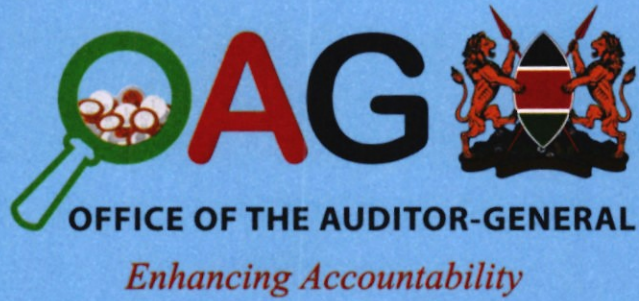


REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

PARLIAMENT OF KENYA LIBRARY

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 05 MAR 2024 DAY ON TUESDAY

TABLED BY: Hon Owen Baya, MP
Deputy Leader Majority Party

CLERK AT THE TABLE: Inzofu Mwale

**NATIONAL CEREALS AND PRODUCE BOARD
STAFF HOUSE MORTGAGE FUND**

**FOR THE YEAR ENDED
30 JUNE, 2023**



NATIONAL CEREALS AND PRODUCE BOARD STAFF HOUSE MORTGAGE FUND

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2023**

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

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1. Abbreviations, Acronyms and Glossary of Terms

A. Abbreviations And Acronyms

NCPB	National Cereals and Produce Board
MD	Managing Director
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
SRC	Salary and Remuneration Commission
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SC	State Corporation
SAGAs	Semi-Autonomous Government Agencies
CSR	Corporate Social Responsibility
ECL	Expected Credit Loss

B. Glossary of Terms

Fund Administrative Committee- Members of management entrusted directly with responsibility and trust for the organisation financial resources.

2. Key Fund information and management

a) Background information

National Cereals and Produce Board Staff House Mortgage Scheme was established by and derives its authority and accountability from the provisions under Section 84(1), Section 24(1) (4) (5) (6) (7) of the PFM Act, 2012. The NCPB Staff House Mortgage Fund was set in the financial year 2016-2017 as a revolving fund pursuant to the salaries and Remuneration Commission (SRC) Circular Ref No. SRC/ADM/CIR/1/13 Vol. III (128) of 17th December 2014 on Mortgage and Car Loan Schemes for State Officers and Other Public Officers of Government of Kenya, with the Objective of providing a loan scheme for the purpose of acquisition of Residential property for staff. The Fund is wholly owned by the NATIONAL CEREALS AND PRODUCE BOARD and is domiciled in Kenya.

b) Principal Activities

The principal activity and mission of the NCPB Staff House Mortgage Fund is to facilitate affordable housing for employees of the National Cereals and Produce Board (NCPB) by providing housing loan facilities. The Fund's core objectives are:

1. To offer housing loan facilities to NCPB employees for purchasing or constructing residential houses.
2. To develop housing units for sale and rental by NCPB employees.
3. To raise funds for implementing the above-mentioned housing objectives.

Staff Loans Committee:

The Fund is administered by the Staff Loans Committee, who oversees the day-to-day operations and ensures the Fund's objectives are met.

Additionally, the Staff Loans Committee is responsible for processing loan applications in line with approved regulations. The Committee's roles include:

1. Processing loans and submitting them to the financial institution administering the scheme.

2. Determining and regulating interest rates payable by loan recipients.
3. Liaising with the financial institution to establish a revolving fund for disbursement.
4. Overseeing the overall management of the Fund.
5. Monitoring and evaluating the Fund's performance.
6. Approving annual work programs and procurement plans.
7. Recommending investment strategies for surplus funds.
8. Maintaining proper financial records.
9. Receiving external funding sources such as gifts, donations, grants, or endowments.
10. Reviewing and recommending approval of financial statements.
11. Recommending the selection of a financial institution to administer the Fund as needed.
12. Establishing management guidelines and hiring necessary staff to assist in administration.
13. Performing any other functions that are ancillary to the Fund's objectives and purposes.

Vision, Mission, and Core Objectives:

- **Vision:** To become a leading provider of affordable housing solutions for NCPB employees, enhancing their well-being and quality of life.
- **Mission:** To facilitate access to housing through the provision of tailored financial solutions and the development of quality residential units while maintaining financial sustainability.
- **Core Objectives:**
 1. To provide accessible housing finance options for NCPB employees.
 2. To ensure the availability of quality residential units for purchase or rental.
 3. To prudently manage the Fund's resources for the benefit of NCPB employees.
 4. To continually improve and expand the Fund's services to meet the evolving needs of employees.

c) Staff Loan Committee

Ref	Position	Name
1	Chairman	Mr. Samuel K. Ndung'u
2	Secretary	Mr. Evans Wasike

*National Cereals and Produce Board Staff House Mortgage fund
Annual Report and Financial Statements For the year ended 30th June 2023*

3	Committee Member	Mr. John Ngetich
4	Committee Member	Ms. Maureen Letting
5	Committee Member	Mr. John Gichuru
6	Committee Member	Mrs. Anne Khisa
7	Committee Member	Ms. Rosemary Kweya
8	NCPB Managing Director	Mr. Joseph Kimote, MBS

The committee is supported by a secretariat composed of the following:

Ref	Position	Name
1	Secretariat	Mr. John Bunyasi
2	Secretariat	Mr. Fred Akelo
3	Secretariat	Mr. Charles Kisilu
4	Secretariat	Mr. Philip Makiti

d) Key Management

Ref	Position	Name
1.	Managing Director, NCPB	Mr. Joseph Kimote, MBS
2.	Chairperson	Mr. Samuel K. Ndung'u
3.	Secretary	Mr. Evans Wasike
4.	Fund Accountant	Mr. Kipkirui Kemboi
5.	Fund Legal Advisor	Mr. John K. Ngetich

e) Fiduciary Oversight Arrangements

Ref	Position	Name
1.	Directorate Internal Audit	NCPB Internal- Audit

f) Registered Offices

P.O. Box 30586, Nairobi, KENYA
Nyumba ya Nafaka
Machakos Road

g) Fund Contacts

Telephone: (254) (20) 536028/555288
E-mail: md@ncpb.co.ke
Website: ncpb.co.ke

h) Fund Bankers

Co-operative Bank of Kenya

i) Independent Auditors

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



j) Principal Legal Adviser

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

3. Staff Loan Committee

Name	Titles (NCPB)
1. Mr. Samuel K. Ndung'u	General Manager, Finance and Accounting
2. Mr. Evans Wasike	Head of Human Resource and Administration
3. Mr. John Ngetich	Corporation Secretary and Head of Legal Services
4. Maureen Letting	Senior Officer, Procurement Services
5. Mr. John Gichuru	Head of Finance
6. Mrs. Anne Khisa	Deputy Manager, Services Marketing
7. Ms. Rosemary Kweya	Deputy Manager, Technical Assistant to MD
8. Mr. Joseph Kimote, MBS	Managing Director

4. Management Team

Name	Details of qualifications and experience
<p>1. NCPB Managing Director</p>  <p>Mr. Joseph Kimote, MBS</p>	<p>Mr. Kimote holds a Master of Business Administration from Moi University and a Bachelor of Arts degree in Economics from The University of Nairobi. Before joining the Board, Mr. Kimote was the General Manager at the National Social Security Fund (NSSF). He has held several other leadership positions including Director – Institutional Planning and Development at United States International a University; Project Manager at USAID/EPC Trade Development Programme, and Consultant at Deloitte & Touche. Joseph is a Full member of the Institute of Directors of Kenya, Kenya Institute of Management and Institute of Human Resource Management. He is also a member of the Board of Directors of Bamburi Cement Limited. He has also previously served as a Board Member National Cereals and Produce Board Kenya Limited, AIC Kijabe Cure International Hospital, Precious Blood Secondary School, Riruta. He has received extensive trainings in Advanced Leadership and Governance Locally and Internationally.</p>
<p>2. Chairperson, Staff Loan Committee</p>  <p>Mr. Samuel Karogo</p>	<p>Mr. Ndung'u is a holder of a Master's degree in Business Administration (Finance) from the University of Nairobi and a Bcom graduate of Mangalore University, India. He has gained extensive experience in financial management and accountancy, serving both in public and private sectors. He has worked as an Audit Senior at WIA East Africa and with the Nyeri Sewerage Company as head of Internal Audit and a Senior Manager Finance and Administration; a position he held until January 2018. He also worked for Civicon Limited, a leading construction Company as the Chief Accountant. Mr. Ndung'u is a Chartered Public Accountant of Kenya, a member of the Institute of Certified Public Accountants (ICPAK), a Certified Public Secretary and a member of the Institute of Certified Public Secretaries (ICPSK).</p>
<p>3. Secretary, Staff Loan Committee</p>  <p>Mr. Evans S. Wasike</p>	<p>Mr. Wasike holds a Bachelor's degree in Human Resource Management from Kenyatta University, Higher Diploma in Business Administration (KNEC) and a diploma in Labour Studies from Kenya F... He is a member of Institute of Human Resource Management. He has over 20 years' experience in human resource management having worked in various capacities in Human resource corporate affairs departments.</p>

5. Chairman's Report

Successes Achieved:

NCPB started the NCPB Staff House Mortgage Fund in December 2022 in line with Salaries and Remunerations Commission Guidelines to enable staff acquire residential houses at favourable interest rates as a way of attracting, retaining and motivating staff.

Since the establishment of the NCPB Staff House Mortgage Fund, we have taken significant steps towards realizing our vision of providing affordable housing solutions for our dedicated NCPB employees. Though we are at the early stages of this initiative, there are notable successes to acknowledge:

1. **Establishment of Fund:** We successfully established the NCPB Staff House Mortgage Fund, following due process and legal requirements.
2. **Regulations:** We have meticulously crafted and adopted the necessary regulations governing the Fund's operations. These regulations provide a solid framework for transparency, accountability, and efficiency.
3. **Administrative Structure:** The Fund's administrative structure, including the Staff Loans Committee and the Fund Administrator, is in place and functioning effectively. We have worked diligently to ensure that the Fund operates smoothly and efficiently.
4. **Interest and Enthusiasm:** I am heartened to report that there is significant interest and enthusiasm among our members and employees about the Fund and its potential benefits. This underscores the importance of our mission and the demand for affordable housing solutions within our NCPB community.

Challenges Faced:

While we have made progress, we have also encountered challenges along the way. It is crucial to acknowledge these challenges to address them effectively:

1. **Low Application Numbers:** As of the current date, we have observed a low number of loan applications from our members. While the interest is high, we understand that applying for a loan is a significant decision. We are actively working to raise awareness and provide more information to encourage members to take advantage of this opportunity.
2. **External Factors:** We must also consider external factors such as economic conditions and the housing market, which can influence our Fund's operations. We remain vigilant in monitoring these external dynamics to mitigate potential risks.

Future Outlook:

Looking ahead, we are optimistic about the future of the NCPB Staff House Mortgage Fund. Our commitment to serving our members and providing affordable housing solutions remains unwavering. Here are our key focus areas for the future:

1. **Member Engagement:** We will intensify efforts to engage with our members, address any concerns or questions they may have and providing the necessary support throughout the loan application process.
2. **Awareness and Education:** We will launch awareness campaigns and educational programs to ensure that every eligible employee understands the benefits and terms of the Fund. Knowledge is empowerment, and we are dedicated to empowering our members.
3. **Market Analysis:** We will continue to monitor housing market trends and economic conditions to make informed decisions that benefit our members.
4. **Sustainability:** Financial sustainability is a cornerstone of our operations. We will manage the Fund's resources prudently to ensure its long-term viability.

In conclusion, I would like to express my appreciation to the management team, the Staff Loan Committee, and all stakeholders who have been instrumental in bringing the NCPB Staff House Mortgage Fund to this point. Together, we will overcome challenges, seize opportunities, and make affordable housing a reality for our NCPB family.

I invite all members to actively participate, ask questions, and provide feedback. Your engagement is invaluable as we strive to improve the well-being and quality of life for our dedicated employees through this housing initiative.

Sincerely,



CPA. Samuel K. Ndung'u, ICPAK NO 3001

CHAIRPERSON, STAFF LOAN COMMITTEE

6. Report of the NCPB Managing Director

Preparations and Inception:

The NCPB Staff House Mortgage Fund was established with the goal of providing affordable housing loan facilities to our dedicated employees. As we take our first steps, it's imperative to outline our preparations and accomplishments:

1. **Budgetary Allocation:** The NCPB Staff House Mortgage Fund received its initial capital injection from the NCPB 2020/2021 budget allocation. This allocation laid the foundation for our operations and housing initiatives.
2. **Regulatory Compliance:** We have painstakingly developed and adhered to the regulatory framework that governs our operations. These regulations provide the necessary guidance for transparency, risk management, and accountability.
3. **Administrative Structure:** Our administrative structure, including the Staff House Mortgage Committee, has been established and is prepared to undertake its responsibilities effectively. The Committee will play a pivotal role in processing loan applications according to the approved regulations.

Member Engagement and Applications:

At this nascent stage, it is important to note that we have not yet received any mortgage applications from our members. While this is expected during our inception, our commitment to engaging with and educating our members remains steadfast. We have launched awareness campaigns and educational programs to empower our members with the knowledge they need to participate in this housing initiative.

Challenges and Anticipated Progress:

While we are in the early stages of our operations, we have encountered certain challenges

1. **Low Application Rate:** It is important to acknowledge that no member has applied for a mortgage loan as of this report. We anticipate that this will change as we continue our efforts to raise awareness and educate our members about the benefits and terms of the Fund.
2. **Budget Allocation:** The budget allocation disbursed in the 2020/2021 financial year represents a one-time injection of capital. To ensure the sustainability of our operations, we are actively exploring additional sources of funding and partnership opportunities.

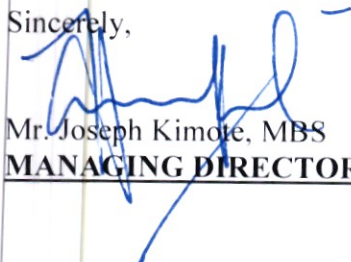
Financial Outlook:

The financial outlook for the NCPB Staff House Mortgage fund remains optimistic. While we are in the early stages and face certain challenges, our commitment to financial sustainability, prudent resource management, and member-centric initiatives will guide us toward future success.

In conclusion, I express my gratitude to the management team, the Staff Loan Committee, and all stakeholders for their support and dedication to our mission. We are resolute in our determination to overcome challenges, leverage opportunities, and make affordable housing a reality for our esteemed NCPB employees.

I encourage all members to actively participate, seek clarification, and provide feedback as we embark on this journey to enhance the well-being and quality of life for our valued employees through this housing initiative.

Sincerely,



Mr. Joseph Kimote, MBS
MANAGING DIRECTOR, NCPB

7. Statement of Performance against Predetermined Objectives

Guidance

Pursuant to Section 81(2) (f) of the Public Finance Management Act of 2012, it is a statutory obligation for the Accounting Officer to prepare Financial Statements for each national government entity, following the standards and formats prescribed by the Public Sector Accounting Standards Board. This requirement includes presenting a report on the national government entity's performance concerning predefined objectives.

The National Cereals and Produce Board (NCPB) has identified key strategic objectives, as articulated in the NCPB 2022-2027 Strategic Plan. Additionally, to fulfil the objectives set forth in the Salaries and Remuneration Commission (SRC) circular Ref. No: SRC/ADM/CIR/1/1: Vol. III (128) dated 17th December 2014, which served as the foundation for establishing the fund, the NCPB 2022-2027 Strategic Plan incorporated the following strategic aim:

KRA 5. Human Capital Capacity

Strategic Objective 5: To attract and retain quality human capital to improve organisational performance

To work towards achieving this strategic objective, the NCPB has devised the Staff House Mortgage Fund, employing its strategic plan as a guiding framework for activities, policy formulation, and work plans. While the fiscal year 2022/2023 witnessed the initiation of this scheme, and despite the fact that no participants have taken up loans at this time, it is essential to acknowledge the steps taken towards achieving this targeted objective, as outlined below:

Strategic Pillar/Theme/Issue	Objective	Key Performance Indicators	Activities	Achievements
Human Capital Capacity	To attract and retain quality human capital to improve organisational performance	<ul style="list-style-type: none"> - Establishment of the loan scheme - Percentage of staff actively participating in the scheme 	The scheme has been successfully established	The scheme has been successfully established

While the NCPB Staff House Mortgage Fund has yet to see active participation from staff members during the fiscal year 2022/2023, it is important to recognize that the scheme itself has been effectively established, creating the foundation for future engagement. The NCPB remains committed to aligning its operational activities with its strategic objectives, with the expectation that, in subsequent periods, staff members will avail themselves of this opportunity to enhance their well-being and contribute to the realization of the strategic goal of attracting and retaining a highly productive and motivated workforce.

This commitment underscores the NCPB's dedication to fulfilling its mandate and advancing the interests of the public, even in cases where the immediate uptake of certain initiatives may require more time to materialize.

8. Corporate Governance Statement

The NCPB Staff House Mortgage Fund is committed to the highest standards of corporate governance, transparency, and accountability in all our operations. In this Corporate Governance Statement, we provide insights into our governance framework, processes, and practices to ensure the responsible management of the Fund.

a. Process of Appointment and Removal of Staff Loan Committee:

The Staff Loan Committee members of the NCPB Staff House Mortgage Fund are appointed based on their qualifications, experience, and commitment to the Fund's objectives. The process includes nominations, evaluations, and approval by the NCPB Managing Director. Removal of members follows established procedures outlined in our regulations and is only done for justifiable reasons.

b. Roles and Functions of the Staff Loan Committee:

The Staff Loan Committee members play a critical role in overseeing the operations of the Fund. Their responsibilities include:

- Processing loan applications in accordance with approved regulations.
- Determining and regulating interest payable by loanees.
- Liaising with financial institutions for loan disbursement.
- Overseeing the management of the Fund.
- Monitoring and evaluating Fund performance.
- Approving annual work programs and procurement plans.
- Recommending the investment of surplus funds.
- Ensuring proper financial and administrative records are kept.

c. Number of Staff Loan Committee Meetings Held and Attendance:

As of the date of this report, the Staff Loan Committee meetings have not yet commenced due to the Fund being in its inception stages. Meetings will be convened regularly, and attendance records will be maintained in line with our regulations.

d. Succession Plan:

We recognize the importance of continuity in governance. While we are in the early stages, we are in the process of developing a succession plan to ensure a smooth transition of committee members in the future.

e. Existence of a Service Charter:

The Fund is in the process of developing a comprehensive service charter that will outline our commitment to delivering quality services to our members. This charter will establish standards for service delivery, response times, and member support.

f. Induction and Training:

All Staff Loan Committee members will undergo a thorough induction and training program to equip them with the necessary knowledge and skills to fulfil their roles effectively. Performance evaluations will be conducted periodically.

g. Conflict of Interest:

To maintain the highest standards of integrity, all Committee members are required to disclose any potential conflicts of interest. The Fund is committed to managing and mitigating conflicts in a transparent and ethical manner.

h. Staff Loan Committee Remuneration:

As of the reporting date, no remuneration has been determined for Staff Loan Committee members. Remuneration decisions will be made in accordance with existing laws and regulations.

i. Compliance with Existing Laws and Regulations:

The Fund is fully committed to compliance with all existing laws, regulations, and guideline governing our operations. We maintain a constant focus on adherence to legal requirements ensure the integrity of our operations.

j. Ethics and Conduct, and Governance Audit:

We place strong emphasis on ethical behaviour and conduct in all our operations. While we in the early stages, we are actively considering a governance audit to assess and enhance our governance practices.

9. Management Discussion and Analysis

In this Management Discussion and Analysis, we provide an overview of the operational and financial performance of the NCPB Staff House Mortgage Fund during the period, key projects, loan disbursements and repayments, compliance with statutory requirements, major risks, and other relevant information.

a. Operational and Financial Performance:

The Fund is currently in its inception stages, and as such, we have not commenced full-scale operations. Our focus during this period has been on preparations, regulatory compliance, and member engagement. We are committed to delivering affordable housing loan facilities to our employees in the most efficient and transparent manner.

b. Key Projects or Investment Decisions:

At present, the Fund's key project is the establishment and launch of the housing loan facility for NCPB employees. This project involves the development of loan application processes, setting up loan disbursement mechanisms, and engaging with financial institutions for effective collaboration. We are also exploring potential investment opportunities that align with our long-term objectives.

c. Loans Issued, Outstanding, and Repaid:

As of the reporting date, no loans have been issued by the Fund, and therefore there are no loans outstanding or repaid during this period. We anticipate that loan disbursements will commence once we have received and processed loan applications from our members.

d. Fund's Compliance with Statutory Requirements:

We are committed to strict compliance with all statutory requirements governing our operations. While we are in the early stages, our regulatory framework is in place, and we are actively working to ensure full compliance with all relevant laws and regulations.

e. Risk management activities:

The scheme has established a comprehensive risk management framework aimed at identifying and mitigating various risks. Furthermore, it has seamlessly integrated risk management in all aspects of its planning, execution, evaluation, and business continuity measures.

Some of the primary risks confronting the Scheme fund encompass:

- i) **Strategic Risks:** These are risks that could impede the realization of the fund's long-term goals and objectives due to insufficient funding.
- ii) **Compliance Risks:** These risks are linked to potential non-compliance with relevant laws and regulations, which could lead to legal disputes and conflicts of interest.
- iii) **Financial Risks:** This category pertains to the risk of financial loss, which may include internal control inefficiencies, inadequate funding, the inability to service loans, and errors in financial reporting attributable to reliance on third-party financial information.
- iv) **Operational Risk:** Operational risk refers to the potential for direct or indirect losses due to the inability to deliver core services, particularly to stakeholders. Such losses may result from deficient or failed financial processes, resources, and systems.

f. Financial Integrity and Governance:

To ensure compliance and sound financial management of the fund, the scheme diligently compiles financial statements for the Mortgage fund, subjecting them to thorough internal and external audits. The findings and recommendations from these audits serve as valuable insights for enhancing the operational and financial systems of NCPB.

10. Environmental and Sustainability Reporting

The Fund, being relatively new, has not yet initiated any Corporate Social Responsibility (CSR) activities directly impacting society. However, it is worth noting that while the Fund has not undertaken independent CSR initiatives, it remains open to potential collaborations with its parent organization in this regard.

At this early stage, the Fund's primary focus has been on establishing a strong foundation and ensuring its financial stability. As we continue to grow and stabilize, we are actively considering the prospect of engaging in CSR activities that align with our values and objectives.

These potential CSR pursuits may encompass a wide range of areas, including environmental conservation, education, support for sports, healthcare initiatives, fostering positive labour relations, investing in staff training and development, and contributing to water and sanitation projects. While these plans are currently under consideration, we are committed to exploring opportunities to make a meaningful and positive impact on society as we move forward.

As we evolve and mature as an organization, we look forward to contributing to the betterment of our community and society as a whole through purposeful CSR initiatives.

11. Report of the Staff Loan Committee

The Staff Loan Committee submit their report together with the audited financial statement the year ended June 30, 2023, which show the state of the Fund's affairs.

Principal activities

The principal activity of the NCPB Staff House Mortgage Fund is to facilitate affordable housing for employees of the National Cereals and Produce Board (NCPB) by providing housing facilities.

Performance

The performance of the Fund for the year ended June 30, 2023, is set out on page 1

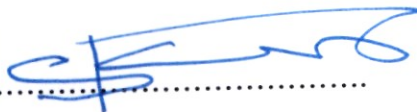
Trustees

The members of the Staff Loan Committee who served during the year are shown on page v to the page on key Fund Information and Management).

Auditors

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

By Order of the Board



.....
Samuel K. Ndung'u

Chairperson , Staff Loan Committee

12. Statement of Management's Responsibilities

Section 84 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a Fund established by Article 230 of the constitution and section 13 of the salaries and remuneration act, 2011 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2023. This responsibility includes:

- a. Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period,
- b. Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the fund,
- c. 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,
- d. Safeguarding the assets of the fund;
- e. Selecting and applying appropriate accounting policies, and
- f. Making accounting estimates that are reasonable in the circumstances.

The Administrator of the 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 NCPB Housing Scheme Fund Regulations, 2021. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2023, and of the Fund's financial position as at that date.


The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

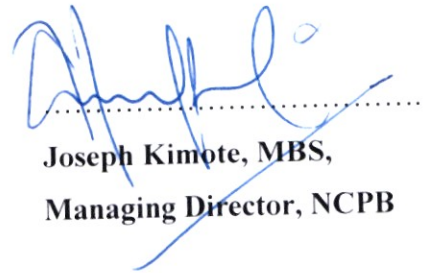
Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Fund's financial statements were approved by the Board on 18/12 2023
signed on its behalf by:



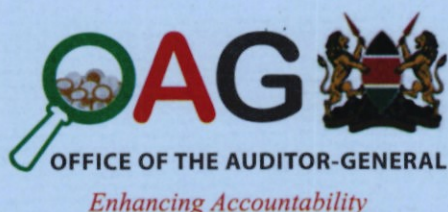
Samuel K. Ndung'u
Chairperson, Staff Loan Committee



Joseph Kimote, MBS,
Managing Director, NCPB

REPUBLIC OF KENYA

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Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL CEREALS AND PRODUCE BOARD STAFF HOUSE MORTGAGE FUND FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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 the National Cereals and Produce Board Staff House Mortgage Fund set out on pages 1 to 36, which comprise of

Report of the Auditor-General on National Cereals and Produce Board Staff House Mortgage Fund for the year ended 30 June, 2023

the statement of financial position as at 30 June, 2023, and the statement of 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 statement 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 Finance Management 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 the National Cereals and Produce Board Staff House Mortgage Fund as at 30 June, 2023, 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 I also comply with the National Cereals and Produce Board Staff House Mortgage Fund Regulations, 2021, Salaries and Remuneration Commission Circular No. SRC/ADM/CIR/1/13Vol.III (128) dated 17 December, 2014 and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with the International Standards for Assurance Engagements (ISSAIs). I am independent of the National Cereals and Produce Board Staff House Mortgage Fund Management in accordance with ISSAI 130 on Independence and Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAIs 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.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit of the financial statements performed, I confirm that nothing 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

The audit was conducted in accordance with the ISSAI 4000. The standard requires me to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the activities, financial transactions and information reflected in the financial statements are in accordance with the applicable laws and regulations.

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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAIs 2315 and 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 the 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, the Management is responsible for assessing the Fund's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the Management is aware of the intention to dissolve the Fund or 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 governance and risk management and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness 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 addition to the audit of the financial statements, a compliance audit is also performed to express a conclusion about whether, in all material respects, the financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are being used in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and in assessing compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and procedures in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control system that might be material weaknesses under the ISSAIs. A material weakness is a deficiency in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud will occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls may not prevent or detect all misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Fund's policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks.

those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

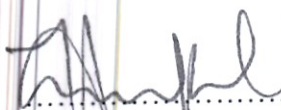
07 February, 2024


14. Statement of Financial Performance for the year ended 30th June 2023.

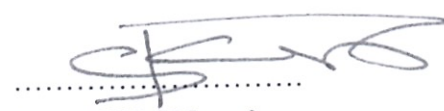
Description	Note	2022-2023 Kshs.	2021-2022 Kshs.
Revenue from non-exchange transactions			
Transfers from Parent Ministry/ SC/SAGA	6	-	-
Revenue from exchange transactions			
Interest on Bank Balance	7	789,452.06	-
Interest on Individual Staff House Mortgage	8	789,452.06	-
Total revenue		789,452.06	-
Expenses			
3% Commission to Service Provider	9	-	-
Employee costs			
Use of goods and services	10	-	-
Depreciation and amortization expense	11	-	-
Finance costs	12	-	-
Total expenses		-	-
Other gains/losses			
Gain/loss on disposal of assets	13	-	-
Gain /Loss on fair value of investments	14	-	-
Surplus/(deficit) before tax		789,452.06	-
Taxation	15	-	-
Surplus/ (Deficit) after Tax		789,452.06	-

(The notes set out on pages 7 to 35 form an integral part of these Financial Statements).

The financial statements were approved on ... 18/12/2023 by:


Joseph Kimote, MBS
Managing Director, NCPB


CPA. Kipkirui Kemboi
Fund Accountant
ICPAK M/No 16207


Samuel K. Ndung'u
Chairperson, Staff Loan
Committee

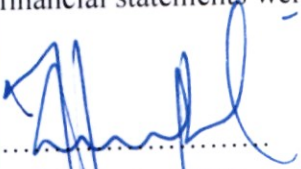
15. Statement of Financial Position as at 30th June 2023


Description	Note	2022-2023	2021-2022
		Kshs.	Kshs.
Assets			
Current assets			
Cash and cash equivalents	16	100,789,452	-
Receivables from exchange transactions	17	-	-
Receivables from Non- exchange transactions	18	-	-
Prepayments	19	-	-
Inventory	20	-	-
Investments in Financial Assets	21	-	-
Total Current Assets		100,789,452	
Non-current assets			
Receivables from exchange transactions	17	-	-
Property, plant, and equipment	22	-	-
Intangible assets	23	-	-
Investment Property	24	-	-
Total Non-Current Assets			
Total assets		100,789,452	
Liabilities			
Current liabilities			
Trade and other payables	25	-	-
Borrowings	26	-	-
Total Current Liabilities			
Non-current liabilities			
Borrowings	26	-	-
Total non-current liabilities			
Total liabilities			
Net assets			
Mortgage revolving fund		100,000,000	-
Accumulated surplus (<i>Reserves</i>)		789,452	-
Total net assets and liabilities		100,789,452	

*National Cereals and Produce Board Staff House Mortgage fund
Annual Report and Financial Statements For the year ended 30th June 2023*


The accounting policies and explanatory notes to these financial statements form an integral of the financial statements.

The financial statements were approved on ... 18/12/2023 ... by:


.....
Joseph Kimote, MBS
Managing Director, NCPB


.....
CPA. Kipkirui Kemboi
Fund Accountant

ICPAK M/No 16207


.....
Samuel K. Ndung'u
Chairperson, Staff Loan
Committee

16. Statement of Changes in Net Assets for the year ended 30th June 2023

Description	Mortgage Fund Kshs.	Accumulated surplus Kshs.	Total Kshs.
As at 1 July 2021	-	-	-
Surplus/(deficit) for the period	-	-	-
Funds received during the year	-	-	-
Interest capitalized*	-	-	-
Transfers	-	-	-
As at 30 June 2022	-	-	-
Balance as at 1 July 2022	-	-	-
Surplus/(deficit) for the period	-	789,452	789,452
Funds received during the year	100,000,000	-	100,000,000
Interest capitalized*	-	-	-
Transfers	-	-	-
As at 30 June 2023	100,000,000	789,452	100,789,452

17. Statement of Cash Flows for the year ended 30th June 2023

Description	Note	2022-2023 Kshs.	2021-2022 Kshs.
Cash flows from operating activities			
Receipts			
Transfers from Parent Ministry/ SC/SAGA		-	
Interest received		789,452.06	
Other income		-	
Total receipts		789,452.06	
Payments			
3% Commission to Service Provider		-	
Employee costs		-	
Use of goods and services		-	
Finance cost		-	
Total payments		-	
Net cash flow from operating activities	27	789,452.06	
Cash flows from investing activities			
Purchase of PPE and intangible assets		-	
Proceeds from sale of PPE		-	
Proceeds from loan principal repayments		-	
Loan disbursements paid out		-	
Net cash flows used in investing activities		-	
Cash flows from financing activities			
Receipts into the mortgage revolving fund		100,000,000.00	
Net cash flows used in financing activities		100,000,000.00	
Net increase/(decrease) in cash and cash equivalents		100,789,452.06	
Cash and cash equivalents at 1 July	16	-	
Cash and cash equivalents at 30 June	16	100,789,452.06	

18. Statement of Comparison of Budget and Actual amounts for the year ended 30th June 2023

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs. A	Kshs. b	Kshs. C=(a+b)	Kshs. d	Kshs. e=(c-d)	F=d/c
Revenue						
Transfers from other Parent Ministry/ SC/SAGA	-	-	-	-	-	0%
Interest income	-	-	-	-	-	0%
Other income	-	-	-	-	-	0%
Total Revenue	-	-	-	-	-	0%
Expenses						
Employee cost	-	-	-	-	-	0%
Use of goods and services	-	-	-	-	-	0%
Finance cost	-	-	-	-	-	0%
Expenditure	-	-	-	-	-	0%
Surplus for the period	-	-	-	-	-	0%
Capital Expenditure	-	-	-	-	-	0%

19. Notes to the Financial Statements

1. General Information

National Cereals and Produce Board Staff House Mortgage Scheme was established and derives its authority and accountability from the provisions under Section 24(4) (5) (6) (7) of the PFM Act, 2012. The NCPB Staff House Mortgage Scheme was set in the financial year 2016-2017 as a revolving fund pursuant to the salaries Remuneration Commission (SRC) Circular Ref No. SRC/ADM/CIR/1/13 Vol. III (1) dated 17th December 2014 on Mortgage and Car Loan Schemes for State Officers and Public Officers of Government of Kenya, with the Objective of providing a loan scheme for the purpose of acquisition of residential property for staff. The Fund is wholly owned by the NATIONAL CEREALS AND PRODUCE BOARD and is domiciled in Kenya.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Accounting Standards (IPSAS) allows the use of estimates and assumptions. The preparation requires management to exercise judgement in the process of applying the accounting policies. The areas involving a higher degree of judgment or complexity, where assumptions and estimates are significant to the financial statements, are disclosed in Note 5. The financial statements have been prepared and presented in Kenya Shillings which is the functional and reporting currency of the *Fund*. The financial statements have been prepared in accordance with the PFM Act, and International Public Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption Of New and Revised Standards

- i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>The Standard has no impact on the NCPB Staff House Mortgage Fund.</i></p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about</p>

Standard	Effective date and impact:
	<p>social benefits. The information provided should help users of financial statements and general-purpose financial reports as:</p> <p>(a) The nature of such social benefits provided by the Entity</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows</p> <p><i>The standard has no impact on the NCPB Staff House Mortgage Fund.</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance relating to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance on accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption on an accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><i>The amendment has no impact on the NCPB Staff House Mortgage Fund.</i></p>
<p>Other improvements to IPSAS</p>	<p><i>Applicable 1st January 2023</i></p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i>

Standard	Effective date and impact:
	<p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>

ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>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 cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>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:</p> <p>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.</p>

iii. *Early adoption of standards*

The Entity did not early – adopt any new or amended standards in the financial year 2022/23

4. 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, service or property) if the transfer is free from conditions and it is probable that the economic benefit or service potential related to the asset will flow to the Fund and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and recognized in the statement of financial performance over the useful life of the assets that have been acquired using such funds.

ii) Revenue from exchange transactions

Interest income

Interest income is accrued using the effective yield method. The effective yield is determined by estimating future cash receipts through the expected life of the financial asset to that which would result in the net carrying amount. The method applies this yield to the principal outstanding to determine interest income for each period.

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Fund'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.

Significant Accounting Policies (Continued)

b. Budget information

The original budget for FY 2022/23 represents a transfer from National Cereals and Produce Board Budget which was approved by the National Assembly.

The Fund's budget is prepared on a different basis from the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

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

c. Property, plant, and equipment (PPE)

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 Fund 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.

Significant Accounting Policies (Continued)

d. 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 capital 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.

e. Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. *Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an xx-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit.* **(entity to amend appropriately)** Investment property is 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.

f. 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 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 or financial liability or equity instrument of another entity. At initial recognition, an entity measures a financial asset or financial liability at its fair value plus or minus, in the

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.

I. 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 recognized through net assets, except for the recognition of impairment gains or losses, interest revenue, 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 reporting 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 23*.

Significant Accounting Policies (Continued)

II. Financial liabilities

Classification

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

g. Contingent liabilities

The Fund 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.

h. Contingent assets

The Fund 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 Fund 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.

i. Nature and purpose of reserves

The Fund creates and maintains reserves in terms of specific requirements. *(Fund to state the reserves maintained and appropriate policies adopted).*

j. Changes in accounting policies and estimates

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

Significant Accounting Policies (Continued)

k. 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 currencies 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.

l. Related parties

The Fund regards a related party as a person or entity with the ability to exert control over the Fund individually or jointly, or to exercise significant influence over the Fund, or vice versa. Members of key management are regarded as related parties and comprise the Directors, the Trustee, the Fund Managers, and Fund Accountant.

m. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits, 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 changes in value. Bank account balances include amounts held at the Co-operative Bank of Kenya at the end of the financial year.

n. Comparative figures

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

o. Events after the reporting period

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

p. Ultimate and Holding Fund

The Fund is established under Section 24 (4) PFM Act under the Department of xx Corporation. Its ultimate parent is the Government of Kenya.

q. **Currency**

The financial statements are presented in Kenya Shillings (Kshs.).

Significant Accounting Policies (Continued)

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.

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. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur. (*see 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:

- i) The condition of the asset is based on the assessment of experts employed by the Fund
- 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 funding to replace the asset
- v) Changes in the market in relation to the asset

Notes to the Financial Statements

6. Transfers from the Parent Ministry/SC/SAGA

Description	2022-2023 Kshs.	2021-2022 Kshs.
Transfers from Government entities	-	-
Payments by Government entity on behalf of the Fund	-	-
Unconditional Development grants	-	-
Total	-	-

6(b) Transfers from the Parent Ministry/SC/SAGA

Name of the Entity Sending the Grant	Amount recognized to Statement of Financial performance. Kshs	Amount recognised in revolving fund. Kshs	Total 2022-2023 Kshs	Total 2021-2022 Kshs
Transfers from the Parent Ministry/SC/SAGA	-	-	-	-
Total	-	-	-	-

Amount recognised in the statement of financial performance should be the recurrent grant and the development grant to the extent that there are no conditions attached. Total of column 4 should tie to note 6 above.

7. Interest income

Description	2022-2023 Kshs.	2021-2022 Kshs.
Interest Income from Mortgage Loans	-	-
Interest Income from Car Loans	-	-
Interest Income from Investments in financial assets	-	-
Interest Income on Bank Deposits	789,452.06	-
Other (<i>Specify</i>)	-	-
Total Interest Income	789,452.06	-

Notes to the financial statements (continued)

8. Other income

Description	2022-2023 Kshs.	2021-2022 Kshs.
Insurance recoveries	-	-
Income from Sale of Tender documents	-	-
Bad debts recovered	-	-
Miscellaneous income (<i>Specify</i>)*	-	-
Total Other income	-	-

*Disclose any writebacks included as miscellaneous income

9. Employee Costs

Description	2022-2023 Kshs.	2021-2022 Kshs.
Salaries and Wages	-	-
Staff Gratuity	-	-
Staff Training expenses	-	-
Social Security Contribution	-	-
Other (<i>Specify</i>)	-	-
Total	-	-

10. Use of Goods and Services

Description	2022-2023 Kshs.	2021-2022 Kshs.
Loan processing costs	-	-
General office expenses	-	-
Professional services costs	-	-
Administration fees	-	-
Committee allowances	-	-
Printing and Stationery	-	-
Telephone a communication expense	-	-
Bank charges	-	-
Audit fees	-	-
Provision for Doubtful Debts	-	-
Other (<i>Specify</i>)	-	-
Total	-	-

Notes to the Financial Statements (continued)

11. Depreciation and Amortization Expense

Description	2022-2023 Kshs.	2021-2022 Kshs.
Property Plant and Equipment	-	-
Intangible assets	-	-
Total	-	-

12. Finance costs

Description	2022-2023 Kshs.	2021-2022 Kshs.
Interest on Bank Overdrafts	-	-
Interest on Loans from Banks	-	-
Total	-	-

13. Gain/(loss) on disposal of assets

Description	2022-2023 Kshs.	2021-2022 Kshs.
Property, Plant, and Equipment	-	-
Intangible Assets	-	-
Total	-	-

14. Gain/ (loss) on Fair Value Investments

Description	2022-2023 Kshs	2021-2022 Kshs
Investments at Fair Value- Equity investments	-	-
Fair value – Investment property	-	-
Fair value- other financial assets (specify)	-	-
Total Gain	-	-

15. Taxation

Description	2022-2023 Kshs.	2021-2022 Kshs.
Income tax charge	-	-
Tax Charged on Interest Income	-	-
Income Tax expense	-	-

Notes to the Financial Statements (continued)

16. Cash and cash equivalents

Description	2022-2023	2021-2022
	Kshs.	Kshs.
NCPB Mortgage Account	100,789,452.06	-
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	-	-
Others (<i>Specify</i>)	-	-
Total Cash and Cash equivalents	100,789,452.06	-

16 a) Detailed analysis of the cash and cash equivalents

Financial Institution	Account number	2022-2023	2021-2022
		Kshs.	Kshs.
Mortgage Fund			
CO-Operative Bank Account	01150007611601	100,789,452.06	-
Fixed Deposit Accounts			
Xx Commercial Bank		-	-
Sub- Total		100,789,452.06	-
On- Call Deposits			
Bank Xxx		-	-
Sub- Total		-	-
Current Account			
Xx Commercial Bank		-	-
Bank B		-	-
Sub- Total		-	-
Others (<i>Specify</i>)			
Cash On Hand		-	-
Mobile Money	-	-	-
Sub- Total		-	-
Grand Total		100,789,452.06	-

(Provide the average effective interest rate to the fixed deposit as at the time of investment in respect of the period).

Notes to the Financial Statements (continued)

17. Receivables from exchange transactions

Description	2022-2023 Kshs.	2021-2022 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	-	

Ageing analysis (receivable from exchange transactions)	Current FY	%of total	Comparative FY
Less than 1 year	-	%	-
Between 1-2 years	-	%	-
Between 2-3 years	-	%	-
Over 3 years	-	%	-
Total (tie to totals above)	-	%	-

18. Receivables from Non-Exchange transactions

Description	2022-2023 Kshs.	2021-2022 Kshs.
Transfers From Government Entities/SC	-	
Transfer From Xxx Fund	-	
Total Receivables	-	

Ageing analysis (receivable from non-exchange transactions)	Current FY	%of total	Comparativ e FY
Less than 1 year	-	%	-
Between 1-2 years	-	%	-
Between 2-3 years	-	%	-
Over 3 years	-	%	-
Total (tie to totals above)	-	%	-

Notes to the Financial Statements (continued)

19. Prepayments

Description	2022-2023 Kshs.	2021-2022 Kshs.
Prepaid Rent	-	-
Prepaid Electricity Costs	-	-
Other Prepayments (<i>Specify</i>)	-	-
Total	-	-

20. Inventory

Description	2022-2023 Kshs.	2021-2022 Kshs.
Consumables	-	-
Other (<i>specify</i>)	-	-
Total	-	-

21. Investments in financial assets

Description	2022-2023 Kshs	2021-2022 Kshs
a. Investment in Treasury bills and bonds		
Financial institution		
CBK	-	-
CBK	-	-
Sub- total	-	-
b. Investment with Financial Institutions/ Banks		
Bank x	-	-
Bank y	-	-
Sub- total	-	-
c. Equity investments (specify)		
Equity/ shares in Entity xxx	-	-
Sub- total	-	-
Grand total	-	-

(Entity should disclose whether the fixed investment financial assets are measured at amortised cost or at fair value through changes in net assets/ equity) Investments in equity should be measured at fair value through surplus or deficit. Other information to be disclosed includes: the interest rates, maturity dates, valuation methodology, and impairment of these investments.

Notes to the Financial Statements (continued)

d. Movement of Equity Investments

	2022-2023	2021-2020
	Kshs	Kshs
Impairment allowance/ provision		
At the beginning of the year	-	-
Purchase of investments in the year	-	-
Sale of investments during the year	-	-
Gain/(loss) in fair value of investments through surplus or deficit	-	-
At the end of the year	-	-

e) Shareholding in other entities

For investments in equity share listed under note 21 above, list down the equity investments under the following categories:

Name of Entity where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding		Current year	P
	%	%	%	Kshs	Kshs	y K
Entity A	-	-	-		-	-
Entity B	-	-	-		-	-
Entity C	-	-	-		-	-
	-	-	-		-	-

Notes to the Financial Statements (continued)

22. Property, Plant, and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Capital Work in progress	Total
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Cost							
At 1st July 2021 (Previous FY)	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-
At 30th June 2022 (Previous FY)	-	-	-	-	-	-	-
At 1st July 2022 (Current FY)							
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-
At 30th June 2023 (Current FY)	-	-	-	-	-	-	-
Depreciation and impairment							
At 1st July 2021 (Previous FY)	-	-	-	-	-	-	-
Depreciation for the year	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
At 30th June 2022 (Previous FY)	-	-	-	-	-	-	-
At July 2022 (Current FY)							
Depreciation	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-

National Cereals and Produce Board Staff House Mortgage fund
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Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Capital Work in progress	Total
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Transfer/adjustment	-	-	-	-	-	-	-
At 30th June 2023 (Current FY)	-	-	-	-	-	-	-
Net book values	-	-	-	-	-	-	-
At 30th June 2022 (Previous FY)	-	-	-	-	-	-	-
At 30th June 2023 (Current FY)	-	-	-	-	-	-	-

Notes to the Financial Statements (continued)

23. Intangible assets

Description	2022-2023 Kshs.	2021-2022 Kshs.
Cost		
At beginning of the year	-	-
Additions	-	-
Disposal	-	-
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	-	-
Net book value	-	-

24. Investment Property

Description	2022-2023 Kshs	2021-2022 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	-	-

(For investment property held at fair value, changes in fair value should go through the statement of financial performance. Where cost model is elected, depreciation and impairment should not be charged. Investment measured at fair value should be evaluated at the end of the reporting period for changes in fair value.). Entity should disclose the independent valuers, rental income from the investment property if any and the direct costs attributed to the investment property. Any charges on the investment property as well as any difficulty in classifying this asset as an investment property.

Notes to the Financial Statements (continued)

25. Trade and other payables

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Trade payables	-	-
Other payables	-	-
Total trade and other payables	-	-
		% of Comparative
		Current FY
Ageing analysis: (Trade and other payables)		total FY
Under one year	-	% -
1-2 years	-	% -
2-3 years	-	% -
Over 3 years	-	% -
Total	-	% -

26. Borrowings

Description	2022-2023	2021-2022
	Kshs	Kshs
Borrowings		
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Loans from other government institutions	-	-
Other loans (specify)	-	-
Total Balance at End Of The Year	-	-
		2022-2023
		2021-2022
Description	Kshs	Kshs
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

(NB: the total of this statement should tie to note 26 totals. Current portion of borrowing those borrowings that are payable within one year or the next financial year. Add disclosures on terms of borrowings, nature of borrowings, security and interest rates to be disclosed). Borrowings should be measured at amortised cost as per IPSAS 41

Notes to the Financial Statements (continued)

27. Net cash flows from operating activities

Description	2022-2023 Kshs.	2021-2022 Kshs.
Surplus/ (deficit) for the year before tax	-	-
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	-	-

(The total of this statement should tie to the cash flow section on net cash flows from operating activities)

28. Financial risk management

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

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

Notes to the Financial Statements (continued)

a) Credit risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal and external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Fund's management based on prior experience and their assessment of the current economic environment.

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

Description	Total amount Kshs.	Fully performing Kshs.	Past due Kshs.	Impaired Kshs.
At 30 June 2022				
Receivables From Exchange	-	-	-	-
Transactions-Car loans and mortgages	-	-	-	-
Receivables From Non-Exchange	-	-	-	-
Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-
At 30 June 2023				
Receivables From Exchange	-	-	-	-
Transactions- Car loans and mortgages	-	-	-	-
Receivables From Non-Exchange	-	-	-	-
Transactions	-	-	-	-
Bank Balances	100,789,452	-	-	-
Total	100,789,452	-	-	-

(NB: The totals column should tie to the individual elements of credit risk disclosed in the Fund's statement of financial position).

Notes to the Financial Statements (continued)

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

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

b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has built an appropriate liquidity risk management framework for the management of the Fund's short, medium, and long-term funding and liquidity management requirements. The Fund manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the Fund under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month Kshs.	Between 1- 3 months Kshs.	Over 5 months Kshs.	Total Kshs.
At 30 June 2022				
Trade Payables	-	-	-	-
Total	-	-	-	-
At 30 June 2023				
Trade Payables	-	-	-	-
Total	-	-	-	-

Notes to the Financial Statements (continued)

c) Market risk

The board has put in place an internal audit function to assist it in assessing the risk facing the Fund 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 and foreign exchange rates which will affect the Fund's income or the value of its held financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The responsibility for managing market risk rests with the Audit and Risk Management Committee. The Fund's Finance Department is responsible for the development of detailed market risk management policies (*subject to review and approval by the Audit and Risk Management Committee*) and for the day-to-day implementation of those policies.

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

d) Interest rate risk

Interest rate risk is the risk that the Fund's financial condition may be adversely affected as a result of changes in interest rate levels. The Fund'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.

Notes to the Financial Statements (continued)

Sensitivity analysis

The Fund will analyse 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.

e) Capital risk management.

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

Description	2022-2023	2021-2022
	Kshs.	Kshs.
Revolving fund	100,000,000.00	-
Accumulated surplus (<i>Reserves</i>)	789,452.06	-
Total funds	100,789,452.06	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
Gearing	0%	0%

29. Related party balances

a) Nature of related party relationships

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

- a) National government Fund
- b) Key management;
- c) Board of Trustees/Committee; etc.

Notes to the Financial Statements (continued)

b) Related party transactions

i. Transfers from related parties

	2022-2023	2021-2022
Description	Kshs.	Kshs.
Transfers from related parties	-	-

ii. Key management remuneration

	2022-2023	2021-2022
Description	Kshs.	Kshs.
Board of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

30. Events after the Reporting Period

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

31. Ultimate And Holding Entity

The Entity is a Fund under the sponsorship of xxx entity which is an MDA/ Constit Commission or Independent Office/ SC or SAGA

32. Currency

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

20. Annexes

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management.
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Fund responsible for implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.



Chairperson, Staff Loan Committee

Date..... 18/12/2023.....

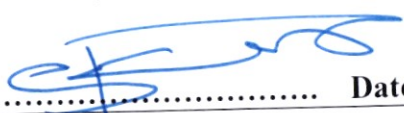
Annex II: Inter-Fund Confirmation Letter

There isn't an inter-fund confirmation letter since the fund was established by an inter-bank transfer from the NCPB CO-OP Bank Account Number 01136007611600 to the Revolving Mortgage Fund (CO-OP Bank) Account Number 01150007611601. However, the above transfer is supported by the bank statement.

Confirmation of amounts received by Car Loan Fund as at 30th June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by NCPB (KShs) as at 30 th June 2023				Amount Received by Car Loan Fund (KShs) as at 30 th June 2023 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Bank (C)	Total (D)=(A+B+C)		
3186c6acc5c4N4NR	09/03/2023	0	0	100,000,000	100,000,000	100,000,000	0
Total							

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

Head of Accountants department of beneficiary Fund:

Name: Samuel K. Ndung'u Sign  Date: 14/12/2023

Annex III: Reporting of Climate Relevant Expenditures

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

*National Cereals and Produce Board Staff House Mortgage Fund
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Annex IV: Reporting on Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments