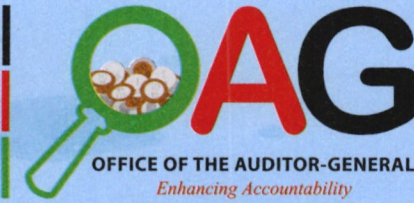
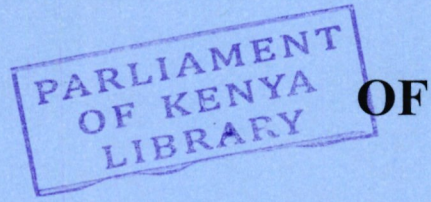


REPUBLIC OF KENYA



**REPORT**

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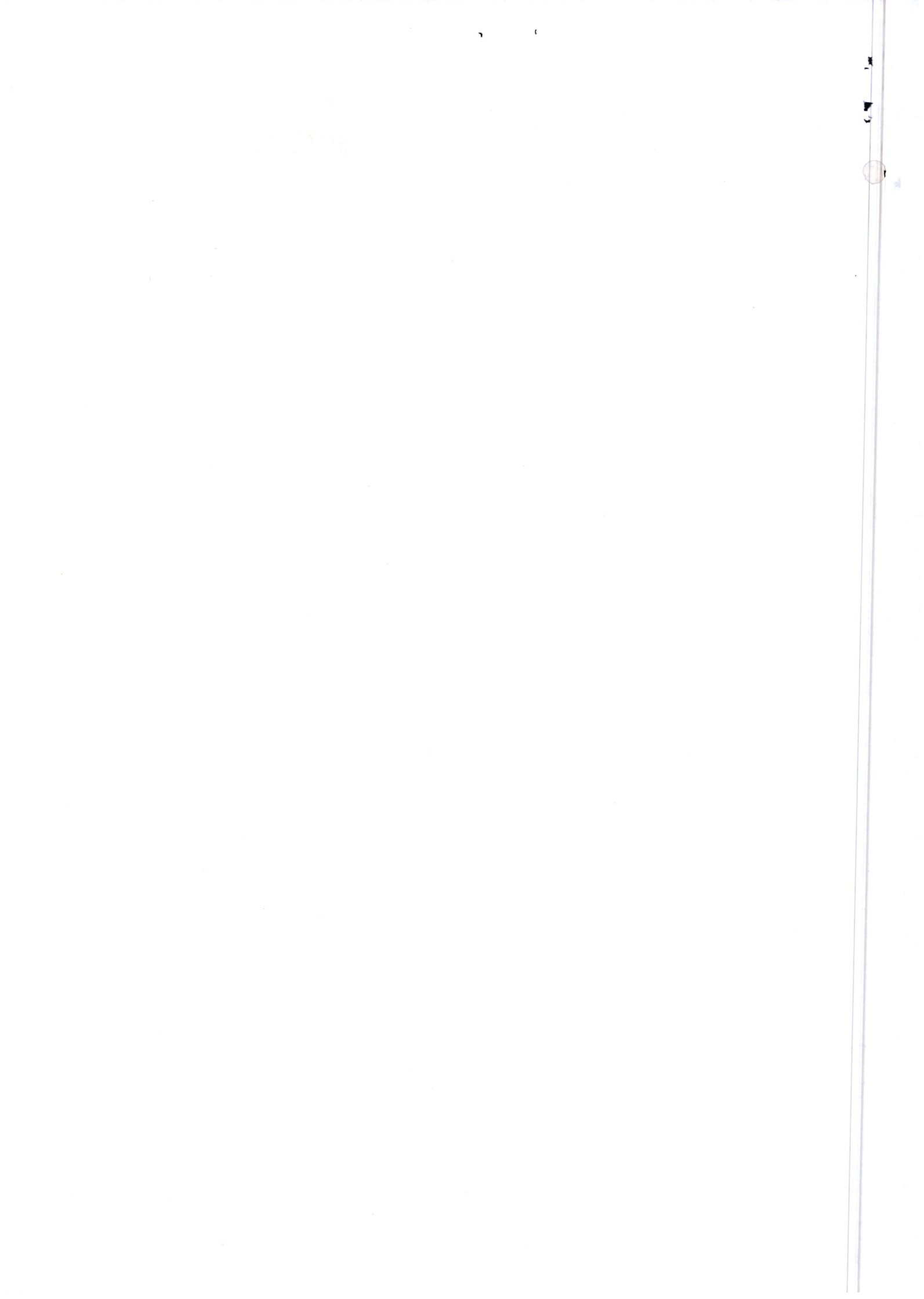


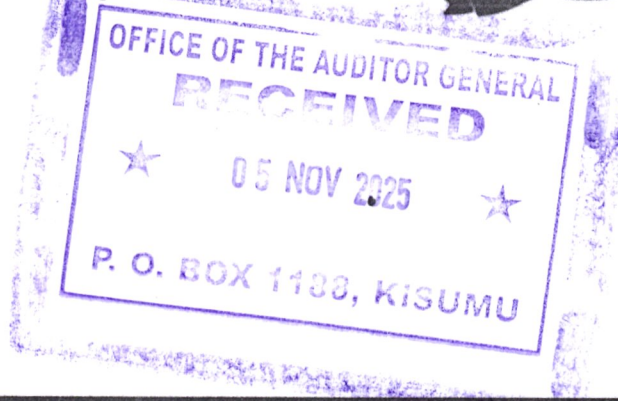
**THE AUDITOR-GENERAL**

**ON**

**VIHIGA COUNTY TRADE AND ENTERPRISE  
FUND**

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





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**VIHIGA COUNTY TRADE AND ENTERPRISE FUND**

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

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

*Vihiga County Trade and Enterprise Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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*Wajir County Trade and Enterprise Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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**1. Acronyms and Definition of Key Terms**

**A. Acronyms**

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings

**B. Definition of Key Terms**

**Fiduciary Management-** Members of Management directly entrusted with the responsibility of financial resources of the organization.

**Comparative Year-** Means the prior period.

***Vihiga County Trade and Enterprise Fund***  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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**2. Key Entity Information and Management**

**a) Background information**

Vihiga County Trade and Enterprise Fund is established by and derives its authority and accountability from of Vihiga County Trade and Enterprise Fund Act 2018 on 21<sup>st</sup> December, 2018. The Fund is wholly owned by the County Government of Vihiga and is domiciled in Kenya.

The fund's objective is to:

- i. Facilitate access to affordable credit by micro and small enterprises
- ii. Provide access to Finance for promotion of innovative enterprises
- iii. Provide training, mentorship and provision of business development services to entrepreneurs

**Principal Activities**

The principal activity/mission/ mandate of the Fund is to provide affordable loans to eligible residents of Vihiga County.

**Vision**

“Powering Your Dream”

**Mission**

To provide affordable, accessible and sustainable credit to eligible resident, traders and entrepreneurs of Vihiga County

**Core Values**

The fund upholds the values of:

**INTEGRITY:** We strive to be honest, fair and ethical in all dealings with our clients, suppliers, partners, co-workers and the communities in which we operate.

**ACCOUNTABILITY:** We will individually and collectively take full responsibility for our actions and hold ourselves accountable to each other and to all stakeholders.

**Vihiga County Trade and Enterprise Fund****Annual Report and Financial Statements for the year ended June 30, 2025****b) Board of Trustees/Fund Administration Committee**

Ref	Position	Name
1	Chairman	Mr Franklin Muchile
2	Fund Administrator – Secretary	Mr Joseph Mbeta
3	Chief Officer Trade	Dr Anaya Senelwa
4	Board Member	Ms Veronica Musiega
5	Board Member	Mr Morris Ayodi
6	Board Member	Mr Abisai Angote
7	Board Member	Mr Christopher Kwache
8	Board Member	Ms Doris Anjawa
9	Board Member	Mr Hajj Amani
10	Board Member	Dr Billy Nyonje
11	Board Member	Ms Philice Mukhala Khimuli
12	Board Member	Ms Achungo Lillian Omumia

**c) Key Management Team**

Ref	Position	Name
1.	Fund Administrator – Secretary	Mr Joseph Mbeta
2.	Fund Accountant	Lucy Gathoni
3.	Secretariat	Jotham Amutsama
4.	Secretariat	Jenipher Mutuli
5.	Secretariat	Joyce Vutagwa
6.	Secretariat	Mercy Toroitich
7.	Secretariat	Millicent Khalwala
8.	Secretariat	Carol Kajaira
9.	Secretariat	John Masaba
10	Secretariat	Jane Ndikolo
11.	Secretariat	Resmond Makama

**d) Fiduciary Oversight Arrangements**

SN	Position	Name
1	Directorate Internal Audit	CPA. SAMMY OTWOMA
2	Staff car Mortgage and car Loan Advisory Committee	
3		

*Vihiga County Trade and Enterprise Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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**e) Registered Offices**

P.O. Box 344 – 50300,  
Maragoli,  
Kisumu-Busia Highway,  
Kenya.

**f) Fund Contacts**

**Telephone:** +254 728 142717

**E-mail:** [vihigatradeandenterprisefund@gmail.com](mailto:vihigatradeandenterprisefund@gmail.com)

**g) Fund Bankers**

Equity Bank,  
Mbale Branch,  
P.O. Box 75104-00200,  
Nairobi, Kenya

**h) Independent Auditors**

Auditor General,  
Office of the Auditor General,  
Anniversary Towers, University Way,  
P.o.box 30084,  
GPO 00100,  
Nairobi, Kenya

**i) Principal Legal Adviser**

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


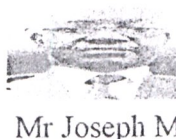




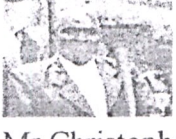

**j) County Attorney**

County Attorney,  
County Government of Vihiga,  
P.O. Box 344-50300,  
Maragoli,





*Vihiga County Trade and Enterprise Fund*

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







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

4. Name	Details of qualifications and experience
 Mr. Frankline Muchile chairman	Chairperson of the Board of Board Trustee, Member of Human Resource Committee and Member in charge of special interest groups i.e. Bodaboda sector, Certificate in Corporate Governance
 Mr Joseph Mbeta Fund Administrator – Secretary	Certified public Accountant CPA III
 Dr Anaya Senelwa	Chief Officer Commerce, Tourism and Co-operatives and ex-officio board Member.
 Ms Veronica Musiega	Board member in charge of most representative business membership organization i.e. Small –Medium Enterprises. Diploma Business Management
 Mr Morris Ayodi	Board member in charge of Sabatia sub-county Certificate in Corporate Governance
 Mr Abisai Angote	Chairperson credit committee and a Board member in charge of Vihiga Sub-county Certificate in Corporate Governance
 Mr Christopher Kwache	Board member in charge of Differently –abled persons: Certificate in Corporate Governance
	Chairlady Training Committee and board member in charge of most representative association of women engaged in micro, small enterprises.

*Luanda County Trade and Enterprise Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2025**





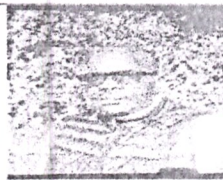
Doris Anjawa	Bachelor Degree
 Hajj Amani	Board member in charge of youth engaged in micro, small enterprises. Diploma communication
 Billy Nyonje	Chairperson Monitoring and Evaluation Committee and Board member in charge of Luanda sub-county. PhD Theology
 Philice Mukhala Khimuli	Board member in charge of Hamisi sub- county Public certified accountant
 Achungo Lillian Omumia	Board Member in charge of Emuhaya sub-county Certificate Education

5. Management Team

NO.	Name	Details of qualifications and experience
1.	 Mr Joseph Mbeta	Fund Administrator Certified Public Accountant III D.o.b 10.09.1975 12 Years in public service
2.	 Ms Lucy Gathoni	Accountant Certified Public Accountant III D.o.b 22/08/1990 10 Years in public service
3.	 Mr Jotham Amutsama	Accountant Certified Public Accountant II D.o.b 14/12/89 11 Years in public service
4.	 Ms Carol Kajaira	Accountant Certified Public Accountant II D.o.b 16/02/1991 13 Years in public service
5.	 Ms Joyce Vutagwa	Supply chain officer Diploma in supply Chain Management D.o.b 28/10/1992 8 Years in public service
6.	 Ms Jenipher Mutuli	Credit officer Bachelor Degree D.o.b 22/01/1989 9 Years in public service

*Vihiga County Trade and Enterprise Fund*

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

7.	 Ms Millicent Vuzigwa	Human Resource Diploma in Human Resource D.o.b 22/11/1973 9 Years in public service
8.	 Ms Mercy Toroitich	Credit officer Bachelor Degree D.o.b 26/03/1989 9 Years in public service
9.	 Mr. Resmond Makama	Credit officer Certificate D.o.b 10/10/1992 9 Years in public service
10.	 Ms Jane Ndikolo	Credit officer Certificate in Human Resource Management Module 1 D.o.b 19/05/1971 10 Years in public service
11.	 Mr. John Masaba	Credit officer Bachelor Degree D.o.b 28/10/1981 15 Years in public service

**Vihiga County Trade and Enterprise Fund  
Annual Report and Financial Statements for the year ended June 30, 2025**

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**Board/Fund Chairperson's Report**

It is my pleasure to present, on behalf of entire board, the Vihiga County Trade and Enterprise Fund Annual Report and Financial Statements for the year ending June 30, 2025. The financial statements represent the financial position of the Vihiga County Trade and Enterprise Fund over financial year 2024/2025.

**Sustainability**

The fund and its stakeholders are increasingly emphasizing on the need to ensure sustainability of its investments, resource mobilization and financing capabilities with an objective of ensuring that the fund's going concern is secured.

**Staff and Management Changes**

During the financial period, management staffs were redeployed back to the mother department.

**Review of performance**

**Balance**

At the year ending June 30, 2025 the fund had a closing balance of Kshs.1,929 in its main account and Kshs.257,810 in its recovery account.

**Expenditure**

The Fund incurred no expenditure during the period under review except for a refund of Kshs.20,500 which was withdrawn and banked to the Vihiga County Revenue Collection account.

**Future outlook**

The Vihiga County Trade and Enterprise fund seeks to find consistent financial support from the mother department to enable it carry its primary mandate of issuing affordable loans and also to meet its administrative costs. This will help in bridging the gaps that exists due to lack of continuous and sufficient funding.

**Conclusion**

I take this opportunity to express my sincere gratitude and appreciation to the County Government, stakeholders, management staff and fellow board members for their support. I look forward to your continued support with the Vihiga County Trade and Enterprise Fund.

**Name:** Franklin Ford Muchile Signature  Date 

**Chairperson of the Board/Fund**

**Vihiga County Trade and Enterprise Fund  
Annual Report and Financial Statements for the year ended June 30, 2025**

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**Report of The Fund Administrator**

It is my pleasure to present the Vihiga County Trade and Enterprise Fund annual report and financial statements for the year ended 30 June 2025. The financial statements represent the financial performance of the fund over the past financial year 2024/2025.

**Financial Performance**

**Revenue**

At the year ending June 30, 2024 the fund had a closing balance of Kshs.1,929 in its main account and Kshs.257,810 in its recovery account. The Fund is exploring other ways of increasing its capital base mostly through donors and strategic partnerships.

**Loans**

During the period under review the principal outstanding loans advanced amounted to Kshs.52,087,559. There were no new loan disbursements during the period under review.


**Cash flows**

During the period, the fund did not receive its budgetary allocation from the County Executive as provided in the approved budget. The only inflows recorded were for amount recovered from beneficiaries.

**Conclusion**

I take this opportunity to thank the Vihiga County Trade and Enterprise Fund Board for their support, the secretariat team and other stakeholders who have ensured that Vihiga County Trade and Enterprise Fund achieve its mission, vision and objectives.

Signed:

  
\_\_\_\_\_  
Joseph Mbeta

FUND ADMINISTRATOR

**8. Statement of Performance Against the County Fund's Predetermined Objectives**

<b>OBJECTIVES</b>	<b>VERIFIABLE INDICATORS</b>	<b>MEANS OF VERIFICATION</b>	<b>ASSUMPTIONS</b>
<b>Overall objective:</b> Improved loan accessibility for SMEs, Co-operatives, Individuals, Differently Abled-Persons and organised groups promoting the socio-economic potential for the residents of Vihiga County	The number of groups, Co-operatives, Individuals, Differently Abled-Persons, SMEs being supported by VCTEF	-Group's/Individuals transformation -Loan repayment performance	During FY ,20 Members of various groups were able to access loans for business development
<b>Specific objective 1:</b> Assessment of loan demands from the interested groups and Individuals	Number of local groups, Differently Abled-Persons, individuals with established business ventures with growth and development attitude Number of groups with a business plan seeking to start the business venture	•Loan application forms -Loan repayment schedules	
<b>Output 1.1:</b> Loan policy programme in place <b>Activities</b> <ul style="list-style-type: none"> <li>- Carry out Training Needs Assessment</li> <li>- Sensitization of the groups, individuals over loan advancement scheme</li> <li>- Provision of open loan</li> </ul>	The number of groups that have applied and enrolled in VCTEF. <ul style="list-style-type: none"> <li>- Baseline survey conducted</li> <li>- Number of groups/individuals identified and sensitized</li> <li>- Number applicants</li> </ul>	<ul style="list-style-type: none"> <li>- Baseline survey report</li> <li>- Fully filled application forms with attachments</li> <li>- The approved loan management plan</li> <li>- Project Reports</li> <li>- Participant's/training records</li> </ul> Stakeholder mapping	<b>Assumptions:</b> <ul style="list-style-type: none"> <li>- Training policy in place</li> <li>- Loan policy in place</li> <li>- Monitoring and evaluation policy in place</li> </ul>

**Wigya County Trade and Enterprise Fund  
Annual Report and Financial Statements for the year ended June 30, 2025**

<p>application forms to potential applicants</p> <ul style="list-style-type: none"> <li>- Vetting of the loan applicants</li> <li>- Evaluation of loan deficit</li> </ul> <p>collaborate with development partners (charities and donor)</p>	<p>enrolled in VCTEF pool</p> <ul style="list-style-type: none"> <li>- Number of successful applicants identified, trained and advanced loan</li> <li>- Amount of loan deficit identified</li> </ul> <p>Identified development partner to collaborate with VCTEF</p>		
<p><b>Specific objective 2:</b> Established loan recovery strategies</p>	<p>Updated loan recovery statement</p>	<p>-</p>	
<p><b>Output 2.1:</b> Established efficient loan recovery strategies</p> <p><b>Activities</b></p> <ul style="list-style-type: none"> <li>- Assessment of potential applicants</li> <li>- Assessment of business ventures</li> <li>- Capacity building of loan secretariat team</li> </ul> <p>Monitoring and evaluation of the ups and SMEs performance after receipt of the loans</p>	<p>Loan recovery strategies incorporated.</p> <ul style="list-style-type: none"> <li>- Established credit committee</li> <li>- Established training committee</li> <li>- Establish till Number and loan recovery account for loan recovery</li> </ul> <p>Established Monitoring and Evaluation Committee</p>	<ul style="list-style-type: none"> <li>- Credit committee reports/minutes</li> <li>- Training reports</li> <li>- Monitoring and evaluation reports</li> <li>- Loan recovery statements</li> </ul>	<p><b>Assumptions:</b></p> <ul style="list-style-type: none"> <li>- Loan recovery policy in place</li> <li>- Credit committee in place</li> <li>- Risk management and audit committee in place</li> <li>- Monitoring and evaluation policy in place</li> </ul>

## **9. Corporate Governance Statement**

### **THE BOARD**

The Vihiga County Trade and Enterprise Fund is a revolving fund established pursuant to Vihiga County Trade and Enterprise Act, 2018. The Fund is operationalized by the Vihiga County Trade and Enterprise Fund regulations 2019.

The Fund mandate is to provide affordable and accessible loans to traders and entrepreneurs of Vihiga County.

The fund is in the process of putting up a robust corporate governance structure to guide its operations with other stakeholders.

### **BOARD MEETINGS**

The Board meets quarterly or as need arises in order to monitor and review the implementation of the fund's strategic decisions. It plays an oversight role on all financial and operational issues as pertains to the Fund. The Trustees held Four board meetings during the financial year under review.

### **SUCCESSION PLAN**

The Board is constituted to be in office for a period of three (3) years. Thereafter the Board members are eligible for re-appointment once, except the one-person person nominated by the most representative association of women engaged in micro, small enterprises and two persons of opposite gender representing the special interests group.

### **PROCESS OF APPOINTMENT**

Section 6 and 7 of the Vihiga County Trade and Enterprise Fund Act provides for composition and appointment of the board.

### **REMOVAL OF TRUSTEE**

Section 15(1) of the Vihiga County Trade and Enterprise Fund Act provides for the conditions that leads to removal from office of member of the Board of Trustees upon recommendation by the County executive committee or as the case may be for-

- a. Inability to perform the functions of the office arising out of physical or mental incapacity
- b. Gross misconduct
- c. Incompetence or negligence or
- d. Absence from three consecutive meetings of the board without a reasonable explanation
- e. Violation of the constitution or any other written law

## **ROLES AND FUNCTIONS OF THE BOARD/TRUSTEE**

Section 9 (1), (2) and (3) of the Vihiga County Trade and Enterprise Fund Act outlines the powers of the board.

## **BOARD/TRUSTEE REMUNERATION**

Section 13 of the Vihiga County Trade and Enterprise Fund Act provides for Boards remuneration.

“The Board shall be paid such allowances in accordance with established County salaries and remuneration commission guidelines.”

## **GOVERNANCE AUDIT**

There exists an established Independent Vihiga County Trade and Enterprise Fund Audit and Risk Committee whose mandate is to oversight utilisation of Public Funds in the fund as guided by Vihiga County Trade and Enterprise Fund Act 2018 and the Public Finance Management Act, 2012.

## **10. Management Discussion and Analysis**

The fund's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Fund's overall risk management programme focuses on unpredictability of changes in the operating environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Fund does not hedge any risks.

The management has ensured that we comply with statutory requirements relating to the functions of the fund.

### **BUSINESS PERFORMANCE**

#### **Revenue**

The fund did not receive allocation to fund its budget for the F/Y year 2023/2024. The budget deficit was therefore due to lack of funding.

#### **Cash flow**

The cash and cash equivalents at the end of the period under review was Kshs. 38,624 attributable to the bank balances in its main and recoveries account.

### **OPERATIONAL PERFORMANCE**

The fund's core operating activity is to offer affordable and accessible credit to the traders and entrepreneurs of Vihiga County.

#### **Employees**

Human capital is a critical ingredient towards ensuring realization of our key strategic objectives and mandate. As our stakeholders increase their expectations, it is imperative to ensure adequate and motivated human resource capacity is available to provide services. However, Vihiga County Trade and Enterprise Fund Staff Establishment has a variance of thirty positions against an authorized fifty-three positions. The employees of the Fund are staff seconded by the Department of Commerce, Tourism and Co-operatives.

#### **Conclusion**

We appreciate the unrelenting support from the Board of Trustees, Management Staff, The County Government of Vihiga, partners and all the key stakeholders. We look forward to the continued partnerships and cooperation in areas of mutual interest in the period to come.

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

The department of Commerce, Tourism and Co-operatives has done various activities for the people of Vihiga. These include planting trees at Maragoli forest, market cleaning in various markets, construction of market, boda boda sheds, security lights among others.

### **Corporate Social Responsibility / Community Engagements**

Corporate social responsibility is an integral part of our culture. As a responsible organisation, we respect the interests of our stakeholders – our employees, customers, suppliers and the wider community and we actively seek opportunities to improve the business environment and to contribute to the well-being of the communities around us.

We are looking forward to getting involved in more Corporate Social Responsibility activities by partnering with other stakeholders in areas of mutual interest.

**Vihiga County Trade and Enterprise Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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**11. Report of The Trustees**

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2025 which show the state of the Fund affairs.

**Principal activities**

The principal activity of the Fund is to provide finances to the eligible Vihiga County business people, groups and PWDs to improve their businesses and in the long run improve their living standards.

**Results**

The results of the Fund for the year ended June 30, 2025 are set out on page 2 of this document.

**Trustees**

The members of the Board of Trustees who served during the year are shown on page iv of this document. There were no changes in the Board during the financial year.

**Auditors**

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

By Order of the Board



.....  
Chair of the Board

Date: 8/10/2025

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

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

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

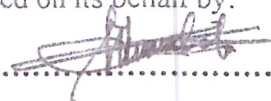
The Administrator of the County Public Fund accepts responsibility for the Fund’s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Vihiga County Trade and Enterprise Fund Act, 2018. The Administrator of the Fund is of the opinion that the Fund’s financial statements give a true and fair view of the state of Fund’s transactions during the financial year ended June 30, 2025, and of the Fund’s financial position as at that date. The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund’s financial statements as well as the adequacy of the systems of internal financial control.

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

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

**Approval of the financial statements**

The Fund’s financial statements were approved by the Board on 8/10/2025 2025 and signed on its behalf by:

  
.....

**Fund Administrator**

# REPUBLIC OF KENYA

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



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

## **REPORT OF THE AUDITOR-GENERAL ON VIHIGA COUNTY TRADE AND ENTERPRISE FUND FOR THE YEAR ENDED 30 JUNE, 2025**

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### **PREAMBLE**

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

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

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

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Vihiga County Trade and Enterprise Fund set out on pages 1 to 24, which comprise of the statement of financial position as at 30 June, 2025, and the statement of financial performance and statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts and notes to the financial statements for the year then ended with the provisions of Article 229 of the Constitution of Kenya and

Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis of Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Vihiga County Trade and Enterprise Fund as at 30 June, 2025, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Vihiga County Trade and Enterprise Fund Act, 2018 and the Public Finance Management Act, 2012.

### **Basis for qualified Opinion**

#### **1. Unsupported Property, Plant and Equipment**

The statement of financial position and as disclosed in Note 10 to the financial statements reflect a balance of Kshs.1,870,700 in respect of property, plant and equipment which comprise of Kshs.729,900 and Kshs.1,140,800 for Furniture & Fittings and computers and Office Equipment respectively. However, the following weaknesses were noted:

- i. The asset register provided for audit review was incomplete as it lacked relevant details such as Asset Description, financed by/ source of funds, Serial number, Tag number, Make & Model, Date of Delivery / installation, Current Location, Purchase amount, Depreciation rate, Annual depreciation, Accumulated depreciation and Net Book Value.
- ii. Depreciation rates and charge on property, plant and equipment have not been disclosed in the financial statements.
- iii. Further, review of the asset register revealed obsolete items (computers and accessories) amounting to Kshs.318,500. However, there is no indication of whether there are plans to repair or dispose them.
- iv. In addition, review of the asset register revealed lost assets (i.e., desktop computer, monitor, CPU and key board) valued at Kshs.41,500. However, no evidence was provided to confirm report of lost assets to the relevant government investigative agencies.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.1,870,700 could not be confirmed.

#### **2. Long Outstanding Loans**

The statement of financial position and as disclosed in Note 9 to the financial statements reflect a balance of Kshs.52,087,559 in respect of current portion of long-term receivables from exchange transactions. Review of the loan records maintained by the Fund revealed that these are loans which are long overdue for repayments and are non-performing and their recovery appears doubtful.

In the circumstances, the recoverability and non-provision for the long outstanding loan balance of Kshs.52,087,559 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Vihiga County Trade and 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.

### **Emphasis of Matter**

#### **Budget Control and Performance**

The statement of comparison of budget and actual amount reflects final budget and actual receipts on comparable basis amount of Kshs.9,500,000 and Kshs.2,044 resulting to under-funding of Kshs.9,497,956. Similarly, the Fund had a final budget of Kshs.9,500,000 against actual expenditure Kshs.115 resulting in under expenditure of Kshs.9,499,885.

The underfunding and under expenditure may have impacted negatively the achievement of the Fund's objectives and service delivery.

My opinion is not modified in respect of this matter.

#### **Key Audit Matters**

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

#### **Other Matter**

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

In the audit report of the previous year, several matters were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Control, Risk management and Governance respectively. Review of the status during the audit of the Vihiga County Trade and Enterprise Fund in 2024/2025 revealed the following matters remained unresolved.

	<b>Financial Year</b>	<b>Audit Issue</b>
1	2023/2024	Irregular Expenditure on Use of Goods and Services
2	2023/2024	Unreconciled Variances- Receivables from Exchange Transactions
3	2023/2024	Unsupported Intangible Assets Balance
4	2023/2024	Unsupported Current Portion of Borrowings
5	2023/2024	Reduction in Revolving Fund
6	2023/2024	Lack of a Risk Management Policy and Approved Strategic Plan
7	2023/2024	Long Outstanding Loan
8	2023/2024	Lack of Review by Internal Audit

## **Other Information**

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

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

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

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

### **Conclusion**

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

#### **Lack of a Risk Management Policy**

Review of records revealed that the Vihiga County Trade and Enterprise Fund did not have a Risk Management Policy contrary to Regulation 158(1) of the Public Finance Management (County Governments) Regulations, 2015. which requires the Accounting Officer of a County entity to develop risk management strategies which include fraud prevention mechanisms that build robust business operations In the circumstances, the effectiveness of risk management in the Fund could not be confirmed.

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

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

### **Conclusion**

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

### **Basis for Conclusion**

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

### **Responsibilities of the Management and Board of Trustees**

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

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

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

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

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


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

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

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

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

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

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

**Nairobi**

**12 November, 2025**

**Vihiga County Trade and Enterprise Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**15. Statement of Financial Performance for the Year Ended 30<sup>th</sup> June 2025**

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
<b>Revenue From Non-Exchange Transactions</b>			
Public Contributions and Donations		-	-
Transfers From the County Government		-	-
Fines, Penalties and Other Levies		-	-
		-	-
<b>Revenue From Exchange Transactions</b>			
Interest Income		-	85,389
Other Income	6	2,044	512,765
			598,154
<b>Total Revenue</b>		-	598,154
<b>Expenses</b>			
Use of goods and services	7	(115)	(596,110)
Depreciation and Amortization Expense		-	-
<b>Total Expenses</b>		(115)	(596,110)
<b>Other Gains/Losses</b>			
<b>Surplus/(Deficit) for the Period</b>		1,929	2,044

*(The notes set out on pages 20 to 36 form an integral part of these Financial Statements)*

.....  
 Name: **JOSEPH O. MBETA**  
 Administrator of the Fund

.....  
 Name: **Geophrey Ayiech**  
 Fund Accountant  
 ICPAK Member Number: **22616**

**Vihiga County Trade and Enterprise Fund**

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

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

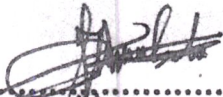
Description	Note	2024-2025	2023-2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	8	259,739	38,624
Current Portion of Long- Term Receivables from Exchange Transactions	9	52,087,559	52,306,745
<b>Total current assets</b>		<b>52,347,298</b>	<b>52,345,369</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	10	1,870,700	1,870,700
Intangible Assets			820,000
Long Term Receivables from Exchange Transactions		-	-
<b>Total non- current assets</b>		<b>1,870,700</b>	<b>2,690,700</b>
<b>Total Assets (A)</b>		<b>54,217,998</b>	<b>55,036,069</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables from Exchange Transactions		-	-
Current Portion of Borrowings	11	1,300,000	1,300,000
<b>Total current liabilities</b>		<b>1,300,000</b>	<b>1,300,000</b>
<b>Non-Current Liabilities</b>			
Long Term Portion of Borrowings		-	-
Non-Current Employee Benefit Obligation		-	-
Social benefit liabilities		-	-
<b>Total Liabilities (B)</b>		<b>1,300,000</b>	<b>1,300,000</b>
<b>Net Assets (A-B)</b>		<b>52,917,998</b>	<b>53,736,069</b>
<b>Represented By:</b>			
Revolving Fund		52,897,871	53,717,871
Accumulated Surplus		20,127	18,198
<b>Net Assets</b>		<b>52,917,998</b>	<b>53,736,069</b>

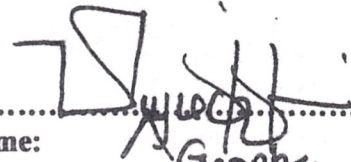
***Vihiga County Trade and Enterprise Fund***

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

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The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 8/10/2025 2025 and signed by:

  
.....  
Name: JOSEPH O. MBETA  
Administrator of the Fund

  
.....  
Name: Geophry Ayuecho  
Fund Accountant  
ICPAK Member Number: 22616

*Vihiga County Trade and Enterprise Fund*

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

**17. Statement of Changes in Net Assets for the year ended 30<sup>th</sup> June 2025**

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
<b>Balance As At 1 July 2023</b>	54,199,584	-	16,154	54,215,738
Surplus/(Deficit) For the Period	-	-	2,044	2,044
Funds Received During the Year	-	-	-	-
Transfers	(481,713)	-	-	(481,713)
Revaluation Gain	-	-	-	-
<b>Balance As At 30 June 2024</b>	<b>53,717,871</b>	-	<b>18,198</b>	<b>53,736,069</b>
<b>Balance As At 1 July 2024</b>	<b>53,717,871</b>	-	<b>18,198</b>	<b>53,736,069</b>
Adjustment (Re-classification of Intangible Asset from PPE to use of Goods)	(820,000)			(820,000)
<b>Sub-Total</b>	<b>52,897,871</b>			<b>52,916,069</b>
Surplus/(Deficit) For the Period		-	1,929	1,929
Funds Received During the Year	-	-	-	-
Transfers	-		-	-
Revaluation Gain	-	-	-	-
<b>Balance As At 30 June 2025</b>	<b>52,897,871</b>	-	<b>20,127</b>	<b>52,917,998</b>

N/B: - The amount of Kshs.820,000/= being Intangible Asset amount has been re-classified to Use of Goods. This is because the amount was a payment for use of a software and not a purchase of the software used by the Fund to disburse loans.

**Vihiga County Trade and Enterprise Fund  
Annual Report and Financial Statements for the year ended June 30, 2025**

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

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Public contributions and donations		-	-
Transfers from the county government		-	-
Interest received		-	85,389
Receipts from other operating activities		-	496,611
<b>Total receipts</b>		-	<b>582,000</b>
<b>Payments</b>			
Fund administration expenses		-	-
General expenses		(2,035)	(596,110)
Finance cost		-	-
Other payments (refund of wrongful deposits due to county Revenue account)		(20,500)	
<b>Net cash flows from operating activities</b>	12	<b>(22,535)</b>	<b>(535,476)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and Intangible assets		-	-
Proceeds from sale of property, plant & equipment		-	-
Proceeds from loan principal repayments		193,650	212,681
Deposits into wrongful account (County Revenue Account)		50,000	-
Loan disbursements paid out		-	-
<b>Net cash flows used in investing activities</b>		<b>243,650</b>	<b>212,681</b>
<b>Cash flows from financing activities</b>			
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		-	-
<b>Net cash flows used in financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash &amp; cash Equivalents</b>		<b>221,115</b>	<b>(322,795)</b>
Cash and cash equivalents at 1 July		38,624	361,419
<b>Cash and cash equivalents at 30 June</b>	8	<b>259,739</b>	<b>38,624</b>

**Vihiga County Trade and Enterprise Fund**

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

**19. Statement Of Comparison Of Budget And Actual Amounts For The Period 2025**

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
<b>Budget carryovers from the previous year*</b>	-	-	-	-	-	-
<b>Receipts</b>						
Public Contributions and Donations	-	-	-	-	-	0%
Transfers From County Govt.	3,500,000	-	3,500,000	-	3,500,000	0%
Interest Income	1,000,000	-	1,000,000	-	-	0%
Other Income	5,000,000	-	5,000,000	2,044	4,997,956	0.021%
<b>Total Income</b>	<b>9,500,000</b>	<b>-</b>	<b>9,500,000</b>	<b>2,044</b>	<b>8,497,956</b>	<b>0.021%</b>
<b>Expenses</b>						
Fund Administration Expenses	-	-	-	-	-	-
General Expenses	9,500,000	-	9,500,000	(115)	9,499,885	0.0012%
Finance Cost	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>9,500,000</b>	<b>-</b>	<b>9,500,000</b>	<b>(115)</b>	<b>9,499,885</b>	<b>0.0012%</b>
<b>Capital expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Surplus/Deficit For the Period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,929</b>	<b>1,929</b>	<b>-</b>

**20. Notes to the Financial Statements**

**Significant Accounting Policies**

**1. General Information**

Vihiga County Trade and Enterprise Fund entity is established by and derives its authority and accountability from Vihiga County Trade and Enterprise Fund Act. The entity is wholly owned by the Vihiga County Government and is domiciled in Kenya. The entity’s principal activity is providing affordable loans to eligible residents of Vihiga County.

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

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

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

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

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

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

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43: Leases	<i>Applicable 1<sup>st</sup> January 2025</i> 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	<i>Applicable 1<sup>st</sup> January 2025</i> 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:

Operations	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	<i>Applicable 1<sup>st</sup> January 2025</i> 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	<i>Applicable 1<sup>st</sup> January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by: <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> The standard also introduces a public sector specific measurement bases called the current operational value.
IPSAS 47: Revenue	<i>Applicable 1<sup>st</sup> January 2026</i> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS 48: Transfer Expenses	<i>Applicable 1<sup>st</sup> January 2026</i> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.

**Vihiga County Trade and Enterprise Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

<p>IPSAS 49: Retirement Benefit Plans</p>	<p><b>Applicable 1<sup>st</sup> January 2026</b> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
<p>IPSAS 50: Exploration For &amp; Evaluation of Mineral Resources</p>	<p><b>Applicable 1<sup>st</sup> January 2027</b> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</li> </ul>

**(i) Early adoption of standards**

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

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

**i. Revenue from non-exchange transactions**

**Transfers from other government entities**

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

**ii. Revenue from exchange transactions**

**Interest income**

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

**Dividends**

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

**Rental income**

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

**b) Budget information**

The original budget for FY 2025 was approved by the County Assembly on xxxx. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

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

*Vihiga County Trade and Enterprise Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial cash flows has been presented.

**c) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

**a) Intangible Assets**

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

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

**b) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

**c) Financial instruments**

PSAS 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.

## **Financial assets**

### **Classification of financial assets**

The entity classifies its financial assets as subsequently measured at amortized cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

### **Subsequent measurement**

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

### **Amortized cost**

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

### **Fair value through net assets/ equity**

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

**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

**Financial liabilities**

**Classification**

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

**d) Inventories**

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

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

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

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

**e) Provisions**

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is

recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

**f) Social Benefits**

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

**g) Contingent liabilities**

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

**Contingent assets**

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

**ii) Nature and purpose of reserves**

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

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

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

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

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

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

**k) Cash and cash equivalents**

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

**l) Comparative figures**

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

**b) Useful lives and residual values**

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

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

**c) Provisions**

Provisions were raised and management determined an estimate based on the information available.

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

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**5. Interest income**

Description	2024-2025	2023-2024
	Kshs	Kshs
Bal b/f	-	23,400
Recovered Interest	-	61,989
<b>Total Interest Income</b>	-	<b>85,389</b>

**6. Other income**

Description	2024-2025	2023-2024
	Kshs	Kshs
Balance b/f Main Account Equity	2,044	16,154
Portion of capital transferred	-	481,713
Other income (Training and Insurance)	-	14,898
Miscellaneous Income	-	-
<b>Total Other Income</b>	<b>2,044</b>	<b>512,765</b>

**7. Use of Goods and Services**

Description	2024-2025	2023-2024
	Kshs.	Kshs.
General Office Expenses	-	-
Catering Services	-	14,880
Board Allowances	-	400,000
Bank Charges	115	1,475
Electricity And Water Expenses	-	-
Printing And Stationery	-	13,550
Rental Costs	-	-
Security Costs	-	-
Telephone And Communication Expenses	-	59,000
Daily Subsistence Allowance	-	107,205
<b>Total</b>	<b>115</b>	<b>596,110</b>

*Vihiga County Trade and Enterprise Fund*

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**8. Cash and cash equivalents**

Description	Account	2024-2025	2023-2024
	Number	Kshs	Kshs
<b>Current Account</b>			
Equity Bank- Main Account	0960278742925	1,929	2,044
Equity Bank-Recoveries Account	0960278742949	257,810	36,580
<b>Total Cash and Cash Equivalents</b>		<b>259,739</b>	<b>38,624</b>

**9. Receivables from exchange transactions**

Description	2024-2025	2023-2024
	Kshs	Kshs
<b>Current Receivables</b>		
Interest Receivable	3,093,381.98	3,093,381.99
Current Loan Repayments Due	44,821,835.50	45,015,485.50
Other Exchange Debtors	4,172,341.52	4,197,877.51
Less: Impairment Allowance	-	-
<b>Total Current Receivables</b>	<b>52,087,559.00</b>	<b>52,306,745.00</b>
<b>Non Current Receivables</b>		
Long Term Loan Repayments Due	-	-
<b>Total Non- Current Receivables</b>	<b>-</b>	<b>-</b>
<b>Total Receivables From Exchange Transactions</b>	<b>52,087,559.00</b>	<b>52,306,745.00</b>

**Additional disclosure on interest receivable**

Description	2024-2025	2023-2024
	Kshs	Kshs
<b>Interest Receivable</b>		
Interest receivable from current portion of long-term loans of previous years	3,093,382	3,093,382
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	-	-
<b>Current loan repayments due</b>		
Current portion of long-term loans from previous years	44,821,835.50	45,015,485.30
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	-	-

*Vihiga County Trade and Enterprise Fund*

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**10. Property, plant, and equipment**

	Furniture and fittings	Computers and office equipment	Total
	Kshs	Kshs	Kshs
At 1 <sup>st</sup> July 2023	729,900	1,140,800	1,870,700
Additions	-	-	-
Disposals	-	-	-
Transfers/Adjustments	-	-	-
Revaluation Adjustments	-	-	-
At 30 <sup>th</sup> June 2024	729,900	1,140,800	1,870,700
At 1 <sup>st</sup> July 2025			
Additions	-	-	-
Disposals	-	-	-
Transfer/Adjustments	-	-	-
Revaluation Adjustments	-	-	-
At 30 <sup>th</sup> June 2024	729,900	1,140,800	1,870,700
<b>Depreciation And Impairment</b>			
At 1 <sup>st</sup> July 2023	-	-	-
Depreciation	-	-	-
Impairment	-	-	-
At 30 <sup>th</sup> June 2024	729,900	1,140,800	1,870,700
At 1 <sup>st</sup> July 2024			
Depreciation	-	-	-
Disposals	-	-	-
Impairment	-	-	-
Transfer/Adjustment	-	-	-
At 30 <sup>th</sup> June 2025	729,900	1,140,800	1,870,700
<b>Net Book Values</b>			
At 30 <sup>th</sup> June 2024	729,900	1,140,800	1,870,700
At 30 <sup>th</sup> June 2025	729,900	1,140,800	1,870,700

### 11. Borrowings

Description	2024-2025	2023-2024
	Kshs	Kshs
<b>Balance At Beginning of The Period</b>	<b>1,300,000</b>	<b>1,300,000</b>
External Borrowings During the Year	-	-
Domestic Borrowings During the Year	-	-
Repayments of External Borrowings During the Period	-	-
Repayments of Domestic Borrowings During the Period	-	-
<b>Balance At End of The Period</b>	<b>1,300,000</b>	<b>1,300,000</b>

### 12. Cash generated from operations.

Description	2024-2025	2023-2024
	Kshs	Kshs
<b>Surplus/ (Deficit) For the Year Before Tax</b>	<b>1,929</b>	<b>(14,100)</b>
<b>Adjusted For:</b>		
Depreciation	-	-
Amortization	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	-	(85,389)
Finance Cost	-	-
<b>Working Capital Adjustments</b>		
Increase In Inventory	-	-
Increase In Receivables	-	(435,977)
Increase In Payables	-	-
<b>Net Cash Flows From Operating Activities</b>	<b>(22,535)</b>	<b>(535,476)</b>

### 13. Related party balances

#### a) Nature of related party relationships

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

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

#### 14. Financial risk management

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

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

##### a) Credit risk

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
<b>At 30 June 2024</b>				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2025</b>				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
<b>Total</b>	-	-	-	-

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

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

**b) Liquidity risk management**

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2024-2025</b>				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	1,300,000	1,300,000
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
<b>Total</b>	-	-	<b>1,300,000</b>	<b>1,300,000</b>
<b>At 30 June (Comparative FY)</b>				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	1,300,000	1,300,000
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
<b>Total</b>	-	-	<b>1,300,000</b>	<b>1,300,000</b>

**c) Market risk**

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

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

Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

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

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

**i. Foreign currency risk**

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

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

Description		Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30 June 2024-2025</b>			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables	-	-	-
<b>Liabilities</b>	-	-	-
Trade And Other Payables	-	-	-
Borrowings	-	-	-
<b>Net Foreign Currency Asset/(Liability)</b>	-	-	-

**Foreign currency sensitivity analysis**

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

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
<b>2024-2025</b>			
Euro	10%	-	-
USD	10%	-	-
<b>2023-2024</b>			
Euro	10%	-	-
USD	10%	-	-

## ii. Interest rate risk

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

### *Sensitivity analysis*

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

### **Capital risk management.**

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


Description	2024-2025	2023-2024
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	53,717,871	53,717,871
Accumulated surplus	20,127	18,198
<b>Total funds</b>	<b>53,737,998</b>	<b>53,736,069</b>
Total borrowings	-	-
Less: cash and bank balances	(259,739)	(38,624)
Net debt/(excess cash and cash equivalents)	53,478,259	53,714,007
<b>Gearing</b>	<b>0.038%</b>	<b>0.034%</b>

21. Annexes

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Irregular expenditure on use of goods and services	-Accountant appointed -Responsible Officer sanctioned -Internal audit involved	Resolved	
2	Unreconciled variances	The Ledger balances and FS have similar balances	Resolved	
3	Unsupported intangible assets balance	Depreciation and Amortization policy not yet put in place	Not resolved	
4	Unsupported current portion of borrowings	-Minutes available -Request for loan letter available -Bank statement available	Resolved	
1	Lack of a Risk Management Policy and Approved Strategic Plan	-Minutes approving strategic plan -Credit Policy -Loan Policy	Recommended	
2	Long Outstanding Loans	-Loan Policy approved -Reminder notices done to defaulters	Not resolved	
3	Lack of Review by Internal Audit	-Internal audit has involved the Fund in the 2024/25 work plan	Resolved	

Fund Manager   
 Date... 8/10/2025