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TRANS NZOIA COUNTY NAWIRI FUND

FOR THE YEAR ENDED  
30 JUNE, 2025

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**TRANS NZOIA COUNTY NAWIRI FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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

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**1. Acronyms and Glossary of Terms**

a) Acronyms

AGPO	Access to Government Procurement Opportunities
BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
Kshs	Kenya Shillings
MSME	Micro, Small and Medium Enterprises
PFM	Public Finance Management
PPAD	Public Procurement and Asset Disposal Act, 2015
PSASB	Public Sector Accounting Standards Board

b) Glossary of Terms

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

**a) Background information**

Trans Nzoia Nawiri Fund is established by and derives its authority and accountability from Trans Nzoia Nawiri Act, 2015 on May, 2015. The Fund is wholly owned by the County Government of Trans Nzoia and is domiciled in Kenya.

As part of its development functions and mandate of promoting a sound financial system in Trans Nzoia County, the department of Trade and Industrialization (TCI) prepared a bill on the Micro and Small Enterprises Development Fund (Nawiri) that was legislated by the County Assembly in May 2015. This was in recognition of the significant contributions of the MSE sector to the economy of the County

**b) Principal Activities**

The Fund's principal activity is to provide affordable and competitive credit to both formal and informal traders involved production and trade in goods and services within Trans Nzoia County

**c) Board of Trustees/Fund Administration Committee**

Ref	Name	Position
1	Mr. Martin W. Waliaula	Chairperson
2	Mr. Isaac O. Ndiema	Secretary/Treasurer
3	Mr. Oscar A. Ombidi	Member
4	Mr. Hosea Serem	Member
5	Mr. Moses Kiptanui	Member
6	Mr. Eric Odhiambo	Member
7	Ms. Julia N. Kanyi	Member
8	Ms. Catherine O. Kerubo	Member
9	Ms. Cynthia Y. Nekesa	Member

**d) Key Management team**

Ref	Name	Position
1	Mr. Martin W. Waliaula	Chairperson
2	Mr. Isaac O. Ndiema	Secretary/Treasurer
3	Mr. Gilbert M.	Fund Manager/ Accountant

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**Key Entity and Management (Continued)**

**e) Fiduciary Oversight Arrangements**

SN	Position	Name
1	Office of the Auditor General	Director of Audit, Kakamega
2	Audit committee	Trans Nzoia County Audit Committee
3	Trans Nzoia County Assembly	PAIC Committee

**f) Registered Offices**

P.O. Box 4211-30200  
Former Municipal Yard /County Fire Station  
Behind County Police Headquarters  
KITALE, KENYA

**g) Fund Contacts**

Telephone: (254) 740938440  
E-mail: [transnzoianawiri.@gmail.com](mailto:transnzoianawiri.@gmail.com)  
Website: [www.transnzoia.go.ke](http://www.transnzoia.go.ke)

**h) Fund Bankers**

Equity Bank of Kenya  
P.O. Box 4211-30200  
Kitale-Kenya  
AC NO. 0330263908695

**i) Independent Auditors**

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

**Entity and Management (Continued)**

**j) Principal Legal Adviser**






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





**k) County Attorney**

County Attorney  
Trans Nzoia County  
P.O. Box 4210-30200  
Kitale, Kenya

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**3. Board of Trustees/ Fund Administration Committee**

Name	Details of qualifications and experience
 <p>Mr. Martin W. Waliaula</p>	<p>Mr. Waliaula is the current chair of the Board serving in his second year. He is the immediate former chairperson of Kenya National Chamber of Commerce and Industry KNCCI Trans Nzoia Chapter. He also served as a member of Kitale Municipality board. He is currently steering as the Board chairperson of St. Joseph's Girls High School, Mr. Waliaula is a marketer by profession having been in the field for over 20 years. He holds a Bachelor's degree in Marketing from Kisii University</p>
 <p>Mr. Isaac O. Ndiema</p>	<p>Mr. Ndiema is the current Chief Officer for Trade and Industrialisation and the Fund Administrator of the Fund. He has previously served as the Chief Officer for Economic Planning in Trans Nzoia County. Prior to joining the public sector, he successfully managed a global logistics company with a foothold in over 50 Countries. He is a holder of Bachelor of Science and Master of Science in Clinical Psychology from University of Nairobi.</p>
 <p>Mr. Oscar Ombidi</p>	<p>Mr Ombidi is a career Civil Servant having worked as a Trade development expert for over 15 years. He is vastly experienced in Public Administration. He is a holder of Masters in Economics from University of Nairobi. He also serves in the Trans Nzoia Alcoholics Drinks Control Board.</p>
 <p>Ms. Julia N. Kanyi</p>	<p>Ms. Kanyi is the representative of Trade department at the Board. She has a vast knowledge in the field of Agribusiness having worked as a proprietor for 25 years. She is the founder of Trans Nzoia Kings and Queens Cooperative Society, the largest society in the County engaged in Poultry farming. She also serves as a board chairperson of Kijana Wamalwa Memorial Hospital. She is a holder of Bachelor of Commerce from Mount Kenya University.</p>
 <p>Ms. Catherine Kerubo</p>	<p>Ms. Kerubo is tourism officer at the Department of Gender where she also serves as a board member in Trans Nzoia Tourism Board. She is a holder of of Master of Business Administration in Public Policy and Administration from Jomo Kenyatta University of Agriculture and Technology (JKUAT).</p>

	<p>Mr. Serem represents the Department of Cooperatives at the Board. He is a holder of Master of Business Administration- Finance from Jomo Kenyatta University of Agriculture and Technology. He serves as a member of Sacco Societies Regulatory Authority (SASRA). Prior to joining the Public Sector, he served as a regional manager at Kenya Commercial Bank.</p>
	<p>Mr. Kiptanui is a globally renowned athlete having been the former world record holder in the 3000m steeplechase. He is an astute businessman and a philanthropist. Among his other ventures, he serves as the chairperson of Cherangany Dairies Co-operative Sacco.</p>
	<p>Mr. Odhiambo represents the interest of the youth at the Board. He is a successful entrepreneur vastly knowledgeable in Marketing.</p>
	<p>Ms. Nekesa represent the informal business organisations at the Board. She is a sole proprietor who ventured into the groceries business. She holds a Bachelor's of Education from Moi University.</p>

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**4. Management Team**

Name	Details of qualifications and experience
 Mr. Martin W. Waliaula	<p>Mr. Waliaula is the current chair of the Board serving in his second year. He is the immediate former chairperson of Kenya National Chamber of Commerce and Industry KNCCI Trans Nzoia Chapter. He also served as a member of Kitale Municipality board. He is currently steering as the Board chairperson of St. Joseph's Girls High School, Mr. Waliaula is a marketer by profession having been in the field for over 20 years. He holds a Bachelor's degree in Marketing from Kisii University</p>
 Mr. Isaac O. Ndiema	<p>Mr. Ndiema is the current Chief Officer for Trade and Industrialisation and the Fund Administrator of the Fund. He has previously served as the Chief Officer for Economic Planning in Trans Nzoia County. Prior to joining the public sector, he successfully managed a global logistics company with a foothold in over 50 Countries. He is a holder of Bachelor of Science and Master of Science in Clinical Psychology from University of Nairobi.</p>
Mr. Gilbert M.	<p>Fund Accountant/Manager</p> <p>Mr. Mulembo is currently tasked with managing the affairs of the Fund, he also doubles up as the Accountant to the Fund. He is a Certified Public Accountant of Kenya with over five years' experience in the field of Accounting</p>

## **5. Board/Fund Chairperson's Report**

As Nawiri Fund celebrates its tenth year of operation, I reflect with pride on the substantial progress we've made in fulfilling our mission of fostering economic empowerment for groups and communities that are typically excluded from the services of mainstream banking systems. Since its inception, the Fund has positively impacted numerous businesses, entrepreneurs, and community-driven projects, enabling them to access the financial resources they need to grow and thrive.

The oversight role played by the Board has been pivotal in ensuring the Fund remains on track to meet its objectives. Throughout the year, we have worked tirelessly, engaging with stakeholders from various sectors to gather feedback and draw valuable insights. These interactions have not only informed the ongoing review of our operational guidelines and policies but also provided clarity on the evolving needs of the communities we serve. In particular, the continued guidance of the Department of Trade and Industrialization has played a crucial role in enhancing our decision-making processes, helping us refine our strategies for better alignment with national development goals.

A key guiding principle during this period has been our commitment to the *Ukombozi Manifesto*, which prioritizes initiatives aimed at alleviating poverty, fostering inclusive growth, and promoting sustainable economic development. In line with this, we have focused our resources on funding activities that contribute directly to these overarching objectives, ensuring that every decision made is in service of these critical goals.

Reflecting on the year-2024/2025, I am pleased to report several notable accomplishments, despite facing some challenges. The Fund did not receive any additional allocations for loan disbursements during this period, which limited our capacity to scale up operations. However, through diligent management and the active involvement of our technical sub-committees, we were able to maintain the momentum of our work. These sub-committees have provided invaluable guidance, ensuring the continued effectiveness of the Fund's operations even in the absence of new funding.

The financial year presented us with an important opportunity to learn from the initial years of the Fund's operations. Through careful reflection and analysis, we have identified areas of improvement and have implemented strategies to address them. The experience gained from the previous years has strengthened our ability to make informed decisions and better respond to the needs of our beneficiaries.

I want to take this opportunity to extend my deepest gratitude to the Board members for their continued support and commitment. Their thoughtful deliberations and collaborative approach have ensured that the Fund remains focused on its goals, despite the financial constraints we faced in the year under review. Their expertise and dedication have been instrumental in the Fund's growth, and their collective wisdom has helped steer us in the right direction.

While the allocation for loans was limited, we are encouraged by the impact we have seen in the communities where the Fund has been active. The funds that were disbursed during this period have contributed to the establishment of small businesses, the expansion of existing enterprises, and the creation of jobs in areas that were previously economically marginalized. We have seen firsthand the transformative effects of these investments, which have empowered individuals, families, and entire communities to break free from cycles of poverty.

Our partnership with the Department of Trade and Industrialization has continued to bear fruit, and we are deeply appreciative of their unwavering support. Their insights have been critical in shaping our approach,

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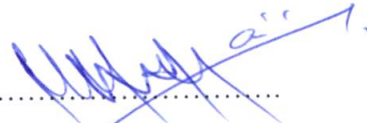
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ensuring that we remain aligned with national priorities while also addressing the unique challenges faced by our beneficiaries. Together, we have worked to streamline processes, increase transparency, and ensure that the Fund's resources are used effectively and efficiently.

I also want to take a moment to acknowledge the outstanding efforts of the Management team. Their dedication, hard work, and unwavering commitment to the Fund's mission have been integral to the successes we've achieved. In the 2024/2025 financial year, the Management team worked tirelessly, often going above and beyond the call of duty, to ensure that the Fund's operations continued seamlessly despite the limitations on funding. Their ability to adapt and pivot in response to changing circumstances has been nothing short of remarkable.

In closing, I would like to express my sincere gratitude to everyone involved in the Nawiri Fund. The progress we've made in the past nine years is a direct result of the collective efforts of the Board, Management, our partners, and, most importantly, the communities we serve. While we acknowledge the challenges that lie ahead, we remain optimistic about the future and are committed to continuing our work to create lasting economic empowerment for all.

I look forward to the continued growth and success of the Nawiri Fund in the coming years, and I am confident that with the continued dedication of all those involved, we will achieve even greater outcomes in the years to come.

Name..... Martin Katicula ..... Signature.....  .....

Date..... 22-08-2025 .....

**Chairperson of the Board/Fund**

## **6. Report of The Fund Administrator**

It is with immense pride and honor that I present the financial performance and achievements of the Trans Nzoia Nawiri Fund for the financial year 2024/2025. This report provides a comprehensive overview of the Fund's operations, milestones, and challenges encountered throughout the year, alongside a forward-looking outlook for the future.

A central mandate of the Nawiri Fund is to facilitate broader access to financial resources for youth, women, and persons with disabilities, aiming to boost their participation in economic activities through enterprise development. To this end, the Fund has allocated a total of Kshs 45 million, which has been disbursed across 185 entrepreneurial groups, comprised of 72 youth-led groups, 91 women-led groups, and 12 groups supporting persons with disabilities. These funds were specifically dedicated to facilitating tender financing, empowering these groups to participate more actively in local and national economic activities.

Since its inception, the Fund has witnessed a tremendous demand for its financial services. To date, over 6,500 applications have been received from various wards across the County. This overwhelming response is indicative of the significant interest in the Fund and its offerings, reflecting the pressing need for financial support among marginalized groups. The high number of applications has also shed light on a glaring disparity between the demand for financial assistance and the limited resources currently available within the Fund. Clearly, an increase in the Fund's capital would go a long way in bridging this gap and enabling even more groups to access these critical resources.

Beyond financial support, the Nawiri Fund has also prioritized the enhancement of the entrepreneurial capacity of its beneficiaries. We understand that providing loans alone is not sufficient to ensure long-term success. Therefore, a core component of the Fund's strategy has been to offer targeted capacity-building programs for the groups it serves. Through these programs, we aim to equip participants with the essential business skills needed to effectively manage and grow their enterprises. These initiatives are designed to build the confidence and capabilities of the beneficiaries, preparing them to access key government programs such as Access to Government Procurement Opportunities (AGPO).

Additionally, the Nawiri Fund has actively promoted the concept of table banking, a financial model that encourages saving and mutual lending among members. This practice has been transformative, fostering a culture of financial discipline and solidarity among the beneficiary groups. It has also played an instrumental role in enhancing social cohesion, building trust, and strengthening collaboration within and between the groups. The skills gained through these initiatives not only empower the groups to manage their resources more efficiently but also help them build sustainable business models that can weather economic challenges.

Addressing the repayment challenge has also been a major focus for the Fund this year. To mitigate the risks associated with loan defaults, the Nawiri Fund has adopted a unique tender financing model. In this approach, loans are secured by Local Purchase Orders (LPOs) or Local Service Orders (LSOs), which act as collateral to guarantee repayment. This mechanism ensures that the loans are directly tied to tangible business transactions, reducing the risk of default. Moreover, the Fund has actively engaged with key stakeholders at the ward level to design and implement localized loan recovery strategies. These efforts have been crucial in ensuring that the Fund's resources are repaid and reinvested, creating a sustainable cycle of financial support for future beneficiaries.

Despite the impressive progress made, the Nawiri Fund has not been without its challenges. One of the most pressing issues remains the overwhelming number of applications received, which far exceeds the

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resources available in the Fund's kitty. This situation has underscored the urgent need for increased funding in order to better meet the demands of the community. The disparity between the volume of applications and available resources is a clear indication that the Fund's financial capacity must be expanded to effectively serve the growing needs of the target groups. Addressing this challenge will require strategic investments and sustained efforts to secure additional resources, ensuring that more groups can benefit from the Fund's support.

In spite of these challenges, it is important to recognize the dedication and hard work of the staff deployed to the Fund by the Department of Trade and Industrialization. Their tireless efforts in managing the day-to-day operations of the Fund, coupled with their unwavering commitment to the Fund's mission, have been instrumental in navigating the various obstacles encountered throughout the year. Their resilience and perseverance in the face of challenges have provided the necessary support to ensure the Fund continues to make a meaningful impact in the lives of its beneficiaries.

The outstanding performance of the Nawiri Fund in the 2024/2025 financial year would not have been possible without the unwavering support and dedication of the Secretariat team, who have played a key role in overseeing and guiding the Fund's operations. Their loyalty, hard work, and commitment to the Fund's vision have been vital in ensuring the achievement of the Fund's targets and objectives. I am deeply grateful to them for their tireless efforts.

Finally, I would like to extend my heartfelt appreciation to the Board of Directors for their invaluable guidance and support throughout the year. Their leadership, strategic decision-making, and timely counsel have been instrumental in the successful execution of the Fund's programs and activities. The Board's involvement has been pivotal in ensuring that the Fund stays true to its mission and continues to achieve its goals, despite the challenges it faces.

The 2023/2024 financial year has been a year of significant achievement and progress for the Trans Nzoia Nawiri Fund. However, it is also clear that the journey ahead requires continued commitment, innovation, and increased resources. We remain focused on addressing the challenges that have emerged and are determined to continue empowering youth, women, and persons with disabilities by providing them with the necessary financial support and skills to succeed. With the ongoing dedication of our staff, the collaboration of stakeholders, and the continued support of our Board of Directors, I am confident that the Fund will continue to make a lasting and meaningful impact in the years to come.

.....  
Isaac Omar Ndiema

Fund Administrator

COUNTY CHIEF OFFICER  
TRADE AND INDUSTRIALIZATION  
P. O. Box 4211 - 30200,  
KITALE

2/08/2025

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

**Introduction**

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

The key development objectives of the Fund are to:

- a) *Provide affordable business credit to entrepreneurs.*
- b) *Provide training and capacity building to MSE entrepreneurs*

**Progress on attainment of Strategic development objectives**

Below we provide the progress on attaining the stated objectives:

<b>Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
<b>Provision of affordable business credit to 2,500 MSE Entrepreneurs.</b>	To ensure that MSE entrepreneurs have access to affordable credit to expand their ventures	Number of loan applications received and successfully processed	Number of MSE beneficiaries applying for loans.	<b>A total of 433 MSE Entrepreneurial entities applied for funding through the Fund. The average membership of the entities was 15 individuals.</b>
<b>Facilitation of training for MSE entrepreneurs in the County</b>	To ensure that MSE entrepreneurs are trained and capacity build to enhance their graduation to larger enterprises.	Groups trained and capacity build	Number of MSE groups trained	<b>The board facilitated training of 180 groups identified as beneficiaries.</b>

## **8. Corporate Governance Statement**

### **Corporate Governance Statement of Trans Nzoia Nawiri Fund**

The Trans Nzoia Nawiri Fund (the Fund) is unwavering in its commitment to uphold the highest standards of corporate governance to ensure that its operations are transparent, accountable, and effective in fulfilling its mission of empowering marginalized groups. These groups, primarily youth, women, and persons with disabilities, are central to the Fund's vision of promoting inclusive economic development through enterprise support. As stewards of public and donor resources, we recognize the critical importance of maintaining the trust and confidence of our stakeholders, including beneficiaries, the government, development partners, and the public at large.

This statement outlines the governance framework and practices that guide the Fund's operations, ensuring that it remains accountable to its beneficiaries and transparent in its financial and operational activities. It also underscores the role of leadership, the risk management structures, and the ethical principles that guide the Fund in achieving its objectives.

#### **Governance Framework**

At the heart of the Trans Nzoia Nawiri Fund's governance structure is a robust framework that emphasizes accountability, transparency, and integrity. The governance model is designed to ensure that the Fund operates in a manner consistent with both its mission and the expectations of stakeholders. The framework consists of the following key components:

- **Board of Directors**
- **Management Team**
- **Risk Management and Internal Controls**
- **Ethical Standards and Transparency**
- **Stakeholder Engagement**

#### **Board of Directors**

The Fund is governed by a Board of Directors, which is responsible for the overall strategic direction, policy decisions, and financial oversight of the Fund's operations. The Board comprises a diverse group of individuals with extensive expertise in business management, finance, governance, and community development. This diversity ensures a broad range of perspectives and skills are applied to the governance of the Fund.

The Board plays a critical role in overseeing the implementation of the Fund's mission, and its specific responsibilities include:

- **Strategic Leadership:** The Board is responsible for formulating and approving the Fund's overall strategy. This includes setting the vision, mission, and long-term goals, ensuring that they align with the core values of economic empowerment for marginalized groups.
- **Financial Oversight:** The Board approves the Fund's annual budget and financial reports, ensuring that resources are allocated efficiently and in line with the Fund's goals. It also ensures that financial resources are used effectively, and risks associated with financial management are mitigated.

- **Risk Management:** The Board oversees the Fund's risk management framework, ensuring that risks whether financial, operational, or reputational are properly identified, assessed, and mitigated. The Board's role in risk management is central to ensuring the long-term sustainability of the Fund.
- **Performance Evaluation:** The Board regularly reviews the performance of the Fund, evaluating both operational outcomes and the impact of its programs. This includes assessing the effectiveness of its loan disbursement strategies, repayment mechanisms, and capacity-building initiatives.
- **Stakeholder Liaison:** The Board maintains communication with key stakeholders, including government agencies, community representatives, and development partners, ensuring that the Fund remains aligned with national policies and is responsive to the needs of its beneficiaries.

### **Management Team**

The Management Team is responsible for the day-to-day operations of the Fund. This team is led by the Fund's Secretary and is tasked with executing the strategic vision set by the Board. The Management Team's duties include managing the Fund's programs, overseeing financial administration, and ensuring that services are delivered efficiently to the target groups.

Key responsibilities of the EMT include:

- **Operational Management:** The Management team implements the Fund's strategies, overseeing all operational aspects, including loan disbursements, monitoring of loan performance, and delivery of training programs for beneficiaries. The EMT also ensures that the operational goals of the Fund align with its broader mission of economic empowerment.
- **Financial Management:** The team is responsible for overseeing the Fund's finances, ensuring that funds are used in a manner that is consistent with the Fund's objectives. They ensure that financial records are maintained with accuracy, and that reporting is timely and transparent.
- **Capacity Building and Stakeholder Engagement:** The Management team is also responsible for engaging with the beneficiaries of the Fund, offering them the necessary training and support to ensure the sustainability of their businesses. The team actively works with community leaders, ward officials, and other stakeholders to ensure that the Fund's services are reaching the intended groups.
- **Monitoring and Evaluation:** The Management team regularly monitors the performance of the Fund's programs, tracking the impact on beneficiaries and identifying areas for improvement. The team is tasked with adjusting strategies as necessary to ensure the Fund's goals are met.

### **Risk Management and Internal Controls**

Risk management is a key component of the Fund's governance framework. The Fund has put in place a comprehensive risk management system designed to identify, assess, and manage risks that could potentially undermine its ability to achieve its mission. This system includes both financial and operational risk assessments, along with mitigation measures for each identified risk.

The Fund's internal controls ensure that funds are used appropriately and in accordance with the established policies. These controls include:

- **Loan Security:** To mitigate the risk of loan defaults, the Fund has implemented a tender financing model, where loans are secured by Local Purchase Orders (LPOs) or Local Service Orders (LSOs) as collateral. This has proven to be an effective method for reducing financial risk.

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- **Regular Audits and Reviews:** The Fund undergoes regular internal and external audits to ensure compliance with financial management regulations and to identify any potential weaknesses in its operations. These audits ensure that resources are being used effectively and that all financial transactions are accurately recorded.

#### **Ethical Standards and Transparency**

Nawiri Fund is dedicated to maintaining the highest ethical standards in all its operations. We adhere to principles of fairness, honesty, and transparency, which are fundamental to maintaining the trust of the beneficiaries, the public, and the government.

Key practices related to ethical standards and transparency include:

- **Transparent Loan Disbursement:** The Fund operates in an open and transparent manner with regard to loan disbursements. Detailed information about loan terms, repayment schedules, and interest rates is made readily available to all beneficiaries.
- **Public Accountability:** The Fund publishes regular reports on its financial activities, including annual financial statements and impact reports. These documents are accessible to the public and provide insight into how funds are allocated and spent.
- **Beneficiary Engagement:** We maintain an open channel for feedback and grievances from beneficiaries. This ensures that the voices of those receiving funds are heard and that any concerns can be addressed promptly and fairly.

#### **Stakeholder Engagement**

The Fund recognizes the importance of its relationships with various stakeholders, including the government, local authorities, development partners, and the beneficiaries themselves. We understand that strong, collaborative partnerships are essential to achieving our mission.

The Fund's stakeholder engagement practices include:

- **Regular Consultations:** The Fund consults regularly with local authorities and community leaders to ensure that its programs are relevant and responsive to the needs of the community. These consultations help to ensure that the Fund's strategies align with local priorities.
- **Feedback Mechanisms:** We actively seek feedback from beneficiaries to evaluate the impact of the Fund's services and identify areas for improvement. This feedback loop ensures that the Fund remains responsive to the needs of the people it serves.
- **Collaboration with Partners:** The Fund works closely with development partners, government agencies, and other organizations to enhance the effectiveness of its programs. These partnerships help to amplify the Fund's impact and ensure that resources are used effectively.

As we move forward, we will continue to refine our governance framework, address emerging challenges, and strengthen our programs to ensure that we continue to empower marginalized communities in Trans Nzoia County. With the ongoing support of our stakeholders and partners, the Fund will remain a beacon of opportunity and a catalyst for lasting social and economic change.

## **9. Management Discussion and Analysis**

Trans Nzoia Nawiri Fund enters the fiscal year 2025/2026 with a renewed sense of purpose and a clear focus on scaling its impact. As the county continues to experience rapid urbanization, increased agricultural mechanization, and digital transformation, the Fund is poised to leverage these developments to empower even more local entrepreneurs and businesses.

### **i. Economic Overview: Emerging Trends and Sectoral Shifts**

The economic landscape of Trans Nzoia County has shown positive growth in several sectors, including agriculture, trade, and services. However, the continued dominance of agriculture presents both opportunities and risks for small businesses in the region. While agriculture remains a backbone of the county's economy, value-added processing and agro-processing businesses are emerging as crucial growth areas. There is a clear shift towards agri-tech and sustainable farming practices that have gained traction in the past year.

Alongside agriculture, the service sector (particularly hospitality, retail, and transportation) has experienced steady growth. The county's proximity to major urban hubs like Eldoret has encouraged the establishment of small- and medium-sized enterprises (SMEs) across various sectors, such as construction, trade, and logistics, creating new opportunities for entrepreneurs.

### **ii. Financial Performance and Results**

#### **Loan Portfolio and Default Rates:**

The total value of loans disbursed by the Fund in FY 2024/2025 reached Ksh 45 million, representing a 8.16% decrease from the previous year. The loan portfolio quality remains strong, with non-performing loans standing at a manageable 2.4%, well within industry benchmarks.

To mitigate credit risk, the Fund has continued loaning out through the model of LPO/LSO financing, a model which has significantly reduced risk of default. The recovery rate is at 100% of the amount paid after the completion of the respective contracts.

### **iii. Strategic Developments and Initiatives**

#### **Capacity Building and Business Development:**

The Fund continues to prioritize capacity building for local entrepreneurs. In FY 2024/2025, the Fund successfully delivered over 25 financial literacy workshops, benefiting more than 2,500 entrepreneurs.

#### **Partnerships and Stakeholder Engagement:**

The Fund's continued collaboration with both local and national stakeholders has been central to its success. Notable partnerships in FY 2024/2025 include collaborations with Equity Bank Limited who have facilitated loaning out funds to entrepreneurs. The Fund also expanded its partnership with the Trans Nzoia County Government to champion for the AGPO opportunities as envisioned in the PPAD 2015.

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**iv. Risk Management and Mitigation Strategies**

**Political and Regulatory Risks:**

Political risk remains an area of concern, particularly in the run-up to the 2027 general elections. Historically, political instability and policy uncertainty have sometimes led to delays in public funding and changes in business regulations. To counter these risks, the Fund has strengthened its risk governance framework, ensuring that its operations remain insulated from political fluctuations.

The Fund has also lobbied for favourable policies that support SME growth within the County.

**v. Outlook for FY 2025/2026: Goals and Projections**

The Fund remains optimistic about its growth prospects in the coming fiscal year. The key objectives for FY 2025/2026 include:

- **Setting up of digital services:** The Fund intends to set up a mobile platform for loan processing.
- **Increasing loan disbursements:** The Fund aims to increase loan disbursements by 30%, targeting both agricultural and non-agricultural sectors, with a special focus on youth and women entrepreneurs.
- **Strengthening partnerships:** The Fund will continue to engage with local, national, and international partners to increase its funding base and develop new loan products tailored to specific industry needs.

## **10. Environmental and Sustainability Reporting**

### **i. Corporate Social Responsibility (CSR) and Community Engagement**

Trans Nzoia Nawiri Fund recognizes the vital importance of **corporate social responsibility (CSR)** as an integral part of its business strategy. Beyond providing affordable financing to local businesses, the Fund is committed to making a positive social impact within Trans Nzoia County through community engagement, empowerment programs, and environmental sustainability initiatives. As the county moves towards a more inclusive and diversified economy, Trans Nzoia Nawiri Fund seeks to strengthen its community outreach and create lasting change.

#### **Key CSR Initiatives:**

- **Youth and Women Empowerment:** In FY 2024/2025, the Fund continued its robust focus on empowering youth, women, and persons with disabilities (PWDs). These groups are often the most underserved in the formal financial sector, and the Fund is committed to addressing these disparities.
- **Training and Capacity Building:** The Fund is actively involved in delivering entrepreneurial training programs to local communities. This year alone, over 2,500 entrepreneurs participated in workshops covering topics such as business management, financial literacy, digital entrepreneurship, and sustainable farming practices. By equipping entrepreneurs with the knowledge and tools needed to grow their businesses, the Fund aims to foster long-term economic development in the region.
- **Environmental Education Initiatives:** As part of its CSR strategy, the Fund has also partnered with environmental organizations to raise awareness about the importance of climate-resilient agriculture. This includes organizing workshops on sustainable farming, rainwater harvesting, and reforestation projects. Through these initiatives, the Fund hopes to support businesses in adopting green practices, contributing to the county's overall sustainability efforts.
- **Local Sourcing and Job Creation:** The Fund encourages its borrowers to prioritize local sourcing and job creation in their operations. By supporting businesses that employ local talent and source raw materials from within Trans Nzoia, the Fund is contributing to the reduction of poverty and unemployment in the region.

### **ii. Governance and Accountability**

The Board of Directors of Trans Nzoia Nawiri Fund plays a critical role in ensuring that the Fund operates in a transparent and accountable manner. The Board's primary responsibility is to oversee the Fund's management, strategic direction, and financial health. This includes approving all funding allocations to the various wards across the county and ensuring that all decisions align with the principles of good corporate governance.

The **Governance Framework** of the Fund is grounded in the following key elements:

- **Transparency:** All funding decisions, loan disbursements, and resource allocations are made following transparent processes, ensuring that stakeholders and the public have clear visibility into how resources are being used.
- **Accountability:** The Board is committed to being accountable to all stakeholders, including the County Government, local businesses, and the citizens of Trans Nzoia. This includes regular reviews of the Fund's operations and performance to ensure that it is meeting its goals and objectives.

## *Trans Nzoia County Nawiri Fund*

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

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- **Responsibility:** The Board ensures that the Fund's operations adhere to all applicable laws, including the Trans Nzoia Nawiri Fund Regulations 2023, the Public Finance Management (PFM) Act, and the Constitution of Kenya. The Fund's compliance with these laws ensures that it operates in line with the highest standards of public financial management.

#### **Good Governance Practices:**

- **Strategic Oversight:** The Fund's Board provides strategic direction and leadership, ensuring that the Fund's programs are aligned with national and regional development goals. The Board is committed to overseeing the effective implementation of programs aimed at promoting social equity, financial inclusivity, and environmental sustainability.
- **Internal Controls:** The Fund has a comprehensive system of internal controls in place to safeguard against mismanagement and to ensure that funds are used efficiently and effectively. The audit sub-committee, which operates independently from the Fund's management, is responsible for conducting regular audits to evaluate the effectiveness of these controls.
- **Ethical Standards:** The Fund upholds the highest ethical standards in its dealings with borrowers, stakeholders, and partners. It is committed to fostering a culture of integrity, honesty, and fairness in all aspects of its operations.

#### **iii. Compliance and Regulatory Adherence**

Trans Nzoia Nawiri Fund's operations are governed by the **Trans Nzoia Nawiri Fund Regulations 2023**, which were established to ensure that the Fund's activities remain transparent, accountable, and compliant with national laws. In addition to these regulations, the Fund adheres to:

- **Public Finance Management (PFM) Act:** The Fund operates within the financial framework outlined by the PFM Act, which ensures that public funds are used responsibly and effectively.
- **The Constitution of Kenya:** All Fund activities are in line with the principles of the Constitution, particularly those related to **public participation, social justice, and economic empowerment.**

#### **iv. Looking Ahead: Strengthening Governance and Sustainability**

As Trans Nzoia Nawiri Fund moves into the next phase of its operations, the Fund is committed to further strengthening its governance structures, promoting social equity, and championing environmental sustainability.

Moving forward, the Fund will:

- Enhance its CSR programs by introducing new initiatives focused on financial literacy, healthcare access, and education for underserved communities.
- Deepen its commitment to environmental sustainability, by expanding its focus on renewable energy solutions, waste-to-energy technologies, and water conservation programs.
- Invest in the digitalization of governance processes, ensuring that decision making and reporting are more transparent, efficient, and accessible to the public.

The Board and management of the Fund recognize that sound governance and sustainability are not just ethical imperatives they are key to the Fund's success and its ability to generate lasting value for the people of Trans Nzoia.

## **11. Report of The Trustees**

The Directors submit this report together with the financial statements for the year ended June 30, 2025 which show the state of Trans Nzoia County Nawiri Fund affairs.

### **Principal Activities**

The principal activities for the fund is as stipulated in section 6 of the Trans Nzoia Nawiri Fund Act, 2015.

### **Results**

The results of the entity for the year ended June 30, 2025 are set out on page 1 to 5 that includes the summary of the performance during the year.

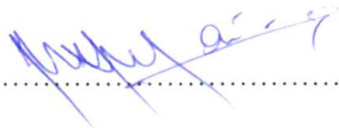
### **Directors**

The members of the Board of Directors who served during the year are shown on pages VII and VIII in accordance with Section 8 of Trans Nzoia Nawiri Fund Act, 2015. No changes occurred in the board composition during the year.

### **Auditors**

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

By Order of the Board



.....  
**Martin Waliaula**

**Date:** 22-08-2025

**12. Statement of Management's Responsibilities**

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by Trans Nzoia County Nawiri Fund Act, 2015 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Trans Nzoia County Nawiri Fund Act, 2015. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2025, and of the Fund's financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The Fund's financial statements were approved by the Board on 22<sup>nd</sup> Aug 2025 and signed on its behalf by:

.....  
**Isaac Omar Ndiema**



# REPUBLIC OF KENYA

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HEADQUARTERS  
Anniversary Towers  
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NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON TRANS NZOIA COUNTY NAWIRI FUND FOR THE YEAR ENDED 30 JUNE, 2025

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### PREAMBLE

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

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

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

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

### REPORT ON THE FINANCIAL STATEMENTS

#### Opinion

I have audited the accompanying financial statements of Trans Nzoia County Nawiri Fund set out on pages 2 to 30, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of Trans Nzoia County Nawiri Fund as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Trans Nzoia County Nawiri Fund Act, 2015 and the Public Finance Management Act, 2012.

### **Basis for Opinion**

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

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects a final revenue budget and actual receipts of Kshs.12,628,000 and Kshs.1,906,955 respectively resulting in an underfunding of Kshs.10,721,045 or 85 % of the budget.

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

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

### **Other Matters**

#### **Unresolved Prior Year Matters**

The audit report for the year ended 30 June, 2024 highlighted 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 the 2024/2025 audit revealed that the following matters remained unresolved.

	<b>Financial Year</b>	<b>Audit Issue</b>
1	2023/2024	Lack of an Insurance Policy for the Loans Disbursed
2	2023/2024	Irregular Internal Borrowing
3	2023/2024	Long Outstanding Unaccounted Imprest
4	2023/2024	Long Outstanding Receivables from Exchange Transactions

**Other Information**

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

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

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

**REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES**

**Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources 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. Default in Repayments of Loans and Failure to Insure the Loans Disbursed**

The statement of financial position reflects long - term receivables from exchange transactions balance of Kshs.16,786,083 as disclosed in Note 7 to the financial

statements. The balance includes loans amounting to Kshs.1,111,621 disbursed between 2016 and June 2024 which has remained outstanding to date. This was contrary to Section 14(5) of the Trans Nzoia County Nawiri Fund Act, 2015 which states that where a loanee and a guarantor who has been notified by the Board under subsection (4)(a) and (b) fails or refuses to repay such loan together with any interest accrued thereon, the loanee and guarantor shall be guilty of an offence and liable to civil proceedings in accordance with the provisions of the Act.

Further as disclosed in Note 7 to the financial statements, the total receivables from exchange transactions excluding the inter-entity lending is a balance of Kshs.62,527,827 which the management has failed to take an insurance cover contrary to Section 10(1) of the Trans Nzoia County Nawiri Fund Act, 2015 which gives power to the Board to undertake actions necessary for proper performance of its functions and subsection 2h which gives authority to the Board to take out insurance cover to mitigate against unfavorable occurrences such as death, incapacity or inability to pay.

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

## **2. Non-Recovery of Long Outstanding Imprest**

Review of documents revealed long outstanding temporary imprest amounting to Kshs.2,900,000 which was issued to two (2) officers at the Department of Finance in Trans Nzoia County Government on 8 July, 2015. The imprest has remained outstanding for more than ten (10) years with no recovery measures being instituted on the imprest holders. This was contrary to Regulation 93(6) of the Public Finance Management (County Governments) Regulations, 2015 which provides that, in the event of the imprest holder failing to account for or surrender the imprest on the due date, the Accounting Officer shall take immediate action to recover the full amount from the salary of the defaulting officer with an interest at the prevailing Central Bank of Kenya rates.

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

## **3. Non-Renewal of the Fund for Continued Operations**

Review of documents revealed that the Fund was established in May 2015 with an initial approval for operation for a period of ten (10) years. However, the Fund has continued to operate beyond this period without evidence of renewal of approvals from the County Executive Committee and the County Assembly. This was contrary to Regulation 19(1)(i) of the Public Finance Management (County Governments) Regulations, 2015 which provides that the initial approval for the establishment of a county public fund shall be for a maximum period of ten (10) years, beyond which the County Executive Committee and County Assembly approvals shall be sought.

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

## **4. Non-Remittance of Public Procurement Capacity Building Levy**

Review of documents revealed that Management did not deduct and remit the public procurement capacity building levy. This was contrary to Paragraph 3(1) of Legal Notice

206 of the Levy Order 2023 which provides that there shall be paid a levy by a supplier on all procurement contracts signed between the supplier and a procuring entity, at the rate of zero point zero three per centum (0.03%) of the value of the signed contract, exclusive of applicable taxes.

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

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

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

### Conclusion

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

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

### Responsibilities of the Management and Board of Trustees

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

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the

activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

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

### **Auditor-General's Responsibilities for the Audit**

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

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

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

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

  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**5 November, 2025**

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

Description	Note	FY 2024/2025	FY 2023/2024
		Kshs	Kshs
<b>Revenue From Non-Exchange Transactions</b>			
Public Contributions and Donations	1	50,000	300,000
Transfers From the County Government	2	-	-
		<b>50,000</b>	<b>300,000</b>
<b>Revenue From Exchange Transactions</b>			
Interest Income	3	1,856,955	3,460,500
<b>Total Revenue</b>		<b>1,906,955</b>	<b>3,760,500</b>
<b>Expenses</b>			
Administrative Costs	4	5,795,523	9,893,308
Depreciation and Amortization Expense	5	122,500	22,500
<b>Total Expenses</b>		<b>5,918,023</b>	<b>(9,915,808)</b>
<b>Surplus/(Deficit) for the Period</b>		<b>(4,011,068)</b>	<b>(6,155,308)</b>

(The notes set out on pages 6 to 28 form an integral part of these Financial Statements)

Name: *[Signature]*

Administrator of the Fund



Name: *[Signature]*

Fund Accountant

ICPAK Member Number: *26604*

*GILBERT M.*

*Trans Nzoia County Nawiri Fund*

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

**15. Statement of Financial Position As at 30 June 2025**

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	6	1,889,948	20,442,394
Current Portion of Long- Term Receivables From Exchange Transactions	7	54,641,746	52,789,305
<b>Total current assets</b>		<b>56,531,694</b>	<b>73,231,699</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	8	165,000	277,500
Long Term Receivables from Exchange Transactions	7	16,786,083	3,984,646
<b>Total non- current assets</b>		<b>16,951,083</b>	<b>4,262,146</b>
<b>Net Assets</b>		<b>73,482,777</b>	<b>77,493,845</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>		-	-
<b>Total current liabilities</b>		-	-
<b>Non-Current Liabilities</b>		-	-
<b>Total Liabilities</b>		-	-
<b>Net Assets</b>		<b>73,482,777</b>	<b>77,493,845</b>
<b>Represented By:</b>			
Revolving Fund	2b	82,600,000	82,600,000
Reserves			
Accumulated Surplus		(9,117,223)	(5,106,155)
<b>Total Net Assets and Liabilities</b>		<b>73,482,777</b>	<b>77,493,845</b>

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 22<sup>nd</sup> August 2025 and signed by

Name: [Signature]  
 Administrator of the Fund

**COUNTY CHIEF OFFICER**  
**TRADE AND INDUSTRIALIZATION**  
 P.O. Box 4211 - 30200,  
**OMAR KITALE**

Name: [Signature]  
 Fund Accountant  
 ICPAK Member Number: 26604

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

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
<b>Balance As At 1 July 2023</b>	<b>82,600,000</b>	-	<b>1,049,153</b>	<b>83,649,153</b>
Differences on restatement		-	<b>(6,155,308)</b>	<b>(6,155,308)</b>
Surplus/(Deficit) For the Period	-	-	-	-
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
<b>Balance As At 30 June 2024</b>	<b>82,600,000</b>		<b>(5,106,155)</b>	<b>77,493,845</b>
<b>Balance As At 1 July 2024</b>	<b>82,600,000</b>		<b>(5,106,155)</b>	<b>77,493,845</b>
Surplus/(Deficit) For the Period		-	<b>(4,011,068)</b>	<b>(4,011,068)</b>
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain			-	-
<b>Balance As At 30 June 2025</b>	<b>82,600,000</b>		<b>(9,117,223)</b>	<b>73,482,777</b>

*Trans Nzoia County Nawiri Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**17. Statement of Cash Flows for The Year Ended 30 June 2025**

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Public contributions and donations	1	50,000	300,000
Transfers from the county government	2	-	-
Receipts from Loan Repayments	7b	42,470,903	-
Interest received	3	491,530	1,983,774
<b>Total receipts</b>		<b>43,012,433</b>	<b>2,283,774</b>
<b>Payments</b>			
Fund administration expenses	4	5,795,523	8,635,728
<b>Total Payments</b>		<b>5,795,523</b>	<b>8,635,728</b>
<b>Net cash flows from operating activities</b>		<b>37,216,910</b>	<b>(6,351,954)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and Intangible assets	8	-	(300,000)
Proceeds from loan principal repayments	7b	41,115,722	-
Loan disbursements paid out	7c	(54,414,175)	(52,543,184)
<b>Net cash flows used in investing activities</b>		<b>(13,298,453)</b>	<b>(52,843,184)</b>
<b>Cash flows from financing activities</b>			
Proceeds from revolving fund receipts		42,470,903	-
<b>Net cash flows used in financing activities</b>		<b>42,470,903</b>	<b>-</b>
<b>Net increase/(decrease) in cash &amp; cash Equivalents</b>		<b>(18,552,446)</b>	<b>(59,195,138)</b>
Cash and cash equivalents at 1 July		20,442,394	79,637,532
<b>Cash and cash equivalents at 30 June</b>	6	<b>1,889,948</b>	<b>20,442,394</b>

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

*Trans Nzoia County Nawiri Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**18. Statement of Comparison of Budget and Actual Amounts for The Period ended June 30th 2025**

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
<b>Revenue</b>						
Public Contributions and Donations <i>(note 1)</i>	500,000	(200,000)	300,000	50,000	250,0000	16.67%
Transfers From County Govt.	100,000,000	(90,000,000)	10,000,000	-	10,000,000	-
Interest Income <i>(note 2)</i>	2,328,000	-	2,328,000	1,856,955	471,045	79.77%
<b>Total Income</b>	<b>102,828,000</b>	<b>(90,200,000)</b>	<b>12,628,000</b>	<b>1,906,955</b>	<b>10,721,045</b>	<b>15.10%</b>
<b>Expenses</b>						
Fund Administration Expenses <i>(note 3)</i>	3,428,000	(908,000)	2,520,000	5,795,523	(3,275,523)	229.98%
Loans to be disbursed <i>(note 4)</i>	80,000,000	(20,000,000)	60,000,000	54,641,746	5,358,254	91.07%
<b>Total Expenditure</b>	<b>83,428,000</b>	<b>(20,908,000)</b>	<b>62,520,000</b>	<b>60,437,269</b>	<b>(2,082,731)</b>	<b>96.67%</b>
<b>Capital expenditure</b>	-	-	-	-	-	-
<b>Surplus For the Period</b>	<b>19,400,000</b>	<b>(69,692,000)</b>	<b>(49,892,000)</b>	<b>(58,530,314)</b>	<b>12,803,776</b>	<b>117.31%</b>

**Budget notes**

- The targeted donations could not be achieved due to tough economic times.*
- The fund was not able to recover the anticipated loan interests due to unpayment of the completed tenders by the various county department. This interfered with the projected amount.*
- Given that budget was to be contributed to a larger percentage by the anticipated of capital injection to the fund from the county treasury and exchequer releases, the unrelease of funds negatively impacted the budgeted expenses.*
- Due to the loaning model adopted that is tied to LPO/LSO financing, relatively fewer entities were able to secure contracts thereby not able to be loaned which in turn contributed to the low percentage reported.*

**19. Notes to the Financial Statements**

**1. General Information**

Trans Nzoia Nawiri Fund is established by and derives its authority and accountability from Trans Nzoia Nawiri Act, 2015. The entity is wholly owned by the Trans Nzoia County Government and is domiciled in Kenya. The entity’s principal activity is Providing affordable business credit to residents of Trans Nzoia.

**2. Statement of compliance and basis of preparation**

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

**3. Adoption of new and revised standards**

(i) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
IPSAS 43	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></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 cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non-	<b><i>Applicable 1<sup>st</sup> January 2025</i></b>

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Standard	Effective date and impact:
Current Assets Held for Sale and Discontinued Operations	The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.

*(ii) Early adoption of standards*

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

#### **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 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.

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 17 of these financial statements.

**Summary of Significant Accounting Policies (Continued)**

**c) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful life, using the reducing balance method at the rate of 30% for Office electronic machinery and equipment. Moreover, the fund depreciates computer software telecommunication equipment at 20% for five years on a straight-line basis.

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 a 10-year 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.

**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.

**Subsequent measurement**

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

**Summary of Significant Accounting Policies (Continued)**

**Amortized cost**

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

**Fair value through net assets/ equity**

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

**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

**Impairment**

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

**Summary of Significant Accounting Policies (Continued)**

**Financial liabilities**

**Classification**

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

**g) Inventories**

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

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

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

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

**h) Provisions**

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

**i) Social Benefits**

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

***Summary of Significant Accounting Policies (Continued)***

**j) Contingent liabilities**

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

**Contingent assets**

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

**k) Nature and purpose of reserves**

The Entity creates and maintains reserves in terms of specific requirements. General reserves are maintained with a view of building the revolving fund base.

**l) Changes in accounting policies and estimates**

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

**m) Employee benefits – Retirement benefit plans**

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

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

***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.

**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 lowered and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 4.

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. A general provision of 2.5% of the outstanding receivables is made for bad and doubtful debts.

*Trans Nzoia County Nawiri Fund*  
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**6. Notes to the Financial Statements**

**1. Public contributions and donations**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Donation From Partners	50,000	300,000
Contributions From the Public	-	-
<b>Total</b>	<b>50,000</b>	<b>300,000</b>

**2. Transfers from County Government**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Transfers From County Govt. –Operations	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**2b. Revolving Fund**

This is the cumulative amount, less provision for expenses capped at 3%, credited to the fund to form the seed capital for loaning purposes by the exchequer on diverse dates between 8<sup>th</sup> April 2015 and 4<sup>th</sup> June 2023.

**3. Interest income**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Interest Income from Loans issued*	1,365,425	1,476,726
Interest Income on Bank Deposits	491,530	1,983,774
<b>Total Interest Income</b>	<b>1,856,955</b>	<b>3,460,500</b>

*\*3% of the loaned amount in the respective FY*

**Notes to the Financial Statements Continued**

**4. Administrative Costs**

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
General Office Expenses	-	5,000
Bank Charges	77,669	301,705
Board Allowances	889,000	440,000
Hospitality Expenses	876,000	-
Training Expenses	625,000	850,000
Vetting Expenses	300,000	900,000
Provision For Doubtful Debts	1,137,854	1,257,580
Launching Expenses	-	2,300,000
Bad debts written off	-	-
Legislation Expenses	-	3,216,000
Monitoring and Evaluation Expenses	1,000,000	-
Other Expenses	890,000	623,023
<b>Total</b>	<b>5,795,523</b>	<b>9,893,308</b>

**5. Depreciation and Amortization Expense**

Description	FY 2024/2025	FY 2023/2024
	Kshs.	Kshs.
Property Plant and Equipment Depreciation	122,500	22,500
<b>Total</b>	<b>122,500</b>	<b>22,500</b>

**6. Cash and cash equivalents**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Equity Bank Account 0330263908695	1,889,948	20,442,394
Family Bank Account 093000048968	-	-
<b>Total Cash and Cash Equivalents</b>	<b>1,889,948</b>	<b>20,442,394</b>

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

**Notes to the Financial Statements (Continued)**

**7. Receivables from exchange transactions**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
<b>Current Receivables</b>		
Interest Receivable	1,365,425	1,476,726
Current Loan Repayments Due	45,514,175	49,224,184
Inter Entity Lending	8,900,000	3,319,000
Less: Provision for bad and doubtful debts	(1,137,854)	(1,230,605)
<b>Total Current Receivables</b>	<b>54,641,746</b>	<b>52,789,305</b>
<b>Non-Current Receivables</b>		
Long Term Loan Repayments Due	10,642,672	1,111,621
Other outstanding Amount Due	6,219,000	2,900,000
Less: Provision for bad and doubtful debts	(75,589)	(26,975)
<b>Total Non- Current Receivables</b>	<b>16,786,083</b>	<b>3,984,646</b>
<b>Total Receivables from Exchange Transactions</b>	<b>71,427,829</b>	<b>55,297,225</b>

**Additional disclosure on interest receivable**

Description	2024/2025	2023/2024
	Kshs	Kshs
<b>Interest Receivable</b>		
Interest receivable from current portion of long-term loans of previous years	186,185	-
Interest receivable from current portion of long-term loans issued in the current year	1,137,854	1,476,726
<b>Current loan repayments due</b>		
Current portion of long-term loans from previous years	10,642,672	1,111,621
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	45,514,175	52,543,184

**7.b Additional disclosure on receipts from loan repayment**

Description	2024/2025	2023/2024
	Kshs	Kshs
Proceeds from loan principal repayments	41,115,722	-
Interest proceeds from the loans issued	1,355,181	-
<b>Total Receipts from Loan Repayments</b>	<b>42,470,903</b>	<b>-</b>

**7c. Additional disclosure on Loan Disbursement paid out:**

Description	2024/2025	2023/2024
Current Loan Repayments Due	45,514,175	49,224,184
Inter Entity Lending	8,900,000	3,319,000
	<b>54,414,175</b>	<b>52,543,184</b>

*Trans Nzoia County Nawiri Fund*

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**Notes to the Financial Statement (Continued)**

**8. Property, plant and equipment**

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers and office equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
<b>At 1<sup>st</sup> July 2023/2024</b>	-	-	-	-	-
Additions	-	-	125,000	175,000	300,000
Disposals	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-
<b>At 30<sup>th</sup> June 2023/2024</b>	-	-	125,000	175,000	300,000
<b>At 1<sup>st</sup> July 2024/2025</b>	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
<b>At 30<sup>th</sup> June 2024/2025</b>	-	-	-	-	-
<b>Depreciation And Impairment</b>	-	-	-	-	-
At 1 <sup>st</sup> July 2023/2024	-	-	-	-	-
Depreciation	-	-	9,375	13,125	22,500
Impairment	-	-	-	-	-
<b>At 30<sup>th</sup> June 2023/2024</b>	-	-	9,375	13,125	22,500
<b>At 1<sup>st</sup> July 2024/2025</b>	-	-	-	-	-
Depreciation	-	-	(56,875)	(65,625)	(122,500)
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-
<b>Net Book Values</b>	-	-	-	-	-
<b>At 30<sup>th</sup> June 2023/2024</b>	-	-	115,625	161,875	277,500
<b>At 30<sup>th</sup> June 2024/2025</b>	-	-	68,750	96,250	165,000

**Trans Nzoia County Nawiri Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**9. Provisions**

		Other provision
		Kshs
<b>Balance b/f</b>	<b>1,257,581</b>	<b>53,951.00</b>
Additional provisions	1,137,854	1,230,605.00
Provision utilised	-	(26,975.00)
Change due to discount and time value for money	-	-
<b>Total provisions year end</b>	<b>2,395,435</b>	<b>1,257,581.00</b>
Current Provisions	1,137,854	1,230,605.00
Non-Current Provisions	1,257,581	26,975.00

**10. Related party balances**

**a) Nature of related party relationships**

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

- a) The County Government;
- b) The Parent County Government Ministry;

**b) Related party transactions**

Description	FY 2024/2025	FY 2023/2024
	Kshs	Kshs
Transfers From Related Parties'	-	-
Transfers To Related Parties	8,900,000	3,319,000

*Trans Nzoia County Nawiri Fund*

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

**Notes to the Financial Statements (Continued)**

**11. Financial risk management**

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

**a) Credit risk**

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
<b>At 30 June 2025</b>				
Receivables From Exchange Transactions	71,262,829	70,151,208	1,111,621	2,395,435
Receivables From Non-Exchange Transactions	15,119,000	8,900,000	6,219,000	-
Bank Balances	1,889,948	1,889,948	-	-
<b>Total</b>	<b>88,271,777</b>	<b>80,941,156</b>	<b>7,330,621</b>	<b>2,395,435</b>
<b>At 30 June 2024</b>				
Receivables From Exchange Transactions	50,554,951	50,700,910	1,111,621	1,257,580
Receivables From Non-Exchange Transactions	6,219,000	3,319,000	2,900,000	-
Bank Balances	20,442,394	20,442,394	-	-
<b>Total</b>	<b>77,216,345</b>	<b>74,462,304</b>	<b>4,011,621</b>	<b>1,257,580</b>

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**Notes to the Financial Statement (Continued)**

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

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

**b) Liquidity risk management**

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

**c) Market risk**

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

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

The Fund's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Sub 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.

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**Notes to the Financial Statement (Continued)**

**i. Interest rate risk**

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

**Management of interest rate risk**

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

**a) Capital risk management.**

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

Description	2024/2025	2023/2024
	Kshs	Kshs
Revaluation reserve		-
Revolving fund	82,600,000	82,600,000
Accumulated surplus	(9,117,223)	(5,106,155)
<b>Total funds</b>	<b>73,482,777</b>	<b>77,493,845</b>
Total borrowings	-	-
Less: cash and bank balances	1,889,948	20,442,394
Net debt/ (excess cash and cash equivalents)	(1,889,948)	(20,442,394)
<b>Gearing</b>	<b>-2.57%</b>	<b>-2.6%</b>

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**12. Events after the reporting period**

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

**13. Ultimate and Holding Entity**

The entity is a County Public Fund established by Trans Nzoia Nawiri Fund Act, 2015 under the Department of Trade and Industrialization. Its ultimate parent is the County Government of Trans Nzoia.

**14. Currency**

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

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**20. Annexes**

**Annex I: Progress on Follow up of Prior Year Auditor’s Recommendations**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved/ Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Unsupported Depreciation and Amortisation Expenses	<p>The statement of financial performance reflects depreciation and amortization expense amount of Kshs. 22,250 as disclosed in Note 5 to the financial statements. However the fund does not have an approved depreciation policy which sets the rates to be used in the provision of depreciation. Further the policy and rates used have not been explained under the significant accounting policies under the explanatory notes.</p> <p>In the circumstances. The accuracy and completeness of the depreciation and amortization expenses of Kshs. 22,250 could not be confirmed</p>	<p>The board adopted the National policy regarding depreciation and amortization.</p> <p>In the Financial Report, there was provision for depreciation and amortization policy. Policy 4(c) and 4(f) under summary of significant Accounting Policies of the Financial Report addresses the matter (Page 11-13).</p>	Resolved	

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<p>Inaccuracies in the Statement of Comparison of Budget and Actual Amounts.</p>	<p>The statement of comparison of budget and actual amounts reflects a final revenue budget of Kshs. 4,228,000 and final expenditure budget of Kshs. 1,579,000 resulting into unbalanced budget by an amount of Kshs. 2,649,000. Further the statement reflects revenue performance of difference of Kshs. 1,132,500 instead of the recomputed amount of Kshs. 467,500 resulting in an unreconciled variance of Kshs. 665,000. Similarly, the statement reflects expenditure performance difference of Kshs. 8,622,785 instead of the recomputed amount of Kshs. 7,734,308 resulting in an unreconciled variance of Kshs. 888,477.</p> <p>In the circumstances, the accuracy and completeness of the statement of comparison of budget and actual amounts could not be confirmed.</p>	<p>The final Expenditure budget is Kshs. 2,649,000 and not Kshs. 1,579,000 as stated in the audit query.</p> <p>The management acknowledges the error of omission of transfers from County Government under performance differences resulting to the variance of Kshs. 467,500. Subsequently, steps shall be taken to ensure that such errors do not occur.</p> <p>The management acknowledges the arithmetic error in the computation of the performance difference as observed during the audit. Subsequently, the error has been restated to correct the variance of Kshs 888,477 as indicated in the query.</p> <p>Going forward once financial statements prepared they shall be subjected to quality review by the internal audit directorate.</p>	<p>Resolved</p>	
<p>Lack of an Insurance Policy for the Loans Disbursed</p>	<p>The statement of financial position reflects current portion of longterm receivables from exchange transactions balance of Kshs. 52,789,305. The balance includes an amount of Kshs. 49,224,184 relating to loans disbursed on 17<sup>th</sup> May 2024. However, management did not secure an insurance policy for the loans. This was contrary to section 10 (1) of the Trans Nzoia County Nawiri Fund Act, 2015 which states that the Board shall have all the powers necessary for functions and the proper performance of its functions under this Act and subsection (1), the</p>	<p>For the referenced period, the Trans Nzoia County Nawiri Fund Board did not consider loans issued out through Nawiri Fund as risky and therefore resolved not to insure.</p> <p>Following the prior years' experiences, Nawiri Programme was redesigned to mitigate the inherent risk of default by loanees through the adoption of a loaning strategy that is tied to LPO/LSO financing that is linked via the bank and IFMIS system to facilitate automatic recovery of loaned amounts.</p>		

**Trans Nzoia County Nawiri Fund**

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	<p>board shall have authority to take out insurance cover for risky loans such as death, incapacity or inability to pay, as the board deems fit,</p> <p>In the circumstances, management was in breach of law.</p>	<p>However, the board intends to ensure that all future loans issued are insured in accordance to the provisions of the Act.</p>		
<p>Unapproved Internal Borrowings</p>	<p>The statement of financial position reflects current assets balance of Kshs. 52,789,305 which includes inter-departmental borrowings amounting to Kshs. 3,319,000 out of which a total of Kshs. 1,419,000 was not supported with Board approval. The entire amount borrowed had not been repaid at the time of audit. This was contrary to section 142(3) of the PFM Act, 2012 which states that the County Government entity that has any such borrowings shall ensure that the money borrowed is repaid within a year from the date on which it was borrowed.</p> <p>In the circumstances, the management was in breach of the law and the Fund may not meet its objectives effectively due to no-refund of borrowed funds</p>	<p>A total of KES 3,319,000 was approved by the board on various dates as captured in the attached board minutes.</p> <p>The amounts were refunded by the borrowing departments and utilized for activities supporting the fund as below:</p>		
<p>Long Outstanding Unaccounted Imprest</p>	<p>The statement of financial position reflects current portion of long-term receivables from exchange transactions balance of Kshs. 3,984,646 as disclosed in note 7 to the financial statements. The balance includes temporary impress amounting to Kshs. 2,900,000 issued on 8<sup>th</sup> July, 2015 to two (2) officers attached to the department of finance in Trans Nzoia County</p>	<p>The fund regrettably acknowledges the long outstanding unaccounted-for Imprest and has commenced the process of recovery.</p>		

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	<p>Government. No explanation was provided for failure to recover the imprest eight years since they were issued. This was contrary to regulation 93(5) of the Public Finance Management (County Governments) Regulations, 2015 which stipulates that a holder of imprest shall account or surrender the imprest within seven (7) working days after returning to duty station.</p> <p>In the circumstances, management was in breach of the law.</p>			
<p>Implementation of Oversight Bodies' Recommendation</p>	<p>The audit established that statutory audits of the fund for the year ended 30 June, 2022 and 2023 were concluded and Audit Reports issued to the Fund Management by the Auditor-General. However, no evidence to show that the financial statements have been discussed by an audit committee was provided or has been tabled in the County Assembly for discussion. In the circumstances, the recommendations of the Audit-General may not have been implemented.</p>	<p>The fund has appeared before the Public Accounts and Investments Committee of the county assembly and awaits the recommendations of the committee.</p> <p>Further management has already commenced other corrective measures in response to the recommendations of oversight bodies like the issuance of demand notices to long outstanding loan defaulters, reverting to LPO/LSO financing as an insurance against default, as well as initiated the recovery of the long outstanding Imprest owed to the fund.</p>		
<p>Long Outstanding Receivables from Exchange</p>	<p>The statement of financial position reflects portion of long-term receivables from exchange transactions balance of KES 3,984,646 as disclosed in Note 7 to the financial statements. The balance includes an amount of KES 160,000 disbursed between 2016 and 2018 to three (3) youth and women group in the County. However more than six (6) years after the loans were</p>	<p>There have been attempts to recover these loans but the county has not been successful. Therefore, we have now embarked on the process of having these debts written off through a process that will culminate in a final approval in the County Assembly.</p>		

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Transactions	disbursed, the groups have not repaid any amount towards principal and interest. The Management has not provided measures it has put in place to recover the outstanding loans. In the circumstances, the effectiveness of the controls and management of the recovery of disbursed loans could not be confirmed.			
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Date.....22<sup>nd</sup> August 2025