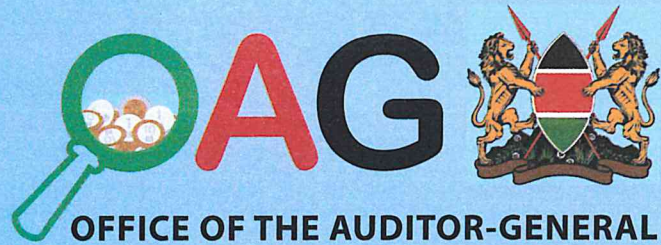


REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

**MURANG'A COUNTY AGRICULTURAL FARM
INPUTS SUBSIDY AND INCENTIVE FUND**

**FOR THE YEAR ENDED
30 JUNE, 2024**

30th June 2024



**MURANGA COUNTY AGRICULTURAL FARM INPUTS SUBSIDY AND INCENTIVE
FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
30TH JUNE, 2024**

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

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the period ended 30th June, 2024**

Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund Annual Report and Financial Statements for the period ended 30th June, 2024

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**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
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1. Acronyms and Glossary of Terms

Acronyms

a) BOM	Board of Management
b) ICPAK	Institute of Certified Public Accountants of Kenya
c) IPSAS	International Public Sector Accounting Standards
d) PFM	Public Finance Management
e) PSASB	Public Sector Accounting Standard Board
f) NBV	Net Book Value
g) Kshs	Kenya Shillings
h) AFIS	Agricultural Farm Inputs Subsidy and Incentive Fund
i) OAG	Office of the Auditor General

Glossary of Terms

The Fund	Agricultural Farm Inputs Subsidy and Incentive Fund
Fiduciary Management	The key management personnel who had financial responsibility

Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the period ended 30th June, 2024

2. Key Murang'a County Agricultural Farm Input Subsidy and Incentive Fund Information and Management

A) Background information

The Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund is established pursuant to The Public Finance (Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund) Regulations, 2022.

The Fund's objective is:

- a) To Provide for capacity building of the Agricultural farm inputs subsidy beneficiaries and process implementers to improve on delivery.
- b) To facilitate transfer of farm inputs subsidy to farmers/producers of raw materials and service providers in Murang'a County from physical procurement and delivery of inputs to an electric mode in form of mobile wallet and e cash payment.
- c) To ring-fence the farmer subsidies to only the targeted farm inputs and services through an integrated IT system.

B) Principal Activities

The principal activity of Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund is to: -

- i. Promote Mango and Dairy produce farming through agricultural farm input subsidy and incentive to farmers subject to the regulations;
- ii. To Spur an increase in usage of farm inputs in Mangoes and Dairy value chains.

C) Fund Administration Committee

Ref	Name	Position
1	Paul Mugo	CECM In charge Agriculture
2	Prof. Kiarie Mwaura	CECM In charge of Finance.
3	Dr. Apollo K. Maina	Chief Officer – Agriculture
4	Peter Muchiri	Director Agriculture
5	Anthony Waithaka	Fund Manager
6.	David N. Kimani	Committee Member
7.	Julius M. Kamau	Committee Member

D) Key Management

Ref	Name	Position
1	Anthony Waithaka	Fund Manager
2	Samuel Mathenge	Fund Accountant
3.	Vincent Mwahi	Secretariat
4.	John Nderu	Secretariat
6.	Peter Muchiri	Secretariat
7.	Benson Kamau	Secretariat
8.	Peter Nyamora	Secretariat
9.	Rose Maingi	Secretariat
10.	Peterson Kamau	Secretariat

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the period ended 30th June, 2024**

E) Fiduciary Oversight Arrangement

Ref	Position	Name
1	Directorate Internal Audit	CPA Samuel Kaaga
2	Agricultural Farm Input Subsidy and Incentive Fund Committee	Paul Mugo
3	Office of the Auditor General	Auditor General

F) Registered Offices

P.O. Box 52-10200
Murangá, Kenya

G) Fund Contacts

Telephone: (254) 060-2030271
info@muranga.go.ke
Website: www.muranga.go.ke

H) Fund Bankers

Co-operative Bank of Kenya
Murang'a Branch, Kenya

I) Independent Auditors

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

J) Principal Legal Adviser

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

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
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3. Fund Administration Committee

Ref	Name	Position
1	Paul Mugo	CECM In charge Agriculture
2	Prof. Kiarie Mwaura	CECM In charge of Finance.
3	Dr. Apollo K. Maina	Chief Officer – Agriculture
4	Peter Muchiri	Director Agriculture
5	Anthony Waithaka	Fund Manager
6.	David N. Kimani	Committee Member
7.	Julius M. Kamau	Committee Member

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the period ended 30th June, 2024**

4. Key Management

Ref	Name	Position
1	Anthony Waithaka	Fund Manager
2	Samuel Mathenge	Fund Accountant
3.	Vincent Mwahi	Secretariat
4.	John Nderu	Secretariat
6.	Peter Muchiri	Secretariat
7.	Benson Kamau	Secretariat
8.	Peter Nyamora	Secretariat
9.	Rose Maingi	Secretariat
10.	Peterson Kamau	Secretariat

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the period ended 30th June, 2024**

5. Fund Chairperson's Report

In its agenda to sustainably lift the livelihood of its people, Murang'a County Government Election manifesto committed to establish an Agricultural Farm Inputs Subsidy Fund. On assuming office, the County Government formulated the Murang'a INUA MKULIMA agenda, as the force behind which to actualize, and manage the Farm Input Subsidy Policy, through the Public Finance Management Act [PFMA] Farm Inputs and incentive Fund Regulations [2022]. With the gracious and overwhelming support of the County Assembly, the Budget [2023-2024] established the ksh.250 million subsidy Fund for Milk and Mango which was later revised to kshs 240 million during supplementary budget approval, which seeks to promote organised value chain optimization and operational governance, as the long-term benefits of the fund to propel wealth creation in Murang'a.

The administration of the fund is carried out by the Agricultural Farm Input Subsidy and Incentive Fund Committee.

The committee members are drawn from Agriculture Directorate and representatives of producer organisations. This has translated to increased production and reduced cost of production for both Mango and Milk in the county. The fund is expected to grow significantly and benefit more than 42,000 farmers.

The AFIS fund committee commits to prudently manage the fund for the benefit of Murang'a residents and for the overall achievement and realization of the subsidy objectives as set out under the subsidy policy.



Mr. Paul Mugo

AFIS Fund Committee Chairman

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the period ended 30th June, 2024**

6. Report of The Fund Manager

The Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund was established in March 2023.

As at the close of the period, the fund had received a total of kshs 223,254,759 for the Financial Year 2023-2024.

The AFIS funds were utilized in accordance with the provisions of the Public Finance Management (PFM) act 2012, the Public Management Act (Agricultural Farm Input Subsidy and Incentive Fund Regulations 2022) and all other applicable legislation and for the purpose for which it was intended.

The AFIS fund principal activity is to facilitate the transfer of farm input subsidy to farmers from physical procurement to delivery of input using an electronic platform-based infrastructure and facilitate capacity building to Agricultural Farm Input beneficiaries and process implementations.



CPA Anthony Waithaka
Fund Manager

Dated; 10th July, 2024.

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the period ended 30th June, 2024**

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

The fund opened the financial year with a balance of kshs 145,185,074.30 and received a total of kshs. 223,254,759 from County Treasury, farmer's exhibitors and income interest on call deposits and total amount paid to dairy and mango farmers was kshs 185,977,674 during the period.

A total of 19,983 farmers benefitted from the subsidy program during the period under review. All payment to farmers were channeled through local banks and Saccos from the months of July 2023 to March 2024 and through their respective e-wallet accounts during the months of April to June 2024. This ensured that subsidy fund is circulated within Murang'a county economy, resulting to far reaching ripple effect in line up with bottom-up manifesto of the Government.

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the period ended 30th June, 2024**

8. Corporate Governance Statement

The purpose and importance of corporate governance in AFIS Fund are significant and multifaceted. Corporate governance refers to the framework of rules, practices, and processes by which the fund is directed and controlled. The primary objectives are to ensure transparency, accountability, fairness, and the protection of fund.

Accountability:

There is a clear line of responsibility and accountability within fund. This ensures that decision-makers are answerable for their actions and decisions.

Ethical Conduct:

High level of ethical behavior and integrity at all levels of the fund is strictly observed. This is aimed at preventing fraud, corruption, and other unethical practices.

Transparency

It ensures that information about the it's financial performance, operations, and decision-making processes is disclosed to stakeholders and the public in a clear and accurate manner.

6.1 Committee of the Fund

The committee consists of the following;

- a.) The County Executive Committee Member in charge of Agriculture;
- b.) The County Executive Committee Member in charge of Finance;
- c.) The Chief Officer in charge of Agriculture;
- d.) The Fund Manager;
- e.) A director in the Agricultural Department;
- f.) Two representatives of Producer Organizations.

The Fund Manager is the secretary to the committee.

Functions of the committee

- a.) Consider and recommend the estimates of revenue and expenditure of the fund to the County Executive Committee Member for finance for consideration;
- b.) Approve disbursement from the fund account;

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the period ended 30th June, 2024**

- c.) Receive, review and approve reports on the performance of the fund from the Fund Manager;
- d.) Oversee the monitoring and evaluation of the program activities under the Fund.

6.2. Fund Manager

Roles of the Fund Manager

- a.) Supervise and control the administration of the fund;
- b.) Cause to be kept proper books of account and other books and records in relation to the Fund and for all payments made as subsidy from the Fund;
- c.) Prepare, sign and transmit to the Auditor-General in respect of each financial year and within three months after the end thereof, a statement of accounts relating to the Fund, prepared and signed by him specifying the capital of the Fund and showing the expenditure incurred from the Fund, in such details as the committee may from time to time direct in accordance with the Public Finance Management Act;
- d.) Furnish such additional information as may be required for the purpose of examination and audit by the Auditor-General.

Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund Annual Report and Financial Statements for the period ended 30th June, 2024

9. Management Discussion and Analysis

Section A

The Fund was operationalized in the financial year 2022-2023 following an all-inclusive public participation process involving the public county wide. The fund's regulations and policy was tabled and approved by the Murang'a County Assembly. Eventually, an allocation of KShs. 250M was done in the budget for the Fiscal Year 2023-2024, the amount was later revised to kshs 240 million.

In this Financial year's the Fund received Kshs. 223,254,759 to pay farmers under the program. Out of this, the Fund has managed to spend KShs. 185,977,674 within the Financial Year. In the next Financial Year, the fund intends to recruit more farmers as beneficiaries identified through the fund's regulations. As such, the fund expects to receive more financing and therefore reach out the additional beneficiaries.

Section B

Murang'a County Agricultural Farm Input Subsidy and Incentive Fund's compliance with statutory requirements

Since the establishment of the fund, the fund has operated within the limits of its stipulated policies and regulations. To this extent, the fund has complied with all the legal requirements.

Section C

Key Projects and Investment Decisions the Murang'a County Agricultural Farm Input Subsidy and Incentive Fund is planning/implementing

The fund shall continue implementing the farm input subsidy program as stipulated by its policy and regulations to achieve the objectives of the fund to promote mango and dairy produce farming and spur an increase in the usage of farm inputs in mangoes and dairy value chain. This is in line with the National Government's agenda of promoting production at the lowest section/class of the country while increasing their earnings. It is also in line with the County Government's agenda of ensuring increase in production and guaranteeing minimum returns to local producers.

Section D

Major Risks facing the Murang'a County Agricultural Farm Input Subsidy and Incentive Fund

The fund's major risk is liquidity risk. This would arise in the event claims from producers exceeded the available funds. The fund shall mitigate this risk by varying the amount payable to farmers to an amount within the available funds at any time including delaying payment until funds are available.

Section E

The Murang'a County Agricultural Farm Input Subsidy and Incentive Fund faces no financial probity or Governance issues

Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund Annual Report and Financial Statements for the period ended 30th June, 2024

10. Environmental and Sustainability Reporting

Sustainability strategy and profile -

The Agricultural Farm Input Subsidy Fund (AFIS) operates with a clear commitment to sustainability, aiming to balance economic growth with environmental stewardship and social responsibility. Our sustainability strategy focuses on promoting sustainable farming practices, reducing environmental impact, and fostering community resilience.

Key elements of our sustainability profile include:

- **Promoting Sustainable Agriculture:** Encouraging farmers to adopt practices that enhance soil health, reduce chemical inputs, and promote biodiversity.
- **Resource Efficiency:** Ensuring efficient use of water, energy, and other resources in agricultural production.
- **Climate Resilience:** Supporting farmers in adapting to climate change through innovative farming techniques and resilient crop varieties.

Environmental Performance:

AFIS is dedicated to monitoring and improving its environmental performance across all operations. Key initiatives include:

- **Reducing Carbon Footprint:** Implementing measures to reduce greenhouse gas emissions from agricultural activities and logistics this is achieved through regular trainings.
- **Waste Management:** Farmers' trainings on Promoting recycling and proper disposal of agricultural waste to minimize environmental impact.
- **Biodiversity Conservation:** Partnering with local communities and conservation organizations to protect biodiversity hotspots near agricultural areas.

Employee Welfare and Market Place Practices:

AFIS prioritizes the welfare of its employees and practices fair market engagements:

- **Employee Welfare:** Providing safe working conditions, fair wages, and opportunities for training and career development.
- **Marketplace Practices:** Ensuring transparency and ethical conduct in all business dealings, fostering trust with stakeholders and partners.

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the period ended 30th June, 2024**

Corporate Social Responsibility / Community Engagements:

AFIS recognizes its role in contributing positively to society and engaging with communities:

- **Community Development:** Supporting local communities through mango farmers training programs and distribution of mango and avocado seedlings during distribution of Inua Mkulima E-wallet identification cards.
- **Stakeholder Engagement:** Collaborating with farmers, government agencies, NGOs, and other stakeholders to address community needs and foster sustainable development. The fund joined the County Government in the month of June in promoting maize programme in the County,
- **Ethical Standards:** Upholding high ethical standards in all interactions, promoting integrity and accountability in our operations.

The committee submit their report together with the audited financial statements for the year ended June 30th, 2024 which show the state of the Murang'a County Agricultural Farm Inputs and Incentive Subsidy Fund affairs.

Principal Activities

The principal activity/ mandate of the Fund is to: -

- i. Promote Mango and dairy produce farming through agricultural farm input subsidy and incentive to farmer's subject to the regulations;
- ii. To Spur an increase in usage of farm inputs in mangoes and dairy value chains.

Results

The results of Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund for the year ended June 30th, 2024 are set out on page 1.

Trustees

The members of the Fund Committee who served during the year are shown on page iii. There were changes in the Board during the financial year. Mr Paul Mugo replaced Dr. Kiringai Kamau as the chairperson of the Committee, This is following the changes made by H,E the Governor on his cabinet.

Auditors

The Office of the Auditor General is responsible for the statutory audit of Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By order of Murang'a County Agricultural Farm Inputs and Incentive Subsidy Fund Committee.

.....

Chairperson of the Fund Committee

Date: 10th July, 2024

**Murang’a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the period ended 30th June, 2024**

**Report of The Independent Auditor on the Financial Statements for Murang’a County
Agricultural Farm Inputs Subsidy and Incentive Fund**

Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the period ended 30th June, 2024

11. 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 Public Finance (Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund) regulations, 2022 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Fund Manager of the Murang'a County Agricultural Farm Inputs Subsidy and Incentive 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 period ended on 30th June 2024. This responsibility includes:

- (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund;
- (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) safeguarding the assets of the Fund;
- (v) selecting and applying appropriate accounting policies; and
- (vi) making accounting estimates that are reasonable in the circumstances.

The Fund Manager of the Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Public Finance (Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund) regulations, 2022.

The Fund Manager of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the period ended 30th June 2024, and of the Fund's financial position as at that date. The Fund Manager 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.

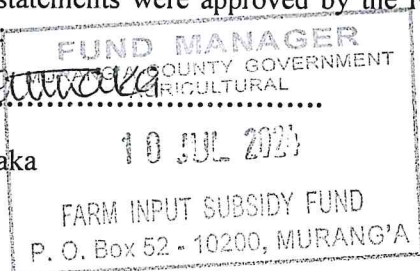
In preparing the financial statements, the Fund Manager of the Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the period ended 30th June, 2024**

Approval of the financial statements

The Fund's financial statements were approved by the Fund Committee on 10th July 2024 and signed on its behalf by:

.....
CPA Anthony Waithaka
Fund Manager



REPUBLIC OF KENYA

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Enhancing Accountability

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON MURANG'A COUNTY AGRICULTURAL FARM INPUTS SUBSIDY AND INCENTIVE FUND FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

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

The three parts of the report 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

Opinion

I have audited the accompanying financial statements of Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund set out on pages 1 to 37, which comprise the statement

of financial position as at 30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund as at 30 June, 2024 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 Public Finance Management Act, 2012 and the Public Finance Management (Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund) Regulations, 2023.

Basis for Opinion

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects receipts budget and actual on comparable basis of Kshs.385,185,074 and Kshs.368,439,833 respectively resulting to an under-funding of Kshs.16,745,242 or 4% of the budget. Similarly, the Fund expended Kshs.207,538,221 against an approved budget of Kshs.385,185,074 resulting to an under-expenditure of Kshs.177,646,853 or 46% of the budget.

In the circumstances, the underfunding may have constrained execution of planned activities and delivery of services to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. I have determined that there are no key audit matters to communicate in my report.

Other Information

Management is responsible for the Other Information set out on page iii to xv, which comprise of Key Entity Information and Management, Fund Administration Committee, Key

Management team, Report of the Chairman of the Fund, Report of the Fund Administrator, Statement of Performance Against Predetermined Objectives, Statement of Corporate Governance, Management Discussion and Analysis and Environmental and Sustainability Reporting, Report of the Committee and Statement of Management responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Failure to Submit Quarterly Reports to the County Assembly

The statement of financial performance reflects Kshs.208,558,317 in respect to total expenses for the year. However, Management did not submit quarterly reports to the County Assembly contrary to Regulation 9(2) of the Public Finance (Murang'a County Agricultural Farm Input Subsidy and Incentive Fund) Regulations, 2022 which requires the Fund Committee to prepare the quarterly reports which should be approved by the County Executive Committee and forwarded to the County Assembly for consideration.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Weak Internal Controls Systems

During the year under review, Murang'a County Farm Input Subsidy and Incentive Fund had not implemented and put in place a management Information system to ensure efficiency in implementation of the subsidy program and data management contrary to the requirements of Regulation 12(1,2) of The Public Finance (Murang'a County Agricultural Farm Input Subsidy and Incentive Fund) Regulations, 2022.

In absence of management information system controls, the Fund operations may lead to internal control inefficiencies in the subsidy program and data management systems.

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, 2015.

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for 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 IFPP 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

30 December, 2024

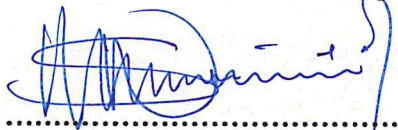
Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the period ended 30th June, 2024

12. Statement of Financial Performance for the Year Ended 30th June 2024

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1	1,433,750	-
Transfers From the County Government	2	219,999,913	196,000,000
Fines, Penalties, and Other Levies	3	-	-
		221,433,663	196,000,000
Revenue From Exchange Transactions			
Interest Income	4	1,821,096	-
Other Income	5	-	-
Sub-total revenue from exchange transactions		1,821,096	-
Total Revenue		223,254,759	196,000,000
Expenses			
Cleaning Costs	6	-	-
Use of goods and services	7	21,560,547	3,554,751
Farmers Disbursements	8	185,977,674	47,213,882
Depreciation and Amortization Expenses	9	295,907	-
Finance Costs	10	-	46,293
Total Expenses		207,834,128	50,814,926
Other Gains/Losses			
Gain/Loss on Disposal of Assets	11	-	-
Gain /Loss on fair value of investments	12	-	-
Surplus/(Deficit) for the Period		15,420,631	145,185,074

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the period ended 30th June, 2024**

The notes and annexes set out on pages 9 to 41 form an integral part of these Financial Statements)



.....
Name: Samuel Mathenge

Fund Accountant

ICPAK Member Number: 16255



.....
Name: Anthony M. Waithaka

Fund Manager

ICPAK Member Number: 13755



Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
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13. Statement of Financial Position as at 30th June, 2024

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	13	160,013,002	145,185,074
Current Portion of Long- Term Receivables from Exchange Transactions	14	-	-
Prepayments	15	-	-
Inventories	16	-	-
Investments in financial assets	17	-	-
Total current assets		160,013,002	145,185,074
Non-Current Assets			
Property, Plant and Equipment	20	592,703	-
Intangible Assets	19	-	-
Long Term Receivables from Exchange Transactions	14	-	-
Investment Property	22	-	-
Total non- current assets		592,703	-
Total Assets (A)		160,605,705	145,185,074
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	23	-	-
Current Provisions	24	-	-
Current Portion of Borrowings	25	-	-
Employee Benefit Obligations	26	-	-
Social benefit liabilities	27	-	-
Total current liabilities		-	-
Non-Current Liabilities			
Non-Current Provisions		-	-
Long Term Portion of Borrowings		-	-
Non-Current Employee Benefit Obligation		-	-

Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
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Social benefit liabilities		-	-
Total Liabilities (B)		-	-
Net Assets (A-B)		160,605,705	145,185,074
Represented By:			
Revolving Fund		-	-
Reserves		145,185,074	-
Accumulated Surplus		15,420,631	145,185,074
Net Assets		160,605,705	145,185,074

The accounting policies and explanatory notes and annexes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 10th July 2024 and signed by:



.....
Name: Samuel Mathenge

Fund Accountant

ICPAK Member Number: 16255



.....
Name: Anthony M. Waithaka

Fund Manager

ICPAK Member Number: 13755



Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
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14. Statement of Changes in Net Assets for the year ended 30th June 2024

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2022	-	-	-	-
Surplus/(Deficit) For the Period	-	-	145,185,074	145,185,074
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2023	-	-	145,185,074	145,185,074
Balance As At 1 July 2023	-	-	145,185,074	145,185,074
Surplus/(Deficit) For the Period	-	-	15,420,631	15,420,631
Funds Received During the Year	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2024	-	-	160,605,705	160,605,705

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the period ended 30th June, 2024**

15. Statement of Cash Flows for The Year Ended 30th June 2024

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Exhibitors contributions and donations	1	1,433,750	-
Transfers from the county government	2	219,999,913	196,000,000
Interest received	4	1,821,096	-
Receipts from other operating activities		-	-
Total receipts		223,254,759	196,000,000
Payments			
Fund administration expenses	7	21,560,547	3,554,751
Farmers disbursements	8	185,977,674	47,213,882
Finance cost	10	-	46,293
Total payments		207,538,221	50,814,926
Net cash flows from operating activities	28	15,716,538	145,185,074
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets	20	888,610	-
Proceeds from sale of property, plant & equipment		-	-
Proceeds from loan principal repayments		-	-
Loan disbursements paid out		-	-
Net cash flows used in investing activities		888,610	-
			-
Cash flows from financing activities		-	-
Proceeds from revolving fund receipts		-	-
Additional borrowings		-	-
Repayment of borrowings		-	-

Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
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Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash & cash Equivalents		14,827,928	145,185,074
Cash and cash equivalents at 1 July		145,185,074	-
Cash and cash equivalents at 30 June	13	160,013,002	145,185,074

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the period ended 30th June, 2024**

16. Statement of Comparison of Budget and Actual Amounts for The Period 30th June 2024

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Balance b/f	145,185,074	-	145,185,074	145,185,074	-	100%
Public Contributions and Donations	-	-	-	1,433,750	(1,433,750)	
Transfers From County Govt.	250,000,000	(10,000,000)	240,000,000	219,999,913	20,000,088	92%
Interest Income	-	-	-	1,821,096	(1,821,096)	
Other Income	-	-	-	-	-	
Total Income	395,185,074	(10,000,000)	385,185,074	368,439,832	16,745,242	96%
Expenses						
Fund Administration Expenses	22,000,000	- 300,000	21,700,000	21,560,547	139,453	99%
Farmers Disbursements	372,185,074	- 9,700,000	362,485,074	185,977,674	176,507,400	51%
Finance Cost	-	-	-	-	-	
Sub-Total Expenditure	394,185,074	- 10,000,000	384,185,074	207,538,221	176,646,853	54%
Capital expenditure	1,000,000	-	1,000,000	888,610	111,390	89%
Grand Total expenditure	395,185,074		395,185,074			

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the period ended 30th June, 2024**

Surplus For the Period	-	-	-	160,013,002	- 160,013,002
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Budget notes

- 1.The balance of Kshs. 19,999,988 was disbursed to the operations Account on 10th July 2024.
- 2.The changes of Kshs. 10,000,000 between the original and final budget is through adjustment in the supplementary budget
3. See the attached bank reconciliation marked annex VII

Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund Annual Report and Financial Statements for the period ended 30th June, 2024

17. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Murang'a county agricultural farm input subsidy and incentive fund is established by and derives its authority and accountability from Public Finance (Murang'a County Agricultural Farm Input Subsidy and Incentive Fund) regulations 2022. The Murang'a County Agricultural Farm Input Subsidy and Incentive Fund is wholly owned by the Murang'a County Government and is domiciled in Murang'a County-Kenya. The fund principal activity is to promote mango and dairy produce farming through agriculture farm input subsidy and incentive to farmers and to spur increase in usage of farm input in mango and dairy value chain

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 30th June 2024

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 2024.

Standard	Effective date and impact:
IPSAS 43	<i>Applicable 1st 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.

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IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st 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: 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 1st 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 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value.
IPSAS 47- Revenue	<i>Applicable 1st January 2026</i> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS 48- Transfer Expenses	<i>Applicable 1st January 2026</i> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the period ended 30th June, 2024**

	and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.
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(i) Early adoption of standards

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

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 was approved by the County Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the County assembly. The additional appropriations are added to the original budget by the Murang'a County Agricultural Farm Input Subsidy and Incentive Fund upon receiving the respective approvals in order to conclude the final budget.

The Murang'a County Agricultural Farm Input Subsidy and Incentive Fund'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

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the period ended 30th June, 2024**

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.

- c) 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.

d) 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.

e) 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.

f) 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 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.

g) 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

Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund Annual Report and Financial Statements for the period ended 30th June, 2024

financial assets. Murang'a County Agricultural Farm Input Subsidy and Incentive Fund does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Fund's financial statements.

h) Financial assets

Classification of financial assets

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

Subsequent measurement

Based on the business model and the cash flow characteristics, the Murang'a County Agricultural farm input subsidy and Incentive Fund 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.

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
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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.

i) Trade and other receivables

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

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in Note 17.

j) Financial liabilities

Classification

The Murang'a County Agricultural Farm Input Subsidy and Incentive Fund 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 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

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the period ended 30th June, 2024**

for utilization or consumption in the ordinary course of operations of the Murang'a County Agricultural Farm Input Subsidy and Incentive Fund.

l) Provisions

Provisions are recognized when the Murang'a County Agricultural Farm Input Subsidy and Incentive Fund 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 Murang'a County Agricultural Farm Input Subsidy and Incentive Fund expects some or all of a provision to be reimbursed, 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) 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 liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the Murang'a County Agricultural Farm Input Subsidy and Incentive Fund will incur in fulfilling the present obligations represented by the liability.

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
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n) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

o) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

p) Related parties

The Murang'a County Agricultural Farm Input Subsidy and Incentive Fund 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 Agricultural Farm Input Subsidy and Incentive Fund, or vice versa. Members of key management are regarded as related parties and comprise the Fund Committee members, the Secretariat, and County Government Officials.

q) Cash and cash equivalents

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

r) Comparative figures

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

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the period ended 30th June, 2024**

5. Significant judgments and sources of estimation uncertainty

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

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

a) Estimates and assumptions –

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

b) Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by the Murang'a County Agricultural Farm Input Subsidy and Incentive Fund
- 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 Fund Committee determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 21.

Provisions are measured at the Fund Committee '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.

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the period ended 30th June, 2024**

6. Notes to The Financial Statements Continued

1. Public contributions and donations

Description	2023-2024	2022-2023
	Kshs	Kshs
Donation From Development Partners	-	-
Contributions From Agro-Exhibitors (attached annex)	1,433,750	-
Total	1,433,750	-

2. Transfers from County Government

Description	2023-2024	2022-2023
	Kshs	Kshs
Transfers From County Govt. –Operations	219,999,913	196,000,000
Payments By County On Behalf Of The Fund	-	-
Unconditional Development grants	-	-
Total	219,999,913	196,000,000

3. Fines, penalties and other levies

Description	2023-2024	2022-2023
	Kshs	Kshs
Late Payment Penalties	-	-
Fines	-	-
Total	-	-

4. Interest income

Description	2023-2024	2022-2023
	Kshs	Kshs
Interest Income from Mortgage Loans	-	-
Interest Income From Car Loans	-	-
Interest Income From Investments in financial assets	-	-
Interest Income on Call Deposit	1,821,096	-
Total Interest Income	1,821,096	-

5. Other income

Description	2023-2024	2022-2023
	Kshs	Kshs
Insurance Recoveries	-	-
Income from Sale of Tender Documents	-	-
Bad debts recovered	-	-

Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
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Cheque Write Backs (attached annex)	-	-
Total Other Income	-	-

Notes to the Financial Statements Continued

6. Employee Costs

Description	2023-2024	2022-2023
	Kshs	Kshs
Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	-	-
Social Security Contribution	-	-
Other	-	-
Total	-	-

7. Use of Goods and Services

Description	2023-2024	2022-2023
	Kshs.	Kshs.
General Office Expenses	214,000	-
Hospitality	1,432,797	280,000
Advertising	32,000.00	-
Stakeholders Meetings and Public participations	10,091,082	-
Famers, Staff and Committee Expenses	5,236,140	1,481,020
Bank Charges	1,320	-
Packaging	53,500	-
Fuel And Oil Costs	148,400	-
Transport Costs	302,000	-
Internet	14,500	-
Printing And Stationery	3,256,464	176,000
Training Expenses	588,344	1,617,731
Telephone And Communication Expenses	190,000	-
Total	21,560,547	3,554,751

8. Farmers Disbursements

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Farmers Disbursement-Milk (July 2023 to March 2024)	128,173,294	47,213,882
Farmers Disbursement-Mango farmers	10,013,180	-
Farmers Disbursement-Inua Mkulima (April to June 2024)	47,791,200	-
Total	185,977,674	47,213,882

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9. Depreciation and Amortization Expense

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Property Plant and Equipment	295,907	-
Intangible Assets	-	-
Total	295,907	-

10. Finance costs

Description	2023-2024	2022-2023
	Kshs	Kshs
Bank charges	-	46,293
Interest on Loans From Banks	-	-
Total	-	46,293

11. Gain/(loss) on disposal of assets

Description	2023-2024	2022-2023
	Kshs	Kshs
Property, Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

12. Gain/ (loss) on Fair Value Investments

Description	2023-2024	2022-2023
	Kshs	Kshs
Investments at Fair Value- Equity investments	-	-
Fair value – Investment property	-	-
Fair value- other financial assets (specify)	-	-
Total Gain	-	-

13. Cash and cash equivalents

Description	2023-2024	2022-2023
	Kshs	Kshs
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	160,013,002	145,185,074
Total Cash And Cash Equivalents	160,013,002	145,185,074

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the period ended 30th June, 2024**

Detailed analysis of the cash and cash equivalents are as follows

Financial Institution	Account number	2023-2024	2022-2023
		Kshs	Kshs
a) Fixed Deposits Account		-	-
Kenya Commercial Bank		-	-
Equity Bank, Etc.		-	-
Sub- Total		-	-
		-	-
b) On - Call Deposits		-	-
Kenya Commercial Bank		-	-
Equity Bank - Etc.		-	-
Sub- Total		-	-
		-	-
c) Current Account			
Co-operative Bank	01141574182600	160,013,002	145,185,075
Family Bank			-
Sub- Total		160,013,002	145,185,075
d) Others(Specify)		-	-
Cash In Transit		-	-
Cash In Hand		-	-
Sub- Total		-	-
Grand Total		160,013,002	145,185,075

14. Receivables from exchange transactions

Description	2023-2024	2022-2023
	FY Kshs	FY Kshs
Current Receivables		
Interest Receivable	-	-
Current Loan Repayments Due	-	-
Other Exchange Debtors	-	-
Less: Impairment Allowance	-	-
Total Current Receivables	-	-
Non-Current Receivables		
Long Term Loan Repayments Due	-	-
Total Non- Current Receivables	-	-
Total Receivables From Exchange Transactions	-	-

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the period ended 30th June, 2024**

15. Additional disclosure on interest receivable

Description	2023-2024	2022-2023
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the 2023-2024	-	-
Current loan repayments due	-	-
Current portion of long-term loans from previous years	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the 2023-2024	-	-

16. Prepayments

Description	2023-2024	2022-2023
	Kshs	FY Kshs
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Total	-	-

17. Inventories

Description	2023-2024	2022-2023
	FY	FY
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts And Meters	-	-
Catering	-	-
Total Inventories at The Lower of Cost and Net Realizable Value	-	-

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the period ended 30th June, 2024**

18. Investments in financial assets

Description	2023-2024	2022-2023.
	Kshs	Kshs
a. Investment in Treasury bills and bonds		
Financial institution		
CBK	-	
CBK	-	
Sub- total	-	
b. Investment with Financial Institutions/ Banks		
KCB	-	
Equity Bank	-	
Sub- total	-	
c. Equity investments (specify)		
Equity/ shares in KCB	-	
Sub- total	-	
Grand total	-	

19. Movement of Equity Investments

Impairment allowance/ provision	2023-2024	2022-2023. FY
	Kshs	Kshs
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	-	-

20. Property, plant and equipment

	Land and	Motor vehicles	Furniture and fittings	Computers and Office Equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At 1st July 2022	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-
At 30th June 2023	-	-	-	-	-
At 1st July 2023	-	-	-	-	-

Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
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Additions	-	-	-	888,610	888,610
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
At 30th June 2024	-	-	-	888,610	888,610
Depreciation And Impairment	-	-	-		
At 1 st July 2022	-	-	-	-	-
Depreciation	-	-	-	-	-
Impairment	-	-	-	-	-
At 30th June 2023	-	-	-	-	-
At 1st July 2023	-	-	-	-	-
Depreciation	-	-	-	295,907	295,907
Disposals	-	-	-		
Impairment	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-
At 30th June 2024	-	-	-	295,907	295,907
Net Book Values					
At 30th June 2023	-	-	-	-	-
At 30th June 2024	-	-	-	592,703	592,703

The depreciation rate is 33% on reducing balance method.

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
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21. Intangible assets

Description	2023-2024	2022-2023
	Kshs	Kshs
Cost	-	-
At Beginning of The Year	-	-
Additions	-	-
At End of The Year	-	-
Amortization And Impairment		
At Beginning of The Year	-	-
Amortization	-	-
At End of The Year	-	-
Impairment Loss	-	-
At End of The Year	-	-
NBV	-	-

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
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22. Investment Property

Description	2023-2024 FY	2022-2023 FY
	Kshs	Kshs
At beginning of the year	-	-
Additions	-	-
Disposal during the year	-	-
Depreciation	-	-
Impairment	-	-
Gain/(loss) in fair value (if fair value is elected)	-	-
At end of the year	-	-

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
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23. Trade and other payables from exchange transactions

Description	2023-2024		2022-2023 FY	
	Kshs		Kshs	
Trade Payables	-		-	
Refundable Deposits	-		-	
Accrued Expenses	-		-	
Other Payables	-		-	
Total Trade and Other Payables	-		-	
Ageing analysis (Trade and other payables)	2023-2024	% of the Total	2022-2023	% of the Total
Under one year	-	-	-	-
1-2 years	-	-	-	-
2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total (tie to above total)	-		-	
	-			

24. Provisions

Description	Leave provision	Gratuity Provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance b/f	-	-	-	-
Additional provisions	-	-	-	-
Provision utilised	-	-	-	-
Change due to discount and time value for money	-	-	-	-
Total provisions year end	-	-	-	-
Current Provisions	-	-	-	-
Non-Current Provisions	-	-	-	-

25. Borrowings

Description	2023-2024	2022-2023
	Kshs	Kshs
Balance At Beginning of The Period	-	-
External Borrowings During the Year	-	-
Domestic Borrowings During the Year	-	-
Repayments of External Borrowings During the Period	-	-
Repayments of Domestic Borrowings During the Period	-	-
Balance At End of The Period	-	-

Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the period ended 30th June, 2024

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

Description	2023-2024	2022-2023
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loans	-	-
Sterling Pound Denominated Loans	-	-
Euro Denominated Loans	-	-
Domestic Borrowings		
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Borrowings From Other Government Institutions	-	-
Total Balance at End of The Year	-	-

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

Description	2023-2024	2022-2023
	Kshs	Kshs
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

26. Employee benefit obligations

Description	Defined benefit plan	Post employment medical benefits	Other Provisions	2023-2024	2022-2023
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total	-	-	-	-	-

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the period ended 30th June, 2024**

27. Social Benefit Liabilities

Description	2023-2024	2022-2023
	Kshs	Kshs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
Total	-	-
Current social benefits	-	-
Non- current social benefits	-	-
Total (tie to totals above)	-	-

28. Cash generated from operations.

Description	2023-2024	2022-2023
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	15,420,631	145,185,074
Adjusted For:		
Depreciation	295,907	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income (Net of tax)	-	-
Finance Cost	-	46,293
Working Capital Adjustments		
Increase In Inventory	-	-
Increase In Receivables	-	-
Increase In Payables	-	-
Net Cash Flow From Operating Activities	15,716,538	145,231,367

Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
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29. a) Related party transactions

Description	2023-2024	2022-2023
	Kshs	Kshs
Transfers From Related Parties'	-	-
Transfers To Related Parties	-	-

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
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b) Key management remuneration

Description	2023-2024	2022-2023
	Kshs	Kshs
Fund Committee	-	-
Key Management Compensation	-	-
Total	-	-

c) Due from related parties

Description	2023-2024	2022-2023
	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Government	-	-
Total	-	-

Other Disclosures Continued

d) Due to related parties

Description	2023-2024	2022-2023
	Kshs	Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
Total	-	-

30. Contingent assets and contingent liabilities

Contingent Liabilities	2023-2024	2022-2023
	Kshs	Kshs
Court Case Against the Fund	-	-
Bank Guarantees	-	-
Total	-	-

Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
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31. Financial risk management

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-
At 30 June 2021				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-

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
At 30 June (2023-2024)				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
At 30 June (2022-2023)				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
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c) Market risk

The AFIS Fund rely heavily on the department internal audit 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 secretariat is responsible for the development of detailed risk management policies (subject to review and approval by Fund 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 Murang'a County Agricultural Farm Inputs and Incentive Subsidy Fund 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 Murang'a County Agricultural Farm Inputs and Incentive Subsidy Fund foreign currency-denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description		Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June (2023-2024)			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables	-	-	-
Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
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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
(2023-2024)			
Euro	10%	-	-
USD	10%	-	-
(2022-2023)			
Euro	10%	-	-
USD	10%	-	-

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the 2022-2023. 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 xxx (2022: Kshs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (2021 – Kshs xxx).

d) Capital risk management.

Description	2023-2024	2022-2023
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	-	-
Total funds	-	-

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
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Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
Gearing	-	-

32. Events after the reporting period

After the reporting date of financial year 2022-2023, we realised that employee costs of kshs. 1,736,024.30 were not declared in the financial statements. This has now been declared in the comparative figures for employee costs.

33. Ultimate and Holding Entity

The Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund is established pursuant to The Public Finance (Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund) Regulations, 2022.

1. Annexes

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	Budget Under Performance	The Fund operations started on March 2023 as the regulations were not yet approved by the County assembly	Resolved	
	Irregular Authorization of Payments	The Fund Manager is now authorizing all payments.	Resolved	

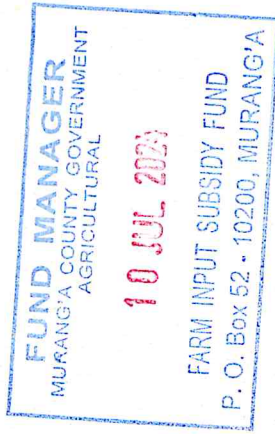
**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the period ended 30th June, 2024**


.....

CPA Anthony Waithaka

Fund Manager

Dated; 10th July, 2024.



**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the period ended 30th June, 2024**

Annex II: Inter-Fund Confirmation Letter

Confirmation of amounts received by Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund as at 30th June 2024						
Reference Number	Amounts Disbursed by County treasury as at 30th June 2024					
					Amount Received by Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund as at 30th June 2024	
	Date Disbursed	Recurrent (A)	Development (B)	Inter-Ministerial (C)	(E)	Differences (KShs) (F)=(D-E)
FT23278G1PNH/RT23278SHPPM	05/10/2023		50,000,000		50,000,000	-
FT2327800D9T/RT23278SHPPM	05/10/2023		50,000,000		50,000,000	-
FT24109XV2QV	18/04/2024		40,000,012.50		40,000,012.50	-
FT2411351IPS	14/05/2024		40,000,000		40,000,000	-
FT24169G10ZW	17/06/2024		39,999,900		39,999,900	-
Total			219,999,912.50		219,999,912.50	-

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
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I confirm that the amounts shown above are correct as of the date indicated

CPA Anthony Waithaka

.....
 **MANAGER**
COUNTY GOVERNMENT
AGRICULTURAL

Date: 10th July, 2024

10 JUL 2024

FARM INPUT SUBSIDY FUND
P. O. Box 52 - 10200, MURANG'A

**Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
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Annex III: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-

Annex IV: Reporting on Disaster Management Expenditure

Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-

Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
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Annex V: Reporting on Exhibitors Contributions

Confirmation of amounts received by Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund from Exhibitors as at 30th June 2024			
Date	Exhibitors	Expo Venue	Amount (Kshs)
16-Aug-23	Twiga Chemicals	Kigumo Agri Expo	25,000.00
23-Aug-23	Amica Sacco	Kigumo Agri Expo	25,000.00
24-Aug-23	Equity Bank	Kigumo Agri Expo	25,000.00
25-Aug-23	Greenlife Crop Protection	Kigumo Agri Expo	25,000.00
25-Aug-23	Unaitas Sacco	Kigumo Agri Expo	50,000.00
26-Aug-23	Amiran Kenya Limited	Kigumo Agri Expo	25,000.00
28-Aug-23	Kenagro Ltd	Kigumo Agri Expo	25,000.00
28-Aug-23	Agribase Bioscie Inter Ltd	Kigumo Agri Expo	25,000.00
29-Aug-23	Truvets Techno System	Kigumo Agri Expo	25,000.00
29-Aug-23	Kenya Coffee	Kigumo Agri Expo	25,000.00
30-Aug-23	KCB Kenol	Kigumo Agri Expo	20,000.00
30-Aug-23	Musoni	Kigumo Agri Expo	25,000.00
30-Aug-23	Conway Bel 1 Filed Limited	Kigumo Agri Expo	25,000.00
30-Aug-23	Muungano Microfinance	Kigumo Agri Expo	35,000.00
30-Aug-23	Aspendos Dairy Ltd	Kigumo Agri Expo	400,000.00
31-Aug-23	KAGRIC	Kigumo Agri Expo	100,000.00
31-Aug-23	Kigumo Livestock	Kigumo Agri Expo	10,000.00
01-Sep-23	Agri Seedco Ltd	Kigumo Agri Expo	75,000.00
22-Sep-23	Greenlife Crop Protection	Ithanga Agri Expo	25,000
26-Sep-23	Truvets Techno System	Ithanga Agri Expo	25,000
27-Sep-23	Kakuzi PLC	Ithanga Agri Expo	50,000
27-Sep-23	Ol kalou RD off	Ithanga Agri Expo	25,000
27-Sep-23	Amiran Kenya Limited	Ithanga Agri Expo	25,000
28-Sep-23	Brainwave	Ithanga Agri Expo	23,750
28-Sep-23	Peter Daniel- Agribase Bioscie Ltd	Ithanga Agri Expo	5,000
28-Sep-23	Nancy Githaiga-PCPB	Ithanga Agri Expo	5,000
28-Sep-23	Cheque no. 36015	Ithanga Agri Expo	25,000
29-Sep-23	Equity Bank	Ithanga Agri Expo	25,000

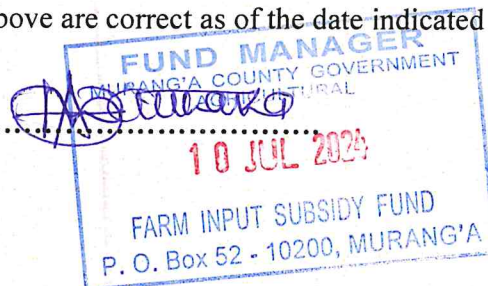
Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the period ended 30th June, 2024

21/10/2023	Greenlife Crop Protection	Maragua Agri Expo	25,000.00
23/10/2023	Co-operative Bank	Maragua Agri Expo	25,000.00
24/10/2023	Equity Bank	Maragua Agri Expo	25,000.00
25/10/2023	John Ndungu	Maragua Agri Expo	25,000.00
25/10/2023	Truvel Techno Ltd	Maragua Agri Expo	25,000.00
25/10/2023	Twiga Chemicals Ltd	Maragua Agri Expo	25,000.00
27/10/2023	Magdalene Wangonde	Maragua Agri Expo	5,000.00
27/10/2023	Loise Wainaina	Maragua Agri Expo	25,000.00
27/10/2023	Bernice Ndirangu	Maragua Agri Expo	5,000.00
10-Nov-23	Loise Wainaina	Maragua Agri Expo	25,000.00
20-Feb-24	Kenya Veterenary	Maragua Agri Expo	25,000.00
	Total		1,433,750.00

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

CPA Anthony Waithaka

Date: 10th July, 2024



Murang'a County Agricultural Farm Inputs Subsidy and Incentive Fund
Annual Report and Financial Statements for the period ended 30th June, 2024

Annex VII: Bank Reconciliations

MURANGA COUNTY AFIS FUND ACCOUNT

BANK RECONCILIATION

As at 30TH JUNE 2024

		SHS	CTS
Balance as per Bank Certificate		160,027,618	10
<u>Less:</u>			
1	Payments in Cash Book NOT yet recorded in Bank Statement (Unpresented Cheques)	14,618	50
2	Receipts in Bank Statement NOT yet recorded in Cash Book	-	-
		14,618	50
<u>Add:</u>			
3	Payments in Bank Statement NOT yet recorded in Cash Book	-	-
4	Receipts in Cash Book NOT yet recorded in Bank Statement	-	-
		-	-
		160,013,002	60

I Certify that I have verified the Bank Balance in the Cash Book with the Bank Statement and that the above

CPA Samuel Mathenge

Accountant 10/07/2024

Approved by.

CPA Anthony Waithaka

Fund Manager 10/07/2024



UNPRESENTED CHEQUES

24/06/2024	Teresia Njeri	Mango subsidy	1535	10,821.50
25/06/2024	Benykym's Printers	Printing Services	1536	3,797.00
Total				14,618.50