accuracy and completeness of the property plant and equipment balance of Kshs.1,870,615,432 could not be confirmed.

2. Lack of Updated Biological Assets Register

The statement of financial position reflects biological assets balance of Kshs.12,318,000 as disclosed in Note 13 to the financial statements. However, a disclosure note for biological assets is missing in the financial statements. Further, the entity has no adequate record, valuation record or record to safeguard the biological assets casting doubt on their valuation.

In the circumstances, the accuracy and completeness of the biological assets balance of Kshs.12,318,000 could not be confirmed.

3. Long-Term Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions balance of Kshs.12,948,362 as disclosed in Note 11 to the financial statements. However, our audit revealed that Demonstration Farm Fund Kisii has significant balance of long outstanding receivable arising from exchange transactions. The outstanding balance have been on the rising trend. In 2022/2023 financial year outstanding receivable was Kshs.9,061,150 out of which Kshs.4,713,000 was transfers to county imprest account which was not yet recovered or written-off as reported in 2022/2023 auditors report. The balance was still outstanding as at the time of audit in September 2025 and management has not provided details on the recovery to date. Further, Management did not provide evidence of having put in place a formal debt management policy. In addition, management has neither provided for doubtful debt as required under IPSAS 41 nor carried out aging analysis on receivable.

In the circumstances, the recoverability of Kshs.12,948,362 in respect to receivables from exchange transactions could not be confirmed.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effect of the matters

described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.20,764,200 against Kshs.18,508,536 resulting in an underfunding of Kshs.2,255,664 or 11%. Similarly, the Fund expenditure amounted to Kshs.17,785,137 against the realized receipts of Kshs.18,508,536 resulting in under-utilization of Kshs.723,499 or 4%.

In the circumstances, the under-funding and under-utilization may have impacted negatively on planned activities of the fund.

2. Unresolved Prior Year Audit Matters

In the prior years' audit reports, several issues were raised under the Report on Financial Statement, Report on Lawfulness and Effectiveness in the Use of Public Resources, and Report of Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of 2024/2025 revealed that the following six (6) issues remained unresolved.

S/No	Financial Year	Audit Issue
1	2023/2024	Unsupported Depreciation amount
2	2023/2024	Inaccuracies in the Current Portion of Receivables from Exchange Transactions
3	2023/2024	Unconfirmed Accuracy of Property, Plant and Equipment
4	2023/2024	Non-Compliance with Financial Reporting Framework
5	2023/2024	Budgetary Control and Performance
6	2023/2024	Irregular Operation of the Fund

Other Information

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

In connection with my audit on the Demonstration Farm Fund Kisii financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work

I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

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

Responsibilities of the Management and Board of Trustees

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.

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


Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL


Nairobi

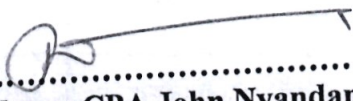
27 November, 2025

KISII County Demonstration Farm Fund Fund
Annual Report and Financial Statements for the year ended June 30, 2025

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

Description	Code	2024/2025	2023/2024
		Ksh	Ksh
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	6	22,304,940	-
Transfers From the County Government	7	-	-
Fines, Penalties and Other Levies		-	-
Revenue From Exchange Transactions			
Conference and Farm Income	8	18,508,536.20	20,991,367.00
Other Income		-	-
Total Revenue		40,813,476.20	20,991,367.00
Expenses			
Employee Costs		-	-
Use of goods and services	9	17,785,136.78	17,295,209.75
Depreciation and Amortization Expense		-	-
Finance Costs		-	-
Total Expenses		17,785,136.78	17,295,209.75
Other Gains/Losses			
Gain/Loss on Disposal of Assets		-	-
Gain /Loss on fair value of investments		-	-
Surplus/(Deficit) for the Period		23,028,339.42	3,696,157.25


 Name: Benson Mulei
 Fund Administrator


 Name: CPA John Nyandanyi
 Fund Accountant
 ICPAK Member Number: 13733

Kisii County Government

Demonstration Farm Fund Kisii

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

14. Statement of Financial Position as at 30 June 2025

Description	Note	2025/2025	2023/2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	10	4,405,896.42	5,781,511.27
Current Portion of Long- Term Receivables from Exchange Transactions	11	12,948,362.00	10,849,348.00
Prepayments		-	-
Inventories		-	-
Investments in financial assets		-	-
Total current assets		17,354,258.42	16,630,859.27
Non-Current Assets			
Property, Plant and Equipment	12	1,870,615,432.00	1,848,310,492.00
Biological Assets	13	12,318,000.00	12,318,000.00
Long Term Receivables from Exchange Transactions		-	-
Investment Property		-	-
Total non- current assets		1,882,933,432	1,860,628,492.00
Total Assets (A)		1,900,287,690.42	1,877,259,351.27
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions		-	-
Current Provisions		-	-
Current Portion of Borrowings		-	-
Employee Benefit Obligations		-	-
Social benefit liabilities		-	-
Total current liabilities		-	-

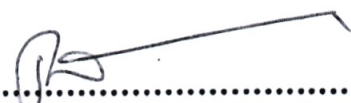
**Kisii County Government
Demonstration Farm Fund Kisii**

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

Non-Current Liabilities			
Non-Current Provisions		-	-
Long Term Portion of Borrowings		-	-
Non-Current Employee Benefit Obligation		-	-
Social benefit liabilities		-	-
Total Liabilities (B)		-	-
Net Assets (A-B)		1,900,287,690.42	1,877,259,351.27
Represented By:			
Capital Reserves		6,763,409.00	6,763,409.00
Revaluation Reserves		1,860,628,492.00	1,860,628,492.00
Accumulated Surplus		32,895,789.42	9,867,450.00
Net Assets		1,900,287,690.42	1,877,259,351.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 25th August 2025 and signed by:


 Name: Benson Mulei
 Fund Administrator


 Name: CPA John Nyandanyi
 Fund Accountant
 ICPAK Member Number: 13733

KISII County Demonstration Farm Fund Fund
Annual Report and Financial Statements for the year ended June 30, 2025

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

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
	Kshs	Kshs	Kshs	Kshs
Balance As At 1 July 2023	6,763,409	1,814,915,292	6,171,293	1,827,849,994
Surplus/(Deficit) For the Period	-	-	3,696,157	3,696,157
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	45,713,200	-	45,713,200
Balance As At 30 June 2024	6,763,409	1,860,628,492	9,867,450	1,877,259,351
Balance As At 1 July 2024	6,763,409	1,860,628,492	9,867,450	1,877,259,351
Surplus/(Deficit) For the Period	-	-	23,028,339.42	23,028,339.42
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2025	6,763,409	1,860,628,492	32,895,789.42	1,900,287,690.42

Kisii County Government**Demonstration Farm Fund Kisii****Annual Report and Financial Statements for the year ended June 30, 2025****16. Statement of Cash Flows for the Year Ended 30 June 2025**

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the county government		-	-
Interest received		-	-
Receipts from other operating activities		16,409,522.22	20,991,367.00
Total receipts		16,409,522.22	20,991,367.00
Payments			
Fund administration expenses		17,785,136.78	17,295,208.75
General expenses		-	-
Finance cost		-	-
Other payments		-	-
Net cash flows from operating activities	14	- 1,375,614.56	3,696,158.25
Cash flows from investing activities			
Purchase of property, plant, equipment and		-	-
Intangible assets			
Proceeds from sale of property, plant & equipment		-	-
Proceeds from loan principal repayments		-	-
Loan disbursements paid out		-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash & cash Equivalents		-	-
Cash and cash equivalents at 1 July		5,781,511.27	3,873,553.52
Cash and cash equivalents at 30 June	10	4,405,896.42	5,781,511.77

**County Demonstration Farm Fund Fund
Report and Financial Statements for the year ended June 30, 2025**

Statement of Comparison of Budget and Actual Amounts for the year ended 30th June 2025

	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Income from training and farm operations.	20,764,200	-	20,764,200	18,508,536	2,255,664	89.0%
Income	20,764,200	-	20,764,200	18,508,536	2,255,664	121.34
Expenses	20,764,200	-	20,764,200	17,785,136.78	2,979,063.22	85.0%
Expenditure	20,764,200	-	20,764,200	17,785,136.78	2,979,063.22	85.0%
Surplus For the Period	-	-	-	723,399.44	-	-
Total expenditure	-	-	-	-	-	-

Notes

The surplus under collection was as a result of reduction on the number of conferences held at the institution which can be associated with economic times.

Since the fund is a revolving fund the surplus is used to carry out activities in the subsequent Financial Year.

Kisii County Government
Demonstration Farm Fund Kisii
Annual Report and Financial Statements for the year ended June 30, 2025
Budget Reconciliation

	Actual Surplus Amounts as per the statement of Budget	723,399.44
1	Reason for differences	-
2	Reason for differences	-
3	Reason for differences	-
4	Reason for differences	-
	Closing Cash and Cash Equivalent as per the statement of Cash flows	4,405,896.42

Kisii County Government

Demonstration Farm Fund Kisii

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

19. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

The Demonstration Farm Fund is established by and derives its authority and accountability from Exchequer and Audit Act, Cap 412 Laws of Kenya through Legal Notice No 456 of 16th November 1990. The Fund is wholly owned by the County Government of Kisii and is domiciled in Kenya.

The Fund's principal activity is to provide funds for developing and running of the commercial enterprises at ATC's.

2. Statement of compliance and basis of preparation

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

3. Adoption of new and revised standards

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

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

**Kisii County Government
Demonstration Farm Fund Kisii**

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

<p>IPSAS 45: Property Plant and Equipment</p>	<p>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 recognized as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46: Measurement</p>	<p>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.</p>
<p>IPSAS 47: Revenue</p>	<p>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.</p>
<p>IPSAS 48: Transfer Expenses</p>	<p>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.</p>
<p>IPSAS 49: Retirement Benefit Plans</p>	<p>Applicable 1st January 2026 The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the</p>

Kisii County Government
Demonstration Farm Fund Kisii
Annual Report and Financial Statements for the year ended June 30, 2025

	financial statements that should be presented by a retirement benefit plan.
IPSAS 50:	<i>Applicable 1st January 2027</i>
Exploration For & Evaluation of Mineral Resources	<p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <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.

(i) Early adoption of standards

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

4. Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2024/2025 was approved by the County Assembly on May 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 in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations on 16th April 2025 for the supplementary budget following the governing body's approval.

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

Kisii County Government
Demonstration Farm Fund Kisii
Annual Report and Financial Statements for the year ended June 30, 2025

Summary of Significant Accounting Policies (Continued)

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

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

c) Property, plant and equipment

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

a) Intangible Assets

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

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

b) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Summary of Significant Accounting Policies (Continued)

c) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

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

Subsequent measurement

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

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Summary of Significant Accounting Policies (Continued)

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in note 18.

Summary of Significant Accounting Policies (Continued)

Financial liabilities

Classification

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

d) Inventories

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

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

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

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

e) Provisions

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

f) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognizes a social benefit as an expense for the social benefit scheme at the same time that it recognizes a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the

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entity will incur in fulfilling the present obligations represented by the liability

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Summary of Significant Accounting Policies (Continued)

g) Contingent liabilities

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

Contingent assets

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

h) Nature and purpose of reserves

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

i) Changes in accounting policies and estimates

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

j) Employee benefits – Retirement benefit plans

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

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

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Summary of Significant Accounting Policies (Continued)

k) Foreign currency transactions

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

l) Borrowing costs

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

m) Cash and cash equivalents

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

n) Comparative figures

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

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Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

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

a) Estimates and assumptions –

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

b) Useful lives and residual values

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

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

c) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 26

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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Notes to the Financial Statements Continued

6. Public contributions and donations

Description	2024/2025	2023/2024
	Kshs	Kshs
Donation From Development Partners	-	-
Contributions From the Public	22,304,940	-
Total	22,304,940	-

7. Transfers from County Government

Description	2024/2025	2023/2024
	Kshs	Kshs
Transfers From County Govt. –Operations	-	-
Payments By County On Behalf Of The Entity	-	-
Unconditional Development grants	-	-
Total	-	-

8. Income from Farm and training activities

Description	2024/2025	2023/2024
	Kshs	Kshs
Income from training activities and farm operations	15,320,422	18,292,517
Accrued income for the year-	3,188,114	2,698,850
Total income	18,508,536	20,991,367

9. Use of Goods and Services

Description	2024/2025	2023/2024
	Kshs	Kshs
General Office Expenses	17,400,480.78	17,258,292.25
Loan Processing Costs	-	-
Professional Services Costs	-	-
Administration Fees	-	-
Committee Allowances	358,500	-
Bank Charges	26,156	-
Electricity And Water Expenses	-	-
Fuel And Oil Costs	-	-
Insurance Costs	-	-

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Postage And Courier	-	-
Printing And Stationery	-	-
Rental Costs	-	-
Security Costs	-	-
Telephone And Communication Expenses	-	-
Bank Charges	-	11,019.75
Audit Fees	-	-
Provision For Doubtful Debts	-	-
Other (<i>Specify</i>)	-	-
Social benefit expenses*	-	-
Total	17,785,136.78	17,269,312.00

10. Cash and cash equivalents

Description	2024-2025	2023-2024
	Kshs	Kshs
Xxx Car Loan Account	-	-
Xxx County Mortgage Account	-	-
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	4,405,896.42	5,781,511.27
Others (<i>Specify</i>)	-	-
Total Cash and Cash Equivalents	4,405,896.42	5,781,511.27

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

Description	Account Number	2024-2025
		Kshs
a) Fixed Deposits Account		
Kenya Commercial Bank		-
Equity Bank, Etc.		-
Sub- Total		-
b) On - Call Deposits		
Kenya Commercial Bank		-
Equity Bank - Etc.		-
Sub- Total		-
c) Current Account		
Kenya Commercial Bank	1106481267	4,405,896.42

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Bank B		-
Sub- Total		4,405,896.42
d) Others(Specify)		
Cash In Transit		-
Cash In Hand		-
Sub- Total		-
Grand Total		

11. Receivables from exchange transactions

Description	2024-2025	2023-2024
	Kshs	Kshs
Current Receivables		
Account Receivable from conference facilities	12,948,362.00	10,849,348.00
Other Exchange Debtors		
Less: Impairment Allowance	-	-
Total Current Receivables	12,948,362.00	10,849,348.00
Non-Current Receivables		
Long Term Loan Repayments Due	-	-
Total Non- Current Receivables	-	-
Total Receivables From Exchange Transactions	12,948,362.00	10,849,348.00

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12. Plant Property and Equipment

1st July 2023	1,600,000,000.00	203,351,292.00	4,260,000.00	774,000.00	1,765,000.00	1,810,150,292.00
Additions	-	37,785,400.00	260,000.00	114,800.00	-	38,160,200.00
Revaluation	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
30th June 2024	1,600,000,000.00	241,136,692.00	4,520,000.00	888,800.00	1,765,000.00	1,848,310,492.00
1st July 2024	1,600,000,000.00	241,136,692.00	4,520,000.00	888,800.00	1,765,000.00	1,848,310,492.00
Additions	-	22,304,940.00	-	-	-	22,304,940.00
Revaluation	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
At 30th June 2025	1,600,000,000.00	263,441,632.00	4,520,000.00	888,800.00	1,765,000.00	1,870,615,432.00

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14. Cash generated from operations.

	2024/2025	2023/2024
	Kshs.	Kshs.
Surplus/ (Deficit) For the Year Before Tax	723,399.42	3,696,157.25
Adjusted For:		
Depreciation	-	-
Interest Income	-	-
Finance Cost	-	-
Working Capital Adjustments		
Increase In Inventory	-	-
Increase In Receivables	2,099,014.00	1,788,198.00
Increase In Payables	-	-
Net Cash Flow From Operating Activities	-1,375,614.58	1,907,959.25

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13. Biological assets

	Biological Assets Quantity	Total Kshs
Dairy Animals	50	1,705,000
Fish	450	18,000
Bees	7 hives	70,000
Tea Bushes	3,000 bushes	1,500,000
Coffee plantations	2,800 bushes	1,400,000
Trees		53,000
Avocado seedlings		7,500,000
Assorted Vegetables		72,000
Revaluation		
At 30th June 2025		12,318,000

31. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

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

c) Key management remuneration

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

d) Due from related parties

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

Other Disclosures Continued

e) Due to related parties

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

32. Contingent assets and contingent liabilities

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

33. Financial risk management

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

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

a) Credit risk

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

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

c) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

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

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

i. Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The carrying amount of the entity's foreign currency-denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

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

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 recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The entity has significant concentration of credit risk on amounts due from Kisii County Executive.

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

b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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

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

Foreign currency sensitivity analysis

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

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

ii. Interest rate risk

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

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Management of interest rate risk

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

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. The entity does not have any interest income.

d) Capital risk management.

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

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	-	-
Total funds	-	-
	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
Gearing	-	-

6. Events after the reporting period

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

7. Ultimate and Holding Entity

The entity is a County Public Fund established by the Exchequer and the Audit Act, cap 412 laws of Kenya under the Ministry of Ministry of Agriculture, livestock, fisheries and co-operative development. Its ultimate parent is the County Government of Kisii.

8. Currency

The financial statements are presented in Kenya Shillings (Kshs)

o) Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa.

Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

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18. Annexes

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

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

Reference No. of the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1 SNY/KISIID EM F/2022/2023	Unconfirmed Accuracy of current portion of receivables from exchange transactions	Full disclosure and posting of confirmed balances	1 Evans Kiage Assistant Director Accounting Kisii county	Resolved	
2.	Land without ownership documents	Registration of the ATC land in the name of Kisii county government	1. Prof. Benson Mochoge BOM Chair.	In progress	
3	Budget Control and Performance	Improvement subsequent year	Evans Kiage Assistant Director Accounting Kisii county	Resolved	
4	Irregular Operation of the Fund	Enactment of the legal framework.	Mr.Mulei Benson Principal Kiisii ATC	In progress	

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management.

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- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Fund responsible for implementation of each issue.
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

Benson Mulei..........Date.....19/09/2025

Fund Manager

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Annex II: Inter-Fund Confirmation Letter

The Kisii Agricultural Training Center wishes to confirm that it did not transfer funds to any entity during the FY 2024/2025.

Confirmation of amounts received by [Insert name of beneficiary Fund] as at 30th June 2025

Reference Number	Date Disbursed	Amounts Disbursed by [CC/SAGA/Fund] (Kshs.) as at 30 th June 2025				Amount Received by [beneficiary Fund] (Kshs.) as at 30 th June 2025 (E)	Differences (Kshs.) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
Total							

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

Head of Accountants department of beneficiary Fund:

Name Sign Date

III: Reporting of Climate Relevant Expenditures

[Redacted]									
				Q1	Q2	Q3	Q4		

County Government of Kisii
Demonstration Farm Fund
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Annex IV: Reporting on Disaster Management Expenditure

	Column II	Column IV	Column V	Column VI	Column VII	Column VIII	
	Disaster	Disaster Expenditure (Disaster recovery/mitigation/preparedness)	Disaster Expenditure (Disaster recovery/mitigation/preparedness)	Disaster Expenditure (Disaster recovery/mitigation/preparedness)	Disaster Expenditure (Disaster recovery/mitigation/preparedness)	Disaster Expenditure (Disaster recovery/mitigation/preparedness)	Disaster Expenditure (Disaster recovery/mitigation/preparedness)

