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REPORT

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THE AUDITOR-GENERAL

ON

MARSABIT COUNTY ENTERPRISE FUND

FOR THE YEAR ENDED 30 JUNE, 2026

COUNTY GOVERNMENT OF MARSABIT

PAPERS LAID

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MARSABIT COUNTY ENTERPRISE FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2026

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

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1. Acronyms

Acronyms

CBK	Central Bank of Kenya
CECM	County Executive Committee Member
CEO	Chief Executive Officer
CO	Chief Officer
DG	Director General
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
MD	Managing Director
NT	National Treasury
OAG	Office of the Auditor General
OCOB	Office of the Controller of Budget
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
WB	World Bank

2. Who We Are

(a) Background information

Marsabit County Enterprise Fund is established by and derives its authority and accountability from the Marsabit County Enterprise Fund Act on 16th July 2015. The Fund is wholly owned by the County Government of Marsabit and is domiciled in Kenya.

The Fund's objective is to provide demand-led and timely credit to various borrowing segments such as Micro and Small Enterprises (SMEs) and Livestock Traders

The Fund's principal activity is to provide financial credits to three critical sectors of the County Economy, namely i) Micro and Small Enterprises (MSEs) sector, ii) Livestock trade and associated enterprises sector, and iii) Jua Kali sector for value addition

(b) Principal Activities

The principal activity/mission/ mandate of the Fund

(a) To promote the start-ups and flourishing of small businesses through access to affordable finances;
(b) To nurture the growth of micro and small enterprises to promote self-reliance among youths and women;

(c) To establish a uniform or standardized management of the enterprise fund throughout the county;
(d) To provide funds for Livestock Traders who have potential to market or add value to their stock for domestic and international markets;

(e) To boost the Jua kali sector towards achieving the County Government's industrialization objective;

(f) To source for funding from external sources to complement County Government allocations;

(g) To attract and facilitate investment in cooperative sector institutions that have linkages to micro, small and medium enterprises that benefit the youth, low-income persons and women groups;

(h) To encourage value addition of livestock products like milk and milk products, hides and skin and meat and meat products.

(i) To partner with strategic public, private, and Civil Society Organizations involved in the provision of finance and Entrepreneurship development

(j) To provide funds to support enterprises that have the potential to create jobs and value for exports

Assurance and Audit

Marsabit County Enterprise Fund applies a combined assurance model to enhance the reliability of this report. Assurance is provided through:

- Management reviews

- Internal audit assessments overseen by the Board Audit, Risk, and Compliance Committee
- External audit of financial statements by the Office of the Auditor-General (OAG)

Legal, compliance, and corporate governance audits are conducted biannually to ensure adherence to applicable laws, regulations, and governance standards. The Board has applied its collective judgment to this report and confirms that it provides a balanced and accurate reflection of the Entity's financial performance, strategy, and value-creation approach. (entity to amend as appropriate)

(c) Entity Headquarters

P.O. Box 384-60500
Next to KCB Bank-Marsabit
Isiolo-Moyale Highway
Marsabit, KENYA

(d) Marsabit County Enterprise Fund Contacts

Telephone: (254) 724324378
E-mail: wbulge@gmail.com
Website: www.marsabit.go.ke

(e) Entity Bankers

Kenya Commercial Bank Ltd
Marsabit Branch

(f) Independent Auditor

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

(g) Principal Legal Adviser

i) County Attorney
P.O. Box 384-60500
County Headquarter
Marsabit County

3. Chairman's Statement

The Fund Board Chairperson's tenure expired in March 2018. The Chairperson's tenure has not been renewed, nor has a new chairperson of the Board been appointed during the financial year 2025/2026.

4. Fund Administrator

The fund was created by an Act of the Marsabit County Assembly (**Marsabit County Enterprise Fund Act, 2015, No.2 of 2015**) to establish a legal and institutional framework to provide access to affordable credit by Micro, Small, and medium enterprises across Marsabit County.

The fund, with a budgetary allocation of 30 million shillings per financial year, is distributed between the four Sub-Counties of Moyale, North Horr, Laisamis, and Saku, respectively, using a formula provided by the Commission for Revenue Allocation (CRA), which considers several factors, including population size and poverty index, among others.

The distribution formula (in %) per Sub-County is as shown below:

SUB COUNTY	**Percentage Allocation**
Moyale	29%
North Horr	27%
Laisamis	23%
Saku	21%
TOTAL	**100%**

Since its inception until now, the fund has received and disbursed ONLY one financial year's budgetary allocation of Ksh 30M (i.e., FY2017/2018), and subsequently no other loan disbursements have been made since the first disbursement.

The public uptake of the fund, in terms of the number of individuals and groups who showed interest and applied for loans from across the entire county, was impressively high. However, a sizeable number of applications were rejected during the appraisal exercise, mainly due to technicalities, i.e., failure to meet or produce all the mandatory requirements needed to qualify for a loan.

Finally, over a period of years, the fund has not received any additional funding, and to this challenge, we are in the process of closing the fund and re-engineering it by reviewing the policy to come up with a better strategy on financing small businesses within the county.

5. Corporate Governance Statement

Part A: Board of Directors profiles:

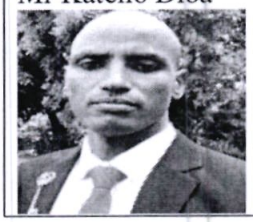
Marsabit County Enterprise Fund Board consists of eight members: five appointed by the Governor, the Chief Officer Trade, the Chief Officer of Finance, and the fund manager, who is the board secretary. Functions of the board include:

a) Formulate policies relating to the fund, including credit policy;
a) Advise County Government on the structure and operations of the fund;
b) Establish uniform standards for the operations of the Board;
c) Administer the property and the funds in such a manner and for such purpose as shall promote the functions of the fund;
d) Mobilize resources for the enhancement of the fund's mandate;
e) Partner with county government for purposes of creating cooperation between the two levels of government in the management of the fund;
f) Keep disaggregated data of beneficiaries by sex, age, region and other relevant factors;
g) Undertake periodic review of the legal framework;
h) Formulate training, development and capacity building programmes for its employees;
i) 0) ensure compliance within the Fund operations, sound financial management practices;
j) Provide, where necessary, management support services to eligible persons;
k) Protect the long-term viability of the Fund;
l) Collaborate with relevant institutions to promote access to credit and other financial services;
m) Monitor and evaluate the performance of the fund; and
n) Perform any other functions assigned to it under this Act.

The County Fund Board shall hold at least four meetings in every financial year, and no more than four months shall elapse between the date of one meeting and the date of the next. In the financial year 2025/2026, the County Enterprise Fund Board did not hold any meeting.

The term of the five board members who are appointed by the Governor ended in March 2018, and since then no new members have been nominated to the board, nor has the term of former board members been renewed. The remaining board members, that is, Chief Officer Finance, Chief Officer Trade and Fund Manager, could not meet the quorum of four members required by the Act for any sitting.

Part B: Management Profile

Name	Details of qualifications and experience
Mr. Mahad Mohamed 	**Chief Officer,** **Trade, Tourism and Cooperative Development** Key Academic Qualifications: Bachelor of Business Management
Mr. Woche Bulge 	**Ag. Fund Manager** International Business Administration, majoring in Finance Has been working with the County Government of Marsabit as Ag. Fund Manager
Mr. Godfrey Godana 	**Chief Officer, Finance** Key Academic Qualifications: Bachelor of Arts.
Mr Katello Diba 	**Accountant.** Key Academic Qualifications: MBA (Finance & Accounting) BCom (Accounting Option) CPAK & ICPAK Member

Part C: Governance arrangements

Marsabit County enterprise fund Board constitute of eight members, five members appointed by the governor, chief officer trade, chief officer finance and fund manager who is board secretary. Functions of the board include:

b) Formulate policies relating to the fund including credit policy;
o) Advise County Government on the structure and operations of the fund;

p) Establish uniform standards for the operations of the Board;
q) Administer the property and the funds in such a manner and for such purpose as shall promote the functions of the fund;
r) Mobilize resources for the enhancement of the fund's mandate;
s) Partner with county government for purposes of creating cooperation between the two levels of government in the management of the fund;
t) Keep disaggregated data of beneficiaries by sex, age, region and other relevant factors;
u) Undertake periodic review of the legal framework;
v) Formulate training, development and capacity building programmes for its employees; 0) ensure compliance within the Fund operations, sound financial management practices;
w) Provide where necessary management support services to eligible persons;
x) Protect the long-term viability of the fund;
y) Collaborate with relevant institutions so as to promote access to credit and other financial services;
z) Monitor and evaluate the performance of the fund; and
aa) Perform any other functions assigned to it under this Act.

The County Fund Board shall have at least four meetings in every financial year and not more than four months shall elapse between the date of one meeting and the date of the next meeting. In the financial year 2025/2026 the county enterprise fund board did not do any meeting.

The term of the five board members who are appointed by the Governor ended on March 2018 and since then no new members are nominated to the board nor the term of former board members renewed. The remaining board members that is Chief Officer Finance, Chief Officer Trade and Fund Manager, could not meet the quorum of four members required by the act for any sitting

6. Financial Performance Overview

FY 2025/2026 Financial and Operational Performance Report

1. Revenue

- Revenue FY Nil
- Revenue Analysis
- Revenue by Nature

2. Expenditure

- Expenditure FY 2025/2026: Kshs.72,440

3. Revenue and Expenditure per Budget Estimates

There was no variance in revenue and expenditure as per budget estimates since there was no revenue and no planned budget during the financial year 2025/2026

4. Assets of the Marsabit County Enterprise Fund

The Enterprise Fund has no solid assets to report over the past years, and there has been no change during the current year. The Enterprise Fund has no assets to report during the year

5. Liabilities of the Marsabit County Enterprise Fund

The Enterprise Fund has no any liability equally during the financial year.

6. Multi-Year Operational and Financial Performance (3–5 Years)

The Enterprise Fund has not been in full operation due to luck budget and has only been receiving the loan receivables over the past 8 years. However, the non-performing loans not been recovered in any significant amount

The Enterprise Fund has not attained any significant revenues, and hence the performance of the Enterprise Fund was poor to sustain its operation fully. Therefore, no revenue analysis has been done over the years, as well as expenses. The performance metrics were also poor

- Balance sheet summary:

	2025-2026	**2024-2025**
Net Asset	26,323,536	26,395,976

7. Key Projects and Investment Decisions

The Enterprise Fund has not undertaken any project during the financial year due to funding and it manages its normal operations on fund recovery efforts.

8. Risk Analysis and Statutory Compliance

The Enterprise Fund complied with all legal and regulatory requirements during the year.

9. Economic and Sector Outlook

The fund has had an economic impact on MSME businesses across the country since its establishment. The fund has high demand, with a plan to upgrade and review the fund policy to align with demand and the microeconomic sector outlook

7. Statement of Performance against Predetermined Objectives for FY 2025/2026

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

The Credit Policy aims to provide timely credit to Micro and Small Enterprises (SMEs) and Livestock Traders, promoting self-reliance among youths and women. It aims to establish a uniform management of the enterprise fund throughout the county, support Livestock Traders with potential to market their stock, boost the Jua Kali sector, source external funding, attract investment in cooperative sector institutions, encourage value addition of livestock products, partner with strategic public, private, and civil society organizations, and support enterprises with potential to create jobs and export value. The policy aims to ensure equity in distribution among 20 administrative Wards.

The fund management has recovered the same amount compared to the previous year and incurred expenses relating to bank charges only during the year. The fund has stagnated over the years due to lack of futher additional funding and natural calamities such as severe droughts that affected the economic activity within the county which causes challenges of repayment; thus, the fund has not yet met its targeted objective as intended, though there are efforts to regain its state of establishment through repayment sensitization of the loanee on the local radios, demand notices and physical visit to the beneficiaries during the period.
The fund management team will continue to work with routine follow-up with the loanees and ensure that the recovery rate will increase and optimally regain its intended purpose

The Enterprise Fund has *no* strategic pillars/themes/issues and objectives within the current Strategic Plan for the FY 2025/26. These strategic pillars/ themes/ issues are as follows:

Pillar /theme/issue 1:

Pillar/theme/issue 2:

The Enterprise Fund has not developed its annual work plans based on the above pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Enterprise Fund has not achieved its performance targets set for the FY 2025/26 period for its planned strategic pillars, as indicated in the table below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Loan Disbursement	Promote Access to Affordable Credit through County Enterprise Fund	Wealth creation/ formalization of enterprises/ increased enterprise turnover	No. of Loans Beneficiaries	In FY 2025/26 The loan to be disbursed was not budgeted in the County Budget. No loan disbursement was done
Loan Recovery	Improve repayment rate by 5% from the baseline of 5%	Increase the loan kitty; principal repaid is revolved	% of increase in the Loan repayment rate	In FY 24/25, the Loan repayment rate reduced by half. Overall repayment rate reduced to 2.5%

8. Environmental and Sustainability Reporting

i) Sustainability strategy, Risk Management and profile

The fund has no competing entity within the county

ii) Environmental performance

The Enterprise Fund has not conducted any environmental performance assessment during the current year. This is because the fund has no budget over the year, and it is always under consideration.

iii) Employee welfare

The Enterprise Fund has maintained its staff despite low operational engagement, just for the recovery of the outstanding loan over the years. However, the Enterprise Fund has not conducted any welfare during the year

iv) Market place practices-

a) Responsible competition practice.

The fund has no competing entity within the county, and the Enterprise Fund exercises best practices as per the Enterprise Fund Act

b) Responsible Supply chain and supplier relations

The entity has not undertaken any procurement or sourced any items for supply during the financial year

c) Responsible marketing and advertisement or responsible engagement with the citizens.

The entity has not undertaken any related stewardship on consumer rights or any health and safety protection awareness during the year

d) Product stewardship or Awareness creation

The entity has not undertaken any related stewardship on consumer rights or any health and safety protection awareness during the year

v) ***Corporate Social Responsibility / Community Engagements***

The Enterprise has not undertaken any social corporate responsibility during the financial year due to unfunded budget constraints.

9. Report of the Directors/Fund Committee

The Directors/Fund Committee submits their report together with the audited financial statements for the year ended June 30, 2026, which show the state of the *Marsabit County Entreprise Fund's* affairs.

i) Principal activities

The principal activities of the Marsabit County Entreprise Fund are (continue to be) ....

ii) Results

The results of the Marsabit County Entreprise Fund for the year ended June 30, 2026, are set out on page 1

iii) Directors/Fund Committee

There are no fund committee of the enterprise fund since

iv) Auditors

The Auditor-General is responsible for the statutory audit of the Marsabit County Entreprise Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the Marsabit County Entreprise Fund for the year ended June 30, 2026, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

.....

Name: Woche Bulge
Secretary to the Committee

10. Statement of Directors/Fund Committee Responsibilities

Section 164 of the Public Finance Management Act, 2012 requires the Accounting Officer to prepare financial statements in respect of the Marsabit County Enterprise Fund which give a true and fair view of the state of affairs of the Fund at the end of the financial year and its operating results for that year. The Accounting Officer is also required to ensure that the Fund keeps proper accounting records which disclose with reasonable accuracy its financial position and is responsible for safeguarding the assets of the Fund.

The Directors/Fund Committee are responsible for the preparation and presentation of the Marsabit County Entreprise Fund's financial statements, which give a true and fair view of the state of affairs of the Marsabit County Entreprise Fund for and as at the end of the financial year (period) ended on June 30, 2026. 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 Marsabit County Entreprise 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 Marsabit County Entreprise Fund; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors/Fund Committee accept responsibility for the Marsabit County Enterprise Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS) and the Public Finance Management Act, 2012. The Directors/Fund Committee are of the opinion that the financial statements give a true and fair view of the Fund's transactions during the financial year ended June 30, 2026 and of its financial position as at that date. The Directors/Fund Committee further confirm the completeness of the accounting records relied upon in the preparation of the financial statements and the adequacy of the systems of internal financial control.

In preparing the financial statements, management considered the Fund's ability to continue as a going concern. The Fund has not received additional funding for several years, has not made new loan disbursements, and continues to recover long-outstanding loan receivables. Management has also disclosed that the Fund is in the process of being closed and re-engineered through review of the policy for financing small businesses. These conditions indicate material uncertainty regarding the Fund's ability to continue as a going concern. The financial statements have nevertheless been prepared on a going-concern basis pending completion of the formal decision and statutory process relating to the future of the Fund.

Approval of the financial statements

The Marsabit County Enterprise Fund's financial statements were approved by the Board/Fund Committee on September 16th 2026 and signed on its behalf by:

.....	.....
Name	**Name: Woche Bulge**
Chairperson of the Board/Fund Committee	**Accounting Officer/Fund Administrator**

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON MARSABIT COUNTY ENTERPRISE FUND FOR THE YEAR ENDED 30 JUNE, 2026 - COUNTY GOVERNMENT OF MARSABIT

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 Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,

C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, Cap. 412A and the Public Audit Act, Cap. 412B. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Marsabit County Enterprise Fund set out on pages 1 to 66, which comprise of the statement of financial position as

at 30 June, 2026, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, Cap. 412B. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Marsabit County Enterprise Fund as at 30 June, 2026 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 Marsabit County Enterprise Fund Act, 2015 and the Public Finance Management Act, Cap. 412A.

Basis for Qualified Opinion

1. Unsupported Long Outstanding Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions balance of Kshs.24,001,935 and referenced to disclosure Note 31 to the financial statements. However, Note 31 relates discloses receivables from non-exchange transactions. Further, examination of the loan register indicated that the loans were advanced in 2017 and 2018 and have remained outstanding for more than eight (8) years. In addition, Note 31(b) did not provide ageing analysis of the loan receivables to enable assessment of the recoverability of the outstanding balances. Similarly, no provision for impairment or expected credit losses had been recognized, and Management had not established an approved policy to guide the assessment and recognition of impairment provisions for loan receivables.

In the circumstances, the accuracy, classification, valuation and recoverability of receivables from exchange transactions balance of Kshs.24,001,935 could not be confirmed.

2. Inaccuracies in the Statement of Cash flows

The statement of cash flows reflects cash and cash equivalents closing balance of Kshs.2,388,371 while the statement of financial position reflects a balance of Kshs.2,321,601 resulting in an unexplained variance of Kshs.66,770.

In the circumstances, the accuracy and completeness of the statement of cash flows could not be confirmed.

3. Material Uncertainty Related to Going Concern

The Fund reported deficit for the year amounting to Kshs.72,440, reducing the accumulated surplus balance to Kshs.26,323,536 as at 30 June, 2026. Further, the Fund has not received additional funding since the initial disbursement amount of Kshs.30,000,000. In addition, no new loan disbursements and recoveries of the long-outstanding loan receivables balance of Kshs.24,001,935 was made. Management disclosed that the Fund is in the process of being closed and re-engineered through review of the policy for financing small businesses. The Fund was therefore technically insolvent and its continued operations as a going concern will depend on the continued support from the Government, donors and creditors. Further, no disclosure has been made by way of Notes to the financial statements on this fact.

In the circumstances, Management is unable to meet its obligations as and when they fall due.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effect of the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Issues

The Auditor-General's report for the year ended 30 June, 2025 raised two issues: Long Outstanding Loan Balances and Non-Appointment of Board Members. Management has not taken adequate action to address these matters. The issues relate to prior periods and have been reported for emphasis of matter purposes.

Other Information

The Management is responsible for the Other Information set out on page ii to xvi which comprise of the Fund Information and Overall Performance, Statement of Performance Against Project's Predetermined Objectives, Environmental and Sustainability Reporting, and the Statement of Project 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 USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matter 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

Expiry of Fund Tenure and Delayed Winding-Up

Review of records revealed that the Fund had reached the end of its ten-year statutory lifespan. However, the formal winding-up process remained ongoing at the time of audit and had been initiated after lapse of the Fund's lifespan. The financial statements similarly disclosed that Management is in the process of closing and re-engineering the Fund. This was contrary to Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015 which provides that, the initial approval for establishment of a County Public Fund shall be for a maximum period of ten years, beyond which County Executive Committee and County Assembly approvals shall be sought. Further, Regulation 199 of the Public Finance Management (County Governments) Regulations, 2015 provides for commencement of the winding-up process following expiry of the lifespan of a fund.

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, Cap. 412B , based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Lack of Risk Management Policy

As previously reported, Management had not developed Risk Management Policy to guide risk assessment, mitigation, fraud prevention and internal control arrangements during the year under review. This was contrary to Regulation 158(1) of the Public Finance Management (County Governments) Regulations, 2015, which requires an Accounting Officer to ensure that a County Government entity develops risk management strategies, including fraud prevention mechanisms, risk management systems and internal controls.

In the circumstances, Management's ability to identify risks, rank them and allocate adequate resources to mitigate them could not be confirmed.

2. Lapse in Tenure and Failure to Reconstitute the Board

During the year, the Fund Board was appointed and gazetted in March, 2015 for a three-year term, which expired in March 2018. However, as at the time of audit in the month of August, 2026, no evidence was provided to confirm the appointment or reconstitution of a new Board, or renewal of the tenure of the outgoing members.

In the circumstances, governance, oversight and accountability of the Fund's operations could not be confirmed.

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

Responsibilities of the Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards Accrual Basis and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material

misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, Cap. 412B.

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, Cap. 412B 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, Cap. 412B . 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, Cap. 412B.

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

28 September, 2026

11. Statement of Financial Performance for the year ended 30 June 2026

	Note	Current Year 2025/26	Comparative Year 2024/25
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from other government entities	6	-	-
Public contributions and donations	7	-	-
Transfers in-kind	8	-	-
		-	-
Revenue from exchange transactions			
Interest income	9	-	-
Rendering of services	10	-	-
Rental revenue from facilities and equipment	11	-	-
Fees and other charges	12	-	-
Other income	13	-	-
Total revenue		-	-
Expenses			
Use of goods and services	14	72,440	1,530
Employee costs	15	-	-
Board Expenses	16	-	-
Depreciation and amortization expense	17	-	-
Repairs and maintenance	18	-	-
Contracted services	19	-	-
Grants and subsidies	20	-	-
Finance costs	21	-	-
Total expenses		**72,440**	**1,530**
Surplus/deficit from operating activities		**(72,440)**	**(1,530)**
Other gains/(losses)			
Gain/Loss on sale of assets	22	-	-
Gain/Loss on foreign exchange transactions	23	-	-
Gain /Loss on fair value of investments	24	-	-
Gain/Loss on Fair Value of Investment Property	25	-	-
Impairment loss	26	-	-
Surplus/ (deficit) before tax		**(72,440)**	**(1,530)**
Taxation	27	-	-
Surplus/(deficit) for the Year		**(72,440)**	**(1,530)**
Surplus/Deficit from Discontinued Operations	28	-	-

Net Surplus for the year		**(72,440)**	**(1,530)**

The notes set out in these financial statements form an integral part of the Financial Statements.

.....	.....	.....
Name:	**Name: Mahad Dida**	**Name: CPA Katello Diba**
Chairman Board/Fund	**Accounting O**	**Head of Finance**
		ICPAK M/No: 12012
Date	**Date** 16/9/202	**Date** 16/9/2026

12. Statement of Financial Position as at 30th June 2026

Assets			
Current Assets			
Cash and Cash equivalents	29	2,321,601	2,388,371
Prepayments	30	-	-
Receivables from Exchange Transactions	31	24,001,935	24,007,595
Receivables from Non-Exchange Transactions	32	-	-
Inventories	33	-	-
Investments in financial assets	34	-	-
Non-Current Assets Held for Sale	35	-	-
Total Current Assets		**26,323,536**	**26,395,976**
Non-Current Assets			
Receivables from Exchange Transactions	31	-	-
Investments in financial assets	34	-	-
Property, Plant and Equipment	36	-	-
Intangible Assets	37	-	-
Investment Property	38	-	-
Right-of-use Assets	39	-	-
Total Non- Current Assets		-	-
Total Assets (A)		**26,323,536**	**26,395,976**
Liabilities			
Current Liabilities			
Trade and Other Payables	40	-	-
Refundable Deposits from Customers	41	-	-
Current Provision	42	-	-
Current Lease Liability	43	-	-
Deferred Income	44	-	-
Employee Benefit Obligations	45	-	-
Current Portion of Borrowings	46	-	-
Taxation	47	-	-

Liabilities for Discontinued Operations/NCA Held for Sale	48	-	-
Total Current Liabilities		-	-
Non-Current Liabilities			
Non-Current Provisions	42	-	-
Non-current Lease Liability	43	-	-
Non-Current Employee Benefit Obligation	45	-	-
Borrowings	46	-	-
Service Concession Liability	49	-	-
Deferred Tax Liabilities	50	-	-
Total Non- Current Liabilities		-	-
Total Liabilities (B)		-	-
Net Assets (A-B)		**26,323,536**	**26,395,976**
Represented By:			
Reserves		-	-
Accumulated Surplus		(3,676,464)	(3,604,024)
Revolving Fund		30,000,000	30,000,000
Capital Fund		-	-
Net Assets		**26,323,536**	**26,395,976**

The financial statements set out on pages 1 to 5 were signed by:

.....	.....	.....
Name:	**Name: Mahad Dida**	**Name: CPA Katello Diba**
Chairman Board/Fund	**Accounting Officer**	**Head of Finance**
		ICPAK M/No: 12012
Date	**Date** 16/9/2026	**Date** 16/9/2026

13. Statement of Changes in Net Assets for the Year Ended 30 June 2026

	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As at July 1, 2024	**30,000,000**	-	(3,602,494)	-	-	26,397,506
Revaluation gain		-	-	-	-	-
Fair value adjustment on investments	-	-	-	-	-	-
Surplus/ deficit for the year	-	-	(1,530)	-	-	(1,530)
Funds received During the year	-	-	-	-	-	-
Transfers from accumulated surplus to revolving fund	-	-	-	-	-	-
Capital/development grants received during the year	-	-	-	-	-	-
As at June 30, 2025	**30,000,000**	-	**(3,604,024)**	-	-	26,395,976
As at July 1, 2025	**30,000,000**	-	**(3,604,024)**	-	-	26,395,976
Revaluation gain	-	-	-	-	-	-
Fair value adjustment on investments	-	-	-	-	-	-
Surplus/ (deficit) for the year	-	-	(72,440)	-	-	(72,440)
Funds received During the year	-	-	-	-	-	-
Transfers from accumulated surplus to revolving fund	-	-	-	-	-	-
Capital/development grants received during the year	-	-	-	-	-	-
As at June 30, 2026	**30,000,000**	**-**	**(3,676,464)**	**-**	**-**	26,323,536

14. Statement of Cash Flows for the year ended 30 June 2026

	Notes	Current FY 2025/26 Kshs	Comparative FY 2024/25 Kshs
Cash flows from operating activities			
Receipts			
Transfers from other governments entities		-	-
Public contributions and donations		-	-
Interest received		-	-
Rendering of services		-	-
Rental revenue from facilities and equipment		-	-
Fees and other charges		-	-
Other income*(specify)*		-	-
Total receipts		-	-
Payments			
Use of goods and services		(72,440)	(1,530)
Employee costs		-	-
Board Expenses		-	-
Repairs and maintenance		-	-
Contracted services		-	-
Grants and subsidies		-	-
Finance costs		-	-
Total payments		**(72,440)**	**(1,530)**
Net cash flows from/(used in) operating activities	51	**(72,440)**	**(1,530)**
Cash flows from investing activities			
Purchase of PPE		-	-
Purchase of Intangible assets		-	-
Proceeds from sale of PPE		-	-
Proceeds from loan principal repayments		5,660	10,010
Loan disbursements paid out		-	-
Purchase of investments		-	-
Proceeds from sale of investments		-	-
Net cash flows from/(used in) investing activities		**5,660**	**10,010**
Cash flows from financing activities			
Revolving fund receipts		-	-
Proceeds from borrowings		-	-

	Note	Current FY 2025/26 Kshs	Comparative FY 2024/25 Kshs
Principle Lease repayments			
Repayment of borrowings		-	-
Net cash flows from financing Activities		-	-
Net increase/(decrease) in cash & Cash equivalents		**(66,780)**	**8,470**
Cash and cash equivalents at the beginning (1st July)	**29**	2,388,371	2,379,901
Cash and cash equivalents at the end (30th June)	**29**	**2,388,371**	**2,388,371**

15. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2026

	a	b	c= (a+b)	d	e=(c-d)	f=d/c*100
Budget carryovers from the previous year*	-	-	-	-	-	-
Receipts						
Transfers from Other Governments entities	-	-	-	-	-	-
Public Contributions and Donations	-	-	-	-	-	-
Interest income	-	-	-	-	-	-
Rendering of Services	-	-	-	-	-	-
Rental Revenue from Facilities and Equipment	-	-	-	-	-	-
Fees and other charges	-	-	-	-	-	-
Other Income *(specify)*	-	-	-	-	-	-
Total Receipts	-	-	-	-	-	-
Payments						
Use of Goods and Services	-	-	-	-	-	-
Employee costs	-	-	-	-	-	-
Board Expenses	-	-	-	-	-	-
Repairs and Maintenance	-	-	-	-	-	-
Contracted Services	-	-	-	-	-	-
Grants and Subsidies	-	-	-	-	-	-
Finance costs	-	-	-	-	-	-
Total Expenditure Payments	-	-	-	-	-	-
Capital Expenditure Payments	-	-	-	-	-	-
Surplus for the period	-	-	-	-	-	-

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	**2,388,371**
1	Reason for differences. E.g. Gratuity held from previous periods that are not affecting current year's budget	-
2	Reason for differences. E.g. Funds received in the period and were not in the approved budget	-
3	Reason for differences: E.g. Contractor's Retention/Deposit cash executed in the budget and is still retained in bank	-
4	Reason for differences	-
	Closing Cash and Cash Equivalent as per the statement of Cash flows	**2,388,371**

16. Notes to the Financial Statements

1. General Information

Marsabit County Enterprise Fund is established by and derives its authority and accountability from the Marsabit County Enterprise Fund Act, 2015 (No. 2 of 2015). The Fund is wholly owned by the County Government of Marsabit and is domiciled in Kenya. The Fund's principal activities are:

(a) To promote the start-ups and flourishing of small businesses through access to affordable finances; (b) To nurture the growth of micro and small enterprises to promote self-reliance among youths and women;

(c) To establish a uniform or standardized management of the enterprise fund throughout the county; (d) To provide funds for Livestock Traders who have potential to market or add value to their stock for domestic and international markets;

(e) To boost the Jua kali sector towards achieving the County Government's industrialization objective;

(f) To source for funding from external sources to complement County Government allocations;

(g) To attract and facilitate investment in cooperative sector institutions that have linkages to micro, small and medium enterprises that benefit the youth, low-income persons and women groups;

(h) To encourage value addition of livestock products like milk and milk products, hides and skin and meat and meat products.

(i) To partner with strategic public, private, and Civil Society Organizations involved in the provision of finance and Entrepreneurship development

(j) To provide funds to support enterprises that have the potential to create jobs and value for exports

2. Statement of Compliance and Basis of Preparation

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

or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Marsabit County Enterprise Fund. The financial statements have been prepared in accordance with the Public Finance Management Act, 2012 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2026.

Standard	Effective date and impact
IPSAS 43 Leases	Applicable 1st January 2025 The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	Applicable 1st January 2025 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.
IPSAS 45- Property Plant and Equipment	Applicable 1st January 2025 The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46 Measurement	Applicable 1st January 2025 The objective of this standard was to improve measurement guidance across IPSAS by:

	Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. Clarifying transaction costs guidance to enhance consistency across IPSAS; Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value.

ii. ***New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2026.***

Standard	Effective date and impact
IPSAS 47-Revenue	Applicable 1st January 2026 This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS 48-Transfer Expenses	Applicable 1st January 2026 The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49-Retirement Benefit Plans	Applicable 1st January 2026 The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	Applicable 1st January 2027 The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: Limited improvements to existing accounting practices for exploration and evaluation expenditures. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral

Standard	Effective date and Impact
	resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.
IPSAS 51: Tangible Natural Resources Held For Conservation	Applicable 1st January 2028 The objective of this standard is to establish the principles that an entity shall apply to report relevant information to users of financial statements about the nature, amounts, timing, and uncertainties arising from tangible natural resources held for conservation. A tangible natural resource held for conservation is a naturally occurring tangible asset that is managed to prevent its degradation.
IPSASB SRS 1: Climate Related Disclosures	Applicable 1st January 2028 This standard provides principles for an entity to address climate-related risks and opportunities arising from an entity's activities and operations. The standard provides disclosures on governance, strategy, risk management, and metrics and targets.

iii. ***Early adoption of standards***

The Fund did not early-adopt any new or amended standards during the financial year.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees and other charges

The *Entity* recognizes revenues from fees and other charges when the event occurs, and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Entity and the fair value of the asset can be measured reliably.

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. To the extent that there is a related condition attached that would give rise to a liability to repay the amount,

the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that have been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

The Entity recognizes revenue from the rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

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.

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 Fund had no approved revenue or expenditure budget for FY 2025/2026 and no additional appropriations were recorded during the year. Accordingly, the Statement of Comparison of Budget and Actual Amounts reports nil budget amounts for the year.

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting

date in the area where the *Entity* operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates, and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits, and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against

current income tax liabilities and the deferred taxes relate to the same taxable *Entity* and the same taxation authority.

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

ii) When receivables and payables are stated with the amount of sales tax included
The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an 2026 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. Transfers are made to or from investment property only when there is a change in use.

e) Property, plant, and equipment

Recognition and Measurement

The Entity's Property, Plant, and Equipment (PPE) are tangible items held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and are expected to be used for more than one reporting period.

An item of PPE is recognized as an asset if, and only if:

- It's probable that the future economic benefits or service potential associated with the item will flow to the ministry.
- The cost or fair value of the item can be measured reliably.

Items acquired through non-exchange transactions (e.g., donations) are measured at their **deemed cost**, which is the fair value at the date of acquisition. For all other acquisitions, initial measurement is at **cost**, which includes all expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The entity has adopted the **Historical cost model** for the subsequent measurement of its PPE. Under this model, after initial recognition, an asset is carried at its cost less any accumulated depreciation and accumulated impairment losses.

Depreciation and Impairment

The entity applies the **straight-line method** of depreciation, as it best reflects the pattern of the asset's consumption of its future economic benefits or service potential. Depreciation begins when the asset is available for use and ceases at the earlier of the date the asset is classified as held for sale or the date of derecognition. The depreciable amount is the cost of the asset less its residual value. The residual value and the useful life of an asset are reviewed at least at each annual reporting date. The table below indicates the various classes of assets and the depreciation rates.

PPE Item	**Depreciation Rate**
Buildings	2-10%
Motor vehicles	10-16.67%
Infrastructure assets	2-20%
Furniture and fittings	12.5%
Computers & ICT Equipment	33.3%
Heritage Assets	-%

Impairment The entity assesses at each reporting date whether there is any indication that an asset may be impaired. If an indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognized immediately in the statement of financial performance.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in statement of financial performance.

f) Right of Use (ROU) Assets

A right-of-use asset represents the entity's right to use an underlying leased asset over the lease term. At the commencement date of a lease, the entity recognizes a right-of-use asset and a lease liability, except for short-term leases and leases of low-value assets as allowed under IPSAS 43.

Recognition

The entity recognises a right-of-use asset at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises:

- The amount of the initial lease liability;
- Any lease payments made at or before the commencement date, less any lease incentives received;
- Any initial direct costs incurred; and
- An estimate of the costs to be incurred in dismantling and removing the underlying asset or restoring the site.

Measurement

Right-of-use assets are initially measured at cost. After initial recognition, right-of-use assets are measured using the cost model, where the asset is carried at: Cost less accumulated depreciation and any accumulated impairment losses. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Depreciation of right-of-use assets is charged to expenditure in accordance with the entity's depreciation policy applicable to owned assets of the same class. Right-of-use assets are

assessed for impairment in accordance with IPSAS 21 – Impairment of Non-Cash-Generating Assets or IPSAS 26 – Impairment of Cash-Generating Assets, as applicable.

g) Lease Liability

The lease liability is measured at the present value of lease payments that are not paid at that date. The lease payments have been discounted using the interest rate implicit in the lease, and the rate can be readily determined. If the rate cannot be readily determined, the entity uses the incremental borrowing rate.

Subsequently, the lease liability is measured at amortized cost using the effective interest method and reduced by lease payments. Interest expense is recognized in the statement of financial performance.

h) 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. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

i) Non-Current Assets Held for Sale and Discontinued Operations

Non-current assets or disposal groups are classified as held for sale when their carrying amount is expected to be recovered through sale rather than continued use. They are measured at the lower of carrying amount and fair value less costs to sell and have been presented separately in the Statement of Financial Position. Depreciation has ceased for the assets classified as held for sale.

The assets classified as held for sale have met the following required criteria: management has made a commitment to sell, the asset is actively being marketed for sale at a reasonable price, the sale will be completed within one year of the classification date, an active program to find

a buyer has been initiated, and there are no significant changes to the plan that might impact the sale.

Discontinued operations are the major components that have been disposed of or are held for sale. Their results have been presented separately in the Statement of Financial Performance. Presentation of the non current assets and discontinued assets has been done separately in the financial statements. Any proceeds from sale of non current assets held for sale has been presented separately.

j) Research and development costs

The *Entity* expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the *Entity* can demonstrate:

i) The technical feasibility of completing the asset so that the asset will be available for use or sale.
ii) Its intention to complete and its ability to use or sell the asset.
iii) How the asset will generate future economic benefits or service potential
iv) The availability of resources to complete the asset.
v) The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

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.

a) 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 an irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

Financial assets that are held for the 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.

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.

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 a surplus or deficit model.

Impairment

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

b) Financial liabilities

Classification

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

k) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or 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:

i) Raw materials: purchase cost using the weighted average cost method.

ii) 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.*

l) 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.

m)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.

n) 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.

o) Nature and purpose of reserves

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

p) 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.

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

r) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are

translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

s) 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 the construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

t) 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/Fund Committees, the CEO/Fund Administrator, and senior managers.

u) Service concession arrangements

The *Entity* analyses all aspects of service concession arrangements that it enters in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the *Entity* recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement, or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the *Entity* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

v) 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 an insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and various commercial banks at the end of the financial year.

w) Comparative figures

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

x) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2026.

5. Significant Judgments and Sources of Estimation Uncertainty

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

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

Useful lives and residual value

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

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

Provisions

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

6. Transfers from Other Government entities

Description	Current Year 2025/26 Kshs	Comparative Year 2024/25 Kshs
Unconditional Grants		
Operational Grant	-	-
Unconditional development grants	-	-
Other Grants*(specify)*	-	-
Total Unconditional Grants	-	-
Conditional Grants amortised/ transferred to revenue		
Development Grant	-	-
Operational Grant	-	-
Other Organizational Grants (specify)	-	-
Total Government Grants and Subsidies	-	-

b) Transfers from Ministry/County Departments

Name of The Marsabit County Enterprise Fund Sending the Grant	Amount recognized to Statement of financial performance	Amount deferred under deferred income	Amount recognised in capital fund	Total transfers in Current FY	Comparative FY

	Kshs	Kshs	Kshs	Kshs	Kshs
Ministry/County Department	-	-	-	-	-
Total	-	-	-	-	-

7. Public Contributions and Donations

Description		
Research Donations	-	-
Donations transferred to revenue on conditions being met.	-	-
Other Public Donations (Specify)	-	-
Total Transfers and Sponsorships	-	-
	-	-
Reconciliation of Public Contributions and Donations	-	-
Balance Unspent at Beginning of The Year	-	-
Current Year Receipts	-	-
Conditions Met - Transferred to Revenue	-	-
Conditions To Be Met - Remain Liabilities	-	-

8. Transfers in-kind.

Description		
Payments by Ministry/County Department on behalf of the Marsabit County Entreprise Fund	-	-
Others*(specify)*	-	-
Total Transfers in-kind	-	-

9. Interest income

Description	Current FY 2025/26 Kshs	Comparative FY 2024/25 Kshs
Interest on loans	-	-
Others*(specify)*	-	-
Total Interest income	-	-

10. Rendering of Services

Description	Current FY 2025/26 Kshs	Comparative FY 2024/25 Kshs
Training Fees	-	-
Others (specify)	-	-
Total Revenue from The Rendering of Services	-	-

11. Rental Revenue from Facilities and Equipment

Description	Current FY 2025/26 Kshs	Comparative FY 2024/25 Kshs
Operating Lease Revenues	-	-
Contingent Rentals*	-	-
Total Rentals	-	-

12. Fees and other charges

Description	Current FY 2025/26 Kshs	Comparative FY 2024/25 Kshs
Fees	-	-
Charges from defaults	-	-
Others *(specify)*	-	-
Total Fees and other charges	-	-

13. Other Income

Description	Current FY 2025/26 Kshs	Comparative FY 2024/25 Kshs
Interest on cash investments and fixed deposits	-	-
Interest on Bank balances	-	-
Interest income from Treasury Bills	-	-

Interest income from Treasury Bonds	-	-
Insurance recoveries	-	-
Income from sale of tender	-	-
Services concession income	-	-
Skills development levy	-	-
Bad debts recovered	-	-
Miscellaneous incomes (*specify*)	-	-
Total Other income	-	-

14. Use of Goods and Services

Electricity	-	-
Water	-	-
Subscriptions	-	-
Advertising	-	-
Admin Fees	-	-
Audit Fees	-	-
Conferences and Delegations	-	-
Consulting Fees	-	-
Consumables	-	-
Fuel and Oil	-	-
Insurance	-	-
Legal Expenses	-	-
Licenses and Permits	-	-
Postage	-	-
Printing and Stationery	15,800	-
Hire Charges	-	-
Rent expenses	-	-
Security Costs	-	-
Skills Development Levies	-	-
Inventory Scrapping	-	-
Telecommunication	-	-
Training	-	-
Travel, Subsistence & Other Allowances*	56,000	-
Bank charges	640	1,530
Other program support expenses*(specify)*	-	-
Total	**72,440**	**1,530**

15. Employee Costs

Description	Current FY 2025/26 Kshs	Comparative FY 2024/25 Kshs
Salaries and wages	-	-
Employer contribution to health insurance schemes	-	-
Employer contribution to pension schemes	-	-
Travel, accommodation, subsistence, & other allowances	-	-
Housing benefits and allowances	-	-
Overtime payments	-	-
Performance and other bonuses	-	-
Social contributions	-	-
Gratuity	-	-
Extraneous	-	-
Other employee related costs *	-	-
Employee costs	-	-

16. Board Expenses

Description	Current FY 2025/26 Kshs	Comparative FY 2024/25 Kshs
Chairman/Directors' Honoraria	-	-
Sitting Allowances	-	-
Medical Insurance	-	-
Induction and Training	-	-
Travel and Accommodation	-	-
Other Allowances	-	-
Total	-	-

17. Depreciation and Amortization Expense

Description	Current FY 2025/26 Kshs	Comparative FY 2024/25 Kshs
Property, plant, and equipment	-	-
Intangible assets	-	-
Investment property carried at cost	-	-
Right of Use Assets	-	-
Total depreciation and amortization	-	-

18. Repairs and Maintenance

Description	Current FY 2025/26 Kshs	Comparative FY 2024/25 Kshs
Property and equipment	-	-
Investment Property	-	-
Equipment and Machinery	-	-
Vehicles	-	-
Furniture and Fittings	-	-
Computers	-	-
Others (specify)	-	-
Total Repairs and Maintenance	-	-

19. Contracted Services

Description	Current FY 2025/26 Kshs	Comparative FY 2024/25 Kshs
Actuarial Valuations	-	-
Investment Valuations	-	-
Property Valuations	-	-
Others (specify)	-	-
Total Contracted Services	-	-

20. Grants and Subsidies

Description	Current FY 2025/26 Kshs	Comparative FY 2024/25 Kshs
Community Development	-	-
Education Initiatives and Programs	-	-
Social Development	-	-
Community Trust	-	-
Sporting Bodies	-	-
Others (specify)	-	-
Total Grants and Subsidies	-	-

21. Finance Costs

Description	Current FY 2025/26 Kshs	Comparative FY 2024/25 Kshs
Borrowings (amortized cost) *	-	-
Finance leases (amortized cost)	-	-
Unwinding of discount on lease liabilities	-	-
Interest on bank overdrafts	-	-
Interest on loans from commercial banks	-	-

Total finance costs	-	-

22. Gain/Loss on Sale of Assets

Description	Current FY 25/26 Kshs	Comparative FY 2024/25 Kshs
	-	-
Property, plant and equipment	-	-
Intangible assets	-	-
Other assets not capitalised	-	-
Total gain on sale of assets	-	-

23. Gain/Loss on foreign exchange transactions

Description	Current FY 2025/26 Kshs	Comparative FY 2024/25 Kshs
Gain on foreign exchange transactions	-	-
Loss on foreign exchange transactions	-	-
Total Gain/Loss	-	-

24. Gain/ (loss) on Fair Value Investments

Description	Current FY 2025/26 Kshs	Comparative FY 2024/25 Kshs
Investments at Fair Value- Equity investments	-	-
Fair value- other financial assets (specify)	-	-
Total Gain	-	-

25. Gain/Loss on Fair Value of Investment Property

Description	Current FY 2025/26 Kshs	Comparative FY 2024/25 Kshs
Land	-	-
Buildings	-	-
Total	-	-

26. Impairment Loss

Description	Current FY 2025/26 Kshs	Comparative FY 2024/2025 Kshs
Property, Plant and Equipment	-	-

Intangible Assets	-	-
Others Specify	-	-
Total Impairment Loss	-	-

27. Taxation Expense

Description	Current FY 2025/26 Kshs	Comparative FY 2024/25 Kshs
Current income tax charge	-	-
Tax charged on rental income	-	-
Tax charged on interest income	-	-
Deferred tax: [note xx]	-	-
Original and reversal of temporary differences	-	-
Income tax expense reported in the statement of financial performance	-	-

28. Surplus/Deficit from Discontinued Operations

Description	Current FY 2025/26 Kshs	Comparative FY 2024/25 Kshs
Revenues *(specify)*	-	-
Expenses *(specify)*	-	-
Surplus/Deficit	-	-

29. Cash and Cash Equivalents

Description	Current FY 2025/26 Kshs	Comparative FY 2024/25 Kshs
Bank balances	2,321,601	2,388,371
On - Call Deposits	-	-
Fixed Deposits Account *(below 3 months)*	-	-
Others *(Specify)*	-	-
Total Cash and Cash Equivalents	**2,321,601**	**2,388,371**

Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account number	Current FY 2025/26 Kshs	Comparative FY 2024/25 Kshs
a) Bank balances			
Kenya Commercial Bank		2,321,601	2,388,371
Sub- Total		**2,321,601**	**2,388,371**
b) On - Call Deposits			
Sub- Total		-	-
c) Fixed Deposits Account			
Sub- Total		-	-
d) Others (Specify)		-	-

Financial Institution	Account number	Current FY 2025/26 Kshs	Comparative PY 2024/25 Kshs
Cash In Transit		-	-
Cash In Hand		-	-
Mobile Money Accounts		-	-
Sub- Total		**-**	**-**
Grand Total		**2,321,601**	**2,388,371**

30. Prepayments

Description	Current FY 2025/26 Kshs	Comparative FY 2024/25 Kshs
Insurance	-	-
Rent	-	-
Water	-	-
Internet	-	-
Others specify	-	-
Total	-	-

31. Receivables from Exchange Transactions

Description	Current FY 2025/26 Kshs	Comparative FY 2024/25 Kshs
Current Receivables		
Loan interest receivable	-	-
Current Loan Repayments Due	-	-
Fees and other charges due	-	-
Other *(specify)*	-	-
Less: Impairment Allowance	-	-
Total Current Receivables	-	-
Non-Current Receivables		
Long Term Loan Repayments Due	24,001,935	24,007,595
Total Non- Current Receivables	-	-
Total Receivables from Exchange Transactions	**24,001,935**	**24,007,605**

(b) Ageing analysis for Receivables from exchange transactions

	Current FY 2025/26		Comparative FY 2024/25	
	Kshs		Kshs	
	Current FY	**% of the total**	**Comparative FY**	**% of the total**
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	-	**%**	-	**%**

(c) Reconciliation for Impairment Allowance on Receivables from Exchange Transactions

Impairment allowance/ provision	Current FY 2025/26	Comparative FY 2024/25
	Kshs	Kshs
At the beginning of the year	-	-
Additional provisions during the year	-	-
Recovered during the year	-	-
Written off during the year	-	-
At the end of the year	-	-

32. Receivables from Non-Exchange Transactions

Description	Current FY 2025/26		Comparative FY 2024/25	
	Kshs		Kshs	
Loan receivables	-		-	
Total receivables	-		-	
Ageing Analysis- Receivables from non-exchange transactions	**Current FY**	**% of the total**	**Comparative FY**	**% of the total**
Less than 1 year	-	%	-	%
Between 1-2 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions

Description	Current Year 2025/26 KShs	Comparative Year 2024/25 KShs
At the beginning of the year	-	-
Additional provisions during the year	-	-
Recovered during the year	-	-
Written off during the year	-	-
At the end of the year	-	-

33. Inventories

Description	Current Year FY 2025/26 KShs	Comparative Year FY 2024/25 KShs
Consumable stores	-	-
Other goods held for resale	-	-
Catering	-	-
Others (specify)	-	-
Less: allowance for impairment	-	-
Total inventories at the lower of cost & net realizable value	-	-

Detailed Disclosure on Inventories

	FY 2025/26	FY 2024/25
Opening balance	-	-
Additional Inventory in the year	-	-
Inventory expensed in the year	-	-
Write-downs in the year	-	-
Others specify	-	-
Closing balance	-	-

34. Investments in financial assets

Description	Current Year 2025/2026 KShs	Comparative Year FY 2024/2025 KShs
a) Investment in Treasury bills and bonds		
Financial institution		
CBK	-	-
CBK	-	-

Sub- total	-	-
b) Investment with Financial Institutions/ Banks		
Bank x	-	-
Bank y	-	-
Sub- total	-	-
c) Equity investments (specify)		
Equity/shares in other entities	-	-
Sub- total	-	-
Grand total	-	-

d) Movement of Equity Investments

At the beginning of the year	-	-
Purchase of investments in the year	-	-
Sale of investments during the year	-	-
Gain/(loss) in fair value of investments through surplus or deficit	-	-
At the end of the year	-	-

e) Shareholding in other entities

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

	%	%	%	Kshs	Kshs	Kshs
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
	-	-	-	-	-	-

35. Non-Current Assets Held for Sale

Description	2025/26	2024/25
Motor Vehicles	-	-
Furniture	-	-
Office Equipment	-	-
ICT Equipment	-	-
Total	-	-

36. Property, Plant and Equipment

Current FY

Cost/Value	Land	Buildings	Motor vehicles	Furniture and fittings	Computers & ICT Equipments	Other Assets (Specify)	Capital Work in progress	Total
As At 1July (Current FY)	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-
As at 30th June (Current FY)	-	-	-	-	-	-	-	-
Depreciation & Impairment								
At 1 July (Current FY)	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Transfers/ Adjustments	-	-	-	-	-	-	-	-
As at 30th (Current FY)	-	-	-	-	-	-	-	-
Net Book Value as at 30th June	-	-	-	-	-	-	-	-

Previous FY

Cost/Value	Land	Buildings	Motor vehicles	Furniture and fittings	Computers & IT Equipment	Other Assets (Specify)	Capital Work in Progress	Total
As at 1 July (Previous FY)	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-
As at 30th June (Previous FY)	-	-	-	-	-	-	-	-
Depreciation & Impairment								
At 1 July (comparative FY)	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Transfers/ Adjustments	-	-	-	-	-	-	-	-
As at 30th (Previous Year)	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Net book Value As at 30th June 2026	-	-	-	-	-	-	-	-

Valuation

Land and buildings/ Equipment (be specific) were never valued by valuers in line with the National Assets and Liabilities Management Policy and Guidelines (issued 30th June 2020). The assets were not revalued by valuers on this financial year.

(b) Property, Plant and Equipment at Cost

If the revalued freehold land, buildings, and other assets were stated on the historical cost basis the amounts would be as follows:

Description	Cost Kshs	Accumulated Depreciation Kshs	Net Book Value Kshs
Land	-	-	-
Buildings	-	-	-
Plant And Machinery	-	-	-
Motor Vehicles, Including Motorcycles	-	-	-
Computers And Related Equipment	-	-	-
Office Equipment	-	-	-
Furniture and Fittings	-	-	-
Others *(specify)*	-	-	-
Total	-	-	-

(c) Fully Depreciated Assets

Property plant and Equipment includes the following assets that are fully depreciated:

Description	Cost or valuation	Normal annual depreciation charge
Plant and Machinery	-	-
Motor Vehicles including Motorcycles	-	-
Computers and Related Equipment	-	-
Office Equipment	-	-
Furniture and Fittings	-	-
Others (specify)	-	-
Total	-	-

(d) Disclosures on Capital Work in Progress

Provide the details of the Work in progress, including details of when the project was started, contracted end date, explanation for significant delays, and the value of work in progress should be disaggregated into various classes.

37. Intangible Assets

Current FY

Description	Indefinite life	Definite life	Work in Progress	Total
	Kshs	Kshs	Kshs	Kshs
Cost/Value at 1st July 2025	-	-	-	-
Additions	-	-	-	-
Transfers	-	-	-	-
Disposal	-	-	-	-
Cost/Value at 30th of June 2026	-	-	-	-
Amortization and impairment				
At 1st July 2026	-	-	-	-
Amortization charge for the year	-	-	-	-
Disposal	-	-	-	-
Impairment loss	-	-	-	-
At the end of the period	-	-	-	-
NBV at 30th June 2026	-	-	-	-

Previous FY

Description	Indefinite life	Definite life	Work in Progress	Total
	Kshs	Kshs	Kshs	Kshs
Cost/Value at 1st July 2024	-	-	-	-
Additions	-	-	-	-
Transfers	-	-	-	-
Disposal	-	-	-	-

Cost/Value at 30th of June 2025	-	-	-	-
Amortization and impairment				
At 1st July 2024	-	-	-	-
Amortization charge for the year	-	-	-	-
Disposal	-	-	-	-
Impairment loss	-	-	-	-
At the end of the period	-	-	-	-
NBV at 30th June 2025 (previous year)	-	-	-	-

38. Investment Property

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

39. Right of Use Assets

Current FY

	Buildings	Motor Vehicles	Equipment	Others Specify	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
As at 1 July 2025	-	-	-	-	-
Additions in the period	-	-	-	-	-
Remeasurement/Adjustments	-	-	-	-	-
Disposals/Terminations	-	-	-	-	-
As at 30 June 2026	-	-	-	-	-
Accumulated Depreciation					
As at 1 July 2025	-	-	-	-	-
Charge for the year	-	-	-	-	-
Elimination on Disposal/Transfer out	-	-	-	-	-
As at 30 June 2026	-	-	-	-	-
	-	-	-	-	-
NBV As at 30 June 2026	-	-	-	-	-

Previous FY

Cost/Valuation					
As at 1 July 2024	-	-	-	-	-
Additions in the period	-	-	-		-
Remeasurement/Adjustments	-	-	-	-	-
Disposals/Terminations	-	-	-	-	-
As at 30 June 2025	-	-	-	-	-
Accumulated Depreciation					
As at 1 July 2024 Previous year	-	-	-	-	-
Charge for the year	-	-	-	-	-
Elimination on Disposal/Transfer out	-	-	-	-	-
As at 30 June 2026	-	-	-	-	-
NBV As at 30 June 2025	=	=	=	=	=

40. Trade and Other Payables

Description	FY 2025/2026 Kshs	FY 2024/2025 Kshs
Trade payables	-	-
Employee payables	-	-
Third-party payments	-	-
Other payables	-	-
Total trade and other payables	-	-

Ageing analysis: (Trade and other payables)	**Current FY**	**% of the Total**	**Comparative FY**	**% of the Total**
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (tie to above total)	-		-	

41. Refundable Deposits from Customers

Description	FY 2025/2026 Kshs	FY 2024/2025 Kshs
Customer deposits	-	-
Retention Deposits	-	-
Prepayments	-	-
Other deposits	-	-
Total deposits	-	-

Ageing analysis: (Refundable deposits)	**Current FY**	**% of the Total**	**Comparative FY**	**% of the Total**
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-		-	

42. Provisions

Description	Pension provision Kshs	Bonus provision Kshs	Gratuity Provision Kshs	Other provision Kshs	Total Kshs
Balance brought forward at the beginning of the year	-	-	-	-	-
Additional provisions during the year	-	-	-	-	-
Provision utilised during the year	-	-	-	-	-

Change due to discount and time value for money	-	-	-	-	-
Total provisions at the end year	-	-	-	-	-
Analysed as:					
Current Provisions	-	-	-	-	-
Non-Current Provisions	-	-	-	-	-

43. Lease Liability

Description	FY 2025/2026 Kshs	FY 2024/2025 Kshs
At the start of the year	-	-
Additions	-	-
Discount interest on lease liability	-	-
Paid during the year	-	-
Adjustments	-	-
At end of the year	-	-

Maturity Analysis

Period	Amount (Kshs)
Year 1	-
Year 2	-
Year 3	-
Year 4	-
Year 5 And Onwards	-
Less: Unearned Interest	-
Total	-

Analysed as:

Description	Amount (Kshs)
Current	-
Non- Current	-
Total	-

44. Deferred Income

Description	FY 2025/2026 Kshs	FY 2024/2025 Kshs
National/ County Government	-	-
Public Contributions and Donations	-	-
Total Deferred Income	-	-

The deferred income movement is as follows:

	Kshs	Kshs	Kshs
Balance Brought Forward	-	-	-
Additions	-	-	-
Transfers To Capital Fund	-	-	-
Transfers To Income Statement	-	-	-
Other Transfers	-	-	-
Balance Carried Forward	-	-	-

45. Employee Benefit Obligations

	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total Employee Benefits Obligation	-	-	-	-	-

Retirement benefit Asset/ Liability

The Fund did not operate a defined benefit scheme during the year under review. Accordingly, the template disclosure on a defined benefit scheme is not applicable to the Fund.

Discount Rates	-%	-%
Future Salary Increases	-%	-%
Future Pension Increases	-%	-%
Mortality (pre- retirement)	-%	-%
Mortality (post-retirement)	-%	-%
Withdrawals	-	-
Ill Health	-	-
Retirement	- years	- years

Recognition of Retirement Benefit Asset/ Liability

a) Amounts recognised under other gains/ Losses in the statement of Financial Performance:

The return on defined plan assets	-	-
Actuarial gains/ losses arising from changes in demographic assumptions	-	-
Actuarial gains/ losses arising from changes in financial assumptions	-	-
Actuarial gains and losses arising from experience adjustments	-	-
Others (specify)	-	-
Adjustments for restrictions on the defined benefit asset	-	-
Remeasurement of the net defined benefit liability (asset)	-	-

b) Amounts recognised in the Statement of Financial Position

Description	[illegible]	[illegible]
Present value of defined benefit obligations(a)	-	-
Fair value of plan assets(b)	-	-
Funded status (=a-b)	-	-
Restrictions on asset recognised	-	-
Others *(specify)*	-	-
Net asset or liability arising from defined benefit obligation	-	-

The Entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 0 per employee per month. Other than NSSF, the Entity also has a defined contribution scheme operated by Pension Fund. Employees contribute 0% of their basic salary, while employers contribute xx%. Employer contributions are recognized as expenses in the statement of financial performance for the period in which they are incurred.

46. Borrowings

Description	[illegible]	[illegible]
a) External borrowings		
Balance at beginning of the year	-	-
External borrowings during the year	-	-
Accrued Interest	-	-

Repayment of accrued interest	-	-
Principal Repayments of during the year	-	-
Balance at end of the year	-	-
b) Domestic borrowings		
Balance at beginning of the year	-	-
Domestic borrowings during the year	-	-
Accrued Interest	-	-
Repayment of accrued interest	-	-
Principal Repayments during the year	-	-
Balance at end of the year	-	-
Balance at end of the period- domestic and External borrowings c = a+b	-	-
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

The analyses of both external and domestic borrowings are as follows:

	FY 2025/2026 Ksh	FY 2024/2025 Ksh
External Borrowings		
Dollar Denominated Loan From 'X Organisation'	-	-
Sterling Pound Denominated Loan From 'Y Organisation'	-	-
Euro Denominated Loan from Z Organisation'	-	-
Domestic Borrowings		
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Total Balance at End Of The Year	-	-

47. Taxation Payable

Description	FY 2025/2026 Ksh	FY 2024/2025 Ksh
At beginning of the year	-	-
Income tax charge for the year (note 27)	-	-
Under/(over) provision in prior year/s (note 27)	-	-
Income tax paid during the year	-	-
At end of the year	-	-

48. Liabilities for Discontinued Operations/NCA Held for Sale

Description		
Specify	-	-
Specify	-	-
Total	-	-

49. Service Concession Liability

Description		
Fair value of service concession assets recognized under PPE	-	-
Accumulated depreciation to date	-	-
Net carrying amount	-	-
Service concession liability at beginning of the year	-	-
Service concession revenue recognized	-	-
Service concession liability at end of the year	=	=

50. Deferred Tax Liability

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%. The net deferred tax liability at year-end is attributable to the following items:

Description		
Accelerated capital allowances as per TPA	-	-
Unrealised exchange gains/(losses)	-	-
Revaluation gain/loss	-	-
Tax losses carried forward	-	-
Under/over provision in prior years	-	-
Provisions and other temporary differences	-	-
Net deferred tax liability/(asset)	-	-
The movement on the deferred tax account is as follows:		
Balance at the beginning of the year/	-	-
Under provision in prior year	-	-
Income statement charge/(credit)	-	-
Balance at the end of the year	-	-

51. Cash Generated from Operations

Description	FY 2025/2026 KSHS	FY 2024/2025 KSHS
Surplus/Deficit for the year	-	-
Adjusted for:		
Depreciation	-	-
Non-cash grants received	-	-
Contributed assets	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Working capital adjustments		
Increase/Decrease in inventory	-	-
Increase/Decrease in receivables	-	-
Increase/Decrease in deferred income	-	-
Increase/Decrease in payables	-	-
Increase/Decrease in payments received in advance	-	-
Net cash flow from operating activities	-	-

52. Financial Risk Management

The Entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Entity's overall risk management programme focuses on the 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 Entity 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 Entity's financial risk management objectives and policies are detailed below:

i) Credit risk

The Entity 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 assessments in accordance with limits set by the directors. The amounts presented in the statement of financial

position are net of allowances for doubtful receivables, estimated by the Entity's management based on prior experience and their assessment of the current economic environment.

Financial Risk Management

The carrying amount of financial assets recorded in the financial statements representing the Entity's maximum exposure to credit risk without taking account the value of any collateral obtained is made up as follows:

Description	Total impairment	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2025/26 (Current FY)				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
As at 30 June 2024/25 (Previous FY)				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

Financial Risk Management

The Fund's principal credit-risk exposure relates to long-outstanding loan receivables. Management continues recovery efforts through sensitisation, demand notices and follow-up with beneficiaries. The recoverability and impairment of the loan portfolio should be assessed using the applicable expected credit loss requirements at each reporting date.

ii) Liquidity risk management

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

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

Description	Less than 1 month Kshs	Between 1 and 3 months Kshs	Over 3 months Kshs	Total Kshs
As at 30th June 2025/26 (Current FY)				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Others *(specify)*	-	-	-	-
Total	-	-	-	-
As at 30th June 2024/25 (Previous FY)				
Trade payables	-	-	-	-
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Others *(specify)*	-	-	-	-
Total	-	-	-	-

Financial Risk Management

iii) Market risk

The *Entity* 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 rates, 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 Entity's is responsible for the development of detailed risk management policies (subject to review and approval by the Audit and Risk Management Committee) and for the day-to-day implementation

of those policies. There has been no change to the Entity's exposure to market risks or the way it manages and measures the risk.

a) Foreign currency risk

The Fund did not report material foreign-currency transactions or exposures during the year under review. Accordingly, foreign-exchange risk was not significant.

Financial Risk Management

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

Current FY

Description	In Kshs	Other currencies Kshs	Total Kshs
As at 30th June 2025/26 (Current FY)			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors	-	-	-
Total Financial Assets	-	-	-
Financial Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Total Financial Liabilities	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

Foreign currency sensitivity analysis

Current FY

Description	In Kshs	Other currencies Kshs	Total Kshs
As at 30th June 2025/26 (Current FY)			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors	-	-	-
Total Financial Assets	-	-	-
Financial Liabilities			
Trade And Other Payables	-	-	-

Borrowings	-	-	-
Total Financial Liabilities	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

Financial Risk Management

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

Description	Change in currency rate	Effect on Profit before tax Kshs	Effect on Equity/net assets Kshs
Current FY 2025/26			
Euro	-%	-	-
USD	-%	-	-
Sterling pound	-%	-	-
Previous FY 2024/25			
Euro	-%	-	-
USD	-%	-	-
Sterling pound	-%	-	-

b) 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 Entity to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Entity's deposits.

Management of interest rate risk

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

Sensitivity analysis

The Entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the

year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs 0 (Current FY: Kshs 0). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs 0 (Current FY – Kshs 0)

Fair value of financial assets and liabilities

a) Financial instruments are measured at fair value.

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the *Entity's* market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The *Entity* considers relevant and observable market prices in its valuations where possible.

Financial Risk Management

The following table shows an analysis of financial and non-financial instruments recorded at fair value by level of the fair value hierarchy:

Description	Level 1 Kshs	Level 2 Kshs	Level 3 Kshs	Total Kshs
As at 30 June 2025/26				
Financial Assets				
Quoted Equity Investments	-	-	-	-
Non- Financial Assets				
Investment Property	-	-	-	-
Total	-	-	-	-
As at 30th June 2024/25				

Financial Assets				
Quoted Equity Investments	-	-	-	-
Non- Financial Assets				
Investment Property	-	-	-	-
Total	-	-	-	-

There were no transfers between levels 1, 2, and 3 during the year. Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

iv) Capital Risk Management

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

Description	FY 2025/2026 KShs	FY 2024/2025 KShs
Revaluation Reserve	-	-
Retained Earnings	-	-
Other reserves	-	-
Total Funds	-	-
Total Borrowings	-	-
Less: Cash and Bank Balances	-	-
Net Debt/(Excess Cash And Cash Equivalents)	-	-
Gearing	-%	-%

53. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the *Entity* include those parties who have the 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.

Government of Kenya

The Government of Kenya is the principal shareholder of the *Entity*, holding 100% of the *Entity's* equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Entity, both domestic and external.

Other related parties include:

i) The Parent Ministry.
ii) County Governments
iii) Other SCs and SAGAs
iv) Key management.

v) Board of Directors/Fund Committees.

vi) Others *(specify)*

Description		
Transactions with related parties		
a) Sales to related parties		
Rent income from the government. Agencies	-	-
Water sales to the government. Agencies	-	-
Others (specify) e.g. interest and bank charges	-	-
Total	-	-
b) Purchases from related parties		
Purchases of electricity from KPLC	-	-
Purchase of water from govt service providers	-	-
Rent expenses paid to govt agencies	-	-
Training and conference fees paid to the government. Agencies	-	-
Others (specify)	-	-
Total	-	-
c) Grants /transfers from the government		
Grants from the national govt	-	-
Grants from the county government	-	-
Donations in kind	-	-
Total	-	-
d) Expenses incurred on behalf of a related party		
Payments of salaries and wages for employees	-	-
Payments for goods and services	-	-
Total		
e) Amounts due from Related Parties		
Entity A	-	-
Entity B	-	-
f) Amounts due to Related Parties		
Entity A	-	-
Entity B	-	-
g) Key management compensation		
Directors' emoluments	-	-
Compensation to key management	-	-

54. Segment Information

(Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an Entity to present segmental information of each geographic region or department to enable users understand the Entity's performance and allocation of resources to different segments)

Take note that a segment is a distinguishable activity or group of activities of an entity for which it is appropriate to separately report financial information for the purpose of evaluating the entity's past performance in achieving its objectives and for making decisions about the future allocation of resources.

55. Contingent Assets and Contingent Liabilities

Contingent Assets

Description	FY 2025/2026 Kshs	FY 2024/2025 Kshs
Contingent Assets		
Insurance Reimbursements	-	-
Assets Arising from Determination of Court Cases	-	-
Reimbursable Indemnities and Guarantees	-	-
Receivables From Other Government Entities	-	-
Others (Specify)	-	-
Total	-	-

(Give details)

Contingent Liabilities

Description	FY 2025/2026 Kshs	FY 2024/2025 Kshs
Contingent Liabilities	-	-
Court Case xx against the Entity	-	-
Bank Guarantees in Favour of Subsidiary	-	-
Contingent Liabilities arising from Contracts Including PPPs	-	-
Others (Specify)	-	-
Total	-	-

56. Capital Commitments

Capital Commitments	FY 2025/2026 Kshs	FY 2024/2025 Kshs
Authorised for	-	-
Authorised and contracted for	-	-
Total	-	-

57. Events after the Reporting Period

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

58. Ultimate And Holding Entity

The Marsabit County Enterprise Fund is a County Government entity established under the Marsabit County Enterprise Fund Act, 2015 (No. 2 of 2015). Its ultimate controlling entity is the County Government of Marsabit.

59. Currency

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

17. Appendices

Appendix I: Progress on Follow-Up of Prior Years' Auditor General's Recommendations

The following is a summary of the issues raised by the Auditor General and the management responses provided.

	Financial Statements			
	Lawfulness & Effectiveness in the use of Public Resources			
	Effectiveness of Internal Controls, Risk Management & Governance			

Guidance Notes:

(i) Use the same reference numbers as contained in the Audit report.

(ii) Obtain the "Issue/Observation" and "management Responses" required above from the report that is signed by Management.

(iii) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report.

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DG/C.E.O/M.D/Fund Administrator

Date: 16/9/2026

Appendix II: Projects implemented by Department of Trade, Tourism, and Cooperative Development

Projects implemented by the Entity Funded by development partners and/ or the Government.

Status of Project Completion

S/No	Project Name	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds

Appendix III: Transfers from Other Government Entities

Name of the Marsabit County Entreprise Fund Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/ Others	Total Amount as per IFMIS	Statement of Financial Performance	Where Reported/recognized: Capital Reserve	Deferred Income	Receivables	Others must be specific	Total Transfers during the Year
-	-	Recurrent	-	-	-	-	-	-	-
-	-	Development	-	-	-	-	-	-	-
Total			-	-	-	-	-	-	-