

GOVERNMENT OF NAIROBI CITY COUNTY



THE NAIROBI CITY COUNTY ASSEMBLY

OFFICE OF THE CLERK

THIRD ASSEMBLY

(FIFTH SESSION)

NCCA/TJ/PL/2026(40)

24<sup>TH</sup> FEBRUARY 2026

PAPER LAID

SUBJECT: FINANCIAL STATEMENTS

Pursuant to Section 166 of Public Finance Management Act, 2012, I beg to lay the following Paper on the Table of this Assembly, today Tuesday 24<sup>th</sup> February 2026

— THE NAIROBI CITY COUNTY EXECUTIVE 2<sup>ND</sup> QUARTER REVENUE FUND FINANCIAL STATEMENTS FOR THE FY 2025/2026

*(The Leader of Majority party)*

Copies to:  
The Speaker  
The Clerk  
Hansard Editor  
Hansard Reporters  
The Press

*Paper laid on 24<sup>th</sup> Feb 2026  
by Hon. Peter Mwangi  
(Majority Leader)  
24/02/2026*





NAIROBI CITY COUNTY  
www.nairobi.go.ke

**FINANCE AND ECONOMIC PLANNING AFFAIRS**  
Office of the County Executive Committee Member

NCC/FIN/DAS/010/2026

10th February, 2026

The Clerk  
County Assembly  
Nairobi City County  
P.O. Box 45844 - 00100  
**NAIROBI**



*① DAC  
Kindly note  
process  
Cyril  
19/2/2026*

**RE: SUBMISSION OF COUNTY REVENUE FUND FINANCIAL STATEMENTS  
QUARTER 2 - 2025/2026**

Attached please find County Revenue Fund (CRF) Annual Report for the Quarter ended 31<sup>st</sup> December, 2025.

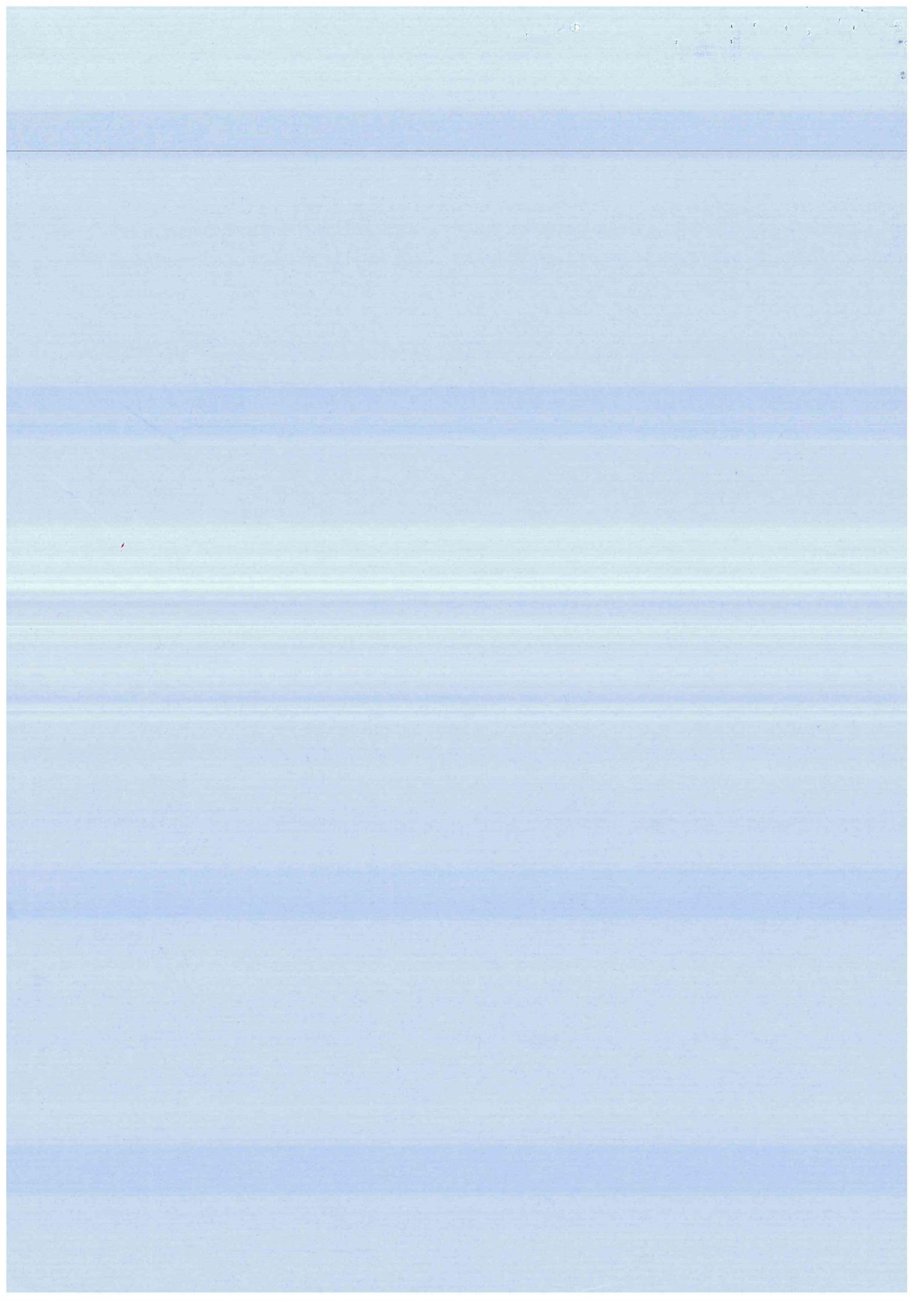
Thank you for your continued support.

**CHARLES K. KERICH  
COUNTY EXECUTIVE COMMITTEE MEMBER  
FINANCE AND ECONOMIC PLANNING**

*② PCA LSP  
prepare for tabling  
and committal.  
DLS  
12/21/2026*

*III SCA - Mr. Austin*

*Kindly prepare  
the papers for  
tabling  
for PCA (LSP)  
DLS  
12/21/2026*





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**COUNTY REVENUE FUND**

*County Government of Nairobi City*

**QUARTERLY REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED DECEMBER,  
2025**

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



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

### **a. Acronyms**

<i>ADP</i>	<i>Annual Development Plan</i>
<i>AIE</i>	<i>Authority to Incur Expenditure</i>
<i>CA</i>	<i>County Assembly</i>
<i>CARA</i>	<i>County Allocation of Revenue Act</i>
<i>CBK</i>	<i>Central Bank of Kenya</i>
<i>CECM</i>	<i>County Executive Committee Member</i>
<i>CE</i>	<i>County Executive</i>
<i>CG</i>	<i>County Government</i>
<i>CIDP</i>	<i>County Integrated Development Plan</i>
<i>COG</i>	<i>Council of Governors</i>
<i>CRA</i>	<i>Commission on Revenue Allocation</i>
<i>CRF</i>	<i>County Revenue Fund</i>
<i>CT</i>	<i>County Treasury</i>
<i>IPSAS</i>	<i>International Public Sector Accounting Standards</i>
<i>MCA</i>	<i>Member of County Assembly</i>
<i>OAG</i>	<i>Office of the Auditor General</i>
<i>OCOB</i>	<i>Office of the Controller of Budget</i>
<i>OSR</i>	<i>Own Source Revenue</i>
<i>PFM</i>	<i>Public Finance Management</i>
<i>PSASB</i>	<i>Public Sector Accounting Standards Board</i>
<i>NT</i>	<i>National Treasury</i>
<i>WB</i>	<i>World Bank</i>
<i>KRB</i>	<i>Kenya Roads Board</i>
<i>Kshs</i>	<i>Kenya Shillings</i>
<i>FY</i>	<i>Financial Year</i>

### **b. Definition of Key Terms**

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

## 2. Key Entity Information and Management

### a) Background information

Article 207 of the Constitution of Kenya provides for the establishment of the County Revenue Fund into which shall be paid all money raised or received by or on behalf of the County Government.

### b) Key Management Team

The County Revenue Funds day-to-day management is under the following key organs:

No.	Designation	Name
1.	CECM Finance and Economic planning	-Charles K.Kerich
2.	C.O Finance	-Asha Abdi
3.	Head of County Treasury (Accounting)	-Caroline Wang'ang'a

### c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 20xx and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	CECM Finance and Economic Planning	- Charles K.Kerich
2.	Accounting Officer in charge of Finance	- Asha Abdi
3.	Head of County Treasury (Accounting)	- Caroline Wang'ang'a

### d) Fiduciary Oversight Arrangements

The Nairobi City County Assembly Budget and Appropriations Committee and Public Accounts Committee provide oversight on County Financial Management. The Budget and Appropriations committee oversees and monitors budget preparation and implementation while the Public Accounts Committee reviews all reports of the Auditor-general in matters related to the

management of finances. The County has an established audit committee which strengthens the independence and the processes around internal auditing.

The Controller of budget provides oversight in the execution of budget of the county. This ensures compliance with the legal provisions and ensuring financial discipline in the execution of budget. The county submitted quarterly financial reports that gave the status of budget implementation on quarterly basis.

Office of the Auditor General continues to offer oversight through conduct of annual audits comprising system audit and financial statements audit. The Auditor General prepares report which includes recommendations aimed at improving compliance with legal provision and ensuring service delivery.

The Senate continues to offer oversight on the County. The senate receives the Audited Annual Financial Statements of the county and through its Public Accounts committee seeks explanation on the issues raised in the report.

**e) County Executive Headquarters**

P.O. Box 30075 - 00100

City Hall Building,

City Hall Way,

**NAIROBI, KENYA**

**f) County Executive Contacts**

Telephone: (254) 20 224281, (254) 20 2216151

E-mail: [info@nairobi.go.ke](mailto:info@nairobi.go.ke)

Website: [www.nairobi.go.ke](http://www.nairobi.go.ke)

**g) County Bankers**

Central Bank of Kenya

Haile Selassie Avenue

P.O. Box 60000

City Square 00200

**NAIROBI, KENYA**

**Other Commercial Banks**

**(i) Equity Bank,**

Equity Centre Branch,

P.O Box 75104-00200,

Nairobi, Kenya

**(ii) Credit Bank,**

Waiyaki Way,

P.O Box 61064-00200,

Nairobi, Kenya.

**(iii) Co-operative Bank**

City Hall Branch

P.O Box 44805 - 00100

Nairobi, Kenya

*County Government of Nairobi City*

*County Revenue Fund*

*Quarterly Report and Financial Statements for the Period ended December, 2025*

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**h) Independent Auditor**

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

NAIROBI, KENYA

**i) Principal Legal Adviser**

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

**j) County Attorney**

P.O. Box 30075 – 00100,

City Hall Building,

City Hall Way,

Nairobi, Kenya

### 3. Statement by the CECM Finance

Nairobi City County finances its functions through two main sources of revenue i.e., Equitable share and Own Source Revenue. Over the years, equitable share has been dominantly higher than Own Source Revenue despite the targets being almost equal in the approved budget. The relevance and significance of OSR to meet the enormous and ever-increasing resource requirement cannot be over emphasized. The county has therefore continuously pursued the path of strengthening the revenue mobilization ecosystem, both legislatively, operationally and in leveraging on alternative resource raising measures.

The revenue fortunes of Nairobi City County are highly influenced by prevailing national economic conditions. Both global and Kenyan economy decelerated significantly in 2022 largely due to a slowdown in global economic activities, due to tightening of monetary policies by most economies to contain high inflation. Other macroeconomic variables that were detrimental to the county economy were high inflation rates and depreciating exchange rate. This was coupled by high unemployment and low incomes which has continued to darken the hopes of most households in the city.

The county anticipated to receive Kshs 10,427,695,316.00 as equitable share at the end of quarter two. Kshs 8,888,108,284 was received during the period being 43% of the expected equitable share receipts.

Own source generated receipts amounted to Kshs 4,256,958,413 being 21% of the anticipated own source revenues of Kshs 10,205,963,016

In the period under review the county withdrew from the County Revenue Fund Kshs 13,875,398,138, of which Kshs. 13,360,720,214 being transferred to the county executive to fund Recurrent and Development expenditures. The balance of Kshs 514,677,924 went to county Assembly to fund also recurrent expenditures.



.....  
**CECM Finance and Economic Planning**  
**County Government of Nairobi City**

**4. Management Discussion and Analysis**

The equitable share received in the second quarter amounted to Kshs. 5,459,547,431 Against expected equitable share of Kshs 5,044,678,179.75. This represented 105% of the expected equitable share. The performance of own generated receipts was 43% with Kshs 2,361,412,902 received against expected receipts Kshs 5,102,981,508. The county government has come up with various strategies geared towards enhancing own source revenues collection.

**5. Overview of the County Revenue Fund Operations**

**Background**

Article 207 of the Constitution of Kenya provides for the establishment of a County Revenue Fund into which shall be paid all money raised or received by or on behalf of the County Government. As outlined under Section 109 of the Public Finance Management (PFM) Act, 2012 the County Treasury is responsible for administration of the County Revenue Fund. The County Revenue Fund is maintained as the County Exchequer Account at the Central Bank of Kenya.

**Receipts into the County Revenue Fund**

County Government revenue is received through the appointed County Receiver of Revenue by the County Executive Committee Member for finance to the County Treasury pursuant to Section 157 (1) of the PFM Act 2012. Revenue includes Exchequer releases, grants from development partners, proceeds from domestic and foreign borrowings, and other miscellaneous deposits in the County Revenue Fund Account.

**Transfers from the County Revenue Fund**

The withdrawal of funds from the County Revenue Fund is authorized by the County Appropriation Act. The County Treasury is required to seek the Controller of Budget's approval for withdrawal of funds from the County Revenue Fund to the County Executive and County Assembly bank accounts. These entities are responsible for the administration of their respective approved budgets.

**Financial Reporting requirements**

The Accounting Officer for the County Revenue Fund is required to prepare and submit the financial statements to the Auditor-General and a copy to the Controller of Budget, and the Commission on Revenue Allocation.

This statement therefore covers the operations of the County Exchequer Account for the financial period ended December, 2025



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**CEC Member – Finance and Economic Planning  
County Government of Nairobi City**

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**6. Statement of Management Responsibilities.**

Article 207 of the Constitution, Sections 109 and 168 of the Public Finance Management Act, 2012 requires a County Revenue Fund established by the Constitution, an Act of Parliament or county legislation to prepare quarterly financial statements for the Fund for each period in a form prescribed by the Public Sector Accounting Standards Board and submit to the Auditor General and a copy to the Commission on Revenue Allocation and the Controller of Budget.

The Accounting Officer at the County Treasury is responsible for the preparation and presentation of the County Revenue Fund financial statements, which give a true and fair view of the state of affairs of the Fund as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the County Revenue 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 County Revenue Fund; (v) Selecting and applying appropriate accounting policies; and (iv) Making accounting estimates that are reasonable in the circumstances.

The Accounting Officer accepts responsibility for the County Revenue Fund's financial statements, which have been prepared on the Accrual Basis Method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the County Revenue Fund's financial statements give a true and fair view of the state of the County Revenue Fund's transactions during the September, 2025, and of its financial position as at that date.

The Accounting Officer further confirms the completeness of the accounting records maintained for the County Revenue Fund, which have been relied upon in the preparation of its financial statements, as well as the adequacy of the systems of internal financial control. The Accounting Officer confirms that the County Revenue Fund has complied fully with applicable Government Regulations and the terms of external financing covenants. Further, the Accounting Officer confirms that the County Revenue Fund's Financial Statements have been prepared in a form that complies with relevant Accounting Standards prescribed by the Public Sector Accounting Standards Board of Kenya.

**Approval of the Financial Statements**

The County Revenue Fund's financial statements were approved and signed on 9<sup>th</sup> February, 2026 by.

Signature \_\_\_\_\_



**Name Asha Abdi**

**Chief Officer Finance**

**County Government of Nairobi City**

County Government of Nairobi City  
 County Revenue Fund  
 Quarterly Report and Financial Statements for the Period ended December, 2025

**7. Statement of Financial Performance for the Period ended December, 2025**

	Notes	Period ended Dec	Period ended Sep
		Kshs.	Kshs.
<b>Revenue from non-exchange transactions</b>			
Exchequer releases	6	5,459,547,431	3,428,560,853
Return to CRF	7	-	287,774
Non-Exchange Own Source Revenue	8	1,445,555,722	968,292,871
<b>Revenue from exchange transactions</b>			
Exchange Own Source Revenue	9	915,857,179	927,252,640
<b>Total Revenue</b>		<b>7,820,960,333</b>	<b>5,324,394,138</b>
<b>Expenses</b>			
Transfers to County Executive	10	8,200,385,092	5,160,355,322
Transfers to County Assembly	11	363,066,775	151,611,149
<b>Total Expenses</b>		<b>8,563,451,867</b>	<b>5,311,966,471</b>
<b>Surplus for the period</b>		<b>(742,491,534)</b>	<b>12,427,667</b>

Signature.....

Name: Asha Abdi

Chief Officer - Finance

Date 9<sup>th</sup> February 2026

Signature.....

Name: Caroline Wang'ng'a

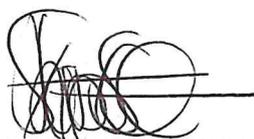
Head of County Treasury-Accounting

ICPAK Member No.15768

Date: 9<sup>th</sup> February 2026

**8. Statement of Financial Position as at December, 2025**

	Note	Period ended Dec	Period ended Sep
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash equivalents	12	7,702,312	750,193,847
Receivables from Exchange Transactions	13	12,108,768	252,592,034
<b>Total Current Assets</b>		<b>19,811,080</b>	<b>1,002,785,881</b>
<b>Total Assets (A)</b>		<b>19,811,080</b>	<b>1,002,785,881</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable	14	12,108,768	252,592,034
<b>Total Current Liabilities</b>		<b>12,108,768</b>	<b>252,592,034</b>
<b>Total Liabilities (B)</b>		<b>12,108,768</b>	<b>252,592,034</b>
<b>Net Assets(A-B)</b>		<b>7,702,312</b>	<b>750,193,847</b>
<b>Represented by:</b>			
Accumulated Surplus		7,702,312	750,193,847
<b>Net Assets</b>		<b>7,702,312</b>	<b>750,193,847</b>



Signature.....

Name: Asha Abdi

Chief Officer, Finance

ICPAK M/No:

Date 9<sup>th</sup> February, 2026



Signature.....

Name: Caroline Wang'ang'a

Head of County Treasury-Accounting

ICPAK M/No: 15768

Date 9<sup>th</sup> February, 2026

County Government of Nairobi City  
County Revenue Fund  
For the Period ended December, 2025

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**9. Statement of Changes in Net Assets for the Period ended December, 2025**

	<b>Accumulated Surplus</b>
1st October, 2025 Opening Balance	750,193,846
Adjustment to recognize assets/liabilities	-
1st October, 2025 Opening Balance	750,193,846
Surplus/ deficit for the Period	(742,491,534)
<b>As at December, 2025</b>	<b>7,702,312</b>

**10. Statement of Cash Flows for the Period ended December, 2025**

		Period ended Dec.	Period ended Sep.
	Notes	Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Exchequer releases	6	5,459,547,431	3,428,560,853
Return to CRF	7	-	287,774
Own Source Revenue	8, 9	2,361,412,902	1,895,545,511
<b>Total receipts</b>		<b>7,820,960,333</b>	<b>5,324,394,138</b>
<b>Payments</b>			
Transfers to County Executive (operating activities)	10	(8,200,385,092)	(5,160,355,322)
Transfers to County Assembly (operating activities)	11	(363,066,775)	(151,611,149)
Other transfers		-	-
<b>Total Payments</b>		<b>(8,563,451,867)</b>	<b>(5,311,966,471)</b>
<b>Net cash flows from/(used in) operating activities</b>		<b>(742,491,534)</b>	<b>12,427,667</b>
<b>Net increase/(decrease) in cash &amp; Cash Equivalent</b>		<b>(742,491,534)</b>	<b>12,427,667</b>
Cash and cash equivalents at 1 July	12	750,193,847	737,746,179
<b>Cash and cash equivalents at the end of the period</b>	12	<b>7,702,313</b>	<b>750,173,846</b>

(PSASB has now prescribed the direct method of cashflow presentation for all entities under the IPSAS Accrual basis of accounting)

11. Statement of Comparison of Budget Actual Amounts for the Period ended December, 2025

Receipt/Payments	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Realization Difference	% of Realization
	a Kshs	b Kshs	c=(a+b) Kshs	d Kshs	e=(c-d) Kshs	f=d/c% %
Funds Carried over from Previous Period	1,000,000,000	-	1,000,000,000	737,746,179	262,253,821	74%
<b>Receipts</b>						
Exchequer releases	20,855,390,632	-	20,855,390,632	8,888,108,284	11,967,282,348	43%
Transfers from other government agencies	474,010,000	-	474,010,000	-	474,010,000	-
Other grants	822,940,169	-	822,940,169	-	822,940,169	-
Return to CRF from County Entities	-	-	-	287,774	(287,774)	
Own Source Revenue	20,411,926,033	-	20,411,926,033	4,256,958,413	16,154,967,620	21%
<b>Total Revenue</b>	<b>43,564,266,834</b>	<b>-</b>	<b>43,564,266,834</b>	<b>13,883,100,650</b>	<b>29,681,166,184</b>	<b>32%</b>
<b>Expenses</b>						
Transfers to County Executive	40,925,357,324	-	40,925,357,324	8,200,384,892	32,724,972,432	20%
Transfers to County Assembly	2,638,909,510	-	2,638,909,510	514,677,924	2,124,231,586	20%
<b>Total Payments</b>	<b>(43,564,266,834)</b>	<b>-</b>	<b>(43,564,266,834)</b>	<b>(13,875,398,138)</b>	<b>(29,688,868,696)</b>	<b>32%</b>
<b>Surplus</b>				<b>7,702,312</b>		

## **12. Notes to the Financial Statements**

### **1. General Information**

The County Revenue Fund is established by and derives its authority and accountability from Article 207 of the Constitution of Kenya 2010. The Fund is wholly owned by the County Government of Nairobi City and is domiciled in Kenya. The Fund's principal activity is banking own generated receipts and equitable share received from the National Government.

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

The financial statements have been prepared in accordance with Accrual-Basis IPSAS financial reporting under the Accrual-Basis of accounting, as prescribed by the PSASB and Section 167 of the PFM Act 2012. The Financial Statements are presented in Kenya Shillings, which is the functional and reporting currency of the Fund, all values are rounded off to the nearest Kenya Shilling. The accounting policies adopted have been consistently applied to all the years presented. The financial statements are prepared on accrual basis while the cash flow statement is prepared using the direct method.

These Financial Statements were authorized for issue by the Accounting officer on 9<sup>th</sup> February, 2026.

#### **Basis of preparation**

##### **a) Reporting entity**

This report relates to financial operations of the County Revenue Fund domiciled at the County Treasury and bank account maintained at Central Bank of Kenya.

##### **b) Revenues**

Revenues include funds deposited in the County Revenue Fund pursuant to Article 207 of the Constitution of Kenya and Section 109 of the PFM Act 2012.

##### **c) Expenses**

Expenses are based on the County Government Appropriation Act. The exchequer requests are received by County Treasury, which rationalizes the requests based on the available balance, consolidates the requests and forwards them to Controller of Budget (COB) for approval. Once the approval of COB is obtained, the funds are released to the County Assembly and County Executive operational accounts appropriately

**Notes to the financial statements**

**3. Adoption of New and Revised Standards**

**i) New and amended standards and interpretations in issue effective in the year ended 30 June 2025.**

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 46 Measurement	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b>                      The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.  <b><i>State the expected impact of the standard to the Entity if relevant</i></b></p>

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

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

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 47- Revenue	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b>                      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.  <b><i>State the expected impact of the standard to the Entity if relevant</i></b></p>
IPSAS 48- Transfer Expenses	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b>                      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.</p>

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

***iii) Early adoption of standards***

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.)*

#### **4. Significant Accounting Policies**

##### **a) Revenue recognition**

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

###### **Revenue Transfers**

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**

###### **Own Source Revenue**

##### **b) Budget information**

The original budget for FY 2025/2026 was approved by the County Assembly on 27<sup>th</sup> June, 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 Entity upon receiving the respective approvals in order to conclude the final budget. The Entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements.

##### **c) 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 Fund does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate). 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.

**Notes to the financial statements**  
**Significant Accounting Policies**

**Financial assets**

**Classification of financial assets**

The Fund 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 fund'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.

### **Significant Accounting Policies**

#### **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 Fund 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 xx*.

#### **Financial liabilities**

##### **Classification**

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

#### **d) 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

**e) Events after the reporting period**

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

**f) Currency**

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

**5. Significant judgments and sources of estimation uncertainty**

The preparation of the Fund'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 if any.

**Notes to the financial statements**

**6. Exchequer releases**

The following is an analysis by revenue type of the receipts collected in the County Revenue Fund:

Description	Period ended Dec.	Period ended Sep.
	Kshs.	Kshs.
Equitable Share (a)	5,459,547,431	3,428,560,853.0
<b>Total</b>	<b>5,459,547,431</b>	<b>3,428,560,853.0</b>

**7. Return to CRF from County entities**

Description	Period ended Dec.	Period ended Sep.
	Kshs.	Kshs.
Recurrent Account (County Executive)	-	272,938
Recurrent Account (County Assembly)	-	14,836
<b>Total</b>	<b>-</b>	<b>287,774</b>

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**8. Non-Exchange own source revenue**

<b>Description</b>	<b>Period ended Dec.</b>	<b>Period ended Sep.</b>
	<b>Kshs.</b>	<b>Kshs</b>
Cess	50,709,311	-
Land rate	462,004,013	212,281,015
Single/Business permits	350,387,991	348,094,190
Public health service fees	19,444,624	28,511,481
Physical planning and development	442,605,581	378,913,215
Billboards and Advertisements	104,515,987	-
Liquor License	15,500,469	
Fire Inspection Certificates	387,745	493,000
<b>Total</b>	<b>1,445,555,722</b>	<b>968,292,871</b>

**9. Exchange Own Source Revenue**

<b>Description</b>	<b>Period ended Dec.</b>	<b>Period ended Sep.</b>
	<b>Kshs.</b>	<b>Kshs</b>
Property rent	190,514,480	128,967,592
Parking fees	401,992,159	408,496,588
Market fees	-	57,145,876
Advertising	-	200,849,755
Miscellaneous	323,350,540	131,792,829
Others ( <i>Specify</i> )	-	-
<b>Total</b>	<b>915,857,179</b>	<b>927,252,640</b>

*(The total of own source revenue should tally with disbursements from county receivers of revenue)*

**10. Transfers to County Executive**

<b>Description</b>	<b>Period ended Dec.</b>	<b>Period ended Sep.</b>
	<b>Kshs.</b>	<b>Kshs</b>
Recurrent Account	7,665,066,737	5,160,355,322
Development Account	535,318,355	-
<b>Total</b>	<b>8,200,385,092</b>	<b>5,160,355,322</b>

### 11. Transfers to County Assembly

Description	Period ended Dec.2025	Period ended Sep.
	Kshs.	Kshs
Recurrent Account	330,916,808	151,611,149
Development Account	32,149,967	-
<b>Total</b>	<b>363,066,775</b>	<b>151,611,149</b>

### 12. Cash and Cash equivalents

Description	Period ended Dec.	Period ended Sep.
	Kshs.	Kshs
County Exchequer Account - (CBK Account number 1000171863)	7,702,312	737,746,179
<b>Total</b>	<b>7,702,312</b>	<b>737,746,179</b>

### 13. Receivables from Exchange Transactions

Description	Period ended	Period ended
	Kshs	Kshs
Other debtors (non-exchange transactions)	12,108,768	252,592,034.0
Less: impairment allowance		
<b>Total</b>	<b>12,108,768</b>	<b>252,592,034.0</b>

### 14. Accounts Payable

Description	Period ended	Period ended
	Kshs	Kshs
Payables to County Executive	12,108,768	252,592,034
Payables to County Assembly		
<b>Total Accounts Payable</b>	<b>12,108,768</b>	<b>252,592,034</b>

**Notes to the financial statements**

**15. Disclosure of Balances in Revenue Collection Accounts**

County Government Own source revenue is recognized in the financial statements when it has been swiped to CRF. Revenue collection account balances are disclosed as at the end of the reporting period as below.

Name Of Bank, Account No. & Currency	Amount in bank account currency*	Ex. rate (if in foreign currency)	Period ended Dec.	Comparative Period
	Kshs	Kshs	Kshs	Kshs
Co-operative Bank Nairobi County Revenue Fund 01141232396600	Kshs	-	12,099,599	25,536,553
Equity Bank Nairobi City County Revenue Account 1600284509139	Kshs	-	6,555	23,175,438
Credit Bank NCCG Operation Account 0191007000269	Kshs	-	2,625	151,699,940
Sidian Bank Revenue Account a/c 01003710009942	Kshs	-	-	-
<b>Total</b>			<b>12,108,768</b>	<b>200,411,931</b>

*(These balances should be reconciled by those reported by CRORs as balances due for disbursement to the CRF at the end of the reporting period.)*

**13. Annexes**

**Annex 1: Analysis of Receipts from The National Treasury Exchequer Releases**

Period 2025/2026	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
Equitable Share	3,428,560,853	5,459,547,431	-	-	8,888,108,284
<b>Total</b>	<b>3,428,560,853</b>	<b>5,459,547,431</b>	-	-	<b>8,888,108,284</b>

*(Amend appropriately as per the current year CARA)*

**Annex 2. Analysis of Receipts from Own Source Revenue per Quarter**

**(a) Non-Exchange own source revenue**

Period 2025/2026	Quarter 1 (Kshs.)	Quarter 2 (Kshs.)	Quarter 3 (Kshs.)	Quarter 4 (Kshs.)	Total (Kshs.)
Cess	-	50,709,311	-	-	50,709,311
Land rate	212,281,015	462,004,013	-	-	678,285,028
Single/Business permits	348,094,160	350,387,991	-	-	698,482,151
Public health service fees	28,511,481	19,444,624	-	-	47,956,105
Physical planning and development	378,913,215	442,605,581	-	-	821,518,796
Billboards and Advertisements	-	104,515,987	-	-	104,515,987
Fire Inspection Certificates	-	387,745	-	-	387,745
Others(Liquor)	-	15,500,469	-	-	15,500,469

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<b>Total</b>	<b>968,292,871</b>	<b>1,445,555,722</b>	<b>-</b>	<b>-</b>	<b>2,413,848,593</b>
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(b) Exchange own source revenue

<b>Period 2025/2026</b>	<b>Quarter 1 (Kshs.)</b>	<b>Quarter 2 (Kshs.)</b>	<b>Quarter 3 (Kshs.)</b>	<b>Quarter 4 (Kshs.)</b>	<b>Total (Kshs.)</b>
Property rent	128,967,592	190,514,480	-	-	319,482,072
Parking fees	408,496,588	401,992,159	-	-	810,488,747
Market fees	57,145,876	-	-	-	57,145,876
Advertising	200,849,755	-	-	-	200,849,755
Miscellaneous	131,792,829	323,350,540	-	-	455,143,369
Others (Specify)	<b>927,257,640</b>	<b>915,857,179</b>	<b>-</b>	<b>-</b>	<b>1,843,109,819</b>

Annex 3: Analysis of Transfers from the County Revenue Fund

<b>Period 2025/2026</b>	<b>Quarter 1 (Kshs.)</b>	<b>Quarter 2 (Kshs.)</b>	<b>Quarter 3 (Kshs.)</b>	<b>Quarter 4 (Kshs.)</b>	<b>Total (Kshs.)</b>
County Executive -Rec	5,160,335,322	7,665,066,737	-	-	12,825,402,059
County Executive -Dev	-	535,318,355	-	-	535,318,355
County Assembly -Rec	151,611,149	330,916,808	-	-	482,527,957
County Assembly -Dev	-	32,149,967	-	-	32,149,967
<b>Total</b>	<b>5,311,946,471</b>	<b>8,563,451,867</b>	<b>-</b>	<b>-</b>	<b>13,875,398,338</b>