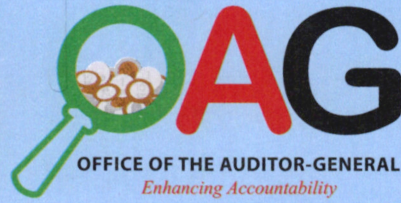


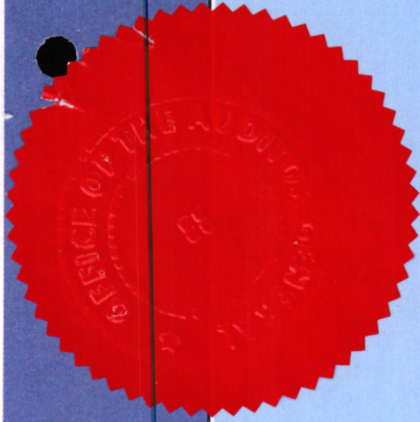
REPUBLIC OF KENYA



REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability



REPORT



OF

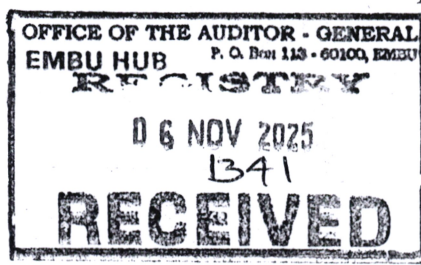
THE AUDITOR-GENERAL

ON

**MERU COUNTY INVESTMENT AND
DEVELOPMENT CORPORATION**

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

PAPERS LAID	
DATE	8/12/2025
TABLED BY	M.L
COMMITTEE	—
CLERK AT THE TABLE	Abdirahman



MERU COUNTY
INVESTMENT &
DEVELOPMENT
CORPORATION

**MERU COUNTY INVESTMENT & DEVELOPMENT CORPORATION
COUNTY GOVERNMENT OF MERU**

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

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

**Meru County Investment and Development Corporation
County Government of Meru
Annual Reports and Financial Statements for the year ended June 30, 2025**

Meru County Investment and Development Corporation
County Government of Meru
Annual Reports and Financial Statements for the year ended June 30, 2025

Table of Content	Page
1. Acronyms and Definition of Key Terms	ii
2. Key Entity Information and Management	iii
3. The Board of Directors/Management	vi
4. Key Management Team	ix
5. Board Chairperson's Report	xii
6. Report of the Managing Director	xiv
7. Statement of Performance Against County Entity's Predetermined Objectives for FY 2024/2025	xvi
8. Corporate Governance Statement	xviii
9. Management Discussion and Analysis	xxi
10. Environmental and Sustainability Reporting	xxvii
11. Report of the Board of Directors	xxx
12. Statement of Management's Responsibility	xxxii
13. Report of the Independent Auditor	xxxii
14. Statement of Financial Performance For The Year Ended 30 th June 2025	1
15. Statement of Financial Position As At 30 th June 2025	2
16. Statement Of Changes In Net Assets For The Year Ended 30 th June 2025	3
17. Statement Of Cash Flows For the Year Ended 30 th June 2025	4
18. Statement Of Comparison Of Budget And Actual Amounts For The Period	5
19. Notes to the Financial Statements	6
20. Appendices	29
Appendix I: Implementation Status of Auditor General's Recommendations	
Appendix II: Inter-Fund Confirmation Letter	
Annex III: Reporting of Climate Relevant Expenditure	

Meru County Investment and Development Corporation
County Government of Meru
Annual Reports and Financial Statements for the year ended June 30, 2025

1. Acronyms and Definition of Key Terms

A: Acronyms

CECM	County Executive Committee Member
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
MD	Managing Director
CT	County Treasury
CIDP	County Integrated Development Plan
CA	County Assembly
PFM	Public Finance Management
PPPs	Public Private Partnerships
PSASB	Public Sector Accounting Standards Board
KShs	Kenya Shillings

B: Definition of Key Terms

(i) Fiduciary Management

Members of Management directly entrusted with the responsibility of financial resources of the organisation.

Ref	Name	Position
1	Edward Kobia	Ag. Managing Director – Current
2	Angelo K. Gitonga	Ag. Managing Director – September 2023 to 5 th July 2024
3	Lilian Karambu	Human Resource Manager
4	Winfred Mukiri	Economic Analyst
5	Dennis Karani	Procurement Officer
6	Eric Kinoti	ICT Officer
7	Jediel Mutoria	Ag. Accountant

(ii) List of the common Acronyms and Key terms used in the annual report and financial statements

MCIDC	Meru County Investment and Development Corporation
MCEP	Meru County Energy Park
NEMA	National Environment Management Authority

2. Key Entity Information and Management

a) Background information

Meru County Investment & Development Corporation (MCIDC) is established by and derives its authority and accountability from the Meru County Investment & Development Corporation Act of 8th August 2014. The Corporation is wholly owned by the County Government of Meru and is domiciled in Kenya.

Meru County Investment & Development Corporation is a corporate body with perpetual succession and a common seal and shall, in its corporate name, be capable of:

- a) Taking, purchasing or otherwise acquiring, holding, charging or disposing of movable and immovable property.
- b) Borrowing money or making investments;
- c) Entering into contracts; and
- d) Doing or performing all other acts or things for the proper performance of its functions under the Meru County Investment & Development Corporation Act which may lawfully be done or performed by a body corporate.

The Meru County Investment & Development Corporation principal activity is to act as an investment vehicle for County government of Meru investments & Developments in order to enhance financial and economic prudence in County government investments.

b) Principal Activities

Vision - To be the leading Investment Corporation in Kenya through design and execution of World-Class Commercial Ventures.

Mission- To create value for all Our Partners by attracting and promoting growth oriented investments that are innovative and sustainable.

The principal activities/mandate of the Meru County Investment and development Corporation is to:

- Establish an efficient and effective instrument for managing County government investments;
- Enhance competitiveness of County government investments; promote local investment and economic development; enhance County revenue base;

Meru County Investment and Development Corporation
County Government of Meru
Annual Reports and Financial Statements for the year ended June 30, 2025

- Provide for mobilization of finances for investments; provide for investment in socially beneficial projects; facilitate investments by County residents;
- Coordinate and facilitate investments in the County;
- Enable the County government to undertake public private partnerships and joint ventures in areas that are beneficial to the County.

c) Board of Directors

Ref	Name	Position
1	James Mwenda Muratha	Ag. Chairperson – Appointed 17 th February 2022; Resigned in January 2023
2	Kenneth Kinoti Ntongai	Member – Term ended in November 2023
3	Catherine Kithinji	Member - Returned to National Government in August 2022
4	Charles Mwenda	Member – Current Chief Officer Finance
5	Angelo Gitonga	Member – Ag. Managing Director up to 5 th July 2024
6	Edward Kobia	Ag. Managing Director - Current

d) Key Management

Ref	Name	Position
1	Edward Kobia	Ag. Managing Director - Current
2	Angelo Gitonga	Ag. Managing Director – September 2023 to 5 th July 2024
3	Lilian Karambu	Human Resource Manager
4	Winfred Mukiri	Economic Analyst
5	Dennis Karani	Procurement Officer
6	Eric Kinoti	ICT Officer
7	Jediel Mutoria	Ag. Accountant

e) Fiduciary Oversight Arrangements

The Corporation's key fiduciary oversight arrangements are domiciled at the County Department of Finance in regards to Accountability of allocated Funds and at the County department of Trade in respect of shared Functions.

f) Registered Offices

P.O. Box 3194 – 60200, Meru.
New Meru County Headquarter Offices,
Meru, Kenya.

g) Corporation Contacts

Telephone: 020-2500250
E-mail: info@investmeru.co.ke
Website: www.investmeru.co.ke

h) Corporation Bankers

Kenya Commercial Bank
P.O.BOX 178 -60200
MERU.

i) Independent Auditors

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



j) Principal Legal Adviser

1. The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya.
2. Meru County Attorney
P.O. Box 120-60200
Meru, Kenya



3. The Board of Directors

	Name	Details of Qualifications And Experience
1.	 <p>James Mwenda Muratha Ag. Chairperson</p>	<p>James Muratha is the Chief Executive Officer of RE/MAX Kenya, a leading global real estate company.</p> <p>James has a wealth of experience in the international capital markets and has over 20 years' experience in the financial services sector having worked in asset management, financial accounting and audit with leading global institutions.</p> <p>Mr. Muratha holds an MBA in finance from the University of New Brunswick in Canada and a Bachelor of Commerce degree in accounting from Kenyatta University. He is a member of the Institute of Certified Public Accountants of Kenya and is a former Chairman of the Fund Managers Association in Kenya. Mr Muratha has served the Corporation as a Board member from 13th November 2017, he was appointed as the acting chairperson on 17th February 2022 to replace Felicity Biriri. Mr. Muratha resigned from the Board in January 2023.</p>
2.	 <p>Ken Kinoti Ntongai Board Member</p>	<p>A career banker with over 8 years' experience having served in different roles, Mr Ntongai is well versed with banking and financial institutional operations across East Africa having previously served with Equity Bank and Barclay's banks in various capacities.</p> <p>Mr Ntongai holds an MSc in Finance and Bachelor of Commerce Finance from the University of Nairobi. He served as a board member until the end of term in November 2023.</p>



Meru County Investment and Development Corporation
County Government of Meru
Annual Reports and Financial Statements for the year ended June 30, 2025

<p>3.</p>	 <p>Catherine Kithinji Board Member</p>	<p>Catherine Wanja Kithinji is the Trade Development and management specialist with 25 years of experience in domestic and international trade. She has worked in the government sector in various capacities rising through the ranks. Catherine has served as the trade officer, industrial development officer, market researcher analyst at International Trade Centre, Geneva, Civil Service Support Officer at the Ministry of Industry, Commerce and Investment, South Sudan and currently Chief Officer Trade, County Government of Meru.</p> <p>Catherine holds an MBA (International Business) from Kenya Methodist University, MA (Community Development and Project Management) from Egerton University and BA (Economics and Sociology) from Egerton University.</p> <p>She served as a board member pursuant to Section 6(1c) of the MCIDC Act 2024. Catherine was a seconded staff from the National Government hence after transition in 2022 she returned to National Government.</p>
<p>4.</p>	 <p>Charles Mwenda Board Member</p>	<p>Charles Mwenda is the Chief Officer Finance, Economic planning and ICT of County Government of Meru. Mr. Mwenda has a vast experience in Public Sector Finance and accounting for 12 years.</p> <p>Mr. Mwenda holds an MBA in Accounting, Bcom-Accounting option. He is a certified public accountant of Kenya and a Member of ICPAK.</p> <p>He serves as a board member pursuant to Section 6(1b) of the MCIDC Act 2024.</p>

Meru County Investment and Development Corporation
County Government of Meru
Annual Reports and Financial Statements for the year ended June 30, 2025

<p>5.</p>	 <p>Angelo K. Gitonga Ag. Managing Director</p>	<p>Angelo Gitonga is the Ag. Managing Director of the Meru County Investment & Development Corporation since September 2023 to 5th July 2024.</p> <p>He holds a Bachelor of Arts in Government and Public Administration and Sustainable Development from Moi University, a PGDE from Kenyatta University, a Graduate Diploma in African Leadership in Information Communication Technologies (ALICT) from University of Dublin (Ireland), a Certificate of e-Learning Development and Implementation (eLDI) and Expert of New Learning Technologies from University of FurtWagen(Germany), and a certified e-tutor and facilitator.</p>
<p>6.</p>	 <p>Edward Kobia Ag. Managing Director</p>	<p>Edward Kobia is the Current Ag. Managing Director of the Meru County Investment & Development Corporation since July 2024. Re-deployed from the Department of Youth Affairs, Sports, Gender and Social Development.</p> <p>He holds a Bachelor of Education in Early Childhood Education from the University of Nairobi, P1 Certificate from Kilimambogo T.T.C, CREAT certificate from GOIBEI Education Centre and Senior Management Course (S.M.C) from Kenya School of Government.</p> <p>Mr. Edward served as District Examination Officer/Programme Officer DiCECE for Tigania East Sub-county up to January 2015.</p>

4. Key Management Team

<p>1.</p>  <p>Edward Kobia Ag. Managing Director</p>	<p>Edward Kobia is the Current Ag. Managing Director of the Meru County Investment & Development Corporation since July 2024. Re-deployed from the Department of Youth Affairs, Sports, Gender and Social Development.</p> <p>He holds a Bachelor of Education in Early Childhood Education from the University of Nairobi, PI Certificate from Kilimambogo T.T.C, CREAT certificate from GOIBEI Education Centre and Senior Management Course (S.M.C) from Kenya School of Government.</p> <p>Mr. Edward served as District Examination Officer/Programme Officer DiCECE for Tigania East Sub-county up to January 2015.</p>
<p>2.</p>  <p>Angelo K. Gitonga Ag. Managing Director</p>	<p>Mr. Angelo Gitonga served as the Ag. Managing Director of the Meru County Investment & Development Corporation from September 2023 to 5th July 2024.</p> <p>He holds a Bachelor of Arts in Government and Public Administration and Sustainable Development from Moi University, a PGDE from Kenyatta University, a Graduate Diploma in African Leadership in Information Communication Technologies (ALICT) from University of Dublin (Ireland), a Certificate of e-Learning Development and Implementation (eLDI) and Expert of New Learning Technologies from University of FurtWagen(Germany), and a certified e-tutor and facilitator.</p>

Meru County Investment and Development Corporation
County Government of Meru
Annual Reports and Financial Statements for the year ended June 30, 2025

3.



Winfred Mukiri
Economic Analyst

Winfred Mukiri is currently the head of investment directorate.

She holds a MSc. Health Economics and Policy (University of Nairobi), Bachelor of Economics & Statistics (Hons. University of Nairobi), CPA II, SMC and SLDP Certifications from the Kenya School of Government.

She has extensive experience in Micro and Macro Economics, Finance analysis and Modelling and currently handles all investments matters in the Corporation.

She is a member of the Economist Society of Kenya (ESK).

4.



Lilian Karambu
Human Resource Manager




Lilian Karambu is currently in charge of Corporate Service Directorate in absence of Director Corporate Service.

She holds a Bachelor's degree in Human Resource Management and Master's degree in Strategic Management from Kenya Methodist University. SLDP Certification from the Kenya School of Government.

She has over 13 years work experience in providing strategic human resource support and general Corporate support services.

She is a member of the Institute of Human Resource Management (IHRM).

Meru County Investment and Development Corporation
County Government of Meru
Annual Reports and Financial Statements for the year ended June 30, 2025

<p>5.</p>  <p>Jediel Mutoria Ag. Accountant</p>	<p>Jediel Mutoria is currently in charge of finance department in absence of Accountant since January 2023.</p> <p>He holds a Bachelor in Purchasing and Supplies Management, CPA II, Certification in Strategic Management and Leadership (KIM), Strategic Leadership Development Program (SLDP-KSG) and currently undertaking CPA Advanced Level. He is a Full member and licensed Supply Chain Practitioner by the Kenya Institute of Supplies Management (KISM).</p>
<p>6.</p>  <p>Dennis Karani Procurement Officer</p>	<p>Dennis Karani is in charge of procurement department in absence of Director Corporate Services.</p> <p>He holds a Bachelor's Degree in Purchasing and Supplies Management from JKUAT, MCIPS from the Chartered Institute of Purchasing and Supplies (CIPS). He is a Full Member and a licenced Supply Chain Practitioner by the Kenya Institute of Supplies Management (KISM).</p>
<p>7.</p>  <p>Eric Kinoti ICT Officer</p>	<p>Eric Kinoti is currently in charge of ICT department in absence of Director Corporate Services.</p> <p>He holds a Bachelor's Degree in BSc. Computer Information Systems from Kenya Methodist University, diploma in Computer Studies from Informatics School in Kenya. He is a member of Information System Audit and Control Association (ISACA) Kenya Chapter.</p>

Meru County Investment and Development Corporation
County Government of Meru
Annual Reports and Financial Statements for the year ended June 30, 2025

5. Board Chairperson's Report/Forward by the CECM

On behalf of the Board of Directors, Meru County Investment and Development Corporation, I take this opportunity to present to you the report and financial statements for the Year ended 30 June 2025, pursuant to section 21 (1) of the MCIDC act 2014 which stipulates that: The Board shall cause to be kept proper books and records of accounts and assets of the Corporation and that within a period of three months after the end of each financial year, the Board shall submit to the Auditor-General, the accounts of the Corporation together with (a) a statement of financial position as at the thirtieth day of June; (b) a statement of comprehensive income; (c) a statement of cash flow for the year ended; (d) a summary of significant accounting policies and other explanatory information.

During the year under review there were changes in the membership of the Corporation's Board as follows: Mr. James Mwenda was appointed as the acting Board Chairperson on 17th February 2022 who further resigned in January 2023 during the previous financial year. Only one board member Mr. Kenneth Ntongai served up to the end of the term in November 2023. Since the member and the Chief Officer Finance could not attain the threshold quorum as per the Act, the Corporation remained without an active board during the year. However, for compliance with the Act of establishment, the management in liaison and consultation with the County Executive Committee Member in charge of Finance for the statutory approvals.

The Corporation made considerable progress in the 2024/25 financial year. The most remarkable endeavour has been the development of the Meru County Energy Park, an investment project which is a collaboration between County Government of Meru through MCIDC and Windlab Resources International which is expected to generate 230MW of hybrid energy i.e. Wind, Solar and potential Battery Storage located in Athwana Ward -Tigania West. Hewani Energy (Pty) Ltd (formally Windlab East Africa Ltd) and MCIDC are implementing it through the project Company, Hybrid Re 1 SPV Limited, and the project cost is estimated to Kshs. 40 Billion. The project began in 2016. There has been good progress in this project. Solar and wind monitoring equipments are installed and which are being used in data collection. In addition, the Environmental Social Impact Assessment Study on the project was completed, and the National Environment Management Authority (NEMA) Certificate issued. MCIDC is set have 20% Shares of the project – 5% free rider & 15% as a funded investment. The development phase of the project is at the final stages, with Land securement significantly achieved through the issuance of title deeds for the project location and lease agreements with land owners now at review stage; Power Purchase Agreement is the key remaining item.


In Agribusiness, one of the Corporation's key focal areas of investment and development, the Corporation is a key player in the development of the County Aggregation and Industrial parks. The project is steered by through collaboration between the National Government Ministry of Trade, Investments and Industry. In 2022/23 financial year the Corporation had allocated Kshs 20,000,000 for the County Aggregation and Industrial park project. However, due to late disbursement of the said allocation by the County Treasury, the funds were rolled over to 2023/24 financial year. To cater for Survey works for the land, necessary studies and certifications required for the land to be investor ready. In financial year 2024/25 the Corporation has been actively involved in fast-tracking the completion of the project as well as its operationalization.

Meru County Investment and Development Corporation
County Government of Meru
Annual Reports and Financial Statements for the year ended June 30, 2025

I assure you that the executive is fast-tracking the constitution of a new Board of Directors that is alive to the uncertainties in the current business environment and which shall continue to provide the requisite oversight to protect the stakeholders' interests and to ensure that the Corporation maintains robust and sustainable business ethos. In this regard, the new Board shall build its capacity to improve internal structures and controls in order to ensure that the institution employs the market's best practices in its administration and day-to-day operations. The Board, in its role of providing strategic leadership, shall consider the Corporation's Annual Investment Plan to guide all investment activities and for purposes of ensuring that they are aligned to the general vision of the County Integrated Development Plan (CIDP), the Annual Development Plans (ADP), as well as the key priorities/objectives based on the approved budgetary provisions.

We look forward to implementing key strategic interventions as the Corporation continues to build upon the achievements it has made so far. The Board/County Executive has a bigger strategy to increase the investments portfolio of the Corporation through Public Private Partnerships, Joint Venture arrangements and other innovative investments approaches in the focal areas of Renewable Energy, Agriculture Value Addition, Tourism and Real Estate Development.

The Board/County Executive confirms that the institution remains firm on its mandate and is set to achieve its vision of being the leading investment corporation in Kenya, through design and execution of world-class commercial ventures. The Corporation's activities are well within the County's vision of "Building Together" a United and Prosperous County.

Name: Monica Kathono Signature:  Date: 05/11/2025
CECM – Finance, Economic Planning and ICT

6. Report of the Managing Director

I am pleased to present to you the Annual Report which highlights the performance of the Corporation's operations for the year ended 30th June 2025. The last twelve months have been particularly challenging for the Corporation and I wish to sincerely appreciate the combined efforts and commitment of our Board, stakeholders, management and staff; all of whom have played key roles over the period.

Operational Overview

In FY 2024/25 the Corporation continued to strengthen its business processes to ensure improved revenue generation and cost containment. I am pleased to report that management has initiated various steps aimed at further improving the Corporation's operations in line with its key mandate. The Corporation reviewed its development projects and initiatives besides taking strategic decisions for competitive positioning in the year.

To ensure delivery of its strategic plan, management continues to focus on the key focal areas of: agribusiness, renewable energy, hospitality and real estate sub-sectors while still keeping an eye on other sectors with high opportunity for investment returns.

In agri-business, the Corporation is focusing on value addition of agricultural products in Meru County to boost the local economy. The Corporation continued with value addition efforts in Coffee, Miraa, Banana, Livestock and Fish value chains.

In the renewable energy sector, the Corporation is looking into both grid and off-grid opportunities and has made positive strides towards the establishment of a promising project pipeline. This is notably, being achieved through the Meru Energy Park which has progressed well in the period.

In the hospitality sector, the Corporation intends to play a key role in positioning Meru, more particularly the Mount Kenya Circuit, as a popular tourism destination. During the period under review, the Corporation in partnership with the County Executive and the private sector successfully held the Mount Kenya Mountain Running Championship, an international event which attracted a lot of guests and visitors to Meru.

As far as the real estate sector is concerned, the Corporation completed the Meru County Headquarters office block which is now housing the Meru County Executive on lease basis.

Meru County Investment and Development Corporation
County Government of Meru
Annual Reports and Financial Statements for the year ended June 30, 2025

Financial Performance


During the financial year under review, the Corporation received **Kshs 21,600,000** from the County Treasury to cater for the budgetary provisions as per the approved appropriations. However, the actual receipts as at 30th June 2025 amounted to **Kshs 15,331,531** and the outstanding amount of **Kshs 6,268,468** was disbursed in July 2025.

Further, the Corporation earned revenue amounting to **Kshs 38,484,666** from its assets and properties.

Future Outlook

FY 2025/26 is projected to be a challenging year on the local business environment. While noting the rise in inflation due to global and environmental shocks, including the extended drought, the Corporation looks forward to implementing key strategic interventions to build on its current achievements.

I sincerely thank the executive in the absence of Board of Directors for their support, guidance and oversight in the operations of the Meru County Investment and Development Corporation. To the Corporation staff and stakeholders, I wish to thank you all for your dedication and commitment.

Signed:  _____

Edward Kobia

Ag. Managing Director

Meru County Investment and Development Corporation
County Government of Meru
Annual Reports and Financial Statements for the year ended June 30, 2025

7. Statement of Performance against County Entity's Predetermined Objectives

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each County Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board, includes a statement of the County government entity's performance against predetermined objectives. This requires further an objective review of the performance of achievements during the respective year in relation to the planned outputs.

The Meru County Investment and Development Corporation (MCIDC) is a Semi-Autonomous Government Agency created by an Act of the Meru County Assembly enacted in 2014 to among other purposes, pursue business ventures on behalf of the County; facilitate private sector participation in local investments and public sector development; identify strategic investment opportunities for the benefit of the County; promote local economic growth and job creation; promote and facilitate investment in the County.

The five-year plan set out programmes and projects to be implemented to achieve a united, prosperous and green model County. The key areas of focus for the Corporation in this light have been classified into four broad areas as follows; Agriculture Value addition/ agribusiness, Renewable energy, Real Estate Development and Tourism & Hospitality.

During the FY2024/25, the Corporation planned to undertake various projects whose overall objective is to increase investments in the County, creating new jobs and wealth for the people of Meru. To realize this, the following are the specific objectives set out to be accomplished during the financial year:

1. To invest in agricultural value addition/agribusiness ;
2. To invest in real estate development;
3. To promote tourism and hospitality in the County; and
4. To invest in renewable energy generation.
5. To carry out Investment promotion for the County

The progress on attainment of these Strategic development objectives by the Corporation has been reported in the table below.

Programme	Objectives	Outcome	Indicator	Performance (During the FY2024/25)
Agricultural Value addition /Agribusiness	To increase investment in Agricultural value addition / Agribusiness	Increased earnings in agriculture	No. of completed projects	<ul style="list-style-type: none"> ▪ Michii Mikuru Tea farm properly managed. ▪ Thimangiri slaughter house operating. ▪ Ng'onnyi White Meat Centre launched. ▪ Kanyakine Fish Processing factory operationalization in progress.

Meru County Investment and Development Corporation
County Government of Meru
Annual Reports and Financial Statements for the year ended June 30, 2025

Real Estate development	To increase the real estate portfolio	Increased Revenues to MCIDC	No. of projects completed	<ul style="list-style-type: none"> ▪ Meru County Headquarters completed and leased out. ▪ Meru County Maisonettes leased out. ▪ Meru County Petrol station leased out. ▪ Title for the New Meru County Headquarters and Meru County Maisonettes acquired.
Tourism and Hospitality	To increase tourism earnings in the County	Increased earnings	No. of Partnerships/Events held	<ul style="list-style-type: none"> ▪ Ongoing discussions with a key tourism operator in the Mt. Kenya Circuit.
Renewable energy	To tap into the renewable energy resource	Increase megawatts generated and earnings	No. of Megawatts	<ul style="list-style-type: none"> ▪ Final stage of the development phase for the Meru County Energy Park. ▪ Obtained data on water volume and flow to ascertain rivers within the county that are viable for mini hydro projects.
Investment promotion	To promote investments and creating awareness of the opportunities and products in the County	Increased awareness and product promotion	No. of forums / conferences	<ul style="list-style-type: none"> ▪ Held a successful stakeholders engagement forums in reference to the Meru County Energy Park in partnership with our investment partners. ▪ Held a successful three day Investor Education and Public Awareness forum in partnership with the Capital Markets Authority targeting Business Community, Bodaboda operators and the general Meru residents

8. Corporate Governance Statement

Number of Board Meetings and attendance

The current Board of Directors that partly served was officially inaugurated on 13th November 2017, reappointed for a further term of three years on 14th November 2020 vide Gazette Notice No. 536. There were No Board meetings held in FY 2024/25 since no board of directors was in place. The immediate acting Board Chair Mr. James Muratha resigned in January 2023. One Member Mr. Kenneth Ntongai served up to the end of the term in November 2023. Further, the County Executive made efforts to have a new board of directors in place, however due to the sustained conflicts between the latter and the County Assembly the Corporation is yet to get a new board. However, following the recent changes in the executive the process of appointment of the Board of Directors is ongoing.

Succession Plan

The appointing authority shall ensure that the tenures of Board members are staggered to ensure a phased transition.

Board Charter

The Board Charter defines the roles, responsibilities, scope and functions of the Directors in the governance of the Corporation and provides for free exercise of independent judgment.

Process of Appointment & Removal of Board Members

The Board members of MCIDC appointments shall be made in accordance with the Meru County Investment & Development Corporation (MCIDC) Act 2014 and shall be in line with Article 27 of the Constitution of Kenya. Members of the Board are appointed through a transparent and formal process governed by the overriding principle of merit. The Board shall be constituted of six members as provided by the MCIDC Act. A non-executive chairperson who shall be appointed by the Governor and approved by the County assembly; the chief officer for the time being responsible for finance; the chief officer for the time being responsible for trade; two professionals appointed by the executive member through a competitive process in consultation with the Governor and approved by the County Assembly; while the Managing Director (MD) shall be an ex officio member and secretary to the Board.

The chairpersons shall be appointed by the Governor and approved by the County assembly and shall at a minimum possess the qualifications, skills and experience set out in MCIDC Act.

Each Board member shall be formally appointed to the Board through a Gazette Notice and thereafter an appointment letter. Board members shall be appointed by name, and shall sit on the Board individually with no power to appoint alternates. The Chief Officers shall sit in their office capacity with power to appoint alternates. Each Board member shall signal their acceptance of the appointment in writing while the appointing authority shall ensure that any person appointed to the Board satisfies the fit and proper requirements.

9. Management Discussion and Analysis

The Meru County Investment and Development Act 2014 Section (16) provides that the Corporation shall, within three months after the end of each financial year, prepare and submit to the executive member a report of the operations of the Corporation for the immediate preceding year. The annual report that shall provide among others information regarding the activities and plans of the Corporation during the year to which it relates sufficient to impart an accurate understanding of the nature and scope of its activities and its plans and priorities and, without limitation, shall include among others.

Operational Performance

The Meru County Investment and Development Corporation Act 2014 section 3 (j) mandates the Corporation to undertake Public private partnerships and joint ventures for the purpose of promoting investments in the County. The Corporation has already embarked on potential and viable partnerships with both the public and private sectors for the purposes of exploiting the various opportunities existing in the County.

Financial Performance

During the Financial Year 2024/25 the Corporation received **Kshs 21,600,000** from the County Treasury being the approved budgetary allocation for recurrent expenditures. However, the actual receipts as at 30th June 2025 amounted to **Kshs 15,331,531** and the outstanding amount of **Kshs 6,268,468** was disbursed in July 2025. The Corporation had budgetary allocation for development during the year. Further, the Corporation received partial payment of rent for 2024/25FY amounting to Kshs 6,466,639 from the County Government. Further, the Corporation earned revenue amounting to **Kshs 38,484,666** from its assets and properties.

The Corporation earned revenue amounting to Kshs 38,484,666 from its investments and anticipates an increase in revenue in FY 2025/26 due to the anticipated increase in revenue from the revision of lease terms for commercial tenants and new leases for additional properties/assets.

Key Projects and Investments (Completed and Ongoing)

(a) Ongoing

I. Renewable energy projects

a. Meru Energy Park

Meru County Energy Park (MCEP) is 230MW of hybrid energy i.e. Wind, Solar and potential Battery Storage located in Athwana Ward -Tigania West. It is being implemented by Hewani Energy (pty) Ltd (formally Windlab East Africa Ltd) and MCIDC through the project Company, Hybrid Re 1 SPV Limited, and the project cost is estimated to Kshs. 40 Billion. The project began in 2016.

MCIDC has 20% Shares of the project – 5% free rider & 15% as a funded investment. The development phase of the project is at the final stages, with Land securement significantly achieved

Meru County Investment and Development Corporation
County Government of Meru
Annual Reports and Financial Statements for the year ended June 30, 2025

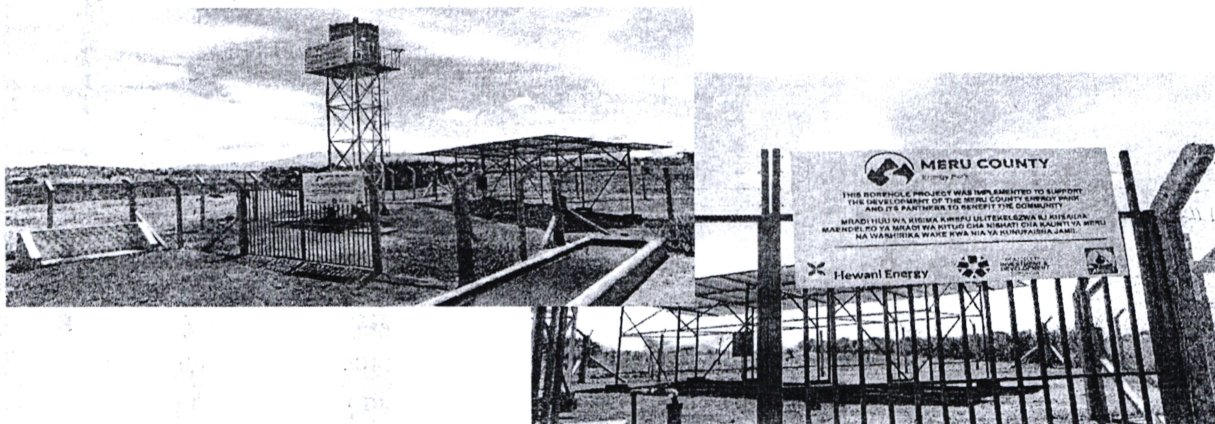
through the issuance of title deeds for the project location and lease agreements with land owners now at review stage; Power Purchase Agreement is the key remaining item.

Development Progress Indicator

Activity	Completion Status	Key considerations
Environmental authorization (EIA)	100%	<ul style="list-style-type: none"> 32 wind turbines, 20MW solar PV, and 10MWh Battery Energy Storage System permitted
Kenya Civil Aviation Authority	100%	<ul style="list-style-type: none"> Detailed Aeronautical Safety study conducted Approval obtained for 250M tip height up to 32 wind turbines.
Bankable wind Data	100%	<ul style="list-style-type: none"> 3 monitoring locations on-site (2 x Triton SODARs; 1 x 120m-tall met mast) >48 months of bankable wind data-set
Transport Studies	100%	<ul style="list-style-type: none"> Detailed transport studies completed
Grid Studies	100%	<ul style="list-style-type: none"> Detailed Grid integration studies have been completed
Geotechnical Studies	100%	<ul style="list-style-type: none"> Geotechnical, Topographical and Geological Investigations are complete.
Land Securement	95%	<ul style="list-style-type: none"> Land Secured via Access License and Option agreements.

b. Other projects

The corporation in partnership with Hewani Energy and LAPSSSET has drilled borehole for the community and project in Athwana Ward.



Meru County Investment and Development Corporation

County Government of Meru

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

II. Old Moses Camp site

MCIDC is partnering with the proprietors of the Old Moses Camp site to develop luxury cottages, dormitory, restaurant and shrine among other facilities. Old Moses Camp is an existing camp administered by Bantu Utamaduni Lodge on the Sirimon Route to Mount Kenya. Sirimon gate is the busiest gate to Mount Kenya National Park, generating approximately 50% of the park revenue. The camp is approximately 9km and the road to the camp is tarmacked making it accessible to both the motorist and those trekking to Mount Kenya. From the camp there is serene view of Lenana peak of Mount Kenya as well as the beautiful surrounding making it very ideal for tourism promotion.

Most hikers spend their first night at the camp which had two dormitory however one burnt down early last year, leaving a huge gap on the accommodation of the tourist trekking to Mount Kenya. The MCIDC board approved for formal partnership with the proprietor and a Memorandum of Understanding (MoU) has been signed.

III. Kanyakine Fish Processing Factory

Kanyakine Fish Processing Plant situated within Kanyakine area South Imenti Meru County was constructed by the National Government under the Economic Stimulus Programme (ESP) and handed over to the County Government in 2015. The County further transferred the facility to Meru County Investment & Development Corporation for purposes of operationalization and ensure the facility serves the purpose for which it was established.

The Corporation in Collaboration with the Fisheries Directorate are currently working on a tenable strategies to ensure the facility is operational including reaching out for the support by ABDP a Programme under IFAD on Aquaculture Business Development.

IV. Ng'onyi white meat facility

The Ng'onyi white meat market is a facility that was constructed by the National Government to promote horticulture in the County through the stimulus program. The facility is located on along the Meru-Embu-Nairobi Highway just 1km out of the Meru Municipality and it sits in ½ Acre plot. Upon devolution, this project and other projects in the Counties, of the Ministry of Agriculture, Livestock and Fisheries became the responsibility of county governments. This project was therefore, upon completion officially transferred, to the County Government of Meru for management by the County Department of Agriculture, Livestock and Fisheries. The department, upon takeover of the facility opted for community/farmer led facility operation and management through the area leadership.

The facility being along the highway the Department of Livestock and Fisheries in partnership with Meru County Investments and Development Corporation together with the local community is renovating the facility to be a white meat Centre. The Centre is envisioned to have eatery as well as value addition for indigenous chicken and fish. The Corporation has handed over the facility to the Meru Fish Farmers Cooperative Society to ensure the facility is operational and has economic benefits to the farmers and County residents.

(b) Completed Project

I. Meru County Headquarters Office Block

The refurbishment was undertaken to provide office space for the Meru County Government staff as there is a dire need of office space thus the government is paying more than Kshs.1 Million per month on rent for space, which is still not enough. Therefore, MCIDC (Meru County Investment and Development Corporation) undertook to renovate Meru County Hotel to grade A, office space. The office block is the New Meru County Headquarters and hosts the office of the Governor. The total cost of refurbishment has been catered for by the corporation, as at the closure of financial year under review the building was at 100% complete with an occupancy of over 100%. The project has been completed at a cost of Kshs. 231million. In the financial year 2022/23 the corporation acquired ownership documents for the land parcel as well as clearance of pending bills being Consultancy Fees for the project supervision.

II. Meru County Maisonettes

The corporation took over the management of the Meru County Maisonettes, marked the rates to market and fast tracked the remittance of rent arrears. The refurbishment of the facility in FY2020/21 has not only improved its status but also aid maximization on rent collections. We believe that with strategic tenants the facility can earn revenue for the corporation. In the financial year 22/23 the corporation acquired ownership documents for the land parcel. Further, in FY 2024/25 the corporation earned an actual revenue of Kshs 4,803,948.

III. Meru County Petrol Station

The Meru County Oils Limited is a petrol station that opened its' operations in 2017 operating as a fully owned subsidiary of MCIDC. In FY2020/21 the corporation successfully leased out the facility which is generating about Kshs 1,809,600 annually. In the financial year 2024/25 the corporation earned a receivable of Kshs 1,809,600.

IV. Thimangiri Slaughter House

Thimangiri slaughterhouse is a prime asset located in Nyaki West ward, North Imenti Sub County. The asset was a great life line for the local community as it was strategic, affordable and had sufficient capacity to cater for large numbers of livestock from within and the environs. The corporation has leased out the facility to an operator who shall ensure social benefits to the community and revenue generation to the county government and long term sustainability. The Slaughter house is operational. In the financial year 2024/25 the corporation earned an actual revenue of Kshs 260,000 and a receivable of Kshs 267,076.

V. Michii Mikuru Tea Farm

The farm was established in 1960s as a demonstration farm on tea production/growing. The farm operated under the County Government of Meru department of Agriculture, Livestock & Fisheries under supervision by the Principal Kaguru ATC. Further, in February 2019 the farm's management was transferred to the Corporation whereby all the operational costs are borne by MCIDC as well as the revenue remittances.

The Corporation intends to improve the farm maintenance to optimize the quantity of harvest to enhance income receivable from the tea farm. It has planted addition 3,000 tea bushes. The total kilograms harvested in the financial year 2024/25 were 32,184 Kgs with a gross income of Kshs. 1,537,547.

Meru County Investment and Development Corporation
County Government of Meru
Annual Reports and Financial Statements for the year ended June 30, 2025

Table 1: Summary of the projects ownership

	PROJECT	SECTOR	INVESTOR
1	Meru County Petrol Station	Energy	MCIDC
2	Meru County Head Quarter Refurbishment	Real Estate	MCIDC
3	Meru County Maisonettes	Real Estate	MCIDC
4	Renewable energy (Meru County Energy Park)	Clean Energy	MCIDC& Partners
5	Kanyakine Fish Processing Factory	Value Addition	MCIDC
6	Michii Mikuru Tea Farm	Agri-Business	MCIDC
7	Leopard Rock Lodge	Hospitality	MCIDC
8	Thimangiri Slaughter house	Real Estate	MCIDC
9	Ng'onyi White Meat facility	Value Addition	MCIDC
10	Old Moses Camp - Mt. Kenya	Hospitality	MCIDC& Partners

3.2 Investments Promotion Events

Part of the corporation's mandate is to promote local investment and products and spur economic development, coordinate and facilitate investments in the county and facilitate investments by the county residents. In pursuit of this the Corporation organized the below events in the preceding years.

DATE	EVENT	VENUE	PARTNERSHIP
29 th -31 st May 2023	Participated in the 3rd Kenya International Investment Conference (KIICO 2023) themed "Unlocking Africa's Gateway" held at Safari Park, Nairobi to show case the investment opportunities in Meru and source for investors.	Safari Park Hotel, Nairobi	MCG, MCIDC
14 th June 2023	Held a successful stakeholders engagement forums in reference to the Meru County Energy Park in partnership with our investment partners.	Three Steers Hotel, Meru	Hewani Energy, MCIDC

**Meru County Investment and Development Corporation
County Government of Meru
Annual Reports and Financial Statements for the year ended June 30, 2025**

20 th –22 th June, 2023	Held a successful three day Investor Education and Public Awareness forum in partnership with the Capital Markets Authority targeting Business Community, Boda boda operators and the general Meru residence	Three Steers Hotel, Meru	MCIDC, Capital Markets Authority
---	--	--------------------------	----------------------------------

The Corporation shall continue to engage stakeholders, both in the public and private sector for the furtherance of its mandate.

3.3 Legal & Compliance with Statutory Requirements

The corporation has been keen to ensure compliance with all the laws through its legal office to take overall responsibility for the management of all legal matters pertaining to the Corporation. The office provides efficient and timely professional legal services to the Corporation, advice management on legal matters and risks facing the organization, ensure Corporation’s compliance with statutory and regulatory requirements to avoid legal litigations.

The office has been offering sound legal counsel to management, drafting and review of laws, regulations and by-laws that fall within the Corporation’s purview for compliance purposes and risk management.

The legal office therefore has ensured there are pre-qualified firms on standby ready to represent the Corporation and select appropriate firms. Further it is the responsibility of the office to compile information needed by the firms, monitor the matters and give status reports to management and the board.

The legal officer has been the secretariat to the board. This involves minute taking, ensuring proper records of board papers, minutes and boards discussions. The office also ensures meetings are properly convened, development of charters etc. The office has also been instrumental in business development, investor relationships and the partnerships the Corporation gets into. This has involved conducting due diligence, drafting of all contracts and agreements (business development agreements, consulting & services agreements, Financing agreements, EPC agreements, licensing agreements etc.), strategic alliances & collaborations, monitoring and evaluations of partnerships and responding to queries/ guidance on agreements by investors/partners.

Major Risks facing the Corporation

The major risk facing the Corporation is late disbursement of allocated funds from the Treasury. Further, the operating business environment is very turbulent necessitating rapid revision of investments strategies.

Material Arrears in Statutory and Financial Obligation

Meru County Investment & development Corporation has complied with all the statutory obligations during the FY 2024/2025. However, the key financial obligations during that financial year is the pending payment to Consultants for the final designs for the Meru Rising Tower project. There are also pending payments towards the final designs for the Meru Rising Tower project.

10. Environmental and Sustainability Reporting

MCIDC strives to ensure that the investments we finance supports economic and social development in the County. Our approach to sustainability in doing business focuses on three priorities: Contributing to sustainable economic growth, being a responsible Corporation and investing in communities.

Meru County Investment and Development Corporation (MCIDC) was established to promote, attract and support investment programs in various sectors of the County economy. The Corporation is hence at the centre of all County investments. This has meant that the success of the Corporation is pegged on professionalism, operational efficiency and excellence. The Corporation has strived to achieve this through a results based management system. Below is a highlight of our detailed illustration of these achievements:-

i) Sustainability strategy and profile

The top management of the Corporation in the running of the day-to-day affairs makes prominent reference to the strategic plan which is inspired by the broader visions as set out in the global Sustainable Development Goals, African Agenda 2063, Kenya Vision 2030, and Meru Vision 2040. Programmes and projects planned and implemented by the Corporation are identified on the basis of these criterion to ensure relevance and to promote sustainability. The promotion of investments in agro processing and renewable energy is a good example of the Corporation's efforts to promote a sustainable economy.

ii) Environmental performance

Environmental considerations are very key as envisaged in Meru County's vision to be a green model County. In this regard, MCIDC has singled out renewable energy as one of its Big Four focus areas as it strives to be the leading Investment Corporation through design and execution of World-class Commercial Ventures. On this front, the Corporation is currently undertaking a public private partnership with Windlab to set up the Meru energy park which will be Africa's first large scale hybrid wind, solar photovoltaic and battery storage project.

iii) Employee welfare

MCIDC has put the following mechanisms in place to ensure comfort and safety of employees at all times in order to keep their morale and motivation high and for staff retention.

a) Working environment

- i) Provision and maintenance of a work environment in compliance with Occupation safety and Health Act, 2007 for all employees that is safe, without risks to health, and adequate arrangements for the employees' welfare at work
- ii) Ensure safety provisions in case of fire by ensuring that fire extinguishers are properly installed and serviced; free from any obstructions so as to be readily accessible in case of fire and clearly marked fire exits.

b) Competency development

- i) Conducts staff needs assessments every year and facilitates trainings where necessary
- ii) Undertakes skills gap analysis once every year and executes interventions to address the identified gaps through trainings, recruitments, capacity building and outsourcing
- iii) Develop, update and maintain a skills inventory for all employees for purpose of identifying the available and required skills, which guide the training, recruitment and succession management decisions

c) Developed Performance Contracts for the Managing Director, Directors and cascading of performance contracts to other employees

- i) To enhance efficiency and effectiveness in service delivery, the Corporation has put in place Performance Contracts whereby the MD and Directors sign Performance Contract at the beginning of every financial year and evaluated at the end of the financial year.
- ii) Carry out performance appraisal for individual employees based on negotiated and agreed performance targets drawn from the annual work plan and Performance Contracts
- iii) Implement Performance appraisal for employees, including implementation of the performance incentives and sanctions framework.

d) Recruitment and selection

- i) MCIDC policy on recruitment and selection stipulates that the Corporation shall recruit staff in a competitive process and shall consider all job applicants on the basis of merit and ensure compliance with the Labour Laws and the Constitution of Kenya.

iv) Market place practices

MCIDC is keen at being a responsible corporate entity. This way the Corporation has recently put in place a framework to receive feedback from various stakeholders as a means to ensuring continuous improvement. Additionally the Corporation continues to comply with regulatory provisions as a basic way to demonstrate adherence to market place practices. Further, the Corporation has established;

- a) A responsible Supply chain and supplier relations by ensuring transparency in its tendering process, and payment of dues in time. This way the Corporation has built a reputation as a responsible corporate government agency.
- b) Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices.

v) Corporate Social Responsibility / Community Engagements

The Corporation has ensured compliance with the public participation principle in all its development progress whereby the plans and the budget are subjected to public participation which is done during the planning process by the County Government and later subjected to the County assembly for approval. Additionally, the Corporation spearheaded community engagement for the Meru Energy Park, leading to the successful signing of lease agreements with Windlab under the Public Private Partnership arrangement to establish the hybrid energy park.

Meru County Investment and Development Corporation
County Government of Meru
Annual Reports and Financial Statements for the year ended June 30, 2025

11. Report of the Board of Directors/Forward by the CECM

The Management in the absence of Board of directors submit their report together with the financial statements for the year ended June 30, 2025 which show the state of the Corporation affairs.

i) Principal activities

The principal activity of the Corporation is to invest on behalf of the Meru County Government.

ii) Results

The results of the Corporation for the year ended June 30, 2025 are set out on pages 1 to 28.

iii) Board of Directors

The members of the Board of Directors who served during the year are shown on page vi. There were changes in the Board membership whereby the Chairperson Felicity Biriri resigned in February 2022. Mr. James Muratha was appointed on acting capacity as the Chairperson who further resigned in January 2023 during the financial year under review. The Board of directors was appointed in November 2017 and reappointed for a further term of three years on 14th November 2020 vide Gazette Notice No. 536. The term of this board ended in November 2023. The new County executive is in the process of appointing a new board of directors.

Therefore, the Corporation did not have a fully constituted Board of directors during the year under review.

iv) Auditors

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

By Order of the Board (The report is forwarded by the County Executive Committee on its behalf)

Meru County Investment and Development Corporation



Name: *Monica Kathonu*

CECM – Finance, Economic Planning and ICT

Date: *05/11/2025*

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON MERU COUNTY INVESTMENT AND DEVELOPMENT CORPORATION 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 Meru County Investment and Development Corporation set out on pages 1 to 40, which comprise of the statement of financial position as at 30 June, 2025, statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget

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

In my opinion, except for the effect of the matters described in the basis for qualified opinion section of my report the financial statements present fairly, in all material respects, the financial position of Meru County Investment and Development Corporation as at 30 June, 2025, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Meru County Investment and Development Corporation Act, 2014 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Failure to Capitalize Capital Projects

The statement of financial position and as disclosed in Note 13 to the financial statements reflects property, plant and equipment net book value of Kshs.414,304,797 which includes capital work in progress balance of Kshs.413,310,878. This capital work in progress net book value of Kshs.413,310,878 comprised of a New County Headquarters Office Block, the Meru Rising Tower Project and the Meru County – Aggregation and Industrial Park balances of Kshs.347,932,008, Kshs.45,378,870.40, and Kshs.20,000,000 respectively. However, the New County Headquarters Office Block was completed in 2022-2023 financial year but, Management has not capitalized the WIP due to non-valuation of the property contrary to the objective of IPSAS 17 which prescribes the accounting treatment for property, plant and equipment.

Further, the capital work in progress balance of 413,310,878 includes unexplained balance of Kshs.20,000,000 in respect to County – Aggregation and Industrial Park which is fully implemented by the County Executive.

In the circumstances, the accuracy and completeness of capital work in progress net book value of Kshs.413,310,878 could not be confirmed.

2. Unsupported Other Income

The statement of financial performance reflects other income amount of Kshs.38,484,666 which includes rental income amount of Kshs.36,947,119 as disclosed in Note 8 to the financial statements. Records show that rental income amount of Kshs.11,530,587 was received from seven (7) tenants. However, it was not established how the rent amounts charged were determined as there were no market surveys done, valuation reports from Ministry of Public Works and tariff guides on the rent. This was contrary to Section 149(1) of the Public Finance Management Act, 2012 which states that an Accounting Officer is accountable to the County Assembly for ensuring that the resources of the entity for which the officer is designated are used in a way that is lawful and authorized and effective, efficient, economical and transparent.

In the circumstances, the accuracy, valuation, and completeness of rental income amount of Kshs.11,530,587 could not be confirmed.

3. Long Outstanding Receivables

The statement of financial position and as disclosed in Note 12 to the financial statements reflects a balance of Kshs.110,865,675 in respect to current portion of long-term receivables from exchange transactions. This balance includes an amount of Kshs.79,180,675 which has been outstanding since the financial year 2023/2024 and no ageing analysis was provided for audit verification.

In the circumstances, the accuracy, completeness and recoverability of the balance totalling Kshs.79,180,675 could not be confirmed.

4. Unreconciled Long Outstanding Borrowing

The statement of financial position and as disclosed in Note 16 to the financial statements reflects borrowings from the County Executive of Meru balance of Kshs.1,400,000. Review of records revealed that the amount was borrowed to pay salaries for the Corporation employees in March, 2018. However, no satisfactory explanation was given why the debt had not been settled by 30 June, 2025. This was contrary to Section 201(d) of the Constitution of Kenya, 2010 which states that public money shall be used in a prudent and responsible way. Therefore, the Corporation risks litigation proceedings from its creditors for amounts due and interest on delayed settlement of bills.

Further, the County Executive's financial statements do not reflect the balance as a receivable in their books.

In the circumstances, the accuracy and validity of the outstanding County Executive of Meru balance of Kshs.1,400,000 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Meru County Investment and Development Corporation 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.

Emphasis of Matter

Budget Control and Performance

The statement of comparison of budget and actual amounts reflects a final revenue budget and actual on comparable basis of Kshs.62,046,219 and Kshs.30,361,218 respectively resulting to an underfunding of Kshs.31,685,001 or 51 % of the budget.

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

My opinion is however not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the effect of the matters described in the Basis for Qualified Opinion Section of my report, I have determined that there were no key audit matters to report in the year under review.

Other Matter

Unresolved Prior Year Audit Matters

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the Meru County Investments and Development Corporation in 2024/2025 revealed that the following matters as summarized in **Appendix I** remained unresolved.

Other Information

Board of Directors is responsible for the Other Information set out on pages ii to xxxi which comprise of Corporation Information and Overall Performance, Statement of Performance Against Corporation's Predetermined Objectives, Environmental and Sustainability Reporting and Statement of Corporation's Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Corporation's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this Other Information and I am required to report that fact. 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 the Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Irregular Long Outstanding Accounts Payable

The statement of financial position and as disclosed in Note 15 to the financial statements reflects accounts payable balance of Kshs.16,745,919 which includes a balance of Kshs.1,030,000 payable to a firm for supply, installation, and commissioning of a radio broadcasting equipment for phase 2 and 3 as the final payment of an abandoned radio station project, initiated by the County Government in the year, 2016.

Further, the Corporation paid an amount of Kshs.4,551,829 in the financial years 2016/2017 and 2017/2018 for establishment of a radio station which was closed on 21 December, 2017 due to non-viability. However, audit review revealed that the Corporation did not undertake project appraisal and financial analysis of the radio station project before making the investment contrary to Section 26 of the Meru County Investments and Development Corporation Act, 2014 which states that the Corporation shall not undertake any investment or project unless it has undertaken an investment or project appraisal and financial analysis in accordance with the prescribed guidelines.

In addition, at the time of audit in November, 2025, the project was still abandoned and therefore, the payable amount of Kshs.1,030,000 when settled will increase the project cost from Kshs.4,551,829 to Kshs.5,581,829 without any corresponding benefits to the public.

In the circumstances, the accuracy and validity of the account payables balance of Kshs.1,030,000 could not be confirmed.

2. Delayed Delivery of Meru Rising Tower Project

The statement of financial position and as disclosed in Note 15 to the financial statements reflects a balance of Kshs.16,745,919 in respect of accounts payables, which includes a balance of Kshs.13,547,641 owed to a consultant for the design and construction supervision of a proposed fifteen (15) floors Meru Rising Tower in Meru Town. Documents provided for audit review indicated that the consultancy fee balance which was incurred in 2017 was Kshs.40,357,104 out of which Kshs.19,000,000 and Kshs.7,809,464 were paid in financial years 2016/2017 and 2018/2019 respectively, leaving a balance of Kshs.13,547,641 which has been outstanding since the financial year 2016/2017 contrary to the National Treasury Circular no. 10/2020 of 16 June, 2020 which requires that pending bills be settled as a first charge in the first quarter of the preceding financial year.

In addition, the project which was estimated to cost Kshs.1,990,878,979. However, the project had not commenced at the time of audit in October, 2025.

In the circumstances, it was not possible to confirm if there was value for money on the expenditure totalling Kshs.26,809,464 already incurred on the project.

3. Non-Compliance with the Law on Staff Ethnic Composition

Review of human resource records revealed that during the year under review, the Corporation had fourteen (14) permanent employees out of which twelve (12) or 92% of the staff were from one dominant community. This is contrary to the requirement of Section 7(2) of the National Cohesion and Integration Act, 2008 which stipulates that no public establishment shall have more than one third of its staff from the same ethnic community.

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

4. Failure to Renew Lease Agreement

The statement of financial performance reflects a balance of Kshs.38,484,666 as income from exchange transactions, out of which Kshs.29,172,151 is rent income.

The lease agreements between the County Executive of Meru and Meru County Investment and development Corporation entered into on 01 July, 2020 for lease of New Meru Headquarters and Meru County Massionettes Building for a period of five (5) years expired on 30 June, 2020. There was no evidence of renewal of lease agreements.

In the circumstances, validity and optimal revenue collected could not be confirmed.

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, except for the effect of the matters described in the Basis for conclusion on effectiveness of Internal Controls, Risk Management and Governance Section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Non - Composition of the Board

During the financial year 2024/2025, the Corporation operated without a Board whose term had expired in November, 2023. It was therefore, not certain why the County Executive was yet to appoint a new Board.

In the circumstances the effectiveness of the Corporation to deliver and perform its duties could not be confirmed.

2. Lack of an Audit Committee

During the year under review, the Corporation did not have an Audit Committee contrary to Regulations 167(1) of Public Finance Management (County Governments) Regulations, 2015 which states that subject to paragraph (2) of this Regulation, each County Government entity shall establish an Audit Committee. Further, the Corporation had no published internal audit report.

In the circumstances, the Corporation did not benefit from the oversight role and advice from the Audit Committee and the internal audit function.

3. Lack of Risk Management Policy Framework

During the year under review, the Corporation operated without a documented risk management policy framework contrary to the requirements of Treasury Circular No.3/2009 of 23 February, 2009 which requires all Heads of Public Institutions to develop and implement a risk management frame work as a fundamental step towards establishing an accountable and innovative public service. In addition, there was no effective reporting system that includes hotlines, report centers and whistle blower policy. In the circumstances, the efficiency in risk management within the corporation could not be confirmed.

4. Weak in Information Communication Technology (ICT) Controls

- i. Lack of an approved ICT Policy- There was no formally approved ICT policy to guide the development, deployment, use, and management of ICT resources within the entity.
- ii. Staff use personal email addresses for official communication, which undermines data security and organizational accountability.
- iii. The entity lacks a documented data protection policy to ensure that the collection, handling, storage, and sharing of data comply with legal and regulatory data protection requirements.
- iv. There is no centralized and updated ICT asset register to track, manage, or safeguard ICT infrastructure and equipment.
- v. There are no formalized data backup processes, exposing the entity to the risk of data loss in the event of system failure, cyberattack, or accidental deletion.

In the circumstances, the efficiency in the use of ICT within the corporation could not be confirmed.

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 the Board of Directors

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 control 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 overall governance.

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

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

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

The Board of Directors is responsible for overseeing the Corporation'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, SBS
AUDITOR-GENERAL

Nairobi

24 November, 2025

Appendix- Unresolved Prior Year Audit Matters

	Financial Year	Audit Issue
1.	2023/2024	Inaccuracy in the Financial Statements
2.	2023/2024	Unsupported Other Income
3.	2023/2024	Accounts Payable - Abandoned Radio Station
4.	2023/2024	Long Overdue Refund on Borrowing
5.	2023/2024	Long Overdue Accounts Receivable
6.	2023/2024	Budgetary Control and Performance
7.	2023/2024	Non-Compliance with the Law on Ethnic Composition
8.	2023/2024	Delayed Delivery of Project (AIA Consultant)
9.	2023/2024	Irregular Payment of Repairs and Maintenance
10.	2023/2024	Unsupported Expenditure on Lift Maintenance at Meru County Headquarters
11.	2023/2024	Failure to Prepare Tea Farm Reconciliation Reports
12.	2023/2024	Uncollected Rental Income
13.	2023/2024	Board Underperformance

Meru County Investment and Development Corporation
County Government of Meru
Annual Reports and Financial Statements for the year ended June 30, 2025

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

Description	Note	FY2024/2025	FY2023/2024
		KShs	KShs
Revenue From Non-exchange Transactions			
Public Contributions and Donations	6	-	1,490,900
Transfers From the County Government	7	21,600,000	18,166,394
Revenue From Exchange Transactions			
Other Income	8	38,484,666	38,671,682
Total Revenue		60,084,666	58,328,976
Expenses			
Staff Cost	9	15,100,000	17,850,617
General Expenses	10	16,341,554	12,645,342
Depreciation and Amortization Costs	13	287,294	287,294
Total Expenses		31,728,848	30,783,253
Surplus/(Deficit) for the Period		28,355,818	27,545,723

The notes set out on pages 18 to 28 form an integral part of these Financial Statements.



Ag. Managing Director
 Name: Edward Kobia



Ag. Accountant
 Name: Jediel Muturia

Meru County Investment and Development Corporation
County Government of Meru
Annual Reports and Financial Statements for the year ended June 30, 2025

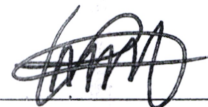
15. Statement of Financial Position As At 30th June 2025

Description	Note	FY2024/2025	FY2023/2024
		KShs	KShs
Assets			
Current Assets			
Bank Balance - Current Account	11	807,942	1,961,553
Accounts Receivables	12	110,865,675	79,180,675
Non-current assets			
Property, Plant and Equipment	13	414,304,797	414,592,091
Investment	14	74,751,798	74,751,798
Total Assets		600,730,212	570,486,117
Equity & Liabilities			
Current Liabilities			
Accounts Payable	15	16,745,919	14,857,641
Borrowings From County Treasury	16	1,400,000	1,400,000
Non-Current Liabilities			
Total Liabilities		18,145,919	16,257,641
Net Assets			
Capital Contribution	17	366,686,482	366,686,482
Accumulated Surplus		215,897,811	187,541,994
Total Net Assets and Liabilities		600,730,212	570,486,117

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



Ag. Managing Director
Name: Edward Kobia



Ag. Accountant
Name: Jediel Muturia

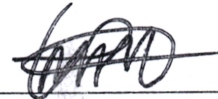
Meru County Investment and Development Corporation
 County Government of Meru
 Annual Reports and Financial Statements for the year ended June 30, 2025

16. Statement Of Changes in Net Assets for the Year Ended 30th June 2025

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
Balance As At 1st July 2023	-	2,820,000	157,176,271	159,996,271
Surplus/(Deficit) for the Period	-	-	27,545,723	27,545,723
Balance As At 30 th June 2024	-	2,820,000	184,721,994	187,541,994
Balance As At 1st July 2024	-	2,820,000	184,721,994	187,541,994
Surplus/(Deficit) for the Period	-	-	28,355,818	28,355,818
Balance As At 30 th June 2025	-	2,820,000	213,077,812	215,897,812



Ag. Managing Director
 Name: Edward Kobia



Ag. Accountant
 Name: Jediel Muturia

Meru County Investment And Development Corporation
 County Government of Meru
Annual Reports and Financial Statements for the year ended June 30, 2025
 17. Statement of Cash Flows for the Year Ended 30th June 2025

Description	Note	FY2024/2025	FY2023/2024
		KShs	KShs
Cash Flows From Operating Activities			
Receipts			
Public Contributions and Donations	6	-	1,490,000
Transfers From the County Government	7	21,600,000	18,166,394
Other Income	8	38,484,666	38,671,682
Total Receipts		60,084,666	58,328,976
Payments			
Staff Cost	9	15,100,000	17,850,617
General Expenses	10	16,341,554	12,645,342
Adjusted For:			
Increase in Accounts Receivable	18	(31,685,000)	(31,593,655)
Decrease in Accounts Payable	19	1,888,278	-
Net Cash Flows From Operating Activities		(1,153,611)	(3,760,638)
Cash Flows from Investing Activities			
Purchase of Property, Plant, Equipment	13	-	20,000,000
Investment in Subsidiaries	14	-	-
Net Cash Flows Used in Investing Activities		-	20,000,000
Cash Flows From Financing Activities			
Transfers From the County Government (Capital Contribution)		-	-
Net Cash Flows Used in Financing Activities		-	-
Net Increase/(Decrease) in Cash and Cash Equivalents		(1,153,611)	(23,760,638)
Cash and Cash Equivalents at 1st July 2024		1,961,553	25,722,191
Cash and Cash Equivalents at 30th June 2025	11	807,942	1,961,553

Meru County Investment And Development Corporation

County Government of Meru

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

18. Statement Of Comparison Of Budget And Actual Amounts For The Period Ended 30th June 2025

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance Difference	% Utilisation
	FY2024/2025	FY2024/2025	FY2024/2025	FY2024/2025	FY2024/2025	FY2024/25
Revenue	KShs	KShs	KShs	KShs	KShs	
Rollover FY2023/24	1,961,553	-	1,961,553	1,961,553	-	100%
Transfers From County Government	21,600,000	-	21,600,000	15,331,531	6,268,469	71%
Other Income	38,484,666	-	38,484,666	13,068,134	25,416,532	34%
Transfers From County Govt.(Development)	-	-	-	-	-	-
Total Income	62,046,219	-	62,046,219	30,361,218	31,685,001	49%
Expenses						
Staff Costs	15,100,000	-	15,100,000	14,292,058	807,942	95%
General Expenses	36,887,198	-	36,887,198	15,261,218	21,625,980	41%
Development	10,059,021	-	10,059,021	-	10,059,021	0%
Total Expenditure	62,046,219	-	62,046,219	29,553,276	32,492,943	48%
Surplus For the Period	-	-	-	807,942	(807,942)	-

Budget notes

1. The transfers from Meru County government for year amounts to Kshs 21,600,000. However, the actual amount transferred as at 30th June 2025 was Kshs 15,331,531 resulting to a receivable transfers of Kshs 6,268,468.
2. The budgeted amount on Other Income was not realised as expected due to non-remittance of rental income totalling to Kshs 25,416,532 as at 30th June 2025 being rent receivable from tenants.
3. The totals of actual on comparable basis does not tie with statement of financial performance as the actual on comparable basis is on cash basis whereas the financial performance is prepared on accrual basis. For reconciliation, purposes add back the depreciation of **Kshs 287,294** to the Surplus of **Kshs. 28,355,818** realized in the statement of Financial Performance and less **Kshs 27,835,170**, being increase in accounts receivable recognised in the Statement of Cash Flows and the resulting amount will be **Kshs 807,942** as per the Surplus of Actual on comparable basis.

Meru County Investment And Development Corporation
County Government of Meru
Annual Reports and Financial Statements for the year ended June 30, 2025
19. Notes to the Financial Statements

1. General Information

Meru County Investment & Development Corporation (MCIDC) is established by and derives its authority and accountability from the Meru County Investment & Development Corporation Act of 8th August 2014. The Corporation is wholly owned by the County Government of Meru and is domiciled in Kenya. The entity's principal activity is to invest on behalf of the Meru County Government.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The Corporation's financial statements have been prepared in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *Entity's* accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya shillings, which is the functional and reporting currency of the Corporation. *The* financial statements have been prepared in accordance with the PFM Act, 2012, *PFM – Regulations 2015 (County Governments)* and International Public Sector Accounting Standards (IPSAS). 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.

Meru County Investment And Development Corporation

County Government of Meru

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

3. Adoption of new and revised standards

(i) **New and amended standards and interpretations in issue effective in the year ended 30 June 2025**

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

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

Standard	Effect on the financial statements
IPSAS 43: Leases	<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> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>The Standard is expected to significantly impact on the entity'</i> other income streams by enabling the recognition of the receivable incomes.</p>
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>
IPSAS 45: Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p>The Standard shall significantly impact on the Corporation's consistent recognition of the of assets transferred to it by the County Government of Meru since its inception to date as well as the developments undertaken thereon.</p>

Meru County Investment And Development Corporation
County Government of Meru
Annual Reports and Financial Statements for the year ended June 30, 2025

<p>IPSAS 46: Measurement</p>	<p><i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47: Revenue</p>	<p><i>Applicable 1st January 2026</i> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
<p>IPSAS 48: Transfer Expenses</p>	<p><i>Applicable 1st January 2026</i> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
<p>IPSAS 49: Retirement Benefit Plans</p>	<p><i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
<p>IPSAS 50: Exploration For & Evaluation of Mineral Resources</p>	<p><i>Applicable 1st January 2027</i> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.

Meru County Investment And Development Corporation

County Government of Meru

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

	<ul style="list-style-type: none">ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.
--	---

iii Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2025.

Meru County Investment And Development Corporation
County Government of Meru
Annual Reports and Financial Statements for the year ended June 30, 2025

4. Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2024/2025 was approved by the County Assembly on 30th June, 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Corporation did not record additional appropriations on the FY 2024/2025 budget following the governing body's approval.

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

Meru County Investment And Development Corporation
County Government of Meru
Annual Reports and Financial Statements for the year ended June 30, 2025
Summary of Significant Accounting Policies (Continued)

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under the section of 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 properties are measured using the cost model and are depreciated over an established period or 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 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.

Meru County Investment And Development Corporation
County Government of Meru
Annual Reports and Financial Statements for the year ended June 30, 2025
Summary Of Significant Accounting Policies (Continued)

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

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

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.

Meru County Investment And Development Corporation
County Government of Meru
Annual Reports and Financial Statements for the year ended June 30, 2025
Summary Of Significant Accounting Policies (Continued)

Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset of an entity is impaired. A financial asset of an entity is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

Meru County Investment And Development Corporation
County Government of Meru
Annual Reports and Financial Statements for the year ended June 30, 2025
Summary Of Significant Accounting Policies (Continued)

- The debtors of an entity are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

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.

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.

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.

Meru County Investment And Development Corporation
County Government of Meru
Annual Reports and Financial Statements for the year ended June 30, 2025
Summary Of Significant Accounting Policies (Continued)

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.

j) Contingent assets

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.

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 Corporation), and will have no legal or constructive obligation to pay further contributions if the Corporation does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to Corporation 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 are valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation

Meru County Investment And Development Corporation
County Government of Meru
Annual Reports and Financial Statements for the year ended June 30, 2025
Summary Of Significant Accounting Policies (Continued)

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 imprests 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.

Meru County Investment And Development Corporation
County Government of Meru
Annual Reports and Financial Statements for the year ended June 30, 2025
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

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. 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.

Meru County Investment And Development Corporation
 County Government of Meru
Annual Reports and Financial Statements for the year ended June 30, 2025
 6. Public Contributions and Donations

Description	FY2024/2025	FY2023/2024
	KShs	KShs
Donations From Development Partners	-	1,490,900
Contributions From The Public	-	-
Total Other Income	-	1,490,900

7. Transfer from County Government.

Description	FY2024/2025	FY2023/2024
	KShs	KShs
Transfers From County Govt. – Operations	21,600,000	18,166,394
Total	21,600,000	18,166,394

8. Other Income

Description	FY2024/2025	FY2023/2024
	KShs	KShs
Rental Income	36,947,119	36,015,830
Income from Tea Farm	1,537,547	2,655,852
Total Other Income	38,484,666	38,671,682

9. Staff Costs

Description	FY2024/2025	FY2023/2024
	KShs	KShs
Salaries and Wages	7,330,886	7,319,086
Staff Gratuity/pension	2,325,990	2,326,860
Staff Training Expenses	1,853,026	2,536,640
Social Security Contribution	660,684	377,280
Other Staff Costs	2,929,414	5,290,751
Total	15,100,000	17,850,617

Meru County Investment And Development Corporation
County Government of Meru
Annual Reports and Financial Statements for the year ended June 30, 2025
Notes to the Financial Statements (Continued)

10. General Expenses

Description	FY2024/2025	FY2023/2024
	KShs	KShs
Domestic Travel and Subsistence	4,334,400	3,263,400
Electricity and Water Expenses	-	202,980
Fuel and Oil costs	298,000	416,508
Telephone Internet & Postage	446,415	702,200
Printing, Stationery and Office Supplies	95,800	257,850
Security Costs	1,105,000	578,000
Board Allowances	-	-
Hospitality	396,335	436,205
Other Expenses	9,665,604	6,788,199
Total	16,341,554	12,645,342

Meru County Investment And Development Corporation
County Government of Meru
Annual Reports and Financial Statements for the year ended June 30, 2025
Notes to the Financial Statements (Continued)

11. Cash and Cash Equivalents

Description	FY2024/2025	FY2023/2024
	KShs	KShs
Fixed Deposits Account	-	-
Bank Balance - Current Account	807,942	1,961,553
Others	-	-
Total Cash and Cash Equivalents	807,942	1,961,553

(The amount should agree with the closing and opening balances as included in the statement of cash flows)

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

Financial Institution	Account Number	FY2024/2025	FY2023/2024
		KShs	KShs
Current account			
Kenya Commercial Bank	1168502845	612,918	864,117
Kenya Commercial Bank	1176612611	19,316	466,391
Kenya Commercial Bank	1225554969	175,708	631,045
Grand total		807,942	1,961,553

12. Accounts Receivables

Description	FY2024/2025	FY2023/2024
	KShs	KShs
Current Receivables		
Accrued Rent	110,865,675	79,180,675
Total Current Receivables	110,865,675	79,180,675
Non-Current Receivables		
Total Non-Current Receivables	-	-
Sub-total Accounts Receivables	110,865,675	79,180,675
Total Accounts Receivables	110,865,675	79,180,675

Meru County Investment And Development Corporation
 County Government of Meru
Annual Reports and Financial Statements for the year ended June 30, 2025
 Notes to the Financial Statements (Continued)

13. Property, Plant and Equipment

At 1 st July 2023	393,094,064	2,820,000	3,591,174	954,902	400,676,954
Additions/ revaluation	20,000,000	-	-	-	20,000,000
Disposals	-	-	-	-	-
Transfer/Adjustments	-	(2,820,000)	-	(954,902)	(3,774,902)
At 30 th June 2024	413,310,878	-	3,591,174	-	416,902,052
At 1 st July 2024	413,310,878	-	3,591,174	-	416,902,052
Additions/ revaluation	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/Adjustments	-	(2,820,000)	-	(954,902)	(3,774,902)
At 30 th June 2025	413,310,878	-	3,591,174	-	416,902,052
Depreciation and Impairment					
At 1 st July 2023	-	2,820,000	2,022,667	954,902	5,797,569
Depreciation	-	-	287,294	-	287,294
Disposals	-	-	-	-	-
Impairment/Revaluation	-	-	-	-	-
Transfer/Adjustments	-	(2,820,000)	-	(954,902)	(3,774,902)
At 30 th June 2024	-	-	2,309,961	-	2,309,961
At 1 st July 2024	-	-	2,309,961	-	2,309,961
Depreciation	-	-	287,294	-	287,294
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
At 30 th June 2025	-	-	2,597,255	-	2,597,255
Accumulated Depreciation					
Net Book Values					
At 30 th June 2024	413,310,878	-	1,281,213	-	414,592,091
At 30 th June 2025	413,310,878	-	993,919	-	414,304,797

Meru County Investment And Development Corporation
 County Government of Meru
Annual Reports and Financial Statements for the year ended June 30, 2025
 Notes to the Financial Statements (Continued)

14. Investments

Description	FY2024/2025	FY2023/2024
	KShs	KShs
Cost		
At Beginning of the Year	74,751,798	74,751,798
Additions for the Year	-	-
At End of the Year		
NBV	74,751,798	74,751,798

15. Accounts Payable

Description	FY2024/2025	FY2023/2024
	KShs	KShs
Prepaid Rent	280,000	280,000
AIA Consultant	13,547,641	13,547,641
Accrued operations expense	1,888,278	-
Mugambo Jwetu (Maintel Technical Services)	1,030,000	1,030,000
Total Trade and Other Payables	16,745,919	14,857,641

Ageing Analysis: (Trade and other Payables)	FY 2024/2025	% of the Total	FY 2023/2024	% of the Total
Under one year	1,888,278	11.28	-	-
1-2 years	280,000	1.67	280,000	1.88
2-3 years	-	-	-	-
Over 3 years	14,577,641	87.05	14,577,641	98.12
Total	16,745,919		14,857,641	

16. Borrowings

Description	FY2024/2025	FY2023/2024
	KShs	KShs
Balance at Beginning of the Period		
Borrowings From County Treasury	1,400,000	1,400,000
Balance at End of the Period	1,400,000	1,400,000

Meru County Investment And Development Corporation
County Government of Meru
Annual Reports and Financial Statements for the year ended June 30, 2025

17. Capital Contribution

Description	Capital Contribution KShs
At July 1, 2023	366,686,482
Additions	-
At June 30, 2024	366,686,482
At July 1, 2024	366,686,482
Additions	-
At June 30, 2025	366,686,482

18. Changes in Receivable

Description	FY 2024/2025 KShs	FY 2023/2024 KShs
Account Receivables as at 1st July 2024	79,180,675	47,587,020
Account Receivables as at 30 th June 2025	110,865,675	79,180,675
Net Changes in Account Receivable	(31,685,000)	(31,593,655)

19. Changes in Accounts Payable

Description	FY 2024/2025 KShs	FY 2023/2024 KShs
Account Payable as at 1st July 2024 (A)	14,857,641	14,857,641
Account Payable held during the Year (B)	1,888,278	-
Account Payable paid during the year (C)	-	-
Accounts Payable as the End of Year D= A+B-C	16,745,919	14,857,641
Net Changes in Account Payable E=D-A	1,888,278	-

Meru County Investment And Development Corporation
 County Government of Meru
Annual Reports and Financial Statements for the year ended June 30, 2025
 20. Cash generated from operations

Description	FY2023/2024	FY2022/2023
	KShs	KShs
Surplus/ (Deficit) For the Period	28,355,818	27,545,723
Adjusted For:		
Depreciation	287,294	287,294
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	-	-
Finance Cost	-	-
Working Capital Adjustments		
Increase In Inventory	-	-
Increase In Receivables	(31,685,000)	(31,593,655)
Increase In Payables	1,888,278	-
Net Cash Flow From Operating Activities	(1,153,611)	(3,760,638)

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

Meru County Investment And Development Corporation
County Government of Meru
Annual Reports and Financial Statements for the year ended June 30, 2025
Notes of the Financial Statements (Continued)

21. Financial Risk management

The Corporation's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Corporation'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 Corporation's financial risk management objectives and policies are detailed below.

i) Credit Risk

The Corporation 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.

Financial Risk Management

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:

At 30 June 2025				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	110,865,675	110,865,675	-	-
Bank Balances	807,942	-	-	-
Total	111,673,617	110,865,675	-	-
At 30 June 2024				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	79,180,675	79,180,675	-	-
Bank Balances	1,961,553	-	-	-
Total	81,142,228	79,180,675	-	-

Meru County Investment And Development Corporation
County Government of Meru
Annual Reports and Financial Statements for the year ended June 30, 2025
Notes To The Financial Statements (Continued)

The tenants 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 of **Kshs 92,148,511** due from County Government of Meru in respect of Lease Agreements for the New County Headquarters and the Space occupied by various County Directorates at the County Maisonettes building. 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. This is done by ensuring the various lease agreements are enforced as appropriate.

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Corporation's Managing Director, 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.

At 30th June 2025				
Trade Payables	-	-	13,547,641	13,547,641
Current Portion Of Borrowings	-	-	1,400,000	1,400,000
Mugambo Jwetu	-	-	1,030,000	1,030,000
Prepaid Rent	-	-	280,000	280,000
Accrued Expenses			1,888,278	1,888,278
Total	-	-	16,745,919	16,745,919
At 30th June 2024				
Trade Payables	-	-	13,547,641	13,547,641
Current Portion Of Borrowings	-	-	1,400,000	1,400,000
Mugambo Jwetu	-	-	1,030,000	1,030,000
Prepaid Rent	-	-	280,000	280,000
Total	-	-	14,857,641	14,857,641

Meru County Investment And Development Corporation
County Government of Meru
Annual Reports and Financial Statements for the year ended June 30, 2025
Notes To The Financial Statements (Continued)

iii) 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 Corporation'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.

iv) 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:

Revaluation reserve	2,820,000	2,820,000
Revolving fund	-	-
Accumulated surplus	215,897,811	184,721,994
Total funds	215,897,811	187,541,994
Total borrowings	1,400,000	1,400,000
Less: cash and bank balances	(807,942)	(1,961,553)
Net debt/(excess cash and cash equivalents)	216,489,869	186,980,441
Gearing	0.647%	0.749%

Meru County Investment And Development Corporation
County Government of Meru
Annual Reports and Financial Statements for the year ended June 30, 2025
Notes To The Financial Statements (Continued)

22. Contingent Assets and Contingent Liabilities

Contingent Liabilities

Contingent Liabilities		
Court case MERU ELRC CAUSE 31 OF 2019, SOLOMON KIRAGU MURENDE VS MERU COUNTY INVESTMENT & DEVELOPMENT CORPORATION.	3,028,824	-
Others (<i>Bealine Kenya Auctioneers</i>)	316,075	-
Total	3,344,899	-

23. Events after the Reporting Period

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

24. Ultimate and Holding Entity

The entity is established by MCIDC Act 2014 under department of Finance. Its ultimate parent is the County Government of Meru.

25. Currency

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

20. Appendices

Appendix 1: Implementation Status of Auditor General’s Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

<p>1. Inaccuracy in the Financial Statements</p>	<p>The statement of financial performance as disclosed in Note 2 to the financial statements reflects Kshs. 36,473,986 as other income while the statement of comparison of budget and actual amounts reflects Kshs. 7,091,366 as actual income on comparable basis resulting to an unexplained variance of Kshs. 29,382,620</p>	<p>Whereas the Statement of Financial Performance is prepared on an Accrual Basis, the Statement of Comparison of Budget and Actual is prepared on Cash Basis. Thus, Kshs. 36,473,986 disclosed under Note 2 – Statement of financial performance represents the total receivable other income for the period while Kshs. 7,091,366 disclosed in the Statement of comparison of budget and actual amounts is the actual amount of other income received during the period under review.</p>	<p>Not Resolved</p>	<p>Awaiting resolution by the CPAIC after appearance on 14th February 2024.</p>
--	--	---	---------------------	--

Meru County Investment And Development Corporation
County Government of Meru
Annual Reports and Financial Statements for the year ended June 30, 2025

<p>2. Unsupported Other Income</p>	<p>The statement of financial performance reflects an amount of Kshs.36,473,986 in respect to other income and as disclosed in Note 2 to the financial statements. Included in the amount is Kshs. 34,579,620 in respect to rental income out of which Kshs. 1,078,000 was received from three tenants.</p> <p>However, it was not established how the rent amounts charged were determined as there were no market surveys done, valuation reports from the Ministry of Public Works and tariff guides on the rent.</p>	<p>Note 2 to the financial statements reflects Kshs.36,473,986 in respect to other income which includes Kshs.34,579,620 in respect to rental income which further includes Kshs.1,078,000 paid by three tenants as shown below.</p> <ol style="list-style-type: none"> 1. Dabuem Suppliers 480,000 2. Lizakam Stationers 400,000 3. Jane Karuthu 198,000 <p>The three tenants were occupying the respective premises way before the Corporation was established. When the property was transferred to the corporation it relied on the lease agreements between the tenants and the defunct Municipal Council of Meru. However, in January 2017 the Corporation engaged the tenants for a review of rent rates</p>	<p>Partially Resolved</p>	<p>Awaiting resolution by the CPAIC after appearance on 14th February 2024.</p>
--	--	--	---------------------------	--

Meru County Investment And Development Corporation
County Government of Meru
Annual Reports and Financial Statements for the year ended June 30, 2025

		<p>which led to an increase of rent charged by 100% i.e. from Kshs 20,000 to Kshs 40,000 per month for Dabuem Suppliers and Lizakam Stationers who occupy about 907.28 sq. ft each. Jane Karuthu occupies the least space of 445.86 sq. ft hence the lower charge of Kshs. 18,000 per month.</p> <p>Currently, the management of the corporation is working on undertaking a valuation of the various assets and properties upon which revised lease agreements reflective of the ascertained market rates shall be entered into with the above three SME commercial tenants.</p>		
--	--	---	--	--

Meru County Investment And Development Corporation
County Government of Meru
Annual Reports and Financial Statements for the year ended June 30, 2025

3. Accounts Payable	Accounts Payable- Abandoned Radio Station	The equipment, therefore, were deployed to deliver the principle objective. The Corporation has continually budgeted funds for the settlement of this outstanding bill including this current 2025/26FY.	Not Resolved	June 2026
4. Long Overdue Refund on Borrowing	The statement of financial position and as disclosed in Note 10 to the financial statements reflects a balance of Kshs.1, 400,000 in respect to borrowings from the County Government of Meru to pay salaries for the Corporation employees way back in March, 2018. However, as reported in the previous years, no satisfactory explanation was given why the debt had not been settled by the time of audit in October, 2023	The Receivables due from the County Government of Meru as recognized in the Corporation's Books of Accounts as at 30 th June 2025 stands at Kshs 88,773,511. The Management has written to the executive requesting for authorisation to net-off the borrowing with the rent arrears to resolve this audit query.	Not Resolved	June 2026
5. Long Overdue Accounts Receivable	The Statement of financial position and as disclosed in Note 6 of the financial statements reflects Kshs. 47,587,020 as accounts receivables as at 30 June, 2023. Included in this balance is Kshs.	Further, the County Government of Meru being the anchor tenant owing the larger portion of the arrears amounting Kshs 41,660,000 as at 30 th June,2023 had cash flows constraints over time.	Not Resolved	June 2026

Meru County Investment And Development Corporation
County Government of Meru
Annual Reports and Financial Statements for the year ended June 30, 2025

	28,204,400 that has been long outstanding.	The management intends to engage the executive before the end of this 3rd quarter of 2024/25 financial year on the way forward towards settlement of the stated arrears.		
Budgetary Control and Performance	The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs. 94,149,044 and Kshs.57,091,366 respectively, resulting to an underfunding of Kshs.37,057,678 or 39% of the budget. Similarly, the statement reflects Kshs.94, 149,044 and Kshs. 46,503,077 in respect to expenditure budget and actual expenditure resulting to an under expenditure of Kshs.47, 645,967 or 50% of the budget.	The management has taken note of this recommendation and will review its budget-making mechanism to formulate a practical budget that would actualize service delivery to the public. Further, management shall ensure that tenable programs and projects are identified, aligned to the Corporation's mandate, and that which can be implemented with the available budgetary provisions.	Partially Resolved	Awaiting resolution by the CPAIC after appearance on 14 th February 2024.
Other Matters				

Meru County Investment And Development Corporation
County Government of Meru
Annual Reports and Financial Statements for the year ended June 30, 2025

<p>1. Non-Compliance with the Law on Ethnic Composition</p>	<p>As reported in the previous year, the staff establishment of the Corporation had eighty six percent (86%) of the employees from one ethnic community. This was contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 which states that no public establishment shall have more than one third of its staff from the same ethnic community.</p>	<p>The management takes note of this observation and will comply with the National Cohesion and Integrity Commission Act in future recruitments. Further, the corporation did not undertake any staff recruitment in the financial year 2023/2024. All new recruitments shall consider ethnic balance.</p>	<p>Not Resolved</p>	<p>June 2026</p>
<p>2. Delayed Delivery of Project (AIA Consultant)</p>	<p>As reported in the previous year, the statement of financial position and the corresponding Note 9 to the financial statements reflects Kshs.14, 857,641 in respect to accounts payables, which includes Kshs.13, 547,641 owed to a Consultant for the design and construction and supervision of a proposed fifteen (15) floors Meru Rising Tower in Meru Town. Documents provided for audit review indicated that the consultancy fees which was</p>	<p>The pending bill due to the Consultants for the Construction of the Meru Rising Tower has not been settled due to budgetary constraints. To date, the recognized outstanding bill due is Ksh. 13,547,641 and in the Current Financial Year, the Corporation has budgeted funds towards the settlement of the same. Further, the Corporation is in possession of Architectural designs, drawings, and other related documents, drawn by the consultant, as contracted, for the proposed Meru Rising Tower to confirm the value for money expended on the project to date.</p>	<p>Not Resolved</p>	<p>June 2026</p>

Meru County Investment And Development Corporation
County Government of Meru
Annual Reports and Financial Statements for the year ended June 30, 2025

	<p>incurred in 2017 was Kshs.40,357,104 out of which Kshs.19,000,000 was paid in June, 2017 and Kshs.7,809,464 in the year 2019 leaving a balance of Kshs.13,547,641 which has remained outstanding as at 30 June, 2024.</p>	<p>There is an ongoing litigation process on the matter and management is committed to ensure that once the process is concluded, budgetary allocation shall be provided to cater for the pending bill.</p>		
<p>3. Irregular Payment of Repairs and Maintenance</p>	<p>The statement of financial performance and as disclosed in Note 4 to the financial statements reflects Kshs.14,027,976 in respect to general expenses. This balance includes Kshs.8,132,908 paid as other expenses which further includes Kshs. 247,975 paid to various suppliers for repair and maintenance at the offices of the Governor, Governors' security area and Chief Officer Education. However, this expenditure should have been</p>	<p>The Corporation being the bonafide owner of the building has an obligation to undertake repairs that are deemed necessary to ensure there is ample working environment in the building. The repairs were executed vide communication from the Office accommodation directorate.</p> <p>The respective directorates housed in the affected areas had no budgetary provision for repairs and maintenance. Therefore, this necessitated</p>	<p>Partially Resolved</p>	<p>Awaiting resolution by the CPAIC after appearance on 14th February 2024.</p>

Meru County Investment And Development Corporation
County Government of Meru
Annual Reports and Financial Statements for the year ended June 30, 2025

	borne by the tenant and not the Corporation.	the action by the Corporation to take up the responsibility being the lessor of the building.		
4. Unsupported Expenditure on Lift Maintenance at Meru County Headquarters	The statement of financial performance and as disclosed in Note 4 to the financial statements reflects Kshs.14,027,976 in respect to general expenses. This balance includes Kshs. 8,132,908 paid as other expenses which further includes Kshs.348,000 paid to a local Engineering Company Ltd for lift maintenance at Meru County Headquarters.	The Corporation being the Contracting entity for the Supply and Installation of the lift further engaged the supplier for the Maintenance of the lift. All these arrangements were effected before the commencement of the lease agreement between the Corporation and the County Government of Meru.	Partially Resolved	Awaiting resolution by the CPAIC after appearance on 14 th February 2024.
5. Failure to Prepare Tea Farm Reconciliation Reports	Note 2 to the financial statements reflects Kshs.36,473,986 in respect to other income which includes Kshs.1,894,366 in respect to Income from the Tea Farm.	The Corporation's management has noted this observation and shall adhere to the enabling Act by assessing sustainability, profitability, and	Partially Resolved	Awaiting resolution by the CPAIC after appearance on 14 th February 2024.

Meru County Investment And Development Corporation
County Government of Meru
Annual Reports and Financial Statements for the year ended June 30, 2025

	<p>However, sustainability, profitability and competitiveness reports as concerns the tea farm operations were not prepared by the Corporation Board as required by section 27 of the Meru County Investment and Development Corporation Act, 2014 which states that the Corporation shall institute measures to ensure that its operations and investments are sustainable and profitable and that it is competitive in all its investment ventures.</p>	<p>competitiveness regarding the tea farm operations.</p> <p>During the year under review the Corporation did not have active board, nevertheless the management worked promptly to ensure that the tea farm operations were efficient and effective and that the facility was able to generate the targeted/budgeted income with even a surplus of Kshs 60,993.</p>		
<p>6. Uncollected Rental Income</p>	<p>The statement of financial performance and as disclosed in Note 2 to the financial statements reflects Kshs.36,473,986 in respect to other income which includes Kshs.34,579,620 in respect to rental income. The Corporation had rental income budget of Kshs.36, 808,993 for the year. However, the</p>	<p>Management has continually engaged with the tenants in efforts to ensure that both rent and the arrears are cleared and/or paid as they fall due.</p> <p>Further, the County Government of Meru owes the larger portion of the arrears amounting to Kshs</p>	<p>Not Resolved</p>	<p>Awaiting the response from the County Executive following the Corporation's request for the status on the lease renewal and settlement of the rent arrears.</p>

Meru County Investment And Development Corporation
County Government of Meru
Annual Reports and Financial Statements for the year ended June 30, 2025

	Corporation collected Kshs. 7,091,365 resulting to an under-collection of Kshs. 29,717,628 or 81% of the budget.	88,773,511 due to the cash flows constraints it has had over time.		
REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE				
1. Board Underperformance	During the financial year under review the Board was not fully constituted as it only had five (5) members contrary to the Meru County Investment & Development Act, 2014 section 6 which requires the board to have at least six (6) directors.	The management has noted this recommendation and shall engage and advise the executive accordingly to ensure that the constitution of the new board adheres to the provisions of the Act regarding the number of members and gender composition.	Not Resolved	Awaiting for the executive to appoint a New Board for the Corporation.

Meru County Investment And Development Corporation
County Government of Meru
Annual Reports and Financial Statements for the year ended June 30, 2025

Appendix II: Inter-Entity Confirmation Letter



P.O Box 3194-60200, Meru.

The Meru County Investment & Development Corporation wishes to confirm the amounts disbursed as at 30th June 2025 as indicated in the table below.

Reference Number	Date Disbursed	Amounts Disbursed by County Treasury (Kshs) as at 30 th June 2025				Amount Received by [beneficiary Fund] (KShs) as at 30 th June 2025 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
MERUCOUNTY/REC/0000079629	20/09/2024	2,160,517	-	-	2,160,517	2,160,517	-
MERUCOUNTY/KE/NAIROBI	29/11/2024	1,080,259	-	-	1,080,259	1,080,259	-
MERUCOUNTY/KE/NAIROBI	04/12/2024	7,500,000			7,500,000	7,500,000	
MERUCOUNTY/KE/NAIROBI	28/02/2025	1,124,653			1,124,653	1,124,653	
MERUCOUNTY/KE/NAIROBI	28/02/2025	1,198,653			1,198,653	1,198,653	
MERUCOUNTY/KE/NAIROBI	16/05/2025	1,142,696			1,142,696	1,142,696	
MERUCOUNTY/KE/NAIROBI	16/05/2025	1,124,753			1,124,753	1,124,753	
MERUCOUNTY/KE/NAIROBI	01/07/2025	1,142,696			1,142,696	1,142,696	
MERUCOUNTY/KE/NAIROBI	01/07/2025	1,142,696			1,142,696	1,142,696	
MERUCOUNTY/KE/NAIROBI	11/07/2025	1,142,696			1,142,696	1,142,696	
MERUCOUNTY/KE/NAIROBI	11/07/2025	2,840,381			2,840,381	2,840,381	
Total		21,600,000	-		21,600,000	21,600,000	-

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

Head of Accountants department of beneficiary Fund:

Name JEDIEL MUGARA Sign [Signature] Date 04/11/2025

Appendix III: Reporting of Climate Relevant Expenditures

				Q1	Q2	Q3	Q4		
Meru Energy Park	Meru County Energy Park (MCEP) is 230MW of hybrid energy i.e. Wind, Solar and potential Battery Storage located in Athwana Ward -Tigania West.	To tap into the renewable energy resource.	The development phase of the project is at the final stages, with Land securement and Power Purchase Agreement as the key remaining item.	-	-	-	-	MCIDC	Hewani Energy (Pty) Ltd (formally Windlab East Africa Ltd) and MCIDC through the project Company, Hybrid Re 1 SPV Limited.