

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF




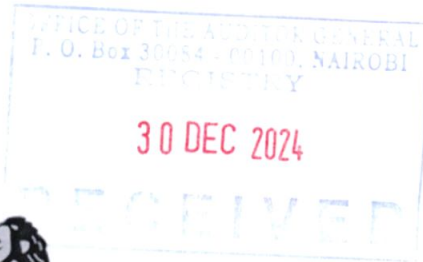
THE AUDITOR-GENERAL

ON

**NUCLEAR POWER ENERGY AGENCY STAFF
CAR AND MORTGAGE LOAN SCHEME FUND**

**FOR THE YEAR ENDED
30 JUNE, 2024**

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 03 APR 2025	
DAY: Wednesday	
TABLED BY:	Hon. Sy Ndung'u Wario, MP Majority Party Whip
CLERK-AT THE-TABLE:	A. Shituko



NUCLEAR POWER AND ENERGY AGENCY

STAFF CAR LOAN AND MORTGAGE SCHEME FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2024

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

Nuclear Power and Energy Agency Staff Car Loan and Mortgage Funds
Annual Report and Financial Statements for the year ended June 30, 2024

Nuclear Power and Energy Agency Staff Car Loan and Mortgage Funds
Annual Report and Financial Statements for the year ended June 30, 2024

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1 Acronyms, Abbreviations and Glossary of Terms

A: Acronyms and Abbreviations

CEO	Chief Executive Officer
CBK	Central Bank of Kenya
CSR	Corporate Social Responsibility
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
MD	Managing Director
NT	National Treasury
NuPEA	Nuclear Power and Energy Agency
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations

B: Glossary of Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organisation

Comparative Year- Means the prior year.

2 Key Entity Information and Management

a) Background information

The Agency in the FY 2017/18 approved the establishment and operationalization of staff mortgage and car loan schemes in line with Salaries and Remuneration Commission (SRC) circular SRC/ADM/CIR/1/13/VOL: III (128) dated 17th December, 2014. The National Treasury and Planning guidelines and the Car loan and Mortgage Regulations 2018.

The scheme commenced on 1st March 2018 with the Board approving a five (5) year funding plan to create a revolving fund. The Fund is wholly owned by The Nuclear Power and Energy Agency and is domiciled in Kenya

b) Principal Activities

The principal mandate of the Fund is to provide car loans and mortgage to staff of the NuPEA

The Fund is administered by the Fund Administrator. There is a committee charged with the responsibility of processing loans from applicants in accordance with laid down approved regulations, setting up a revolving Fund for the disbursement of loans, and supervising the day-to-day operations of the Fund.

The Agency has a Memorandum of Understanding (MOUs) with two financial institutions namely; Stima Society Ltd & Development Bank of Kenya to handle the day to day activities of the funds in liaison with the management team. The institutions are responsible for advancing facilities to NuPEA employees subject to fulfilling the requirements laid down in the Agency's Staff Car Loan and Mortgage Schemes' Regulations (2018).

The Fund is guided by NUPEA's Vision, Mission and Core Values.

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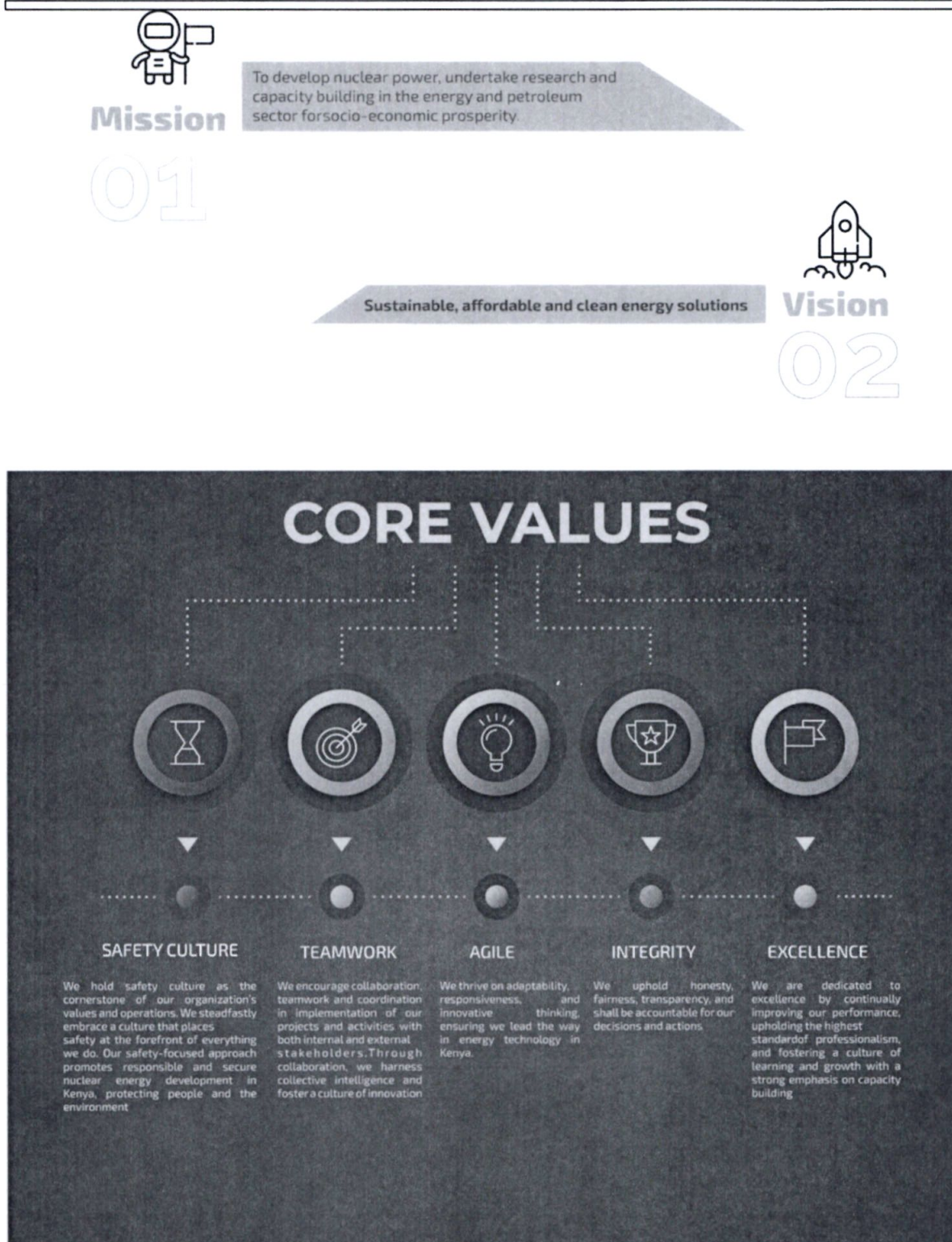


Figure 1: NuPEA Vision, Mission and Core Values

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c) Key Management

The funds day-to-day management is under the following key organ:

Table 1: Key Management

1.	Manager Finance and Accounts	CPA Caren Oduor.
2	Fund Manager/ Administrator	CHRP. Benedict Njuguna
3	Fund Accountant	CPA. Naftaly Gitonga.
4	Fund Liaison Officer	CHRP Hillary Kipchirchir

Note:The day-to-day activities of the funds are run by Stima Sacco Society Ltd and Development Bank of Kenya who are the service providers together with the Liaison Officer from the Agency.

d) Fiduciary Oversight Arrangements

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

Table 2: Fiduciary Oversight Arrangements

SN	Position	Name	
1	Manager Internal Audit	1.	CPA. Peter Ndungu.
2	Fund Management Committee	1	Eng. Eric Ohaga
		2	Dr. Winfred Ndubai(PHD)
		3	Mr. Basset Buyukah
		4	CPA Caren Oduor
		5	CHRP Benedict Njuguna
		6	Mr. Lawrence Siele
		7	Dr. Anthony Lusuli

Note: The members of the committee were appointed on 19th February, 2024 for a renewable term of three (3) years.

e) Entity Headquarters

P.O. Box 26374-00100

Kawi House Complex

South C - Red Cross Road, Nairobi, Kenya

f) Entity Contacts

Telephone: (254) 20 5138300

E-mail: info@nuclear.co.ke

Website: www.nuclear.co.ke

g) Fund Bankers

- i. Stima Sacco Society Limited

Kawi House Branch

P.O Box 76629-00200

Nairobi, Kenya.

- ii. Development Bank of Kenya

Loita Street Branch

P O Box 30483

Nairobi, Kenya.

h) Independent Auditors

Auditor-General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084 GPO 00100

Nairobi, Kenya

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i) Principal Legal Adviser

The Attorney General

State Law Office and Department of Justice

Harambee Avenue

P.O. Box 40112 City Square 00200, Nairobi, Kenya

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3 Fund Administration Committee.

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Eng. Ohaga holds an MSc in Nuclear Engineering (KINGS), Masters of Business Administration, BSc. in Electrical / Electronic Engineering and post graduate diploma in Project Planning and management. He is a registered Consulting Engineer with the Engineers Board of Kenya and a member of the Institute of Engineers of Kenya (IEK)

Eng. Erick Ohaga
Director, Nuclear Energy Infrastructure Development



Mr. Basett holds a Bachelor's degree at Kenyatta University and Postgraduate studies in Communication at the University of Nairobi. He is a journalist, media personality and communications professional. He is also an award-winning writer and published author. He is a member of the Public Relations Society of Kenya.

Mr. Basett Buyukah
Director Publicity and Advocacy



Dr. Winfred holds a Doctor of Philosophy in Business Administration and Master's Degree in Finance and a Bachelor of Economics from the University of Nairobi. She is the Chairperson of Women in Nuclear (Kenya Chapter).

Dr. Winfred Ndubai (PhD)
Director, Strategy & Planning



Dr Lusuli hold a Doctor of Philosophy in Supply Chain management and Masters of Science in Procurement and Logistics both from Jomo Kenyatta University of Science and Technology and a Bachelors of Business Administration from Kenya Methodist University. He also holds a Diploma in Chartered Institute of Procurement and Supply Chain (CIPS).

Dr Antony Lusuli
Manager Supply Chain

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CPA Caren holds a Master's Degree in Business Administration and a Bachelor of Commerce (Accounting option) degree both from the University of Nairobi. She is a Certified Public Accountant of Kenya – CPA (K) and a member of Institute of Public Accountants of Kenya (ICPAK), and a member of association of Women Accountants of Kenya (AWAK)

CPA Caren Oduor
Manager Finance and Accounts



Mr. Ndungu holds Masters of Science in Finance from Kenyatta University and a Bachelor of Science in Agriculture Economics from Egerton University. He is a Certified Public Accountant and a member of Institute of Certified Public Accountant Kenya (ICPAK) and also a Certified Information System Auditor (CISA) and a member of Information System Auditor Control Association (ISACA).

CPA Peter Ndungu
Ag. Director, Internal Audit



Mr. Njuguna holds a Master of Arts in International Studies and a Bachelor of Arts degree, both from the University of Nairobi. Additionally, he possesses a higher National Diploma in Human Resources Management from the College of Human Resource Management. He is a Certified Human Resource Professional (CHRP-K) and practicing member of the Institute of Human Resource Management (IHRM).

CHRP Benedict Njuguna
Manager, Human Resource and Administration



Mr. Siele holds a Master's Degree in Information Systems and a Bachelor of Science Degree in Computer Science. He holds a Diploma in Project Management and Diploma in Database Management. He also holds professional qualifications in Microsoft Certified Systems Engineer (MCSE), Cisco Certified Network Associate (CCNA), PRINCE2, PMP and Cybersecurity

Mr. Lawrence Siele
Manager, ICT

4 Management Team.



Eng. Ohaga holds an MSc in Nuclear Engineering (KINGS), Masters of Business Administration, BSc. in Electrical / Electronic Engineering and post graduate diploma in Project Planning and management. He is a registered Consulting Engineer with the Engineers Board of Kenya and a member of the Institute of Engineers of Kenya (IEK)

Eng. Erick Ohaga

Director, Nuclear Energy Infrastructure Development



CPA Caren holds a Master's Degree in Business Administration and a Bachelor of Commerce (Accounting option) degree both from the University of Nairobi. She is a Certified Public Accountant of Kenya – CPA (K) and a member of Institute of Public Accountants of Kenya (ICPAK) and a member of association of Women Accountants of Kenya (AWAK)

CPA Caren Oduor

Manager Finance and Accounts



Mt. Njuguna holds a Master of Arts in International Studies and a Bachelor of Arts degree, both from the University of Nairobi. Additionally, he possesses a higher National Diploma in Human Resources Management from the College of Human Resource Management.

He is a Certified Human Resource Professional (CHRP-K) and practicing member of the Institute of Human Resource Management (IHRM).

CHRP Benedict Njuguna

Manager, Human Resource and Administration



CPA Naftaly Gitongah is Certified Public Accountant of Kenya(CPAK) with more than fourteen years of work experience.He holds a master degree in Strategic Management from Management University of Africa(MUA) and Bachelor degree in Business Management from Moi University.He is a member of Institute of Certified Public Accountants of Kenya(ICPAK).

CPA Naftaly Gitongah

Principal Officer Finance and Accounts

5 Fund Chairperson’s Report



On behalf of the Staff Mortgage and Car Loan Advisory Committee, it is my pleasure to present the Agency’s Staff Car Loan and Mortgage Scheme Fund financial statements for the year ended 30th June, 2024. These financial statements detail the fund's financial performance over the past year.

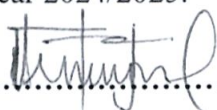
The Nuclear Power and Energy Agency established and enacted the Staff Mortgage and Car Loan Scheme Regulations, 2018 in adherence to the Public Finance Management Act. The Fund aims to provide a loan scheme for staff members for various

purposes, including the purchase of existing residential properties, land acquisition and construction, renovation and improvement of residential properties, mortgage top-ups, takeover of existing mortgages or equity release and car purchases.

Robust financial systems and measures have been implemented to ensure efficient control and prompt recoveries through the check-off system, safeguarding the utilization of public resources. The Fund has achieved remarkable results not only in financial performance but also in our unwavering commitment to ensuring that all staff members benefit from the Fund through continuous sensitization on mortgage and car loan options.

I extend my special thanks to the Agency’s Board of Directors, the Management team, the Mortgage and Car Loan Advisory Committee and the staff members for their continued support.

I look forward to a more favourable financial year 2024/2025.

Name ENG. ERICK OHAGA Signature  Date 27/09/2024

Chairperson of the Fund

6 Report of the Fund Manager/ Administrator



The "NuPEA Staff Mortgage and Car Loan Regulations, 2018" were developed in strict compliance with the provisions of the Public Finance Management (PFM) Act, ensuring that the funds allocated for these schemes are managed responsibly and transparently. The financial resources for these schemes are derived from the Agency's budget estimates, established in accordance with the guidelines set forth in the Salaries and Remuneration Commission Circular No. SRC/TS/WB/314 of February 2014.

In response to the Salaries and Remuneration Commission's advice for prudent fund management, the Agency developed the Staff Mortgage and Car Loan Regulations in 2018. These Regulations serve as a comprehensive framework to ensure the effective operationalization of the fund, delineating the processes, eligibility criteria and terms of loan disbursement and repayment.

The primary objective of this fund is to enhance the well-being of NuPEA staff by enabling them to acquire personal vehicles and access mortgage facilities. These loan schemes are strategically designed to boost employee motivation and retention by providing essential financial support for personal asset acquisition, thereby improving job satisfaction and loyalty.

Since the inception of the fund, the Agency has successfully approved mortgage loans for nineteen (19) beneficiaries and about 95% of staff members have benefited from the car loan facilities. The loans are provided at a competitive interest rate of three percent per annum, calculated on a monthly reducing balance with the interest being fully borne by the borrower. The repayment period for any loan granted under the Regulations is capped at twenty years for mortgage and five years for car loans or until the borrower's retirement date, whichever comes first.

Despite the success in disbursing loans, the Agency faces significant challenges, particularly in the area of fund sufficiency. The increasing demand for these facilities is evident, as reflected by the

twenty-five (25) pending applications for mortgage consideration. However, the limited funds available have posed difficulties in meeting the needs of all eligible staff, thereby impacting the overall efficacy of the schemes. This challenge underscores the necessity for continuous evaluation and possible adjustments to the funding mechanisms to ensure the sustainability of these beneficial programs.

Financial Performance

1. Revenues from Exchange and non-Exchange Transactions

NuPEA Mortgage and Car loan Fund was established in the FY 2017/2018. The fund has grown over the last 7 years and as at the end of the FY 2023-24, the revolving fund has a total funding of **Ksh. 317,270,000** comprising of **Ksh. 244,670,000** Mortgage and **Ksh. 72,600,000** Carloan. In the FY 2023/24 due to government austerity measures, the Agency did not provide a budget for Mortgage and Car loan. However, the Agency generated revenue amounting to **Ksh. 2,081,473** realized from **0.5%** share of interest earned on loans disbursed.

2. Mortgage Loans

During the year under review, the Agency has disbursed mortgage loans amounting to **Ksh.16,500,000** and car loans amounting to **Ksh.3,000,000** totalling to **Ksh. 19,500,000** successfully. This figure represents a significant decrease in comparison to the previous financial year (FY 2022/23), where a total of **Ksh. 58,762,059** was allocated to various beneficiaries. The reduction in loan disbursement can primarily be attributed to two factors: budgetary constraints and a lower uptake of the car loan facility as majority of staff are already in the scheme.

The budgetary limitations faced during the year under review restricted the availability of funds to support the mortgage loan program. Despite the Agency's ongoing efforts to grow and manage the fund effectively, the financial resources available for disbursement were less than those of the previous year. This resulted in fewer mortgage loans being advanced to eligible staff members.

In addition to budget constraints, there was also a noticeable decline in the demand for the car loan facility. The lower uptake of car loans contributed to the overall decrease in disbursement levels, as fewer applications were received and processed by the Committee.

Despite these challenges, the Agency remained steadfast in its commitment to ensuring that all disbursements were conducted with the highest level of integrity and compliance. The Committee meticulously adhered to the pre-established procedures, as well as the relevant laws and regulations governing the disbursement of funds. Each loan granted was subjected to a rigorous approval process, ensuring that all criteria were met and that the allocation of funds was both fair and transparent.

The Agency's compliance with these stringent requirements underscores its dedication to maintaining the credibility and effectiveness of the fund. Even in the face of financial limitations and reduced demand, the Agency careful stewardship of the available resources has ensured that the fund continues to serve its intended purpose—supporting the well-being of Agency staff through the provision of mortgage and car loan facilities.

3. Car Loans

During the year under review, the Agency advanced car loans amounting to **Kshs 3,000,000** compared to **Ksh 28,700,681** disbursed in the previous year. This figure reflects a decrease in loan disbursement compared to the previous financial year. The reduction in loan disbursement for car loans in the year under review is primarily due to a lower number of car loan applications received. Despite the decrease, the Agency remained diligent in processing the applications, ensuring that all approved loans met the established criteria and that the process was conducted in accordance with the applicable laws and guidelines.

4. Cash flows

The cash and cash equivalents decreased from **Kshs. 50,371,588** as at 30 June 2023 to **Kshs. 48,547,833** as at 30th June 2024. This was occasioned by decrease in staff car loan recoveries as some members of staff completed their loans in the last financial year. Equally the cash flows were affected by non-performing Mortgage loans administered by the Development Bank of Kenya.

However, the fund has continued to grow over the years and the management has put measures in place to safeguard loss of public resources, by ensuring staff properties are jointly secured by the applicant, NuPEA and Service Provider and ensuring we comply with statutory requirements and timely remittances of the recoveries

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The fund has demonstrated consistent growth over the years, reflecting the Agency's commitment to providing valuable financial support to its employees while ensuring the prudent management of public resources. Recognizing the importance of safeguarding these funds, the Management has implemented robust measures to prevent any potential loss of public resources. A key strategy in this effort is the joint securing of staff properties, where both the applicant and the Agency hold a shared interest in the assets financed by the fund. This approach not only protects the Agency's financial interests but also ensures that employees are fully invested in the responsible management of their loans.

In addition to securing properties, the Agency has prioritized strict compliance with statutory requirements. This includes adhering to all relevant laws and regulations governing the operation of the fund, as well as ensuring that all recoveries from loan repayments are remitted in a timely manner. By doing so, the Agency minimizes financial risks and reinforces its commitment to transparency and accountability in the management of public funds.

This year has been another milestone in the Agency's journey, marked by continued growth and success. The ongoing expansion of the fund underscores the Agency's dedication to the well-being of its staff, placing their needs and interests at the forefront of its operations. By maintaining a strong focus on the financial security and support of its employees, the Agency not only enhances job satisfaction and retention but also fosters a culture of mutual respect and trust.

Challenges

For the last two financial years, the Fund has not had a budget to optimally issue mortgage facilities to many applicants due to government austerity measures. Additionally, due to increase in the prices of property uptake of car loan has decreased given that the staff entitlement does not match the prices of cars in the market.

Conclusion

The Agency remains committed to sustaining the growth of the fund and prioritizing the well-being of its staff. Proactive management measures and an employee-centric approach have been

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instrumental in the fund's success. Looking ahead, the Agency will continue to focus on supporting its staff, ensuring their needs are at the heart of its operations

Signed:  Date: 27/09/2024

CHRP Benedict Njuguna

Fund Administrator

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7 Statement of Performance against Predetermined Objectives for FY 2023/2024

Table 3: Statement of Performance against Predetermined Objectives

Program	Objective	Outcome	Indicator	Performance
Provision of mortgage and car loan facilities to all members of staff.	To ensure all staff have access to mortgage and car loan facilities.	Number mortgage and Car loans successfully processed.	Two staff members benefited from mortgage loans totalling Kshs 16,500,000 , representing 2% of the workforce utilizing mortgage facilities.	During FY 2023/24, two staff members accessed mortgage facilities for the purpose of purchasing or constructing a home.
			Two staff members benefited from car loans amounting to Kshs 3,000,000 .	During FY 2023/24, two staff members accessed car loan facilities for the purpose of buying cars.

8 Corporate Governance Statement

The Staff Mortgage and Car Loan Scheme fund was established pursuant to Salaries and Remuneration Commission circular No.SRC/TS/WB/314 of 2014. Regulation 6 of the Mortgage and Carloan Regulations 2018 establishes the car loan and mortgage advisory committee appointed, and conducts its activities as detailed below;

i. Appointment of Staff Mortgage and Car Loan Advisory Committee

The CEO shall appoint members of the Staff to the Mortgage and Car Loan Advisory Committee who will oversee the implementation and administration of the Scheme.

- a) The Committee shall comprise of seven (7) members of staff constituted from all the Directorates/ Departments.
- b) The Head of the Human Resource and Administration shall serve as the Secretary to the Committee and undertake the duties listed in Regulations in addition to liaising with the Service Provider.
- c) The Committee shall meet at least on a quarterly basis or when necessary.
- d) The Chief Executive Officer shall appoint from among the Committee's membership a Chairperson.
- e) The Committee members amongst themselves shall appoint a vice Chairperson.
- f) The quorum for a meeting of the Committee shall be 50% + 1 member(s).
- g) The Chairperson shall convene and preside over meetings of the Committee and in the absence of the Chairperson, the Vice Chairperson shall preside over meetings of the Committee.
- h) Decisions of the Committee shall be by simple majority and in the case of a tie, the Chairperson shall have a casting vote.

The Committee serves on the basis of a renewable term of three (3) years and the Human Resource and Administration Directorate offers secretariat services to the Committee. The administration of the Scheme is done by the Staff Mortgage and car Loan Advisory Committee through a Liaison Officer and a Service Providers.

There is an established Staff Mortgage and Car Loan Advisory Committee. A statement of the Agency's full corporate governance practices is set out below;

ii. Functions and Responsibilities of the Committee

The functions and duties of the Staff Mortgage and Car Loan Advisory Committee are as follows:

- a) Develop the budget for the Schemes;
- b) Ensure that the Schemes is funded by undertaking resource mobilization;

- c) Develop/ review regulations for the administration of the Schemes in conjunction with the Service Provider;
- d) Liaise with the Service Provider to establish a revolving fund for the disbursement of the loans;
- e) Supervise the day-to-day running of the Schemes in liaison with the Service Provider and Officer Administering the Fund;
- f) Process applications for loans in conjunction with the Service Provider in accordance with the existing terms and conditions of borrowing;
- g) Review and approve Mortgage and Car Loan applications;
- h) Forward the successful applications with recommendations to the Service Provider for approval;
- i) Identify and credit valuation firms for the purpose of rendering valuation services;
- j) Monitor and evaluate the performance of the fund;
- k) Define competitive criteria to select one or more Service Providers to administer the Scheme on its behalf;
- l) Determine its own procedure for conducting business; and
- m) Perform any other duty that may be assigned to the Committee by the Service Provider and Officer Administering the Fund.

iii. Number of Committee Meetings Held

The members of the committee were appointed on 19th February, 2024 for a renewable term of three (3) years. During the financial year 2023/2024 the committee held two meetings to endorse loan application forms receive and analyse reports from the fund administrator.

iv. Compliance with Existing Laws and Regulations

The Fund has throughout the FY 2023/24 complied with all statutory and regulatory requirements and that the Fund has been managed in accordance with the principles of good corporate governance.

v. Internal Control Framework

The Fund continues to review its internal control framework to ensure it maintains a strong and effective internal control environment.

vi. Management Team

The team meets regularly to review these action plans to ensure that the Agency's objectives are achieved effectively and efficiently.

vii. Fund Management/Committee Remuneration.

The fund management and committee members are not paid any remuneration as they are salaried staff of the Agency.

9 Management Discussion and Analysis

The Fund has continued to grow over the years and the management has put measures in place to safeguard loss of public resources, by ensuring staff properties are jointly secured by the applicant and NuPEA and ensuring we comply with statutory requirements and day to day running of the fund and timely remittances of the recoveries.

In the Financial Year 2023/24, the Agency approved and disbursed **Ksh. 16,500,000** and **Ksh. 3,000,000** as Mortgage and Car loans respectively.

Financial Performance

Revenues and Expenses.

The fund did not have budget for the FY 2023/24. Over the past 5 years, the fund has witnessed an increase in income earned from interest charged on the loans disbursed safe for the last two years where we have experienced a decrease. There was a decrease in interest income in the FY 2023/24 to **Kshs. 5,958,116.76** from **Kshs. 6,760,039** in the FY 2022/23.

The total expenses for the FY 2023/24 was **Ksh.4,911,906.50** of which **Ksh.4,849,528** was in respect to fund administration fee of 2.5% of interest earned and bank charges of **Ksh. 62,378**. This was a decrease from the previous year due to decrease in interest earned on loan disbursement.

Comparative Analysis of Revenue for the last five years is follows below:

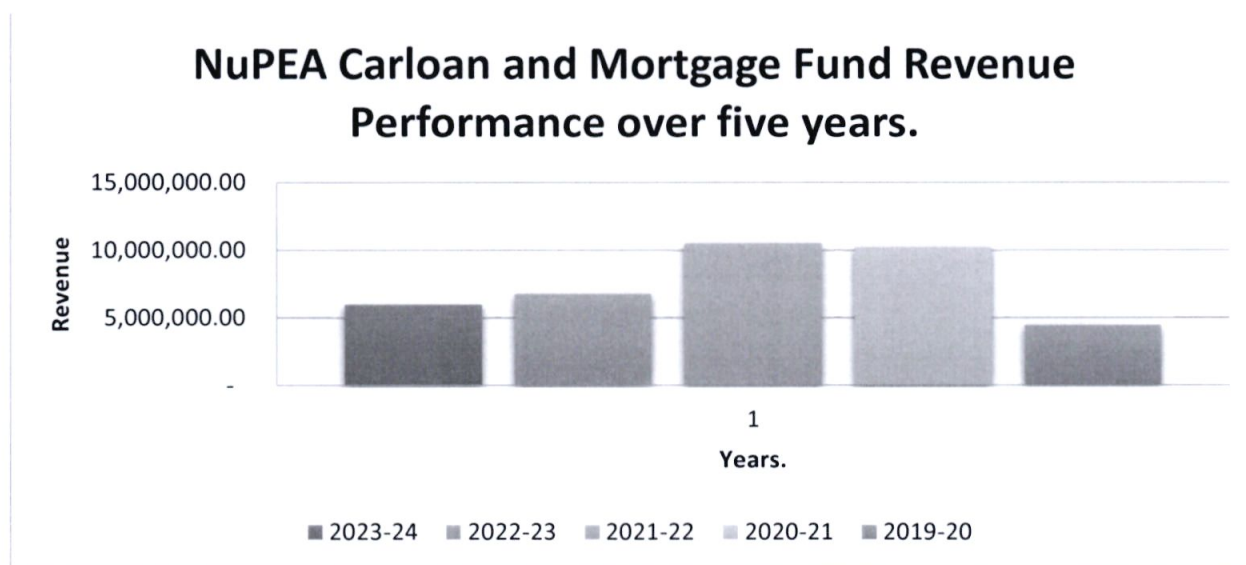


Figure 2: Comparative Analysis of Revenue for the last five years

Cashflows

The Cash and Cash Equivalents decreased from **Ksh. 50,371,588** in the FY 2022/2023 to **Ksh. 48,547,833** in the FY 2023/2024. This was occasioned by decrease in staff mortgage recoveries and completion of car loans by previous beneficiaries in the year under review.

Comparative Analysis on Loan Disbursement

Comparative analysis of Loan disbursement in the last five (5) years is as indicated. There was significant reduction in the amounts of loans disbursed due to lack of funds from the NuPEA.

Detailed Comparative Analysis.

Financial Year 2019-20: Total of **Kshs 46, 409,028** was disbursed. The large uptake can be attributed to availability of funds and increased appetite for the cheap loans by the members of staff.

Financial year 2020-21: This was the best year for the fund as **Kshs. 122,800,536** was disbursed representing 264% increase. This was also attributed to enhanced funding.

Financial Year 2021-22: The funds experienced a decline in disbursement resulting to total loans disbursement of **Ksh. 72,602,646**. This represented a 40.9% decrease.

Financial Year 2022-23: A further decrease in disbursement of 29.8% was experienced resulting to total loan disbursement of **Kshs. 50,931,995**

Financial Year 2023-24: The fund reported the lowest performance in fund disbursement whereby only **Ksh. 19,500,000** was disbursed. The performance is attributed to luck of external funding to the Fund for the last two financial years.

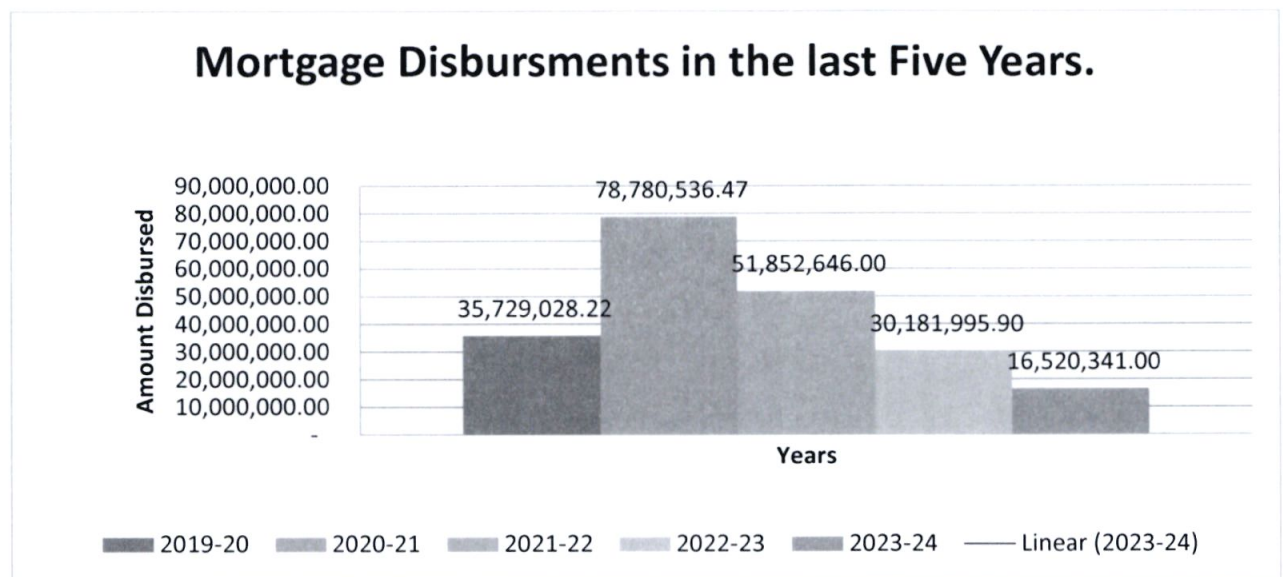


Figure 3: Mortgage Comparative analysis of Loan disbursement in the last five (5) years

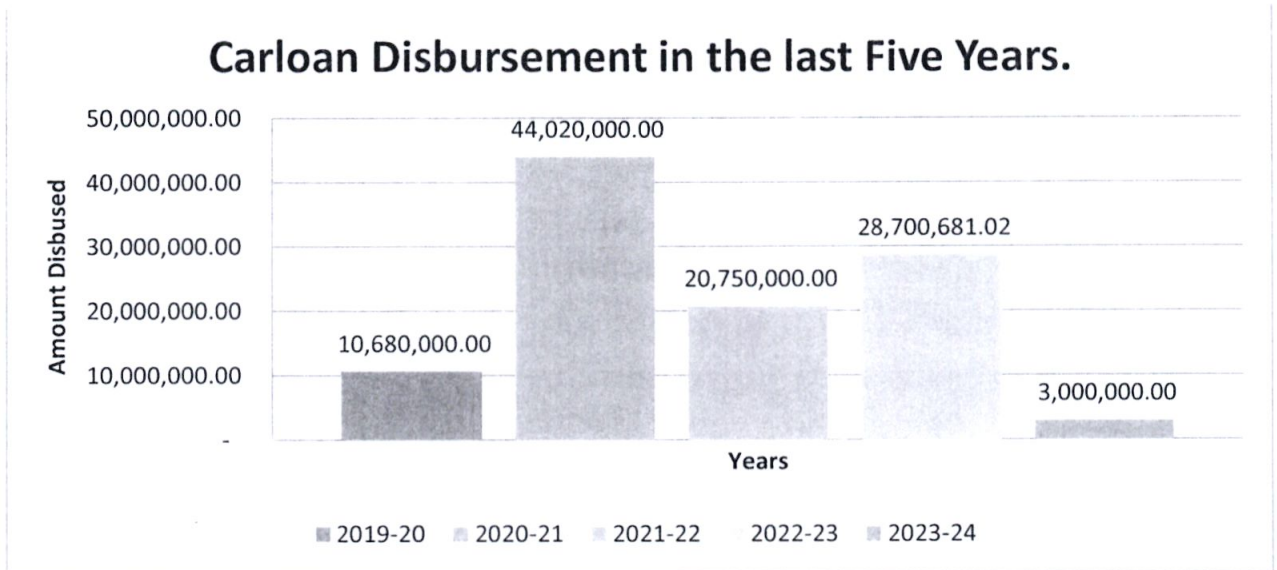


Figure 4: Car Loan Comparative analysis of Loan disbursement in the last five (5) years

Conclusion

The fund has positively impacted on the livelihood of the staff of NuPEA. It is the hope that in the next financial year the Agency will allocate more funds for staff mortgage to ensure more staff will benefit with the mortgage disbursements

10 Environmental and Sustainability Reporting

Staff acquiring mortgage are encouraged to acquire property that adhere to the climate friendly provisions and energy saving. The car loan regulations stipulate that cars acquired through the scheme must be below seven years. Going to the future staff are encouraged to acquire eco-friendly vehicles.

11 Report of Staff Mortgage and Car Loan Advisory Committee

The Staff Mortgage and Car Loan Advisory Committee submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of the Fund's affairs.

Principal activities

The principal activities of the Funds are to provide staff mortgage for purchase of houses, equity release & building and to provide car loans for purchase of motor vehicles.

Performance

The performance of the Fund for the year ended June 30, 2024, is set out on page 1 to 6

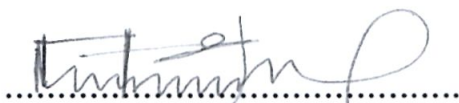
Staff Mortgage and Car loan Advisory Committee

The members of the Staff Mortgage and Car loan Advisory Committee who served during the year are shown on page ix & x

Auditors

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

By Order of the Committee



Chair Staff Mortgage and Car loan Advisory Committee

Date 27/9/2024

12 Statement of Management's Responsibilities


The Administrator of the Funds 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 Funds for and as at the end of the financial year ended on June 30, 2024. 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 funds, (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 funds; (v) Selecting and applying appropriate accounting policies, and (vi) Making accounting estimates that are reasonable in the circumstances.

The Administrator of the NuPEA Funds 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 Mortgage and Car loan Regulations 2018. The Administrator of the Funds 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, 2024, and of the Fund's financial position as at that date.

The Administrator further confirm the completeness of the accounting records maintained for the Funds, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control. In preparing the financial statements, the Administrator of the Fund has assessed the Fund's ability to continue as a going concern. 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 Staff Mortgage and Car Loan Advisory Committee on 27th Sept, 2024 and signed on its behalf by:


.....

Name: Eng. Erick Ohaga

Chairman of the Funds Committee


.....

Name: ChRP Benedict Njuguna

Fund Administrator

REPUBLIC OF KENYA

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

Enhancing Accountability

REPORT OF THE AUDITOR-GENERAL ON NUCLEAR POWER AND ENERGY AGENCY STAFF CAR AND MORTGAGE LOAN SCHEME FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, 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 Nuclear Power and Agency Staff Car and Mortgage Loan Scheme set out on pages 1 to 18 which comprise the

Report of the Auditor-General on Nuclear Power and Energy Agency Staff car and Mortgage Loan Scheme for the year ended 30 June, 2024

statement of financial position as at 30 June, 2024 and the statement of financial performance, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Rural Electrification and Renewable Energy Corporation Staff Mortgage and Car Loan Scheme as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unconfirmed Opening Balances

The statement of financial performance reflects total revenue in respect to interest received and other income for the comparative year amounting to Kshs.6,760,039 and Kshs.651,207 respectively. Further, the statement of financial position reflects cash and cash equivalents and net assets and liabilities balances of Kshs.50,371,588. and Kshs.323,799,484 respectively for the comparative year. However, Management did not prepare and submit for audit financial statements in a form that complies with International Public Sector Accounting Standards (Accrual Basis) for the previous year. As a result, the comparative figures for 2022/2023 which would form the opening balances cannot be confirmed.

In the circumstances, the accuracy and completeness of the opening balances could not be confirmed.

2. Inaccuracies in the Cash and Cash Equivalents Balance

The statement of financial position reflects cash and cash equivalents balance of Kshs.48,547,833 and as disclosed in Note 8 to the financial statements. However, supporting documents such ledgers, certificates of bank balance, monthly bank reconciliation statements and bank statements were not provided for audit review.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.48,547,833 could not be confirmed.

3. Unsupported Financial Statement Balances

The statement of financial performance reflects total revenue in respect to interest received and other income (interest on saving deposits) amount of Kshs.6,993,380 and expenditure in respect to Fund management fees and administration costs amounting to Kshs.4,911,907. Further, the statement of financial position reflects Staff Mortgage and

Car Loan receivables balance of Kshs.277,333,125. However, ledgers/schedules to support these components were not provided for audit review.

In the circumstances, the existence, accuracy and measurement of the balances in the financial statements could not be confirmed.

4. Variances in Loan Disbursements

The statement of cash flows reflects balance of Kshs.16,520,341 and Kshs.3,000,000 as disbursements paid out for mortgage and car loans. However, nuclear scheme loans schedule for Stima Sacco Deposit Taking Society Limited provided indicated that two (2) members benefited from the mortgage facility and twelve (12) for the Car Loan Scheme amounting to Kshs.18,960,000 resulting to unreconciled variance of Kshs.560,341. Further, there is inconsistencies in the statement of performance against predetermined objectives for the financial year which disclosed that two (2) staff members accessed mortgage facilities and two (2) staff members for car loan facilities. No explanation has been given to this effect.

In the circumstances, the accuracy and completeness of the combined loans disbursed balance of Kshs.19,520,341 could not be confirmed.

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Non-Submission of Annual Report and Financial Statements

The Staff Car Loan and Mortgage Scheme Fund was established and has been in operation since financial year 2017/2018. This is evidenced by the submission on page xvi on financial performance in the financial statements. However, Management has not been preparing and submitting the annual reports and financial statements, as required, for the previous periods, 2017/2018 to 2022/2023 (six financial years). This contravenes the Salaries and Remuneration Commission vide Circular issued on 17 December, 2014 on Car Loan and Mortgage Schemes for state officers and other public officers of Government of Kenya advised on the mortgage benefits for all state officers and other public officers in Kenya under Paragraph 4 of the circular, each agency is required to administer and manage the schemes internally and the schemes shall be subjected to the annual audit of the government. No explanation was provided for failure to prepare and submit financial statements for audit.

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

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

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

Conclusion

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

Basis for Conclusion

Lack of Appointment Letters for Advisory Committee

Examination of the Fund's records revealed that the respective appointment letters for the current advisory committee of the Fund inaugurated in February 2024 were not provided for audit verification. Further, the previous advisory committee also lacked the appointment letters.

In the circumstances, the smooth operations and management of the Fund could not be ascertained in the absence of appointment letters to the advisory committee.

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 controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to as a going concern, disclosing, as applicable, matters related to going concern 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 comply with the authorities which govern them and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is

not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

30 December, 2024

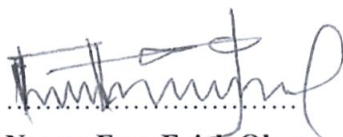
*Nuclear Power and Energy Agency Staff Car Loan and Mortgage Funds
Annual Reports and Financial Statements for the year ended June 30, 2024*

14 Statement of Financial Performance for the Year Ended 30 June, 2024

Description	Note	2023-24	2022-23
			Kshs.
Revenues from Exchange transactions.			
Interest received (3%)	6	5,958,117	6,760,039
Other income(Interest on saving deposit)	6(a)	1,035,264	651,207
Total Revenues		6,993,380	7,411,246
Expenses			
Use of Goods and Services	7	4,911,907	6,150,089
Total Expenses		4,911,907	6,150,089
Surplus		2,081,474	1,261,157

The notes set out on pages 5 to 18 form an integral part of these Financial Statements

The Financial Statements set out on pages 1 to 4 were signed on behalf of the Staff Mortgage and Car Loan Advisory Committee by:

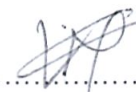


Name: Eng. Erick Ohaga

**Chairperson of the Funds
Committee**



**Name: ChRP Benedict
Njuguna
Fund Administrator**



Name: CPA Naftaly Gitongah

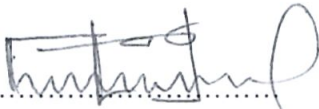
Fund Accountant

ICPAK M/No.8600

*Nuclear Power and Energy Agency Staff Car Loan and Mortgage Funds
Annual Reports and Financial Statements for the year ended June 30, 2024*

15 Statement of Financial Position as at 30 June, 2024

	Notes	FY2023- 2024	FY2022-2023
Assets		Kshs	Kshs
Current assets			
Cash and cash equivalents	8	48,547,833.06	50,371,588.29
Total Current Assets		48,547,833.06	50,371,588.29
Non-current assets			
Staff Mortgage/ Car Loan Receivables	9	277,333,125.00	273,427,896.69
Total non - current assets		277,333,125.00	273,427,896.69
Total assets		325,880,958.06	323,799,484.98
Net assets			
Car loan Revolving Fund		72,600,000.00	77,600,000.00
Mortgage Revolving Fund		244,670,000.00	239,670,000.00
Accumulated surplus		8,610,958.24	6,529,484.20
Total net assets		325,880,958.24	323,799,484.20
Total net assets and liabilities		325,880,958.24	323,799,484.20



Name: Eng. Erick Ohaga

Chairperson of the Funds
Committee



Name: CHRP Benedict
Njuguna
Fund Administrator



Name: CPA Naftaly Gitongah

Fund Accountant

ICPAK M/No.8600

*Nuclear Power and Energy Agency Staff Car Loan and Mortgage Funds
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16 Statement of Changes in Net Assets for the Year Ended 30 June, 2024

Description	Mortgage Fund	Car Loan Fund	Accumulated surplus	Total
	Kshs.	Kshs.	Kshs.	Kshs.
As at 1 July, 2022	209,670,000	77,600,000	5,268,327	292,538,327
Surplus for the period		-	1,261,156	1,261,156
Funds received during the year	30,000,000	-	-	30,000,000
As at 30 June 2023	239,670,000	77,600,000	6,529,484	323,799,484
As at 1 July, 2023	239,670,000	77,600,000	6,529,484	323,799,484
Surplus for the period		-	2,081,473	2,081,473
Funds withdrawn during the year		(5,000,000)		(5,000,000)
Funds received during the year	5,000,000	-	-	5,000,000
As at 30 June 2024	244,670,000	72,600,000	8,610,957	325,880,957

*Nuclear Power and Energy Agency Staff Car Loan and Mortgage Funds
Annual Reports and Financial Statements for the year ended June 30, 2024*

17 Statement of Cash flows for the Year Ended 30 June, 2024

	Notes	FY 2023-2024	FY 2022-2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Interest Income@ 0.5%	6	5,958,117	1,126,673
Interest on Savings Deposit.	6(a)	1,035,264	651,206
Total Receipts		6,993,380	1,777,879
Payments			
Administration Expenses	7	4,911,907	32,560
Total Payment		4,911,907	32,560
Net cash flows from operating activities		2,081,475	1,745,319
Cash flows from investing activities			
Proceeds from loan principal repayments-mortgage		5,707,934	7,059,948
Loan disbursements paid out-Mortgage		(16,520,341)	(30,061,378)
Proceeds from loan principal repayments-Car Loan		9,907,176	22,669,994
Loan disbursements paid out-Car loan		(3,000,000)	(28,700,681)
Net cash flows used in investing activities		(3,905,230)	(29,032,117)
Cash flows from financing activities			
Receipts into the mortgage revolving fund		5,000,000	30,000,000
Withdrawal from fund car loan fund.		(5,000,000)	
Net cash flows used in financing activities		-	30,000,000
Net increase/(decrease) in cash and cash equivalents		(1,823,755)	2,713,201
Cash and cash equivalents at 1 July		50,371,588	47,658,387
Cash and cash equivalents at 30 June		48,547,833	50,371,588

18 Notes to the Financial Statements

1. General Information

The Nuclear Power and Energy Agency Mortgage and Car loan funds are established by and derives its authority and accountability from the Nuclear Power and Energy Agency Mortgage and Carloan Regulations 2018. The Fund is wholly owned by the Nuclear Power and Energy Agency and is domiciled in Kenya. The Fund’s principal activity is to disburse staff mortgages and car loans.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Fund’s accounting policies.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Nuclear Power and Energy Agency staff mortgage and car loan funds. The financial statements have been prepared in accordance with the Public Finance Management (PFM) Act, the State Corporations Act, Energy Act 2019 and International Public Sector Accounting Standards (IPSAS) (Accrual Basis). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2024.*

There are no new standards effective in the FY.

- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.*

Standard	Effective date and impact:
IPSAS 43: Leases	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>

Nuclear Power and Energy Agency Staff Car Loan and Mortgage Funds
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	There is no impact of the standard to the mortgage and car loan funds financial statements
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. There is no impact of the standard to the mortgage and car loan funds financial statements
IPSAS 45: Property Plant and Equipment	<i>Applicable 1st January 2025</i> 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. There is no impact of the standard to the mortgage and car loan funds financial statements
IPSAS 46: Measurement	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value. There is no impact of the standard to the mortgage and car loan funds financial statements
IPSAS 47: Revenue	<i>Applicable 1st January 2026</i> 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

Nuclear Power and Energy Agency Staff Car Loan and Mortgage Funds
Annual Reports and Financial Statements For the year ended June 30, 2024

	<p>objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p>There is no impact of the standard to the mortgage and car loan funds financial statements</p>
IPSAS 48: Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p>There is no impact of the standard to the mortgage and car loan funds financial statements</p>
IPSAS 49: Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p>There is no impact of the standard to the mortgage and car loan funds financial statements</p>

iii. Early adoption of standards

The Entity did not early – adopt any new or amended standards in year 2023/2024.

4. Significant Accounting Policies

a) Revenue Recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Fund and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Interest income

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

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 2023-2024 was approved in June 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the fund upon receiving the respective approvals in order to conclude the final budget.

The fund's budget is prepared on a different basis 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.

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 performance has been presented under page 5 of these financial statements.

c) Property, Plant and Equipment (PPE)

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Agency 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.

d) Intangible Assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding 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.

e) Investment property

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

f) Financial instruments

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

I. Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or

deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are 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 entity recognizes a loss allowance for such losses at each reporting date.

II. Financial liabilities

Classification

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

g) Contingent liabilities

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

h) Contingent assets

The Fund does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Fund in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

i) Nature and purpose of reserves

The Fund creates and maintains reserves in terms of specific requirements.

j) Changes in accounting policies and estimates

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

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) Related parties

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

m) 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 various commercial banks at the end of the financial year.

n) Comparative figures

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

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

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- 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

Notes to the Financial Statements

6. Interest Income

Description	FY 2023/24	FY 2022/2023
	Kshs	Kshs.
Interest Income from Mortgage	4,277,793	5,281,602
Interest income from Car Loans	1,680,323	1,478,437
Total Interest Income	5,958,116	6,760,039.00

6(a). Other Income

Description	FY 2023/24	FY 2022/2023
	Kshs.	Kshs
Interest on Deposits savings		
Mortgage	806,972	
Car loan.	228,291	
Total other incomes	1,035,263	651,206.70

7. Fund Management costs

Description	FY 2023/24	FY 2022/2023
	Kshs.	Kshs.
Fund management fee @ 2.5%		
Mortgage	3,456,272	4,2975,29
Car loan	1,393,256	1,820,000
Administration Costs	62,378	32,560
Total fund management costs	4,911,906	6,150,089

8. Cash and Cash Equivalents

Description	FY 2023-2024	FY 2022-2023
	KShs	KShs
Current account(Mortgage/Car loan)	48,547,833	50,371,588
Total cash and cash equivalents	48,547,833	50,371,588

8(a) Detailed Analysis of Cash and Cash Equivalents

Financial Institution	Account number	FY 2022-2023	FY2021-2022
		Kshs	Kshs
a) Current Account			
Stima DT Sacco Society Ltd	801003718501/2	38,863,272	40,773,409
Development Bank of Kenya	201402001	9,684,561	9,598,179

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Total cash and cash equivalents		48,547,833	50,371,588
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9. Receivables from Exchange Transactions.

Description	FY 2023/24	FY 2022/2023
	Kshs.	Kshs.
Car loan	63,279,232	70,186,408
Mortgage	214,053,893	148,081,231
Total Non- Current Receivables	277,333,125	218,267,639

Note.

Two mortgage loans issued by Development Bank of Kenya with an outstanding balance of **Ksh. 37,254,756** were transferred to Stima Sacco Mortgage Scheme but the transfer process has not been finalized and hence the amount has not been included in the Stima Sacco receivable for the FY 2022/23 and 2023/24.

10. Cash Generated from Operations

Description	FY 2023/24	FY 2022/23
	Ksh.	Kshs.
Surplus for the year before tax	2,081,474	1,261,157
Net cash flow from operating activities	2,081,474	1,261,157

11. Financial Risk Management

i) Credit Risk

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

	Total Amount	Fully Performing
	Kshs	Kshs
As at June 2024		
Receivable from non-exchange transactions	314,587,881	277,333,125
Bank balances	48,547,833	48,547,833
Total	363,135,714	268,639,227
As at June 2023		
Receivable from non-exchange transactions	255,522,395	218,267,639
Bank balances	50,371,588	50,371,588
Total	305,893,983	305,893,983

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 hence the Agency has not made any provision for uncollectible debts as all the credit risk is employee related.

Notes to the Financial Statements (Continued)

ii) Liquidity Risk

Ultimate responsibility for liquidity risk management rests with the entity's directors, who have 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.

iii) Market risk

The Agency 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 Mortgage and Car loan Advisory Committee.

The Agency has no exposure to market risks or the manner in which it manages and measures the risk since the Agency does not trade in foreign currency nor does it hold financial instruments in foreign currency.

iv) Capital Risk

The objective of the entity's capital risk management is to safeguard the Funds ability to continue as a going concern.

12. Related Parties Disclosure.

Nature of related party relationships

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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.

Government of Kenya

The Government of Kenya is the principal shareholder of the *Fund* , holding 100% of the *Fund* 's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Entity, both domestic and external.

Other related parties include:

1. Nuclear Power and Energy Agency
2. The Ministry of Energy and Petroleum
3. Key management.
4. Board of directors
5. Loan management committee

The Agency did not make any sale to related parties or incur expenses on behalf of related parties.

13. Events after the Reporting Period

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

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14. Ultimate and Holding Entity

The staff mortgage and car loan funds are under the Nuclear Power and Energy Agency which is a state corporation under the Ministry of Energy. Its ultimate parent is the Government of Kenya.

15. Currency

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