

REPUBLIC OF KENYA



**REPORT**

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**OF**

**THE AUDITOR-GENERAL**

**ON**

**COMMISSION FOR UNIVERSITY EDUCATION  
STAFF CAR LOAN AND MORTGAGE  
SCHEME/FUND**

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



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## COMMISSION FOR UNIVERSITY EDUCATION

### STAFF CAR LOAN AND MORTGAGE SCHEME/ FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL  
YEAR ENDED 30<sup>TH</sup> JUNE 2025

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

<b>TABLE OF CONTENTS</b>	<b>PAGE</b>
1. Abbreviations, Acronyms and Glossary of Terms.....	iii
2. Key Fund Information and Management.....	iv
3. Board of Trustees/Fund Administration Committee.....	ix
4. Management Team.....	xii
5. Fund Chairman’s Report.....	xiii
6. Report of the Fund Manager/Administrator.....	xv
7. Statement of Performance against Predetermined Objectives.....	xviii
8. Corporate Governance Statement.....	xix
9. Management Discussion and Analysis.....	xxiii
10. Environmental and Sustainability Reporting.....	xxiii
11. Report of the Trustees/Fund Administration Committee.....	xxv
12. Statement of Management’s Responsibilities.....	xxvi
13. Report of the Independent Auditor for the Financial Statements of Commission for University Education Car Loan & Mortgage Scheme.....	xxviii
14. Statement of Financial Performance for the year ended 30 <sup>th</sup> June 2025.....	1
15. Statement of Financial Position as at 30 <sup>th</sup> June 2025.....	2
16. Statement of Changes in Net Assets for the year ended 30 <sup>th</sup> June 2025.....	3
17. Statement of Cash Flows for the year ended 30 <sup>th</sup> June 2025.....	4
18. Statement of Comparison of Budget and Actual amounts for the year ended 30 <sup>th</sup> June 2025.....	5
19. Notes to the Financial Statements.....	6
20. Annexes.....	23

## **1. Abbreviations, Acronyms and Glossary of Terms**

### **A. Abbreviations and Acronyms**

CS/CEO	Commission Secretary/Chief Executive Officer
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PPE	Property, Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies

### **B. Glossary of Terms**

**Fiduciary management** – Members of management entrusted directly with the responsibility and trust for the organization’s financial resources.

## **2. Key Fund Information and Management**

The Commission for University Education (CUE) Staff Car Loan and Mortgage Fund was established in 2020 and it plays a crucial role in providing financial support to the employees of the Commission for University Education for the acquisition of vehicles and residential properties. This report outlines the background information, fund management, and regulatory framework surrounding the establishment and operation of the fund.

### **a) Background Information**

The establishment of the Commission for University Education Staff Car Loan and Mortgage Fund is grounded in the provisions of the Government Salaries and Remuneration Commission (SRC) Circular Ref. No. SRC/ADM/CIR/1/13 VOL. III (128) of 17th December 2014. This circular sets the foundation for the creation and operation of the fund, outlining its purpose, eligibility criteria, and guidelines for disbursement. The fund operates under the authority and accountability framework defined by Section 8 of the Public Finance Management (PFM) Act 2012, specifically as it relates to State officers' House Mortgage Fund, as outlined in the Regulations of 2015.

The primary objective of the fund is to facilitate the financial empowerment of Commission for University Education staff members by providing them with access to affordable car loans and mortgage financing for the purchase of residential properties. This initiative not only enhances the well-being and quality of life for the employees but also supports the overall development and growth of the higher education sector in Kenya.

**Fund management:** The Commission for University Education Staff Car Loan and Mortgage Fund operates as a dedicated financial entity within the Commission's organizational structure. It is wholly owned by the Commission for University Education and is responsible for the management, administration, and disbursement of funds. The fund is structured to ensure transparent and accountable management practices, with the goal of delivering financial assistance to eligible staff members efficiently and effectively.

The fund management encompasses several key aspects:

**Eligibility Criteria:** The fund defines specific eligibility criteria that staff members must meet to qualify for car loans and mortgage financing. These criteria may include factors such as years of service, job classification, and repayment capacity.

**Loan and Mortgage Products:** The fund offers various loan and mortgage products tailored to the unique needs of the staff members. These products are designed to provide flexibility in terms of loan amount, repayment tenure, and interest rates, ensuring that the financing options are accessible and beneficial to the employees.

**Application Process:** The fund has established a streamlined application process that allows staff members to apply for car loans or mortgage financing. The process involves documentation submission, credit assessment, and approval procedures.

**Disbursement and Repayment:** Upon approval, funds are disbursed to the beneficiaries in accordance with the terms and conditions of the loan or mortgage agreement. Repayment mechanisms are also clearly defined, and deductions are made from the beneficiaries' salaries, ensuring consistent and timely repayment.

**Governance and Oversight:** The fund operates under a governance framework that includes oversight by a dedicated committee responsible for ensuring compliance with the fund's guidelines and regulations. Regular audits and assessments contribute to maintaining the fund's integrity and transparency.

### **Regulatory Framework**

The Commission for University Education Staff Car Loan and Mortgage Fund operates within the regulatory framework provided by the Government SRC Circular and the Public Finance Management Act 2012. These regulatory instruments ensure that the fund operates in a manner that is transparent, accountable, and aligned with the principles of good financial management.

Furthermore, the fund's adherence to the State officers' House Mortgage Scheme Fund Regulations of 2015 ensures that the financing provided to staff members aligns with established norms and standards, safeguarding the interests of both the fund and the beneficiaries.

The Commission for University Education Staff Car Loan and Mortgage Fund stands as a significant initiative aimed at improving the financial well-being of staff members while supporting the broader goals of the Commission. Its establishment, management practices, and regulatory framework collectively contribute to a robust and sustainable mechanism for providing financial assistance to employees for the acquisition of vehicles and residential properties. The fund's continued success relies on its commitment to transparent governance, effective administration, and the empowerment of its beneficiaries.

### **b) Principal Activities**

The Commission for University Education (CUE) recognizes the importance of facilitating its dedicated staff members in achieving their dreams of car ownership and home ownership. In line with this commitment, the Commission has established the CUE Staff Car Loan and House Mortgage Fund, a vital initiative aimed at supporting eligible individuals within the Commission's workforce to acquire vehicles or residential properties, as well as to embark on house construction or extensions.

The Fund's central objective revolves around empowering staff members to realize their aspirations to own a car or a home, thereby enhancing their overall well-being and quality of life. Through strategic partnerships, the Fund has entrusted the administration of its operations to the esteemed Family Bank Limited, a trusted financial institution that plays a pivotal role in ensuring seamless and efficient loan processing and disbursement.

At the heart of the Fund's operations lies the diligent Standing Committee, an integral body within the CUE Staff Car Loan and House Mortgage scheme. This committee is vested with the critical responsibility of overseeing the day-to-day functioning of the Fund, from loan application processing to loan disbursement and repayment management. The Committee operates within the framework of meticulously crafted and approved regulations, ensuring transparency, fairness, and equity in the entire loan process.

One of the Committee's core functions is to meticulously assess loan applications in alignment with the established regulations and criteria. This rigorous evaluation process ensures that loans are allocated to eligible individuals who demonstrate the capacity to responsibly manage their financial commitments. By adhering to these principles, the Committee guarantees that the loans provided contribute to the financial stability and well-being of the beneficiaries.

Furthermore, the Committee is instrumental in establishing and maintaining a revolving fund, a crucial mechanism that facilitates the continuous disbursement of loans to eligible applicants. This ensures that the Fund remains sustainable and can continue to serve the evolving needs of the Commission's staff members over time.

To ensure effective governance and oversight, the Committee also plays a pivotal role in supervising the day-to-day operations of the Fund. This includes periodic reviews of the Fund's performance, adherence to established processes, and the implementation of any necessary improvements to enhance operational efficiency.

In conclusion, the Commission for University Education's Staff Car Loan and House Mortgage Fund, under the dedicated stewardship of the Standing Committee, stands as a beacon of support for staff members aspiring to own cars, acquire homes, or improve existing residences. By diligently adhering to approved regulations, fostering collaboration with Family Bank Limited, and upholding the highest standards of transparency, the Fund empowers staff members to achieve their financial goals and secure a brighter future.

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

<b>Ref</b>	<b>Position</b>	<b>Name</b>
1.	Chairperson	Mr. Victor Amos Ogunyo
2.	Committee Members	(i) Prof. Jackson Too (ii) Ms. Angela Nyang'era (iii) Ms. Linah Lilan (iv) Mr. Benson Kimani (v) Dr. James Kiarie (vi) Mr. Kenneth Ntong'onde (vii) Mr. Andrian Mugambi (viii) Ms. Caroline Mbaabu
3.	Fund Manager/Administrator	Ms. Faith Marete

**b) Key Management**

Ref	Position	Name
1.	Fund Manager/ Administrator	Faith Marete
2.	Fund Accountant	Kenneth Ntong'onde

**c) Fiduciary Oversight Arrangements**

Ref	Position	Name
1.	Department of Internal Audit	Hezron N. Njoroge
2.	Staff car Mortgage and car Loan Advisory Committee	N/A

**d) Registered Offices**

Commission Headquarters  
CUE Building  
Redhill Road off Limuru Road Gigiri  
P.O. Box 54999-00200  
NAIROBI

**e) Fund Contacts**

Telephone: (254) 020-7205000, 020-2021150,020-2021154/56  
E-mail: [info@cue.or.ke](mailto:info@cue.or.ke)  
Website: [www.cue.or.ke](http://www.cue.or.ke)

**f) Fund Bankers**

Family Bank Limited  
Westlands Branch-Pamstech House,  
P.O Box 74145-00200  
NAIROBI

**g) Independent Auditors**





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





**h) 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. The Board of Trustees/ Fund Administration Committee

Name	Details of qualifications and experience
 <p>1. Chairman- Victor Amos Ogunyo</p>	<p><b>Name:</b> Victor Amos Ogunyo  <b>Date of birth:</b> 17<sup>th</sup> April 1982(42years)  <b>Date of Appointment:</b> 22<sup>nd</sup> July 2024  <b>Current Position:</b> Director, Corporate Services  <b>Academic Qualifications:</b>                      MBA (Strategic Management), Africa Nazarene University                      BCom (Accounting, Business Administration and Management), Daystar University.                      Higher Diploma in Business Technical Education Programme (Human Resource Management), College of Human Resource Management.  <b>Professional Qualifications:</b> Certified Public Accountant of Kenya (CPA (K))</p>
 <p>2. Member – Angela Nyang'era</p>	<p><b>Name:</b> Angela Nyang'era  <b>Date of Birth:</b> 3<sup>rd</sup> February 1983 (42) years  <b>Date of Appointment:</b> 22<sup>nd</sup> July 2024  <b>Current Position:</b> Principal Legal Officer  <b>Academic Qualifications:</b> University of Nairobi, Master of Laws Degree                      Kenya School of Law, Post Graduate Diploma in Law                      Catholic University of Eastern Africa Bachelor of Commerce, (Finance Option) Second Class Honours Upper Division                      University of Nairobi, Bachelors Degree in Law, Second Class Honours Upper division  <b>Professional Qualifications:</b> Certified Public Secretary, Certified Public Accountant</p>

Name	Details of qualifications and experience
 <p>3.Member-Caroline Muthoni Mbaabu</p>	<p><b>Name:</b> Caroline Muthoni Mbaabu  <b>Date of birth:</b> born in 03 February 1981(44) years  <b>Date of appointment:</b>22<sup>nd</sup> July 2024    <b>Current Position:</b> Senior Human Resource Management &amp; Admin Officer    <b>Educational qualification:</b> MBA (HRM) – Kenyatta University (2013),BA (HRM) – K.U  <b>Professional Qualification:</b> CHRP(K)</p>
 <p>4.Member - Linah Lilan</p>	<p><b>Name:</b> Mrs. Linah Lilan  <b>Date of birth:</b> born in 1969 (56) years  <b>Date of Appointment:</b> 22<sup>nd</sup> July 2024  <b>Current Position:</b> Senior Assistant Commission Secretary-Finance  <b>Educational Qualifications:</b> MBA University of Nairobi,Bachelor of Education  <b>Professional Qualification:</b> CPA(K)</p>
 <p>5.Kenneth Ntong'ond-Fund Accountant</p>	<p><b>Name:</b> Kenneth Ntong'ond.  <b>Date Appointed:</b> 22<sup>nd</sup> July 2024  <b>Date of birth:</b> 1971 (54 years)  <b>Educational Qualifications:</b> Bachelors of Commerce Egerton University, MBA Kenyatta University  <b>Professional Qualification:</b> CPA(K)  <b>Role:</b> Fund Accountant</p>
 <p>6.Andrian Mugambi</p>	<p><b>Name:</b> Andrian Mugambi  <b>Date of birth:</b> 31<sup>st</sup> December 1971 (54) years.  <b>Date of Appointment:</b>22<sup>nd</sup> July 2024  <b>Current position:</b> Senior Human Resource Management Officer  <b>Educational Qualifications:</b> Bachelor of Education (Arts)  <b>Professional Qualifications:</b> Higher Diploma in HR Management.</p>

Name	Details of qualifications and experience
 <p>7. Member - James Kiarie</p>	<p><b>Name:</b> Dr. Kiarie Ngugi PhD. <b>Age:</b> born in 1966 (59 years)</p> <p><b>Date Appointed:</b> 22<sup>nd</sup> July 2024</p> <p><b>Current Position:</b> Assistant Commission Secretary Research and Development.</p>
 <p>8. Member - Benson Kimani</p>	<p><b>Name:</b> Mr. Benson Kimani <b>Age:</b> born in 1972 (53years) years <b>Current Position:</b> Senior Quality Audit Officer (CUE) <b>Educational qualifications:</b> B.Ed. (Sc), M.Ed. Graduate. <b>Date appointed to the Committee:</b> 22<sup>nd</sup> July 2024 <b>Member, Expert Committee (Natural Sciences) - KNATCOM,</b> with previous experience in Quality Assurance and Standards, Ministry of Education, Science and Technology.</p>
 <p>9.Member-Prof. Jackson Too</p>	<p><b>Name:</b> Prof. Jackson Too <b>Age:</b> born in 1968 (57 years) <b>Date of Appointment:</b> 22<sup>nd</sup> July 2024 <b>Current Position:</b> Senior Assistant Commission Secretary-Research and Development <b>Academic Qualifications:</b> Ph.D. in Educational Communication &amp; Technology from Moi University <b>Professional Qualifications:</b> Associate Professor</p>
 <p>10. Fund Administrator/Committee Secretary – Ms. Faith Marete</p>	<p><b>Name:</b> Faith Marete <b>Age:</b> 5<sup>th</sup> November 1979 (46) years <b>Date of Appointment:</b> 22<sup>nd</sup> July 2024 <b>Current Position:</b> Deputy Director- HRM</p> <p><b>Education Qualification:</b> MBA Strategic Management-CUEA, Bsc in Human Resource Management-Moi University</p> <p><b>Professional Qualification:</b> Certificate of Human Resource Practitioner (CHRP), Institute of Human Resource Management ( IHRM)</p>

#### 4. Management Team

Name	Details of qualifications and experience
<p>1.Fund Administrator/ Secretary to the Committee- Faith Marete</p> 	<ul style="list-style-type: none"> <li>• <b>Name:</b> Ms. Faith Marete</li> <li>• <b>Title:</b> Deputy Director, Human Resource and Administration</li> <li>• <b>Date appointed:</b> 22<sup>nd</sup> July 2024</li> <li>• <b>Role:</b> Fund Administrator</li> <li>• <b>Educational Qualification:</b> MBA, Strategic Management-CUEA, Bsc Human Resource Management-Moi university</li> <li>• <b>Professional Qualification:</b> Certificate Human Resource Practitioners (CHRP), Institute Human Resource Management(IHRM)</li> <li>• (IHRM)</li> </ul>
<p>2.Fund Accountant- Kenneth Ntong'onde</p> 	<ul style="list-style-type: none"> <li>• <b>Name:</b> Kenneth Ntong'onde.</li> <li>• <b>Date Appointed:</b> 22<sup>nd</sup> July 2024</li> <li>• <b>Date of birth:</b> 1971 (54 years)</li> <li>• <b>Educational Qualifications:</b></li> <li>• Bachelor of Commerce - Egerton University.</li> <li>• MBA- Kenyatta University</li> <li>• <b>Professional Qualification:</b> CPA(K)</li> <li>• <b>Role:</b> Fund Accountant</li> </ul>

## 5. Fund Chairman's Report



**Mr. Victor Amos Ogunyo, Chairman of the Fund Committee**

### *Dear Stakeholders*

On behalf of the Fund Management Committee, I am honoured to present the Annual Report and Financial Statements for the Commission for University Education (CUE) Car Loan and Staff Mortgage Fund for the financial year ending 30th June 2025. This is not just a statutory report, but a reflection of the journey we've walked together; our commitment, our challenges, and our hope as a team that is passionate about staff empowerment. We present this report with transparency and sincerity, offering an honest account of how the Fund has been managed, the impact it has made, the hurdles we've encountered, and the way forward as we continue serving our colleagues with integrity and vision. This Fund was established with our staff at the centre of it. It exists to support the very individuals who make it possible for the Commission to achieve its mandate every day. It is designed to improve staff welfare, offering access to affordable credit for home ownership and vehicle acquisition; two assets that bring long-term stability to any individual or family. This year has been unique in many ways, and while our commitment to the Fund has not wavered, the economic climate around us has presented some realities we cannot ignore. The Fund Management Committee has remained consistent in ensuring that all activities are implemented within the policy framework and in compliance with the guidelines of the Salaries and Remuneration Commission (SRC). Accountability, integrity, and adherence to governance standards have guided every decision made regarding the Fund. It is important to acknowledge that during the reporting year, the actual uptake of loans was significantly lower than anticipated. Only one staff member, Ms. Angela Nyang'era, benefited from the Fund during this period, receiving a mortgage facility amounting to Kshs. 13.9 million. While this may seem minimal on the surface, the underlying factors that led to the low uptake must be understood in context. Since its inception in 2020, the Fund has disbursed Kshs. 152,972,646 to 24 staff members. The total budget allocation was at Kshs. 250 million, and currently the balances remaining on mortgage and car loan are Ksh. 53,997,354 and Ksh. 43,030,000 respectively, which positions us with adequate room for future growth and sustainability.

So why the slowdown in loan applications? The answer lies largely in the economic and policy realities that are currently affecting many of our staff. From our engagement and observation, three major issues stood out. First, the increase in statutory deductions, especially with the recent implementation of the National Social Security Fund (NSSF) and the Social Health Insurance Fund (SHIF), has had a direct effect on staff take-home pay. What this means is

that many staff members are now more cautious about taking on new financial obligations, given their reduced disposable income. These mandatory deductions, though beneficial in the long run, have had short-term effects that impact loan affordability. Secondly, the current uncertainty in the housing market has made many hesitant to commit to long-term mortgage plans. The property market, particularly in urban areas, continues to experience rising costs, and the fear of overcommitting in a volatile economy is understandable. Thirdly, the general increase in the cost of living has pushed many to prioritize daily needs and short-term financial security over big-ticket investments like home ownership or car financing. Inflation, rising utility bills, food prices, and school fees have created a real shift in how staff are choosing to spend and plan. That said, we are encouraged by the fact that repayments for existing loans have been running smoothly. Every month, recoveries are made without incident, thanks to the financial discipline of our colleagues and the internal systems we've put in place. This tells us that while staff may be cautious about new borrowing, they are also highly committed to meeting their obligations, a positive sign for the Fund's long-term health and sustainability. We remain optimistic and focused. We know that the Fund continues to hold potential, and it must remain a useful resource for staff. In the coming year, the Committee will prioritise increasing awareness and sensitization about the Fund's benefits. We believe that with better communication and information-sharing, staff can make more confident and informed decisions. We are also keen to explore ways in which the policy guidelines could be reviewed to reflect the current economic climate. This is not about lowering standards but about remaining responsive and realistic so that the Fund continues to meet staff where they are, not just where we wish they were. Another key focus area for us will be on risk management. We live in unpredictable times, and we must ensure that the Fund is protected. At the same time, we are looking to leverage digital platforms more actively. Making information and application processes more accessible through technology can reduce bottlenecks and improve efficiency. I would like to sincerely thank the members of the Fund Management Committee for their unwavering commitment and thoughtful leadership throughout the year. I also appreciate all staff who have shown continued interest in the scheme even if some have chosen to hold off applying for now. Finally, I am grateful to our stakeholders whose support remains critical to the success of this initiative. Yes, this year presented its fair share of challenges, but that does not shake our faith in the purpose and power of the Fund. With continued effort, dialogue, and innovation, we believe we can do even more in the coming years. Let us stay the course and continue investing in our people. Together, we can transform not just individual lives, but entire families and perhaps even inspire other institutions to follow suit.

Thank you.



**Victor Amos Ogunyo**  
Chairman, Fund Management Committee

## **6. Report of the Fund Manager/Administrator**



**Ms. Faith Marete, Secretary of the Fund Committee**

Esteemed stakeholders,

It is with deep gratitude and a sense of responsibility that I present this year's Fund Manager and Administrator's Statement for the Commission for University Education (CUE) Car Loan and Staff Mortgage Fund, for the financial year ending 30th June 2025. This report goes beyond figures and balances; it tells the story of our shared journey, highlighting the progress we have made, the hurdles we have faced, and the path we are intentionally charting as we look ahead with purpose and resolve.

Over the past year, no funding was received from CUE the sponsor of the staff car loan and mortgage scheme. This is because only one member of staff had applied for a mortgage loan that was catered by an amount available in the scheme fund since it is a revolving fund. These resources, though finite, have been managed prudently and purposefully to advance affordable Car and mortgage loans to our staff. The Fund operates on a fixed interest rate of 3% per annum, a rate significantly below market average, making it one of the most attractive staff welfare schemes within the public service ecosystem. Through this lending, we generated Kshs. 5,145,552 in revenue from loan interest alone, a vital reinforcement that sustains the fund and allows it to grow stronger for future beneficiaries

In the year under review, we disbursed a total of Kshs.13.9M on mortgage loan to one staff member. These loans were extended in full compliance with the guidelines outlined in the Salaries and Remuneration Commission (SRC) Circular and in accordance with our own internal Car Loan and Mortgage Fund policy. While we celebrate these two cases, we must also pause and acknowledge a recurring trend: since the inception of the Fund, only three members of staff have benefited from the car loan component. This is a modest uptake, and it gives us reason to reflect.

On the mortgage side, we supported one staff member with a disbursement of Kshs. 13.9 million. The loan was aligned with the intended purposes of the mortgage product whether purchase, construction, renovation, or repair of residential property. It complied fully with SRC requirements and was anchored in the Commission's Mortgage Fund policy framework. However, here too, the low uptake cannot be overlooked. It raises important

questions for all of us who are charged with not only managing the Fund but also encouraging its optimal use.

This is where I wish to speak with sincerity. We cannot ignore the reality that many staff members are not applying for loans; not because the opportunity does not appeal to them, but because the broader financial environment is not conducive to taking on long-term commitments. Several challenges, most of which lie beyond our immediate control, have created an atmosphere of caution and hesitancy.

For one, statutory deductions are consuming a large portion of employees' take-home pay. Deductions such as the Affordable Housing Levy, NSSF contributions, and the SHA contributions have significantly lowered disposable income. When one looks at their payslip and balances it against family obligations, education costs, healthcare, and day-to-day living, it is understandable that the idea of a new loan; even under very favourable terms can feel daunting.

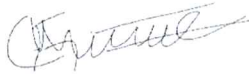
Beyond this, we've noted that many of our staff members are already servicing personal loans or are dealing with personal emergencies that require their financial attention. The thought of stretching themselves further with a mortgage, no matter how affordable, is simply not feasible at the moment for some. Demographics also matter. A considerable number of our colleagues are nearing retirement. At such a point in life, many are looking to consolidate, not expand their financial obligations. The natural hesitation to take on a 10- or 15-year commitment is something we must respect and take into account as we evaluate the trajectory of this Fund.

We also recognize that there are some who may be willing, but are held back by the perceived complexity of the application process. The fear of paperwork, or delays, especially in a financially uncertain climate can be enough to deter potential applicants. However, despite these challenges, I remain hopeful. I believe deeply in the purpose of this Fund, and in its power to transform lives not in theory, but in reality. Owning a home remains one of the most stabilizing and empowering milestones a person can achieve. And having a vehicle can greatly ease mobility and support work-life balance. These are not luxuries; they are important enablers of productivity, dignity, and peace of mind. That is why, as a committee, we are not discouraged by the slow uptake. Instead, we are challenged. We are using this as a call to action. We have already set in motion a future-focused plan to address the very real concerns we have heard from our staff.

We are exploring digital solutions that can simplify and speed up the loan application process. No one should feel intimidated by red tape. We are also intensifying staff engagement to help demystify the process and enhance financial literacy. When people understand how the system works, they are more likely to trust it. Additionally, we are working hand in hand with SRC and other partners to advocate for flexibility and reforms that reflect today's economic realities. And most importantly, we are open to revisiting our internal policies to ensure they align with the real needs of our staff.

.Let me take this opportunity to sincerely thank each and every member of the Fund Management Committee. Your commitment, patience, and professional judgment have sustained the integrity and vision of this Fund. I also extend my heartfelt appreciation to the staff who have offered feedback, made inquiries, or simply shown interest in understanding how the scheme works. You are the reason we exist. To our broader community of stakeholders, thank you for your continued support and trust. We are not just building financial assets, we are building lives, securing families, and investing in a future where every staff member feels supported and seen. It may be one home at a time, one car at a time, but each investment matters. We remain faithful, committed, and optimistic about what lies ahead.

Thank you and may you continue to be blessed in all you do.



**Faith Marete**

*Secretary, Fund Management Committee*  
Staff Car Loan and Mortgage Scheme/Fund

## 7. Statement of Performance against Predetermined Objectives

### Introduction

In accordance with Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012, the Commission for University Education is mandated to present a statement of the performance of the National Government Fund against predetermined objectives within its financial statement.

The primary aim of the Commission for University Education Staff Car Loan and Mortgage Scheme Fund is to facilitate loan facilities for CUE staff, enabling them to acquire vehicles, residential properties, or undertake residential property construction/extension.

As of the current reporting period, the fund committee has successfully disbursed Mortgage loans to five staff members, and a car loan to one staff member. The fund has picked up well since 2020 when it was rolled out, with plans to expand its lending operations to serve more eligible staff members in subsequent periods.

### Strategic Pillars and Objectives

The Commission for University Education Staff Car Loan and Mortgage Scheme is guided by two (2) strategic pillars, each encompassing specific objectives:

**Pillar 1:** Affordable Housing

**Pillar 2:** Affordable Car Loans

The Commission's operations are firmly anchored in these strategic pillars, which direct its efforts towards providing accessible housing and car loan options for its staff members. The evaluation of the Commission's staff car loan and mortgage scheme's performance is conducted quarterly, ensuring consistent alignment with its annual work plan. During the FY 2024/2025 period, the Commission has accomplished its performance targets for both strategic pillars, as illustrated below:

Key Result Areas	Strategic Objectives	Activities	Key Performance Indicators	Achievements
Car loan and mortgage	To disburse funds for car loan and mortgage	Disbursing funds for car loans and mortgages	<ul style="list-style-type: none"> <li>• Number of approved Mortgage applications</li> <li>• Number of approved car loan applications</li> </ul>	<p>Approved application, 21( Twenty One) mortgage loan have been successfully processed, reflecting a commitment to facilitating housing for staff members as per the objectives of the scheme..</p> <p>Three (3) car loan applications have been approved and funds disbursed</p>

The CUE Staff Car Loan and Mortgage Scheme Fund has effectively pursued its strategic objectives during the FY 2024/2025 period. Through prudent management and careful evaluation of applications, the fund has successfully provided car loans and mortgages to staff members, ensuring their access to essential assets, and fostering their well-being. As the fund matures, it is anticipated that its impact will continue to grow, positively influencing the financial landscape for CUE staff members.

## **8. Corporate Governance Statement**

Good governance doesn't just happen, it's built intentionally, brick by brick, with discipline, transparency, and integrity. At the Commission Staff Car Loan and Mortgage Scheme, governance is more than a duty, it's a reflection of the trust placed in us by our colleagues. It guides how we make decisions, manage resources, and stay accountable in our mission of enabling staff to access affordable car and home financing.

As custodians of this noble scheme, the Staff Car Loan and Mortgage Fund Committee is fully committed to ensuring that every operation under the scheme is anchored in sound principles of corporate governance. Alongside the trustees, the Committee applies professionalism, ethical conduct, and strategic oversight to guarantee that the fund serves its intended purpose without compromise.

This commitment is woven into every action we take. From developing policies and monitoring compliance to engaging stakeholders and evaluating our performance, we operate with a focus on fairness, lawfulness, and best practice.

The details outlined in this statement shine a light on how we select and manage trustees, run effective meetings, prepare for succession, and maintain accountability through service charters, training, and governance audits. In doing so, we demonstrate that this scheme is not only financially sustainable but also morally sound.

### **a) Process of Appointment and Removal of Trustees/Administration Committee Members**

When it comes to who leads and manages the Fund, we leave nothing to chance. Trustees and members of the Administration Committee are appointed by the Commission Secretary/CEO based on their skills, qualifications, and above all, their commitment to the principles of good governance.

Whenever there is a vacancy, we begin a clear, transparent process to find suitable candidates. This involves an internal nomination and recommendation process, thorough background checks, and an assessment of whether potential appointees are aligned with the values of the scheme.

Appointments are never taken lightly. We evaluate each candidate to ensure there are no conflicts of interest or legal barriers. Similarly, if a trustee or committee member does not meet the required standards, whether due to a breach of conduct, failing fiduciary duties, or the end of their term, the Commission Secretary/CEO may decide to remove them, guided by the advice of the Committee and existing policy.

**b) Roles and Functions of the Administration Committee Members**

Our Administration Committee members are the engines of the Fund. Their work is central to the effective management and delivery of this scheme. Their roles are multi-faceted, touching on nearly every aspect of governance:

- **Strategic Planning:** They initiate and execute long-term strategies that ensure the Fund remains sustainable and responsive.
- **Policy Formulation:** They create policies that meet legal requirements while remaining fair and accessible to all eligible staff.
- **Risk Management:** They actively identify and manage risks to protect the Fund's financial integrity.
- **Performance Monitoring:** They review how the Fund is doing compared to our goals and adjust as needed.
- **Compliance:** They ensure we follow all legal, regulatory, and ethical standards.
- **Stakeholder Engagement:** They listen to our members and take their concerns seriously.
- **Reporting:** They maintain accountability by producing regular updates on the Fund's activities, financials, and governance.

**c) Number of Fund Administration Committee Meetings Held and Attendance**

The Committee meets quarterly, and we also call special meetings when needed. These meetings are essential they ensure that all matters are thoroughly discussed, decisions are properly made, and oversight is continuous.

Here's a breakdown of our meetings during the reporting period:

Meeting Date	Type of Meeting	Number of Attendees
19 <sup>th</sup> July 2024	Quarterly Meeting	10 out of 10
2 <sup>nd</sup> October 2024	Quarterly Meeting	10 out of 10
6 <sup>th</sup> Nov 2024	Quarterly Meeting	10 out of 10
3 <sup>rd</sup> April 2025	Quarterly Meeting	10 out of 10

This full attendance record is not just a statistic; it shows the high level of dedication from every single committee member.

**d) Succession plan**

We believe in building the leaders of tomorrow. That's why the Fund has implemented a strong succession plan. We continuously identify individuals within and outside the organization who have the potential to step into trustee or committee roles. We don't just identify them, we mentor and train them, making sure they're ready to lead when the time comes.

**e) Existence of a Service Charter**

Transparency is the backbone of trust. Our service charter clearly lays out what scheme members can expect and what the committee is responsible for. It keeps everyone on the same page and ensures that all actions and decisions are accountable and fair.

**f) Induction Training for Administration Committee Members**

No one joins the Committee blind. All new members go through detailed induction training that covers governance frameworks, policies, procedures, legal obligations, and ethics. This equips them to hit the ground running and serve effectively from day one.

**g) Administration Committee Members and Members' Performance**

We hold ourselves to account. Regular performance evaluations including self-assessments, peer reviews, and external evaluations help us improve and stay focused. These reviews assess how well the Committee is making decisions, engaging stakeholders, managing risks, and ensuring financial stewardship.

**h) Conflict of Interest**

We take conflicts of interest seriously. All committee members are required to declare any potential conflicts and remove themselves from discussions where a conflict may exist. This way, every decision is made fairly and in the best interests of the scheme and its members.

**i) Board/Fund Committee Remuneration**

Remuneration for committee members is determined transparently and fairly. It is benchmarked against industry norms and reflects the responsibilities, time, and expertise required to serve effectively. Currently the board members are not remunerated.

**j) Governance Audit undertaken**

To keep us sharp and honest, an independent third-party firm conducts an annual governance audit. This audit reviews our policies, legal compliance, committee performance, and overall governance effectiveness.

**k) Compliance with Existing Laws and Regulations, Ethics, and Conduct**

The scheme maintains full compliance with all relevant laws and regulations. We adhere strictly to ethical standards, and all committee members receive regular training to stay updated. Our code of conduct is more than a document it's a living guide that informs how we operate.

Corporate governance isn't just something we strive for it's the foundation on which the entire scheme stands. Through consistent practices, strong oversight, and an unwavering commitment to ethics, we aim to safeguard the interests of every staff member who entrusts us with their future.



**Victor Amos Ogunyo**  
**Chair of the Board/ Fund Administration Committee**

## **9. Management Discussion and Analysis**

During the year under review, the Commission for university Education staff car loan and mortgage scheme raised a revenue of **Ksh.5,145,522** against an expenditure of **Ksh.1,201,928** and made a Surplus of **Ksh. 3,943,624**.

### **Car Loan**

The Fund management committee did not disburse a car loan.

### **Mortgage Loan**

The Fund Management Committee disbursed mortgage fund loan to one member of staff of the Commission for the purchase of residential property and purchase of motor vehicle during the financial year. The loans were disbursed as per the Salaries and Remuneration Commission Circular guidelines (SRC) and in line with the Commission for University Education Car loan and Mortgage scheme/fund Policy.

### **Statutory Requirements & Risks**

The Commission's staff car loan and mortgage are exposed to a few risks that may hamper smooth operations. The fund is faced with liquidity risk due to inability to recover loan repayment especially if a staff member leaves the Commission services. Staff who may exit service of the commission may affect recoverability of the mortgage repayment.

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

We are pleased to present the Environmental and Sustainability Reporting for the Commission for University Education (CUE) Staff Car Loan and Mortgage Scheme for the period under review. As part of our commitment to fostering a greener future and contributing positively to society, we undertook a range of activities that not only benefit our staff members but also have a lasting impact on the environment and the communities we serve.

### **Initiatives and Partnerships:**

**Conservation Efforts:** Beyond seeking approvals, the Mortgage Fund Committee initiated programs to encourage sustainable construction practices. The guidelines issued by environmental agencies such as the National Environmental Management Authority (NEMA) enabled our loaned staff members to implement measures such as waste reduction, recycling, and the use of eco-friendly building materials.

**Education and Healthcare Promotion:** The Mortgage Fund Committee recognizes the importance of education and healthcare for societal well-being. Through our initiatives, we have undertaken individual staff sensitization on Mortgage funding opportunities, aiming to improve access to Car loans and mortgage funding services.

**Labor Relations and Staff Training:** We prioritize strong labour relations and staff development. By fostering a conducive work environment and offering training opportunities, we ensure the growth and well-being of our employees, translating into higher job satisfaction and performance.

## **11. Report of The Trustees/ Fund Administration Committee**

The Trustees/Fund Administration Committee submits their report together with the audited financial statements for the year ended June 30, 2024, which show the state of the Fund affairs.

### **Principal activities**

The principal activity of the Fund is to provide staff car loan and Mortgage scheme fund-loan facilities to staff for purchase of a car or residential house or undertake construction/extension of a residential house.

### **Performance**

The performance of the Fund for the year ended June 30, 2025, is set out on page 1 to 4.

### **Trustees**

The members of the Board of Trustee / *Administration Committee* who served during the year are shown on page vi and vii.

### **Auditors**

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

By Order of the Board/Committee members



.....  
**Mr. Victor Amos Ogunyo**  
**Chair of the Board/ Fund Administration 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 and derives its authority and accountability from *Section 8 of the PFM Act 2012. (State officers House Mortgage Scheme Fund, Regulations 2015)*. 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, 2025. This responsibility includes:

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period,
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the fund,
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud,
- (iv) Safeguarding the assets of the fund;
- (vi) Selecting and applying appropriate accounting policies, and
- (vii) 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 judgement and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012.

The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2025, and of the Fund's financial position as at that date.

The Administrator further confirms 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 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 27/8/2025 and signed on its behalf by:



**Name:** Victor Amos Ogunyo

**Chairman of the Fund**



**Name:** Ms. Faith Marete

**Secretary Fund Admin. Committee**

# REPUBLIC OF KENYA

Telephone: +254-(20) 3214000  
Email: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



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

## REPORT OF THE AUDITOR-GENERAL ON COMMISSION FOR UNIVERSITY EDUCATION STAFF CAR LOAN AND MORTGAGE SCHEME/FUND FOR THE YEAR ENDED 30 JUNE, 2025

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### PREAMBLE

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

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

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

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities 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 Commission for University Education Car Loan and Mortgage Scheme/Fund set out on pages 1 to 23, which

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*Report of the Auditor-General on Commission for University Staff Car Loan and Mortgage Scheme/Fund for the year ended 30 June, 2025*

comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Commission for University Education Car Loan and Mortgage Scheme/Fund as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and the Public Finance Management Act, 2012.

### **Basis for Opinion**

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Commission for University Staff Car Loan and Mortgage Scheme/Fund Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Key Audit Matters**

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

### **Other Matter**

In the prior year's audit report, an issue was raised under the Report on Effectiveness of Internal Controls, Risk Management and Governance on gaps in the staff car loan and mortgage scheme/fund policies and procedures. Review of the status during audit of the Fund in 2024/2025 revealed that the matter remained unresolved.

### **Other Information**

The Management is responsible for the Other Information set out on pages iv to xxvii which comprise of Key Entity Information and Management, the Board of Trustees Profiles, Key Management Team, Chairman's Statement, Report of the Chief Executive Officer, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Analysis Reporting, Report of the Board of Trustees and Statement of the

Board of Trustees Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

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

### Conclusion

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

### 1. Basis for Conclusion

#### Doubtful Recovery of Outstanding Loans

The statement of financial position reflects non-current receivables from exchange transactions balance of Kshs.101,036,020 as disclosed in Note 10 to the financial statements. Records provided for audit indicated that an employee was advanced mortgage loan amounting to Kshs.5,500,000 on 15 March, 2021 and the same deducted from salary for forty-four (44) months up to retirement in February, 2025. Further, the records indicated that the staff had total mortgage loan balance of Kshs.1,219,436 which included interest of Kshs.10,670 as at 30 June, 2025.

In addition, the following anomalies were noted on processing of the loan;

- i. Processing of the loan from application, approval to disbursement delayed by one (1) year;
- ii. The Loans Committee did not continuously monitor and assess the loan repayment process for risk of default by the member before retirement;
- iii. The bank did not carry out due diligence before disbursement of the loan to confirm the beneficiary's ability to repay.

In the circumstances, the recoverability of the outstanding loan balance of Kshs.1,219,436 could not be confirmed.

## **2. Interest Rate Charged Above Salaries and Remuneration Commission Recommended Rate**

The statement of financial position reflects non-current receivables from exchange transactions balance of Kshs.101,036,020, as disclosed in Note 10 to the financial statements and which relates to loans to staff. However, review of the Fund's records revealed that staff loans were charged at interest rate of 5%, contrary to the rate of 3% stipulated in Salaries and Remuneration Commission's Circular dated 17 December, 2014 and the Commission for University Education's Fund Policy Manual, 2020.

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

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

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

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on the Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

#### **Failure to Enforce Mortgage Protection and Fire Insurance Provisions**

The statement of financial position reflects non-current receivables from exchange transactions balance of Kshs.101,036,020 as disclosed in Note 10 to the financial statements which relates to car loans and mortgages to staff. The amount comprised of loans and mortgages of Kshs.51,831,091 and Kshs.49,204,929 to eight (8) and sixteen (16) beneficiaries respectively. However, review of bank statement for November, 2024 revealed that an amount of Kshs.164,417 was paid as insurance cover for loans to the eight (8) beneficiaries, leaving a loans balance of Kshs.49,204,929 held by the sixteen (16) beneficiaries uncovered.

In the circumstances, the Fund may suffer financial loss on the uninsured portion of the mortgage balance of Kshs.49,204,929 in the event of death or permanent disability of the beneficiary or damage to the mortgaged property.

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

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

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

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

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

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

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

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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The Standards require

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

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

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

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

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

**Nairobi**

**18 November, 2025**

**14. Statement of Financial Performance for the year ended 30th June 2025.**

Description	Note	FY2024/25	FY2023/24
		Kshs	Kshs
<b>Revenue from exchange transactions</b>			
Interest income	6	5,145,552	4,025,017
<b>Total revenue</b>		<b>5,145,552</b>	<b>4,025,017</b>
<b>Expenses</b>			
Use of goods and services	7	1,199,341	1,028,397
Finance costs	8	2,588	345
<b>Total expenses</b>		<b>1,201,928</b>	<b>1,028,742</b>
<b>Surplus/(Deficit) before Tax</b>		<b>3,943,624</b>	<b>2,996,275</b>
Withholding tax		-	-
<b>Surplus/(Deficit after Tax)</b>		<b>3,943,624</b>	<b>2,996,275</b>

The notes set out on pages 1 to 23 form an integral part of these Financial Statements.

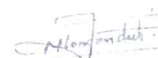
The financial statements were approved on 27/8/2025 and signed by:



**Victor Amos Ogunyo**  
Chairman of the Board/Fund



**Ms. Faith Marete**  
Secretary/Fund  
Administrator



**CPA Kenneth Ntong'onde**  
Fund Accountant ICPAK  
M/No. 6142

15. Statement of Financial Position as at 30th June 2025

Description	Note	FY2024/25	FY2023/24
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	9	46,313,566	32,843,489
Receivables from exchange transactions	10	1,195,442	3,306,550
<b>Total Current Assets</b>		<b>47,509,008</b>	<b>36,150,039</b>
<b>Non-Current Assets</b>			
Receivables from exchange transactions	10	101,036,020	106,387,059
<b>Total non-Current Assets</b>		<b>101,036,020</b>	<b>106,387,059</b>
<b>Total Assets</b>		<b>148,545,028</b>	<b>142,537,098</b>
<b>Liabilities</b>			
Trade and other payables	11	76,197	1,028,397
<b>Total Current Liabilities</b>		<b>76,197</b>	<b>1,028,397</b>
<b>Total liabilities</b>	-	<b>76,197</b>	<b>1,028,397</b>
<b>Net assets</b>		<b>148,468,831</b>	<b>141,508,701</b>
Car loan & Mortgage revolving fund	12(b)	135,705,277	135,705,277
Accumulated surplus/(deficit)		12,763,554	5,803,424
<b>Total net assets and liabilities</b>		<b>148,468,831</b>	<b>141,508,701</b>

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

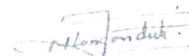
The Fund financial statements were approved on 27/8/2025 and signed by:



Victor Amos Ogunyo  
Chairperson of the Board/Fund



Ms. Faith Marete  
Secretary/Fund Administrator



Kenneth Ntong'onde  
Fund Accountant  
ICPAK M/No. 6142

**16. Statement of Changes in Net Assets for the year ended 30th June 2025**

Description	Mortgage& Car Loan Fund	Accumulated surplus	Total
	Kshs.	Kshs.	Kshs.
<b>Balance as at 1 July 2023</b>	105,705,277	938,212	106,643,489
Surplus/(deficit) for the period		2,996,275	2,996,275
Funds received during the year	30,000,000		30,000,000
Prior year Adjustment		1,868,937	1,868,937
<b>As at 30 June 2024</b>	135,705,277	5,803,424	141,508,701
<b>Balance as at 1 July 2024</b>	135,705,277	5,803,424	141,508,701
Surplus/(deficit) for the period		3,943,624	3,943,624
Funds received during the year			-
Prior year Adjustment		3,016,506	3,016,506
<b>As at 30 June 2025</b>	135,705,277	12,763,554	148,468,831

Disbursement from the sponsor (Commission for university Education) is done on request upon confirmation of successful application(s) from eligible staff members.

17. Statement of Cash Flows for the year ended 30th June 2025

	Notes	FY2024/25	FY2023/24
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Interest income	6	5,145,552	2,981,104
<b>Total receipts</b>		<b>5,145,552</b>	<b>2,981,104</b>
<b>Payments</b>			
Use of goods and services	7b	2,151,540	4,167,749
Finance Cost	8	2,588	345
<b>Total payments</b>		<b>2,154,128</b>	<b>4,168,094</b>
<b>Net cash flows from/(used in) operating activities</b>	12	<b>2,991,424</b>	<b>(1,186,990)</b>
<b>Cash flows from investing activities</b>			
Proceeds from loan principal repayments- Mortgage		21,362,147	10,871,498
Proceeds from loan principal repayments- Car Loan			1,027,221
Loan disbursements paid out		(13,900,000)	-18,475,000
<b>Net cash flows from/(used in) investing activities</b>		<b>7,462,147</b>	<b>-6,576,281</b>
<b>Cash flows from financing activities</b>			
Prior year adjustments		3,016,506	1,868,937
Transfer from the KCB			30,000,000
<b>Net cash flows from financing Activities</b>		<b>3,016,506</b>	<b>31,868,937</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>		<b>13,470,077</b>	<b>24,105,666</b>
Cash and cash equivalents at 1 July		32,843,489	8,737,823
<b>Cash and cash equivalents at 30 June</b>	9a	<b>46,313,566</b>	<b>32,843,489</b>

**18. Statement of Comparison of Budget and Actual amounts for the year ended 30th June 2025**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Percentage Utilization
	2024/25	2024/25	2024/25	2024/25	2024/25	
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget Carry Overs				32,843,489		
Transfers from CUE					-	
Mortgage Scheme	12,000,000		12,000,000	-	12,000,000	0.00%
Staff Car loan	10,000,000		10,000,000	-	10,000,000	0.00%
Others					-	
Interest Income	3,000,000		3,000,000	5,145,552	(2,145,552)	171%
<b>Total revenue</b>	<b>25,000,000</b>		<b>25,000,000</b>	<b>5,145,552</b>	<b>19,854,448</b>	
<b>Expenses</b>						
Use of goods and services-Admin fee	2,995,000		2,995,000	2,151,540	843,460	71.84%
Finance Cost-Bank Charges	1,250		1,250	2,588	(1,338)	207.00%
Mortgage	12,000,000		12,000,000	13,900,000	(1,900,000)	110%
Car Loan	10,000,000		10,000,000	-	10,000,000	0.00%
<b>Total expenses</b>	<b>24,996,250</b>		<b>24,996,250</b>	<b>16,054,128</b>	<b>8,942,122</b>	
<b>Surplus/ (deficit) for the period</b>				<b>21,934,913</b>		
Capital expenditure						

**Notes:**

1. The Mortgage and car loan uptake was greatly affected by the prevailing economic conditions, and Government policy on various levies that adversely affected staff salaries.
2. The budgeted interest amount is below the actual interest earned during the year, that was enhanced by the interest element earned on account balance prevailing at the time.
3. There were no funds/ transfers received from the sponsor during the financial year under consideration. Given that the scheme is a revolving fund, the money available was enough to cater for the one staff member who had applied for the Mortgage loan. According to the policy, the transfers from the sponsor are supposed to be done on a needy basis.
4. The recorded surplus is as a result of maintaining low expenses. The provision for a high administration fee was in anticipation of an additional loan uptake.
5. The budgeted bank charges were lower than the actuals due to the level of transactional activities that took place during the financial year, especially in repayments of the loan.

## 19. Notes to the Financial Statements

### Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	<b>21,934,913</b>
1	Loan Repayment	21,362,147
2	Prior year adjustment	3,016,506
	Closing Cash and Cash Equivalent as per the statement of Cash flows	<b>46,313,566</b>

### 1. General Information

Commission for university Education car loan and Mortgage Scheme/fund is established by and derives its authority and accountability from public finance Management Act 2012. The Fund is wholly owned by the Government of Kenya and is domiciled in Kenya. The Fund's principal activity is to provide a lone scheme for the purchase, development, renovation, or repair of residential property by members of the scheme and provide loan for purchase.

### 2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarial determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Fund's accounting policies.

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 Public Finance Management Act, 2012 and International Public Sector Accounting Standards (IPSAS).

The accounting policies adopted have been consistently applied to all the years presented.

## **Adoption Of New and Revised Standards**

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

IPSASB deferred the application date of standards from 1<sup>st</sup> January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1<sup>st</sup> January 2023.

Notes to the Financial Statements (Continued)

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

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1<sup>st</sup> 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 cashflows 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 1<sup>st</sup> January 2025</i></p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
IPSAS 46 Measuremen t	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> </ol>

Standard	Effective date and impact:
	<p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47- Revenue	<p><i>Applicable 1<sup>st</sup> January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48- Transfer Expenses	<p><i>Applicable 1<sup>st</sup> January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1<sup>st</sup> January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>

### iii. Early adoption of standards

The Fund did not early – adopt any new or amended standards in the year 2023/24.

## 3. Significant Accounting Policies

### a. Revenue recognition

#### i) Revenue from non-exchange transactions Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if

the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Fund and can be measured reliably.

**ii) Revenue from exchange transactions Interest income**

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

**b. Budget information**

Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Fund upon receiving the respective approvals in order to conclude the final budget.

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 on page 5 of these financial statements. 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 under section 9 of these financial statements.

*Notes to the Financial Statements (Continued)*

**c. Intangible assets**

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

**d. Financial instruments**

**1) Financial assets**

*Initial recognition and measurement*

Financial assets within the scope of IPSAS 29 Financial Instruments; Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. The Fund determines the classification of its financial assets at initial recognition.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

*Held-to-maturity*

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Fund has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, with less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

*Impairment of financial assets*

The Fund assesses at each reporting date whether there is objective evidence that a financial asset or a Fund of financial assets is impaired. Management then follows the procedure

required by Regulation 145 of the PFM Act. A financial asset of the Fund is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (*an incurred 'loss event'*) and that loss event has an impact on the estimated future cash flows of the Fund that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors of the Fund are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

## **2) Financial Liabilities**

### *Initial recognition and measurement*

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Fund determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

### **e. Contingent liabilities**

The Fund does not recognize 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.

### **f. 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.

### **g. Nature and purpose of reserves**

The Fund is a revolving fund maintained for the purposes of staff mortgage and Car loans disbursement to eligible staff member only.

*Notes to the Financial Statements (Continued)*

**h. 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.

**i. Foreign currency transactions**

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

**j. Related parties**

The Fund regards a related party as a person or entity with the ability to exert control 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/ Trustee, the Fund Managers, and Fund Accountant.

**k. Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call, and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

**l. Comparative figures**

There are no comparative figures for the previous financial year, the year ended 30<sup>th</sup> June 2022 being the first financial year presentation.

**m. Events after the reporting period**

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

**n. Ultimate and Holding Fund**

The Fund is established under Section 24 (4) PFM Act under the Commission for University Education. Its ultimate parent is the Government of Kenya.

*Notes the Financial Statements (Continued)*

**o. Currency**

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

**4. 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 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.

**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 assets.
- v) Changes in the market in relation to the assets.

Notes to the Financial Statements (Continued)

5. Transfers from Commission for University Education

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Transfers from CUE- KCB Current Account-1108031625	-	30,000,000
<b>Total</b>	<b>-</b>	<b>30,000,000</b>

6. Interest income

Description	FY2024/25	FY2023/24
	Kshs	Kshs
Interest Income from Mortgage	3,223,922	2,879,789
Interest Income from Car Loan	128,467	101,315
Interest on Account Balance	1,793,163	-
<b>Sub Total</b>	<b>5,145,552</b>	<b>2,981,104</b>
Accrued Interest Income	-	1,043,913
<b>Total Interest Income</b>	<b>5,145,552</b>	<b>4,025,017</b>

7. Use of Goods and Services

Description	FY2024/25	FY2023/24
	Kshs	Kshs
Administration fees	1,199,341	1,028,397
<b>Total</b>	<b>1,199,341</b>	<b>1,028,397</b>

7.(b)

Description	FY2024/25	FY2023/24
	Kshs	Kshs
Administration fees	1,199,341	1,028,397
Decrease in Payables	952,200	3,139,352
<b>Total</b>	<b>2,151,541</b>	<b>4,167,749</b>

Notes to the Financial Statements (Continued)

8. Finance costs

Description	FY2024/25	FY2023/24
	Kshs	Kshs
Finance costs -Bank Charges	2,588	345
<b>Total</b>	<b>2,588</b>	<b>345</b>

9. a)Cash and cash equivalents

Description	FY2024/25	FY2023/24
	Kshs	Kshs
Bank-Family	46,313,566	32,843,489
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	-	-
Others ( <i>Specify</i> )	-	-
<b>Total Cash and Cash equivalents</b>	<b>46,313,566</b>	<b>32,843,489</b>

9. b) Detailed analysis of the cash and cash equivalents in banks approved by National Treasury in line with Section 28 of the PFM Act are as follows:

Financial Institution	Account number	FY2024/25	FY2023/24
		Kshs	Kshs
Family Bank Account	48000018388	46,313,566	32,843,489
<b>Total</b>		<b>46,313,566</b>	<b>32,843,489</b>

10. Receivables from exchange transactions

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
<b>Current Receivables</b>		
Interest Receivable -FB account bal	1,195,442	1,043,913
Current Loan Repayments Due	-	2,262,637
Other Exchange Debtors	-	-
Less: Impairment Allowance		
<b>Total Current Receivables</b>	<b>1,195,442</b>	<b>3,306,550</b>
<b>Non-Current Receivables</b>		
Long Term Loan Repayments Due	101,036,020	106,387,059
<b>Total Non- Current Receivables</b>	<b>101,036,020</b>	<b>106,387,059</b>
<b>Total Receivables</b>	<b>102,231,462</b>	<b>109,693,609</b>

	FY 2024/2025	% of total	FY2023/2024	% of total
<b>Ageing analysis (receivable from exchange transactions)</b>				
Less than 1 year	13,090,711	13	6,498,879	6.1
Between 1-2 years	15,474,143	16	21,101,264	19.8
Between 2-3 years	26,617,884	26	14,686,626	13.8
Over 3 years	45,853,282	45	64,100,290	60.3
<b>Total (tie to totals above)</b>	<b>101,036,020</b>	<b>100</b>	<b>106,387,059</b>	<b>100</b>

**11. Trade and other payables**

Description	FY2024/2025		FY2023/2024	
	Kshs		Kshs	
Trade payables	76,197		1,028,397	
Other payables	-		-	
<b>Totals</b>	<b>76,197</b>		<b>1,028,397</b>	
<b>Ageing analysis: (Trade and other payables)</b>	<b>2024/25</b>	<b>% of total</b>	<b>2023/24</b>	<b>% of total</b>
Under one year	76,197	100	1,028,397	100
1-2 years	-		-	
2-3 years	-		-	
Over 3 years	-		-	
<b>Total (tie to totals above)</b>	<b>76,197</b>	<b>100</b>	<b>1,028,397</b>	<b>100</b>

**12. Net cash flows from operating activities**

Description	FY2024/25	FY2023/24
	Kshs	Kshs
Surplus for the year before tax	3,943,624	1,952,362
<b>Adjusted for:</b>		
Depreciation		0
<b>Working capital adjustments</b>		
Decrease in trade and other payable	-952,200	-3,139,352
<b>Net Cashflow from operating activities</b>	<b>2,991,424</b>	<b>-1,186,990</b>

### 13 Revolving Fund

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Revolving fund	135,705,277	135,705,277
Accumulated surplus ( <i>Reserves</i> )	9,747,048	3,934,487
Prior year adjustment	3,016,506	1,868,937
<b>Total funds</b>	<b>148,468,831</b>	<b>141,508,701</b>

### 14. Loan repayments and disbursements

Description	FY2024/25	FY2023/24
	Kshs	Kshs
Interest payments	5,145,552	2,981,104
Principal loan repayment	21,362,147	11,898,719
Loan Disbursements	-13,900,000	-18,475,000

## 15. Financial risk management

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Fund's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk.

The Fund does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The Fund's financial risk management objectives and policies are detailed below: a) **Credit risk**

Description	Total amount Kshs.	Fully performing Kshs.	Past due Kshs.	Impaired Kshs.
<b>At 30 June 2024</b>				
Receivables From Exchange Transactions- Car loans and mortgages	109,693,609	109,693,609	-	-
Bank Balances	32,843,489	32,843,489	-	-
<b>Total</b>	<b>142,537,098</b>	<b>142,537,098</b>	-	-
<b>At 30 June 2025</b>				
Receivables From Exchange Transactions- Car loans and mortgages	102,231,462	102,231,462	-	-
Bank Balances	46,313,566	46,313,566	-	-
<b>Total</b>	<b>148,545,028</b>	<b>148,545,028</b>	-	-

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

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 Non collectable amounts that the Fund has recognized in the financial statements is

considered adequate to cover any potentially irrecoverable amounts. The Fund has significant concentration of credit risk on amounts due from default.

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	Between 1-3 months	Over 5 months	Total
	Kshs.	Kshs.	Kshs.	
<b>At 30 June 2024</b>				-
Trade Payables-Admin Fee			1,028,397	1,028,397
<b>Total</b>			<b>1,028,397</b>	<b>1,028,397</b>
<b>At 30 June 2025</b>				
Trade Payables-Admin Fee			76,197	76,197
<b>Total</b>			<b>76,197</b>	<b>76,197</b>

#### Other Disclosures Continued c) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by 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 prices and foreign exchange rates which will affect the Fund's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Fund's Internal Department is responsible for the development of detailed risk management policies 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 way 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 endeavored to bank with institutions that offer favourable interest rates.

##### *Sensitivity analysis*

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

#### 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	FY2024/2025	FY2023/2024
	Kshs	Kshs
Revolving fund	135,705,277	135,705,277
Accumulated surplus ( <i>Reserves</i> )	9,747,048	3,934,487
Prior year adjustment	3,016,506	1,868,937
<b>Total funds</b>	<b>148,468,831</b>	<b>141,508,701</b>
Less: cash and bank balances	46,313,566	32,843,489
Net debt/(excess cash and cash equivalents)	-	-
<b>Gearing</b>	<b>100%</b>	<b>100%</b>

## Other Disclosures Continue

### 16. Financial period

These financial statements relate to the period of 12 months from 1st July 2024 to 30<sup>th</sup> June 2025

### 17. Related party balances

#### a) Nature of related party relationships

Entities and other parties related to the Fund include those parties who have the 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) Fund administration Committee
- b) Commission for University Education board.
- c) Commission for University Education (Sponsor).

#### b) Related party transactions

i. Transfers from related parties-Commission for University education main account.

Description	FY2024/2025	FY2023/2024
	Kshs	Kshs
Transfers from related parties-CUE	-	30,000,000

### 18. Fringe Benefit Tax

The Commission pays fringe benefit for its employees as guided by Employer's Guide to Pay as You Earn in Kenya

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)
Gaps in the Mortgage and Car Loan Scheme Fund and Procedures Manual	The Commission has noted the inconsistencies in the policy and it is in the process of reviewing the policy. the above gaps will be addressed.	Work in progress		

Fund Manager/Accounting Officer/Fund  
Administrator



**Ms. Faith Marete.**  
Secretary/Fund Administrator