

REPUBLIC OF KENYA



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OFFICE OF THE AUDITOR-GENERAL
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REPORT

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THE AUDITOR-GENERAL

ON

KENYA INSTITUTE OF MASS
COMMUNICATION CAR LOAN AND
MORTGAGE FUND

FOR THE YEAR ENDED
30 JUNE, 2025

OFFICE OF THE AUDITOR GENERAL
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**KENYA INSTITUTE OF MASS COMMUNICATION CAR LOAN AND
MORTGAGE FUND**

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

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

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1. Acronyms and Definition of Key Terms

A. Acronyms

CEO	Chief Executive Officer
ICPAK	Institute of Certified Public Accountants of Kenya
NT	National Treasury
OAG	Office of the Auditor General
PFM	Public Finance Management
PPE	Property Plant & Equipment
SAGAs	Semi-Autonomous Government Agencies

B. Definition of Key Terms

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

Comparative Year- Means the prior period.

2. Key Fund information and management

a) Background information

The Kenya Institute of Mass Communication Staff Mortgage and Car Loan Scheme Fund was established and derives its authority and accountability from the provisions under Section 84 (1), Section 24 (4) (5) (6) (7) of the PFM Act 2012 and Section 127 (1) (2) of the PFM (National Government) Regulations, 2015.

The KIMC Staff Mortgage and Car Loan Scheme Fund became operational in the financial year 2023/24 as a revolving fund pursuant to the Salaries and Remuneration Commission (SRC) Circular dated 17th December 2014 and referenced SRC/ADM/CIR/1/13 Vol III (128) on Mortgage and Car Loan Schemes for State Officers and Public Officers of the Government of Kenya with the objective of providing of acquisition of motor vehicle and residential property for staff. The Fund is wholly owned by Kenya Institute of Mass Communication and is domiciled in Kenya.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to provide staff with loans for car and Mortgage so as to facilitate their mobility and acquisition of residential homes. The Fund is administered by the Fund Administrator. There is a committee charged with the responsibility of processing loans from applicants in accordance with laid down approved regulations, setting up a revolving Fund for the disbursement of loans, and supervising the day-to-day operations of the Fund.

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

c) Board of Trustees/Fund Administration Committee

SN	Position	Name
1	Chairperson	Brenda Wasilwa
2	Secretary	Lucy Angwenyi
3	Member	Dr. Jenispher korir
4	Member	Brian Atenyo
5	Member	Jane Kariuki
6	Fund Manager/ Administrator	Housing Finance Corporation

*Kenya Institute of Mass Communication Car loan/Mortgage fund
Annual Report and Financial Statements For the year ended 30th June 2025*

Key Fund and Information Management (Continued)

d) Key Management

SN	Position	Name
1	Fund Manager/ Administrator	Housing Finance Corporation

e) Fiduciary Oversight Arrangements

SN	Position	Name
1	Director/CEO	Peter Wakoli
2	Staff Mortgage and car Loan Advisory Committee	As above

f) Registered Offices

Kenya Institute of Mass Communication

P.O. Box 42422-00100

Uholo Road

Nairobi, KENYA

g) Fund Contacts

Telephone: (254) 708262895

E-mail: info@kimc.ac.ke

Website: ww.kimc.ac.ke

h) Fund Bankers

Housing Finance Corporation

Sameer Branch

P.o Box 30088-00100

Nairobi

Key Fund and Information Management (Continued)

i) Independent Auditor






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

j) Principal Legal Adviser

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

*Kenya Institute of Mass Communication Car loan/Mortgage fund
Annual Report and Financial Statements For the year ended 30th June 2025*

3. The Board of Trustees/ Fund Administration Committee

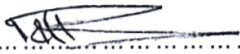
Name	Details of qualifications and experience
 <i>Brenda Wasilwa</i>	In consultation with the Director, provide secretarial services to the Council and Council Committees.
 <i>Lucy Angwenyi</i>	Responsible for overall management of human resource in the Institute
 <i>Dr. Jenispher Korir</i>	Provision of Finance and Accounting services to the Institute
 <i>Brian Atenyo</i>	Overseeing transport, Hospitality, security, Maintenance, Telephone exchange and Coordinating disaster management and emergency response activities
 <i>Jane Kariuki</i>	Managing enterprise – wide risks as well as ensuring compliance of the Institute with various statutory and operational requirements
<i>Housing Finance Corporation</i>	It an administrator administering the Institute Mortgage and Car Loan Scheme

4. Chairman's Report

The Kenya Institute of Mass Communication Staff Mortgage and Car Loan Scheme was approved by the council in 2021. The main aim of the scheme is to provide staff with low cost loans so as to acquire residential homes and cars as approved by the Salaries & Remuneration Commission.

The Institute developed internal regulations as guided and approved by the National Treasury. An internal Committee was thereafter appointed to oversee the operationalization and implementation of the scheme. An agreement with the Scheme Administrator (Housing Finance Corporation) was signed on 12th May 2022. The scheme was operationalised in the financial year 2023/2024 .There is a Mortgage & Car Loan committee charged with the responsibility of recommending for approval of loans from applicants in accordance with the approved Regulations. The scheme administrator who is Housing Finance Corporation appraises the individual staff loan applications recommended by the Institute and facilitates the acquisition of assets to the individuals. The Scheme is cash backed scheme, with resources from Kenya Institute of Mass Communication budgetary process.

Staff members welcomed the introduction of the scheme as it enables them to acquire Mortgage and Car loan facilities at a lower cost. Since its inception there has been low uptake for the loans as staff are clearing prior financial commitments so as to be able to take up loans.



Brenda Wasilwa
(Chairperson-Fund Administration Committee)

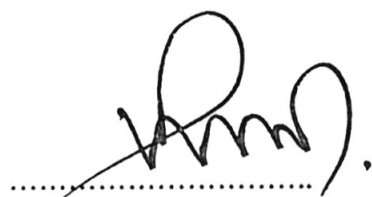
5. Report Of the Fund Manager/ Administrator

The scheme is administered and managed by a procured service provider which for the time being is the Housing Finance Corporation (HFC) on behalf of the Institute.

The institute sets aside funds through its normal budgetary process for the scheme. The funds form a revolving fund deposited in the scheme account at a prequalified financial institution (for the time being, HFC). The staff monthly repayments are credited into this account. Further, the fund is administered as per the provisions of KIMC Terms and Conditions of service and regulations that are part of the KIMC Human Resource Policies and Procedures manual.

There has been a low uptake of the funds due to introduction of statutory levies. A turnaround of the uptake is expected **(i)** after implementation of SRC third cycle basic salary review for staffs of the Institute in June 2025 **(ii)** More member education forums on the Scheme are scheduled to enhance member awareness and **(iii)** Members of staff clear up and/or reorganize their prior financial obligations.

It is worth noting that in the context of the prevailing regulatory environment, the Scheme will remain alive to various kinds of risks (including those included in the Scheme Risk Management Policy) in carrying out its business and support activities. The Scheme recognizes that sound risk management contributes to its long-term financial stability. Prudent risk management will contribute to sustainable growth through informed business decisions by facilitating a consistent assessment, measurement, quantification and management of material risks.



Peter Wakoli

Director / CEO

6. Statement of Performance Against Predetermined Objectives

The object and purpose of the KIMC House Mortgage and Car Loan scheme is to facilitate KIMC staff to benefit from Government funded loans for the (i) purchase or development of residential property for the occupation of the beneficiary, or equity release for the improvement of the residential property (ii) access to a car loan facility for the KIMC staff to purchase a motor car

.The Scheme serves to motivate employees and thereby contribute to not only attraction but also retention of requisite skills in the Institute in line with constitutional principles under Article 230(5) of the Constitution. Further, the Scheme enhance employees' satisfaction, commitment, loyalty and improved service delivery.

The institute sets aside funds through its normal budgetary process for the scheme. The funds form a revolving fund deposited in the scheme account at a prequalified financial institution (for the time being, HFC). The staff monthly repayments are credited into this account. Further, the fund is administered as per the provisions of KIMC Terms and Conditions of service and regulations that are part of the KIMC Human Resource Policies and Procedures manual.

*Kenya Institute of Mass Communication Car loan/Mortgage fund
Annual Report and Financial Statements For the year ended 30th June 2025*

7. Corporate Governance Statement

The Mortgage & Car loan committee is appointed by the Chief Executive Officer. The Committee is charged with the responsibility of recommending for approval of loans from applicants in accordance with the approved regulations. The scheme administrator who is the Housing Finance Corporation appraises the individual staff loan applications recommended by the Committee and facilitates the acquisition of the assets to the individuals as per the approved agreement. There is also an internal audit function charged with the responsibility of ensuring adherence to the regulations.

8. Management Discussion and Analysis

The Schemes initial investment in the financial year 2020/2021 was kshs 65 Million

The Scheme is cash backed from the institute resources allocated from the budgetary process. The institute is funded by the exchequer. The allocation of funds follows the normal approval processes. There has been low uptake as staff are clearing prior financial obligations.

9. Environmental And Sustainability Reporting

The Institute exists to transform lives. This is our purpose, the driving force behind everything we do. It's what guides us to deliver our strategy which is founded on Training, Communications and Info-tainment

The Institute is committed to conducting its affairs in a responsible and sustainable way, and in a manner that is beneficial to all stakeholders and the wider community. Below is brief highlight of the Institute Achievements.

i.Sustainability Strategy and Profile

Our sustainability is anchored on our Vision, Mission and Core values which determine the strategic Objectives of the Institute. Our role is to ensure that Training and by extension our various stakeholders are able to grow in a sustainable manner in long term. Our aim is to create value for shareholders and the society a like and in order to achieve on several key areas:

a) **Economic:** Kenya Institute of Mass Communication continues to contribute to the economy through the remittance of taxes such as pay as you earn (PAYE), withholding tax, with holding vat excise duty and Value added tax (VAT)

b) **Socio -Economic:** KIMC awarded various tenders to special groups consisting of women, youth and people with disability (PWDs). In addition the Institute always carries out sensitization for special groups in order to equip them with skills on how to successfully bid for tender opportunities was done. All tenders were published in the Institute website and the public procurement Information portal (PPIP)).

ii Environmental performance

KIMC has invested in indigenous, medicinal and fruit trees that are planted during the rainy season, in an effort to increase National Forest coverage in Kenya, The Institute normally partners with local community to plant trees.

iii).Employee welfare

The Institute has a human resource management policy and procedures manual which seeks to assist the Institute in the implementation of its strategic plan so as to be consistent with legal

Environmental And Sustainability Reporting (continuation)

framework governing employer-employee relationship in Kenya and internationally recognized best practice.

The institute has continued to train staff in short courses both carried out within and outside the Institute and outside the Institutions such as professional bodies in order to improve skills. Further, the Institute has continued to reimburse fees for those who, out of their own initiative embark on course relevant to their duties in order to manage careers.

ivMarket place practices

The Institute has ensured:

- a) Responsible competition practice: in order to ensure responsible competition practices with issues like anti-corruption, the Institute has been ensuring that it undertakes all the activities within the Laws of Kenya. Also, in order to ensure fair competition and respect for competitors the school has continued to engage the government for assistance that they may require.
- b) Responsible supply chain and supplier relations: The institute has ensured that it complies with public procurement Asset and Disposal Act 2015 while carrying out procurement operations in order to ensure good business practice. Further, the Institute has procurement and procedures manual that guides operations in procurement.
- c) Responsibility marketing and advertisements: The institute has been carrying out advertisements on My Gov Platform as well as on its website for new and existing programs.
- d) Product stewardship; in order to protect consumer rights our customers are provided with information regarding the course requirement before admission and during the commencement of the course . Further the Institute ensures confidentiality while interacting with customers

v. Community Engagements

The institute participates in many activities in its effort to contribute socially to the society in which it operates as follows;

- a) The institute sponsors students during The Kenya Technical Institutions Sports Association (Ketisa) Sports and Games
- b) Disability Access building. buildings have been modified to be disability friendly and allow for access for peoples living with disabilities (PWDs) with Minimal inconvenience

10. Report of The Trustees/ Fund Administration Committee

The Institute/Scheme Administration Committee submits their report together with the financial statements for the year ended June 30, 2025, which show the state of the scheme affairs. Financial statements are as shown below.

Principal activities

The principal activities of the scheme is to provide mortgage and car loan facilities to the staff.

Performance

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

Committee

The members of the Mortgage & Car loan committee who served during the year are shown on the key scheme information and management page.

Auditors

The Auditor General is responsible for the statutory audit of the Institute in accordance with Article 229 of the Constitution of Kenya and the Section 47 and 48 of the Public Audit Act, 2015.

By Order of the Board



.....

Brenda Wasilwa

Chair of Fund Administration Committee

11. Statement of Management's Responsibilities

Section 84 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a Fund established by the legal notice no.197 of 2011 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

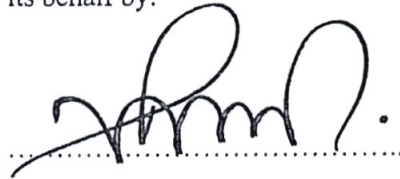
The Administrator of the Fund is responsible for the preparation and presentation of the Fund's financial statements, which gives a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the fund, (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) Safeguarding the assets of the fund; (v) Selecting and applying appropriate accounting policies, and, (vi) Making accounting estimates that are reasonable in the circumstances.

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

The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control. In preparing the financial statements, the Administrator of the Fund has assessed the Fund's ability to continue as a going concern (disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements). Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Fund's financial statements were approved by the Council on 25th August 2025 and signed on its behalf by:



Peter Wakoli

Director/Chief Executive Officer



Brenda Wasilwa

Chairperson

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 KENYA INSTITUTE OF MASS COMMUNICATION CAR LOAN AND MORTGAGE FUND FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

The three parts of the report 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

Opinion

I have audited the accompanying financial statements of Kenya Institute of Mass Communication Car Loan and Mortgage Fund set out on pages 1 to 26, which comprise

Report of the Auditor-General on Kenya Institute of Mass Communication Car Loan and Mortgage Fund for the year ended 30 June, 2025

the of statement of financial position as at 30 June, 2025 and statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Institute of Mass Communication Car Loan and Mortgage Fund as at 30 June, 2025, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Legal Notice Number 197 of 2011 (Amended 2012) and Public Finance Management Act, 2012.

Basis for Opinion

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

Key Audit Matters

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

Other Matter

In the prior year's audit report, several issues were raised under the Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during the audit of the Fund in the financial Year 2024/2025 revealed that three (3) issues remained unresolved as detailed in the table below;

Unresolved Prior Year Audit Issues

No.	Financial Year	Audit Issue
1	2023/2024	Low Interest Income Earned from Initial Scheme Investment
2	2023/2024	Lack of Enabling Regulations
3	2023/2024	Lack of Approved Risk Management Policy

Other Information

The Management is responsible for the Other Information set out on page iii to xvii which comprise of Key Fund Information and Management, The Board of Trustees/Fund Administration Committee, Chairman's Report, Report of the Fund Manager/Administrator, Corporate Governance Statement, Management Discussion and Analysis, Report of the Trustees/Fund Administration Committee and the Statement of Management's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the 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. I have nothing to report in this regard.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution and based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Lack of Statutory Instruments for the Fund

The Fund was established by and derives its authority and accountability from the Legal Notice No.197 of 2011 of 12 May, 2022. However, the Fund's guidelines have not been gazetted as required by the Statutory Instruments Act and Salaries and Remuneration Commission requirements. Therefore, the Fund is operating without a legally enforceable regulatory framework.

In the circumstances, Management was in breach of law.

2. Low Uptake of Staff Mortgage

The statement of financial position and as disclosed in Note 3 to the financial statements reflects an amount of Kshs.33,430,000 in respect of receivables from exchange

transactions being current loan repayments due as by the close of the financial year 2024/2025. This also represents amount of loans disbursed to members from the initial scheme investment of Kshs.110,499,400. However, review of the loan schedule and documents provided for audit reflected that only five (5) staff members had accessed the loans, which represents 30% utilization, leaving an unutilized balance of Kshs.77,069,400 or 70% during the period under review.

In the circumstances, the value for money invested in the mortgage fund could not be confirmed.

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

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

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and the Board of Trustees

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related

to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

11 December, 2025


Kenya Institute of Mass Communication Car loan/Mortgage fund
Annual Report and Financial Statements For the year ended 30th June 2025

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

	Note	2024-2025	2023-2024
		Kshs.	Kshs.
Transfers from Parent Ministry/ SC/SAGA		-	-
Revenue from exchange transactions	1	3,988,907.32	3,021,539.10
Interest income		-	-
Other income		-	-
Total revenue		3,988,907.32	3,021,539.10
Expenses		-	-
Employee costs		-	-
Use of goods and services		-	-
Depreciation and amortization expense		-	-
Finance costs	2	289,105.06	374,676.82
Total expenses		289,105.06	374,676.82
Other gains/losses		-	-
Gain/loss on disposal of assets		-	-
Gain /Loss on fair value of investments		-	-
Surplus/(deficit) before tax		3,699,802.26	2,646,862.28
Taxation		-	-
Surplus/ (Deficit) after Tax		-	-

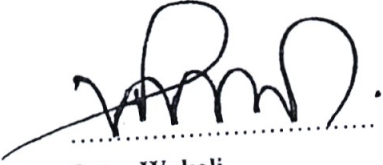
The notes set out on pages I to xviii form an integral part of these Financial Statements.

The financial statements were approved on 25th August 2025 by:



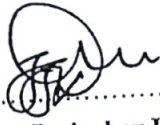
 Brenda wasilwa
 Chairperson of the Board/Fund

17/11/2025



 Peter Wakoli
 Fund Administrator

17/11/2025



 Dr. Jenispher Korir
 Head Of Finance
 ICPAK M/No 9147.

17/11/2025

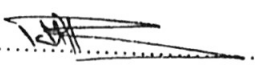
*Kenya Institute of Mass Communication Car loan/Mortgage fund
Annual Report and Financial Statements For the year ended 30th June 2025*

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

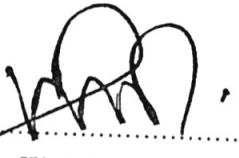
	Note	2024-2025	2023-2024
		Kshs.	Kshs.
Assets			
Current assets			
Cash and cash equivalents	3	87,359,895.90	89,610,093.64
Receivables from exchange transactions	4	33,430,000.00	27,480,000.00
Total Current Assets		120,789,895.90	117,090,093.64
Total assets (A)		120,789,895.90	117,090,093.64
Liabilities			
Total Current Liabilities		-	-
Non- current liabilities			
Total non- current liabilities		-	-
Total liabilities (B)		-	-
Net Assets (A-B)		120,789,895.90	117,090,093.64
Represented By:			
Car loan revolving fund		117,090,093.64	110,443,231.36
Mortgage revolving fund		-	4,000,000.00
Accumulated surplus/Deficit	5	3,699,802.26	2,646,862.28
Net Assets		120,789,895.90	117,090,093.64

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

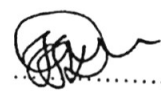
The Fund financial statements were approved on 25th August 2025 and signed by:


Brenda Wasilwa
Chairperson of the Board/Fund

17/11/2025


Peter Wakoli
Director/CEO

17/11/2025


Dr. Jenispher Korir
Head Of Finance

ICPAK M/No 9147

17/11/2025

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

	Mortgage & Car Fund	Accumulated surplus	Total
	Kshs.	Kshs.	Kshs.
As at 1 July 2023	106,499,400	3,943,831	110,443,230
Surplus/(deficit) for the period	-	2,646,862.	2,646,862
Funds received during the year	4,000,000	-	4,000,000
Transfers	27,480,000.00	-	27,480,000
As at 30 June 2024	83,019,400	6,590,693	89,610,093
Balance as at 1 July 2024	83,019,400	6,590,693	89,610,093
Surplus/(deficit) for the period	-	3,699,802	3,699,802
Funds received during the year	-	-	-
Transfers	5,950,000	-	5,950,000
As at 30 June 2025	77,069,400	10,290,495	87,359,895

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

	Note	2024-2025	2023-2024
		Kshs.	Kshs.
Cash flows from operating activities			
Receipts			
Interest received	1	3,988,907	3,021,539
Other income		-	-
Total receipts		3,988,907	3,021,539
Payments			
Employee costs		-	-
Use of goods and services		-	-
Finance cost	2	289,105	374,676
Total payments		289,105	374,676
Net cash flow from operating activities		3,699,802	2,646,862
Cash flows from investing activities			
Purchase of PPE and intangible assets		-	-
Proceeds from sale of PPE		-	-
Proceeds from loan principal repayments		-	-
Loan disbursements paid out		-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Receipts into the mortgage revolving fund		89,610,093	106,499,400
Receipts into the car loan revolving fund		-	4,000,000
(Increase)/Decrease in Loan Receivable		(5,950,000)	(27,480,000)
Net cash flows used in financing activities		83,660,093	83,019,400
Net increase/(decrease) in cash and cash equivalents		(2,250,197)	(16,889,306)
Cash and cash equivalents at 1 July 2024	3	89,610,093	106,499,400
Cash and cash equivalents at 30 June 2025		87,359,895	89,610,093

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	A	b	C=(a+b)	d	e=(c-d)	F=d/c
Revenue						
Transfers from KIMC budget 2025	-	-	-	-	-	0%
Total Revenue	-	-	-	-	-	0%
Expenses						
Finance cost	-	-	-	-	-	0%
Expenditure	-	-	-	-	-	0%
Surplus for the period	-	-	-	-		

Notes: There was no budget allocation for Mortgage and Car loan in the year under review

18. Notes to the Financial Statements

1. General Information

Kenya Institute of Mass Communication Car loan & Mortgage is established by and derives its authority and accountability from the Legal Notice No. 197 of 2011. The Fund is wholly owned by the Government of Kenya and is domiciled in Kenya. The Fund's principal activity is to cater for the welfare of the staff.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Fund's accounting policies. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Fund*. The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

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

Standard	Effective date and impact:
IPSAS 43: Leases	<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.
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

Kenya Institute of Mass Communication Car loan/Mortgage fund
Annual Report and Financial Statements For the year ended 30th June 2025

	<p>IPSAS.</p> <p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47: Revenue	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48: Transfer Expenses	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49: Retirement Benefit Plans	<p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p>Applicable 1st January 2027</p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

4. Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Interest income

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

Dividends

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

Rental income

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

b. Budget information

The original budget for FY 2023-2024 was approved. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original

budget by the Fund upon receiving the respective approvals in order to conclude the final budget. The Fund's budget is prepared on a different basis from the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

c. Property, plant, and equipment (PPE)

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

d. Intangible assets

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

e. Investment property

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

f. Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

I. Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

II. Financial liabilities

Classification

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

g. Contingent liabilities

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

h. Contingent assets

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

i. Nature and purpose of reserves

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

j. Changes in accounting policies and estimates

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

k. Foreign currency transactions

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

l. Related parties

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

m. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call, and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

n. Comparative figures

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

o. Events after the reporting period

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

p. Ultimate and Holding Fund

The Fund is established under Section 24 (4) PFM Act under the Department of xxx/ State Corporation. Its ultimate parent is the Government of Kenya.

q. Currency

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

5. Significant judgments and sources of estimation uncertainty

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

a) Estimates and assumptions.

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

b) Useful lives and residual values

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

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

Notes to the Financial Statements

1. Interest income

Description	<i>2024-2025</i>	<i>2023-2024</i>
	Kshs.	Kshs.
Interest Income from Mortgage Loans	3,988,907.32	3,021,539.10
Total Interest Income	3,988,907.32	3,021,539.10

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1. Finance costs

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Bank Charges	289,105.06	374,676.82
Total	289,105.06	374,676.82

2. Cash and cash equivalents

Description	2024-2025	2023-2024
	Kshs.	Kshs.
KIMC Car Loan/ Mortgage Account	87,359,895.90	89,610,093
Total Cash and Cash equivalents	87,359,895.90	89,610,093

3. Receivables from exchange transactions

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Current Receivables		
Current Loan Repayments Due	33,430,000	27,480,000
Total Current Receivables	33,430,000	27,480,000
Total Receivables	33,430,000	27,480,000

4. Accumulated Investment

Description	2024-2025	2023-2024
	Kshs.	Kshs.
At beginning of the year	6,590,693.00	3,943,831
Surplus/Deficit	3,699,802.26	2,646,862
At end of the year	10,290,495.26	6,590,693

5. Initial Scheme Investment

Description	2024-2025	2023-2024
	Kshs	Kshs
At beginning of the year	110,499,400.00	106,499,400
Additions	-	4,000,000
At end of the year	110,499,400.00	110,499,400

7 . 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 Fund's management based on prior experience and their assessment of the current economic environment.

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

Description	Total amount Kshs.	Fully performing Kshs.
At 30 June 2025		
Receivables From Exchange Transactions-Car loans and mortgages	32,906,306.42	32,906,306.42
Bank Balances	87,359,895.90	87,359,895.90
Total	120,266,202.32	120,266,202.32

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

The 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 Fund's short, medium, and long-term funding and liquidity management requirements. The Fund manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the Fund under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

c) Market risk

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

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

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

d) Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

e) Capital risk management.

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

Description	2024-2025
	Kshs.
Revolving fund	77,069,400.64
Accumulated surplus (<i>Reserves</i>)	10,290,495.26
Total funds	87,359,895.90
Less: cash and bank balances	87,359,895.90
Net debt/(excess cash and cash equivalents)	-

12. Related party balances

a) Nature of related party relationships

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

- a) National government Fund
- b) Key management;
- c) Board of Trustees/Committee; etc.

13. Events after the Reporting Period

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

14. currency

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

15. Annexes

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.1	Low interest income earned from initial scheme investment	The management is currently in discussion with HFC	Not Resolved	November 2025
1.2	Lack of Enabling Regulations	In compliance to the SRC Circular Ref No SRC/ADM/CIR/1/13 Vol.III (128) of 17 th December 2014 paragraph 3 on Implementation and Administration of Benefits, the Institute prepared appropriate Regulations to guide the implementation of the Scheme benefits.	Resolved	
1.3	Lack of approved risk management policy	The Management has developed a Fund Risk Management policy	Resolved	



PETER WAKOLI

DIRECTOR/ CHIEF EXECUTIVE OFFICER

KENYA INSTITUTE OF MASS COMMUNICATION

Date.....17/11/2025



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