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| CLERK-AT-THE-TABLE: | <i>Kanda T.</i> |

REPORT

THE AUDITOR-GENERAL

ON

**STATE OFFICERS AND PUBLIC OFFICERS
MOTOR CAR LOAN SCHEME FUND**

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

THE NATIONAL TREASURY



**STATE OFFICERS AND PUBLIC OFFICERS
MOTOR CAR LOAN SCHEME FUND**

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

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

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1. Abbreviations, Acronyms and Glossary of Terms

A. Abbreviations and Acronyms

| | |
|-------|--|
| CEO | Chief Executive Officer |
| DG | Director General |
| CBK | Central Bank of Kenya |
| ICPAK | Institute of Certified Public Accountants of Kenya |
| IPSAS | International Public Sector Accounting Standards |
| MD | Managing Director |
| NT | National Treasury |
| OCOB | Office of the Controller of Budget |
| OAG | Office of the Auditor General |
| OSHA | Occupational Safety and Health Act of 2007 |
| PFM | Public Finance Management |
| PPE | Property Plant & Equipment |
| PSASB | Public Sector Accounting Standards Board |
| SAGAs | Semi-Autonomous Government Agencies |
| TOT | Trainer of Trainers |
| IHRM | Institute of Human Resource Management |

B. Definition of Key Terms.

Fiduciary Management- Members of the Management directly entrusted with the entity's financial resources.

Comparative year- Means the prior period.

2. Key Fund information and management

a) Background information

The State Officers and Public Officers Car Loan Scheme Fund was established in 2015, through legal notice no. 195 of 25th September, 2015 under the Public Finance Management Act. This was pursuant to guidelines provided by Salaries and Remuneration Commission on Car Loan benefit for State officers and other Public Servants in December 2014. The Cabinet Secretary, National Treasury is responsible for the general policy and strategic direction of the Fund while the Chief Executive Officer is the administrator of the Fund.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to provide a car loan facility to State Officers and Public Officers of the National government to purchase a motor car. The Fund is administered by an Advisory Board. The Advisory Board is charged with the responsibility of processing loans from applicants in accordance with laid down regulations, setting up a revolving Fund for the disbursement of loans, and supervising the day-to-day operations of the Fund. The Fund Secretariat is responsible for the day-to-day operations.

c) Advisory Board Members.

| Ref | Position | Name |
|-----|------------------------------|------------------------|
| 1 | Chairperson | Dr. Chris Kiptoo, CBS |
| 2 | Other Advisory Board Members | Samson P. Wangusi, OGW |
| | | Dr. Ann R. Gitau, EBS |
| | | Munyembo Mwachala, OGW |
| | | Eng. James Thitai, OGW |
| | | Dr. Silas Muyela |
| | | Remmy Mulati |
| 3 | Fund Manager/ Administrator | FA. Edna Atisa, HSC |

Key Fund and Information Management (Continued)

d) Key Management

| Ref | Position | Name |
|------------|---|-------------------------|
| 1 | Fund Manager/ Administrator | F.A Edna Atisa, HSC |
| 2 | Fund Accountant | CPA Justus M. Karuri |
| 3 | Senior Deputy Secretary | Mr. Godfrey Busolo, OGW |
| 4 | Supply Chain Management Officer | Mr. Kenneth Korir |
| 5 | Principal Finance Officer | Mr. David Kiptoo |
| 6 | Human Resource Management and Development | Mr. Daniel Sire |

e) Fiduciary Oversight Arrangements

| Ref | Position | Name |
|------------|---|--|
| 1 | Directorate Internal Audit | CPA James Mwangi Assistant Internal Auditor General |
| 2 | Staff and Advisory board of State Officers and Public Officers Motor Car Loan Scheme Fund | The Fund has eight (8) members in the Advisory Board as listed on page iii |

f) Registered Offices

P.O. Box 30007-00100, Nairobi, KENYA
Treasury Building,
Harambee Avenue

g) Fund Contacts

Telephone: (254) 2718050
Email: carloan@treasury.go.ke
Website: www.treasury.go.ke

h) Fund Bankers

Central Bank of Kenya,

Address: Haile Selassie Avenue

P.O Box 60000-00200,

Nairobi, Kenya

Kenya Commercial Bank

Moi Avenue branch

P.O. Box 48400- 00100

Nairobi, Kenya.

i) Independent Auditor

Auditor-General

Office of The Auditor General

Anniversary Towers, University Way

P.O. Box 30084 - 00100

Nairobi, Kenya

j) Principal Legal Adviser

The Attorney General





State Law Office and Department of Justice

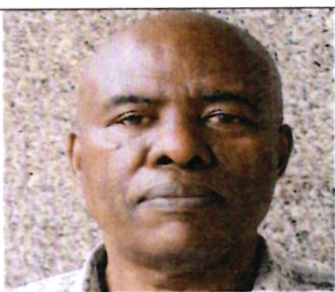



Harambee Avenue

P.O. Box 40112 - 00200





Nairobi, Kenya



3. The Advisory Board

| S/No | Name | Details of qualifications and experience |
|------|--|---|
| 1 |  Chris Kiptoo, PhD, CBS | <p>Dr. Chris Kiptoo, CBS, is the Chair of the Advisory Board and the Principal Secretary, National Treasury. He also served as PS, Ministry of Environment and Forestry. and PS at the State Department of Trade, Ministry of Industry, Trade & Cooperatives. He has a rich wealth of experience in economic policy analysis, mainly gained at the Central Bank of Kenya, Capital Market Authority and the International Monetary Fund, where he has served in various capacities. He holds a Doctor of Philosophy Degree (PhD) in Finance (<i>International Macroeconomics Finance specialization</i>) from The Nairobi University, as well as a Master of Science (Ag. Economics) and Bachelor of Science (Ag. Economics) degree from Egerton University.</p> |
| 2 |  Mr. Samson P. Wangusi, OGW | <p>Mr. Samson Palia Wangusi, OGW, is the Principal Administrative Secretary (PAS) at the National Treasury. He is a seasoned administrator with vast experience in Public Sector Management, spanning over 30 years. He has also served on various Boards as an Alternate Director to the Principal Secretary. He holds a Masters of Arts in Public Administration and a Bachelor's degree in Public Administration from Moi University and the University of Nairobi respectively.</p> |
| 3 |  Dr. Silas Muyela | <p>Dr. Silas Muyela is a holder of Doctor of Philosophy Degree (PhD) in Finance and MSc in Finance both from Kenyatta University and BA, Economics and Statistics from Egerton University. He is the alternate Director to the Director General, Budget Fiscal and Economic Affairs.</p> <p>Mr. Muyela has a wide range of experience in budgetary and policy formulation having served as a budget officer in the National Treasury.</p> |
| 4 |  Mr. Remmy Mulati | <p>Mr. Remmy Mulati is the Deputy Chief Executive Officer, Public Service Commission. He served as an alternate to CEO, Public Service Commission.</p> <p>Mr. Mulati has vast experience in Human Resource Management having served for over thirty years in various capacities in the Public Service.</p> |

| | | |
|---|---|---|
| 5 |  <p>Munyembo Mwachala, OGW</p> | <p>Mr. Munyembo Mwachala, OGW, is Secretary Administration, State Department of Public Service. He served as an alternate to the principal Secretary, State Department of Public service. He holds a Masters of Arts in Public Administration and a Bachelor's degree in Public Administration the University of Nairobi. He is a seasoned administrator who has served in various Government Departments.</p> |
| 6 |  <p>Eng. Richard Thitai, OGW</p> | <p>Eng. Richard Thitai, OGW, holds a Bachelor of Science (Mechanical Engineering) from the University of Nairobi. Executive Master of Business Administration (MBA) from Jomo Kenyatta University of Agriculture and Technology. He is a professional engineer registered with the Engineers Registration Board (ERB) and a member of the Institution of Engineers of Kenya (IEK). He has attended a Senior Management course (SMC) as well as Strategic Leadership Development course (SLDP) and Project Development and Management (PDM) at the Kenya School of Government). His career in civil service spans over 30 years in Engineering and Management levels with 6 years as head of State House Mechanical Department. Currently, he is the Chief Mechanical Engineer, Mechanical Division -State department for Roads.</p> |
| 7 |  <p>Dr. Ann R. Gitau, MBS</p> | <p>Dr. Anne R. Gitau, EBS, is the Commission Secretary/ Chief Executive Officer, Salaries and Remuneration Commission. She is a respected Human Resource professional and leader with over ten years comprehensive experience ranging from the private sector to the public sector. She has a Master's Degree in Business Administration from University of Nairobi and a Bachelor of Education Degree from Egerton University.</p> |
| 8 |  <p>FA Edna Atisa, HSC</p> | <p>Ms. Edna Atisa is the Interim Chief Executive Officer of the Fund. She is an economist with vast experience in policy formulation and implementation and a member of the Economics Society of Kenya. She holds MA(Economics), BA (Economics), Postgraduates Diploma in Education, all from the University of Nairobi. She has attended training in Performance Management in the Public Sector, Strategic Leadership Development and Investment Analysis and Planning. She has previously served as an Economist at the same Ministry and as an Assistant Registrar at the University of Nairobi. She has also served on Various boards</p> |

4. Management Team

| S/No | Name | Details of qualifications and experience |
|------|--|--|
| 1 |  FA Edna Atisa, HSC | <p>Ms. Edna Atisa is the Interim Chief Executive Officer of the Fund. She is an economist with vast experience in policy formulation and implementation and a member of the Economics Society of Kenya. She holds MA(Economics), BA (Economics), Postgraduates Diploma in Education, all from the University of Nairobi. She has attended training in Performance Management in the Public Sector, Strategic Leadership Development and Investment Analysis and Planning. She has previously served as an Economist at the same Ministry and as an Assistant Registrar at the University of Nairobi. She has also served on Various boards</p> |
| 2 |  Mr. Daniel Sire | <p>Mr. Daniel Sire is a Principal Human Resource and Development Officer with 11 Years of experience in Human Resource in both private and public sector. He holds a degree in Human Resource Management from Moi University. Having worked previously in the Public Service, he is well equipped with skills in payroll management, performance management and he is a ToT certified by the Kenya School of Government. He is a member of IHRM and secretary in the South Rift IHRM branch.</p> |
| 3 |  Mr. David Kiptoo | <p>Mr. David Kiptoo is a finance officer with several years working in the public sector as a finance professional. He holds a bachelor Degree in Finance and Banking with skills and expertise in financial modelling, data analysis and providing strategic recommendations to support government decision making with a strong back ground in budgeting, forecasting and financial reporting. His current role is to work closely with departmental heads and in monitoring financial performance, cost saving and financial plans.</p> |
| 4 |  Mr. Kenneth Korir | <p>Mr. Kenneth Korir is a Procurement Officer at the National Treasury with over 13 years of experience. He is a member of the Chartered institute of Procurement and supplies (MCIPS). He holds an MBA (project management) from Kenyatta university and BA(Economics) from Strathmore university and CPA(K)</p> |

| | | |
|---|---|--|
| 5 |  CPA Justus M. Karuri | <p>CPA Justus M. Karuri is the Fund Accountant. He is a member of the institute of Certified Public Accountants of Kenya (ICPAK). He holds a Bachelors of Commerce (Accounting Option) from KCA university with experience in Government Accounting spanning over two decades.</p> |
| 6 |  Mr Godfrey Busolo, OGW | <p>Mr Godfrey Busolo, OGW, is an Administrator at the National Treasury with vast experience in Public Sector Management, spanning over 20 years. He has also served on various Boards as an Alternate Director to the Principal Secretary. He holds a Masters of Arts in Public Administration and a Bachelor's degree in Public Administration from the University of Nairobi.</p> |

5. Chairman's Report

The State Officers and Public Officers Car Loan Scheme Fund was established in 2015, through legal notice no. 195 of 25th September, 2015 under the Public Finance Management Act. This was pursuant to guidelines provided by Salaries and Remuneration Commission on Car Loan benefit for State officers and other Public Servants in December 2014.

The Cabinet Secretary, National Treasury appointed a secretariat to undertake day to day operations of the fund. An Advisory board was constituted in line with section 9(1) of the Regulations to oversee the operations of the Fund. Since inception, the fund has processed motor car loans amounting to Kshs. 824,260,060 for 389 number applicants. Additionally, several activities have been under taken aimed at increasing loan uptake they include; review of the application guidelines and process to enhance service delivery and reduced the turnaround time, awareness creation in the field stations, capacity building for both staff and the advisory board members to improve skills and knowledge and hence customer experience.

To effectively facilitate the applicants going forward, the Fund is in the process of automating its operations through development of an online application system which will be rolled out as soon as it is finalized. This is in addition to the deployment of an Integrated Enterprise Resource Management System for the management of the fund operations. To guide the long-term planning, the Fund developed a strategic Plan for the period 2023 – 2028.

Some of the challenges the fund faced in the period under review include; Low uptake of the loan facility due to lack of awareness, salary commitment and the high cost of living which has eroded the purchasing power of the beneficiaries. This is worsened by the general global economic conditions such as Inflation that made the cost of goods and service very high including the motor vehicles. It is hoped that this situation will improve in the near future following extensive awareness creation by the Fund.



.....
Chris Kiptoo, PhD, CBS
Chairman, State Officers and Public Officers Motor Car Loan Scheme Fund and
Principal Secretary National Treasury

6. Report of the Fund Manager/ Administrator

The State Officers and Public Officers Motor Car Loan Scheme Fund is Government initiative towards enhancing human resource productivity. The Scheme is financed by the Government of Kenya. On behalf of the State Officers and Public Officers Motor Car Loan Scheme Fund, I wish to present the annual report and financial Statements for the year ended 30th June 2025.

During the period under review, the Fund undertook various activities towards achieving the objectives and purpose for which it was established. As at 30th June 2025, the Fund had processed 389 motor car loans most of which were processed in the plan period. It is noted that the sensitization exercises undertaken in Counties, Ministries Departments and Government agencies played a key role in the increase in uptake from Ksh.589,699,194 in the FY 2023/24 to Kshs 824,260,060 in the FY 2024/25. The recurrent expenditure for the fund was Kshs 68,873,646. The expenditure was mainly on sensitisations, purchase of goods and services, and capacity building.

Recognizing the critical role of the human resource in the effective implementation of the funds mandate, the Fund built capacity of Board members and staff by sponsoring them for short courses aimed at improving knowledge and skills. Information, Education and Communication materials were developed to aid awareness creation efforts.

The success of the Scheme was due to the support accorded to the Secretariat by the Management of the National Treasury and the Advisory Board during the Financial Year under focus. We look forward to the continued support from all the stakeholders as we strive to roll out the Motor Car Loan Scheme.



.....
FA Edna Atisa, HSC
Interim Chief Executive Officer
& Administrator of the Fund

7. Statement of Performance Against Predetermined Objectives

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the Accounting Officer to include in the financial statement, a statement of the national government Fund's performance against predetermined objectives. Further, Section 24(2) of the State Officers Public Officers Motor Car Loan Scheme Fund Regulations require the Administrator to develop a workplan to guide the day-to-day operations of the fund towards achieving the long-term objectives and vision of the Fund.

The Fund has developed a strategic plan which informed the annual workplan. The workplan was approved by the Board to guide the funds activities for the period ending 30th June 2025. The Fund achieved its performance targets for the FY 2024/25 as espoused in its objectives thus effectiveness and efficiency in service delivery strategic objective, as indicated in the table below:

| OBJECTIVE | ACTIVITY | EXPECTED OUTPUT | PERFORMANCE INDICATOR(S) | TARGET/ OUTCOME |
|---|---|---|---|--|
| Effectiveness and Efficiency in Service Delivery. | Development of Job Descriptions | Job descriptions. | Job Description Report developed | Strong internal controls and governance processes and separation of roles. |
| | Implementation of Enterprise Resource Program (ERP) | Automated processing of applications. | ERP System concept note developed | Enhanced efficiency and accountability. |
| | Development of a strategic Plan | Strategic Plan | Strategic Plan report | Efficiency in service delivery |
| | Capacity Building for Board members and staff | Enhanced skills, knowledge and Performance. | Advisory Board Directors and secretariat trained | Enhanced effectiveness and efficiency in service delivery. |
| | Procurement of Various Goods and Services. | Adequate supply of goods and services. | Goods and Services procured timely | Better service delivery |
| | Sensitization of Civil Servants and State officers. | Awareness created in State Officers and Public Officer. | 2000 of officers sensitized. | Increase in number of loan applications |
| | Board activities | Board Minutes and reports. | 10 Board Meetings and activities undertaken | Board Recommendations/ resolutions. |
| | Processing of Loan Application Forms. | Loan Approvals | 121 Loan Applications processed | Loans Issued. |
| | Development of Financial Statements | Compliance with the PFM reporting requirements | Final Accounts/ Statement and quarterly financial reports | Transparency and accountability |
| | Review of the internal control environment. | Report on Findings and recommendations on the internal controls | Management and Audit Review Reports. | Effective management of the Scheme through reduction in audit queries. |

8. Corporate Governance Statement

In period under review the Board developed a board almanac to guide the board operations and activities. The board held ten (10) meetings and reviewed the board charter that governs the conduct of meetings. The Board members were appointed by the Cabinet Secretary National Treasury upon nomination by the respective institutions represented in the Board in line with the Governing regulations. The Board undertook capacity building of its staff and board members and apprised them on the status of implementation of the fund activities in a retreat held to review the same. As a matter of good corporate governance, the conflict-of-interest register was filled in every meeting and where the meeting was virtual the members were requested to declare interest in the agenda ideas tabled for discussion. Sitting allowance is paid to the members of the advisory board at the rate of Kshs 15,000 which is subject to tax.

The roles and responsibilities of the board as provided for in the regulations include;

- (a) Process and approve loans in accordance with the existing terms and conditions of borrowing;
- (b) Liaise with the financial institution to set up a Fund for the disbursement of the loans; Establishment and composition of the Advisory Board.
- (c) Oversee the management of the Fund;
- (d) Monitor and evaluate the performance of the Fund;
- (e) Approve annual work programmes and procurement plans for the Fund;
- (f) Recommend the investment of any surplus funds not immediately required in securities approved by the National Treasury, for the purposes of realizing the objects and purpose for which the Fund is established;
- (g) Cause to be kept all proper books and records of accounts; the income, expenditure, assets and liabilities of the Fund;
- (h) Receive any gifts, donations, grants or endowments made to the Fund;
- i) Consider and recommend approval of the financial statements to the officer administering the Fund; recommend as when required the procurement of a financial institution to administer the Fund on its behalf
- (k) Perform any other functions that are ancillary to the objects and purpose for which-the Fund is established; and (1) Determine its own procedures for conducting its business.

9. Management Discussion and Analysis

The State Officers and Public Officers Motor Car Loan Scheme Fund, processed one hundred and thirteen (113) motor car loan applications in the period under focus. Loans issued during the period were Kshs.234,560,866 while loans repaid during the period were Kshs.148,395,403. The outstanding loan balances as at 30th June, 2025 were at Kshs.402,031,473

The Fund complied with the Statutory requirements of submitting quarterly financial Statements to the National Treasury. A risk management framework was developed with a clear implementation matrix. The fund does not foresee any major risk that is likely to affect its operations in the short or long term. However, it is noted that the challenge of uptake by the beneficiaries arising from many factors such as lack of awareness is likely to affect the uptake. To surmount the challenge, the Fund undertook sensitization exercise targeting the beneficiaries. The sensitization exercise will continue to be undertaken in the FY 2025/26 to improve uptake and enhance awareness. The Fund developed a strategic plan to guide its strategic direction as well as automate the accounting process to enhance efficiency.

10. Environmental And Sustainability Reporting

The State Officers and Public Officers Motor Car Loan Scheme Fund fall under the National Treasury. The staff deployed to the Fund are employees of the National Treasury who undertake assignments in their respective areas of specialization while at the same timing supporting the fund operations. As Part of the National Treasury the fund Staff serve in various committees of the ministry including the environmental sustainability Committee where 300,000 trees were planted in Kaptagat forest, to contribute towards the 10% tree cover initiatives.

Other initiatives included participating in the security initiatives in partnership with the Kenya Revenue Authority, Kenya Police and the Central Bank of Kenya, facilitated staff training and development, undertook various activities towards containing the spread of HIV and AIDS by creating awareness among the staff.

11. Report of The Advisory Board

The Advisory Board submits their report together with the audited financial statements for the year ended June 30, 2025, which show the state of the Fund's affairs.

Principal activities

The principal activity/mission/ mandate of the Fund is to provide a car loan facility to State Officers and Public Officers of the National government to purchase a motor car. The Fund is administered by the Advisory Board. The advisory Board is charged with the responsibility of processing loan applications 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 Fund Secretariat is responsible for the day-to-day operations.

Performance

The performance of the Fund for the year ended June 30, 2025, is set out on page 1-5

Advisory Board

The members of the Advisory Board who served during the year are shown on page vii-viii

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



.....
Chris Kiptoo, PhD, CBS
Chairman, State Officers and Public Officers Motor Car Loan Scheme Fund and
Principal Secretary National Treasury

12. Statement of Management's Responsibilities

Section 84 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a Fund established by the State Officers and Public Officers Car Loan Scheme Fund, through legal notice no. 195 of 25th September, 2015 under the Public Finance Management Act. shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2025. This responsibility includes:

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period,
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the fund,
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud,
- (iv) Safeguarding the assets of the fund;
- (v) Selecting and applying appropriate accounting policies, and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Administrator of the Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Officers and Public Officers Car Loan Scheme Fund, through legal notice no. 195 of 25th September, 2015 under the Public Finance Management Act. 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 Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

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

Approval of the financial statements

The Fund's financial statements were approved by the Board on 28th August, 2025 and signed on its behalf by:



.....
Chris Kiptoo, PhD, CBS
Chair of the Board



.....
FA Edna Atisa, HSC.
Fund Administrator

REPUBLIC OF KENYA



Telephone: +254-(20) 3214000
E-mail: 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 STATE OFFICERS AND PUBLIC OFFICERS MOTOR CAR LOAN SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of State Officers and Public Officers Motor Car Loan Scheme Fund set out on pages 1 to 20, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a

Report of the Auditor-General on State Officers and Public Officers Motor Car Loan Scheme Fund for the year ended 30 June, 2025

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 State Officers and Public Officers Motor Car Loan Scheme Fund as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the and the Public Finance Management Act, 2012.

Basis for Opinion

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

Emphasis of Matter

Low Uptake of Loans by State Officers and Public Officers

I draw your attention to Part 2(a) on the background information in the financial statements which discloses that the State Officers and Public Officers Motor Car Loan Scheme Fund was established in 2015 through Legal Notice No.195 of 25 September, 2015 and pursuant to guidelines provided by Salaries and Remuneration Commission on Car Loan benefit for State Officers and Other Public Officers in December, 2014. The Fund has however experienced low response from state officers and public officers which compelled Management to invest in Treasury Bills so that the allocated funds do not lie idle. The disbursed loans balance of Kshs.402,031,473 remains relatively low at 9.2% (2024 – 7.8%) in comparison to the total current assets balance of Kshs.4,355,166,574 as at 30 June, 2025. The objective and purpose for which the Fund was established may not be achieved.

My opinion is not modified in respect to the above matter.

Key Audit Matters

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

Other Information

Management is responsible for the Other Information set out on page iii to xviii which comprise of Key Fund Information and Management, The Advisory Board, Management Team, Chairman's Statement, Report of the Fund Manager/Administrator, Statement of Performance Against Predetermined Objectives,

Report of the Auditor-General on State Officers and Public Officers Motor Car Loan Scheme Fund for the year ended 30 June, 2025

Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Advisory Board, Statement of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the 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 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-Compliance with Guidelines on Board Expenses

The statement of financial performance reflects use of goods and services of Kshs.68,873,646 as disclosed at Note 10 to the financial statements. The expenditure includes board related expenses totalling Kshs.6,683,000. The expenditure represents 10% of total operational and maintenance budget of Kshs.68,875,000 which exceeded the 5% budget ceiling, contrary to the provisions of Treasury Circular No. OP/CAB.9/1A dated 11 March, 2020 on the Management of State Corporations which capped board expenses for a financial year at Kshs.30 million or 5% of the operations and maintenance budget of the State Corporation, whichever is less.

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

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

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

Conclusion

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

Basis for Conclusion

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

Responsibilities of the Management and the Advisory Board

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

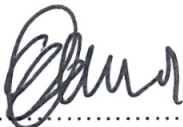
28 November, 2025

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

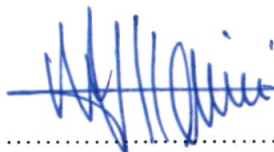
| | Note | 2024-25 | 2023-24 |
|---|------|---------------------|---------------------|
| | | Kshs. | Kshs. |
| Revenue from non-exchange transactions | | | |
| Transfers from Parent Ministry/ SC/SAGA | 6 | 0 | 0 |
| | | | |
| Revenue from exchange transactions | | | |
| Interest income | 7 | 455,191,950 | 361,154,810 |
| Other income | 8 | 113,085 | 85,651 |
| | | | |
| Total revenue | | 455,305,035 | 361,240,461 |
| Expenses | | | |
| Employee costs | 9 | 0 | 0 |
| Use of goods and services | 10 | (68,873,646) | (74,758,476) |
| Depreciation and amortization expense | 11 | (6,039,634) | (5,697,633) |
| Total expenses | | (74,913,280) | (80,456,109) |
| Other gains/losses | | | |
| | | | |
| Surplus/(deficit) before tax | | 380,391,755 | 280,784,352 |
| Taxation | | 0 | 0 |
| Surplus/ (Deficit) after Tax | | 380,391,755 | 280,784,352 |

(The notes set out on pages 6 to 16 form an integral part of these Financial Statements).

The financial statements were approved on 28th August, 2025.



FA Edna Atisa, HSC
Fund Administrator



CPA Justus M. Karuri
Fund Accountant
ICPAK M/No12380



Chris Kiptoo, PhD, CBS.
Chairperson of the Board

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

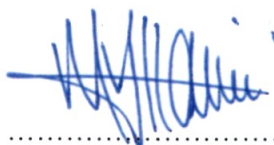
| | Note | 2024-25 | 2023-24 |
|---|------|----------------------|----------------------|
| | | Kshs. | Kshs. |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 12 | 578,217,037 | 581,223,898 |
| Investments in Treasury Bills | 14 | 3,776,949,538 | 3,474,816,750 |
| Total Current Assets | | 4,355,166,574 | 4,056,040,648 |
| Non-current assets | | | |
| Loanees | 15 | 402,031,474 | 315,866,011 |
| Property, plant, and equipment | 13 | 8,812,627 | 13,712,261 |
| Total Non-Current Assets | | 410,844,101 | 329,578,272 |
| Total assets | | 4,766,010,675 | 4,385,618,920 |
| Liabilities | | 0 | 0 |
| Net assets | | | |
| Car loan revolving fund | | 3,847,500,000 | 3,847,500,000 |
| Accumulated surplus (<i>Reserves</i>) | | 918,510,675 | 538,118,920 |
| Total net assets and liabilities | | 4,766,010,675 | 4,385,618,920 |

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

The Fund financial statements were approved approved 28th August, 2025 and signed by:



FA Edna Atisa, HSC
Fund Administrator



CPA Justus M. Karuri
Fund Accountant
ICPAK M/No 12380.



Chris Kiptoo, PhD, CBS.
Chairperson of the Board.

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

| | notes | Car Loan Fund Kshs. | Accumulated surplus Kshs. | Total Kshs. |
|----------------------------------|-------|----------------------|---------------------------|----------------------|
| As at 1 July 2023 | | 3,847,500,000 | 257,334,556 | 4,104,834,568 |
| Surplus/(deficit) for the period | | | 280,754,352 | 280,754,352 |
| Funds received during the year | | | 0 | 0 |
| As at 30 June 2024 | | 3,847,500,000 | 538,118,920 | 4,385,618,920 |
| Balance as at 1 July 2024 | | 3,847,500,000 | 538,118,920 | 4,385,618,920 |
| Surplus/(deficit) for the period | | | 380,391,755 | 380,391,755 |
| Funds received during the year | | | 0 | 0 |
| As at 30 June 2025 | | 3,847,500,000 | 918,510,675 | 4,766,010,675 |

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

| | Not e | 2024-25 Kshs. | 2023-24 Kshs. |
|---|----------|---------------------|---------------------|
| Cash flows from operating activities | | | |
| Receipts | | | |
| Transfers from Parent Ministry/ SC/SAGA | | | |
| Interest received | 7 | 30,875,163 | 26,094,144 |
| Other income | 8 | 113,085 | 85,651 |
| Total receipts | | 30,988,248 | 26,179,795 |
| Payments | | | |
| Employee costs | 9 | 0 | 0 |
| Use of goods and services | 10 | (68,873,647) | (73,687,088) |
| Finance cost | | 0 | 0 |
| Total payments | | (68,873,647) | (73,687,088) |
| Net cash flow from operating activities | | (37,885,399) | (47,507,293) |
| Cash flows from investing activities | | | |
| Purchase of PPE | 13 | (1,140,000) | (5,943,000) |
| Purchase of Treasury Bills | 14 | (3,677,816,000) | (3,332,147,420) |
| Proceeds from sale of Treasury bills | 14 | 3,800,000,000 | 3,490,000,000 |
| Proceeds from loan principal repayments | 15 | 148,395,404 | 121,822,487 |
| Loan disbursements paid out | 15 | (234,560,866) | (185,526,901) |
| Net cash flows used in investing activities | | 34,878,538 | 88,205,166 |
| Cash flows from financing activities | | | |
| Receipts into the mortgage revolving fund | | 0 | 0 |
| Receipts into the car loan revolving fund | | 0 | 0 |
| Net cash flows used in financing activities | | 0 | 0 |
| Net increase/(decrease) in cash and cash equivalents | | (3,006,861) | 40,697,873 |
| Cash and cash equivalents at 1st July 2024 | | 581,223,898 | 540,526,025 |
| Cash and cash equivalents at 30 June | | 578,217,037 | 581,223,898 |

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

| Description | Original budget | Adjustments | Final budget | Actual on comparable basis | Performance difference | % of utilization |
|--------------------------------|----------------------|-------------------|----------------------|----------------------------|------------------------|------------------|
| | Kshs. | Kshs. | Kshs. | Kshs. | Kshs. | |
| | A | b | C=(a+b) | d | e=(c-d) | F=d/c |
| Revenue | | | | | | |
| Transfers from Parent Ministry | 0 | 0 | 0 | 0 | 0 | 100% |
| Interest income | 401,500,000 | 52,205,000 | 453,705,000 | 455,191,950 | (1,486,950) | 100% |
| Redemption of Treasury Bills | 3,800,000,000 | | 3,800,000,000 | 3,800,000,000 | 0 | 100% |
| Loan Repayments, Principal | 120,000,000 | 32,000,000 | 152,000,000 | 148,395,404 | 3,604,596 | 98% |
| Other income | 100,000 | 15,000 | 115,000 | 113,085 | 1,915 | 98% |
| Total Revenue | 4,321,600,000 | 84,220,000 | 4,405,820,000 | 4,403,700,439 | 2,119,561 | |
| | | | | | | |
| Expenses | | | | | | |
| Loan disbursement, Principal | 195,000,000 | 0 | 195,000,000 | 234,560,866 | (39,560,866) | 120% |
| Use of goods and services | 58,380,000 | 10,495,000 | 68,875,000 | 68,873,647 | 1,353 | 100% |
| Investment in Treasury Bills | 3,600,000,000 | 77,820,000 | 3,677,820,000 | 3,677,816,000 | 4,000 | 100% |
| Expenditure | 3,853,380,000 | 88,315,000 | 3,941,695,000 | 3,981,250,513 | (39,555,513) | |
| Surplus for the period | 468,220,000 | 4,095,000 | 464,125,000 | 422,449,926 | (41,675,074) | |
| | | | | | | |

Budget notes

- Differences between actual and budgeted Loan disbursements (120%) was due to increased sensitisation during the year.
- Changes between original and final budget was due to reallocations.
- The surplus on comparable basis does not tie with the cash flow statement due to differences in accounting basis and is reconciled in note 16.

19. Notes to the Financial Statements

1. General Information

The State Officers and Public Officers Car Loan Scheme Fund was established in 2015, through legal notice no. 195 of 25th September, 2015 under the Public Finance Management Act. This was pursuant to guidelines provided by Salaries and Remuneration Commission on Car Loan benefit for State officers and other Public Servants in December 2014.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value and impaired assets at their estimated recoverable amounts. 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 areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Fund.

The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption Of New and Revised Standards

Early adoption of standards

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

4. Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

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.

b. Budget information

The original budget for FY 2022/2023 was approved on 15th August, 2024. Subsequent revisions or additional appropriations were made to the approved budget on 23rd May, 2025 in accordance with specific approvals from the Advisory Board. The additional appropriations are added to the original budget by the Fund upon receiving the respective approvals in order to conclude the final budget. The Fund's budget is prepared on a different basis from the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual

amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

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. 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. Financial instruments

The Fund 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 liabilities

Classification

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

f. Contingent liabilities

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

g. 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.

h. Changes in accounting policies and estimates

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

i. 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.

j. 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 KCB bank at the end of the financial year.

k. Comparative figures

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

l. Events after the reporting period

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

m. Currency

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

5. Significant judgments and sources of estimation uncertainty

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

a) Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur. *(IPSAS 1.140.)*

b) Useful lives and residual values

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

- i) The condition of the asset is based on the assessment of experts employed by the Fund

- ii) The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- iii) The nature of the processes in which the asset is deployed
- iv) Availability of funding to replace the asset
- v) Changes in the market in relation to the asset

6. Transfers from the Parent Ministry/SC/SAGA

There were no transfers from the parent ministry during the year.

7. Interest income

| Description | 2024-25 | 2023-24 |
|--|--------------------|--------------------|
| | Kshs. | Kshs. |
| CBK Apportioned | | |
| 1) Lot 5 issue No. 2495/364 of 11 th March 2024 3,800,000,000- 3,332,147,420) * 253/364 =325,183,249 | 424,316,787 | 335,060,666 |
| 2) Lot 6 Issue No 2548/364 of 10 th March 2025 (4,000,000,000-3,677,816,000) *112/364 =99,133,538 | | |
| KCB Bank | 30,875,163 | 26,094,144 |
| Total Interest Income | 455,191,950 | 361,154,810 |

8. Other income

| Description | 2024-25 | 2023-24 |
|---------------------------|----------------|---------------|
| | Kshs. | Kshs. |
| Application Fees | 113,085 | 85,651 |
| Total Other income | 113,085 | 85,651 |

9. Employee Costs

There was no employee cost during the financial year 2024/2025

10. Use of Goods and Services

| Description | 2024-25 | 2023-24 |
|-----------------------------|-------------------|-------------------|
| | Kshs. | Kshs. |
| General office expenses | 60,329,942 | 68,821,961 |
| Board sitting allowance | 735,000 | 555,000 |
| Printing and stationery | 7,725,960 | 5,320,375 |
| Telephone and communication | 65,500 | 48,000 |
| Bank Administrative Charges | 17,245 | 13,140 |
| Total | 68,873,646 | 74,758,476 |

11. Depreciation and Amortization Expense

Deprecation is at 30% and 16.67% straight line for ICT and Motor Vehicles respectively. Detailed analysis is provided in note 13.

| Description | 2024-25 | 2023-24 |
|----------------|-----------|-----------|
| Motor vehicles | 3,350,734 | 3,350,733 |
| ICT Equipment | 2,688,900 | 2,346,900 |
| Total | 6,039,634 | 5,697,633 |

12. Detailed analysis of the cash and cash equivalents

| Financial Institution | Account number | 2024-25 | 2023-24 |
|-----------------------------------|----------------|--------------------|--------------------|
| | | Kshs. | Kshs. |
| Mortgage and Car Loan Fund | | | |
| | 1248068579 | 0 | 7,941,118 |
| KCB BANK | 1248074149 | 169,374,712 | 50,903,586 |
| Lien- Call Deposits- KCB | 1248068579 | 398,874,219 | 454,595,088 |
| Sub total | | 568,248,931 | 513,439,792 |
| CBK | 1000537876 | 9,968,106 | 67,784,106 |
| Grand Total | | 578,217,037 | 581,223,898 |

13. Property, Plant, and Equipment

| Description | Motor vehicles | ICT Equipment | Total |
|------------------------------------|----------------|---------------|------------|
| | Kshs. | Kshs. | Kshs. |
| Cost | | | |
| At 1st July 2023 | 20,100,381 | 1,880,000 | 21,980,381 |
| Additions | | 5,943,000 | 5,943,000 |
| At 30 th June 2024 | 20,100,381 | 7,823,000 | 27,923,381 |
| At 1 st July 2024 | 20,100,381 | 7,823,000 | 27,923,381 |
| Additions | | 1,140,000 | 1,140,000 |
| At 30 th June 2025 | 20,100,381 | 8,963,000 | 29,063,381 |
| Depreciation and impairment | | | |
| At 1 st July 2023 | 7,706,487 | 807,000 | 8,513,487 |
| Depreciation for the year | 3,350,734 | 2,346,900 | 5,697,634 |
| At 30 th June 2024 | 11,057,220 | 3,153,900 | 14,211,120 |
| At July 2024 | 11,057,220 | 3,153,900 | 14,211,120 |
| Depreciation | 3,350,734 | 2,688,900 | 6,039,634 |
| Disposals | | | |
| At 30 th June 2025 | 14,407,954 | 5,842,800 | 20,250,754 |
| Net book values | | | |
| At 30 th June 2024 | 9,043,161 | 4,669,100 | 13,712,261 |
| At 30 th June 2025 | 5,692,427 | 3,120,200 | 8,812,627 |

14. Investment in Treasury Bills.

| | 2024-25 | 2023-24 |
|------------------------|----------------------|----------------------|
| | Kshs. | Kshs. |
| Opening Balance | 3,474,816,750 | 3,297,608,664 |
| Redemption during year | (3,800,000,000) | (3,490,000,000) |
| Additions | 3,677,816,000 | 3,332,147,420 |
| Accrued interest | 424,316,788 | 335,060,666 |
| NBV | 3,776,949,538 | 3,474,816,750 |

15. Loanees Account

| | 2024-25 | 2023-24 |
|------------------------|--------------------|--------------------|
| | Kshs. | Kshs. |
| Opening Balance | 315,866,011 | 252,161,597 |
| Additions | 234,560,866 | 185,526,901 |
| Sub total | 550,426,877 | 437,688,498 |
| Repayments during year | (148,395,404) | (121,822,487) |
| NBV | 402,031,473 | 315,866,011 |

16. Budget Reconciliation

| Description of particulars | Kshs. |
|---|----------------------|
| Actual as per Statement of Budget | 422,449,926 |
| Add: Cash and Cash equivalents as at 1/07/2024 | 581,223,898 |
| | 1,003,673,824 |
| Less: | |
| Interest Accrued | 424,316,787 |
| Property, Plant and Equipment | 1,140,000 |
| | 425,456,787 |
| Closing Cash and Cash equivalents as per Cah Flows 30/06/2024 | 578,217,037 |

17. Financial risk management

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks. 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

*State Officers and Public Officers Motor Car loan Scheme fund
Annual Report and Financial Statements For the year ended 30th June 2025*

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 Fund's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the Fund's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

| Description | Total amount Kshs. | Fully performing Kshs. | Past due Kshs. | Impaired Kshs. |
|---|-------------------------------|---------------------------------------|-------------------------------|---------------------------|
| At 30 June 2024 | | | | |
| Receivables From Exchange Transactions-Car loans | 315,866,011 | 315,866,011 | 0 | 0 |
| Receivables From Non-Exchange Transactions | 0 | 0 | 0 | 0 |
| Bank Balances | 126,628,810 | 126,628,810 | 0 | 0 |
| Total | 442,494,821 | 442,494,821 | 0 | 0 |
| At 30 June 2025 | | | | |
| Receivables From Exchange Transactions- Car loans | 402,031,474 | 402,031,474 | 0 | 0 |
| Receivables From Non-Exchange Transactions | 0 | 0 | 0 | 0 |
| Bank Balances | 179,342,818 | 179,342,818 | 0 | 0 |
| Total | 582,374,292 | 582,374,292 | 0 | 0 |

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

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

b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has built an appropriate liquidity risk management framework for the management of the Fund's short, medium, and long-term funding and liquidity management requirements. The Fund manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the Fund under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows.

| Description | Less than 1 month | Between 1-3 months | Over 5 months | Total |
|------------------------|-------------------|--------------------|---------------|------------|
| | Kshs. | Kshs. | Kshs. | Kshs. |
| At 30 June 2024 | | | | |
| Trade Payables | nil | nil | nil | nil |
| At 30 June 2025 | | | | |
| Trade Payables | nil | nil | nil | nil |
| Total | nil | nil | nil | nil |

c) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the Fund on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Fund's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Fund's Finance Department is responsible for the development of detailed risk management policies and for the day-to-day implementation of those policies.

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

d) Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

e) Capital risk management.

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

| Description | 2024-25 | 2023-24 |
|--|----------------------|----------------------|
| | Kshs. | Kshs. |
| Revolving fund | 3,847,500,000 | 3,847,500,000 |
| Accumulated surplus (<i>Reserves</i>) | 918,510,675 | 538,118,920 |
| Total funds | 4,766,010,675 | 4,385,618,920 |
| Less: cash and bank balances | (578,217,037) | (581,223,898) |
| Net debt/ (excess cash and cash equivalents) | 4,187,793,638 | 3,804,395,022 |
| Gearing | 88% | 86% |

18. 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 National government, Key management and the Advisory Board, etc.

b) Related party transactions

i. Transfers from related parties

| Description | 2024-25 | 2023-24 |
|--------------------------------|---------|---------|
| | Kshs. | Kshs. |
| Transfers from related parties | nil | nil |

ii. Key management remuneration

| Description | 2024-25 | 2023-24 |
|-----------------------------|----------------|----------------|
| | Kshs. | Kshs. |
| Advisory Board | 735,000 | 555,000 |
| Key Management Compensation | nil | nil |
| Total | 735,000 | 555,000 |

19. Events after the Reporting Period

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

20. Ultimate And Holding Entity

The Entity is a Fund under the sponsorship of the National Treasury.

21. Currency

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

22. Events after the Reporting Period

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

23. Annexes

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

Annex II: Certificates of balances

Annex III: Inter-Fund confirmation Letter

Annex IV: Reporting of Climate Relevant Expenditure.

Annex V: Reporting of Disaster Management Expenditure

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

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

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: |
|---|---|--|--|-------------------|
| Emphasis on the matter. | Low uptake of loans by State officers and Public officers | Intensive advertisement is being undertaken. We have now improved the uptake. | Resolved | N/A |
| Lawfulness and effective use of public resources | Facilitation of external training by members of the board and staff | External trainings shall only be undertaken where such training is not available locally | Resolved | N/A |
| Weaknesses in Management control. | Two motor vehicles registered in the name of the National Treasury had been left at a local garage for extended period of time. | The motor vehicles were repaired and collected and are now in use. | Resolved | N/A |



FA Edna Atisa, HSC
Interim Chief Executive Officer
& Administrator of the Fund