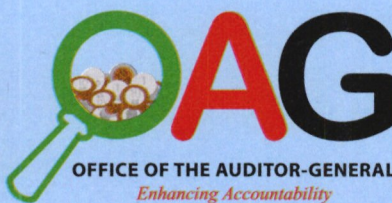
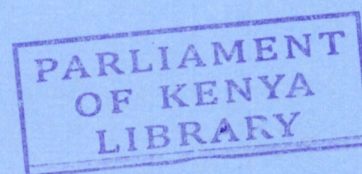


REPUBLIC OF KENYA



**REPORT**



**OF**

**THE AUDITOR-GENERAL**

**ON**

**BUSIA COUNTY ASSEMBLY  
REVOLVING FUND**

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

PAPERS LAID	
DATE	27/11/2025
TABLED BY	CML
COMMITTEE	-
CLERK AT THE TABLE	Mrs. Nabalayo.



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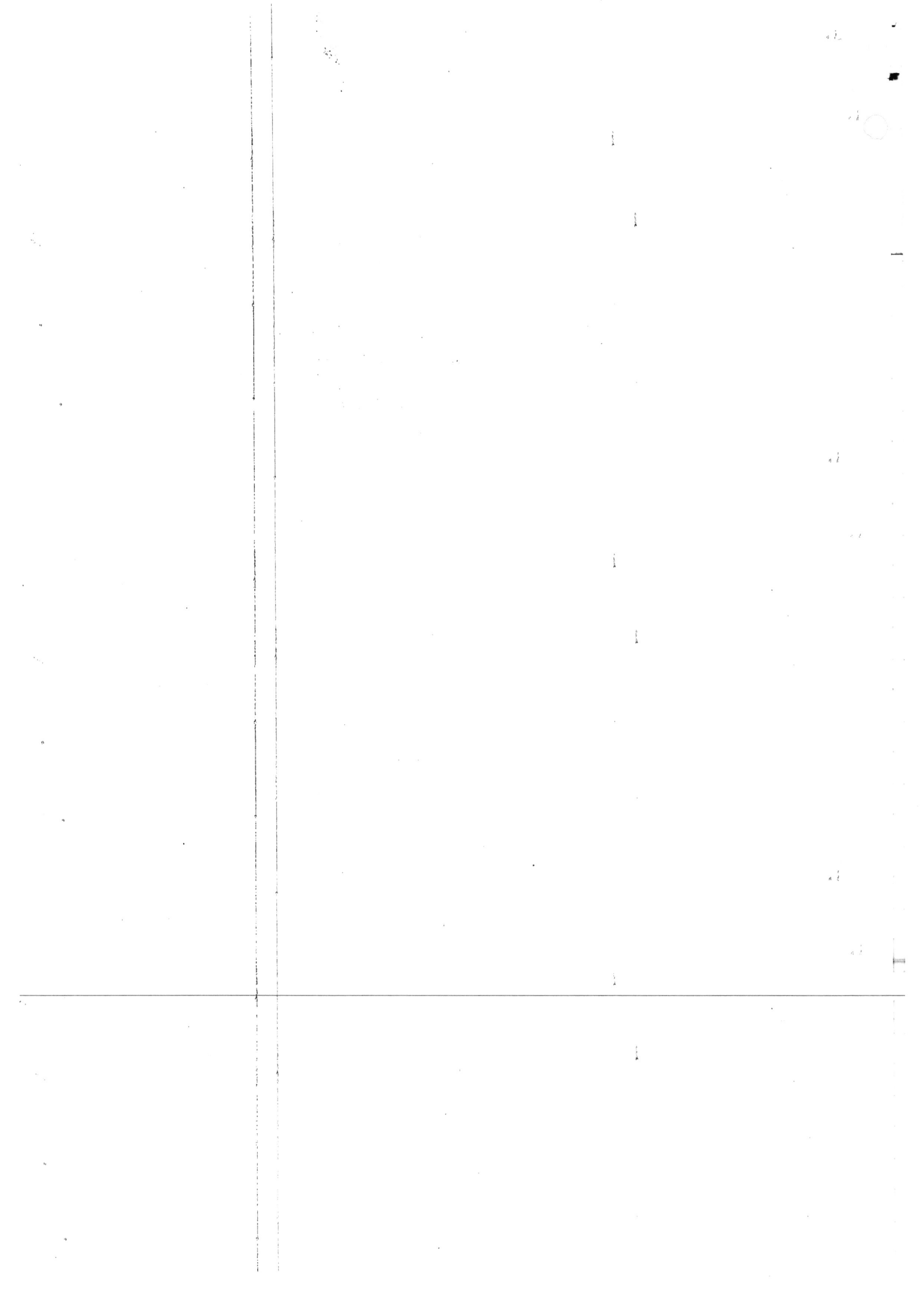
**BUSIA COUNTY ASSEMBLY REVOLVING FUND/BOARD**

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

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

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*Busia County Assembly Revolving Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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

**A. Acronyms**

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings

**B. Definition of Key Terms**

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

**Comparative Year-** Means the prior period.

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

### **a) Background information**

The Busia County Assembly Revolving Fund is a fund established pursuant to the Salaries and Remuneration Commission (SRC) circular number SRC/TS/WH/3/14 of 14<sup>th</sup> February 2014. Section 167 of the Public Finance Management (PFM) Act 2012 mandates the administrator of public funds with the preparation of annual financial statements.

For proper management of the Fund and as advised by the SRC in the circular under the reference, Busia County Assembly adopted the PFM regulations 2014 to guide in the operationalization of the fund. As advised by the SRC and as provided for under regulation 16 of the said regulations, the County Assembly Service Board appointed the Office of the Clerk to the Assembly to manage the fund.

The SRC in its circular reference SRC/ADM/CIR/1/13 VOL.III (128) dated 17<sup>th</sup> December 2014 provided guidelines for access of car loan and Mortgage benefits by state and public officers.

The fund is wholly owned by the County Assembly of Busia and is domiciled in Kenya.

### **b) Principal Activities**

The principal activity/mission/ mandate of the fund is to provide Car Loans and Mortgage to members of the County Assembly and the staff of the County Assembly.

#### VISION

The fund of choice for Member of the County Assembly and staff

#### MISSION

To provide affordable, accessible and sustainable Car loans and Mortgage to members of the county Assembly and staff.

#### CORE VALUES

The fund upholds the values of accountability, transparency, excellence, accessibility, integrity, responsiveness, equity and team work.

**Key Entity and Management (Continued)**

**c) Board of Trustees/Fund Administration Committee**

Ref	Name	Position
1	Hon.Fredrick Odilo	Chairman
2	Hon.Sylvanus Alianda	Vice Chairman
3	Hon.Zaccheus Kubasu	Member
4	Hon.David karani	Member
5	Hon.Beatrice Opwapo	Member
6	Hon.Juliane Wanyama	Member
7	Hon.Tony Onyango	Member
8	Belinda Makadia	Member
9	CPA Gabriel Esonga Erambo	Ag. Fund Administrator

**d) Key Management team**

Ref	Name	Position
1	CPA Gabriel Esonga Erambo	Ag. Fund Administrator
2	CPA Samuel Odima	Ag. Director Finance and Accounting
3	Maureen Ogombe	Legal
4	Catherine Eskut	Secretary
5	Festo Ileo	Clerical Officer 1

**e) Fiduciary Oversight Arrangements**

SN	Position	Name
1	Directorate Internal Audit	Benedictus Oese
2	Staff car Mortgage and car Loan Advisory Committee	
3		

**f) Registered Offices**

P.O. Box 1018-50400  
Busia County Assembly Buildings  
Busia-Kisumu/Road/Highway  
BUSIA, KENYA

**g) Fund Contacts**

Telephone: (254) 712643568  
E-mail: [clerk@busiaassembly.go.ke](mailto:clerk@busiaassembly.go.ke)  
Ag. Gabriel Esonga Erambo  
Fund Administrator  
Website: [https:// busiaassembly.go.ke](https://busiaassembly.go.ke)

**h) Fund Bankers**

1. Kenya Commercial Bank  
Busia Branch
2. Co-operative Bank  
Busia Branch
3. Diamond Trust Bank  
Busia Branch

**i) Independent Auditors**

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

**j) Principal Legal Adviser**

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

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*Busia County Assembly Revolving Fund*  
Annual Report and Financial Statements for the year ended June 30, 2025

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**k) County Attorney**




Innocent Enos Omboko

MOBILE NO: 0725800343



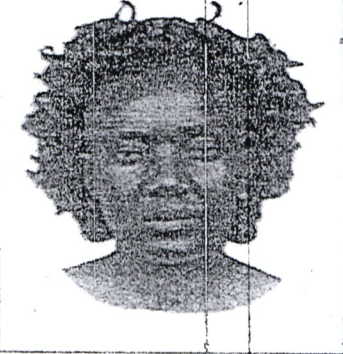

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BUSIA, KENYA

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



Name	Details of qualifications and experience
<p>1. </p>	<p>Hon. Fredrick Odilo wafula-Chairman            DOB:01/07/1972            Academic and professional Qualifications:            BACHELORS DEGREE            Work experience:            SPEAKER:</p>
<p>2. </p>	<p>Hon. Sylvanus Alianda-Vice Chairman            DOB:02/06/1983            Academic and professional Qualification:            DIPLOMA            Work experience: MCA</p>
<p>3. </p>	<p>Hon. Zacheus Kubasu-Member            DOB:11/09/1981            Academic and professional Qualifications:            BACHELORS DEGREE            Work experience: MCA</p>

**Busia County Assembly Revolving Fund  
Annual Report and Financial Statements for the year ended June 30, 2025**

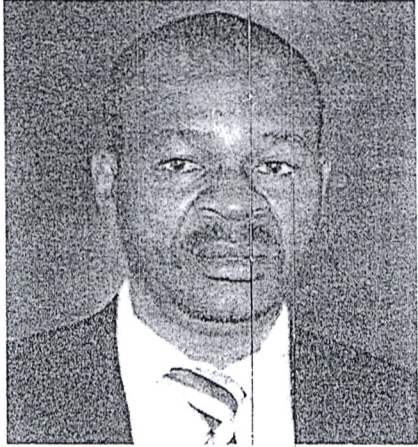


<p>4.</p> 	<p>Hon. David Karani Parapara-Member          DOB: 18/09/1972          Academic and professional Qualifications:          DIPLOMA          Work experience: MCA</p>
<p>5.</p> 	<p>Hon. Beatrice Opwapo-Member          DOB: 21/01/1979          Academic and professional Qualifications:          KCSE          Work experience: MCA</p>
<p>6.</p> 	<p>Hon. Juliane Wanyama-Member          DOB: 21/11/1977          Academic and professional Qualifications:          DIPLOMA          Work experience: MCA</p>
<p>7.</p> 	<p>Hon. Tonny Onyango-Member          DOB: 27/03/1969          Academic and professional Qualifications:          DIPLOMA          Work experience: MCA</p>



*Busia County Assembly Revolving Fund*

**Annual Report and Financial Statements for the year ended June 30, 2025**

8. 	Belinda Makadia-Member DOB:08/09/1986 Academic and professional Qualifications: BACHELORS DEGREE Work experience: Public representative
9. 	CPA Gabriel Erambo-Director Finance and Accounting DOB:02/07/1973 Academic and professional Qualifications: BACHELORS MBA CPA K Work experience:26 years in public Service

**4. Management Team**

Name	Details of qualifications and experience
<p>1. </p>	<p>CPA Gabriel Erambo-Ag. Clerk To Assembly                      DOB:02/07/1973                      Academic and professional Qualifications:                      BACHELORS                      MBA                      CPA K                      Work experience:26 years in public Service</p>
<p>2. </p>	<p>CPA Samuel Odima-Ag Director Finance and Accounting                      DOB:05/04/1974                      Academic and professional Qualifications:                      BACHELORS DEGREE                      CPA K                      Work experience:26 years in Public Service</p>
<p>3. </p>	<p>Maureen Okhato Ogombe-Legal                      DOB:14/06/87                      Academic and professional Qualifications:                      Post Graduate Diploma                      LAWYER                      Work experience: 11 years</p>

4. 	<p>Catherine Eskut-Secretary DOB: 23/7/1984 Academic and professional Qualifications: BBA Work experience: 11 years</p>
	<p>Festo Ileo: Clerical Officer I DOB: 22/5/1975 Academic and professional Qualifications: Diploma ATD level Work experience: 10 years</p>

## **5. Board/Fund Chairperson's Report**

It is my pleasure to present, on behalf of the loans management committee, the Busia County Assembly Revolving Fund financial statements for the year ended 30<sup>th</sup> June 2025. The financial statements present the financial performance of the fund over the past year.

### **Sustainability**

The fund and its stakeholders are increasingly emphasizing on the need to ensure sustainability for both its investments and its resource mobilization and financing capabilities with an objective of ensuring that the fund's going concern is secured.

The fund has conducted a basic assessment of available options for feasible financing tools that would assure the fund of its long-term sustainability. The fund has reviewed its current resource mobilization strategies and proposed feasible sustainability financing options.

### **Board and Management Changes**

The board established a taskforce with the mandate to review and interrogate the adequacy and effectiveness of the fund's organogram in carrying out its mandate and make recommendations. The taskforce carried out the assignment and made several recommendations key among them the automation of the fund's operations. The organisation arrangement is expected to enhance efficiency in service delivery.

In the Financial year the Board made some changes in its membership. This was necessitated by the election of new members of the County assembly and the members representing the public.

### **Review of performance**

#### **Income**

The fund earned revenues amounting to KShs. 15,506,286 from the interest charged on the loans that were disbursed to members of the County Assembly and the staff from both the car loan and the mortgage.

Projects implementation during the period was carried out as per the plan with the coordinated efforts by all stakeholders. The performance was also attributed to a favourable opening bank balances of KShs. 30,249,157 at the beginning of the financial year 2024-2025.

#### **Expenditures**

The total expenditures during the period amounted to KShs. 53,021.50 out of which the administration expenses amounted to KShs 0 as sitting allowance and Bank Charges KShs. 53,021.50.

#### **Future outlook**

The outlook of the Fund for 2025/2026 looks brighter. The fund focus is looking to build a robust and sustainable fund with a motivated workforce and structures that enhance efficiency and effectiveness in the service delivery. The fund looks forward to continued support from the stakeholders to the realization of its mandate.

*Busia County Assembly Revolving Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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**Appreciation**

I take this opportunity to express my sincere gratitude and appreciation to the county government, stakeholders, management, staff and fellow committee members for their continued support which made us achieve these results.

I look forward to your continued support in the year 2025/2026.

Signature



Date

31/07/2025

**Name: Hon. Eng. Fredrick Odilo Wafula**

**Chairperson of the Board/Fund**

**6. Report of The Fund Administrator**

It is my pleasure to present the Busia County Assembly Revolving Fund financial statements for the year ended 30<sup>th</sup> June 2025. The financial statements present the financial performance of the fund over the past year.

**Financial Performance**

**a) Revenue**

In the year ended 30<sup>th</sup> June 2025, the fund had projected revenues of KShs 15,500,000. Out of the projected revenue, the fund was able to realise KShs 15,506,286 in actual revenues, representing 100 % performance.

In the table below, we present an analysis of revenue performance during the year

Revenue classification	Revenue budget (KShs)	Actual (KShs)	Realization (%)
Revenue	KShs	KShs	
Public contributions and donations	-	-	0%
Transfers from County Govt.	-	-	0%
Interest income	15,500,000	15,506,286	100%
Fines, penalties and other levies	-	-	0%
Other income	-	-	0%
<b>Total income</b>	<b>15,500,000</b>	<b>15,506,286</b>	<b>100%</b>

**Loans**

During the financial year 2024/2025, the fund disbursed a total of Kshs 2,500,000 as new loans to members of staff and the members of the county Assembly. The figure is a total summation of the car loan. The total car loan Disbursed in the financial year is kshs 2,500,000.

**b) Cash flows**

In the FY 2024/2025, we have not had many liquidity disruptions. This is as a result of proper planning and better loan collections and favourable starting balances of kshs 30,249,157. This enabled the fund to disburse car loan to some members of the county assembly.

**Conclusion**

FY 2024/2025 is a good year in general. Good progress is made and the momentum has been created to enable Busia County Assembly Revolving Fund continues on a trajectory into prosperity. We have identified gaps and areas to improve on in the subsequent years.

I take this opportunity to thank the loans management committee for their support. I would also want to thank all staff in the secretariat who we have worked hand in hand to ensure that Busia County Assembly Revolving Fund achieves its mission and objectives on a timely basis.

Signed: G. Erambo Date: 31/07/2025

**CPA Gabriel Esonga Erambo**  
**Ag Fund administrator**

**7. Statement of Performance Against the County Fund's Predetermined Objectives**

**Guidance**

In the financial year 2024-2025 the fund had budgeted well for the new members of the county assembly and staff. The busia county assembly revolving fund gave priority to Members of staff who had never received the loan since its inception.

All the 35 elected members of the county assembly, the 18 Nominated members of the county assembly and the two members representing the public got their full disbursements without delay and on time.

However, the revolving fund experienced inadequacy in disbursing loans to members of staff since applicants were more than the money available. The revolving fund is in a process of coming up with better plans to arrest such delays in future.

**Introduction**

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer when preparing financial statements of each County Government entity Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity's performance against predetermined objectives.

The key development objectives of the Fund as per the strategic plan for the financial year 2024-2025 are to:

- a) Provide affordable car loan to members of the county assembly
- b) Provide affordable mortgage loan to members of the county assembly
- c) To provide affordable car loan to members of staff of the county assembly
- d) To provide affordable mortgage loan to members of staff of the county assembly

**Progress on attainment of Strategic development objectives**

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Provision of Mortgage facilities to all members of staff	To ensure all staff have access to Mortgage facilities	Number mortgages successfully applied.	% of staff taking Mortgage facilities	During FY 2024/2025 Members of staff accessed the facility and were able build

*Busia County Assembly Revolving Fund*

Annual Report and Financial Statements for the year ended June 30, 2025

					their own houses
Car loan	To ensure all mcas have car	53 mcas got car loan	100%		Members of county assembly accessed their car loans during the financial year

## **8. Corporate Governance Statement**

### **Meetings held by the board**

The loans management committee held a total of zero meetings in the financial year to deliberate on the matters relating to the fund which majorly concentrated on loan disbursement to members of the county assembly and the staff.

### **Succession plan**

The loans management committee of the Busia County Assembly Revolving fund had a smooth succession plan. This is due to the existence a good and proper act enacted in 2013 to guide the board in its activities.

### **Board of trustee charter**

The Busia County Assembly Revolving fund does not have a charter. However, under the able Chairmanship of Hon Engineer Fredrick Odilo he has directed that a charter be formulated and the same is in progress so as to streamline the functions of the fund.

### **Process of appointment and removal of loans management committee members**

The loans management committee members' removal can be necessitated by three circumstances. The first one is through the death of a member. This automatically makes the position held by the member vacant hence replacement.

The second circumstance is by the resignation of a member of the committee through a written letter to the chairperson of the fund. This will initiate the process of replacing the member who has resigned from the committee.

The third scenario is when the member ceases to hold the position that catapulted him or her into that position. This happens when there are changes in the house leadership structure by the political parties that nominated a member to the assembly or a court order nullifying the member's position through a due process.

### **Roles and functions of the Board**

The board ensures that the fund has continuous cash flow so that members of the county assembly and staff who want loans get them on time.

The board also ensures that all the legal obligations and requirements by the fund are adhered to the latter.

The board also ensures that all the loans disbursed are recovered in the stipulated time to avoid loss of the disbursed amounts.

The board also ensures that the fund makes a report at the end of the financial year on the funds that have been spent as required by the office of the auditor general.

### **Induction and training**

The Busia County Assembly Revolving fund management committee did not attend any training or induction in the financial year 2024-2025. This is due to inadequate funds to facilitate the process which was due to budgetary constraints.

However, the Board has a robust plan on training its committee and secretariat in the year 2025-2026.

### **Board and member performance**

The busia county assembly revolving fund management committee is in the process of introducing a performance contract system. This will enable the board members to be proactive and ensure a lot is done by them to improve the performance of the fund.

### **Conflict of interest**

In the financial year 2024/2025 there is no incidences leading to conflict of interest

### **Board /trustee remuneration**

In the financial 2024-2025 only one member of the board was paid. The other payments were differed to the next financial year. This was due to unavailability of funds.

### **Ethics and conduct as governance audit.**

#### **Ethics and Conduct**

The Board affirms its commitment to the national values and principles of governance as outlined in Articles 10 and 232 of the Constitution of Kenya, 2010. All officers of the Fund are required to adhere to the Public Officer Ethics Act, the Leadership and Integrity Act, and the County Assembly Service Code of Conduct. This ensures that the operations of the Fund are anchored on integrity, transparency, accountability, and prudent use of public resources.

#### **Governance Audit**

In compliance with The Code of Governance for State Corporations (2015), the Fund is subject to governance audits to assess the effectiveness of its leadership and management structures. These audits evaluate compliance with laws, regulations, and best practices in the management of public funds.

#### **Communication Policy**

The Fund recognizes that open communication is key to public accountability. A communication framework has been put in place to ensure timely disclosure of information to stakeholders, including loanees, the County Assembly Service Board, the County Treasury, and the Auditor-General.

**Terms of Reference of Committees**

The Service Board has established committees to enhance oversight and accountability. Each committee operates within approved terms of reference that define its role, responsibilities, membership, and reporting obligations in line with public service governance standards.

**Policy on Related Party Transactions**

In accordance with IPSAS and public sector financial management requirements, the Fund has developed a policy on related party transactions. This policy ensures that all dealings are conducted transparently, on arm's length terms, and in a manner that safeguards the interests of the public. All related party transactions are disclosed in the financial statements and subjected to oversight by the Auditor-General.

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

### **Operational and Financial performance**

#### *Income.*

The fund earned revenue amounting to kshs 15,506,286 over a target of 15,500,000 which is at 100%. from the interest charged on the mortgage and car loan that was disbursed to both meas and members of staff.

#### *Expenditure*

The total expenditure during the period amounted to kshs 53,021.50 out of which the administrative expenses amount to kshs 0 as sitting allowance. Bank charges kshs 53,021.50

During the year the fund committee managed to hold a total of 0 meetings out of which is at 0%. The fund managed to disburse kshs 2,500,000 members as car loans in the financial year.

#### *Entity key investment*

The fund did not undertake any investment during the financial year. This is due to the fact that the fund is established solely to offer mortgage and car loans to members of the county assembly and the staff.

### **Fund compliance with statutory requirements**

Section 164 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer when preparing financial statements of each County Government entity Government entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity's performance against predetermined objectives.

The key development objectives of the Fund as per the strategic plan for the financial year 2025-2029 are to:

Provide affordable car loan to members of the county assembly

Provide affordable mortgage loan to members of the county assembly

To provide affordable car loan to members of staff of the county assembly

To provide affordable mortgage loan to members of staff of the county assembly

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### **Risks**

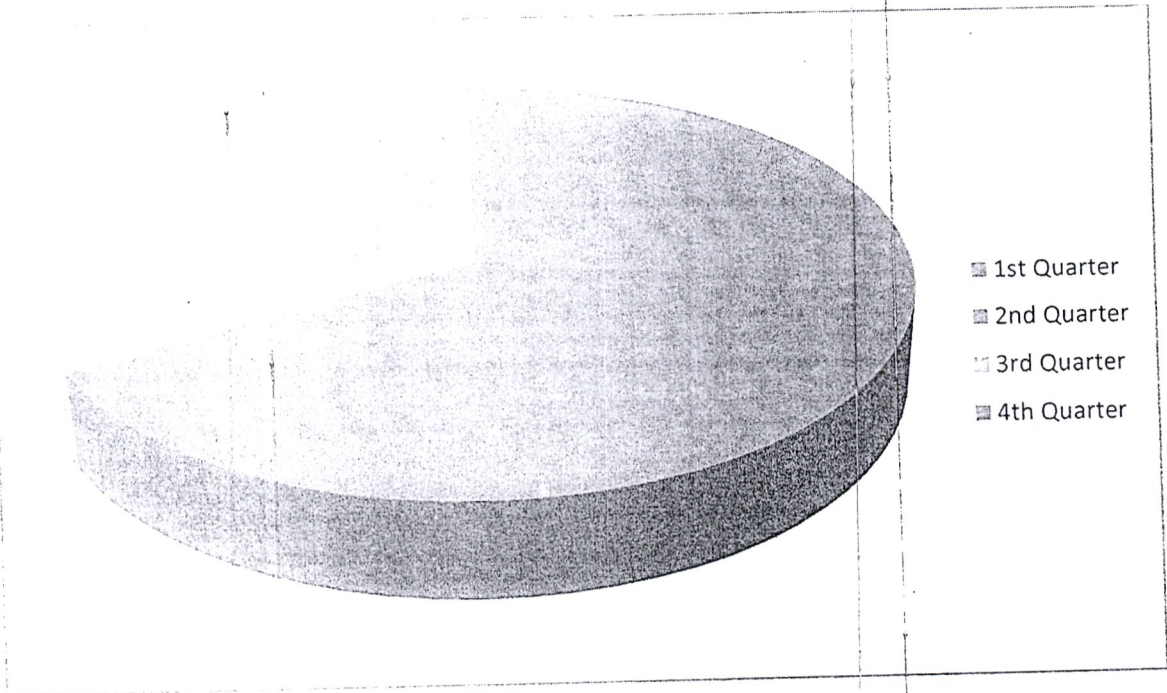
- Early retirement
- Resignation of employees

**Busia County Assembly Revolving Fund  
Annual Report and Financial Statements for the year ended June 30, 2025**

- Borrowings from other loaning institutions that leads to overstretching of the pay slips
- Death of employees

***Material arrears in statutory and other financial obligation***

In the financial year there is no material arrears in the fund. In terms of financial obligations, the fund has no obligations



The following is a summary for the FY 2024/2025

Quarter	No. of employees	Amount
1 <sup>st</sup> quarter	-	-
2 <sup>nd</sup> quarter	-	-
3 <sup>rd</sup> quarter	1	2,500,000
4 <sup>th</sup> quarter	-	-

**Future outlook**

In the financial 2025-2026 the future looks brighter. The fund is focusing to build a robust and sustainable fund with a motivated work force and structures that will enhance efficiency and effectiveness in service delivery.

The fund looks forward to continued support from the stakeholders in realization of its mandate.

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

The fund has not engaged itself in the Corporate Social responsibility activities in the financial year 2024-2025

### **i. Sustainability strategy and profile -**

The top management especially the accounting officer should make reference to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure.

### **ii. Environmental performance**

Outline clearly, environmental policy guiding the organisation, provide evidence of the policy. Outline successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organisation's products.

### **iii. Employee welfare**

Give account of the policies guiding the hiring process and whether they take into account the gender ratio, whether they take in stakeholder engagements and how often they are improved. Explain efforts made in improving skills and managing careers, appraisal and reward systems. The organisation should also disclose their policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA.)

### **iv. Market place practices-**

The organisation should outline its efforts to:

#### **a) Responsible competition practice.**

Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors

#### **b) Responsible Supply chain and supplier relations- explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.**

#### **c) Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices**

#### **d) Product stewardship- outline efforts to safeguard consumer rights and interests**

### **i) Corporate Social Responsibility / Community Engagements**

The Busia County Assembly Revolving Fund has not participated in any corporate social responsibility activities. This is due to the fact that the funds' main objective is to offer car loan and mortgage to members of the county assembly and the staff.

However, it's been noted with a lot of concern by the loans management committee that social corporate responsibility is a noble idea that should be practiced by all corporates as this improves the level of trust among the stakeholders.

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**11. Report of the trustees**

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2025 which show the state of the Fund affairs.

**Principal activities**

The principal activities of the Fund is to provide financing to members of staff and members of the county assembly to purchase cars for personal use and mortgage loan for housing

**Results**

The results of the Fund for the year ended June 30, 2025 are set out on page

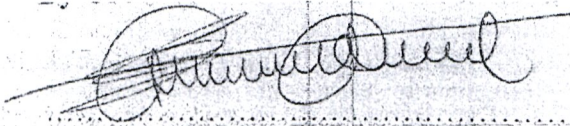
**Trustees**

The members of the Board of Trustees who served during the year are shown on page vii . The changes in the Board during the financial year are as shown below:

**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**



.....  
**Chair of the Board Fund Administration Committee**

Date: 31/07 / 2025

## 12. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established 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 County Public 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; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (*quote the applicable legislation establishing the County Public Fund*). 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 confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the County Public 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. OR

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 31/07/ 2025 and signed on its behalf by:

CPA Gabriel Esonga Erambo



Ag. Administrator of the Busia County Assembly Revolving Fund

# REPUBLIC OF KENYA



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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 BUSIA COUNTY ASSEMBLY REVOLVING 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.

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 Busia County Assembly Revolving Fund set out on pages 1 to 35, which comprise of the statement of financial

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*Report of the Auditor-General on Busia County Assembly Revolving Fund for the year ended 30 June, 2025*

position as at 30 June, 2025 and 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, 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 Busia County Assembly Revolving 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 comply with the Public Finance Management Act, 2012 and the Busia County Assembly Revolving Fund Act, 2013.

### **Basis for Qualified Opinion**

#### **Non-Performing Loans**

The statement of financial position reflects long-term receivables from exchange transactions balance of Kshs.512,079,477 which, as disclosed in Note 9 to the financial statements refers to mortgage and car loans disbursed to members of the Fund. Review of the loan ledgers revealed that included in this amount is a balance of Kshs.21,632,282 that was advanced to two (2) officers who have since left the County Assembly to take up employment positions within the County Executive and four (4) officers who had exited by resignation.

However, the County Assembly has neither instituted adequate measures to recover the outstanding loan balances from these officers, nor were there formal arrangements made to transfer the loan obligations to their new employer or to recover the amounts from terminal dues at the point of exit.

In the circumstances, the accuracy, completeness and recoverability of long-term receivables from exchange transactions balance of Kshs.21,632,282 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Busia County Assembly Revolving 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 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. Except for the effects of the matter described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

## **Other Matter**

### **Unresolved Prior Year Matters**

In the audit of the previous year, issues were reported under Report on the Financial Statements and Report on Lawfulness and Effectiveness in the Use of Public Resources as detailed in **Appendix I**. However, Management has not resolved the issues or given reasons for the delay in resolving the issues.

## **Other Information**

The Management is responsible for the Other Information set out on page iii to xxv which comprise of Key Entity Information and Management, The Board of Trustees, Management Team, Fund Chairperson's Report, Report of the Fund Administrator, Statement of Performance against County Fund's predetermined objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the trustees and Statement of Management 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 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. Non-Submission of Loanees Annual Returns**

Review of documents provided for audit indicated that, the Board did not send the annual return form to all loanees for them to fill and return for filing contrary to Section 7 of the Busia County Assembly Revolving Fund Act, 2013 which states that, on the last day of each calendar year the Board shall send to all loanees an annual return form which every loanee shall be required to fill and submit to the Board before the end of the month of February of the succeeding year.

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

### **2. Lack of Mortgage Protection and Fire Insurance Policies**

The statement of financial position reflects balances Kshs.174,112,431 and Kshs.512,079,477 in respect to current portion of long-term receivables from exchange transactions and long-term receivables from exchange transactions respectively, all totalling Kshs.686,191,908 and as disclosed in Note 9 to the financial statements. However, no evidence was provided to confirm that the loanees took mortgage protection and fire policies for the properties purchased using the loan money, thereby subjecting the Fund to the risk of loss of its funds. This was contrary to the Regulation 16 (1) of the Busia County Assembly Members (Revolving Fund Scheme) Regulations, 2014 which states that a borrower shall take out and maintain a mortgage protection policy and a fire policy with an insurance firm.

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

### **3. Lack of Ownership Documents for Properties Financed by the Loans**

The original ownership documents in respect of properties financed by the loans advanced to Fund's members were not provided for audit review. This was contrary to the Regulation 16 (2) of the Busia County Assembly Members (Revolving Fund Scheme) Regulations, 2014 which states that, the originals of all documents relating to property financed by a loan from the Fund shall be kept in safe custody by the officer administering the Fund.

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, except for the effect of the matters 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**

### **1. Non-Designated Fund's Accountant**

Review of the records provided showed that the Fund does not have designated Fund Accountant. This was further corroborated by the information provided in the presentation of the financial statements for 2024/2025 financial year.

In the circumstances, governance structure of the Fund is weak which may lead to incomplete records and other inaccuracies that may arise by not having a qualified Accountant.

### **2. Inconsistencies in Busia County Assembly Members Revolving Fund Scheme Regulations, 2014**

The Busia County Assembly (Revolving Fund Scheme) Regulations, 2014 dated 29 August, 2014, under Regulation 14(1)(b) states that, excluding the members of the County Assembly, the Board shall determine the amount applicable to staff of the Assembly. This is an illegality and the Board has in effect bestowed upon itself such powers that it does not possess as this is the sole duty and mandate of the Salaries and Remunerations Commission.

Further, on repayment of loans, Regulation 22(2) on loan given for cars states that employees have repayments period of seventy-two (72) months or such other period that the Board may determine for the staff member, whereas, the Salaries and Remunerations Commission (SRC) guidelines are clear that car loans maximum period is sixty (60) months. This again highlighting legal gaps in the Regulations and is inconsistent with SRC guidelines.

In the circumstances, the Board may set lower or even higher limits for any cadre within the Assembly and thus violate rights and benefits due to employees. Further, staff awarded higher amounts may fail to fully repay the loans amounts awarded and thus occasion loss of public funds due to the action of the Board.

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 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 control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable 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 are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in 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 also 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

17 November, 2025

## Appendix I

### Unresolved Prior Year Matters

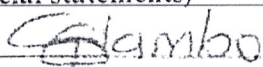
<b>Reference No. of the Auditor-General's Audit Report</b>	<b>Observation</b>
	<b>Report on the Financial Statements</b>
1	Non-Performing Loans
	<b>Other Matter</b>
	Unresolved Prior Year Matters
	<b>Report on Lawfulness and Effectiveness in the Use of Public Resources</b>
1	Irregular Borrowing from Scheme's Fund
2	Lack of Mortgage Protection and Fire Insurance Policies
3	Lack of Ownership Documents for Properties Financed by the Loans

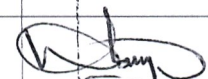
*Busia County Assembly Revolving Fund/Board*  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**14. Statement of Financial Performance for the Year Ended 30<sup>th</sup> June 2025**

Description	Note	Period ended June 30th,	Comparative Period June
		2025	30th, 2024
		Kshs	Kshs
<b>Revenue From Non-Exchange Transactions</b>			
Public Contributions and Donations		-	-
Transfers From the County Government		-	-
Fines, Penalties and Other Levies		-	-
		-	-
<b>Revenue From Exchange Transactions</b>			
Interest Income	6	15,506,286.30	16,126,869.08
Other Income		-	-
		-	-
<b>Total Revenue</b>		<b>15,506,286.30</b>	<b>16,126,869.08</b>
<b>Expenses</b>			
Employee Costs		-	-
Use of goods and services	7	53,021.50	977,361.00
Depreciation and Amortization Expense		-	-
Finance Costs		-	-
<b>Total Expenses</b>		<b>53,021.50</b>	<b>977,361.00</b>
<b>Other Gains/Losses</b>			
Gain/Loss on Disposal of Assets		-	-
Gain /Loss on fair value of investments		-	-
<b>Surplus/(Deficit) For the Period</b>		<b>15,453,264.80</b>	<b>15,149,508.08</b>

(the notes set out on pages 9 to 30 form an integral part of this financial statements)

  
 Name: CPA Gabriel Esonga Erambo  
 Administrator of the Fund  
 ICPAK Member Number 13348

  
 Name: CPA Samuel Odima  
 Fund Accountant  
 ICPAK Member Number:29339

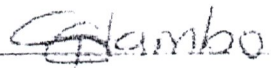
15. Statement of Financial Position As at 30th June 2025


Description	Note	Period ended June 30th, 2025	Prior Year	
			Audited	
		Kshs	Kshs	
<b>Assets</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	8	10,638,203.40	30,249,157.00	
Current Portion of Long- Term Receivables From Exchange Transactions	9	174,112,430.80	48,099,157.00	
Prepayments				
Inventories				
Investments in financial assets				
Due from County Assembly	9	1,190,784.00	17,850,000.00	
<b>Total current assets</b>		<b>185,941,418.20</b>	<b>96,198,314.00</b>	
<b>Non-Current Assets</b>				
Property, Plant and Equipment				
Intangible Assets				
Long Term Receivables from Exchange Transactions	9	512,079,477.33	586,369,317.08	
Investment Property				
<b>Total non- current assets</b>		<b>512,079,477.33</b>	<b>586,369,317.08</b>	
<b>Total Assets (A)</b>		<b>698,020,895.53</b>	<b>682,567,631.08</b>	
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Trade and Other Payables from Exchange Transactions			-	-
Current Provisions			-	-
Current Portion of Borrowings			-	-
Employee Benefit Obligations			-	-
Social benefit liabilities			-	-
<b>Total current liabilities</b>			-	-
<b>Non-Current Liabilities</b>				
Non-Current Provisions			-	-
Long Term Portion of Borrowings			-	-

**Busia County Assembly Revolving Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

Non-Current Employee Benefit Obligation		-	-
Social benefit liabilities		-	-
<b>Total Liabilities (B)</b>		-	-
<b>Net Assets (A-B)</b>		<b>698,020,895.53</b>	<b>682,567,631.08</b>
<b>Represented By:</b>			
Revolving Fund		<b>563,305,906.00</b>	<b>563,305,906.00</b>
Reserves			
Accumulated Surplus		134,714,989.88	119,261,725.08
<b>Net Assets</b>		<b>698,020,895.88</b>	<b>682,567,631.08</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 31/07/2025 and signed by:

  
 Name: CPA Gabriel Esonga Erambo  
 Administrator of the Fund  
 ICPAK Member Number 13348

  
 Name: CPA Samuel Odima  
 Fund Accountant  
 ICPAK Member Number:29339

*Busia County Assembly Revolving Fund/Board*  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
<b>Balance as at 1st July 2023</b>	563,305,906.00	-	104,112,217.00	667,418,123.00
Surplus/(Deficit) For the Period	-	-	15,149,508.08	15,149,508.08
Funds Received During the Period	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
<b>Balance as at 30th June 2024</b>	<b>563,305,906.00</b>	<b>-</b>	<b>119,261,725.08</b>	<b>682,567,631.08</b>
<b>Balance as at 1st July 2024</b>	<b>563,305,906.00</b>	<b>-</b>	<b>119,261,725.08</b>	<b>682,567,631.08</b>
Surplus/(Deficit) For the Period	-	-	15,453,264.80	15,453,264.80
Funds Received During the period	-	-	-	-
Transfers	-	-	-	-
Revaluation Gain	-	-	-	-
<b>Balance as at 30TH JUNE 2025</b>	<b>563,305,906.00</b>	<b>-</b>	<b>134,714,989.88</b>	<b>698,020,895.88</b>

*Busia County Assembly Revolving Fund*  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**17. Statement of Cash Flows for The Year Ended 30th June 2025**

Description	Note	Period ended June 30th, 2025	Comparative Period June 30th, 2024
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>		-	
Public contributions and donations		-	-
Transfers from the county government		-	-
Interest received	6	15,506,286.30	16,126,869.08
Receipts from other operating activities		-	-
<b>Total receipts</b>		<b>15,506,286.30</b>	<b>16,126,869.08</b>
<b>Payments</b>			
Fund administration expenses		-	969,400.00
General expenses	7	53,021.50	-
Finance cost			7,961.00
Other payments	9	100,414,800.00	-
<b>Total payments</b>		<b>100,467,821.50</b>	<b>977,361.00</b>
<b>Net cash flows from operating activities</b>		<b>(84,961,535.20)</b>	<b>15,149,508.08</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and Intangible assets		-	-
Proceeds from sale of property, plant & equipment		-	-
Proceeds from loan principal repayments	17	69,041,365.60	77,485,966.00
Loan disbursements paid out	9	(2,500,000.00)	(53,449,911.00)
<b>Net cash flows used in investing activities</b>		<b>66,541,365.60</b>	<b>39,185,563.08</b>
<b>Cash flows from financing activities</b>			

**Busia County Assembly Revolving Fund**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

Proceeds from revolving fund receipts		-	-
Additional borrowings	9	(1,190,784.00)	(17,850,000.00)
Repayment of borrowings			-
<b>Net cash flows used in financing activities</b>		<b>(1,190,784.00)</b>	<b>(17,850,000.00)</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>		<b>(19,610,953.60)</b>	<b>21,335,563.08</b>
Cash and cash equivalents at the beginning of the period	8	30,249,157.00	9,179,076.30
<b>Cash and cash equivalents at the end of the period</b>		<b>10,638,203.40</b>	<b>30,249,157.00</b>

Note: The amount recorded as general expenses in the cash flow statement relates to the bank charges expenses reported under note 7, use of good and services.

*Busia County Assembly Revolving Fund/Board*  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**18. Statement Of Comparison Of Budget And Actual Amounts For The Period 2025**

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilisation
	Kshs	Kshs	Kshs	Kshs	Kshs	f=d/c*100
	a	b	c=(a+b)	d	e=(c-d)	
<b>Revenue</b>						
Public Contributions and Donations	-	-	-	-	-	
Transfers From County Govt.			-		-	
Interest Income	15,500,000.00	-	15,500,000.00	15,506,286.30	(6,286.30)	100%
Other Income	-	-	-	-	-	
<b>Total Income</b>	<b>15,500,000.00</b>	<b>-</b>	<b>15,500,000.00</b>	<b>15,506,286.30</b>	<b>(6,286.30)</b>	<b>100%</b>
<b>Expenses</b>						
Fund Administration Expenses			-		-	
General Expenses					-	
Finance Cost	55,000.00	-	55,000.00	53,021.50	1,978.50	96%
<b>Total Expenditure</b>	<b>55,000.00</b>	<b>-</b>	<b>55,000.00</b>	<b>53,021.50</b>	<b>1,978.50</b>	<b>96%</b>
<b>Surplus For the Period</b>	<b>15,445,000.00</b>	<b>-</b>	<b>15,445,000.00</b>	<b>15,453,264.80</b>	<b>(8,264.80)</b>	<b>100%</b>

**Budget reconciliation.**

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	15,453,264.80
1	loan disbursed during the period	(2,500,000.00)
2	Interest receivable accrued	(2,315,061.40)
	Closing Cash and Cash Equivalent as per the statement of Cash flows	10,638,203.40

## 19. Notes to the Financial Statements

### Significant Accounting Policies

#### 1. General Information

Busia County assembly Revolving fund entity is established by and derives its authority and accountability from Busia County Assembly Revolving Fund Act 2013. The entity is wholly owned by the Busia County Government and is domiciled in Kenya. The entity's principal activity is Disbursing Mortgage and car loan to members of the county assembly and the staff of the county assembly.

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

The Fund's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

#### 3. Adoption of new and revised standards

(i) *New and amended standards and interpretations in issue but not yet 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	<i>Applicable 1<sup>st</sup> January 2025</i> 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. 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	<i>Applicable 1<sup>st</sup> January 2025</i> The Standard requires,

Discontinued Operations	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	<b>Applicable 1<sup>st</sup> January 2025</b> 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	<b>Applicable 1<sup>st</sup> January 2025</b> The objective of this standard was to improve measurement guidance across IPSAS by: <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> The standard also introduces a public sector specific measurement bases called the current operational value.
IPSAS 47: Revenue	<b>Applicable 1<sup>st</sup> January 2026</b> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS 48: Transfer Expenses	<b>Applicable 1<sup>st</sup> January 2026</b> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and

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	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.
IPSAS 49: Retirement Benefit Plans	<i>Applicable 1<sup>st</sup> January 2026</i> 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.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<i>Applicable 1<sup>st</sup> January 2027</i> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: <ul style="list-style-type: none"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li>iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</li> </ul>

**(i) Early adoption of standards**

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

#### **4. Summary of 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 entity 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 each period.

###### **Dividends**

Dividends or similar distributions must be recognized when the shareholder's or the Entity's right to receive payments is established.

###### **Rental income**

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

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

The original budget for FY 2024 was approved by the County Assembly on 20 June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of 0 on the FY 2025 budget following the governing body's approval.

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

### Summary of Significant Accounting Policies (Continued)

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 and the actuals as per the statement of financial cash flows has been presented.

#### c) Property, plant and equipment

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

##### a) 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.

##### b) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. *Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an xx-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit. (entity to amend appropriately)* Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

## Summary of Significant Accounting Policies (Continued)

### c) Financial instruments

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

#### Financial assets

##### Classification of financial assets

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

##### Subsequent measurement

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

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## **Summary of Significant Accounting Policies (Continued)**

### **Amortized cost**

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

### **Fair value through net assets/ equity**

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

### **Fair value through surplus or deficit**

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

### **Trade and other receivables**

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

### **Impairment**

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The county assembly has not recognized any impairment.

## **Summary of Significant Accounting Policies (Continued)**

### **Financial liabilities**

#### **Classification**

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

#### **d) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

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

#### **e) Provisions**

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

#### **f) Social Benefits**

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

### **Summary of Significant Accounting Policies (Continued)**

#### **g) Contingent liabilities**

The Entity 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.

#### **Contingent assets**

The Entity 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 Entity 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.

#### **h) Nature and purpose of reserves**

The county assembly does not create and maintain any reserve.

#### **i) Changes in accounting policies and estimates**

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

#### **j) Employee benefits – Retirement benefit plans**

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**Summary of Significant Accounting Policies (Continued)**

**k) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign 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.

**l) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

**m) Related parties**

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

**n) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**o) Comparative figures**

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

## **Summary of Significant Accounting Policies (Continued)**

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

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

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

#### **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. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

#### **b) Useful lives and residual values**

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

#### **c) Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Notes To the Financial Statements Continued

6. Interest income

Description	Period ended June 30th, 2025	Comparative Period June 30th, 2024
	Kshs	Kshs
Interest Income from Mortgage Loans	13,626,151.57	13,908,999.08
Interest Income From Car Loans	1,880,134.72	2,217,870.00
Interest Income From Investments	-	-
Interest Income On Bank Deposits	-	-
<b>Total Interest Income</b>	<b>15,506,286.30</b>	<b>16,126,869.08</b>

7. Use of Goods and Services

Description	Period ended June 30th 2025	Comparative Period June 30th, 2024
	Kshs.	Kshs.
General Office Expenses	-	-
Loan Processing Costs	-	-
Professional Services Costs	-	-
Administration Fees	-	-
Committee Allowances	-	969,400.00
Electricity And Water Expenses	-	-
Fuel And Oil Costs	-	-
Insurance Costs	-	-
Postage And Courier	-	-
Printing And Stationery	-	-
Rental Costs	-	-
Security Costs	-	-
Telephone And Communication Expenses	-	-
Bank Charges	53,021.50	7,961.00
Audit Fees	-	-
Provision For Doubtful Debts	-	-
Other ( <i>Specify</i> )	-	-
<b>Total</b>	<b>53,021.50</b>	<b>977,361.00</b>

8. Cash and cash equivalents

Description	Period ended June 30th, 2025	Prior period audited
	Kshs	Kshs
Car Loan Account	841,032.63	4,831,059.43
Mortgage Account	3,768,113.27	13,673,233.57
DTB Account	6,029,057.50	11,744,864.00
On – Call Deposits	-	-
Current Account	-	-
Others ( <i>Specify</i> )	-	-
<b>Total Cash And Cash Equivalents</b>	<b>10,638,203.40</b>	<b>30,249,157.00</b>

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

Financial Institution	Account number	Period ended June 30th, 2025	Prior Year Audited
		Kshs	Kshs
<b>a) Fixed Deposits Account</b>			
Kenya Commercial Bank			
Equity Bank - Etc.			
<b>Sub- Total</b>			
<b>b) On - Call Deposits</b>			
Kenya Commercial Bank		-	-
Equity Bank - Etc.		-	-
<b>Sub- Total</b>		-	-
<b>c) Current Account</b>			
Kenya Commercial Bank	1149641134	841,032.63	4,831,059.43
Co-operative Bank	1141238176000	3,768,113.27	13,673,233.57

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DTB Bank	99201001	6,029,057.50	11,744,864.00
<b>Sub- Total</b>		<b>10,638,203.40</b>	<b>30,249,157.00</b>
<b>d) Others (Specify)</b>		-	-
Cash In Transit		-	-
Cash In Hand		-	-
<b>Sub- Total</b>		-	-
<b>Grand Total</b>		<b>10,638,203.40</b>	<b>30,249,157.00</b>

9. Receivables from exchange transactions

Description	Period ended June 30th, 2025	Prior Year Audited
	Kshs	Kshs
<b>Current Receivables</b>		
Interest Receivable	-	-
Current Loan Repayments Due	-	-
Other Exchange Debtors	1,190,784.00	17,850,000.00
Less: Impairment Allowance	-	(-)
<b>Total Current Receivables</b>	<b>1,190,784.00</b>	<b>17,850,000.00</b>
<b>Non-Current Receivables</b>		
Long Term Loan Repayments Due	512,079,477.33	586,369,317.08
<b>Total Non- Current Receivables</b>	<b>512,079,477.33</b>	<b>586,369,317.08</b>
<b>Total Receivables From Exchange Transactions</b>	<b>513,270,261.33</b>	<b>604,219,317.08</b>

Additional disclosure on interest receivable

Description	Period ended June 30th, 2025	Prior Year Audited
	Kshs	Kshs
<b>Interest Receivable</b>		
Interest receivable from current portion of long-term loans of previous periods	-	-
Accrued interest receivable from of long-term loans of previous period	-	-
Interest receivable from current portion of long-term loans issued in the current period	2,315,061.4	-
<b>Current loan repayments due</b>		
Current portion of long-term loans from previous periods	174,112,430.80	48,099,157.00
Accrued principal from long-terms loans from previous periods		
Current portion of long-term loans issued in the current period	2,500,000.00	53,449,911.00

10. Cash generated from operations.

Description	Period ended June 31, 2025	Comparative Period June 31, 2023
	Kshs	Kshs
Surplus/ (Deficit) For the period Before Tax	15,453,264.80	-
<b>Adjusted For:</b>		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	-	(-)
Interest Income		(-)
Finance Cost		-
Working Capital Adjustments		

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Increase In Inventory		(-)
Increase In Receivables	(100,414,800.)	(-)
Increase In Payables		-
<b>Net Cash Flow From Operating Activities</b>	<b>(84,961,535.20)</b>	-

**11. Related party balances**

**a) Nature of related party relationships**

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

- a) The County Government;
- b) The Parent County Government Ministry;
- c) Key management;
- d) Board of Trustees; etc.

**b) Related party transactions**

Description	Period ended June 30, 2025	Period ended June 30, 2024
	Kshs	Kshs
Transfers From Related Parties'	-	-
Transfers To Related Parties	-	-

**c) Key management remuneration**

Description	Period ended June 30, 2025	Period ended June 30, 2024
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

d) Due from related parties

Description	Period ended June 30, 2025	Period ended June 30, 2024
	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Assembly	1,190,784	17,850,000
<b>Total</b>	<b>1,190,784</b>	<b>17,850,000</b>

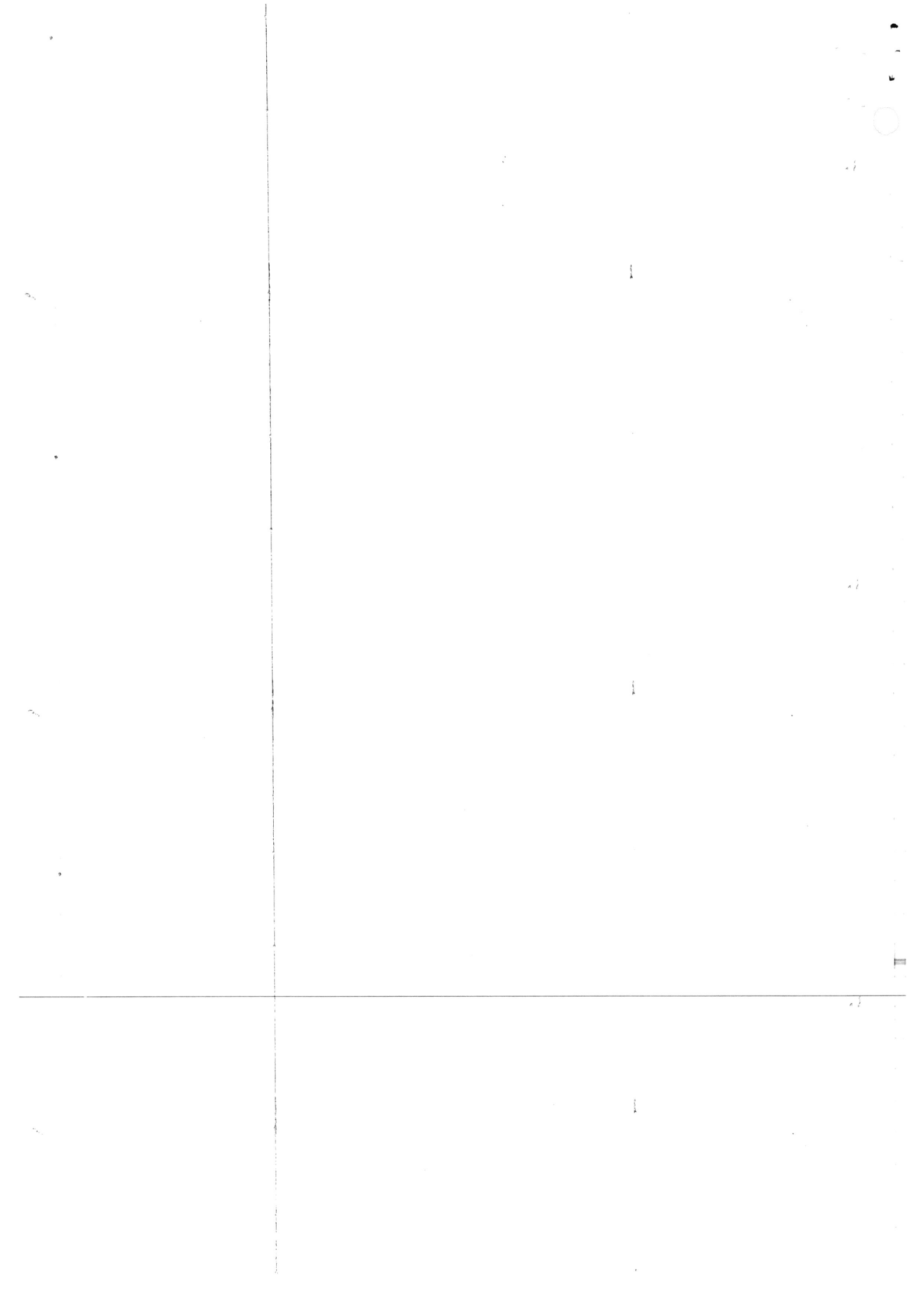
Other Disclosures Continued

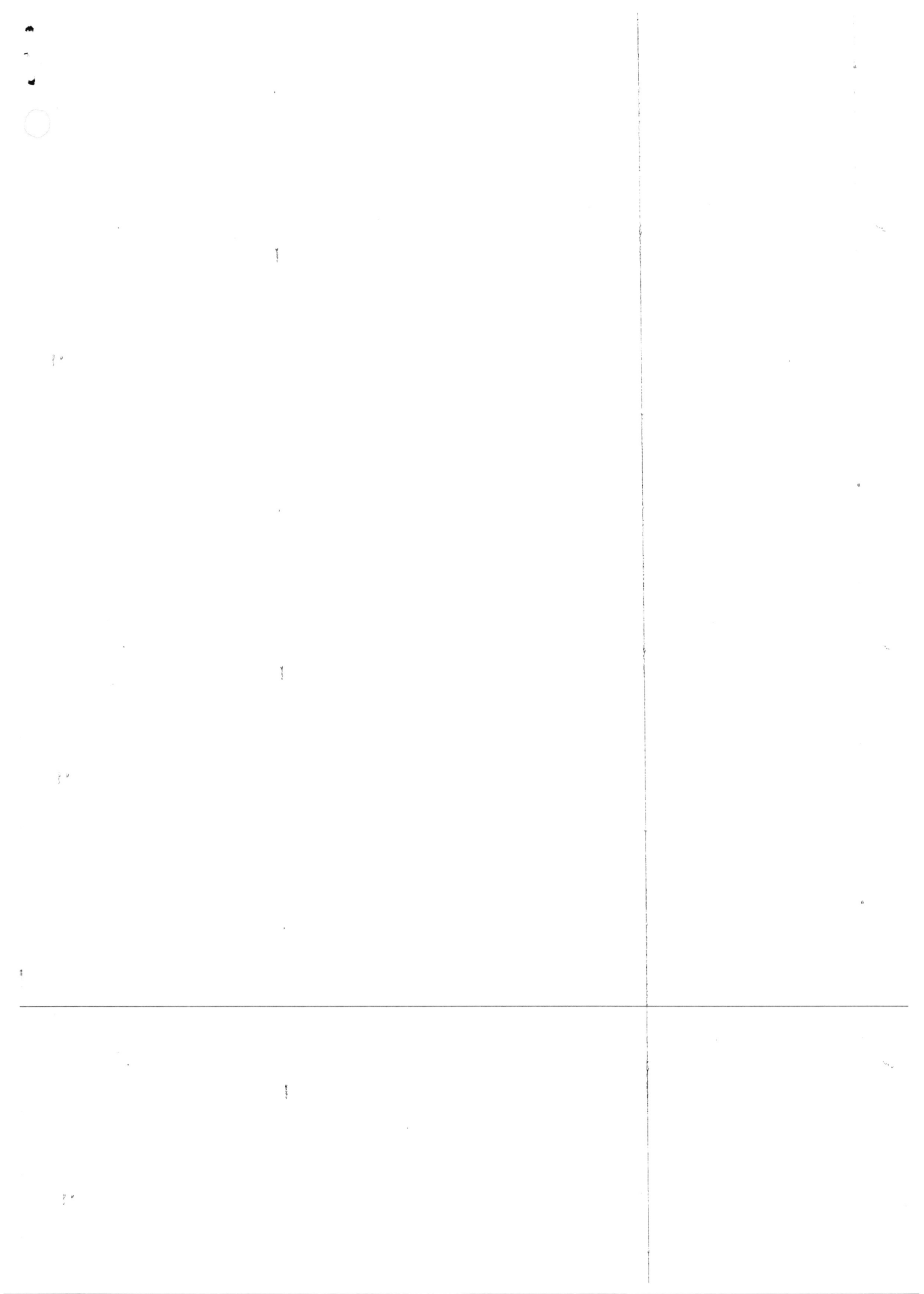
e) Due to related parties

Description	Period ended June 30, 2025	Comparative Period June30,2024
	Kshs	Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

12. Contingent assets and contingent liabilities

Contingent Liabilities	Period ended June 30, 2025	Comparative Period June30,2024
	kshs	Kshs
Court Case Against the Fund	-	-
Bank Guarantees	-	-
<b>Total</b>	<b>-</b>	<b>-</b>





### 13. Financial risk management

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

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

#### a) Credit risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal 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 entity'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 entity'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
<b>At 30 June 2024</b>				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June 2023</b>				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
<b>Total</b>	-	-	-	-

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

The entity has significant concentration of credit risk on amounts due from xxxx

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 entity's short, medium and long-term funding and liquidity management requirements. The entity 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
<b>At 30 June (Current FY)</b>				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
<b>Total</b>	-	-	-	-
<b>At 30 June (Comparative FY)</b>				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
<b>Total</b>	-	-	-	-

**c) Market risk**

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity 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 entity'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 optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Fund's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

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

**i. Foreign currency risk**

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The carrying amount of the entity's foreign currency-denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description		Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30 June (Current FY)</b>			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables			
<b>Liabilities</b>			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
<b>Net Foreign Currency Asset/(Liability)</b>	-	-	-

**Foreign currency sensitivity analysis**

The following table demonstrates the effect on the Fund's statement of financial performance on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

Description	Change in currency rate	Effect on surplus/ deficit	Effect on equity
	Kshs	Kshs	Kshs
<b>(Current FY)</b>			
Euro	10%	-	-
USD	10%	-	-

(Comparative FY)			
Euro	10%	-	-
USD	10%	-	-

**ii. Interest rate risk**

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The entity's interest rate risk arises from bank deposits. This exposes the Fund to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Fund's deposits.

*Management of interest rate risk*

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

*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. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs xxx (20xx: Kshs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (20xx – Kshs xxx).

**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 entity capital structure comprises of the following funds:

Description	Period ended June 30, 2025	Comparative Period June 30, 2024
	Kshs	Kshs
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	-	-
<b>Total funds</b>	-	-
Total borrowings	-	-
Less: cash and bank balances	(-)	(-)
Net debt/(excess cash and cash equivalents)	-	-
<b>Gearing</b>	%	%

**14. Events after the reporting period**

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

**15. Ultimate and Holding Entity**

The entity is a County Public Fund established by County Assembly Revolving Fund Act

Its ultimate parent is the County Government of Busia

**16. Currency**

The financial statements are presented in Kenya Shillings (Kshs)

**17. Proceeds of loan principal repayments.**

Description	Period ended June 30th, 2025	Comparative Period June 30th, 2023
	Kshs	Kshs
Proceeds from loan principal repayment	69,041,365.00	77,485,966.00
<b>Total</b>	<b>69,041,365.00</b>	<b>77,485,966.00</b>

18. 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

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)
OAG/KRO/BCARF/2023/2024/(13)	1.1 Non performing loans	<p>The loan totaling to Kshs.31,418,790 relates to seven officers; one retired, two resigned and four are still in service. Management therefore would like to respond as follows;</p> <p>a) The loan of Kshs.1,906,489 is for an officer who has retired but is yet to claim his pension. The loan will therefore be deducted from his pension upon clearance.</p> <p>b) The loan totaling to Kshs.9, 037,251 relates to two</p>	Not Addressed	31 <sup>st</sup> March, 2026.

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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)
		<p>officers who resigned from the county assembly, but have since been employed by the County Executive of Busia. A letter has been written to County Executive to initiate deductions for the two officers.</p> <p>c) The loan totaling to Kshs.20, 475,049 relates to four officers who are still in service. Their monthly deductions were not stopped but reduced to comply with one third rule, thus, the recoveries were only enough</p>		

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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)
		to cover loan interest. The management has issued letters to the four officers directing them to make repayment on the principle amount.		
OAG/KRO/BCARF/2023/2024/(13)		The management agrees with the auditor's observation and wishes to state that the responses were submitted to County Assembly PIAC Committee for deliberation and is yet to get recommendations from the PIAC.	Not Addressed	31 <sup>st</sup> March, 2026.
	1.2 unresolved prior matters.			
OAG/KRO/BCARF/2023/2024/(13)	1.3 Irregular borrowing from schemes fund	Management acknowledges the observation made by the	Not Addressed	31 <sup>st</sup> March ,2026.

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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)
		<p>auditors. However, the borrowings were necessitated by late disbursement of exchequer in order to finance some of the most urgent operations of the county assembly. Management also confirms that the borrowings were approved by the loans management committee.</p>		
OAG/KRO/BCARF/2023/2024/(13)	1.4 Lack of mortgage protections and fire insurance policies.	<p>Management agrees with the auditor's observation. However, the following measures have been put into place to mitigate against risks of loss of its funds;</p> <ul style="list-style-type: none"> <li>a) Original title deeds are kept by the fund administrator</li> <li>b) Legal charges have been subjected to land purchased through the loans</li> </ul>	Not Addressed	31 <sup>st</sup> March, 2026.



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**Annex II: Inter-Fund Confirmation Letter**

*[Insert your Letterhead]*

*[Insert name of beneficiary Fund]*

*[Insert Address]*

The *[insert XXX name here]* wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 20xx as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by <i>[Insert name of beneficiary Fund]</i> as at 30 <sup>th</sup> June 2025							
Reference Number	Date Disbursed	Amounts Disbursed by <i>[CC/SAGA/Fund]</i> (Kshs) as at 30 <sup>th</sup> June 20xx				Amount Received by <i>[beneficiary Fund]</i> (KShs) as at 30 <sup>th</sup> June 20xx (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
Total							

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

Head of Accountants department of beneficiary Fund:

Name Samuel Colina Sign [Signature] 21/07/23

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Annex III: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q 1	Q 2	Q 3	Q 4		

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**Annex IV: Reporting on Disaster Management Expenditure**

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