

REPUBLIC OF KENYA



Enhancing Accountability

REPORT



OF

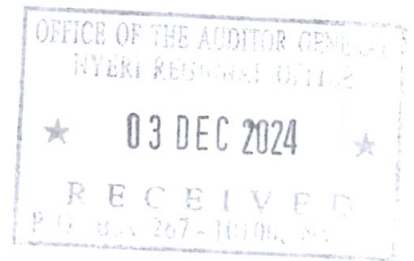
THE AUDITOR-GENERAL

ON

**NYERI COUNTY ENTERPRISE
DEVELOPMENT FUND**

**FOR THE YEAR ENDED
30 JUNE, 2024**

PAPERS LAID	
DATE	6/3/2025
TABLED BY	Dep Mg Whip
COMMITTEE	
CLERK AT THE TABLE	Maalim



NYERI COUNTY ENTERPRISE DEVELOPMENT FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED JUNE 30, 2024

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

Nyeri County Enterprise Development Fund
Annual Report and Financial Statements for the year ended June 30, 2024

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1. Acronyms and Glossary of Terms

a) Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings
PLWD	Persons Living With Disabilities
EDF	Enterprise Development Fund
No.	Number of

b) Glossary of Terms

Fiduciary Management	The key management personnel who had financial responsibility
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2. Key Entity Information and Management

a) Background information

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

The fund's objective is to:

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

b) Principal Activities

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

c) Board of Trustees/Fund Administration Committee

Ref	Name	Position
1	John Githinji Mburu	Board Chairperson
2	Eunice Wangari Mwathi	Board Vice Chairperson
3	George Mwangi	Chief Officer (<i>Responsible for Trade</i>)
4	Lydia Wanjiru Mwangi	Board Member
5	Jackson Gathigi Kanyingi	Board Member
6	Eva Ndiang'ui	Director, (<i>Responsible for Trade</i>)
7	Mary Wanjugu	Fund Administrator

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d) Key Management team

Ref	Name	Position
1	John Githinji Mburu	Board Chairperson
2	George Mwangi	Chief Officer (<i>Responsible for Trade</i>)
3	Jackson Gathigi Kanyingi	Board Member
4	Mary Wanjugu	Fund Administrator

e) Fiduciary Oversight Arrangements

S/No.	Position	Name
1	Directorate Internal Audit	Audit and Finance Committee
3	County Assembly of Nyeri	Public Accounts and Investment Committee
4.	The Senate	County Public Investments and Special Funds Committee

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Key Entity and Management (Continued)

f) Registered Offices

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

g) Fund Contacts

Telephone: (254) 0207840588
E-mail: nyericountyedf@gmail.com
Website: www.nyeri.go.ke

h) Fund Bankers

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

i) Independent Auditors

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




j) Principal Legal Adviser





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

k) County Attorney





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

3. Board of Trustees/ Fund Administration Committee

Name	Details of qualifications and experience
 <p data-bbox="240 678 507 712">John Githinji Mburu</p>	<p data-bbox="730 297 1018 331">Bachelor in Education</p> <p data-bbox="730 360 1018 394"><i>Date Of Birth – 1967</i></p> <p data-bbox="730 427 975 461">Board Chairperson</p>
 <p data-bbox="240 1126 443 1160">Eunice Mwathi</p>	<p data-bbox="730 745 1158 779">Diploma in Business Management</p> <p data-bbox="730 808 1114 842"><i>Date Of Birth – 1st July 1991</i></p> <p data-bbox="730 875 1046 909">Board Vice Chairperson</p> <p data-bbox="730 943 1011 976">Youth Representative</p>
 <p data-bbox="248 1615 579 1648">Jackson Githigi Kanyingi</p>	<p data-bbox="730 1193 1198 1227">Diploma in Education Management</p> <p data-bbox="730 1256 1217 1290"><i>Date Of Birth – 27th September 1953</i></p> <p data-bbox="730 1323 935 1357">Board Member</p> <p data-bbox="730 1391 1281 1424">Nyeri Business Community Representative</p>

 <p>George Mwangi</p>	<p>Masters in Governance and Ethics <i>Date Of Birth – 05th September 1970</i> Chief Officer, Trade Tourism and Cooperative Development</p>
 <p>Evah Ndiang'ui</p>	<p>Bachelor Of International Business Administration – Finance Masters in Business Administration – Strategic Management CPA-K <i>Date Of Birth – 30th January 1989</i> Director - Trade Development</p>
 <p>Lydia Wanjiru Mwangi</p>	<p>Diploma in Computerized Air Travel and Operations <i>Date Of Birth – 1st July 1991</i> Board Member PWLD Representative</p>
 <p>CPA Mary Wanjugu</p>	<p>Bachelor of Science in Mathematics CPA-K <i>Date Of Birth – 16th April 1990</i> Fund Administrator - EDF</p>

4. Management Team

Name	Details of qualifications and experience
 John Githinji Mburu	Bachelor in Education <i>Date Of Birth – 1967</i> Board Chairperson
 Jackson Githigi Kanyingi	Diploma in Education Management <i>Date Of Birth – 27th September 1953</i> Board Member Nyeri Business Community Representative
 George Mwangi	Masters in Governance and Ethics <i>Date Of Birth – 05th September 1970</i> Chief Officer, Trade Tourism and Cooperative Development
 CPA Mary Wanjugu	Bachelor of Science in Mathematics CPA-K <i>Date Of Birth – 16th April 1990</i> Fund Administrator - EDF

Nyeri County Enterprise Development Fund
Annual Report and Financial Statements for the year ended June 30, 2024

5. Board Chairperson's Report

It is my pleasure to present, on behalf of the board, the Nyeri County Enterprise Development Fund financial statements for the year ended 30th June 2024. The financial statements present the financial performance of the fund over the past year.

The Former Fund Administrator exited the board and the current one was appointed. The fund and its stakeholders are increasingly emphasizing on the need to ensure sustainability through resource mobilization and financing capabilities with an objective of ensuring that the fund's remains a going concern.

Loans disbursement during the period was carried out as per the plan with the coordinated efforts by all stakeholders. The fund disbursed loans worth **Ksh. 16,350,000** to **41** beneficiaries.

The fund received interest income amounting to **Kshs. 708,327** from loans advanced to members. The total expenditures during the period amounted to **Kshs. 504,645**.

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

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

The fund looks forward to the continued support in the year 2024/2025 as it works towards realization of its mandate.

Name GEORGE MWANGI Signature  Date 14/11/2024

for Chairperson,

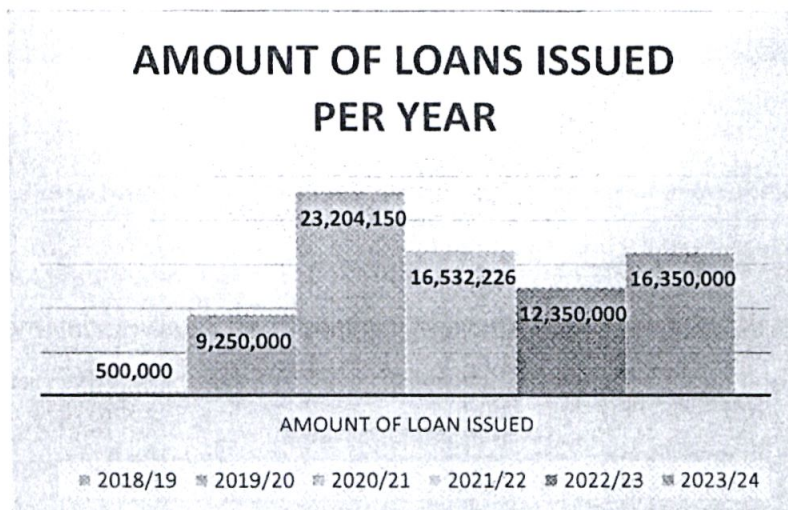
Nyeri County Enterprise Development Fund

6. Report of The Fund Administrator

It is my pleasure to present the Nyeri County Enterprise Development Fund financial statements for the year ended 30th June 2024. The financial statements present the financial performance of the fund over the past year.

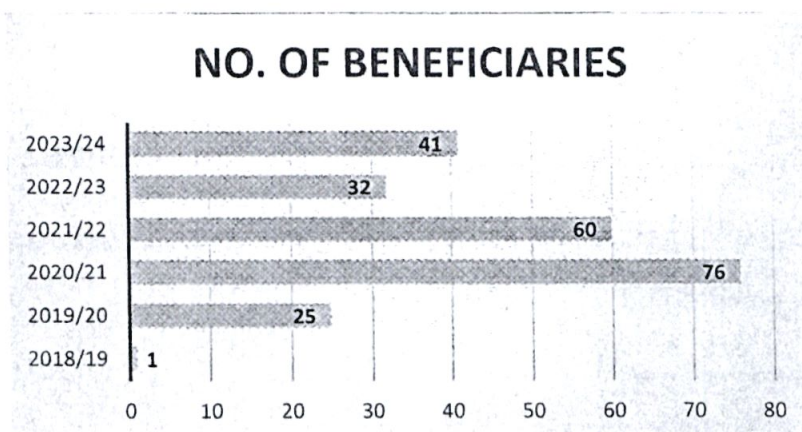
The fund was established in the financial year 2017/2018 and started with an amount of **Kshs. 30 Million**. An amount of **Kshs 10,000,000** was added in the financial year 2022/2023.

Chart 1: LOANS DISBURSED PER YEAR



Since inception, the fund has issued loans worth **Kshs. 78,186,376** as distributed above. In the year 2023/2024 the loan uptake increased by **24%** from **Ksh. 12,350,000** in 2022/2023 to **Ksh. 16,350,000**.

Chart 2: BENEFICIARIES PER YEAR

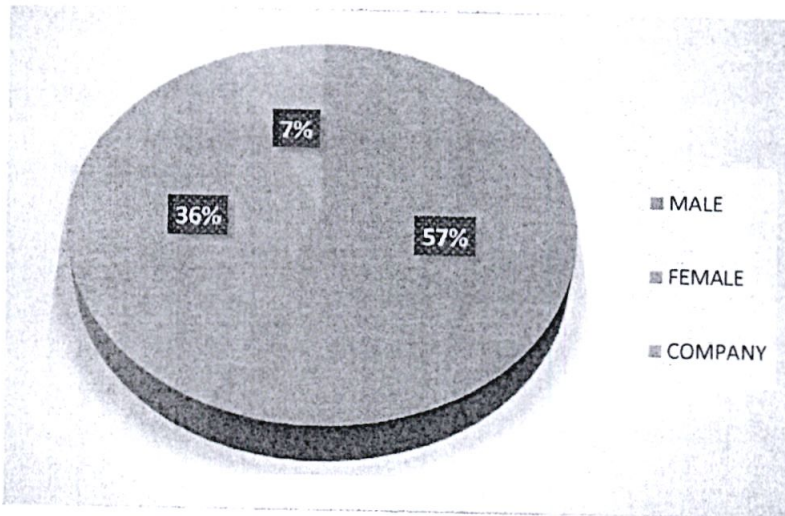


Nyeri County Enterprise Development Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Since inception, 235 enterprises have benefited from the Nyeri County Enterprise Development loans. In the year under review the no. of beneficiaries increased by 21% from 32 in the year 2022/2023 to 41.

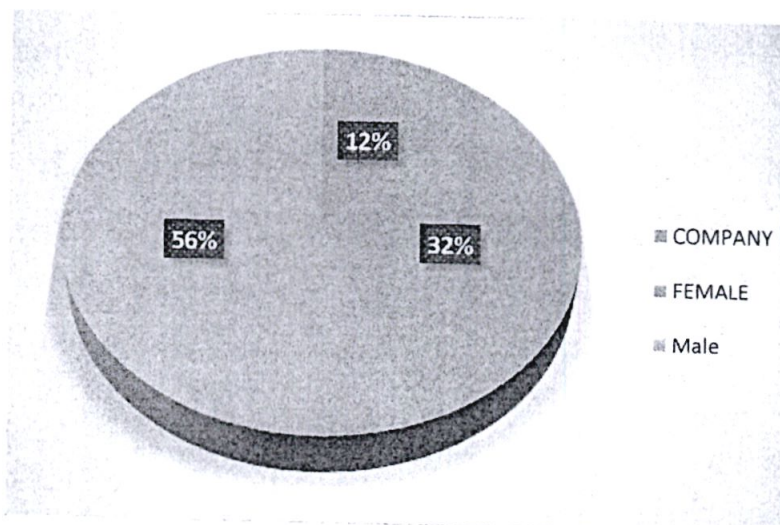
The Nyeri County Enterprise Development Fund, offers loans to sole proprietors of both gender; male and female as well as Limited Companies.

Chart 3(a): SEGREGATION BASED ON GENDER



Since inception, the Nyeri County enterprise Development Fund has issued 57% loans to Male proprietors, 36% to female proprietors and 7% to Limited Companies.

Chart 3(b): SEGREGATION BASED ON GENDER



Nyeri County Enterprise Development Fund
Annual Report and Financial Statements for the year ended June 30, 2024

In the year 2023/2024, out of the **41** beneficiaries, **56%** were male, **32%** were female while **12%** represented the limited companies.

Loans were disbursed to all eligible applicants as per their requests and the approval of the board.

In the year ended 30th June 2024, the fund received revenue from interest on loans from members amounting to **Kshs. 708,327**.

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

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

Name.....*Nany Wanjiku*.....Signature.....*Nany Wanjiku*.....Date.....*10/11/24*

Fund Administrator,

Nyeri County Enterprise Development Fund

**Nyeri County Enterprise Development Fund
Annual Report and Financial Statements for the year ended June 30, 2024**

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

Introduction

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

The key development objective of the Fund as per the draft strategic plan (2023-2028) is to provide affordable loans to applicants operating enterprises in Nyeri county.

Below we provide the progress on attaining the stated objective:

Program	Objective	Outcome	Indicator	Performance
Nyeri County Enterprise Development Fund loans	To provide affordable loans to applicants operating enterprises in Nyeri county	Number loans granted	% of loan uptake	In the FY 2023/2024 loan uptake increase by 21% from 32 beneficiaries in the previous year to 41.

8. Corporate Governance Statement

- **The number of Board meetings held and the attendance**

The Board held three meetings within the financial year and all meetings had a quorum. A launching activity of the fund was also conducted within the year.

- **Succession plan,**

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

- **The board charter**

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

- **Appointment and Removal of the Board**

The nominations process is as per the County Executive Committee Member for Trade guideline as follows:

Appointment

a. Representative of the Business Community

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

b. Youth Representative

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

c. Cooperative Societies Representative

- i. Two cooperatives with major of membership from Nyeri County
- ii. Each cooperative to nominate two people of the opposite gender
- iii. The nominees should be residents of Nyeri County
- iv. The nominees should not be from the same Sub-County to ensure regional balance
- v. One person will then be appointed to represent this particular category

d. Persons living with disability (PLWD) Representative

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

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

- Is a Kenyan citizen;

- Holds a minimum of a diploma from a recognized institution in Kenya;
- Has operated a business which is a micro and small enterprise in the County for a period of three years;
- Satisfies the requirements of Chapter Six of the Constitution.

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

- a. Gross violation of the Constitution or any other law;
- b. Gross misconduct, whether in the performance of the member's functions or otherwise;
- c. Physical or mental incapacity to perform the functions of office; or
- d. Incompetence or neglect of duty.

Removal

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

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

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

e. Dies.

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

• **Roles and Functions of the board:**

1. To formulate sound policies for the administration, regulation and management of the fund.
2. Set the criteria for appraisal of loan applications
3. Approve the disbursement of the fund
4. To set the loan repayment conditions
5. To put in place necessary mechanisms for sanctions and their enforcement in cases of loan repayment default
6. To institute measures and mechanisms aimed at loan recovery
7. To mobilize resources for the furtherance of objectives of the fund
8. To receive any grants and or donations
9. To develop and facilitate sectoral linkage to the fund
10. To establish and maintain links in and outside the county with organizations with similar objectives.
11. To develop programs, projects and other related activities aimed at capacity building to fund beneficiaries.
12. To convene an annual forum for fund beneficiaries for sensitization purposes
13. Monitor and evaluate the programs under the fund

14. Collaborate with other relevant stakeholders in the provision of appropriate business development service to fund beneficiaries.
15. To prepare and submit annual reports on operations and performance of the fund to the County Executive Committee Member
16. To carry out any other function which, in the opinion of the County Executive Committee Member for the time being responsible for Trade, will be necessary to promote and facilitate the objects for which the fund is established.

- **Induction and training**

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

- **Conflict of interest,**

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

- **Board remuneration**

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

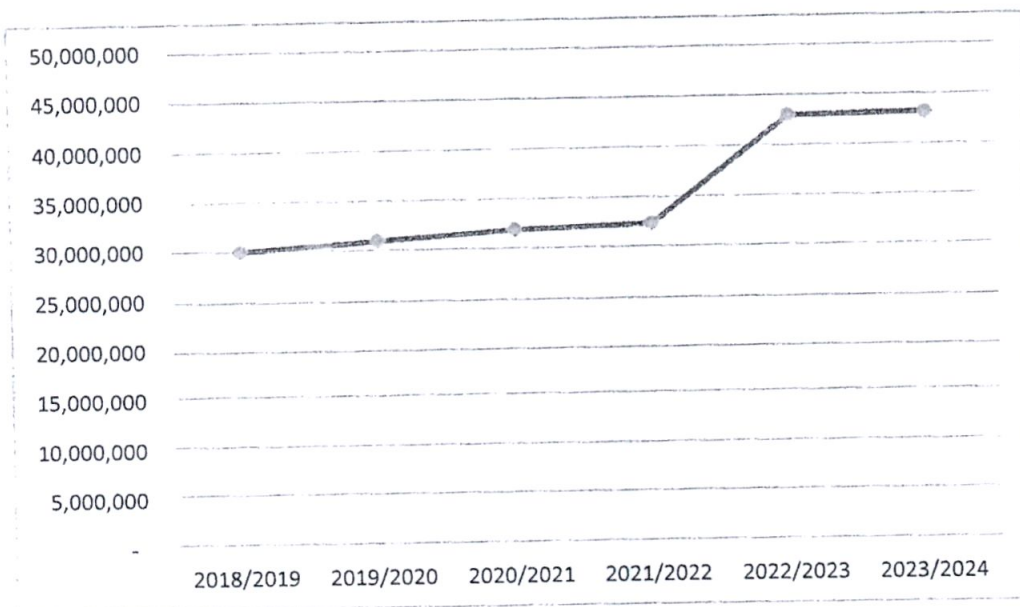
9. Management Discussion and Analysis

In June 2018 the Nyeri county Enterprise development fund received Kenya shillings 30,000,000 from the Nyeri Government County Treasury.

A total of 235 beneficiaries have acquired the Nyeri County Enterprise Development fund loans worth **Kshs. 78,186,376** since its inception.

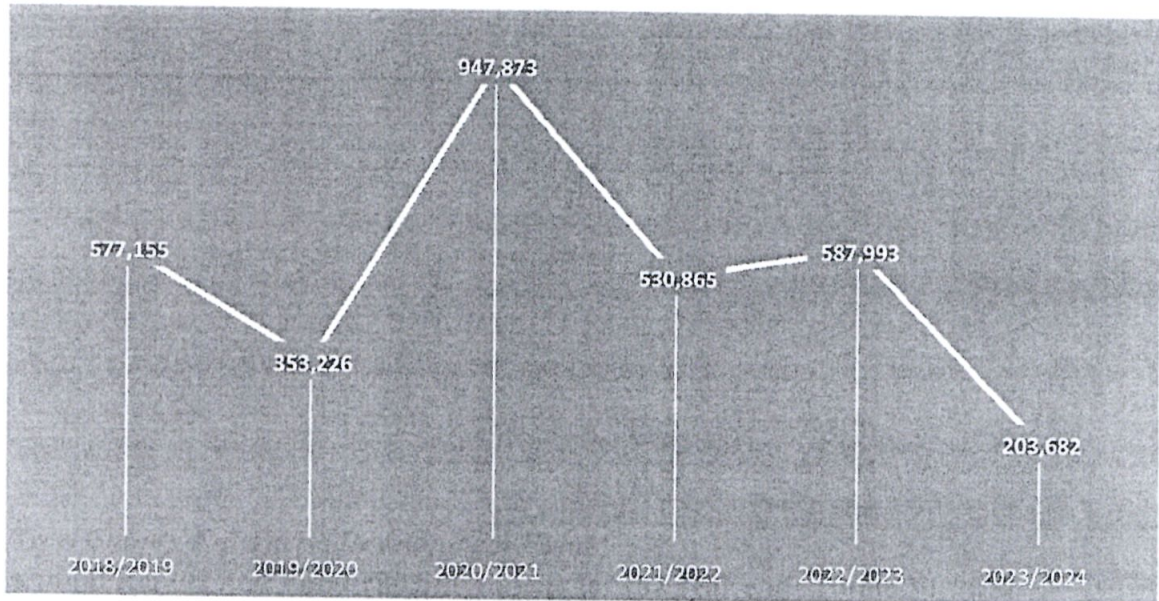
The fund disbursed loans to all eligible applicants as per their requests and the approval by the board.

Chart 4: CHANGE IN ASSETS OVER THE YEARS



The net assets of the fund have grown from Ksh. 30,000,000 in the FY 2018/2019 to Ksh. 43,200,794 in the year 2023/2024. This is attributed to injection of additional funds by the Nyeri County Treasury amounting to Ksh. 10,000,000 in the FY 2022/2023 and the surplus realised from the funds operations over the years.

Chart 5: SURPLUS REALISED OVER THE YEARS



The surplus realized over the years has been dynamic; this is attributed to decreased loan repayment by the loanees which has been a major challenge for the fund. However, this risk is mitigated by having all applicants provide security for their loans and all loans Insured in case of death and permanent disability.

The fund has no outstanding debts to any institution or individual. However, the principal loan balance as at 30th June 2024 was Ksh. **32,394,326**. The Fund has observed all statutory provisions and envisions to continue being compliant.

Nyeri County Enterprise Development Fund
Annual Report and Financial Statements for the year ended June 30, 2024

10. Environmental and Sustainability Reporting

No CSR activities were undertaken during the year.

11. Report of The Board

The board submit their report together with the audited financial statements for the year ended June 30, 2024 which show the state of the Fund affairs.

Principal activities

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

Results

The results of the Fund for the year ended June 30, 2024 are set out on page 1.

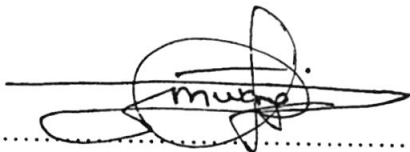
Trustees

The members of the Board of Trustees who served during the year are shown on page iv. The former fund administrator Ann Githinji was replaced by Mary Wanjugu.

Auditors

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



.....

fu Chairperson

Nyeri County Enterprise Development Fund

Date:14/11/2024.....

Nyeri County Enterprise Development Fund
Annual Report and Financial Statements for the year ended June 30, 2024

12. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by the Nyeri County Enterprise Development Fund (Amendment) Act, 2018 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the Nyeri County Enterprise Development Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view 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.

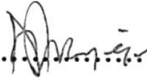
The Administrator of the Nyeri County Enterprise Development Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Nyeri County Enterprise Development Fund (Amendment) Act, 2018 . The Administrator 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.

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.

Nyeri County Enterprise Development Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Approval of the financial statements

The Fund's financial statements were approved by the Board on 04/11/ 2024 and signed on its behalf by:

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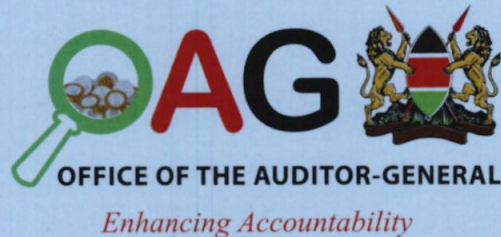
Mary Wanjugu

Fund Administrator

Nyeri County Enterprise Development Fund

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON NYERI COUNTY ENTERPRISE DEVELOPMENT FUND FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

- A. Report on the 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 the Lawfulness and Effectiveness in 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 the 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 Nyeri County Enterprise Development Fund set out on pages 1 to 41, which comprise the statement of Receipts and Payments for the year ended 30 June, 2024 and the 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 effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Nyeri County Enterprise Development Fund as at 30 June, 2024 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, the Nyeri County Enterprise Development Fund (Amendment) Act, 2018 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Uninsured Loans

The financial statements reflect Kshs.33,230,159 in respect of receivables from exchange transactions as disclosed in Note 13 for loans advanced by the Fund. However, review of documents for insurance payments revealed that the insurance policy paid for was valid for one (1) year only, yet the loans disbursed were supposed to be repaid in two (2) years, as stated in the signed letter of offer. It was further noted that the letter of offer did not indicate that the insurance was supposed to be renewed on an annual basis, and there were no renewed insurance policies, indicating that the loans were uninsured after one year, exposing the Fund to possible loss of funds in case beneficiaries passed on, or experienced permanent and total disability, resulting in inability repay loans.

In addition, the following observations were made;

- i. Since the inception of the Fund, one hundred and eighty-two (182) beneficiaries have received loans, out of which, twelve (12) loans carrying a total amount of Kshs.4,600,000 were found to be nonperforming since the beneficiaries have never made any repayment to the Fund since the time they were issued with the loans.
- ii. As per the loan agreements, the beneficiaries were supposed to repay the loans over a period of 24 months. Review of outstanding loans showed that a total of 83 beneficiaries who had outstanding loans amounting to Kshs.11,795,231 as at 30 June, 2024, had not cleared their loans over that period, meaning that the period stipulated in the signed contracts had lapsed and there was no addendum to the signed contracts granting the beneficiaries additional time to repay the loan. Yet Management have not recovered the loans from the securities held.
- iii. In the financial year under review, 41 beneficiaries were awarded loans amounting to Kshs.16,350,000 out of which 19 beneficiaries who were awarded loans amounting to Kshs.8,000,000 were nonperforming since they had not made monthly repayments for the last 90 days, and as per the guidelines issued by the CEC Finance, Management was supposed to instruct auctioneers to repossess the securities. This raises doubt as to whether the vetting process of the beneficiaries in regard to their capability to repay the loan was done thoroughly.

- iv. The loan statements showed that Management did not charge penalties to the beneficiaries who failed to make payments as per the guidelines issued by the CEC Finance.
- v. The Loan statements of the beneficiaries showed that there were those who overpaid their balances, raising doubt as to whether the beneficiaries have access to their loan statements showing the correct amount of outstanding balances.

In the circumstances, accuracy, completeness and recoverability of the receivables from exchange transactions amount of Kshs.32,325,570 could not be confirmed.

2. Unreconciled Trade Payables

The statement of financial position and Note 20 to the financial statements reflected trade and other payables balance of Kshs.470,205 which related to unidentified deposits. These are repayments made by the beneficiaries to the Fund's bank account, and the deposit slips were not taken to the secretariat office for receipting making it difficult for the reconciliation of accounts. Management did not monitor all monthly instalments made by the beneficiaries to enable reconciliation of accounts, resulting to continued accrual of unidentified deposits.

In the circumstances, accuracy, completeness and recoverability of the trade and other payables amount of Kshs.470,205 could not be confirmed.

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

The Management is responsible for the Other Information set out on page iii to xxii which comprise of Key Entity Information and Management, profiles of Trustees and Fund Administration Committee, Management Team, board/Fund Chairperson's report, report of the Fund Administrator, Management Discussion and Analysis, Corporate Governance Statement, Management Discussion Analysis, Environmental and Sustainability Reporting, Report of Trustees and Statement of Management Responsibilities.

The Other Information does not include the financial statements and my audit report thereon.

Basis for Conclusion

In connection with my audit on Fund's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information and I am required to report that fact.

Based on the audit procedures performed and the matters described in my Basis for Qualified Opinion, I confirm that other information is not materially inconsistent with the financial statements

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Unvalued Loan Securities

Loans totalling Kshs.16,350,000 were disbursed to 41 beneficiaries out of which 34 loans amounting to Kshs.13,450,000 were secured with land title deeds. However, no valuation report was provided to confirm value of the land. Therefore, it was not possible to confirm whether the Management would be able to recover the outstanding loan amounts in case of default.

In the circumstances, recoverability of outstanding loans may not be possible in case of default as the value of the land may not be commensurate to the amount of loan advanced. Therefore, the value of money is doubtful.

2. Loans Awarded Without Board Vetting

The financial statements reflects receivables from exchange transactions balance of Kshs.32,325,570 as disclosed in Note 13. However, review of list of members recommended by the board for loan advances indicated that out of the 41 beneficiaries issued with the loans in the year under review, there were nine (9) beneficiaries who were issued with Loans amounting to Kshs.3,700,000 were not among those vetted by the board, contrary to Section 25 of the Nyeri County Enterprise Development Fund (Amendment) Act, 2018 which requires details on the purpose for which the loan will be utilised and the capability of the beneficiaries to repay the loans be evaluated before approval.

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

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

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

Conclusion

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

Basis for Conclusion

1. Lack of Loan Recovery Policy

The financial statements reflects receivables from exchange transactions balance of Kshs.32,325,570 as disclosed in Note 13. However, review of records showed that the Management does not have a loan recovery policy which hinders the disposal of recovered assets from nonperforming loans. As per board minutes dated 7 December, 2023, the board stated that they had impounded two (2) tuktuks which could not be disposed since there were no approved guidelines on disposal of impounded items. As a result, the tuktuks were stored at the Department of Trade since they were impounded, and therefore the value continued to depreciate further.

In the circumstances, in the absence of the loan recovery policy, the effectiveness of internal controls and risk management at the Fund could not be confirmed.

2. Lack of Approved Strategic Plan

The audit revealed that the Management did not have an approved strategic plan that would provide a framework that would guide the fund in coordinating and supervising the implementation of its development plans, aspirations and commitments. The plan would enhance efficient and effective provision of products and services to the public as provided for by Section 10 (4) (m) of the Nyeri County Enterprise Development Fund (Amendment) Act, 2018, which states that the fund administrator shall prepare a strategic plan for the fund in conformity with the medium-term fiscal framework and financial objectives of the County Government.

In the circumstances, the Fund's ability to navigate its medium and long-term objectives, development plans, aspirations and commitments could not be confirmed.

3. Lack of Loan Management System

The Fund did not have an automated system for loans management that would allow the Fund to streamline the management of all their lending processes, thereby reducing

operational expenses, and risk of human error, contrary Section 10(r) of the Nyeri County Enterprise Development Fund (Amendment) Act, 2018, which states that the fund administrator shall ensure that the Fund has adequate systems and processes in place to plan for, procure, account for, maintain, store and dispose of assets, including an asset register that is current, accurate and available to the relevant County Treasury or the Auditor General.

In the circumstances, the effectiveness of internal controls and risk management at the Fund could not be confirmed.

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the INTOSAI Framework of Professional Pronouncements (IFPP). The Framework requires 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 IFPP 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

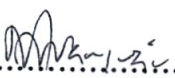
20 December, 2024

Nyeri County Enterprise Development Fund
Annual Report and Financial Statements for the year ended June 30, 2024

14. Statement of Financial Performance for the Year Ended 30th June 2024

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1	-	-
Transfers From the County Government	2	-	-
Fines, Penalties and Other Levies	3	-	-
		-	-
Revenue From Exchange Transactions			
Interest Income	4	2,261,211	906,368
Other Income	5	-	-
		-	-
Total Revenue		2,261,211	906,368
Expenses			
Employee Costs	6	-	238,000
Use of goods and services	7	504,645	80,375
Depreciation and Amortization Expense	8	-	-
Finance Costs	9	-	-
Total Expenses		504,645	318,375
Other Gains/Losses			
Gain/Loss on Disposal of Assets	10	-	-
Gain /Loss on fair value of investments	11	-	-
Surplus/(Deficit) for the Period		1,756,566	587,993

(The notes set out on pages 18 to 39 form an integral part of these Financial Statements)

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Name: CPA Mary Wanjugu
Fund Administrator

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Name: CPA John Ngugi
Fund Accountant
ICPAK Member Number: 2613

Nyeri County Enterprise Development Fund
Annual Report and Financial Statements for the year ended June 30, 2024

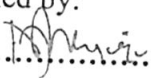
15. Statement of Financial Position As at 30 June 2024

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	12	11,345,429	17,644,139
Current Portion of Long- Term Receivables From Exchange Transactions	13	440,543	-
Prepayments	14	-	-
Inventories	15	-	-
Investments in financial assets	16	-	-
Total current assets		11,785,972	17,644,139
Non-Current Assets			
Property, Plant and Equipment	17	-	-
Intangible Assets	18	-	-
Long Term Receivables from Exchange Transactions	13	33,506,667	25,731,078
Investment Property	19	-	-
Total non- current assets		33,506,667	25,731,078
Total Assets (A)		45,292,639	43,375,217
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	20	538,961	378,105
Current Provisions	21	-	-
Current Portion of Borrowings	22	-	-
Employee Benefit Obligations	23	-	-
Social benefit liabilities	24	-	-
Total current liabilities		538,961	378,105
Non-Current Liabilities			
Non-Current Provisions	21	-	-
Long Term Portion of Borrowings	22	-	-
Non-Current Employee Benefit Obligation	23	-	-
Social benefit liabilities	24	-	-
Total Liabilities (B)		538,961	378,105

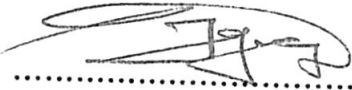
Nyeri County Enterprise Development Fund
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Net Assets (A-B)		44,753,678	42,997,112
Represented By:			
Revolving Fund		41,802,996	41,802,996
Reserves			-
Accumulated Surplus		2,950,682	1,194,116
Net Assets		44,753,678	42,997,112

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 24/11/ 2024 and signed by:



Name: CPA Mary Wanjugu
Fund Administrator



Name: CPA John Ngugi
Fund Accountant
ICPAK Member Number: 2613

Nyeri County Enterprise Development Fund
Annual Report and Financial Statements for the year ended June 30, 2024

16. Statement of Changes in Net Assets for the year ended 30th June 2024

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2022	31,802,996	-	606,123	32,409,119
Surplus/(Deficit) For the Period		-	587,993	587,993
Funds Received During the Year	-	-		
Transfers(county treasury)	10,000,000		-	10,000,000
Revaluation Gain	-	-	-	-
Balance As At 30 June 2023	41,802,996	-	1,194,116	42,997,112
Balance As At 1 July 2023	41,802,996	-	1,194,116	42,997,112
Surplus/(Deficit) For the Period	-	-	1,756,566	1,756,566
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2024	41,802,996	-	2,950,682	44,753,678

The surplus/earnings and accruals to the fund as at the end of each financial year are retained by the fund for further issuance as loans.

Nyeri County Enterprise Development Fund
Annual Report and Financial Statements for the year ended June 30, 2024

17. Statement of Cash Flows for The Year Ended 30th June 2024

Description	Note	2022-2023	2023-2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the county government		-	-
Interest received		708,327	906,368
Receipts from other operating activities		-	-
Total receipts		708,327	906,368
Payments			
Fund administration expenses		504,645	238,000
General expenses		-	80,375
Finance cost		-	-
Other payments		-	-
		504,645	318,375
Net cash flows from operating activities	24	203,682	587,993
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets		-	-
Adjustment of reversal of stale cheque (210)		500,000	
Proceeds from sale of property, plant & equipment			-
Unidentified deposits on loan repayment & interest		92,100	357,904
Proceeds from loan principal repayments		9,255,507	11,183,577
Loan disbursements paid out		(16,350,000)	(12,350,000)
Net cash flows used in investing activities		(6,502,393)	(808,519)
Cash flows from financing activities			
Proceeds from revolving fund receipts		-	-
Additional cash (Transfer from County Treasury)		-	10,000,000
Additional borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		-	10,000,000
Net increase/(decrease) in cash & cash Equivalent		(6,298,710)	9,779,475
Cash and cash equivalents at 1 July		17,644,139	7,864,664
Cash and cash equivalents at 30 June		11,345,429	17,644,139

18. Statement Of Comparison Of Budget And Actual Amounts For The Period 2024

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Public Contributions and Donations	-	-	-	-	-	-
Transfers From County Govt.						
Interest Income	-	-	-	-	-	-
Balance Bf	17,644,139	-	17,644,139	17,644,139	-	100
Total Income	17,644,139	-	17,644,139	17,644,139	-	100
Expenses						
Fund Administration Expenses	544,324	-	544,324	504,645	39,679	93
General Expenses	-	-	-	-	-	-
Finance Cost	-	-	-	-	-	-
Loan Disbursement	17,099,815		17,099,815	16,350,000	749,815	96
Total Expenditure	17,644,139	-	17,644,139	16,854,645	789,494	96
Surplus For the Period	-	-	-	789,494	-	-
Capital expenditure	-	-	-	-	-	-

19. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

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

2. Statement of compliance and basis of preparation

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

3. Adoption of new and revised standards

(i) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024

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

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

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that</p>

Nyeri County Enterprise Development Fund
Annual Report and Financial Statements for the year ended June 30, 2024

	<p>leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
<p>IPSAS 45- Property Plant and Equipment</p>	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>

<p>IPSAS 46 Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47- Revenue</p>	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>

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<p>IPSAS 48- Transfer Expenses</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
<p>IPSAS 49- Retirement Benefit Plans</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>

(iii) Early adoption of standards

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

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 2023-2024 was approved by the Nyeri County Enterprise Development Fund board on 18th October 2023. No 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 received no additional appropriations in the FY 2024 budget.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on 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

Summary of Significant Accounting Policies (Continued)

comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 14 of these financial statements.

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.

Summary of Significant Accounting Policies (Continued)

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.

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. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements.* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held

Summary of Significant Accounting Policies (Continued)

within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

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.

Summary of Significant Accounting Policies (Continued)

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 recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

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.

Summary of Significant Accounting Policies (Continued)

h) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. The receipts and accruals to the fund and the balance of the fund at the end of each financial year shall be retained by the fund for use for the objectives for which the fund is established; Nyeri County Enterprise Development Fund (amendment) Act, 2018.

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 lumpsum payments reduce the post-employment benefit obligation.

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.

Summary of Significant Accounting Policies (Continued)

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) 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.

n) Cash and cash equivalents

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

o) Comparative figures

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

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

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

a) Estimates and assumptions –

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

b) Useful lives and residual values

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

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

c) Provisions

No Provisions were raised and estimates determined. No Additional disclosure of these estimates of provisions.

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.

Nyeri County Enterprise Development Fund
Annual Report and Financial Statements for the year ended June 30, 2024

6. Notes To The Financial Statements Continued

1. Public contributions and donations

Description	2023-2024	2022-2023
	Kshs	Kshs
Donation From Development Partners	-	-
Contributions From The Public	-	-
Total	-	-

2. Transfers from County Government

Description	2023-2024	2022-2023
	Kshs	Kshs
Transfers From County Govt. –Operations	-	-
Payments By County On Behalf Of The Entity	-	-
Unconditional Development grants	-	-
Total	-	-

3. Fines, penalties and other levies

Description	2023-2024	2022-2023
	Kshs	Kshs
Late Payment Penalties	-	-
Fines	-	-
Total	-	-

4. Interest income

Description	2023-2024	2022-2023
	Kshs	Kshs
Interest Income from Mortgage Loans	-	-
Interest Income From Car Loans	-	-
Interest Income From Investments in financial assets(Interest on loans)	2,261,211	906,368
Interest Income On Bank Deposits	-	-
Total Interest Income	2,261,211	906,368

Notes to the Financial Statements Continued

5. Other income

Description	2023-2024	2022-2023
	Kshs	Kshs
Insurance Recoveries	-	-
Income from Sale of Tender Documents	-	-
Bad debts recovered	-	-
Miscellaneous Income	-	-
Total Other Income	-	-

(NB: All income should be classified as far as possible in the relevant classes and other income should be used to recognise income not elsewhere classified. Disclose write backs if any or recoveries from write offs).

6. Employee Costs

Description	2023-2024	2022-2023
	Kshs	Kshs
Salaries And Wages	-	179,000
Staff Gratuity	-	-
Staff Training Expenses	-	-
Social Security Contribution	-	-
Other	-	59,000
Total	-	238,000

7. Use of Goods and Services

Description	2023-2024	2022-2023
	Kshs.	Kshs.
General Office Expenses	-	-
Loan Processing Costs	-	-
Professional Services Costs	-	-
Administration Fees	-	-
Committee and Board Allowances	334,500	-
Bank Charges	5,145	2,875
Electricity And Water Expenses	-	-
Fuel And Oil Costs	25,000	-
Insurance Costs	-	-
Postage And Courier	-	-

Vyri County Enterprise Development Fund

Annual Report and Financial Statements for the year ended June 30, 2024

Printing And Stationery	38,200	23,400
Rental Costs	-	-
Security Costs	-	-
Telephone And Communication Expenses	24,500	26,500
Conference Expenses	77,300	21,600
Audit Fees	-	-
Provision For Doubtful Debts	-	-
Other (Media Briefing)	-	6,000
Social benefit expenses*		
Total	504,645	80,375

8. Depreciation and Amortization Expense

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Property Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

9. Finance costs

Description	2023-2024	2022-2023
	Kshs	Kshs
Interest On Bank Overdrafts	-	-
Interest On Loans From Banks	-	-
Total	-	-

10. Gain/(loss) on disposal of assets

Description	2023-2024	2022-2023
	Kshs	Kshs
Property, Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

11. Gain/ (loss) on Fair Value Investments

Description	2023-2024	2022-2023
	Kshs	Kshs
Investments at Fair Value- Equity investments	-	-
Fair value – Investment property	-	-
Fair value- other financial assets (specify)	-	-
Total Gain	-	-

Nyeri County Enterprise Development Fund
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12. Cash and cash equivalents

Description	2023-2024	2022-2023
	Kshs	Kshs
Car Loan Account	-	-
County Mortgage Account	-	-
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	11,345,429	17,644,139
Others (<i>Specify</i>)	-	-
Total Cash And Cash Equivalents	11,345,429	17,644,139

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

Financial Institution	Account number	2023-2024	2022-2023
		Kshs	Kshs
a) Fixed Deposits Account			
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
Sub- Total		-	-
b) On - Call Deposits			
Kenya Commercial Bank		-	-
Equity Bank - Etc.		-	-
Sub- Total		-	-
c) Current Account			
Kenya Commercial Bank	1259526941	11,345,429	17,644,139
Bank B			-
Sub- Total		11,345,429	17,644,139
d) Others(Specify)			
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		11,345,429	17,644,139

Nyeri County Enterprise Development Fund

Annual Report and Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements Continued

13. Receivables from exchange transactions

Description	2023-2024	2022-2023
	Kshs	Kshs
Current Receivables		
Interest Receivable	717,051	-
Current Loan Repayments Due	-	-
Other Exchange Debtors	-	-
Less: Impairment Allowance	-	-
Total Current Receivables	717,051	-
Non-Current Receivables		
Long Term Loan Repayments Due	33,230,159	25,731,078
Total Non- Current Receivables	33,230,159	25,731,078
Total Receivables From Exchange Transactions	33,947,210	25,731,078

Additional disclosure on interest receivable

Description	2023-2024	2022-2023
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	459,432	-
Accrued interest receivable from of long-term loans of previous years	1,467,400	-
Interest receivable from current portion of long-term loans issued in the current year	334,379	-
Current loan repayments due		
Current portion of long-term loans from previous years	4,528,545	-
Accrued principal from long-terms loans from previous periods	14,037,105	-
Current portion of long-term loans issued in the current year	13,828,676	-

Notes to the Financial Statements Continued

14. Prepayments

Description	2023-2024	2022-2023
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Other Prepayments (<i>Specify</i>)	-	-
Total	-	-

15. Inventories

Description	2023-2024	2022-2023
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts And Meters	-	-
Catering	-	-
Other Inventories (<i>Specify</i>)	-	-
Total Inventories at The Lower of Cost and Net Realizable Value	-	-

Notes to the Financial Statements Continued

16. Investments in financial assets

Description	2023-2024	2022-2023
	Kshs	Kshs
a. Investment in Treasury bills and bonds		
Financial institution		
CBK		
CBK		
Sub- total		
b. Investment with Financial Institutions/ Banks		
Bank x		
Bank y		
Sub- total		
c. Equity investments (specify)		
Equity/ shares in Entity 0		
Sub- total		
Grand total		

Movement of Equity Investments

Impairment allowance/ provision	2023-2024	2022-2023
	Kshs	Kshs
At the beginning of the year	-	-
Purchase of investments in the year	-	-
Sale of investments during the year	(-)	(-)
Gain/(loss) in fair value of investments through surplus or deficit	-	-
At the end of the year	-	-

e) Shareholding in other entities

For investments in equity share listed above, list down the equity investments under the following categories:

Name of Entity where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding			
	%	%	%	Kshs	Current year	Prior year
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
	-	-	-	-	-	-

Nyeri County Enterprise Development Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

17. Property, plant and equipment

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At 1st July (Previous FY)	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	(-)	(-)	-	-	(-)
Transfers/Adjustments	-	(-)	-	(-)	(-)
At 30th June (Previous FY)	-	-	-	-	-
At 1st July (Current FY)					
Additions	-	-	-	-	-
Disposals	(-)	-	-	-	(-)
Transfer/Adjustments	(-)	-	-	(-)	(-)
At 30th June (Current FY)	-	-	-	-	-
Depreciation And Impairment					
At 1st July (Previous FY)	(-)	(-)	(-)	(-)	(-)
Depreciation	(-)	(-)	(-)	(-)	(-)
Impairment	(-)	-	-	-	(-)
At 30th June (Previous FY)	-	-	-	-	-
At 1st July (Current FY)					
Depreciation	(-)	(-)	(-)	-	(-)
Disposals	-	-	-	-	-
Impairment	(-)	(-)	-	-	(-)
Transfer/Adjustment	-	(-)	(-)	-	-
At 30th June (Current FY)	-	-	-	-	-
Net Book Values					
At 30th June (Previous FY)	-	-	-	-	-
At 30th June (Current FY)	-	-	-	-	-

Nyeri County Enterprise Development Fund
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Notes To The Financial Statements (Continued)

18. Intangible assets

Description	2023-2024	2022-2023
	Kshs	Kshs
Cost		
At Beginning of The Year	-	-
Additions	-	-
At End of The Year	-	-
Amortization And Impairment		
At Beginning of The Year	-	-
Amortization	-	-
At End of The Year	-	-
Impairment Loss	-	-
At End of The Year	-	-
NBV	-	-

19. Investment Property

Description	2023-2024	2022-2023
	Kshs	Kshs
At beginning of the year	-	-
Additions	-	-
Disposal during the year	(-)	(-)
Depreciation	(-)	(-)
Impairment	(-)	(-)
Gain/(loss) in fair value (if fair value is elected)	-	-
At end of the year	-	-

(For investment property held at fair value, changes in fair value should go through the statement of financial performance. Where cost model is elected, depreciation and impairment should not be charged. Investment measured at fair value should be evaluated at the end of the reporting period for changes in fair value.). Entity should disclose the independent valuers, rental income from the investment property if any and the direct costs attributed to the investment property. Any charges on the investment property as well as any difficulty in classifying this asset as an investment property.

Nyeri County Enterprise Development Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

20. Trade and other payables from exchange transactions

Description	2023-2024		2022-2023	
	Kshs		Kshs	
Trade Payables	-		-	
Refundable Deposits	68,756		-	
Accrued Expenses	-		-	
Other Payables(unidentified deposits)	470,205		378,105	
Total Trade and Other Payables	538,961		378,105	
Ageing analysis (Trade and other payables)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (tie to above total)	-		-	

(NB: Amount under deposits and retentions should tie to cash held in deposit account)

21. Provisions

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

Nyeri County Enterprise Development Fund

Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

22. Borrowings

Description	2023-2024	2022-2023
	Kshs	Kshs
Balance At Beginning of The Period	-	-
External Borrowings During the Year	-	-
Domestic Borrowings During the Year	-	-
Repayments of External Borrowings During the Period	(-)	(-)
Repayments of Domestic Borrowings During the Period	(-)	(-)
Balance At End of The Period	-	-

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

Description	2023-2024	2022-2023
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan From 'X Organization'	-	-
Sterling Pound Denominated Loan From 'Y Organization'	-	-
Euro Denominated Loan from Z Organization'	-	-
Domestic Borrowings		
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Borrowings From Other Government Institutions	-	-
Total Balance at End of The Year	-	-

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

Description	2023-2024	2022-2023
	Kshs	Kshs
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

(NB: the total of this statement should tie to note 22 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed). Borrowings should be measured at amortised cost as per IPSAS 41)

Nyeri County Enterprise Development Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

23. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	2023-2024	2022-2023
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total	-	-	-	-	-

24. Social Benefit Liabilities

Description	2023-2024	2022-2023
	Kshs	Kshs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
Total	-	-
Current social benefits	-	-
Non- current social benefits	-	-
Total (tie to totals above)	-	-

25. Cash generated from operations.

Description	2023-2024	2022-2023
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	203,682	587,993
Adjusted For:		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	-	-
Finance Cost	-	-
Working Capital Adjustments		
Increase In Inventory	-	-
Increase In Receivables	-	-
Increase In Payables	-	-
Net Cash Flow From Operating Activities	203,682	587,993

Notes To The Financial Statements (Continued)

26. 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	2023-2024	2022-2023
	Kshs	Kshs
Transfers From Related Parties'	-	-
Transfers To Related Parties	-	-

c) Key management remuneration

Description	2023-2024	2022-2023
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

Description	2023-2024	2022-2023
	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Government	-	-
Total	-	-

e) Due to related parties

Description	2023-2024	2022-2023
	Kshs	Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
Total	-	-

27. Contingent assets and contingent liabilities

Contingent Liabilities	2023-2024	2022-2023
	Kshs	Kshs
Court Case - Against the Fund	-	-
Bank Guarantees	-	-
Total	-	-

Notes To The Financial Statements (Continued)

28. Financial risk management

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

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

a) Credit risk

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 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	-	-	-	-

Notes To The Financial Statements (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The entity has significant concentration of credit risk on amounts due from -x

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

b) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2023				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

Notes To The Financial Statements (Continued)

c) Market risk

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

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

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

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

i. Foreign currency risk

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

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

Description	Other currencies		Total
	Kshs	Kshs	Kshs
At 30 June 2024			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables			
Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

Notes To The Financial Statements (Continued)

Foreign currency sensitivity analysis

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

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

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs - (2022: Kshs -). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs - (2021 – Kshs -).

Notes To The Financial Statements (Continued)

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	2023-2024	2022-2023
	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	%	%

29. Events after the reporting period

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

30. Ultimate and Holding Entity

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

31. Currency

The financial statements are presented in Kenya Shillings (Kshs).

20. Annexes

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
OAG/NRO/E XEC/5B/EDF/ (20)	Defaulted loans; Failure to apply penalties on loans in default	All loans are fully secured by a charge against securities provided and each security perfected by County prequalified law firms through the office of the County Attorney and due diligence conducted. The Management has issued demand letters to the defaulters and also advertised for Procurement auctioneers (through the County Procurement directorate) to help with asset attachment and disposal. Further, the Management is in the process of reviewing the Fund regulations and guidelines on the penalties and also	Not resolved	FY 2024/2025

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		procuring a Loan Management System to address the above challenges.		
	Under expenditure of 24% of the budget.	The unutilized funds had been allocated for the board meetings which were reduced in number for the year 2022/2023, where as service delivery to the public remained as planned with the secretariat team carrying out the required activities.	Resolved	
	Lack of valuation reports	The management has advertised for Procurement auctioneers (through the County Procurement directorate)	Not resolved	FY 2024/2025
	Lack of Risk Management Policy and Strategic Plan	The Management has been implementing the guidelines issued by CECM Finance and CECM Trade as main guiding documents and also adopted the County Risk Management Policy for its operations.	Risk Manangement Policy:Resolved Strategic Plan: Not Resolved	FY 2024/2025


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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>The Management has developed a draft strategic plan which is in the stakeholder's participation level.</p>		
	<p>Information Communication Technology weaknesses</p>	<p>On the availability of adequate ICT equipment, The Nyeri County Enterprise Development Fund has been supported by the host department with two dedicated computers for the Fund activities.</p> <p>The Management maintains automated excel records.</p> <p>The Management is in the process of procuring a Loan Management System which will fully automate all the Fund activities, which will improve efficiency and effectiveness.</p>	<p>Not Resolved</p>	<p>FY 2024/2025</p>

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Unresolved Prior Year issues	Were resolved in the Previous senate sitting (May 2024).	Resolved	

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.
- (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.


Fund Administrator

Date.....14/11/24.....