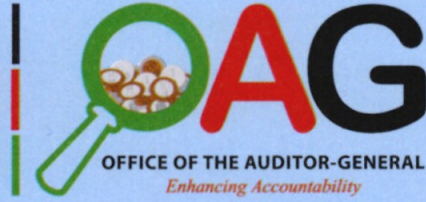


REPUBLIC OF KENYA



REPORT

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THE AUDITOR-GENERAL

ON

COMMODITIES FUND STAFF
MORTGAGE AND CAR LOAN SCHEME

FOR THE YEAR ENDED

30 JUNE, 2025

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 24 FEB 2026

DAY:
Tuesday

TABLED
BY:

Deputy Leader Majority Party

Hon. Owen Baya, MP

CLERK AT
TABLE:

Mr. Benson Inzofu



COMMODITIES FUND STAFF MORTGAGE AND CAR LOAN SCHEME

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2025

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

*Commodities Fund Staff Mortgage and Car Loan Scheme
Annual Report and Financial Statements For the year ended 30th June 2025*

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1. Acronyms and Definition of Key Terms

A. Abbreviations And Acronyms

BoT	Board of Trustees
CEO	Chief Executive Officer
CBK	Central Bank of Kenya
ComFund	Commodities Fund
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
MT	Managing Trustee
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SCHEME	Commodities Fund Staff Mortgage and Car Loan

B. Definition of Key Terms

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

Comparative year – Means the prior period.

2. Key Fund Information and Management

a) Background information

Commodities Fund Staff Mortgage and Car Loan Scheme is established by and derives its authority and accountability from the provisions under Section 84 (1) of PFM Acts, 2012 (National Government) and Commodities Fund Staff Mortgage and Car Loan Scheme Guidelines, 127(1)(2).

The Commodities Fund Staff Mortgage and Car Loan Scheme was established in March 2018 as a revolving Fund pursuant to the Salaries and Remuneration Commission (SRC) Circular Ref. No. SRC/ADM/CIR/1/13 Vol. III (128) of 17th December 2014 on Mortgage and Car Loan Schemes for State Officers and other Public Officers of Government of Kenya, with the objective of providing a loan scheme for the purposes of acquisition of motor cars and residential properties for staff

The Scheme is wholly owned by Commodities Fund and is domiciled in Kenya.

b) Principal Activities

The principal activity of the Scheme is to provide:

- i) Mortgage loans to ComFund Staff for the sole purposes of:
 - a) Purchasing an existing residential property
 - b) Construction of residential property.
 - c) Renovation and or improvement of existing mortgage property.
 - d) Takeover loans and existing mortgage or equity release on existing residential property
- ii) Loans for acquisition of motor car for the personal use by ComFund Staff.

The Scheme is administered by the Commodities Fund Staff Mortgage and Car Loan Advisory Committee. The Committee is charged with the responsibility of processing loans from applicants in accordance with laid down approved guidelines, setting up a revolving Fund for the disbursement of loans, and supervising the day-to-day operations of the Scheme.

The Scheme administrator is responsible for the day-to-day operations.

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c) Board of Trustees / Scheme Management Committee

The Scheme's Secretariat and the Administrator are drawn from ComFund but its management is under the Housing Finance Corporation, Corporative Bank and the Family Bank. The role of the Banks is to manage the scheme and provide Administrative Services.

SN	Position	Name
1	Chairperson	Ms. Jane W. Kimani
2	Committee Member	Mr. Nesline Gechuki Okiko
3	Committee Member	Ms. Julie Jepkosgei Rongoei
4	Committee Member	Ms. Roseline Wambura
5	Scheme Manager/Administrator	Ms. Rose Ndiritu
6	Scheme Accountant	Mr. Silas Nyaga
7	Deputy Scheme Manager/Deputy Secretary	Florence Kipruto
8	Deputy Fund Accountant	Vincent Kilonzo

Key Scheme and Information Management (Continued)

d) Key Management

SN	Position	Name
1	Scheme Manager/ Administrator	Ms. Rose Ndiritu
2	Scheme Accountant	Mr. Silas Nyaga

e) Fiduciary Oversight Arrangements

SN	Position	Name
1.	Managing Trustee	Ms. Nancy C. Cheruiyot
2	Internal Audit	Mr. Edwin Muchiri
3	Staff Mortgage and Car Loan Management Committee	Ms, Jane W. Kimani, Head of Debt Collection (Chairperson)
4	Staff Mortgage and Car Loan Management Committee	Ms. Rose Ndiritu, Head, Human Resources and Administration (Scheme Manager/Secretary)
5	Staff Mortgage and Car Loan Management Committee	Mr. Silas Nyaga Njagi, Finance Manager (Scheme Accountant)

The Scheme has developed key fiduciary oversight arrangements in all areas of operations as follows:

i) Finance and Audit Activities

The Scheme has developed key policies to guide Administration of Mortgage and Car Loan which complies with the requirements of the Public Financial Management Act 2012 and SRC Circular Ref. No. SRC/ADM/CIR/1/13 Vol. III (128) of 17th December 2014. Annual capital requirement of the Scheme is factored in ComFund budgets approved by BoT and thereafter approved by relevant Government Agencies before implementation. Bank accounts are opened with the authority of the National Treasury and operated by officers appointed by the Board of Trustees of Commodities Fund. Internal controls in place do not allow an officer of the Scheme to initiate and complete transaction on his/her own. The Internal Audit department of the ComFund reviews operational and financial activities of Scheme independently and reports directly to the Audit, Risk and Governance Committee of the Board of Commodities Fund. The Scheme is annually audited by the Auditor General who reports its findings to the National Assembly.

ii) Credit Administration

The Scheme through its regulations has established credit guidelines to help in the administration of mortgage and car loan to staff. Credit approvals are vested in mortgage and car loan Committees to avoid decisions being made individually.

iii) Overall Supervision by the Board

While the mortgage and car loan committee is responsible for day to day running of the Scheme, it is supervised by the Managing Trustee and the BoT of Commodities Fund. All major decisions regarding the management of the Scheme and approval of annual financial statement is done by BoT of the ComFund.

f) Registered Offices

11th floor, Utalii House
Utalii Lane
Off Uhuru Highway
P. O. Box 52714 - 00200
City Square
NAIROBI, Kenya

g) Fund Contacts

Mobile : +254-728-602427/8
+254-737-204278/9

Key Fund and Information Management (Continued)

E-mail : info@comfund.co.ke
Website : www.comfund.co.ke

h) Scheme Bankers

- i) Co-operative Bank of Kenya Ltd
Wakulima Branch
P. O. Box 48231-00100
NAIROBI, Kenya
Tel : +254-20-3276000
Fax : +254-20-219821
Website: www.co-opbank.co.ke

- ii) Housing Finance Ltd
Gill House Branch
P.O. Box 30088-00100
NAIROBI, Kenya
Tel: +254-203262000;
Email: customer.service@hfgroup.co.ke

- iii) Family Bank Ltd
Cargen House Branch
P. O. Box 74145-00200,
NAIROBI, Kenya
Tel: 0703 095 445;
Email: info@familybank.co.ke





i) Independent Auditor

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




j) Principal Legal Advisor

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

3. Commodities Fund Staff Mortgage and Car Loan Management Committee

Name	Details of qualifications and experience
 <p><i>Ms. Jane Kimani</i></p>	<p>Area of Responsibility: Chair-Person of the Committee Academic Qualification: MBA- Strategic Management (University of Nairobi), Bachelor of Education- Arts (Egerton University) Professional Qualification: Advanced Diploma (Associateship) in Banking & Financial Services Professional Membership: Associate of Kenya Institute of Bankers (AKIB)</p>
 <p><i>Ms. Rose Ndiritu</i></p>	<p>Area of Responsibility: Scheme Manager and Secretary to the Committee Academic Qualification: MBA – HR (KU), Bachelor of Education (Arts) KU, Professional Qualification: CHRP, Higher Diploma HR (KNEC)/IHRM Certified Public Secretary-CPS (K), Certified Professional Mediator Professional Membership: Full Member of Institute Human Resources Management with Practising Certification</p>
 <p><i>Mr. Silas Nyaga</i></p>	<p>Area of Responsibility: Fund Accountant Academic Qualification: Master’s in business administration- Financial Management (KU) Bachelor of Commerce in Accounting (KU) Professional Qualification: CPA (K), CPS. Professional Membership: Full Member of Institute of Certified Public Accountant of Kenya</p>
 <p><i>Mr. Nesline Okiko</i></p>	<p>Area of Responsibility: Committee Member Academic Qualification: Bachelor of Law. Professional Qualification: Diploma in Law.</p>

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 <p><i>Ms. Roseline Wambura</i></p>	<p>Area of Responsibility: Committee Member Academic Qualification: Bachelor of Commerce, MBA Project Management Professional Qualification: ACCA- ongoing.</p>
 <p><i>Ms. Julie Rongoei-Tanui</i></p>	<ul style="list-style-type: none"> • Area of Responsibility: Finance and Accounting. • Academic Qualification: MBA- Strategic Management (UON) • Bachelor of Commerce in Finance (UON) • Professional Qualification: CPA (K). • Professional Membership: Full Member of Institute of Certified Public Accountant of Kenya •
 <p><i>Ms. Florence Kipruto</i></p>	<p>Area of Responsibility: Deputy Scheme Fund manager/Deputy Secretary.</p> <p>Academic Qualification: MSC-HR (JKUAT). Bachelor of Business Management (HR).</p> <p>Professional Qualifications: Human Resource Management</p> <p>Membership: Institute of Human Resources Management</p>







Mr. Vincent Kilonzo

Area of Responsibility: Deputy Fund Accountant
Academic Qualification: MSC (Ongoing)- (KCA)
Bachelor of Commerce in Banking and Finance (EGERTON UNIVERSITY)


Professional Qualification: CPA (K)

Professional Membership: Full Member of Institute of Certified Public Accountant of Kenya

4. Management Team

<p>1. Ms. Nancy Chelangat Cheruiyot, FCCA</p> 	<p>Area of Responsibility: Managing Trustee from 1st February 2022</p> <p>Academic Qualification: MBA-Financial Management, Bachelor of Arts - Economics & Sociology.</p> <p>Professional Qualification: ACCA. Doctor of philosophy in Business Administration (on-going).</p>
<p>2. Mrs. Jane Kimani-Njenga</p> 	<p>Area of Responsibility: Head, Debt Recovery, Corporate Planning & Strategy.</p> <p>Academic Qualification: MBA- Strategic Management (University of Nairobi), Bachelor of Education- Arts (Egerton University)</p> <p>Professional Qualification: Advanced Diploma (Associateship) in Banking & Financial Services</p> <p>Professional Membership: Associate of Kenya Institute of Bankers (AKIB)</p>
<p>3. Ms Roseline Wambura</p> 	<p>Area of Responsibility: Credit.</p> <p>Academic Qualification: Bachelor of Commerce, MBA Project Management</p> <p>Professional Qualification: ACCA- ongoing.</p>
<p>4. Mr. Silas Nyaga</p> 	<p>Area of Responsibility: Finance and Accounting.</p> <p>Academic Qualification: MBA- Finance (KU) Bachelor of Commerce in Accounting (KU)</p> <p>Professional Qualification: CPA (K), CPS.</p> <p>Professional Membership: Full Member of Institute of Certified Public Accountant of Kenya</p>

<p>5. Mr. Nesline Gechuki Okiko</p> 	<p>Area of Responsibility: Legal Services.</p> <p>Academic Qualification: Bachelor of Law.</p> <p>Professional Qualification: Diploma in Law.</p>
<p>6. Ms. Rose Ndiritu</p> 	<p>Area of Responsibility: Human Resources & Administration.</p> <p>Academic Qualification: MBA – HR (KU), Bachelor of Education (Arts) KU,</p> <p>Professional Qualification: CHRP, Higher Diploma HR (KNEC)/IHRM Certified Public Secretary-CPS (K), Certified Professional Mediator</p> <p>Professional Membership: Full Member of Institute Human Resources Management with Practising Certification</p>
<p>7. Mr. Zachary Waweru</p> 	<p>Area of Responsibility: ICT.</p> <p>Academic Qualification: M.Sc. (Management Information systems); Bachelor of Science in IT.</p> <p>Professional Qualifications: In areas of Project management, Cyber security & Networking</p> <p>Membership: Computer Society of Kenya</p>
<p>8. Mr. Joseph Muhuthu</p> 	<p>Area of Responsibility: Supply Chain.</p> <p>Academic Qualification: Bachelor of Purchasing and Supplies Management - Meru university of science and technology, MBA Procurement (KU- Ongoing).</p> <p>Professional Qualification: MCIPS.</p>

<p>9. Mr. Edwin Muchiri</p> 	<ul style="list-style-type: none">• Area of Responsibility: Internal Auditor• Academic Qualification: MBA (Finance); Bachelor of Commerce (Accounting).• Professional Qualifications: CPA (K),• Membership: ICPAK; IIA
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5. Chairperson's Report

The Commodities Fund operationalized the ComFund Staff Mortgage and Car Loan Scheme back in July 2018 in line with the SRC guidelines to enable Commodities Fund staff acquire residential houses and motor cars at affordable rates to attract, retain, and motivate staff. Am excited to note the tremendous growth of the Fund to Kshs. 133 million from the humble initial capital allocation of Kshs. 70 million in the FY 2017/2018.

I am pleased to present the ComFund staff Mortgage and Car Loan Scheme financial statements for the Financial Year 2024/2025. The Scheme is fully funded by the Commodities Fund through annual allocations based on demand and availability of funds. The uptake of Mortgage and Car Loans has remained high and is projected to grow further as a result of the newly employed staff. However, the scheme is facing the challenge of meeting the high demand.

The governance and management of the scheme is as set out in the loan entitlement and conditions set out in ComFund Staff Mortgage and Car Loan Scheme guidelines and other guidelines issued from time to time by the Government.

I am delighted to note the facilities advanced to staff have helped them to improve their wellbeing and those of their families. The scheme comes in handy to supplement government effort of providing affordable housing for citizens of this great nation.

I take this opportunity to thank the Commodities Fund for funding the scheme, the Fund Management Committee for their dedication to serve, and the staff who have borrowed and continue to service their facilities faithfully.



Ms. Jane Kimani
Chairperson, Staff Mortgage and Car Loan Scheme

6. Report of the Scheme Manager / Administrator

The Commodities Fund Staff Mortgage and Car Loan Scheme is established and governed by the existing internal guidelines and other government guidelines issued from time to time. Consequently, the management is hereby pleased to present the financial statements for the period ended 30th June 2025. The financial statements presented comprise the format provided by the IPSAS Board.

The ComFund Staff Mortgage and Car Loan scheme has ensured prudent financial management and reporting in line with the PFM Act, 2012, PFM regulations 2015 and the International Public Sector Accounting Standards. Application of the above has made the scheme effective thus meeting the intended purposes.

The implementation and administration of the fund is overseen by staff mortgage and car loan management committee in liaison with external service providers. The Committee meets quarterly and or on need basis to consider loan applications and make recommendations to banks contracted to give mortgage and car loan facilities to staff. The Commodities Fund has funded the scheme from its inception to a tune of Kshs. 120 million from the initial capital Kshs. 70 million in 2018. The scheme was not allocated new funds for the last three years and the financial year 2025/26. I am also delighted to report that the scheme has also grown through ploughing back surpluses to Kshs 133,224,568. The scheme has cumulatively issued loans amounting to Kshs. 124,458,467 to twenty-three (23) members of staff. The outstanding loans as at date of reporting stood at Kshs. 82,008,527.

I wish to report that during the period under review, the scheme approved loans amounting to Kshs 13,991,000 to four staff out of which Kshs 9,818,467 had been disbursed by the end of the year. Additionally, six more applications were launched, out of which four applications totalling to Kshs 22,982,760 were approved while two totalling to Kshs 11,500,000 were declined due to constrained resources.

The scheme continues to meet its objectives of facilitating staff to acquire houses and motor cars at favourable rates and thus attracting competent staff, retaining and motivating them for high productivity. I encourage the staff to make use of the scheme to better their wellbeing as well as those of their families.

I take this opportunity to sincerely thank the Commodities Fund for the generous sponsorship of the scheme and overall supervision. Further, I thank the Scheme management Committee for their guidance, the management for the day to day running of the scheme as well as our valued borrowers. You all made the scheme achieve its objectives.



Ms. Rose Ndiritu
Scheme Manager

7. Statement of Performance Against Predetermined Objectives

Commodities Fund through its current Strategic Plan for the FY 2023 – 2028, has incorporated the objective of the Salaries and Remuneration Commission Circular Ref: SRC /ADM/CIR/1/13Vol.III (128) dated 17th December 2014 by establishing the mortgage and car loan scheme. The *Commodities Fund* intends to strengthen its institutional capacity through:

- Pillar /theme/issue 1: To attract and retain skilled, motivated and productive human capital

The annual work plan is prepared with the above objective in mind. One major strategy in place to achieve the above objective is provision of mortgage and car loan facilities to staff whose aim is to improve their welfare and those of their families. Consequently, staff would be motivated and retained for foreseeable future. Assessment of scheme performance against its annual work plan is done on annual basis. The *performance of the Staff Mortgage and Car loan* scheme against performance targets set for the FY 2024/2025 period, as indicated in the table below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Institutional Capacity	To attract and retain skilled, motivated and productive human capital	Percentage of staff attracted, retained and increase of staff accessing the mortgage	Implement new organization structure to enhance staff capacity to access mortgage and car loans	The Fund was able to retain all its staff and four were able to benefit from the scheme and four applications were approved and are underway, while two others were not approved due to constrained resources.

8. Corporate Governance Statement

Commodities Fund Staff Mortgage and Car Loan Scheme is a revolving fund established pursuant to the Salaries and Remuneration Commission (SRC) Circular Ref. No. SRC/ADM/CIR/1/13 Vol. III (128) of 17th December 2014 and Section 84 (1), Section 24 (4-7) of the PFM Acts, 2012 (National Government) and Section 127 (1) (2) of the PFM (National Government) Regulations, 2015.

The objective of the scheme is to provide loans to members of staff for the purposes of acquisition of motor cars and residential properties for staff and their families.

Process of appointment and removal of Scheme Management Committee members

The Scheme Management Committee members as stipulated in section 6(a) i and ii of schemes regulations 2024 are appointed into office by the Commodities Fund Managing Trustee for a three-year tenure renewable once in line with scheme's guidelines. The Managing Trustee as the Appointing Authority may also revoke the appointment of a member.

Roles and functions of the Scheme Management Committee members,

The Scheme Management Committee as stipulated in section 6(c) of Drafted ComFund Staff Mortgage and Car loan Scheme regulations 2024 are required to:

- (i) Recommend appointment of schemes' service providers,
- (ii) Liaise with the schemes' service provider to ensure the scheme is adequately funded and operated on revolving fund concept to disburse loans,
- (iii) Develop schemes' eligibility criteria,
- (iv) Recommend successful schemes' applications for funding by the service provider
- (v) Supervise and control the administration of the Scheme,
- (vi) Utilize the administration costs accruing thereto to defray operating expenses of the scheme and may impose any reasonable restrictions or other requirements concerning such use.

Training of Committee members and Management

The scheme recognized the need for knowledge and skills in management resources invested in the scheme. The Employer (Commodities Fund) offers training opportunities to members of staff based on identified skills gaps.

Committee Meetings

The Committee meets quarterly or on need basis to deliberate on the specific agenda brought before it. Further, the Committee oversees the financial and operational activities of the Scheme.

Conflict of interest

Scheme Management committee members are required to declare if they are conflicted in any of the agenda item table before the committee. Where a member is conflicted, he or she is required to refrain from casting a vote on the matter.

Scheme Committee remuneration

Members of the committee who are all members of staff of Commodities Fund offers services to the Scheme on voluntary basis.

Ethics and conduct.

The Scheme endeavours to adhere to acceptable ethical conduct when carrying out its day-to-day business. The Scheme also is in compliant with the existing laws and regulations guiding the management of Mortgage and Car loan facilities.

Communication Policy

The Scheme is committed to transparent and fair communication. All borrowers shall receive written confirmation of approved loan amounts, interest rates, repayment terms, and applicable fees in clear, understandable language. Any amendments to terms—including repayment schedule, or charges—will be communicated promptly, with changes applying only from the date of notification onward. Borrowers will also be informed of their rights regarding collateral release upon full repayment, and provided with regular statements of account. Confidential borrower data shall be protected in accordance with applicable privacy and banking regulations

9. Management Discussion and Analysis

The Commodities Fund Staff Mortgage and Car Loan scheme was established in 2018 with the initial allocation of Kshs.70 million by the Commodities Fund. The Scheme has since grown to Kshs.133,224,825 as at 30th June 2025 and has granted loans amounting to Kshs. 124,458,467 to twenty-three members of staff. A total of Kshs. 41,983,266 has been repaid in the eight-year period.

Summary of Inflows and Outflows

Institution	Mortgage	Car Loan	Total
	Kshs	Kshs	Kshs.
ComFund-Funding HFC	-	-	-
ComFund-Funding-Family Bank		-	-
ComFund-Funding-Coop Bank	-	-	-
Principal Repayment Received HFC	4,752,225	-	4,752,225
Principal Repayment Received Family Bank	-	1,045,960	1,045,960
Principal Repayment Received Co-operative Bank	1,160,937	-	1,160,937
Interest Received Mortgage HFC	2,136,864		2,136,864
Interest Received Car Loan Family Bank	-	1,462,971	1,462,971
Interest Received Coop Bank	700,127	-	700,127
Total Inflows	8,750,153	2,508,931	11,259,084
Scheme Administration Costs	2,263,428	23,649	2,287,077
Bank Charges	0	9,296	9,296
Total Outflows	2,263,428	32,945	2,296,373
Net inflows/(outflows)	6,486,725	2,475,986	8,962,711

Summary of Loans and Beneficiaries

Financial Year	Car Loan	Mortgage	Amount Disbursed	No. of Beneficiaries
	Kshs	Kshs	Kshs	Kshs
2018/2019	4,900,000	47,950,000	52,850,000	8
2019/2020	4,300,000	19,750,000	24,050,000	5
2020/2021	0	23,400,000	23,400,000	3
2021/2022	740,000	4,900,000	5,640,000	2
2022/2023	0	0	0	0
2023/2024		8,700,000	8,700,000	1
2024/2025	885,000	8,933,467	9,818,467	4
Grand Total	10,825,000	113,633,467	124,458,467	23

Scheme's key projects or investments decision implemented or ongoing,

The Scheme has continued to Fund purchases, development, renovation of properties and purchase of motor cars for personal use by members of staff and their families. The Scheme does not engage in implementing projects but members are facilitated to acquire the above assets assisted by professional service providers (financial institutions) recruited by the scheme. Uncommitted funds are invested by the financial institutions to earn some income to the scheme.

Number and amount of Loans issued during the period, loans outstanding at end of the period and loans repaid during the period.

During the period under review, a total of Kshs.13,991,000 was approved for which Kshs 9,818,467 was disbursed to four staff and in addition four more applications were approved and are underway, while two others were not approved due to constrained resources. Cumulatively, a total of Kshs. 124,458,467 was disbursed by 30th June 2025 and cumulative repayment of Kshs.41,983,266 have been received leaving outstanding balance of Kshs. 82,008,527 as at 30th June 2025.

Scheme's compliance with statutory requirements,

The Scheme has complied with statutory and tax obligations in discharging its mandate. Further, the Scheme complied with the laws and regulations applicable in management of the funds.

Major risks facing the Scheme, material arrears in statutory and other financial obligations,

The Scheme has put in place risk management frameworks for risk identification and mitigation. Additionally, it has incorporated risk management in planning, execution evaluation as well as business continuity arrangements.

Key risks faced by the Fund include:

- **Liquidity Risks-** Inability of the scheme to meet mortgage and car loans demands of the staff given the only source of funding is allocation from the sponsor Commodities Fund.
- **Credit Risks-** is the risk that a borrowers who have left commodities fund employment may default on any type of debt by failing to make required payments.
- **Operational Risks-** is the potential for losses arising from failures in a company's internal processes, people, or systems, or from external events.
- **Compliance Risks-** risks associated with non-compliance with applicable laws and regulations which may result to litigations and conflict of interest.

10. Environmental and Sustainability Statement

Commodities Fund's Environmental, Sustainability goals (ESGs) are implemented to bring about satisfaction to its stakeholders, while ensuring a sustainable management of the environment it operates in. To ensure this, the Fund implemented the following organizational policies and activities:

i) Sustainability Strategy and profile

During the financial year, the Commodities Fund, continued to implement its 2023-2028 strategic Plan under the vision of the ComFund being a '*reliable financial partner for the crops sector in Kenya*'. Under the strategy, the Fund has analyzed and map out its stakeholders, who form our business support system in fulfilling the mandate to finance the crops sector in Kenya. The Strategy is focused on among other strategic Objectives, the Institutional capacity that aimed at recruiting and maintaining high performing, resourceful and motivated staff team.

As part of this institutional capacity, the Fund reviewed the mortgage and car loan scheme guidelines while aligning it to the relevant government policy. This is expected to increase customer satisfaction by making the scheme more efficient and effective in delivering financial services to the staff, while ensuring compliance with government regulations.

In addition, as part of the continuous duty of care, during the financial year, the ComFund undertook various activities as indicated below:

ii) Environmental Performance

Based on its Corporate Social Responsibility policy and work plan for the Financial year, ComFund identified need to support/ facilitate the tree planting initiatives involving staff members, as indicated in (v) below.

iii) Employee Welfare

The ComFund HR Policies are aligned with the Constitution, Employments laws as well as with SDG No 8 on Employee Involvement. The Fund has approved Human Resource Instruments, including Policies & Procedures Manual, Organization Structure and Staffing, Career Guidelines). To promote the wellbeing of employees, the Fund has in place occupational and medical insurance covers for its employees. All the Funds offices are registered as work places, in full compliance with Occupational Safety and Health Act of 2007, (OSHA). Also, the Fund has mortgage and car benefit schemes aligned with relevant government regulatory framework.

iv) Market Place Practices

a) Responsible Competition Practice

The Fund has mechanisms in place to ensure that its suppliers don't to engage in any behaviour that might be construed as corrupt practices. The Fund develops and submits quarterly reports to the Management/ Board and the relevant statutory bodies including PPRA. In addition, there are clear policy and procedures that guide on, among other areas, the staff conduct during and outside the work environment, with an expectation for political neutrality and ethical service delivery. During the financial year, there was no single complaint internally or externally tendered with

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regard to an impropriety staff conduct: improper political involvement, unfair competition practices or corrupt practices.

b) Responsible supply chain and supplier relations

During the Financial year, ComFund published all the advertised tenders on its website (www.comfund.co.ke) as well as on the Public Procurement Information Portal (PPIP) - www.tenders.go.ke . No supplier complaint was registered with regard to the tenders awarded. In addition, during the financial year, all supplier information inquiries received were successfully processed and responded to. Relevant quarterly reports were developed and statutorily submitted to the Commission for Administrative Justice (CAJ).

c) Responsible Marketing and Advertisement

Commodities Fund has in place a communication policy and Standard Operating Procedure (SOP) manuals that guide on the applicable standards to be maintained when undertaking marketing and other media engagements. All advertisements and publicity engagements during the financial year were subject to these communication policy guidelines.

d) Product Stewardship

The Fund has continued to create awareness to the stakeholders, including the staff, on the available channels of feedback, customer inquiries or customer complaints with regard to its services or products, whenever they arise.

v) Corporate Social Responsibility/ Community Engagements

Within the framework of its CSR policy, the Commodities Fund facilitated tree planting events in support of the presidential directive to plant 15 Billion trees in the next 10 years, aimed at increasing the forest cover in the country. These events were undertaken in Kiambu, Bomet and Embu Counties. A report on the same was submitted on the Jaza Miti portal (<https://environment.go.ke/state-department-for-forestry/>). Cumulatively, the ComFund has facilitated planting of over 198,000 new tree seedlings across various counties in the country.

In the next financial year, the ComFund intends to augment these environmental programmes

11. Report of the Scheme Management Committee

The Scheme Management Committee submits its report together with the audited financial statements for the year ended June 30, 2025, which shows the state of the Fund's affairs.

Principal activities

The principal activities of the Scheme are *to finance the Commodities Fund staff to purchase, develop, renovate residential properties and purchase private motor cars for personal use.*

Performance

The performance of the Scheme for the year ended June 30, 2025, is set out on page 1

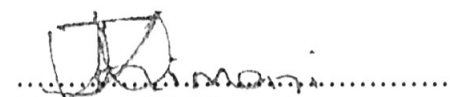
Scheme Management Committee

The members of the Scheme *Management Committee* who served during the year are shown on page iv.

Auditors

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

By Order of the Management Committee



Ms. Jane W. Kimani
Chairperson - Scheme Management 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 the Scheme established under the constitution or an Act of Parliament shall prepare financial statements for the Scheme in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the Scheme is responsible for the preparation and presentation of the Scheme's financial statements, which give a true and fair view of the state of affairs of the Scheme 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 scheme, (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 scheme; (v) Selecting and applying appropriate accounting policies, and (vi) Making accounting estimates that are reasonable in the circumstances.

The Administrator of the Scheme accepts responsibility for the Scheme's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and *Commodities Fund Staff Mortgage and Car Loan Guidelines, 2025*. The Administrator of the Scheme is of the opinion that the Scheme's financial statements give a true and fair view of the state of Scheme's transactions during the financial year ended June 30, 2025 and of the Scheme's financial position as at that date.

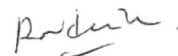
The Administrator further confirms the completeness of the accounting records maintained for the Scheme, which have been relied upon in the preparation of the Scheme's financial statements as well as the adequacy of the systems of internal financial control. In preparing the financial statements, the Administrator of the Scheme has assessed the Scheme's ability to continue as a going concern and nothing has come to the attention of the Administrator to indicate that the Scheme 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 Scheme's financial statements were approved by the Management Committee on 21st August 2025 and signed on its behalf by:



Ms. Jane Wanjiru Kimani
Chairperson of the Scheme



Ms. Rose Wanjiru Ndiritu
Scheme Manager

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON COMMODITIES FUND STAFF MORTGAGE AND CAR LOAN SCHEME FOR THE YEAR ENDED 30 JUNE, 2025

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.

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

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Commodities Fund Staff Mortgage and Car Loan Scheme set out on pages 1 to 23, which comprise of the statement of Financial position as at 30 June, 2025 and the statement of performance,

statement of changes in net assets, statement of cash flows and statement of the 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, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Commodities Fund Staff Mortgage and Car loan Scheme 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 comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Funds Held at HFC Limited

Housing Finance Limited reflect cash and cash equivalent balance of Kshs.13,789,968 and long-term receivables portfolio of Kshs.24,931,026 as at 30 June, 2025. Even though transition has occurred, the entire long-term receivables portfolio, being a material financial asset still remains in the books of HFC Limited and has not been transferred to the intended Financial Institution.

In the circumstance, Clause 11.2 of the agreement between Commodities fund and HFC Limited which states that the existing mortgages shall immediately at the expiry of the notice revert to HFC's prevailing commercial mortgage rate of interest and HFC shall release the deposits in the back up account and free fund account to Commodities has not been adhered to.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Commodities Fund Staff Mortgage and Car Loan Scheme 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 qualified 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 Information

Management is responsible for the Other Information set out on page iii to xix which comprise of Key fund Information and management, Management Team Chairpersons Report, Report of the Scheme Manager/Administrator, Statement of Performance

Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Report of the Scheme Management Committee and the Statement of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the 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.

Basis for Conclusion

1. Irregular Charge of Management Fees by Financing Institutions

Review of the contract between Co-operative Bank of Kenya Limited and Commodities Fund (Comfund) on 10 February, 2022 under schedule II on terms and conditions of the staff mortgage loans scheme states that administrative fees of 3% per annum on a reducing balance will be paid by borrower. This is contrary to the Clause 14(b) of The Commodities Fund (Comfund) Staff Mortgage Scheme and Motor Car Loan Scheme Guidelines of 8 April, 2025 which states that the financial institution managing this scheme may charge management cost for not more than two per centum per annum of the value of the loan to cover its management costs.

In the circumstances, there may be losses to members due to excess deductions.

2. Slow Transition from Housing Finance Corporation to Cooperative Bank

The HFC Limited transition from HFC Limited to Co-operative Bank was initiated on 18 May, 2021. This was a result of HFC altering the terms and conditions of its mortgage agreement, and a mutual agreement not being reached. Further, Co-operative Bank was appointed as the new service provider for the mortgage

scheme in February, 2022. The transition was initially expected to be completed within three (3) months. However, the process remains ongoing four years later.

Further, there was no evidence the scheme sought legal advice or clearance from the Attorney-General or such person designated in writing by the Attorney-General before terminating a contract under the Act, 2015 or the Regulations, 2020 and the terminated contract was not reported to the Authority on a quarterly basis.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of the Management and those charged with Governance

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

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

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

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

Those charged with governance are responsible for overseeing the Scheme'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


14 November, 2025


*Commodities Fund Staff Mortgage and Car Loan Scheme
Annual Report and Financial Statements For the year ended 30th June 2025*


14. Statement of Financial Performance for the Year Ended 30th June 2025

	Note	2024/2025	2023/2024
		Kshs.	Kshs.
Revenue from exchange transactions			
Interest in income from investment of free funds	6	1,950,119	2,398,699
Interest in loan facilities	7	2,310,726	2,265,251
Total revenue		4,260,845	4,663,950
Expenses			
Use of Goods	8	2,296,374	2,238,820
Total expenses		2,296,374	2,238,820
Surplus for the Year		1,964,471	2,425,130

The financial statements were approved on 21st August 2025 and signed by:


.....
Ms. Jane W. Kimani
Chairperson of the Scheme


.....
Ms. Rose. W. Ndiritu
Scheme Manager


.....
Mr. Silas N. Njagi
Scheme Accountant
ICPAK M/No. 5078

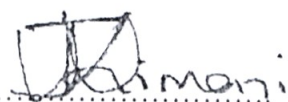
*Commodities Fund Staff Mortgage and Car Loan Scheme
Annual Report and Financial Statements For the year ended 30th June 2025*


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


	Note	2024/2025	2023/2024
		Kshs.	Kshs.
Assets			
Current assets			
Cash and cash equivalents	9	49,430,514	52,676,144
Receivables from Investment exchange transactions	10 (a)	563,680	511,715
Receivables from banks exchange transactions	10 (b)	1,247,304	167,813
Receivables loans exchange transactions	11	9,059,855	9,502,082
Total Current Assets		60,301,354	62,857,754
Non-current assets			
Receivables Loans Exchange transactions	11	72,948,672	69,096,301
Total Non-Current Assets		72,948,672	69,096,301
Total assets		133,250,026	131,954,054
Liabilities			
Trade and other Payables	12	25,201	686,797
Total Current Liabilities		25,201	686,797
Net Assets		133,224,825	131,267,257
Financed by:			
Mortgage and Car loan revolving fund		120,000,000	120,000,000
Accumulated surplus (<i>Reserves</i>)		13,224,525	11,267,257
Total net assets and liabilities		133,224,825	131,267,257

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 21st August 2025 and signed by:


.....
Ms. Jane W. Kimani
Chairperson of the Scheme


.....
Ms. Rose W. Ndiritu
Scheme Administrator


.....
Mr. Silas N. Njagi
Scheme Accountant
ICPAK M/No. 5078

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

	Note	Mortgage Fund	Car Loan Fund	Accumulated surplus	Total
		Kshs.	Kshs.	Kshs.	Kshs.
As at 1 July 2023		110,000,000	10,000,000	8,842,127	128,842,127
Surplus for the period		-	-	2,425,130	2,425,130
As at 30 June 2024		110,000,000	10,000,000	11,267,257	131,267,257
Balance as at 1 July 2024		110,000,000	10,000,000	11,267,257	131,267,257
Additions during the year				1,964,471	1,964,471
Adjustment of overstated interest from free funds FY 2023-24		-	-	(6,903)	(6,903)
As at 30 June 2025		110,000,000	10,000,000	13,224,825	133,224,825

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

	Note	2024/2025	2023/2024
		Kshs.	Kshs.
Cash flows from operating activities			
Receipts			
Interest from free funds		1,891,250	2,398,699
Interest from loans		2,310,726	2,265,251
Principal Loan Repayment		0	5,630,649
Total Receipts		4,201,976	10,038,752
Payments			
Use of Goods		2,263,430	2,238,820
Bank Charges		9,296	0
Loan disbursement		0	8,700,000
Payment to administrator		381,117	(33,631)
Charges capitalization		0	81,142
Total payments		2,653,843	10,986,331
Net cash flow from operating activities	13	1,548,133	(691,732)
Cash flow from investing activities			
(Increase) /Decrease in receivables		-	(183,067)
Increase /(Decrease) in Trade Payables			81,142
Principal loan repayment		6,305,983	0
Loan Disbursements		(9,818,467)	0
Charges capitalization		(1,281,275)	0
Net Cash flows from investing activities		(4,793,759)	(101,925)
Net increase/(decrease) in cash and cash equivalents		(3,245,630)	(793,658)
Cash and cash equivalents at 1 July 2023	16	52,676,144	53,469,801
Cash and cash equivalents at 30 June 2024	9	49,430,514	52,676,144

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	A	b	C=(a+b)	d	e=(c-d)	F=e/c
Revenue						
Interest income	4,155,000	-	4,155,000	4,260,845	(105,845)	2.6%
Total Revenue	4,155,000	-	4,155,000	4,260,845	(105,845)	2.6%
Expenses						
Use of goods and Services	2,300,000	-	2,300,000	2,296,379	3,621	0.15%
Expenditure	2,300,000	-	2,300,000	2,296,379	3,621	0.15%
Surplus for the period	1,855,000	-	1,855,000	1,964,466	109,466	5.6%
Loans	-	-	-	-	-	-
Loans disbursement	20,000,000	-	20,000,000	9,818,46	10,181,533	49%

19. Notes to the Financial Statements

1. General Information

Commodities Fund Staff Mortgage and Car loan Scheme is established by and derives its authority and accountability from the Public Finance Management Act, 2012. The Scheme is wholly owned by the Commodities Fund and is domiciled in Kenya. The Scheme's principal activity is to provide loans to members of the scheme for the purposes of acquiring motor cars and residential properties for staff and their families.

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 marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements is in conformity with International Public Sector Accounting Standards (IPSAS) which allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Scheme's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Scheme*. The financial statements have been prepared in accordance with the PFM Act, 2012 and International Public Sector Accounting Standards (IPSAS).

3. Adoption of New and Revised Standards

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

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

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

Standard	Effective date and impact:
IPSAS 43: Leases	Applicable 1st January 2025 The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	Applicable 1st January 2025 The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45: Property Plant and Equipment	Applicable 1st January 2025 The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46: Measurement	Applicable 1st January 2025 The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.

	<ul style="list-style-type: none"> ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement-related disclosures. <p>The standard also introduces a public sector-specific measurement bases called the current operational value.</p>
IPSAS 47: Revenue	<p>Applicable 1st January 2026</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>Applicable 1st January 2026</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>Applicable 1st January 2026</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>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p>Applicable 1st January 2027</p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

iii) Early adoption of standards

The Commodities Fund Staff Mortgage and Car loan Scheme did not early – adopt any new or amended standards in the financial year.

4. Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, 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 Scheme and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Interest income

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

b. Budget information

The original budget for the Current FY 2024/2025 was approved by the National Treasury in July 2024. Subsequent revisions and 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 fund upon receiving the respective approvals to conclude the final budget. However, the Scheme did not receive additional appropriations in the year ended 30th June 2025.

The Scheme budget is prepared on the accrual basis same as the financial statements. This is informed by the fact that much of the Scheme's income is derived from loans which accrue interest daily and have specific repayment date which does not necessarily correspond with the reporting date.

The amounts in the financial statements are therefore on same basis as in the approved budget and does not require a reconciliation.

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.

k) Financial instruments /assets

i) Financial Assets

Initial Recognition and Measurement

Financial assets within the scope of IPSAS 41 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 Scheme 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.

Impairment of financial Asset

Originating loans and provision for loans impairment

Loans are originated by the Commodities Fund Staff Loan Management Committee who recommend the granting of the facility to the financial institution and the loan is categorized as loans originating from the Scheme.

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The Fund does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Scheme's financial statements.* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

I. Financial Assets

Classification of financial assets

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

Subsequent Measurement

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

Amortized Cost

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

Impairment

The Scheme assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date.

Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out as follow:

- Default or delinquency in interest and Principal
- The probability that the borrow will be declared bankrupt or undertaking other financial reorganization
- The borrower is facing experiencing significant financial difficulty

- Observable data indicates measurable decrease in in estimated future cash flows (i.e changes in arrears or economic conditions that correlate with default.)

ii) Financial liabilities

Classification

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

l) Contingent Liabilities

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

m) Contingent Assets

The Scheme 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 Scheme 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.

n) Nature and Purpose of Reserves

The Scheme has created and maintains three specific reserves follows.

- i) Car revolving fund -Meant to create a pool from where cars loans to staff are funded.
- ii) Mortgage revolving fund -Meant to create a pool from where staff mortgages are funded.
- iii) Revenue reserves -Accumulates the results for the year before redistribution to revolving funds

o) Changes in Accounting Policies and Estimates

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

p) Foreign Currency Transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are

translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

q) Related Parties

The Scheme 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 Scheme Managers, and Scheme Accountant.

r) 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.

s) Comparative Figures

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

t) Events after the Reporting Period

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

u) Ultimate and Holding Fund

The Scheme is established under Section 24 (4) PFM Act, 2012 and its ultimate parent is the Commodities Fund.

v) Currency

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

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Scheme's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions

and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

a) **Estimates and Assumptions.**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Scheme. 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 Scheme
- ii) The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- iii) The nature of the processes in which the asset is deployed
- iv) Availability of funding to replace the asset
- w) Changes in the market in relation to the asset

6. Interest Income from Investment of Free Funds

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Housing Finance Corporation	59,117	460,309
Family Bank	1,415,675	1,565,981
Cooperative Bank	475,327	372,409
Total Interest Income from free funds	1,950,119	2,398,699

The unutilized funds are placed on high interest rate mainly at the prevailing market interest rate. Interest earned on unutilized funds is as indicated above.

7. Interest Income from Staff Loans

Description	2024/2025	2023/2024
	Kshs.	Kshs.

Housing Finance Corporation-Mortgages	2,038,628	2,197,989
Cooperative Bank- Mortgages	224,800	
Family Bank-Car Loan	47,297	67,262
Total Interest Income from staff loans	2,310,725	2,265,251

Interest on staff mortgages and car loan is charged at 3% in line with SRC Requirement. The amounts represent interest earned by the two facilities during the year under review.

8. Use of Goods and Services

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Administration fees	2,287,078	2,231,620
Bank charges	9,296	7,200
Total	2,296,374	2,238,820

The administration fee relates to commissions paid to HFC, Co-operative and Family banks for undertaking the scheme administration work of the mortgage and car loan respectively. HFC and Co-operative Bank take the entire 3% charged on loans as their commission while Family Bank takes 1.5% of the interest charged as their interest.

9(a) Cash and Cash Equivalents

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Commodities Fund Mortgage and Car loan Accounts	49,430,514	52,676,144
Total Cash and Cash Equivalents	49,430,514	52,676,144

9 (b) Detailed analysis of the cash and cash equivalents

		2024/2025	2023/2024
Financial Institution	Account number	Kshs.	Kshs.
Mortgage and Car Loan Fund			
Cooperative Bank Account	01141030994600	21,912,316	30,805,925
Housing Finance Corporation	2313103401-0	13,789,968	9,381,202
Family Bank	014000049607	13,728,230	12,489,017
Grand Total		49,430,514	52,676,144

The Fund's back-up accounts held at Housing Finance for both Mortgage and Car loans holds funds that are disbursed to the loan beneficiaries less principal recoveries. The

account's balance is therefore expected to have equivalent to aggregate disbursed loans less principal recoveries. The back-up account does not earn interest.

10. (a) Receivables from banks -Exchange Transactions

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Current Receivables		
Interest Receivable – Co-op Bank	475,327	326,386
Housing Finance	0	46,023
Interest Receivable –Family Bank	88,353	139,306
Total	563,680	511,715
(b) Others- Loan repayments not received		
HFC	255,379	167,813
Co-operative Bank	800,743	0
Family Bank	191,182	0
Total	1,247,304	167,813

The scheme had earned the above interest on various accounts but the same had not been credited in scheme's accounts by close of financial year. Further, the three banks were holding loan repayment amounting to Kshs, 1,247,304 which was received after June 2025.

11. Staff Loan Receivables

	2024/2025	2023/2024
	Kshs.	Kshs.
Staff Loan Short term		
Staff Mortgages	8,844,136	7,980,374
Car loans	215,719	1,521,708
Total Short-term Loans	9,059,855	9,502,082
Staff loan –long term		
Staff Mortgages	71,614,917	68,765,250
Staff Car Loan	1,333,756	331,051
Total Non-Current Receivables	72,948,672	69,096,301
Grand Total	82,008,527	78,598,382

The maximum repayment period for mortgage facility is 20 years while that of the car loan facility is 5 years. The entire receivable would therefore be collected in a period not exceeding 20 years.

12. Trade and other payables

Description	2024/2025		2023/2024	
	Kshs.		Kshs.	
Administration fee	23,648		381,117	
Capitalised Interest	0		305,681	
Car Loan Overpayment	1,553		0	
Total trade and other payables	25,201		686,797	
Ageing analysis: (Trade and other payables)	2024/2025	% of total	2023/2024	% of total
Under one year	25,201	100%	114,773	17%
1-2 years	0	0%	56,588	8%
2-3 years	0	0%	119,827	17%
Over 3 years	0	0%	395,609	58%
Total	25,201	100%	686,797	100%

The Family bank who are entitled to 1.5% or half of the interest charged on car loan facilities have not invoiced their commission for payment. The figure above represents amounts owed to bank since inception of the scheme.

13. Net Cash Flows from Operating Activities

Description	Balance C/down	Balance B/F	2024/2025	2023/2024
	Kshs.	Kshs.	Kshs.	Kshs.
Surplus/ (deficit) for the year before tax			1,964,471	2,425,130
Adjusted for:				
Prior year Adjustment			(6,902)	
Working capital adjustments				
Decrease in receivables	563,680	511,715	(51,967)	(3,150,493)
Decrease in payables	23,648	381,117	(357,468)	33,631
Net cash flow from operating activities			1,548,133	(691,732)

14. Financial Risk Management

The Scheme's activities expose it to a variety of financial risks including credit and liquidity risks. The Scheme's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Scheme does not hedge any risks and its policy is to advance mortgage and car loan facilities to Commodities Fund Employees only and the same is recovered through checkoff to reduce default risk.

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

a) Credit Risk

The Scheme has exposure to credit risk, which is the risk that a staff will be unable to pay amounts in full when due. Management assesses the credit worthiness of loan applicant by ascertaining the applied amount is within the officer's maximum limit and the same can be accommodated in the payslip within the 1/3 rule. Individual risk limits are set based on internal or external assessment in accordance with limits set by the management committee guided by regulations issued by the SRC through circular which introduced the Mortgage and Car Loan facilities. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Fund's management based on prior experience and their assessment of the current economic environment.

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

Description	Total amount Kshs.	Fully performing Kshs.	Past due Kshs.	Impaired Kshs.
At 30 June 2025				
Receivables From Exchange Transactions-Car loans and mortgages	82,008,527	82,008,527	-	-
Receivables From Non-Exchange Transactions	1,810,984	1,810,984	-	-
Bank Balances	49,430,514	49,430,514	-	-
Total	133,250,025	132,250,025	-	-
At 30 June 2024				
Receivables From Exchange Transactions- Car loans and mortgages	78,598,382	78,598,382	-	-
Receivables From Non-Exchange Transactions	511,715	511,715	-	-
Cash in transit	167,813	167,813	-	-
Bank Balances	52,676,144	52,676,144	-	-
Total	131,954,054	131,954,054	-	-

The staff loans under the fully performing category are paying their debts as required. The receivables are 100% covered by value of the financed assets.

b) Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Scheme Management Committee, who has built an appropriate liquidity risk management framework for the

management of the Scheme's short, medium, and long-term funding and liquidity management requirements. The Scheme 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.	Kshs.
At 30 June 2025				
Trade Payables	3,555	6,249	15,397	25,201
Total	3,555	6,249	292,697	25,201
At 30 June 2024				
Trade Payables	26,974	83,701	461,349	572,024
Total	26,974	83,701	461,349	572,024

c) Interest Rate Risk

Interest rate risk is the risk that the Scheme's financial condition may be adversely affected as a result of changes in interest rate levels. Interest rate on staff facilities is fixed at 3% in line with SRC circular but free funds attract interest at the market rate. The interest rate risk exposure arises mainly from interest rate movements on the Scheme's deposits.

Management of Interest Rate Risk

To manage the interest rate risk, management engages the bank and monitors interest rate movement to ensure free funds are placed at appropriate interest rates prevailing at the time.

d) 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	2024/2025	2023/2024
	Kshs.	Kshs.
Revolving Fund as at 01 July		
Staff Mortgages Revolving Fund	110,000,000	110,000,000
Staff Car Loan Revolving Fund	10,000,000	10,000,000
Accumulated surplus (<i>Reserves</i>)	13,231,728	11,267,257
Adjustment	(6,903)	7,270
Total funds	133,224,825	131,274,527

Less: Cash and Bank Balances	(49,430,515)	(52,676,144)
Net debt/(excess cash and cash equivalents)	82,008,527	78,598,383
Gearing	62%	60%

Total assets of the Scheme are adjusted by the outstanding interest receivable and payables at year end payables

15. Related Party Balances

a) Nature of Related Party Relationships

Commodities Staff Mortgage and Car Loan Scheme is wholly owned by Commodities Fund Who provide capital and the Scheme management. The personnel charged with the responsibility of the Scheme are fully compensated by the Commodities Fund and therefore the scheme does not incur any cost on them.

There was no new capital injection during the year under review.

16. Events after the Reporting Period

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

17. Ultimate And Holding Entity

The Commodities Fund Staff Mortgage and Car Loan Scheme is a scheme under the sponsorship of Commodities Fund which is a SAGA under ministry of Agriculture and Livestock Development.

18. Currency

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

20. Annexes

Annex I: Progress on Follow-Up of Prior Year Auditor's Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Cash and Cash Equivalent	<p>The statement of financial position reflects cash and cash equivalents balance of Kshs. 52,676,144 as at 30th June,2024 as disclosed in Note 9 to the financial statements indicates that Kshs. 30,805,925, Kshs.9,381,202 and Kshs. 12,489,017 were held in Cooperative Bank, Housing Corporation Bank and Family Bank respectively. However, the balances were not supported by monthly bank reconciliations, cashbooks and board of survey to confirm the balances.</p> <p>In the circumstances, the accuracy and completeness of cash and cash equivalents of Kshs. 52,676,144 could not be confirmed.</p>	<p>We confirm that the management did not prepare the monthly reconciliation instead we did the reconciliation for the whole year. Additional cash book was maintained for the whole year and not monthly. This was due to fact that the scheme was not preparing financial statement as was assumed the financial institution contracted to provide mortgages to staff was maintaining the cashbooks. Your recommendation for maintenance and preparation of monthly bank reconciliation has been adopted.</p>	Resolved	31 st December 2024
Fund operating without an approved	<p>The Fund is operating staff mortgage and car loan scheme without the existence of approved and</p>	<p>The Commodities Fund staff Mortgage and Car Loan Scheme was operationalized in March 2018 after</p>	Resolved	April 2025

Commodities Fund Staff Mortgage and Car loan Scheme
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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)
and Gazetted Loan Scheme Regulations	<p>gazetted loan scheme regulations. The Fund has no regulation contrary to Section 24(11) of the Public Finance Management Act, 2012 which provides for the management, governance, structure, operation, scope, winding-up procedures and functionality and other provisions including financial for the Fund since its inception in 2019,</p> <p>In the circumstances, Management was in breach of the law.</p>	<p>mortgage and car policy was formulated and approved by the Board of Trustees. Thereafter, the budget was allocated by the Commodities Fund as the sponsor and was approved by the National Treasury. The internal policy served as regulations and it guided the scheme until January 2024 when the scheme new guidelines were developed to meet the requirement of the SRC. The guidelines were approved by the Commodities Fund Board of Trustees in January 2024 and forwarded to the Parent Ministry in February 2024 for review and recommendation to the National Treasury. Subsequently, the guidelines were forwarded to the National Treasury in July 2024 and were finally approved in April 2025.</p>		

R. D. ...

Scheme Manager

Date..... 21/08/2025

Annex II: Inter-Fund Confirmation Letter