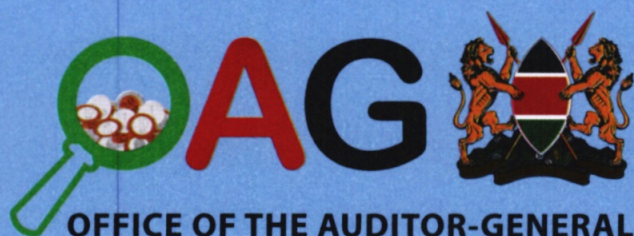


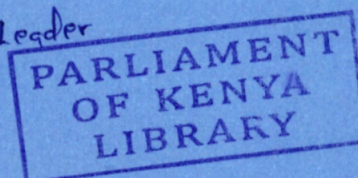
REPUBLIC OF KENYA



Enhancing Accountability

REPORT

PAPERS LAID	
DATE	12/2/2025
TABLED BY	Sen. Chimera on behalf of Sen. Maj. Ledger
COMMITTEE	
CLERK AT THE TABLE	Angela



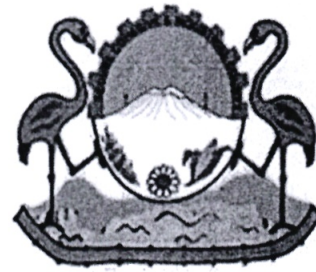
OF

THE AUDITOR-GENERAL

ON

**NAKURU COUNTY EXECUTIVE
MORTGAGE (STAFF) SCHEME FUND**

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



NAKURU COUNTY EXECUTIVE MORTGAGE (STAFF) SCHEME FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED JUNE 30, 2024

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

Nakuru County Executive Mortgage (Staff) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

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Nakuru County Executive Mortgage (Staff) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

1. Acronyms and Glossary of Terms

a) Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
PHD	Doctor of Philosophy
CPA	Certified Public Accountant
CPS	Certified Public Secretary
CECM	County Executive Committee Member
CEO	Chief Executive Officer
DOB	Date of Birth
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
ECL	Expected Credit Loss
Kshs	Kenya Shillings

b) Glossary of Terms

Fiduciary Management	The key management personnel who had financial responsibility
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Nakuru County Executive Mortgage (Staff) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

2. Key Entity Information and Management

a) Background information

Nakuru County Executive Mortgage (Staff) Scheme Fund is established by and derives its authority and accountability from The Public Finance and Management (Nakuru County Mortgage (Staff) scheme fund) regulations, 2018 Act on 11th May, 2018. The Fund is wholly owned by the County Government of Nakuru and is domiciled in Kenya.

The Fund's objective is to provide a loan scheme for purchase, development, renovation or repair of residential property by members of the Scheme Capital Funds.

b) Principal Activities

The principal activity of the Fund is to provide loans to the scheme members for purchase, development, renovation or repair of residential property by members of the Scheme Capital Funds

c) Fund Administration Committee

Ref	Name	Position
1	Mr Stephen Iribe Njogu	Chairman
2	CPS Joseph Mutua Malinda	Fund Administrator/Secretary
3	CPA Wilson Mungai	Fund Accountant
4	Mr Charles Koech	Member
5	Mr Dan Odundo	Member
6	CPA James Katiwa	Member

d) Key Management team

Ref	Name	Position
1	Dr Samuel Mwaura	County Secretary
2	CPS Joseph Mutua Malinda	Fund Administrator
3	CPA Wilson Mungai	Fund Accountant

Nakuru County Executive Mortgage (Staff) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Key Entity and Management (Continued)

e) Fiduciary Oversight Arrangements

SN	Position	Name
1	Directorate Internal Audit	Mr Timothy Njoroge Mbatia
2	Staff car Mortgage and car Loan Advisory Committee	County Assembly Of Nakuru

f) Registered Offices

P.O. Box 2870-20100
New Town Hall Building
Moi Road
Nakuru, Kenya.

g) Fund Contacts

Telephone (051)2214111/(051)2216379/80
E-mail: info@nakuru.go.ke
Website: www.nakuru.go.ke

h) Fund Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Family Bank Ltd. Head Office,
Family Bank towers
P.O Box 74145-00200
Nairobi, MuindiMbingu Street
Tel: 020 333 2000 Cell: +254 703 095 000
Email: info@familybank.co.ke, www.familybank.co.ke

Key Entity and Management (Continued)

i) Independent Auditors

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

j) Principal Legal Adviser

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

k) County Attorney

The County Attorney
New Town Hall Office
Moi Road
P.O. Box 2870 20100
Kenyatta Avenue
Nakuru, Kenya

Nakuru County Executive Mortgage (Staff) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

3. Fund Administration Committee

Name	Details of qualifications and experience
 1. Mr Stephen Iribe Njogu Fund Chairman D.O.B: 20Th June 1983	Mr S. Iribe Njogu holds an Associate degree of Science from Kwame Nkuruma University of Science & Technology in Business Administration He also holds a Diploma in Applied Biology from Mombasa Polytechnic University College. He is a former Managing Director at XPD Limited Accra. Former CEO Soft Ventures East African Limited; Nakuru, Nairobi, Kampala. He has over 10 years' experience in private sector. He is currently the CECM Finance and Economic Planning.
 2. CPS Joseph M. Malinda Fund Administrator D.O.B: 27/12/1969	CPS Joseph Malinda Holds a Master's Degree in Business Management from Kenyatta University, A Bachelors of Law Degree from University Of Nairobi, Diploma in-Law from Kenya School of Law. He is a Certified Public Secretary (CPS (K) and an Advocate of the High Court of Kenya. He has served the County Assembly of Nakuru as Clerk and Secretary to the County Assembly Service Board. He has previously service various Defunct Local Authorities as the Chief Executive/ Clerk to Council, Kenya Anti-Corruption Authority as an Attorney and Office of the Attorney General as a State Counsel (Public Prosecutions). Currently he is the Chief Officer – Finance
 3. CPA Wilson Mungai Fund Accountant D.O.B: 01/01/1965	CPA Wilson Mungai holds a Masters Degree from KEMU university and a Bachelor of Arts Degree from the University of Nairobi. He is a Certified Public Accountant {CPA(K)} and Certified Public Secretary (CS). He was previously the treasurer of Municipal Council of Naivasha and Ag. Chief Officer Finance, Nakuru County from August 2022 to Dec 2022. Currently he is the Director of Finance Nakuru County, a position he has held from 2013 to date.



4. Mr Charles Koech
Member
D.O.B: 12/12/1968

Mr Charles Koech holds an Education degree from University of Nairobi, a diploma in education from Kisii University.

He has been an Education Administrator, Principal with 15 of years' experience and 13 years' experience as a teacher in various levels.

Currently he is the Chief Officer Administration & Devolution



5. CPA James Katiwa
Member
Date of Birth: 22/11/1975

CPA James Katiwa holds a master's degree in business Administration and a Bachelor's degree in Education Specializing in Accounting & Economics both from the university of Nairobi.

He is a Certified Public Accountant of Kenya with over fifteen years' experience in internal Audit and finance.

He is also a member of Certified Public Accountants of Kenya (ICPAK).

He is currently the Deputy Director in Charge of Financial Reporting and financial management of Health facilities.

Nakuru County Executive Office Mortgage (Staff) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

4. Management Team

Name	Details of qualifications and experience
 1. Dr Samwel Mwaura County Secretary Date of birth : 08/07/1975	Dr Samuel Mwaura is a pharmacist by training and a holder of Master of Business Administration (MBA) degree and he is currently a PhD candidate. He has worked with the Ministry of Health and Kenya Medical Supplies Authority (KEMSA). He was the pioneer Chief Officer for Health in the County Government of Nakuru between 2013 and 2018. He was instrumental in the design and execution of the facilities improvement fund (FIF), which has won national and global accolades for its transformative contribution to health services in Nakuru County. During his tenure as Chief Officer of Health, as acting county secretary, Dr. Mwaura has institutionalized accountability in project management and focus on service delivery.
 2. CPS Joseph M. Malinda Fund Administrator Date of Birth: 27/12/1969	CPS Joseph Malinda Holds a Master's Degree in Business Management from Kenyatta University, A Bachelors of Law Degree from University Of Nairobi, Diploma in-Law from Kenya School of Law. He is a Certified Public Secretary (CPS (K) and an Advocate of the High Court of Kenya. He has served the County Assembly of Nakuru as Clerk and Secretary to the County Assembly Service Board. He has previously service various Defunct Local Authorities as the Chief Executive/ Clerk to Council, Kenya Anti-Corruption Authority as an Attorney and Office of the Attorney General as a State Counsel (Public Prosecutions). Currently he is the Chief Officer – Finance



3. CPA Wilson Mungai
Fund Accountant
Date of Birth: 1/1/1965

CPA Wilson Mungai holds a Masters Degree from KEMU university and a Bachelor of Arts Degree from the University of Nairobi.

He is a Certified Public Accountant {CPA(K)} and Certified Public Secretary (CS).

He was previously the treasurer of Municipal Council of Naivasha and Ag. Chief Officer Finance, Nakuru County from August 2022 to Dec 2022.

Currently he is the Director of Finance Nakuru County, a position he has held from 2013 to date.

Nakuru County Executive Mortgage (Staff) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

5. Fund Chairperson's Report

I am pleased to present to you my report as the Chairman of Nakuru County Executive Mortgage (Staff) Scheme Fund.

Nakuru County Executive Mortgage (Staff) Scheme Fund was initially combined with Nakuru County Executive (staff) Car Loan Scheme Fund. The two operated as one fund from May 2018.

In accordance with The Public Finance And Management (Nakuru County Executive Mortgage (Staff) scheme fund) regulations, 2018, they were separated in 17th September 2021. Since then the Fund is operating on its own.

There were no changes in management during the financial year 2023-2024.

In order to boost Mortgage Scheme Fund Account to benefit the County Government of Nakuru Staff, departments were directed to allocate the budget for the Fund. The following departments allocated the funds as follows;

<u>DEPARTMENT</u>	<u>AMOUNT</u>
5.1.1.1. Finance	70,000,000
5.1.1.2. Trade	10,000,000
5.1.1.3. Agriculture	5,000,000
5.1.1.4. Land	4,600,000
5.1.1.5. PSTD	15,000,000
5.1.1.6. Education	4,500,000
5.1.1.7. Youth	<u>5,100,000</u>
	<u>114,200,000</u>

Out of the total budget allocation of Kshs 114,200,000, we managed to receive Kshs 55,000,000 from the County Treasury (Finance Kshs 50,000,000 and Agriculture Kshs 5,000,000).

Nakuru County Executive Mortgage (Staff) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

At the start of Financial year **2023-2024**, the Fund started its operations with an opening cash balance of **Kshs 37,171,762.03**. The Fund recovered **Kshs 34,412,141.90** from the loan beneficiaries, **Kshs 55,000,000** transfers from the county Treasury and the Fund earned an interest of **Kshs 88,226.69** from bank deposits.

Seventy members have benefited from Nakuru County Executive Mortgage (Staff) Scheme Fund since inception of this Fund. Out of the 70 members, 31 are male while 39 are female. This financial period, twenty (20) members benefited i.e. 9 women and 11 men.

Loan disbursed to beneficiaries this year was **Kshs 119,950,000** against **Kshs 20,500,000** of last financial year. This was occasioned by disbursement of funds by the county treasury and loan recoveries received from beneficiaries. During this financial period, twenty members benefited from the Fund.

During the financial period **2023-2024**, the following members benefited from the Fund;

	Kshs
1. H.E Susan Kihika	20,000,000
2. HE David Kipkemai Kones	7,900,000
3. Charles Koech	3,000,000
4. Joyce Njeri	1,000,000
5. Richard Kurgat	4,000,000
6. Michael Kamau	7,500,000
7. Kennedy Kirwa	4,550,000
8. Moses Bii	4,000,000
9. Jacqueline Osoro	5,000,000
10. Mary Nyandia	5,000,000
11. Stephen Iribe	8,000,000
12. George Karanja	5,000,000
13. Zipporah Wambui	8,000,000
14. Caroline Wangari	4,500,000

Nakuru County Executive Mortgage (Staff) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

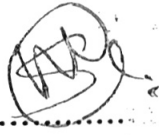
15. Beatrice Wairimu	3,000,000
16. Samuel Mwaura	8,500,000
17. Roselyne Wanjiru	5,000,000
18. Elijah Mogoi	7,000,000
19. Samuel Njoroge	4,000,000
20. Naomi Bonareri	<u>5,000,000</u>
	<u>119,950,000</u>

The fund accounts for the period ended **30th June 2024** showed a surplus of **Ksh. 4,060,106** from the exchange transactions. This financial year we have noted an increase of **Kshs. 593,251** from the previous period, an indicator of improvement in the performance of the fund.

The total revenue earned during the year was **Kshs 6,383,146** an increase from **Kshs 5,416,762** in the financial year **2022/2023**.

The committee continues to view the year ahead with confidence and hope that the fund will continue to grow and be able to disburse funds to more members.

Name: Mr Stephen Njogu Iribe

Signature..........Date.....13-12-2024.....

Chairperson of the Fund

Nakuru County Executive Mortgage (Staff) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

6. Report of The Fund Administrator

I wish to present to you my report as the fund administrator of Nakuru County Executive Mortgage (Staff) Scheme Fund for the financial year ended 30th June 2024. I will start by highlighting the formation and activities of the fund.

This scheme was established through The Public Finance and Management (Nakuru County Executive Mortgage (Staff) Scheme Fund) regulations, 2018. The sole objective of the fund is advancing loan to staff members of the Nakuru County Executive at a negotiated interest rate of the 3% p.a. The fund is administered through Family Bank who are the Bankers and controller of the fund.

At the start of Financial year 2023-2024, the Fund started its operations with an opening cash balance of **Kshs 37,171,762.03**. The Fund recovered **Kshs 34,412,141.90** from the loan beneficiaries, **Kshs 55,000,000** transfers from the county Treasury and the Fund earned an interest of **Kshs 88,226.69** from bank deposits. Funds available for disbursement in the financial year 2023-2024 financial was **Kshs 126,672,131**.

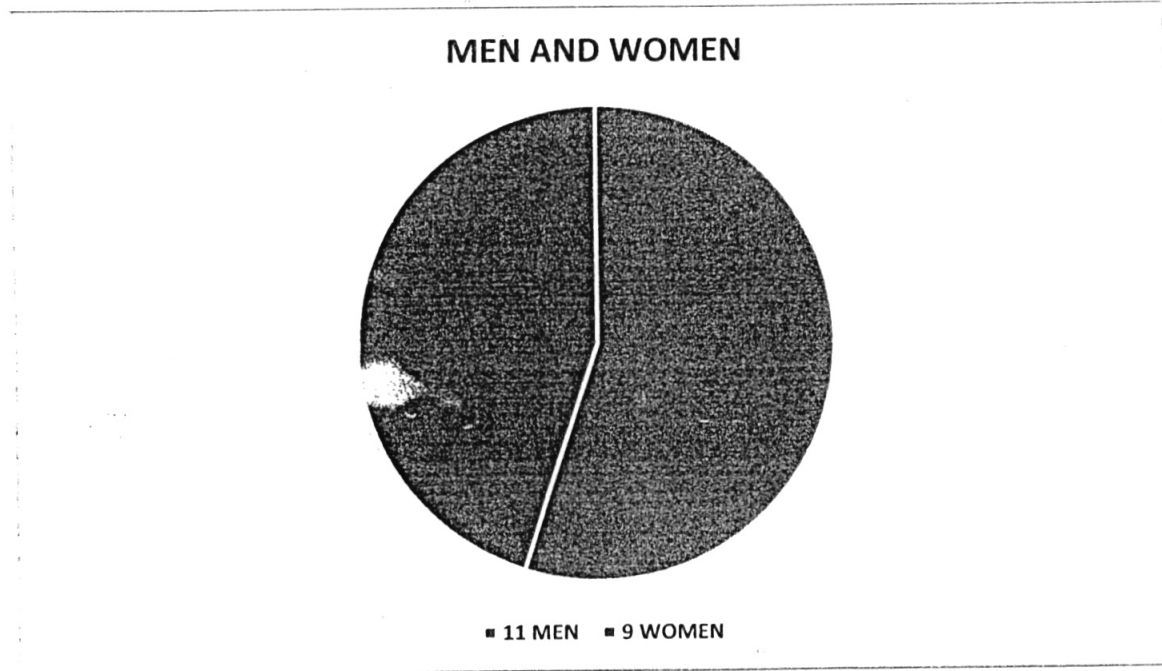
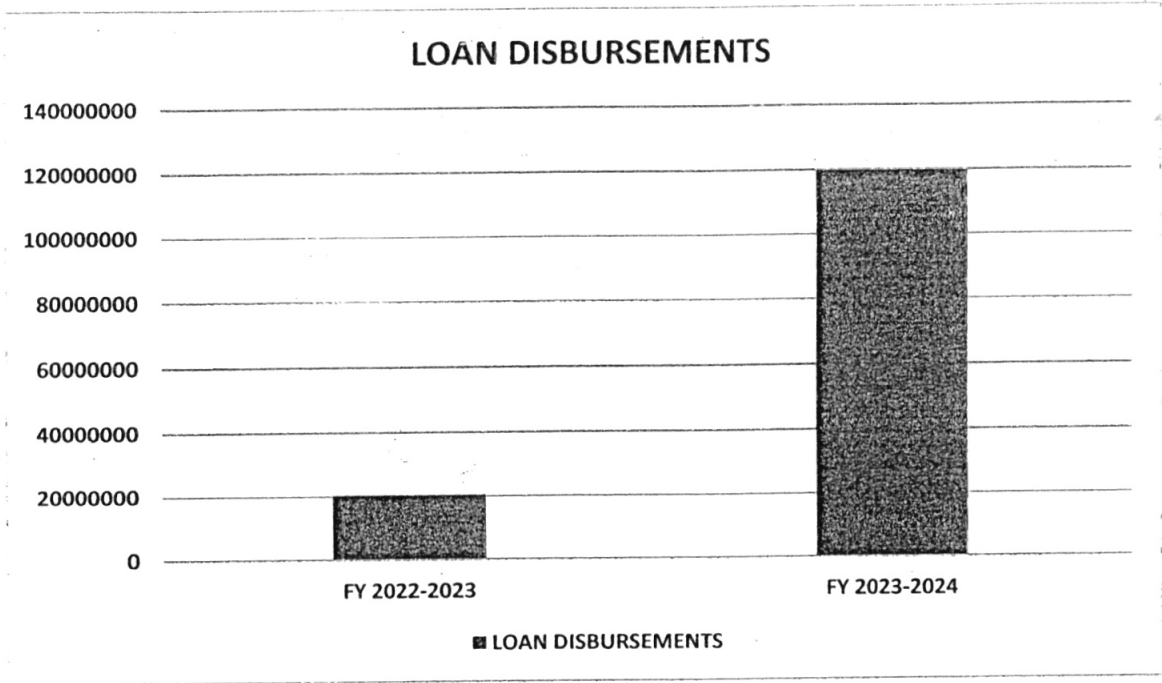
The fund is managed by a fund management committee which comprise of the following

Ref	Name	Position
1	Mr Stephen Iribe Njogu	Fund Chairman
2	CPS Joseph Mutua Malinda	Fund administrator
3	CPA Wilson Mungai	Fund accountant
4	Mr Charles Koech	Member
5	CPA James Katiwa	Member
6	Mr Dan Odundo	Member

Loan disbursed for this year was **Kshs 119,950,000** against **Kshs 20,500,000** of last financial year. This was occasioned by disbursement of funds by the county treasury and recoveries of funds from beneficiaries.

During this financial period, twenty (20) members benefited from the Fund.

Nakuru County Executive Mortgage (Staff) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024



Nakuru County Executive Mortgage (Staff) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Before any loan is disbursed to the beneficiary, the committee ensure that all the requirements have been met by the applicant. There is a mortgage form to be filled by the applicant thereafter the fund committee determines who qualifies. This financial year many people applied but we experienced a shortage of funds. Due to this, more funds are needed and each department was advised to allocate more money for the fund. In the next financial period, hopefully more funds will be available.

The fund accounts for the period ended 30th June 2024 showed a surplus of **Ksh. 4,060,106**. This financial year we have noted an increase of **Kshs. 593,251** from the previous period, an indicator of improvement in the performance of the fund.

The total revenue earned during the year was **Kshs 6,383,146** an increase from **Kshs 5,416,762** in the financial year **2022-2023**

Loan disbursed for this year was **Kshs 119,950,000** against **Kshs 20,500,000** of last financial. The increase in beneficiaries was occasioned by disbursement of funds by the county treasury and recoveries of funds from the beneficiaries.

It is the responsibility of the committee to ensure that the Act adhered to.

Finally, I wish to assure all members that we are committed in ensuring that the fund is managed in a transparent and accountable manner.

Signed: 

CPS Joseph M. Malinda

Fund Administrator

Nakuru County Executive Mortgage (Staff) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

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

Introduction

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

The key development objectives of the Fund as per the strategic plan for **2023-2024** Financial Year are to:

- Purchase of residential property by members of the Scheme Capital Funds.
- Development of residential property by members of the Scheme Capital Funds.
- Renovation of residential property by members of the Scheme Capital Funds.
- Repair of residential property by members of the Scheme Capital Funds.

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objectives	Outcome	Attained to	Performance
<i>Nakuru County Executive Mortgage (Staff) Scheme Fund</i>	To ensure all staff have access to Mortgage facilities for purchase, development, renovation or repair of residential property by members of the Scheme Capital Funds.	Provision of staff members with good condition residential property	Built a house for members	In this period Twenty (20) successful applicants have habitable homes

8. Corporate Governance Statement

- a) Succession plan of Committee members is laid down by The Public Finance and Management (Nakuru County Executive Mortgage (Staff) scheme fund) regulations, 2018 Act governing it and comes with office held, the county executive committee member for finance (chairperson), chief officer treasury (Fund Administrator), chief officer public service management (Member), county attorney office (member) and any other member specified by the Act.
- b) The Act also indicates that the County Secretary appoints other committee members i.e. two directors appointed and the two chief officers.
- c) Roles and functions of the committee is to supervise and control the day to day administration of the fund, may appoint such other staff to attend its meeting, may appoint a financial institution to administer the fund on behalf of the committee, determine and regulate interest charged on the mortgage, approve all housing developments and financing proposals, enter into agreements with persons or legal entities for the purposes of providing services to the fund, develop equitable criteria for the beneficiaries of the fund, establish management guidelines and engage such staff as may be necessary for the discharge of its functions and such other duties as may be directed by the chairperson for the proper management of the fund.
- d) Remuneration: members are paid allowances and disbursements for expenses as approved by the salaries and remuneration commission on the advice of the county executive committee member.
- e) The committee managed to hold four meetings this financial year.

Nakuru County Executive Mortgage (Staff) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

9. Management Discussion and Analysis

This scheme was established through The Public Finance and Management (Nakuru County Executive Mortgage (Staff) Scheme Fund) regulations, 2018. With the objective of advancing loan to members of the staff of the Nakuru County Executive at a negotiated interest rate of the 3%. The fund is administered through Family Bank who are the Bankers controller of the fund.

This financial period, the fund managed to have a surplus of **Ksh. 4,060,106.**

Seventy members have benefited from Nakuru County Executive Mortgage (Staff) Scheme Fund so far. Out of the 31 members are men while 39 are women.

This particular period twenty (20) members of the fund benefited as follows,

	Kshs
1. H.E Susan Kihika	20,000,000
2. HE David Kipkemai Kones	7,900,000
3. Charles Koech	3,000,000
Joyce Njeri	1,000,000
5. Richard Kurgat	4,000,000
6. Michael Kamau	7,500,000
7. Kennedy Kirwa	4,550,000
8. Moses Bii	4,000,000
9. Jacqueline Osoro	5,000,000
10. Mary Nyandia	5,000,000
11. Stephen Iribe	8,000,000
12. George Karanja	5,000,000
13. Zipporah Wambui	8,000,000
14. Caroline Wangari	4,500,000
15. Beatrice Wairimu	3,000,000
16. Samuel Mwaura	8,500,000
17. Roselyne Wanjiru	5,000,000
18. Elijah Mogoi	7,000,000
19. Samuel Njoroge	4,000,000
20. Naomi Bonareri	<u>5,000,000</u>
	<u>119,950,000</u>

Nakuru County Executive Mortgage (Staff) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Before any loans are disbursed to the beneficiary the committee ensure that all the requirements have been met by the applicant. There is a mortgage form to be filled by the applicant thereafter the fund committee will determine who is qualified to be awarded the fund.

This financial year many people applied but we experienced shortage of funds. Due to this, more funds are needed and each department was advised to allocate more money for the fund. In the next financial period, hopefully more funds will be available.

It is the responsibility of the committee to ensure that the fund is well managed and the funds advanced are properly accounted for.

Nakuru County Executive Mortgage (Staff) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

10. Environmental and Sustainability Reporting

1. Sustainability strategy and profile -

Housing has an important role in the socio-economic development of the county as a powerful source of a comprehensive effect on stimulating related industries, generating the resource-saving by using eco-technologies, solving social problems, and expanding the investment opportunities of the population. The particularity of housing construction as a type of investment activity determines the features of its sources, forms, and methods of financing, among which mortgage lending occupies a central place.

Mortgage Fund has allowed members to get residential houses within the county of Nakuru thereby helping them to sustain effective living within the community.

Support continuous improvement of sustainability best practices and our values of integrity and accountability, the Fund is committed to:

- Promoting and explaining our sustainability procedures to all members.
- Embedding sustainability considerations into our disciplined investment processes and policies so that they are understood and applied by the entire team.
- Working with borrowers to measure, target and monitor our sustainability integration performance and portfolio environmental footprint
- Reporting on progress in implementing our commitments to create greater transparency

2. Environmental performance

The Fund seeks to improve the health and welfare of tenants, residents, and the communities in which we invest by encouraging borrowers to:

- Ensure properties meet or exceed all health and safety, and workplace violence and harassment regulation
- Require sustainable and responsible contracting principles to be used by property management and their suppliers.
- Foster community involvement and support.

3. Employee welfare

Nakuru County Executive Mortgage (Staff) Scheme Fund is established by and derives its authority and accountability from The Public Finance and Management (Nakuru County Executive Mortgage (Staff) scheme fund) regulations, 2018 Act on 11th May, 2018.

The committee members' appointments are laid down in the Act. The committee members are paid allowances of attending meetings as per the salaries and remuneration commissions directives.

The employees are given mortgage loan at an interest rate of **3%** on a reducing balance method which is lower than a market rate of **17.5%**. This is **14.5%** lower thereby ensuring that their welfare is well taken care of.

4. Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

The fund has been awarded to the employees in well organised manner and employees are required to apply by filling the application form. The awarding of the fund is done in a free and fair environment and no issues of corruption has been reported.

b) Responsible Supply chain and supplier relations

The fund administration usually gives beneficiaries loans in a good manner and payments are processed in the right time.

c) Responsible marketing and advertisement-

Ethical practices are always maintained and documents of the beneficiaries are always safeguarded.

d) Product stewardship

The funds are under the stewardship of the Fund administration committee and family bank appointed to be the Fund Administrators.

The fund has provided employees with the Mortgage and now beneficiaries have homes.

5. Corporate Social Responsibility / Community Engagements

There was no Social Responsibility undertaken during the financial **year 2023-2024**. The committee is looking forward undertaking one in a near future.

Nakuru County Executive Mortgage (Staff) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

11. Report of The Trustees

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

Principal activities

The principal activities of the Fund are to provide a loan scheme for purchase, development, renovation or repair of residential property by members of the Scheme Capital Funds.

Results

The results of the Fund for the year ended **June 30, 2024** are set out on **page 1-7**

Committee

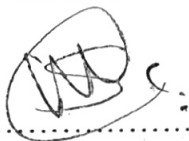
The members of the Board of Committee who served during the year are shown on page iv-x. No changes were made in the Board during the financial year are as shown below:

NAME	TITLE
Dr Samwel Mwaura	County Secretary
Mr Stephen Iribe Njogu	Chairman
CPS Joseph M Malinda	Fund Administrator
CPA Wilson Mungai	Fund Accountant

Auditors

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

By Order of the Board



Chair of the Committee

Date: 13/12/2024

12. Statement of Management's Responsibilities

Section 167 of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a County Public Fund established by (*Nakuru County Executive Mortgage (Staff) Scheme Fund*) regulations, 2018 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on **June 30, 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 Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Administrator of the County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (*Nakuru County Executive Mortgage (Staff) scheme fund*) regulations, 2018.

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, 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 Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

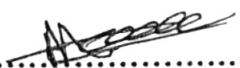
In preparing the financial statements, the Administrator of the County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. OR

Nakuru County Executive Mortgage (Staff) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

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

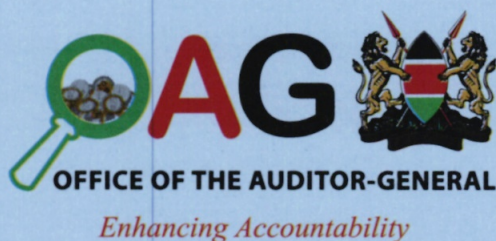
The Fund's financial statements were approved by the Board on 13/12/ 2024 and signed on its behalf by:


.....

Fund Administrator

REPUBLIC OF KENYA

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



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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Nakuru County Executive Mortgage (Staff) Scheme Fund set out on pages 1 to 41, which comprise of the statement

Report of the Auditor-General on Nakuru County Executive Mortgage (Staff) Scheme Fund for the year ended 30 June, 2024

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Nakuru County Executive Mortgage (Staff) Scheme Fund 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 (Nakuru County Government Mortgage (Staff) Scheme Fund) Regulations, 2018 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in the Statement of Cash Flows

The statement of cashflows reflects net decrease in cash and cash equivalents amount of Kshs.31,946,203. However, recast of the statement results in a net decrease amount of Kshs.32,788,151 resulting in an unexplained and unreconciled variance of Kshs.841,948.

In the circumstances, the accuracy of the statement of cash flows could not be confirmed.

2. Variance in the Transfers from the County Government

The statement of changes in net assets reflects an amount of Kshs.55,000,000 received from the County Government during the year. However, the County Executive records indicate that an amount of Kshs.77,000,000 was transferred to the Fund resulting in an unexplained and unreconciled variance of Kshs.22,000,000.

In the circumstances, the accuracy and completeness of the funds received from the County Government during the year amount of Kshs.55,000,000 could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Nakuru County Executive Mortgage (Staff) 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 qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section of my report, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, Management has not resolved the issues or given any explanation for the failure to do so.

Other Information

The Management is responsible for the other information set out on page iii to xxiv which comprise of Key Entity Information and Management, The Fund Administration Committee, Management Team, Fund Chairperson's Statement, Report of the Fund Administrator, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Trustees and Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit of 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 and I am required to report that fact. Based on the audit procedures performed, because of the significance of the matters described in my basis for qualified opinion, I confirm that the Other Information is materially inconsistent with the financial statements.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Composition of the Staff Mortgage Loans Management Committee

Review of the Fund Administration Committee membership of the Fund revealed that the Committee had five (5) Members instead of the seven (7) Members as required by the Regulations. Management did not provide any explanation for this unsatisfactory situation. This is contrary to Regulation 6 (1) of the Public Finance Management (County Government of Nakuru Mortgage (Staff) Scheme Fund) Regulations, 2018 which states that the Staff Mortgage Loans Committee shall consist of seven (7) Members.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Lack of Fraud and Risk Management Strategies

The Fund did not have in place a fraud management policy to assist in detecting and preventing fraud during the year under review. Further, Management did not have a risk management policy or strategy in place and therefore, had no approved processes and guidelines on how to mitigate operational, legal and financial risks contrary to Regulation 158 of the Public Finance Management (County Government Regulations) 2015.

In addition, the Fund lacks disaster recovery plan or business continuity plan which outlines how it will continue operating during an unplanned disruption in service. Management has not instituted its own policies and procedures to guide key financial processes and controls for the management of personnel and related expenditure.

Further, the Management did not perform formal risk assessments during the financial year audited.

In the circumstances, Management may not be in a position to evaluate, rank and prioritize critical risks and channel resources towards mitigating identified risks.

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

Responsibilities of the Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the 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.

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

Auditor-General's Responsibilities for the Audit

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

31 December, 2024

Nakuru County Executive Mortgage (Staff) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

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

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Revenue From Non-Exchange Transactions			
Public Contributions and Donations	1	-	-
Transfers From the County Government	2	-	-
Fines, Penalties and Other Levies	3	-	-
Revenue From Exchange Transactions			
Interest Income	4	6,247,186	5,298,622
Other Income	5	135,960	118,140
Total Revenue		6,383,146	5,416,762
Expenses			
Employee Costs	6	-	-
Use of goods and services	7	2,323,040	1,949,907
Depreciation and Amortization Expense	8	-	-
Finance Costs	9	-	-
Total Expenses		2,323,040	1,949,907
Other Gains/Losses			
Gain/Loss on Disposal of Assets	10	-	-
Gain /Loss on fair value of investments	11	-	-
Surplus/(Deficit) for the Period		4,060,106	3,466,855

(The notes set out on pages 19 to 40 form an integral part of these Financial Statements)

.....
Name: CPS Joseph M. Malinda
Administrator of the Fund

.....
Name: CPA Wilson Mungai
Fund Accountant
ICPAK Member Number: 7241

Nakuru County Executive Mortgage (Staff) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

15. Statement of Financial Position As at 30 June 2024

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	12	5,225,559	37,171,762
Current Portion of Long- Term Receivables From Exchange Transactions	13	40,690,973	15,585,948
Prepayments	14		
Inventories	15	-	-
Investments in financial assets	16	-	-
Total current assets		45,916,532	52,757,710
Non-Current Assets			
Property, Plant and Equipment	17	-	-
Intangible Assets	18	-	-
Long Term Receivables from Exchange Transactions	13	220,590,283	153,763,384
Investment Property	19		
Total non- current assets		220,590,283	153,763,384
Total Assets (A)		266,506,815	206,521,094
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	20	4,248,766	3,323,151
Current Provisions	21	-	-
Current Portion of Borrowings	22	-	-
Employee Benefit Obligations	23	-	-
Social benefit liabilities	24	-	-
Total current liabilities		4,248,766	3,323,151
Non-Current Liabilities			
Non-Current Provisions	21	-	-
Long Term Portion of Borrowings	22	-	-
Non-Current Employee Benefit Obligation	23	-	-

Nakuru County Executive Mortgage (Staff) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Social benefit liabilities	24		
Total Liabilities (B)		4,248,766	3,323,151
Net Assets (A-B)		262,258,049	
Represented By:			
Revolving Fund		247,825,487	192,825,487
Reserves			
Accumulated Surplus		14,432,562	10,372,456
Net Assets		262,258,049	206,521,094

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 13/12/2024 and signed by:

.....
Name: CPS Joseph M. Malinda
Administrator of the Fund

.....
Name: CPA Wilson Mungai
Fund Accountant
ICPAK Member Number: 7241

Nakuru County Executive Mortgage (Staff) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

16. Statement of Changes in Net Assets for the year ended 30th June 2024

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2022	192,825,487	-	6,905,601	199,731,088
Surplus/(Deficit) For the Period		-	3,466,855	3,466,855
Funds Received During the Year	-	-	-	-
Transfers	-		-	-
Revaluation Gain	-	-	-	-
Balance As At 30 June 2023	192,825,487		10,372,456	203,197,943
Balance As At 1 July 2023	192,825,487		10,372,456	203,197,943
Surplus/(Deficit) For the Period			4,060,106	4,060,106
Funds Received During the Year	55,000,000			55,000,000
Transfers				
Revaluation Gain				
Balance As At 30 June 2024	247,825,487		14,432,562	262,258,049

Nakuru County Executive Mortgage (Staff) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

17. Statement of Cash Flows for The Year Ended 30th June 2024

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations			
Transfers from the county government			
Interest received	4	6,247,186	5,298,622
Receipts from other operating activities	5	135,960	118,140
Total receipts		6,383,146	5,416,762
Payments			
Fund administration expenses	7	2,188,946	1,942,347
General expenses	7	129,234	7,560
Finance cost	7	4,860	
Other payments			
		2,323,040	1,949,907
Net cash flows from operating activities	25	4,060,106	5,998,711
Cash flows from investing activities			
Purchase of property, plant, equipment and Intangible assets			
Proceeds from sale of property, plant & equipment			
Proceeds from loan principal repayments		28,101,743	18,211,000
Loan disbursements paid out		(119,950,000)	-20,500,000
Net cash flows used in investing activities		(91,848,257)	-2,289,000
Cash flows from financing activities			
Proceeds from revolving fund receipts		55,000,000	
Additional borrowings			
Repayment of borrowings			
Net cash flows used in financing activities			
Net increase/(decrease) in cash & cash Equivalents		(31,946,203)	3,237,601
Cash and cash equivalents at 1 July	12	37,171,762	33,934,161
Cash and cash equivalents at 30 June	12	5,225,559	37,171,762

(PSASB has prescribed the direct method of cash flow preparation/ presentation for all entities under the IPSAS accrual basis of accounting.)

18. Statement Of Comparison Of Budget And Actual Amounts For The Period 2024

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Public Contributions and Donations	-	-	-	-	-	-
Transfers From County Govt.						
Interest Income	6,247,186		6,247,186	6,247,186	-	100
Other Income	135,960		135,960	135,960	-	100
Total Income	6,383,146		6,383,146	6,383,146	-	100
Expenses					-	
Fund Administration Expenses	2,188,946		2,188,946	2,188,946	-	100
General Expenses	129,234		129,234	129,234	-	100
Finance Cost	4,860		4,860	4,860	-	100
Total Expenditure	2,323,040		2,323,040	2,323,040	-	100
Surplus For the Period	4,060,106		4,060,106	4,060,106	-	100
Capital expenditure						

Nakuru County Executive Mortgage (Staff) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

19. Notes to the Financial Statements

Significant Accounting Policies

1. General Information

Nakuru County Executive Mortgage (Staff) Scheme Fund is established by and derives its authority and accountability from The Public Finance and Management (Nakuru County Executive Mortgage (Staff) Scheme Fund) regulations, 2018 Act. The Nakuru County Executive Mortgage (Staff) Scheme Fund is wholly owned by the Nakuru County Government and is domiciled in Kenya. The Nakuru County Executive Mortgage (Staff) Scheme Fund's principal activity is to provide affordable Mortgage loans facilities to its member staff.

2. Statement of compliance and basis of preparation

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

3. Adoption of new and revised standards

(i) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024

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

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

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

Nakuru County Executive Mortgage (Staff) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

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.
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.
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.
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 objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS 48- Transfer Expenses	<i>Applicable 1st January 2026</i> 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

Nakuru County Executive Mortgage (Staff) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

	to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.

(i) Early adoption of standards

The Nakuru County Executive Mortgage (Staff) Scheme Fund did not early – adopt any new or amended standards in the financial year.

Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Nakuru County Executive Mortgage (Staff) Scheme Fund and can be measured reliably.

ii. Revenue from exchange transactions

Interest income

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

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Nakuru County Executive Mortgage (Staff) Scheme Fund'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

Nakuru County Executive Mortgage (Staff) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

The original budget for FY 2023-2024 was approved by the County Assembly on 29 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 Nakuru County Executive Mortgage (Staff) Scheme Fund upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of Kshs 55,000,000 on the FY 2023-2024 budget following the governing body's approval.

The Nakuru County Executive Mortgage (Staff) Scheme 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.

Nakuru County Executive Mortgage (Staff) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Summary of Significant Accounting Policies (Continued)

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 13 of these financial statements.

c) Property, plant and equipment

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

a) Intangible Assets

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

The useful life of the intangible assets is assessed as either finite or indefinite.

b) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. 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 derecognition.

Summary of Significant Accounting Policies (Continued)

c) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. 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 Nakuru County Executive Mortgage (Staff) Scheme Fund measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification of financial assets

The Nakuru County Executive Mortgage (Staff) Scheme Fund 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.

Nakuru County Executive Mortgage (Staff) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Summary of Significant Accounting Policies (Continued)

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The Nakuru County Executive Mortgage (Staff) Scheme Fund assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

Summary of Significant Accounting Policies (Continued)

Financial liabilities

Classification

The Nakuru County Executive Mortgage (Staff) Scheme Fund classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

d) Inventories

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

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

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

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

e) Provisions

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

f) Social Benefits

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

Nakuru County Executive Mortgage (Staff) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Summary of Significant Accounting Policies (Continued)

g) Contingent liabilities

The Nakuru County Executive Mortgage (Staff) Scheme 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.

Contingent assets

The Nakuru County Executive Mortgage (Staff) Scheme 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 Nakuru County Executive Mortgage (Staff) Scheme 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) Nature and purpose of reserves

The Nakuru County Executive Mortgage (Staff) Scheme Fund creates and maintains reserves in terms of specific requirements.

i) Changes in accounting policies and estimates

The Nakuru County Executive Mortgage (Staff) Scheme 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.

j) Employee benefits – Retirement benefit plans

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

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

Summary of Significant Accounting Policies (Continued)

k) Foreign currency transactions

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

l) Borrowing costs

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

m) Related parties

The Nakuru County Executive Mortgage (Staff) Scheme Fund regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Nakuru County Executive Mortgage (Staff) Scheme Fund, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

n) Cash and cash equivalents

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

o) Comparative figures

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

Nakuru County Executive Mortgage (Staff) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Summary of Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

The preparation of the Nakuru County Executive Mortgage (Staff) Scheme 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.

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 Nakuru County Executive Mortgage (Staff) Scheme Fund 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 Nakuru County Executive Mortgage (Staff) Scheme Fund.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

c) Provisions

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

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

Nakuru County Executive Mortgage (Staff) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

6. Notes To The Financial Statements Continued

1. Public contributions and donations

Description	2023-2024	2022-2023
	Kshs	Kshs
Donation From Development Partners	-	-
Contributions From The Public	-	-
Total	-	-

2. Transfers from County Government

Description	2023-2024	2022-2023
	Kshs	Kshs
Transfers From County Govt. –Operations	-	-
Payments By County On Behalf Of The Entity	-	-
Unconditional Development grants	-	-
Total	-	-

3. Fines, penalties and other levies

Description	2023-2024	2022-2023
	Kshs	Kshs
Late Payment Penalties	-	-
Fines	-	-
Total	-	-

4. Interest income

Description	2023-2024	2022-2023
	Kshs	Kshs
Interest Income from Mortgage Loans	6,158,959	5,298,622
Interest Income From Car Loans	-	-
Interest Income From Investments in financial assets	-	-
Interest Income On Bank Deposits	88,227	-
Total Interest Income	6,247,186	5,298,622

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Nakuru County Executive Mortgage (Staff) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements Continued

5. Other income

Description	2023-2024	2022-2023
	Kshs	Kshs
Insurance Recoveries	-	-
Income from Sale of Old Documents	-	-
Bad debts recovered	-	-
Miscellaneous Income	135,960	118,140
Total Other Income	135,960	118,140

This is income received as ledger fees on members monthly instalments

6. Employee Costs

Description	2023-2024	2022-2023
	Kshs	Kshs
Salaries And Wages	-	-
Staff Gratuity	-	-
Staff Training Expenses	-	-
Social Security Contribution	-	-
Other (Specify)	-	-
Total	-	-

7. Use of Goods and Services

Description	2023-2024	2022-2023
	Kshs	Kshs
General Office Expenses	-	-
Loan Processing Costs	-	-
Professional Services Costs	-	-
Administration Fees	2,188,946	1,884,347
Committee Allowances	116,000	58,000
Bank Charges	4,860	7,560
Electricity And Water Expenses	-	-
Fuel And Oil Costs	-	-
Insurance Costs	-	-
Postage And Courier	-	-

Nakuru County Executive Mortgage (Staff) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Printing And Stationery	-	-
Rental Costs	-	-
Security Costs	-	-
Telephone And Communication Expenses	-	-
Bank Charges	-	-
Audit Fees	-	-
Provision For Doubtful Debts	-	-
Withholding Tax	13,234	-
Social benefit expenses*	-	-
Total	2,323,040	1,949,907

8. Depreciation and Amortization Expense

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Property Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

9. Finance costs

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Interest On Bank Overdrafts	-	-
Interest On Loans From Banks	-	-
Total	-	-

Nakuru County Executive Mortgage (Staff) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

10. Gain/(loss) on disposal of assets

Description	2023-2024	2022-2023
	Kshs	Kshs
Property, Plant and Equipment	-	-
Intangible Assets	-	-
Total	-	-

11. Gain/ (loss) on Fair Value Investments

Description	2023-2024	2022-2023
	Kshs	Kshs
Investments at Fair Value- Equity investments	-	-
Fair value – Investment property	-	-
Fair value- other financial assets (specify)	-	-
Total Gain	-	-

12. Cash and cash equivalents

Description	2023-2024	2022-2023
	Kshs	Kshs
Xxx Car Loan Account	-	-
Nakuru County Executive Mortgage (Staff) Scheme Fund account	5,225,559	37,171,762
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	-	-
Others (Specify)	-	-
Total Cash And Equivalents	5,225,559	37,171,762

Nakuru County Executive Mortgage (Staff) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements Continued

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

Particulars	Account Number	2023-2024	2022-2023
		Ksh.	Ksh.
a) Fixed Deposits Account			
Kenya Commercial Bank			
Equity Bank, Etc.			
Sub- Total			
b) On - Call Deposits			
Kenya Commercial Bank			
Equity Bank - Etc.			
Sub- Total			
c) Current Account			
FAMILY BANK	019000048967	5,225,559	37,171,762
Bank B			
Sub- Total		5,225,559	37,171,762
d) Others(Specify)			
Cash In Transit			
Cash In Hand			
Sub- Total			
Grand Total		5,225,559	37,171,762

13. Receivables from exchange transactions

Particulars	2023-2024	2022-2023
	Ksh.	Ksh.
Current Receivables		
Interest Receivable	-	86,547
Current Loan Repayments Due	40,690,973	15,585,948
Other Exchange Debtors	-	-
Less: Impairment Allowance	-	-
Total Current Receivables	40,690,973	15,672,495
Non-Current Receivables		
Long Term Loan Repayments Due	220,590,283	153,763,384
Total Non- Current Receivables	220,590,283	153,763,384
Total Receivables From Exchange Transactions	261,281,256	169,435,879

Nakuru County Executive Mortgage (Staff) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements Continued

Additional disclosure on interest receivable

Description	2023-2024	2022-2023
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	-	
Accrued interest receivable from of long-term loans of previous years		
Interest receivable from current portion of long-term loans issued in the current year	-	86,547
Current loan repayments due		
Current portion of long-term loans from previous years	-	-
Accrued principal from long-terms loans from previous periods	-	-
Current portion of long-term loans issued in the current year	40,690,973	15,585,948

14. Prepayments

Description	2023-2024	2022-2023
	Kshs	Kshs
Prepaid Rent	-	-
Prepaid Insurance	-	-
Prepaid Electricity Costs	-	-
Other Prepayments (Specify)	-	-
Total	-	-

15. Inventories

Description	2023-2024	2022-2023
	Kshs	Kshs
Consumable Stores	-	-
Spare Parts And Meters	-	-
Catering	-	-
Other Inventories (Specify)	-	-
Total Inventories at The Lower of Cost and Net Realizable Value	-	-

Nakuru County Executive Mortgage (Staff) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes to the Financial Statements Continued

16. Investments in financial assets

Description	2023/2024	2022/23
	Kshs	Kshs
a. Investment in Treasury bills and bonds		
Financial institution		
CBK	-	-
CBK	-	-
Sub- total	-	-
b. Investment with Financial Institutions/ Banks		
Bank x	-	-
Bank y	-	-
Sub- total	-	-
c. Equity investments (specify)		
Equity/ shares in Entity xxx	-	-
Sub- total	-	-
Grand total	-	-

Movement of Equity Investments

Impairment allowance/ provision	2023/2024	2022/23
	Kshs	Kshs
At the beginning of the year	-	-
Purchase of investments in the year	-	-
Sale of investments during the year	-	-
Gain/(loss) in fair value of investments through surplus or deficit	-	-
At the end of the year	-	-

e) Shareholding in other entities

Name of Entity	Shareholding			Nominal value		
	Direct	Indirect	Joint	Shareholding	Shareholding	Shareholding
	%	%	%	Kshs	Kshs	Kshs
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
	-	-	-	-	-	-

Nakuru County Executive Mortgage (Staff) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024

Notes To The Financial Statements (Continued)

17. Property, plant and equipment

	2022	2023	2024	2025	2026	2027
At 1st July 2022	-	-	-	-	-	-
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-
At 30th June 2023	-	-	-	-	-	-
At 1st July 2023	-	-	-	-	-	-
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-
At 30th June 2024	-	-	-	-	-	-
Depreciation And Impairment	-	-	-	-	-	-
At 1st July 2022	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
At 30th June 2023	-	-	-	-	-	-
At 1st July 2023	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-
At 30th June 2024	-	-	-	-	-	-
Net Book Values	-	-	-	-	-	-
At 30th June 2023	-	-	-	-	-	-
At 30th June 2024	-	-	-	-	-	-

Nakuru County Executive Mortgage (Staff) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024
Notes To The Financial Statements (Continued)

18. Intangible assets

Description	2023-2024	2022-2023
	Ksh	Ksh
Cost		
At Beginning of The Year	-	-
Additions	-	-
At End of The Year	-	-
Amortization And Impairment		
At Beginning of The Year	-	-
Amortization	-	-
At End of The Year	-	-
Impairment Loss	-	-
At End of The Year	-	-
NBV	-	-

19. Investment Property

Description	2023-2024	2022-2023
	Ksh	Ksh
At beginning of the year	-	-
Additions	-	-
Disposal during the year	-	-
Depreciation	-	-
Impairment	-	-
Gain/(loss) in fair value (if fair value is elected)	-	-
At end of the year	-	-

Nakuru County Executive Mortgage (Staff) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024
Notes To The Financial Statements (Continued)

20. Trade and other payables from exchange transactions

Description	2023-2024		2022-2023	
	Kshs		Kshs	
Trade Payables	-		-	
Refundable Deposits	-		-	
Accrued Expenses	4,248,766		3,265,151	
Other Payables	-		58,000	
Total Trade and Other Payables	4,248,766		3,323,151	
Ageing analysis (Trade and other payables)	2023-2024	% of the Total	2022-2023	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (tie to above total)	-		-	

21. Provisions

Provisions				
Balance b/f	-	-	-	-
Additional provisions	-	-	-	-
Provision utilised	-	-	-	-
Change due to discount and time value for money	-	-	-	-
Total provisions year end				
Current Provisions	-	-	-	-
Non-Current Provisions	-	-	-	-

Nakuru County Executive Mortgage (Staff) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024
Notes To The Financial Statements (Continued)

22. Borrowings

Description	2023-2024	2022-2023
	KShs	KShs
Balance At Beginning of The Period	-	-
External Borrowings During the Year	-	-
Domestic Borrowings During the Year	-	-
Repayments of External Borrowings During the Period	-	-
Repayments of Domestic Borrowings During the Period	-	-
Balance At End of The Period	-	-

The table below shows the classification of borrowings into external and domestic borrowings:

Description	2023-2024	2022-2023
	KShs	KShs
External Borrowings		
Dollar Denominated Loan From 'X Organization'	-	-
Sterling Pound Denominated Loan From 'Y Organization'	-	-
Euro Denominated Loan from Z Organization'	-	-
Domestic Borrowings		
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Borrowings From Other Government Institutions	-	-
Total Balance at End of The Year	-	-

The table below shows the classification of borrowings long-term and current borrowings:

Description	2023-2024	2022-2023
	KShs	KShs
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

Nakuru County Executive Mortgage (Staff) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024
Notes To The Financial Statements (Continued)

23. Employee benefit obligations

	Defined benefit plan	Post employment medical benefits	Other Pensions	2023-2024	2022-2023
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total	-	-	-	-	-

24. Social Benefit Activities

	2023-2024	2022-2023
	Kshs	Kshs
Health social benefit scheme	-	-
Unemployment social benefit scheme	-	-
Orphaned and vulnerable benefit scheme	-	-
Elderly social benefit scheme	-	-
Bursary social benefits	-	-
Total	-	-
Current social benefits	-	-
Non- current social benefits	-	-
Total (tie to totals above)	-	-

Nakuru County Executive Mortgage (Staff) Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2024
Notes To The Financial Statements (Continued)

25. Cash generated from operations.

Description	2023-2024	2022-2023
	Kshs	Kshs
Surplus/ (Deficit) For the Year Before Tax	4,060,106	3,466,855
Adjusted For:		
Depreciation	-	-
Amortisation	-	-
Gains/ Losses On Disposal Of Assets	-	-
Interest Income	-	-
Finance Cost	-	-
Working Capital Adjustments		
Increase In Inventory	-	-
Increase In Receivables	(966,384)	2,179,162
Increase In Payables	373,133	352,694
Net Cash Flow From Operating Activities	4,060,106	5,998,711

Notes To The Financial Statements (Continued)

26. Related party balances

a) Nature of related party relationships

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

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

b) Related party transactions

	2023-2024	2022-2023
	Kshs	Kshs
Transfers From Related Parties'	-	-
Transfers To Related Parties	-	-

c) Key management remuneration

	2023-2024	2022-2023
	Kshs	Kshs
Board Of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

d) Due from related parties

	2023-2024	2022-2023
	Kshs	Kshs
Due From Parent Ministry	-	-
Due From County Government	-	-
Total	-	-

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Other Disclosures Continued

e) Due to related parties

Description	2023-2024	2022-2023
	Kshs	Kshs
Due To Parent Ministry	-	-
Due To County Government	-	-
Due To Key Management Personnel	-	-
Total	-	-

27. Contingent assets and contingent liabilities

Contingent Liabilities	2023-2024	2022-2023
	Kshs	Kshs
Court Case Xxx Against the Fund	-	-
Bank Guarantees	-	-
Total	-	-

Notes To The Financial Statements (Continued)

28. Financial risk management

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

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

a) Credit risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kenya	Fully performing Kenya	Partly due Kenya	Impaired Kenya
At 30 June 2024				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-
At 30 June 2023				
Receivables From Exchange Transactions	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-

Notes To The Financial Statements (Continued)

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

The Nakuru County Executive Mortgage (Staff) Scheme Fund has significant concentration of credit risk on amounts due from Zero customers.

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

b) Liquidity risk management

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

The table below represents cash flows payable by the Fund under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Deferral period	Less than 12 months	Between 12 months and 36 months	Over 36 months	Total
At 30 June 2024				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2023				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

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Notes To The Financial Statements (Continued)

c) Market risk

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

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

There has been no change to the Nakuru County Executive Mortgage (Staff) Scheme Fund's exposure to market risks or the manner in which it manages and measures the risk.

i. Foreign currency risk

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

The carrying amount of Nakuru County Executive Mortgage (Staff) Scheme Fund's foreign currency-denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

At 30 June 2024			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors/ Receivables			
Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

Notes To The Financial Statements (Continued)

Foreign currency sensitivity analysis

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

Description	Change in currency rate	Effect on surplus/ deficit	
		Kshs	Kshs
2023-2024			
Euro	-	-	-
USD	-	-	-
2022-2023			
Euro	-	-	-
USD	-	-	-

ii. Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs xxx (2024: Kshs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (2023 – Kshs xxx).

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Notes To The Financial Statements (Continued)

d) Capital risk management.

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

	2023-2024	2022-2023
	Kshs.	Kshs.
Revaluation reserve	-	-
Revolving fund	-	-
Accumulated surplus	-	-
Total funds	-	-
Total borrowings	-	-
Less: cash and bank balances	-	-
Net debt/(excess cash and cash equivalents)	-	-
Gearing	-	-

29. Events after the reporting period

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

30. Ultimate and Holding Entity

Nakuru County Executive Mortgage (Staff) Scheme Fund is established by and derives its authority and accountability from The Public Finance And Management (Nakuru County Mortgage (Staff) scheme fund) regulations, 2018 Act on 11th May, 2018. Its ultimate parent is the County Government of Nakuru.

31. Currency

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

20. Annexes

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

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

Reference No. on the external audit report	Item / Observation from Auditor	Management comments	Status	Resolution
	Unsupported Long-Term Receivables from Exchange Transactions The statement of financial position reflects long term receivables from exchange transactions balance of Kshs. 153,763,384 as disclosed in Note 13 to the financial statements. However, supporting documents on the balance including an updated loans ledger, loan repayment schedule and aging analysis of the receivables were not provided for audit review. It was therefore not possible to establish whether there was need for provisions for bad and doubtful debts to be made. In the circumstances, the accuracy, existence and fair statement of long-term receivables from exchange transactions balance of Kshs. 153,763,384 could not be confirmed.	We do agree with Auditors findings however, the schedule supporting long term receivable from exchange transaction of Kshs 153,763,384 and loan repayment schedule have been provided. No loan defaulters noted.	Not Resolved	FY 2024-2025

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	Issue / Observations from Auditor	Management comments	Status (Resolved / Not Resolved)	Expected date when the issue will be resolved
1	Irregular Committee Meetings The statement of financial performance reflects use of goods and services amounting to Kshs. 1,949,907. The amount includes committee allowances of Kshs. 58,000 as disclosed under Note 7 to the financial statements. Review of the committee minutes provided for audit revealed that only two (2) meetings were held during the year. This is contrary to Regulation 7 (2) of the Public Finance Management (Nakuru County Executive Mortgage (Staff) Scheme Fund) Regulations, 2018 which states that the committee shall meet at least four (4) times a year. Under the circumstance, Management was in breach of the law.	We do agree with auditor findings however, meetings were not done as per the Act of at least four times because there were no agendas and lack of funds to give out. In that view, the management is looking forward in making improvement.	Not Resolved	FY 2024-2025
2	Failure to Review Cashbook and Bank Reconciliations Statements The statement of financial position reflects cash and cash equivalent balance of Kshs. 37,171,762 as disclosed in Note 12 to the financial statement. Review of the cashbook and bank reconciliation	We do agree with auditors' findings however, the cashbook has now been	Not Resolved	FY 2024-2025

Reference No. in the external audit Report	Issue / Observations from Auditor	Management comment		
	statements revealed that they were not reviewed by a senior official. This is contrary to Section 7.6 (5) of the County Financial Accounting and Reporting Manual which states at the end of every month a bank reconciliation statement is prepared for every cash book and reviewed by a senior official. In the circumstances, Management was in breach of the law.	checked and reviewed by a senior official and can be provided when need be.		
3	Budgetary Control and Performance The statement of comparison of budget and actual amounts reflects a total income and expenditure final budget amounting to Kshs. 5,416,762 and Kshs. 1,949,907 respectively which is imbalanced. This is contrary to Regulation 31(c) of the Public Finance Management (County Governments) Regulations, 2015 which requires the budget revenue and expenditure appropriations to be balanced.	We do agree with auditors' findings however; since it is a revolving Fund, the income earned cannot be fully spent on the expenses rather the difference is ploughed back into the Fund and given to the	Not Resolved	FY 2024-2025

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Issue / Observations from Auditor	Management comments	Status Resolved (Not Resolved)	Timeframe (Date when issue to be resolved)
In the circumstances, Management was in breach of the law.	beneficiaries as a mortgage.		

Guidance Notes:

- Use the same reference numbers as contained in the external audit report.
- Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management.
- Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Fund responsible for implementation of each issue.
- Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.


Fund Administrator

Date.....13/12/2024.....

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Annex II: Inter-Fund Confirmation Letter

[Insert your Letterhead]

[Insert name of beneficiary Fund]

[Insert Address]

The *[insert SC/SAGA/Fund name here]* wishes to confirm the amounts disbursed to you as at 30th June 2024 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below. Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by <i>[Insert name of beneficiary Fund]</i> as at 30 th June 20xx							
Reference Number	Date Disbursed	Amounts Disbursed by <i>[SC/SAGA/Fund]</i> (Kshs) as at 30 th June 2024				Amount Received by <i>[beneficiary Fund]</i> (KShs) as at 30 th June 2024 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
Total							

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

Head of Accountants department of beneficiary Fund:

Name Sign Date

Annex III: Reporting of Climate Relevant Expenditures

Sl. No.	Particulars	Budgeted	Actual	Quarterly				Source of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

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Annex IV: Reporting on Disaster Management Expenditure

Column I Programme	Column II Sub-programme	Column III Expenditure Type	Column IV Expenditure for Disaster Management (Expenditure for disaster preparedness, response, recovery, mitigation and preparedness)	Column V Expenditure Item	Column VI Amount (Kshs.)	Column VII Comments