

REPUBLIC OF KENYA



COUNTY GOVERNMENT OF LAIKIPIA

MUNICIPALITY OF NANYUKI

P.O. Box 4-10400 Nanyuki
info@nanyukimunicipality.go.ke



Ref: NM/FIN/FS/VOL1/5

Date: 13th October 2025

To: CECM- Finance, Economic Planning and County Development
COUNTY GOVERNMENT OF LAIKIPIA

**RE: SUBMISSION OF QUARTERLY REPORT AND FINANCIAL STATEMENTS FOR
NANYUKI MUNICIPALITY FOR THE PERIOD ENDED SEPTEMBER 30,2025.**

Pursuant to Public Finance Management Act 2012 section 166 (3) which stipulates that; *Not later than fifteen (15) days after the end of each quarter, the accounting officer shall submit the quarterly report to the County treasury.*

In compliance to the above law, I forward herewith Quarterly Report and Financial Statements for Nanyuki Municipality for the period ended 30th September 2025.

Yours Faithfully,

**ANTHONY RUKWARO
MUNICIPAL MANAGER
NANYUKI MUNICIPALITY**



CC
THE CONTROLLER OF BUDGET
BIMA HOUSE 12th FLOOR
HARAMBEE AVENUE
P.O BOX 35616-00100
NAIROBI

**OFFICE OF THE
CONTROLLER OF BUDGET**
RECEIVED
LAIKIPIA COUNTY
Date: 31/10/2025

OFFICE OF THE CONTROLLER
OF BUDGET
REGISTRY
14 OCT 2012
CUX
TIME: P. O. Box 35816 - 00108 NAIROBI

Nanyuki Municipality
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9.		<p>Name: Mr. John Mwangi Gichuki</p> <p>Date Of Birth: 26th December 1972</p> <p>Academic Qualification: Master of Education and Bachelor of Education (Arts)</p> <p>Work Experience: Accomplished education leader, served with the Teachers Service Commission (TSC) in various senior management roles, where he gained extensive experience in educational policy, curriculum implementation, institutional leadership, and stakeholder engagement.</p> <p>Status: Chief Officer (Infrastructure, Lands, Public works and Urban Development)</p>
10.		<p>Name: Mr. Anthony Rukwaro</p> <p>Date Of Birth: 17th April 1975</p> <p>Academic Qualification: Master of Arts in Project Planning and Management, Bachelor of Project Planning and Management and Diploma in Project Management.</p> <p>Work Experience: Project Management</p> <p>Status: Secretary to the Board/ Municipal Manager</p>

5. Key Management Team

No.	Name	Details of qualifications and experience
1.	 <p>Mr. Anthony Rukwaro</p>	<p>Municipal Manager</p> <ul style="list-style-type: none"> • Mr. Anthony holds an impressive array of academic qualifications in the field of project management. He has earned a Master of Arts in Project Planning and Management, a Bachelor’s Degree in Project Planning and Management, as well as a Diploma in Project Management, showcasing his dedication to academic excellence and his deep understanding of the discipline. • His expertise spans strategic planning, resource allocation, and stakeholder engagement, making his an invaluable contributor to any project team.
2.	 <p>Plan. Micheal Mudenyio (MKIP)</p>	<p>Chief Physical Planner/ Municipal Planner</p> <ul style="list-style-type: none"> • Plan. Michael Mudenyio is a Registered Physical planner with the Physical Planners Registration Board (PPRB) and a Corporate Member of the Kenya Institute of Planners (KIP). • He has vast experience on Physical and Land use planning having undertaken planning projects across the County including Preparation of the Laikipia County Spatial Plan (2023-2033) and the Local Physical and Land Use Development Plan for Rumuruti Municipality (2021-2031) • He holds Bachelors Degree in Urban and Regional Planning from the University of Nairobi, Certificate in Advanced GIS and is currently undertaking Masters in Sustainable Urban Development (JKUAT)

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3.	 Eng. Zipporah Muriithi	<p>Chief structural/superintending Engineer (Municipal Engineer)</p> <ul style="list-style-type: none"> • Eng. Zipporah Wangui Muriithi is a professional Civil Engineer with extensive experience in engineering design, project management, and quality control of infrastructure projects. She holds a Masters in Business Administration (Strategic Management), a Bachelor of Science in Civil Engineering and a CPA VI. • She is also the second Vice president in the Institution Engineers of Kenya (IEK)South Rift branch
4.	 Mr. Dennis Derrick Kimotho	<p>Social Development Officer</p> <ul style="list-style-type: none"> • Mr. Kimotho is a registered psychologist with a valid practice license from the Counsellors and Psychologists Board under the Ministry of Health. • He holds a Bachelor Degree in psychology from Kenyatta University and has extensive experience in public service, having worked across various departments within the County Government of Laikipia.
5.	 Ms. Alice W. Wangari	<p>Head of Finance/Accountant In-Charge</p> <ul style="list-style-type: none"> • Ms. Alice Wangari is a senior accountant with over 15 years of experience in the public sector. • Alice is a Certified Public Accountant (CPA-K) and holds a Bachelor Degree of Commerce (Finance Option) from KCA University. She also holds a certificate in Senior Management Course from Kenya School of Government.

6.	 <p>Ms. Charity Wangui Kamengere</p>	<p>Head Of Supply Chain Management</p> <ul style="list-style-type: none"> Ms. Charity Wangui is a procurement officer by profession, with a solid academic background and professional affiliations in the field of supply chain management. She holds a Bachelor Degree in Business Management (Procurement and Supply Chain option) from Mount Kenya University, and a Diploma in Business Administration. She is a registered member of the Kenya Institute of Supplies and Management (KISM), affirming her commitment to professional standards and ethical practice in procurement.
7.	 <p>Ms. Margaret Muthoni Nderitu</p>	<p>Human Resource Management Officer</p> <ul style="list-style-type: none"> Ms. Margaret Muthoni Nderitu is Principal Human Resource Management Officer in the County Government of Laikipia. Currently serving as a shared HR in Nanyuki, Nyahururu and Rumuruti Municipalities. She holds Bachelor Degree in Business Administration (HR option) from Kenya Methodist University and Senior Management Course from Kenya school of Government.
8.	 <p>Mrs. Sally Naisula Lenaimalda</p>	<p>Municipal Environment Officer</p> <ul style="list-style-type: none"> Mrs. Sally Naisula is an experienced environment officer with vast knowledge on environmental management. Specific areas of profession are environmental conservation, climate change, sustainable waste management practices and generally environmental sustainability. She holds a Bachelor Degree in Environmental Science from Egerton University (second class upper) and a certificate in environmental impact assessment with certification from National Environmental Management Authority (NEMA).

6. Management Discussion and Analysis

SECTION A

Nanyuki Municipality operational and financial performance

The operational and finance performance of Nanyuki Municipality align with the County Government of Laikipia's strategic objectives and policies as outlined in the Integrated Development Plan (IDeP) 2023-2027. The plan emphasizes on socio-economic development, infrastructure development and sustainable urban management.

Key Performance Indicators (KPIs) include;

- ✓ Infrastructure Development- Focusing on Expansion of road networks, information communication and networks, energy access and housing.
- ✓ Economic Growth- Promotion of trade and Industry, Tourism and wildlife and value addition in agriculture through irrigation infrastructure and schemes.
- ✓ Environmental Management- Ensure access to adequate clean water, implementation of solid waste and disaster management plans and strategies.

Nanyuki Municipality financial performance is as reflected in the Statement of Financial Performance (Page 1), Statement of Financial Position (Page 2) and Statement of Cashflow (page 4) of this financial statement.

SECTION B

Nanyuki Municipality compliance with statutory requirements

Nanyuki Municipality has demonstrated compliance with the statutory requirements since its inception through adherence to key legislative frameworks that guides its operations. These laws include;

1. Constitution of Kenya, 2010
2. Urban Areas and Cities Act, 2011
3. Public Finance Management Act, 2012
4. Municipal Charter

SECTION C

Key projects and investment decisions the entity is planning/implementing.

Nanyuki Municipality has proposed the following projects which are currently undergoing further stakeholders' consultation and design processes:

1. Construction of the Nanyuki Main Bus Park and Marking of Bus Stages with the objective of decongesting the Nanyuki main stage, improve order and safety in public transport, and provide a designated, modern facility for matatus, taxis, and buses.
2. Installation of Street Lighting Within Nanyuki Municipality to enhance night-time visibility, reduce crime rates, and support informal trade and business activities after dark.

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3. Rehabilitation of the Nanyuki Slaughterhouses so as to improve public health standards and the hygienic handling of meat and livestock products.
4. Rehabilitation of Nanyuki Stadium and the Social Hall so as to provide quality recreational and community facilities for youth development, sports, arts, and public gatherings.
5. Rehabilitation and Upgrading of Nanyuki Grogon Road which will improve accessibility, urban mobility, and safety in the Grogon area.
6. Repair and Rehabilitation of Drainage Infrastructure to address urban flooding, improve stormwater management, and protect road and building infrastructure.
7. Upgrading of the Nanyuki Dumpsite and transform it into a safer, better-managed waste disposal and recycling facility.

SECTION D

Major risks facing the entity.

The Nanyuki Municipality like any other public entity faces a variety of risks that hinders its operational and financial activities. These includes;

- Inadequate of funds leading to financial constraints, projects execution and service delivery.
- Lack of fully equipped offices that can impact service delivery.
- Insufficient cash flow for daily operations due to delayed exchequer releases.

SECTION E

Material arrears in statutory/financial obligations

During the reporting period, the Nanyuki Municipality did not have any significant arrears in statutory or financial obligation.

SECTION F

The entity's financial probity and serious governance issues

The Office of the Auditor General's most recent audited financial statements (2023/24 FY) revealed no significant instances of financial misconduct. The Nanyuki Municipality Board and its management remain committed to upholding a high standard of accountability in the management of public funds.

7. Statement of Management's Responsibilities

Section 166 of the Public Finance Management Act, 2012 requires that, at the end of each quarter, the Accounting Officer of the Municipality established by Urban Areas and Cities Act No. 13 of 2011 shall prepare financial statements in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Municipality manager is responsible for the preparation and presentation of the Municipality's financial statements, which give a true and fair view of the state of affairs of the Municipality for and as at the end of the period ended on September 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Municipality, (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 Municipality, (v) Selecting and applying appropriate accounting policies, and (vi) Making accounting estimates that are reasonable in the circumstances.

The Municipality Manager accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Urban Areas and Cities Act No. 13 of 2011. The Municipality Manager is of the opinion that the financial statements give a true and fair view of the state of Municipality's transactions during the financial period ended September 30, 2025, and the financial position as at that date.

The Municipality Manager further confirms the completeness of the accounting records which have been relied upon in the preparation of financial statements as well as the adequacy of the systems of internal financial control. In preparing the financial statements, the /Municipality Manager has assessed the Municipality'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.

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

Approval of the Financial Statements

The Municipal financial statements were approved by the Board on **13th October 2025** and signed on its behalf by:



.....

Name: Mr. Abdi Sora
Chairperson of the Board



.....

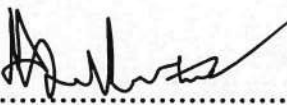
Name: Mr. Anthony Rukwaro
Accounting officer

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8. Statement of Financial Performance for the period ended 30th September 2025.

Description	Notes	Period ended 30 th September 2025	Period ended 30 th September 2024
		Kshs.	Kshs.
Revenue from non-exchange transactions			
Transfers from the County Government	5	2,500,000	-
Transfers from County Government entities		-	-
Levies Fines and Penalties		-	-
Other revenues-Receiveable from County Government		-	-
		2,500,000	-
Revenue from exchange transactions			
Interest income		-	-
Miscellaneous Income		-	-
		-	-
Total revenue		2,500,000	-
Expenditure			
Use of goods and services	7	1,513,170	500,000
Board expenses	9	56,000	-
Depreciation and amortization	10	174,313	16,048
Repairs and maintenance	11	-	-
Total expenses		1,743,483	516,048
Other gains/losses			
Gain/loss on disposal of assets		-	-
Surplus/(deficit) for the period		756,517	(516,048)

The notes set out on pages 6 to 23 form an integral part of these Financial Statements. The entity financial statements were approved on 13th October 2025 and signed by:


.....

Name: Mr. Anthony Rukwaro

Municipality Manager


.....

Name: Ms. Alice W. Wangari

Head of Finance

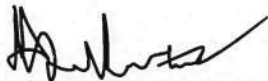
ICPAK M/No. 34111

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9. Statement of Financial Position As At 30th September 2025

Description	Note	Period ended	Period ended
		30th September 2025	30th September 2024
		Kshs.	Kshs.
Assets			
Current assets			
Cash and cash equivalents		983,433	16,606
Receivables from exchange transactions		-	-
Receivables from Non- exchange transactions		-	-
Inventories		-	-
		983,433	16,606
Non-current assets			
Property, plant, and equipment		2,256,015	497,492
Intangible assets		-	-
Total Non-current Assets		2,256,015	497,492
Total assets		3,239,447	514,098
Liabilities			
Current liabilities			
Trade and other payables		2,736,295	-
		2,736,295	-
Non-current liabilities			
Provisions		-	-
Total liabilities		-	-
Net assets		503,152	514,098
Capital/Development Grants/Fund		-	-
Reserves		-	-
Accumulated surplus		503,152	514,097
Total net assets and liabilities		503,152	514,097

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on **13th October 2025** and signed by:



Name: Mr. Anthony Rukwaro

Municipality Manager

Date: 13th October 2025



Name: Ms. Alice W. Wangari

Head of Finance

ICPAK M/No. 34111

Date: 13th October 2025

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10. Statement of Changes In Net Assets for the period ended 30th September 2025

Description	Capital/ Development Grants/Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs.	Kshs.	Kshs.
As at 1st July 2024	-	-	1,030,145	1,030,145
Surplus/(deficit) for the year	-	-	1,338,744	1,338,744
Recognition of Assets & Liabilities			(122,254)	(122,254)
Funds received during the period	-	-	-	-
Revaluation gain	-	-	-	-
As at 30th June 2025	-	-	2,246,635	2,368,889
As at 1st July 2025	-	-	2,246,635	2,246,635
Surplus/(deficit) for the period	-	-	756,517	756,517
Funds received during the period	-	-	(2,500,000)	(2,500,000)
Revaluation gain	-	-	-	-
As at 30th September 2025	-	-	503,152	503,152

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11. Statement of Cash Flows for the period ended 30th September 2025

Description	Note	Period ended 30th September 2025	Comparative Period Prior year
		Kshs.	Kshs.
Cash flows from operating activities			
Receipts			
Transfers from the County Government	5	2,500,000	-
Transfers from County Government entities		-	-
Interest received		-	-
Miscellaneous receipts (<i>Specify</i>)		-	-
Total Receipts		2,500,000	-
Payments			
Use of goods and services	7	1,513,170	500,000
Staff costs		-	-
Board expenses	9	56,000	-
Finance costs		-	-
Total Payments		1,569,170	500,000
Net cash flows from/ (used in) operating activities		930,830	(500,000)
Cash flows from investing activities			
Purchase of PPE & intangible assets		-	-
Net cash flows from/ (used in) investing activities		-	-
Cash flows from financing activities			
Receipts from Capital grants		-	-
Net cash flows from/(used in) financing activities		-	-
Net increase/(decrease) in cash & cash equivalents		930,830	(500,000)
Cash And Cash Equivalents as at 1 st July	12	52,603	516,605
Cash And Cash Equivalents as at end of the period	12	983,433	16,605

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12. Statement of Comparison of Budget & Actual Amounts for the period ended 30th September 2025

Description	Original budget	Adjustments	Final budget	Actual on comparable basis for the period ended 30 th September 2025	% of utilisation
	Kshs. a	Kshs. b	Kshs. c=(a+b)	Kshs. d	
					e=d/c
Budget Carryovers from previous year	-	2,552,603	2,552,603	2,552,603	100
Receipts					
Transfers from the County Government	3,375,000	-	3,375,000	3,375,000	100
Capital Grants	38,159,000	-	38,159,000	38,159,000	100
Transfers from County Government entities	-	-	-	-	-
Total Receipts	41,534,000	2,552,603	41,534,000	41,534,000	100
Payments					
Use of goods and services	575,000	2,500,000	3,075,000	1,513,170	49
Board expenses	300,000	52,603	352,603	56,000	16
Repairs and maintenance	2,500,000	-	-	-	-
Total Expenditure	3,375,000	2,552,603	3,427,603	1,569,170	46
Surplus for the period	38,159,000	-	38,106,397	39,964,830	105
Capital items					
Acquisition of Assets	38,159,000	-	38,159,000	-	-

13. Notes to the Financial Statements

1. General Information

Nanyuki Municipality is established by and derives its authority and accountability from Public Finance Management Act No 18 of 2012. The Municipality is under the Laikipia County Government and is domiciled in Kenya.

The Municipality's principal activity is;

- i)** Provide for efficient and accountable management of the affairs of the Municipality.
- ii)** Provide for a governance mechanism that will enable the inhabitants of the Municipality to;
 - a. Participate in determining the social services and regulatory framework which will best satisfy their needs and expectations.
 - b. Verify whether public resources and authority are utilized or exercised, as the case may be, to their satisfaction.
 - c. Enjoy efficiency in service delivery.
- iii)** Vigorously pursue the developmental opportunities which are available in the Municipality and to institute such measures as are necessary for achieving public order and the provisions of civic amenities, so as to enhance the quality of life of the inhabitants of the Municipality.
- iv)** Provide a high standard of social services in a cost-effective manner to the inhabitants of the Municipality.
- v)** Promote social cohesiveness and a sense of civic duty and responsibility among the inhabitants and stakeholders in the Municipality in order to facilitate collective action and commitment towards achieving the goal of a harmonious and stable community.
- vi)** Providing for services and other matters for Municipality's benefit.
- vii)** Fostering the economic, social and environmental well-being of its community.

2. Statement of Compliance and Basis of Preparation

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

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Nanyuki Municipality.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the periods presented.

3. 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 Municipality and can be measured reliably. Development/capital grants are recognized in the statement of performance after meeting revenue recognition criteria. Conditional grants are recognized as revenue upon fulfilment of the set conditions.

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 for each period.

b) Budget information

The original budget for FY 2025/26 was approved by the County Assembly on 1st July 2025. Subsequent revisions' or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Municipality upon receiving the respective approvals in order to conclude the final budget.

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

the approved budget, is then presented in the statement of comparison of budget and actual amounts. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of cash flows has been presented under section 10 of these financial statements.

c) Property, plant and equipment

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

d) Right of use asset

The right-of-use assets comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the entity incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IPSAS 21 or IPSAS 26. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the entity expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the statement of financial position.

e) Tangible Natural Resources

The entity recognises a tangible natural resource recognized if, and only if: It is probable that service potential associated with the natural resource will flow to the entity; the entity controls the tangible natural resource as a result of past events; and The tangible natural resource can be measured reliably. Where this criteria is not met, the entity discloses the tangible natural resource in the notes to the financial statements. Where a tangible natural resource is recognized as an asset as the result of an event that is not a transaction in an orderly market, including non-exchange transactions, the asset shall be measured initially at its deemed cost. An entity shall apply IPSAS 46, Measurement, when measuring the deemed cost of such a recognized tangible natural resource. A recognized tangible natural resource acquired through an exchange transaction shall be measured at its cost. Historical cost model is applied after initial recognition less any depreciation and impairment losses.

f) 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.

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 financial assets. The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. The management has not made any Critical estimates and significant judgments in determining the expected credit loss (ECL).

Financial liabilities

Classification

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

h) 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 capa, but excluding borrowing costs

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

i) Provisions

Provisions are recognized when the Municipality 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 Municipality expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

j) Social Benefits

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

k) Contingent liabilities

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

l) Contingent assets

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

m) Nature and purpose of reserves

The Municipality has not created nor maintained reserves in terms of specific requirements during the reporting period.

n) Changes in accounting policies and estimates

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

o) Employee benefits – Retirement benefit plans

The Municipality provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further contributions if the Municipality does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to scheme obligations for the payment of retirement benefits are charged against income in the period in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefits are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments

or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

p) 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 in 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.

q) 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.

r) Related parties

The Municipality 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 Municipality, or vice versa. Members of key management are regarded as related parties and comprise the Board members, the Municipality Managers and Municipality Accountant.

s) 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 various commercial banks at the end of the

financial period. For the purposes of these financial statements, cash and cash equivalents also include short-term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial period.

t) Comparative figures

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

u) Events after the reporting period

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorized for issue.

Two types of events can be identified:

(a) Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and

(b) Those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The Nanyuki Municipality did not have any material adjusting and non- adjusting events after the reporting period.

v) Currency

The financial statements are presented in Kenya Shillings (Kshs) with the values being rounded off to the nearest shilling.

4. Significant judgments and sources of estimation uncertainty

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

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

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 period, are described below. The Municipality 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 Municipality. Such changes are reflected in the assumptions when they occur.

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:

- i) The condition of the asset based on the assessment of experts employed by the Municipality.
- ii) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- iii) The nature of the processes in which the asset is deployed.
- iv) Availability of funds to replace the asset.
- v) Changes in the market in relation to the asset.

Notes to the Financial Statements

5. Transfers from the County Government

Description	Period ended 30th September 2025	Period ended 30th September 2024
	Kshs.	Kshs.
Transfers from County Govt.	2,500,000	-
Payments by County on behalf of the entity	-	-
Unconditional development grants	-	-
Total	2,500,000	-

b) Transfers from County Government entities

Name of the Entity Sending The Grant	Amount recognized to Statement of Financial performance for the period	Amount deferred under deferred income during the period	Amount recognised in capital fund during the period	Total transfers for the period ended 30th September 2025	Total transfers for the period ended 30th September 2024
	KShs	KShs	KShs	KShs	KShs
Department	-	-	-	-	-
Department	-	-	-	-	-
Total	-	-	-	-	-

6. Other Revenues from Non-Exchange Transactions

Description	Period ended 30 th September 2025	Comparative Period prior year
	Kshs.	Kshs.
Department	-	-
Others (<i>indicate and specify</i>)	-	-
Total	-	-

b. Transfers from County Government entities

Name of the Entity Sending The Grant	Amount recognized to Statement of Financial performance for the period	Amount deferred under deferred income during the period	Amount recognised in capital fund during the period	Total transfers received for the period ended 30 th September 2025	Comparative period prior year
	KShs	KShs	KShs	KShs	KShs
Department	-	-	-	-	-
Department	-	-	-	-	-
Total	-	-	-	-	-

7. Use of Goods and Services

Description	Period ended 30 th September 2025	Period ended 30 th September 2024
	Kshs.	Kshs.
Domestic travel and subsistence	924,400	-
Foreign travel and subsistence	-	-
Printing, advertising, supplies & services	10,610	-
Postal Services	-	-
Training expenses	-	500,000
Catering Services	241,430	-
Internet connections	30,000	-
Office and general supplies and services	10,500	-
Fuel, oil and lubricants	270,000	-
Routine maintenance – vehicles and other equipment	19,600	-
Routine maintenance – other assets	-	-
Audit fees	-	-
Bank Charges	6,630	-
Total	1,513,170	500,000

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8. Staff costs

Description	Period ended 30 th September 2025	Comparative Period prior year
	Kshs.	Kshs.
Salaries and wages	-	-
Staff gratuity	-	-
Social security contribution	-	-
Total	-	-

9. Board expenses

Description	Period ended 30th September 2025	Period ended 30th September 2024
	Kshs.	Kshs.
Sitting allowances	56,000	-
Travel and accommodation	-	-
Total	56,000	-

10. Depreciation and amortization

Description	Period ended 30 th September 2025	Period ended 30th September 2025
	KShs	KShs
Property, plant and equipment	174,313	16,048
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	174,313	16,048

11. Repairs and Maintenance

Description	Period ended 30 th September 2025	Comparative Period prior period
	KShs	KShs
Property- Buildings	-	-
Office equipment	-	-
Furniture and fittings	-	-
Motor vehicle expenses	-	-
Maintenance of civil works	-	-
Total repairs and maintenance	-	-

12. Cash and cash equivalents

Description	Period ended 30th September 2025	Prior Year Audited	Comparative for Cash flow
	Kshs.	Kshs	Kshs.
Current account	983,433	516,605	-
Total	983,433	516,605	-

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

Financial institution	Account number	Period ended 30th September 2025	Prior Year Audited	Comparati ve for Cash flow
		Kshs	Kshs.	Kshs.
a) Current account				
1. Nanyuki Municipality Operations Account	0270284510469	933,090	500,762	-
2. Nanyuki Municipality Development Account	0270284510885	343	15,843	-
Sub- total		933,433	516,605	-
b) Others				
Standing office imprest		50,000	-	-
Sub- total		50,000	-	-
Grand total		983,433	516,605	-

13. Receivables from Non-Exchange transaction

Description	Period ended 30 th September 2025	Prior Year Audited
	Kshs.	Kshs.
Transfer from County Executive	-	-
Outstanding Imprest	-	-
Total receivables from non-exchange transactions	-	-

14. Inventories

Description	Period ended 30 th September 2025	Prior Year Audited
	Kshs.	Kshs.
Stationery	-	-
Consumables	-	-
Total inventories at the lower of cost and net realizable value	-	-

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15. Property, Plant and Equipment

	Land	Buildings	Motor vehicles	Furniture and fittings	Computers & ICT Equipment	Work in progress	Total
Depreciation Rate		2%	16.67%	12.50%	30.00%		
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As at 1 st July 2024	-	-	-	586,903	1,697,915	-	2,284,818
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	916,126	-	-	916,126
Transfer/Adjustments	-	-	-	-	-	-	-
As at 30 th June 2025	-	-	-	1,503,029	1,697,915	-	3,200,944
Additions	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-
As at end of period September 2025	-	-	-	1,503,029	1,697,915	-	3,200,944
Depreciation And Impairment							
As at 1 st July 2024	-	-	-	73,363	-	-	73,363
Depreciation	-	-	-	187,879	509,375	-	697,253
Transfer/Adjustment	-	-	-	-	-	-	-
As at 30 th June 2025	-	-	-	261,242	509,375	-	770,616
Depreciation	-	-	-	46,970	127,344	-	174,313
Transfer/Adjustment	-	-	-	-	-	-	-
NBV Prior Year Audited	-	-	-	513,540	-	-	513,540
NBV as at end of the period September 2025	-	-	-	1,194,818	1,061,197	-	2,256,015

Valuation

Items of PPE are valued at Historical cost at the point of recognition in the financial statements. Where historical cost is not available or the item has been acquired at , PPE has been valued at the current operational value which is the amount the entity would pay for the remaining service potential of an asset at the measurement date.

16. Trade and other payables from exchange transactions

Description	Period ended 30 th September 2025	Prior Year Audited
	Kshs.	Kshs.
Trade payables	-	-
Refundable deposits (Retentions, court bonds etc)	-	-
Accrued expenses	-	-
Other payables (<i>Specify</i>)	-	-
Total trade and other payables	-	-

17. Cash generated from operations

Description	Period ended 30th September 2025	Period ended 30th September 2025
	Kshs.	Kshs.
Deficit for the period before tax	930,830	(500,000)
Adjusted for:		
Depreciation	-	-
Amortisation	-	-
Gains/ losses on disposal of assets	-	-
Interest income	-	-
Finance cost	-	-
Working Capital adjustments		
Increase in inventory	-	-
Increase in receivables	-	-
Increase in payables	-	-
Net cash flow from operating activities	930,830	(500,000)

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14. Annexes

Annex 1: Statement of Financial Performance

Description	Notes	Period ended	Period ended	Period ended	Period ended	Period ended	Cumulative	Comparative
		September	December	March	June	June		
		Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Revenue from non-exchange transactions								
Transfers from the County Government	5	2,500,000	-	-	-	-	2,500,000	-
Transfers from County Government entities	6	-	-	-	-	-	-	-
Other revenues -Receivables from County Government		-	-	-	-	-	-	-
		2,500,000	-	-	-	-	2,500,000	-
Revenue from exchange transactions								
Other Income		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
Total revenue		2,500,000	-	-	-	-	2,500,000	-
Expenditure								
Use of goods and services	7	1,513,170	-	-	-	-	1,513,170	500,000
Board expenses	9	56,000	-	-	-	-	56,000	-
Depreciation and amortization	10	174,313	-	-	-	-	174,313	16,048
Repair and Maintenance	11	-	-	-	-	-	-	-
Total expenses		1,743,483	-	-	-	-	1,743,483	516,048
Other gains/losses		-	-	-	-	-	-	-
Surplus/(deficit) for the period		756,517	-	-	-	-	756,517	(516,048)