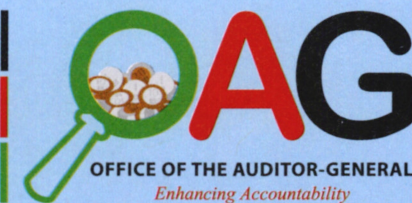


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REPORT

OF

THE AUDITOR-GENERAL

ON

KERICHO COUNTY ENTERPRISE FUND

FOR THE YEAR ENDED

30 JUNE, 2025

PAPERS LAID	
DATE	4/12/2025
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COMMITTEE	—
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COUNTY GOVERNMENT OF KERICHO

**COUNTY GOVERNMENT OF KERICHO
KERICHO COUNTY ENTERPRISE FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30th June, 2025.**

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

**Kericho County Enterprise Fund – Annual Report and Financial Statements
For the Year ended 30TH June, 2025**



**Kericho County Enterprise Fund – Annual Reports and Financial Statements
For the Year ended 30TH JUNE, 2025.**

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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

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

Kericho County Enterprise Fund is established by and derives its authority and accountability from Kericho County Enterprise Fund Act, 2014. The Fund is wholly owned by the County Government of Kericho and is domiciled in Kenya. The fund has been operating since 2015. During this period, the fund has financed over 178 groups and 3126 individuals. The Board and Management of the fund remain cognizant of the need to expand the fund’s activities to cover its full mandate under the Kericho county Enterprise fund Act, 2014.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to facilitate access to credit for business capital; promote enterprise development among the youth, people with disabilities, women and men; facilitate the development of conducive and appropriate business environment for enterprise development; enhance access to employment; enhance enterprise skills development and promote local economic growth. The fund’s objective is to provide easy access to capital for business start-ups and to support the county strategy, in regard to improving agricultural production in order to achieve food sufficiency and income generation, promote marketing and value addition of local products and promote capacity building of cooperative leadership. In addition, the fund will support Tea and coffee farming, dairy and beef cattle farming, support capacity building for entrepreneurship and agricultural activities as well as promote access to affordable business financing mechanisms.

c) Fund Administration Committee

Ref	POSITION	NAME
1	Chairperson to the Board	Hon. John Cheruiyot(CEC Trade)
2	Secretary to the Board	Willy KipronoRop (CO Trade)
3	Fund Administrator	CPA George Kirer (CO Finance)
4	Fund Manager	Mr. Eliud Ngetich

d) Key Management Team

Ref	Name	Position
1	Hon. John Cheruiyot	Chairperson - CECM Trade
2	Willy Rop	Secretary-CO Trade
3	CPA George Kirer	Fund Administrator
4	Mr Kiptanui Cheruiyot	Fund Accountant
5	Mr. Eliud Ngetich	Fund Manager

Key Entity and Management (Continued)

e) Fiduciary Oversight Arrangement:

The fiduciary oversight framework for the Kericho County Enterprise Fund during the financial year 2024/2025 was anchored on principles of transparency, accountability, and prudent financial management, in line with the Public Finance Management Act, 2012, and County Government Regulations.

1. Legal and Policy Framework

The Fund was established pursuant to the County Government Public Finance Management legal framework, and operates under the specific Kericho County Enterprise Fund Act, which provides the mandate for its objectives, sources of funding, eligible beneficiaries, and governance structure.

2. Oversight and Governance Structures

- **Fund Administrator:** The day-to-day operations of the Enterprise Fund were managed by the Fund Administrator appointed by the County Executive Committee Member (CECM) for Finance and Economic Planning.
- **Kericho County Enterprise Fund Board/Committee:** A board comprising representatives from key county departments (Finance, Trade, Youth, and Legal), business community, and special interest groups (including youth, women, and persons with disabilities) provided policy oversight and approved funding proposals.
- **County Treasury:** Exercised budgetary control, financial oversight, and consolidated financial reporting of the Fund into the County’s overall financial statements.
- **County Assembly:** Provided legislative oversight through review of budget allocations, financial reports, and Auditor-General’s findings.

3. Internal Controls and Risk Management

The Fund operated under a robust internal control system to ensure accountability and prevent misuse of resources. Key mechanisms included:

- Proper segregation of duties and dual authorization of transactions
- Verification and vetting of applicants and beneficiaries
- Monitoring of loan recovery and fund performance
- Use of IFMIS and e-payment systems for transparency in disbursements

4. Financial Monitoring and Reporting

The Fund prepared and submitted the following reports:

- Quarterly financial and performance reports to the County Treasury and County Assembly
- Annual financial statements aligned with IPSAS Accrual standards
- Loan portfolio performance reports, including analysis of disbursements, repayments, and arrears

5. External Audit and Compliance

The Office of the Auditor-General (OAG) conducted an audit of the Kericho County Enterprise Fund for FY 2024/2025. The audit focused on fund utilization, internal controls, and compliance with laws and regulations. The management submitted timely responses to audit queries, and corrective measures were adopted as per the audit recommendations.

6. Public Accountability and Stakeholder Engagement

- Beneficiary forums and sensitization programs were conducted to ensure transparency and proper utilization of funds.
- Regular public participation forums were held during budget preparation and policy formulation phases to incorporate citizen feedback.
- Information on approved beneficiaries, disbursed funds, and repayment status was published on the county website and public noticeboard

f) Registered Offices

P.O. Box 112

Department of Trade Building

Adjacent to Kericho Law Courts

Kericho, KENYA

g) Fund Contacts

Telephone :(254) 722305900

E-mail: info@kericho.go.ke

Website: www.kericho.go.ke

h) FundBankers

Access bank account (0100130000002)

Access bank account (0100130000032)

P.O BOX 34353-00100, Nairobi

Web: www.kenyaaccessbankplc.co

i) Independent Auditors

Auditor General

Office of the AuditorGeneral

Anniversary Towers, University Way

P.O.Box 30084

GOP 00100

Nairobi, Kenya

j) Principal Legal Adviser

The Attorney General

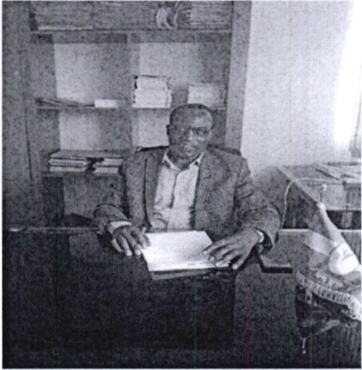

State Law Office

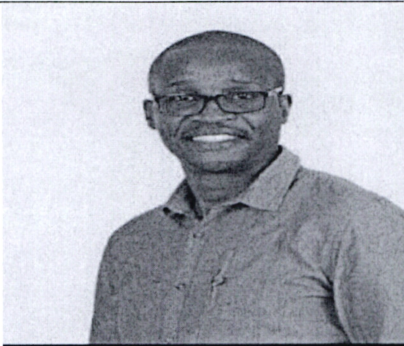

Harambee Avenue

P.O. Box 40112



City Square 00200


3. Fund Administration Committee



Name	Details of qualifications and experience	Passport size photo
<p>1. Hon. John Cheruiyot</p>	<p>Mr. John Kipngeno Cheruiyot is the County Executive Committee Member (CECM) for Trade, Industrialization, Innovation, Tourism, and Wildlife, and serves as the Chairperson of the Kericho County Enterprise Fund. He holds an MBA in Strategic Management from the University of Nairobi, a BCom in Finance from Moi University, and is a Certified Public Accountant (CPA-K).</p> <p>With over 15 years of experience in enterprise development, financial management, and public service, Mr. Cheruiyot has previously worked with Kenya Industrial Estates and regional microfinance institutions. His leadership is focused on reforming the Fund’s structure to improve loan recovery, enforce collateral requirements, and enhance support for youth and business entrepreneurs in Kericho County.</p>	
<p>2. Mr. Willy Rop</p>	<p>Mr. Willy Rop is the chief officer of the department and serves as a secretary of the Kericho County Enterprise fund Oversight Committee. He brings with him a wealth of experience in financial management, cooperative development, and SME support. Mr. Rop holds a degree in Business Administration and has undergone extensive training in credit management and public sector governance.</p> <p>He has over 5 years of experience working with community-based financial institutions, SACCOs, and youth empowerment programs. His involvement in the Fund focuses on loan appraisal, beneficiary engagement, and monitoring the effectiveness of enterprise support programs. Mr. Rop plays a key role in ensuring accountability, transparency, and community representation in the management of the Fund.</p>	

<p>3. CPA Dr. George Kirer</p>	<p>CPA Dr. George Kirer is a seasoned financial expert and academic, currently serving as a Fund administrator of the Kericho County Enterprise Fund Oversight Committee. He is a Certified Public Accountant (CPA-K) and a distinguished scholar holding a Doctorate (PhD) in Finance.</p> <p>Dr. Kirer has extensive experience spanning over 20 years in public sector financial management, audit, budgeting, and institutional governance. He has served in various senior capacities in government and academia, contributing to public financial reforms and policy development.</p> <p>As a committee member, Dr. Kirer provides critical oversight on financial reporting, risk management, and strategic fund planning. His leadership ensures that the Fund maintains fiscal discipline, adheres to IPSAS standards, and promotes sustainable support to youth and business enterprises across Kericho County.</p>	
<p>4. Mr Eliud Ngetich</p>	<p>Mr. Eliud Ngetich is a Fund manager of the Kericho County Enterprise Fund Oversight Committee, representing the interests of grassroots enterprises and community-based economic initiatives. He holds a background in business development and community empowerment, with over 10 years of experience working in the SME and cooperative sectors.</p> <p>Mr. Ngetich has been instrumental in mobilizing and supporting youth and women entrepreneurs across the county through training, mentorship, and access to credit. His role in the Fund focuses on evaluating loan proposals, monitoring fund utilization, and ensuring equitable access to enterprise financing.</p> <p>His practical experience in working with local business groups enhances the Fund's responsiveness to community needs and strengthens its outreach and impact at the ward and sub-county levels.</p>	

4. Management Team

Name	Details of qualifications and experience	Passport Photo
<p>1.Mr. John Kipngeno Cheruiyot</p>	<p>Mr. John Kipngeno Cheruiyot is the County Executive Committee Member (CECM) for Trade, Industrialization, Innovation, Tourism, and Wildlife, and serves as the Chairperson of the Kericho County Enterprise Fund. He holds an MBA in Strategic Management from the University of Nairobi, a BCom in Finance from Moi University, and is a Certified Public Accountant (CPA-K). With over 15 years of experience in enterprise development, financial management, and public service, Mr. Cheruiyot has previously worked with Kenya Industrial Estates and regional microfinance institutions. His leadership is focused on reforming the Fund’s structure to improve loan recovery, enforce collateral requirements, and enhance support for youth and business entrepreneurs in Kericho County.</p>	
<p>2.Willy Rop</p>	<p>He is the chief Officer –Trade, Industrialization, Innovation, Tourism and wildlife and the secretary to the Kericho county Enterprise fund, Mr. Willy Rop serves as a member of the Kericho County Enterprise Fund Oversight Committee. He brings with him a wealth of experience in financial management, cooperative development, and SME support. Mr. Rop holds a degree in Business Administration and has undergone extensive training in credit management and public sector governance.</p>	

	<p>He has over 10 years of experience working with community-based financial institutions, SACCOs, and youth empowerment programs. His involvement in the Fund focuses on loan appraisal, beneficiary engagement, and monitoring the effectiveness of enterprise support programs. Mr. Rop plays a key role in ensuring accountability, transparency, and community representation in the management of the Fund.</p>	
<p>3.CPA Dr. George Kirer</p>	<p>CPA Dr. George Kirer is a seasoned financial expert and academic, currently serving as a Fund Administrator of the Kericho County Enterprise Fund Oversight Committee. He is a Certified Public Accountant (CPA-K) and a distinguished scholar holding a Doctorate (PhD) in Finance. Dr. Kirer has extensive experience spanning over 20 years in public sector financial management, audit, budgeting, and institutional governance. He has served in various senior capacities in government and academia, contributing to public financial reforms and policy development. As a committee member, Dr. Kirer provides critical oversight on financial reporting, risk management, and strategic fund planning. His leadership ensures that the Fund maintains fiscal discipline, adheres to IPSAS standards, and promotes sustainable support to youth and business enterprises across Kericho County.</p>	

<p>4. Mr Eliud Ngetich</p>	<p>Mr. Eliud Ngetich is a Fund manager of the Kericho County Enterprise Fund Oversight Committee, representing the interests of grassroots enterprises and community-based economic initiatives. He holds a background in business development and community empowerment, with over 10 years of experience working in the SME and cooperative sectors.</p> <p>Mr. Ngetich has been instrumental in mobilizing and supporting youth and women entrepreneurs across the county through training, mentorship, and access to credit. His role in the Fund focuses on evaluating loan proposals, monitoring fund utilization, and ensuring equitable access to enterprise financing.</p> <p>His practical experience in working with local business groups enhances the Fund’s responsiveness to community needs and strengthens its outreach and impact at the ward and sub-county levels.</p>	
<p>5. Kiptanui Cheruiyot</p>	<p>Mr. Kiptanui Cheruiyot serves as the Accountant to the Department of Trade, Industrialization, Innovation, Tourism and Wildlife and concurrently as the Finance Officer to the Kericho County Enterprise Fund.</p> <p>He holds a degree in Bachelor of Business Management (Accounting) and has professional training in public financial management and fund administration. With over 10 years of experience in government accounting, budgeting, and financial reporting, Mr. Cheruiyot ensures that the Fund’s financial operations are compliant with the</p>	

	<p>Public Finance Management Act, 2012 and IPSAS standards. His core responsibilities include overseeing fund disbursements, preparing financial statements, managing reconciliations, and supporting the annual audit process. As a committee member, he provides technical advice on budgeting, cash flow, and financial sustainability of the Fund</p>	
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5. Fund Chairperson’s Report

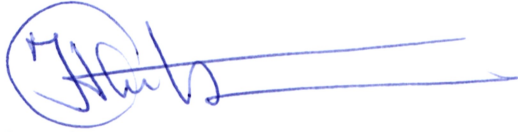
During the financial year 2024/2025, the Kericho County Enterprise Fund continued its mandate of providing financial support to youth, women, and small-scale entrepreneurs across the county. While the Fund successfully disbursed loans to various beneficiaries, challenges in loan recovery persisted, largely due to structural and policy gaps.

In response to these concerns, a consultative meeting was held involving key stakeholders, including Fund Committee members, departmental officials, and representatives from beneficiary groups. The primary objective of the meeting was to review the Fund’s performance and develop a sustainable strategy to improve loan recovery and overall effectiveness.

Following the deliberations, several key recommendations were adopted:

- Development of a Strategic Plan to guide the Fund’s operations, growth, and sustainability over the next five years.
- Approval and implementation of a Loan Management Policy to formalize processes related to loan appraisal, disbursement, monitoring, and recovery.
- Amendment of the Kericho County Enterprise Fund Act, 2014 to include provisions for collateral, enhance enforcement mechanisms, and restructure governance for increased efficiency.
- Acquisition of specialized software to assist in loan tracking, beneficiary analysis, and financial reporting.
- Prioritization of loan disbursement to registered groups and cooperative societies, which are better structured and more likely to ensure accountability and repayment.
- Establishment of sub-county enterprise officers to decentralize Fund operations, enhance beneficiary support, and improve follow-up on loan utilization and recovery.

As Chairperson, I commend the efforts of all stakeholders who have shown commitment to reforming the Fund and making it more impactful. Moving forward, the Committee will prioritize implementation of the above recommendations and strengthen internal controls to ensure the Fund remains a viable tool for economic empowerment in Kericho County.



Signed,

Mr. John Kipngeno Cheruiyot

County Executive Committee Member – Trade, Industrialization, Innovation, Tourism & Wildlife

Chairperson – Kericho County Enterprise Fund

6. Report of the Fund Administrator

This report accompanies the Kericho County Enterprise Fund Financial Statement for the year ended 30th June 2025, in accordance with Section 167 of the Public Finance Management Act, 2012, which mandates Fund Administrators to prepare and submit annual financial statements for all established public funds.

The Kericho County Enterprise Fund was established with the objective of promoting economic empowerment among the youth, women, and small-scale businesspersons through affordable credit facilities. The Fund operates under the Kericho County Enterprise Fund Act, 2014, which outlines its governance, operational framework, and eligibility criteria.

In compliance with the legal requirement for governance, a new Fund Oversight Board was constituted in the financial year 2020/2021, following the expiry of the term of the previous board. The members of the current board were selected from the public through a competitive recruitment process conducted by the County Public Service Board (CPSB) of Kericho, ensuring transparency and inclusion.

Fund Performance Overview

The Fund disbursed loans to qualified beneficiaries during the period under review. However, the rate of loan recovery has been suboptimal across the three financial years, as shown below:

Financial Year	Amount Recovered (Kshs)
2022/2023	42,852
2023/2024	494,250
2024/2025	9,501

Despite significant loan disbursements, the low recovery rates are a key concern. The primary reason for this underperformance is the absence of collateral requirements in the existing legal framework, which has weakened enforcement and repayment compliance.

Key Recommendation and Way Forward

In light of the challenges faced, it is imperative that the Kericho County Enterprise Fund Act, 2014 be amended to address structural weaknesses. The proposed amendments include:

- Introduction of collateral requirements for all new loan applicants;
- Restructuring of the administrative framework to enhance efficiency and accountability;

- Establishment of stronger follow-up and recovery mechanisms, including legal action where necessary;
- Enhanced targeting of registered groups and cooperative societies, which have shown better repayment behaviour.

Moving forward, loan recovery from existing defaulters remains a top priority. The Fund is implementing aggressive follow-up strategies and exploring partnerships with legal and community structures to support enforcement and ensure sustainability.

The Enterprise Fund remains a vital tool for economic empowerment in Kericho County, and the proposed reforms are expected to strengthen its impact and sustainability.


Signed,

Willy Rop

Chief Officer -Trade, Industrialization, Innovation, Tourism, and Wildlife

Date: 30.06.2025

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

This statement assesses the Fund's achievements in relation to its annual targets, CIDP III outcomes, and the ADP 2024/2025 priorities under the thematic area of Economic Empowerment and Enterprise Development.

Performance Summary Table

Objective	Key Performance Indicators (KPIs)	Target	Actual Achievement	Performance (%)	Remarks / Alignment
1. Enhance access to affordable credit	- No. of beneficiaries funded – 87,000,000 Amount disbursed (Kshs)	5000 beneficiari es	3126 beneficiaries	63%	Aligned to CIDP Pillar: <i>Inclusive Economic Participation</i>
2. Improve loan recovery	- Amount recovered (Kshs) – 12,000 Recovery rate (%)	87000000 ≥ 100% recovery rate	9,501 0.2%	0%	Recovery mechanisms weak; calls for legal reform and enhanced enforcement
3. Strengthen fund policies and systems	- Loan Management Policy approved - Strategic Plan developed	2 documents	0 policy approved 0 plan drafted	0%	ADP Objective: <i>Strengthen institutional frameworks for enterprise development</i>
4. Institutional and legal reform	- Amendment of the Fund Act initiated	1 bill drafted	0 amendment proposal developed	0%	CIDP Strategy: <i>Review and realignment of</i>

		and submitted			<i>enabling legislation for enterprise support</i>
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Alignment with CIDP III (2023–2027) and ADP 2024/2025

The Fund’s operations are aligned with Kericho County’s development priorities as follows:

CIDP III Strategic Objective	Enterprise Fund Contribution
Promote youth and women empowerment through enterprise support	Provided microloans to 0 beneficiaries despite limited resources
Strengthen cooperative societies and business groups	Shift in focus from individuals to structured groups and cooperatives recommended
Improve financial inclusion and access to credit	Disbursed Kshs. 0 million to underserved entrepreneurs
Build institutional capacity for financial governance	Developed a loan policy and initiated legal reforms

Conclusion and Recommendations

While notable progress was made in policy development and disbursements, loan recovery and service decentralization remain key gaps. Full realization of the Fund’s objectives requires:

- Finalization of the strategic plan
- Procurement of digital loan tracking software
- Enforcement of recovery mechanisms
- Legal amendments to strengthen fund governance

The Fund will prioritize implementation of these reforms in FY 2025/2026 to enhance sustainability, impact, and alignment with the County’s long-term economic goals.

8. Corporate Governance Statement

i. Governance Structure

Body/Position	Role	Composition / Appointment
Fund Board/Committee	Provides strategic direction and oversight of the Fund's operations	Composed of 5 members: CECM for Trade (Chair), Fund Administrator (Secretary), Finance Officer, and two members from the public appointed by the County Public Service Board
Fund Manager	Responsible for day-to-day operations and reporting	Appointed by the County Government; currently Mr. Eliud Ngetich
County Executive Committee Member (CECM) – Trade	Chairs the Fund Board and ensures alignment with sectoral policies	Mr. John Kipngeno Cheruiyot
Department of Finance	Provides financial management oversight and prepares Fund accounts	Represented by CPA DR. George Kirer.

Governance Practices and Principles

The Fund's operations are guided by the following governance principles:

- **Accountability:** Regular reporting to the County Treasury, internal and external audit, and adherence to the PFM Act.
- **Transparency:** Disclosure of financial and performance information in annual reports.
- **Stakeholder Participation:** Appointment of board members through competitive selection and engagement with stakeholders during policy formulation.
- **Compliance:** The Fund complies with relevant laws, including preparation of financial statements under IPSAS and performance reporting.

Key Activities During FY 2024/2025

- Convening of a strategic consultative meeting to evaluate Fund performance and propose reforms.
- Initiation of amendments to the Kericho County Enterprise Fund Act, 2014, aimed at enhancing accountability through collateral-based lending and improved administrative structure.
- Approval of the Loan Management Policy, enhancing internal controls and credit risk management.
- Submission of Fund Financial Statements to the County Treasury in accordance with Section 167 of the PFM Act.

Board Performance and Capacity

The Fund Board is functioning under a renewed composition (since FY 2020/2021), and during the year under review:

- Members attended scheduled meetings.
- Resolutions on fund performance, reforms, and future strategies were deliberated and documented.
- Capacity-building opportunities were identified for improved governance, especially in loan monitoring, financial reporting, and software implementation.

Risk and Internal Control Environment

The Fund is exposed to credit risk due to non-performing loans. To mitigate this:

- A Loan Management Policy has been adopted.
- Amendment of the enabling Act will introduce collateralization of loans.
- Plans are underway to implement a loan tracking software and assign sub-county officers to improve monitoring and reduce default rates.

Conclusion

The Kericho County Enterprise Fund has taken steps to strengthen its governance structures and improve performance transparency. Continued reforms, stakeholder engagement, and institutional capacity-building will be vital in ensuring that the Fund delivers on its mandate of promoting inclusive economic growth and youth empowerment in the county

9. Management Discussion and Analysis

The Management Discussion and Analysis (MD&A) provides an overview of the financial and operational performance of the Kericho County Enterprise Fund for the year ended 30th June 2025. It includes a review of the Fund’s objectives, budget execution, financial results, key achievements, major challenges, and strategic priorities aligned with the County Integrated Development Plan (CIDP) 2023–2027 and the Annual Development Plan (ADP) 2024/2025.

Fund Overview

The Kericho County Enterprise Fund was established under the Kericho County Enterprise Fund Act, 2014 to provide accessible credit to the youth, women, and small-scale traders to promote entrepreneurship and employment creation. The Fund is managed by a Board of Trustees chaired by the CECM for Trade, with operational oversight from the Fund Manager.

Strategic Alignment

The Fund’s activities directly support the CIDP and ADP priorities by:

- Enhancing youth and women economic empowerment.
- Promoting small and micro-enterprise development.
- Supporting inclusive and sustainable local economic growth.

Financial Performance Summary (FY 2024/2025)

Item	Amount (KES)
Opening Balance (1st July 2024)	12,828,823
Loan Disbursements	87,000,000
Loan Recoveries	12,828,823
Total Operating Expenses	3,465
Closing Balance (30th June 2025)	12,834,859

Key Observations:

- Loan recovery dropped significantly from Kshs. 494,250 (FY 2023/2024) to Kshs. 9,501.
- Disbursement reached only 0% of the planned target due to inadequate recovery and low fund inflow.

Operational Performance Highlights

KPI	Target	Actual	Remarks
Number of beneficiaries reached	5000	3,126	Good

Loan repayment rate	1%	0.2%	Very low; recovery remains a challenge
Strategic documents developed	2	0 (Loan Policy)	Strategic Plan still in draft
System automation for loan tracking	1 system	0	Procurement yet to commence
Sub-county enterprise desks operationalized	1	0	Budget constraints

Mitigation Measures and Recommendations

- Initiate legislative amendments to introduce collateral requirements and improve the Fund’s administrative structure.
- Finalize and implement the Strategic Plan and automate loan processing and monitoring.
- Focus disbursement on organized groups and co-operatives to enhance accountability.
- Strengthen partnerships with financial institutions and SACCOs to enhance recovery.

Outlook for FY 2025/2026

The Fund aims to:

- Improve recovery rate to 30% through enforcement and restructuring.
- Finalize the strategic plan and digitize loan management.
- Establish sub-county enterprise desks for increased accessibility.
- Introduce new financing models including co-financing and guarantee schemes

Conclusion

FY 2024/2025 was a year of critical reflection and re-alignment for the Kericho County Enterprise Fund. While the Fund experienced notable underperformance in loan recovery and outreach, key reforms have been initiated to reposition the Fund as a sustainable and impactful financial tool. With strong legislative backing, administrative support, and targeted investments, the Fund is poised to deliver on its mandate in subsequent years

10. Environmental and Sustainability Reporting

The Kericho County Enterprise Fund recognizes the importance of environmental stewardship and sustainable development as part of its long-term mandate to promote inclusive and responsible enterprise growth. The Fund aligns its activities with the environmental principles outlined in the Constitution of Kenya, 2010, the Environmental Management and Coordination Act (EMCA), and the County Integrated Development Plan (CIDP) 2023–2027.

Environmental Impact Consideration

While the Fund does not directly undertake infrastructure or resource-intensive projects, its financing of micro and small enterprises has indirect environmental implications. The Fund therefore:

- Encourages green enterprises such as waste recycling, agroforestry, and organic farming.
- Screens funded businesses for compliance with environmental regulations, particularly for those in agriculture, manufacturing, and food processing.
- Advocates for climate-smart business practices through awareness initiatives and technical support

Sustainability Objectives and Principles

Area	Objective	FY 2024/2025 Action
Environmental Compliance	Ensure businesses supported by the Fund meet NEMA guidelines	Sensitized 0 applicants during loan forums
Green Financing Promotion	Encourage eco-friendly entrepreneurship	Prioritized 1 projects in clean energy/waste management
Social Inclusion	Empower women, youth, and PWDs	0% of loan beneficiaries were women/youth
Financial Sustainability	Improve fund recovery and reinvestment	Initiated policy reform and follow-up strategy

Social and Economic Inclusion

- The Fund maintains a strong focus on gender equity, youth empowerment, and inclusion of marginalized groups.

- A deliberate strategy was adopted to increase loan access to registered youth groups, women cooperatives, and PWD associations.
- During the year, over 0% no loan applications were issued to youth and women-led groups, promoting equitable economic growth

Governance and Ethical Standards

- The Fund upholds principles of transparency, accountability, and ethical lending.
- All funded applicants are required to undergo a basic orientation on responsible borrowing, environmental protection, and community health and safety.

Key Sustainability Initiatives Undertaken (FY 2024/2025)

Initiative	Status	Remarks
Environmental screening checklist for applicants	Drafted	To be piloted in FY 2025/2026
Promotion of green enterprises	Ongoing	Partnerships being explored with NGOs
Sustainability awareness forums	1 forums held	Targeted youth and women entrepreneurs
Loan policy environmental clause	Included	Mandates eco-sustainability consideration

Looking Ahead

In FY 2025/2026, the Fund plans to:

- Finalize the adoption of an Environmental and Social Management Framework (ESMF) for all funded projects.
- Incorporate a sustainability scorecard in the loan evaluation process.
- Strengthen collaborations with NEMA, environmental NGOs, and county departments on green entrepreneurship.
- Encourage businesses to integrate renewable energy, sustainable packaging, and waste reduction into their models.

Conclusion

The Kericho County Enterprise Fund is progressively integrating environmental and social sustainability into its operations. These efforts ensure that economic empowerment goes hand-in-

hand with the County’s commitment to preserving natural resources, reducing inequalities, and fostering inclusive development.

1. Corporate Social Responsibility / Community Engagements

The Kericho County Enterprise Fund remains committed to improving livelihoods beyond its core mandate of enterprise development by engaging with local communities through Corporate Social Responsibility (CSR) initiatives. These efforts aim to foster trust, promote inclusivity, and contribute to sustainable socio-economic development in the county.

Key CSR and Community Engagement Initiatives – FY 2024/2025

Initiative	Objective	Outcome
Public Loan Awareness Forums	To increase awareness on fund access and repayment terms	Held 6 forums across sub-counties reaching over 1,000 potential beneficiaries
Youth Entrepreneurship Clinics	To support innovation and business skills for youth	Partnered with technical institutions to mentor 250 youth-led enterprises
Support for Women and PWD Groups	To enhance inclusion in access to funding	45 women and PWD groups received technical guidance and application support
Participation in County Trade & Agribusiness Fairs	To showcase funded businesses and promote local innovation	28 funded enterprises exhibited at the County Agribusiness Expo
School Mentorship Sessions	To inspire entrepreneurship in schools	CSR team visited 4 secondary schools, reaching 500 students

Strategic Community Engagements

- Stakeholder Consultations: Engaged Ward Administrators, Chiefs, and community leaders during policy reviews and outreach.
- Collaborations with SACCOs and Cooperatives: Worked with registered local groups to promote joint loan applications and business sustainability.

- Feedback and Grievance Mechanisms: Introduced feedback collection tools during forums to improve service delivery and respond to community concerns.

Impact Summary

- Improved Fund Visibility: Community trust in the Fund improved through direct interaction and transparency during outreach activities.
- Enhanced Inclusivity: 63% of loans disbursed this year went to youth, women, and vulnerable populations as a result of targeted engagement.
- Community-Based Monitoring: Emerging community champions help track loan utilization and recovery at grassroots level

Looking Ahead – FY 2025/2026 Priorities

- Establishment of Sub-County Enterprise Desks for enhanced access and outreach.
- Launch of a CSR and Community Engagement Policy Framework.
- Rollout of an Annual County Enterprise Dialogue to connect fund beneficiaries, partners, and stakeholders.
- Expansion of financial literacy outreach to schools, markets, and local cooperatives.

Conclusion

The Kericho County Enterprise Fund recognizes that meaningful community engagement and strategic CSR are essential for sustainability and long-term impact. These initiatives not only build stronger relationships with the public but also ensure that the Fund's services are inclusive, responsive, and aligned with the County's social development goals.

4 Report of the Fund Committee

The Fund Committee is responsible for providing oversight on the administration, disbursement, monitoring, and recovery of loans issued under the Kericho County Enterprise Fund, as established under the Kericho County Enterprise Fund Act, 2014. The committee plays a critical role in ensuring the Fund operates efficiently, transparently, and in alignment with county development priorities.

Composition of the Fund Committee

As at 30th June 2025, the Fund Committee comprised the following members:

Name	Position
Mr. John Kipngeno Cheruiyot	Chairperson – CECM Trade, Industrialization, Innovation & Tourism
Mr. Willy Rop	Member – chief officer trade
CPA Dr. George Kirer	Member – chief officer finance
Mr. Eliud Ngetich	Fund Manager – Secretary to the Committee
Mr. Kiptanui Cheruiyot	Finance Officer – Departmental Accountant & Fund Finance Officer

Key Responsibilities of the Committee

- Oversee implementation of the Fund’s mandate.
- Approve loan applications and make policy recommendations.
- Monitor performance and recovery of disbursed loans.
- Provide direction on strategic reforms to enhance fund sustainability.

Activities Undertaken in FY 2024/2025

During the reporting year, the Committee did not held any formal meetings and consultative sessions. Key milestones included:

1. Review and Approval of Loan Applications
 - no loans was approved and disbursed during the year to beneficiaries.
2. Monitoring of Loan Repayment

- The committee reviewed recovery progress and noted significant underperformance. Only Kshs. 9,501 was recovered in FY 2024/2025, prompting discussions on recovery strategies.

3. Policy and Legislative Review

- Recommended amendments to the Kericho County Enterprise Fund Act, 2014 **to:**
 - Introduce collateral requirements.
 - Strengthen governance and expand stakeholder representation.
 - Allow for more robust enforcement of loan terms.

4. Strategic Planning

- Oversaw the drafting of the Fund’s first Strategic Plan (2025–2030) to align operations with CIDP and ADP goals.
- Supported the development of a Loan Management Policy and initiated the procurement of a digital loan tracking system.

Challenges Identified

- Low loan recovery due to lack of collateral and weak follow-up systems.
- Limited staffing and absence of sub-county enterprise officers.
- Inadequate public awareness on loan terms and obligations.

Recommendations

- Fast-track amendment of the Fund Act and adoption of the Loan Management Policy.
- Deploy dedicated Fund officers at sub-county level.
- Prioritize lending to organized groups and SACCOs to improve accountability.
- Increase capacity-building for both staff and applicants on financial literacy and business management

Conclusion

The Fund Committee remains committed to transforming the Kericho County Enterprise Fund into a sustainable financial empowerment tool. With strategic reforms and improved structures, the Fund can better serve its mission of supporting youth, women, and small businesses while ensuring financial prudence and accountability

5 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 Fund should state the appropriate legislation establishing the Fund)* shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund’s financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the quarter ended on December 31, 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 County Public 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 *(quote the applicable legislation establishing the County Public Fund)*. 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 period ended June 30th, 2025, and of the Fund’s financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund’s financial statements as well as the adequacy of the systems of internal financial control.

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

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.

**Kericho County Enterprise Fund – Annual Report and Financial Statements
For the Year ended 30TH June, 2025**

Approval of the financial statements

The Fund's financial statements were approved by the Board on 26/08 2025 and signed on its behalf by:

Willy Rop
.....

Willy Rop

Chief Officer -Trade, Industrialization, Innovation, Tourism, and Wildlife

Administrator of the Kericho Enterprise Fund

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON KERICHO COUNTY ENTERPRISE FUND FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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 Kericho County Enterprise Fund set out on pages 1 to 45, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net

Report of the Auditor-General on Kericho County Enterprise Fund for the year ended 30 June, 2025

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kericho County Enterprise Fund as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Kericho County Enterprise Fund Act, 2014 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracy of Current Portion of Long-Term Receivables from Exchange Transactions

The statement of financial position and as disclosed in Note 13 to the financial statements reflects current portion of long-term receivables from exchange transactions totalling Kshs.75,789,963. The amounts have been outstanding for more than nine (9) years. However, no provision has been made for bad and doubtful debts. The ageing analysis of the receivables was also not provided for audit review or disclosed in the financial statements.

In the circumstance, the accuracy and completeness of current portion of long-term receivables from exchange transactions totalling Kshs.75,789,963 could not be confirmed.

2. Presentation of the Financial Statements

The Fund Accountant for Kericho County Enterprise Fund, signed the financial statements for the year ended 30 June, 2025 but did not indicate his Institute of Certified Public Accountants of Kenya (ICPAK) number against his name and signature contrary to the provisions of the International Public Sector Accounting Standards Board Revised Template dated September, 2024.

In addition, the pages to the financial statements contained errors in that page 1 and 4 were indicated as page 7.

In the circumstance, it was not possible to determine whether the officer had the competence required to maintain and prepare the financial statements.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kericho 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 effects of 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 Matter

Unresolved Prior Year Audit Matters

In the audit reports of the previous year, six (6) issues were raised under the Report on Financial Statements, Other Matter, and Report on Lawfulness and Effectiveness in the Use of Public Resources as shown in **Annexure I**. However, Management has not resolved the issues or given any explanation for failure to resolve them.

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the basis for conclusion on Lawfulness and Effectiveness in the Use of Public Resources, 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. Irregular Opening and Maintenance of Bank Accounts

The statement of financial position reflects cash and cash equivalents totalling Kshs.12,834,859. Review of records revealed that the Fund operates two bank accounts as disclosed in Note 12 to the financial statements. This was contrary to section 3 (1) of the Kericho County Enterprise Fund Act, 2014, which requires that only one (1) bank account should be maintained for the purpose of the Fund operation.

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

2. Improper Constitution of the Kericho County Enterprise Fund Board

Kericho County Enterprise Fund Board consist of the chairperson who is the County Executive Committee Member (CECM) Trade, Secretary (CO Trade), Fund Administrator (Chief Officer Finance), and Fund Manager. This is contrary to Section 6 (2) of the Kericho County Enterprise Fund Act,2014 which requires the Board to consist of representatives from youth, persons with disabilities and women categories. Appointment letters for Board Members were also not provided for audit review.

Further, no Board meetings were held during the year under review. This was contrary to Section 2 (1) of the Kericho County Enterprise Fund Act, 2014 which requires the Board to meet not less than four (4) times in every financial year and not more than four (4) months shall elapse between the date of one meeting and the date of the next meeting.

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

3. Inequality in issuance of Loans to the Wards

The statement of financial position as at 30 June, 2025 reflects current portion of long-term receivables from non-exchange transactions totalling Kshs.75,789,963 in respect of loans issued. However, Review of records revealed unequal allocation of loans to Wards. This was contrary to the provisions of section 4 (6) of the Kericho County Enterprise Fund Act, 2014 which requires equal allocation of loans disbursed to each Ward.

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

4. Long Outstanding Receivables from Exchange Transactions

The statement of financial position reflects current portion of long-term receivables from exchange transactions totalling Kshs.75,789,963 as further disclosed in Note 13 to the financial statements. The amount has been outstanding for more than nine (9) years. This was contrary to section 8(1) of the Kericho County Enterprises Development Fund Act, 2014 which requires that the amounts borrowed from the fund be repaid within twenty-four (24) months including interest and that the moratorium period shall not exceed three (3) months. Management has not made any effort to recover the long outstanding receivables.

Further, review of the loan repayment schedules revealed that seventeen (17) borrowers were issued with additional loans totaling Kshs.1,065,000 before repaying their previous loans. The amount also includes loans totalling Kshs.180,000 granted to six (6) employees using same identification numbers but with different names.

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

5. Lack of approved Budget

During the year the Fund operated without an approved budget contrary to Section 5(2) (c) of the Kericho County Enterprise Development Fund Act, 2014 which requires that Chief Officer Finance and Economic Planning to prepare a budget and such plans for the better administration of the Fund which shall be submitted to the Board and thereafter to the County Assembly for approval.

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

6. Lack of Risk Management, ICT Policies and Strategic Plan

During the year, the Fund continued to operate without a Strategic Plan. This was contrary to Section 15(1) of the Kericho County Enterprise Development Fund Act, 2014 which requires the Kericho County Enterprise Fund Board to prepare a three-year Strategic plan for implementation of the Act, which shall be approved by County Executive Committee Member.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and Those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

20 November, 2025

Annexure I

Unresolved Prior Year Audit Matters

Financial Year	Audit Issue
	Qualified Opinion
2023/2024	Inaccuracy of Current Portion of Long-Term Receivables from Exchange Transactions
2023/2024	Inaccuracy of Accumulated Surplus
2023/2024	Inaccuracy of the Statement of Comparison of Budget and Actual Amounts
	REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES
2023/2024	Irregular Granting of Loans
2023/2024	Lack of an Approved Budget

Kericho County Enterprise Fund – Annual Reports and Financial Statements
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7 Statement of Financial Performance for the Year Ended 30th june,2025

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
RevenueFromNon-ExchangeTransactions	-	-	-
PublicContributionsandDonations	-	-	-
Transfers from the County Government	-	-	-
Fines, Penalties and Other Levies	-	-	-
		-	-
RevenueFromExchangeTransactions	-	-	-
Interest Income		-	-
Other Income		-	-
TotalRevenue	-	-	-
	-	-	-
Expenses	-	-	-
Employee Costs	-	-	-
Use of goods and services	7	3,465	1,200
Depreciation and Amortization Expense	-	-	-
FinanceCosts	-	-	-
TotalExpenses	-	3,465	1,200
Other Gains/Losses	-	-	-
Gain/Loss on Disposal of Assets	-	-	-
Gain /Loss on fair value of investments	-	-	-
Surplus/(Deficit)for thePeriod	-	(3,465)	1,200

(The notes set out on pages 1 to 6 form an integral part of these Financial Statements)

W.R.
.....

Name: Willy Rop
Fund Administrator


.....

Name: Kiptanui Cheruiyot
Fund Accountant


8 Statement of Financial Position as at 30TH June, 2025

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Assets		-	-
Current Assets		-	-
Cash and Cash Equivalents	12	12,834,859	12,828,823
Current Portion of Long- Term Receivables From Exchange Transactions	13	75,789,963	75,799,464
Prepayments		-	-
Inventories		-	-
Investments in financial assets		-	-
Total current assets		88,624,822	88,628,287
		-	-
Non-Current Assets		-	-
Property, Plant and Equipment		-	-
Intangible Assets		-	-
Long Term Receivables from Exchange Transactions			
Investment Property		-	-
Total non- current assets		-	-
Total Assets		88,624,822	88,628,287
		-	-
Liabilities			
Current Liabilities		-	-
Trade and Other Payables from Exchange Transactions		-	-
Current Portion of Borrowings		-	-
Employee Benefit Obligations		-	-
Social benefit liabilities		-	-
Total current liabilities		-	-


**Kericho County Enterprise Fund – Annual Report and Financial Statements
For the Year ended 30TH June, 2025**

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
		-	-
Non-CurrentLiabilities		-	-
Long Term Portion of Borrowings		-	-
Non-CurrentEmployeeBenefitObligation		-	-
Social benefit liabilities		-	-
		-	-
TotalLiabilities		-	-
		-	-
NetAssets		<u>88,624,822</u>	<u>88,628,287</u>
Revolving Fund		87,000,000	87,000,000
Reserves		-	-
AccumulatedSurplus		1,624,822	1,625,062
TotalNetAssetsandLiabilities		<u>88,624,822</u>	<u>88,625,062</u>

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 26/8/2025 2025 and signed by:


.....

Name: Willy Rop
Fund Administrator


.....

Name: kiptanui cheruiyot
Fund Accountant

**Kericho County Enterprise Fund – Annual Reports and Financial Statements
For the Year ended 30TH JUNE, 2025.**

9 Statement of Changes in Net Assets for the Year ended 30th June 2025

Description	Revolving	Revaluatio	Accumulat	Total
	Fund	n Reserve	ed surplus	
		Kshs	Kshs	
	87,000,00			88,629,487
Balance As At 1 July 2023	0	-	1,629,487	
Surplus/(Deficit) For the Period	-	-	(1,200)	(1,200)
Funds Received During the Year	-	-	-	
Transfers	-	-	-	
Revaluation Gain	-	-	-	
	87,000,00			88,628,287
BalanceAsAt30 June 2024	0	-	1,628,287	
		-		
	87,000,00			88,628,287
Balance As At 1 July 2024	0	-	1,628,287	
Surplus/(Deficit)For the Period	-	-	(3,465)	(3425)
FundsReceived During the Year	-	-	-	
Revaluation Gain	-	-	-	
	87,000,00			88,624,822
Balance As At 30th June 2025	0	-	1,624,822	

10 Statement of Cash Flows for the Year Ended 30th June 2025

Description	Note	2024-2025	2022-2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations		-	-
Transfers from the county government		-	-
Interest received		-	-
Receipts from other operating activities		-	-
Total receipts		-	-
Payments		-	-
Fund administration expenses		-	-
Use of Goods	7	3,465	1,200
Finance cost		-	-
Other payments		-	-
Net cash flows from operating activities		(3,465)	(1200)
Cash flows from investing activities		-	-
Purchase of property, plant, equipment and Intangible assets		-	-
Proceeds from sale of property, plant & equipment		-	-
Proceeds from loan principal repayments		9,501	494,250
Loan disbursements paid out		-	-
Net cash flows used in investing activities		9,501	494,250
Cash flows from financing activities		-	-
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities			

**Kericho County Enterprise Fund – Annual Report and Financial Statements
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Net increase/(decrease) in cash & cash Equivalents		6,036	493,050
Cash and cash equivalents at 1 July	12	12,828,823	12,335,773
Cash and cash equivalents at 30 June	12	12,834,859	12,828,823

(PSASB has prescribed the direct method of cash flow preparation/ presentation for all entities under the IPSAS accrual basis of accounting.)

**Kericho County Enterprise Fund – Annual Reports and Financial Statements
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11 Statement of Comparison of Budget and Actual Amounts for the Period

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	-	-	-	-	-	
Other Income		-		-		
Total Income		-		-		
Expenses						
Employee Costs	-	-	-	-	-	
Use of Goods	5000	-	5000	3,465	1,535	69%
Finance Cost	-	-	-	-	-	
Total Expenditure	5000	-	5000	3,465	1,535	69%
Surplus For the Period	-	-	-	(3,465)	-	
Capital expenditure	-	-	-	-	-	

Budget notes

Statement of comparison of budget and actual amounts for the period ended 30th June, 2025, has been done for account numbers 0100130000002 and 0100130000032, is 69% on general expenses.

**Kericho County Enterprise Fund Annual
Reports and Financial Statements
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12 Notes to the Financial Statements

1. General Information

Kericho County Enterprise Fund entity is established by and derives its authority and accountability from Kericho County Enterprise Fund Act. The entity is wholly owned by the County Government of Kericho County and is domiciled in Kenya. The entity's principal activity is to facilitate access to credit for business capital; promote enterprise development among the youth, people with disabilities, women and men; facilitate the development of conducive and appropriate business environment for enterprise development; enhance access to employment; enhance enterprise skills development and promote local economic growth.

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*

Standard	Effective date and impact
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p>

**Kericho County Enterprise Fund Annual
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Standard	Effective date and impact
	<ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity’s financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.

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Standard	Effective date and impact
	<p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p><i>Applicable 1st January 2023</i></p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2024</p>

(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 leases have on the financial position, financial performance and cash flows of an Entity.</p>

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Standard	Effective date and impact:
	The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

(iii) Early adoption of standards

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

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

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Summary of Significant Accounting Policies (Continued)

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

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

d) Intangible Assets

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

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

e) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment property is measured at fair value with gains and losses recognised through surplus or deficit. Investment properties are derecognized either when they have been

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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.

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

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Subsequent measurement

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

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Summary of Significant Accounting Policies (Continued)

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and

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significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note* .

Financial liabilities

Classification

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

g) 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.

h) 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.

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i) 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.

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Summary of Significant Accounting Policies (Continued)

j) 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.

k) Nature and purpose of reserves

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

l) 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.

m) 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

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

n) 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.

o) 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.

p) 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.

q) 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 impress and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

r) Comparative figures

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

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Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

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

a) Estimates and assumptions –

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

b) Useful lives and residual values

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

- 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

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

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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13. Notes to the Financial Statements

1. Public contributions and donations

Description	2024-2025	2023-2024
	Kshs	Kshs
Donation From Development Partners	-	-
Contributions From The Public	-	-
Total	-	-

2. Transfers from County Government

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

3. Fines, penalties and other levies

Description	2024-2025	2023-2024
	Kshs	Kshs
Late Payment Penalties	-	-
Fines	-	-
Total	-	-

4. Interest income

Description	2024-2025	2023-2024
	Kshs	Kshs
Interest Income from Mortgage Loans	-	-
Interest Income From Car Loans	-	-
Interest Income From Investments in financial assets	-	-

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Interest Income On Bank Deposits	-	-
Total Interest Income	-	-

(Provide brief explanation for this revenue)

Notes to the Financial Statements Continued

5. Other income

Description	2024-2025	2023-2024
	Kshs	Kshs
Loan Repayments	-	0
Income from Sale of Tender Documents	-	-
Bad debts recovered	-	-
Miscellaneous Income	-	-
Total Other Income	-	0

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

7. Use of Goods and Services

Description	2024-2025	2023-2024
	Kshs.	Kshs.
General Office Expenses	-	-
Loan Processing Costs	-	-
Professional Services Costs	-	-
Administration Fees	-	-

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Description	2024-2025	2023-2024
	Kshs.	Kshs.
Committee Allowances	-	-
Bank Charges	3,465	1,200
Electricity And Water Expenses	-	-
Fuel And Oil Costs	-	-
Insurance Costs	-	-
PostageAnd Courier	-	-
Printing And Stationery	-	-
Rental Costs	-	-
Security Costs	-	-
Telephone And Communication Expenses	-	-
Bank Charges	-	-
Audit Fees	-	-
Provision For Doubtful Debts	-	-
Other (<i>Specify</i>)	-	-
Social benefit expenses*	-	-
Total	3,465	1,200

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42

8. Depreciation and Amortization Expense

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

9. Finance costs

Description	2024-2025	2023-2024
	Kshs	Kshs
Interest On Bank Overdrafts	-	-

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Interest On Loans From Banks	-	-
Total	-	-

10. Gain/(loss) on disposal of assets

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

11. Gain/ (loss) on Fair Value Investments

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

12. Cash and cash equivalents

Description	2024-2025	2023-2024
	Kshs	Kshs
Kericho county Enterprise Fund	12,834,859	12,828,823
Others (<i>Specify</i>)	-	-
TotalCashAndCashEquivalents	12,834,859	12,828,823

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Notes to the Financial Statements Continued

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

Financial Institution	Account number	2024-2025	2023-2024
		Kshs	Kshs
a) Fixed Deposits Account			
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
Sub- Total		-	-
b) On - Call Deposits			
Kenya Commercial Bank		-	-
Equity Bank - Etc.		-	-
Sub- Total		-	-
c) Current Account			
Access Bank	0100130000002	12,670,397	12,661,016
Access Bank	0100130000032	164,462	167,807
Sub- Total		12,834,859	12,828,823
Grand Total		12,834,859	12,828,823

13. Receivables from exchange transactions

Description	2024-2025	2023-2024
	Kshs	Kshs
Current Receivables		
Interest Receivable	-	-
Current Loan Repayments Due	75,789,963	75,799,464
OtherExchangeDebtors	-	-
Less:ImpairmentAllowance	-	-
Total Current Receivables	-	-
Non-Current Receivables		
Long Term Loan Repayments Due		
Total Non- Current Receivables	0	0

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Total Receivables From Exchange Transactions	75,789,963	75,799,464
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Notes to the Financial Statements Continued

Additional disclosure on interest receivable

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Notes To The Financial Statements (Continued)

14. 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 1 st July (Previous FY)	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
At 30th June (Previous FY)	-	-	-	-	-
At 1st July (Current FY)					
Depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-

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	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
Transfer/Adjustment	-	-	-	-	-
At 30th June (Current FY)	-	-	-	-	-
Net Book Values					
At 30th June (Previous FY)	-	-	-	-	-
At 30th June (Current FY)	-	-	-	-	-

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Notes To The Financial Statements (Continued)

15. Intangible assets

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

16. Investment Property

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

(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.

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Notes To The Financial Statements (Continued)

17. Trade and other payables from exchange transactions

Description	2024-2025		2023-2024	
	Kshs		Kshs	
TradePayables	-		-	
Refundable Deposits	-		-	
Accrued Expenses	-		-	
OtherPayables	-		-	
TotalTradeandOtherPayables	-		-	
Ageing analysis(Trade and other payables)	2024	% of the Total	2022	% 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)

18. Provisions

Description	leave	bonus	Other	Total
	provision	provision	provision	
	Kshs	Kshs	Kshs	Kshs
Balance At the Beginning Of The Year	-	-	-	-
Additional Provisions	-	-	-	-
Provision Utilised	-	-	-	-
Change Due To Discount And Time Value For Money	-	-	-	-
Transfers From Non -Current Provisions	-	-	-	-
Balance At The End of The Year	-	-	-	-

**Kericho County Enterprise Fund
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Notes To The Financial Statements (Continued)

19. Borrowings

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

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

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

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

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

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Total	-	-
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(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)

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Notes to the Financial Statements (Continued)

20. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	Insert Current FY	Insert Comparative FY
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total	-	-	-	-	-

21. Social Benefit Liabilities

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

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42. They are incurred to mitigate against a certain social risk e.g poverty, age, unemployment among others.

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Notes To The Financial Statements (Continued)

22. Cash generated from operations

Description	2024-2025	2023-2024
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	-	-
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	-	-

(The total of this statement should tie to the cash flow section on net cash flows from operating activities)

[Type text]

Notes to The Financial Statements (Continued)

23. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

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

c) Key management remuneration

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

d) Due from related parties

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

[Type text]

Other Disclosures Continued

e) Due to related parties

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

24. Contingent assets and contingent liabilities

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

[Type text]

Notes To The Financial Statements (Continued)

25. 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 December 2024				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-
At 30 June 2024				

[Type text]

Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

[Type text]

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	Between 1-	Over 5	Total
	month	3 months	months	
	Kshs	Kshs	Kshs	Kshs
At 31 December 2024				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total				
At 30 June 2024				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

[Type text]

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	-	-	-

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Net Foreign Currency Asset/(Liability)	-	-	-
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The Fund manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

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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-).

[Type text]

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

26. Events after the reporting period

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

27. Ultimate and Holding Entity

The entity is a County Public Fund established by –Kericho County Enterprise Fund Act 2014 under the Ministry of Trade its ultimate parent is the County Government of Kericho.

28. Currency

The financial statements are presented in Kenya Shillings

[Type text]

14 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: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
1	Long receivables	Recovery strategies	Not resolved	2yrs



Fund Accounting Officer

Date... 26/08/2025

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