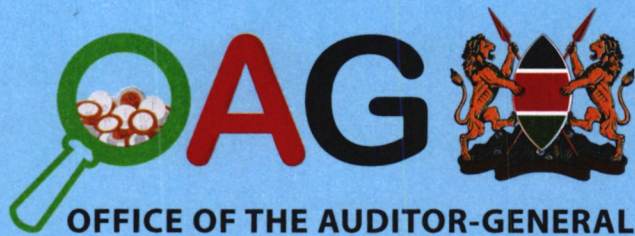


REPUBLIC OF KENYA



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Deputy leader, majority party

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THE AUDITOR-GENERAL

ON

**KENYA NATIONAL COMMISSION ON
HUMAN RIGHTS CAR AND MORTGAGE
LOAN SCHEME**

**FOR THE YEAR ENDED
30 JUNE, 2023**

OFFICE OF THE AUDITOR GENERAL
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KENYA NATIONAL COMMISSION ON HUMAN RIGHTS CAR AND MORTGAGE LOAN SCHEME

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2023

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

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1. Abbreviations, Acronyms and Glossary of Terms

A. Abbreviations And Acronyms

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

B. Glossary of Terms

Fiduciary management- Members of management entrusted directly with the responsibility and trust for the organisation financial resources.

2. Key Fund information and management

a) Background information

- b) The Kenya National Commission on Human Rights (KNCHR) is an independent institution under Article 59 of the Constitution of Kenya 2010 and established through an Act of Parliament (the Kenya National Commission on Human Rights Act 2011) and in line with the United Nations Paris Principles. It is mandated to further the protection and promotion of human rights in Kenya, acting as a watchdog over the Government in the area of human rights, and the provision of leadership in moving the country towards a human rights state.
- c) The Fund is established and derives its authority and accountability from the Salaries and Remuneration Commission circular no. SRC/ADM/CIR/1/13Vol. III (128) dated 17th December 2014, the KNCHR operationalized a car loan and mortgage scheme through internal guidelines approved by the board in 2015. An internal Committee was thereafter to oversee the operationalization and implementation of the scheme.
- d) The Fund is wholly owned by the Kenya National Commission on Human Rights and is domiciled in Kenya.

e) Principal Activities

The principal mandate of the Fund is to motivate the KNCHR staff by facilitating access to low interest credit facilities to own cars and houses.

At the onset of operationalizing the KNCHR mortgage and car loan scheme in 2016, negotiations with different financial institutions and participation of staff were held which culminated to entering into a Memorandum of Understanding between the KNCHR and KCB for management of both the car loan and mortgage scheme.

The Fund is therefore administered by the Kenya Commercial Bank that manages the funds and disbursement of funds to the applicants.

Internally, there is the car loan and mortgage committee charged with the responsibility of processing loans from applicants in accordance with laid down approved regulations. The Mortgage and Car Loan Committee offer advisory services to the Secretary to the Commission.

However, the Secretary to the Commission is the overall approver for Mortgage and Car Loan scheme for staff. He also engages with the National Treasury for funding issues.

f) Board of Fund Administration Committee

SN	Position	Name
1	Chairperson	Anne Mary Okutoyi
2	Other trustees/Committee Members	Elijah Kandie David Morema Kasaine Saibulu Rosemary Kirui Joseph Mwanduka Catherine Mwikali-Secretary
3	Fund Manager/ Administrator	Dr. Bernard Mogesa

Key Fund and Information Management (Continued)

g) Key Management

SN	Position	Name
1	Fund Manager/ Administrator	Dr. Bernard Mogesa
2	Fund Accountant	Joseph Mwanduka

h) Fiduciary Oversight Arrangements

SN	Position	Name
1	Directorate Internal Audit	Charles Kai
2	Staff Mortgage and car Loan Advisory Committee	Roseline Odede-Chairperson Dr. Raymond Nyeris-V.Chairperson Prof.Marion Mutugi - Commissioners Dr.Dennis Wamalwa-Commissioner Hon. Sarah Bonaya- Commissioner

i) Registered Offices

P.O. Box 74359-00200
CVS Plaza, Lenana Road
Nairobi, KENYA

j) Fund Contacts

Telephone: (254) (020) 3969000, 0721245948

E-mail: info@haki.org

Website: www.knchr.org

k) Fund Bankers

1. Kenya Commercial Bank

Hurlingham

Nairobi, Kenya,

Account Numbers:

1206077581 Mortgage

1206077107 Car Loan

Key Fund and Information Management (Continued)



l) Independent Auditor

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

m) Principal Legal Adviser

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

3. The Board of Fund Administration Committee

Name	Details of qualifications and experience
<p>1. Committee Member 1- Ann Mary Okutoyi</p> 	<p>Mrs Anne Okutoyi is an advocate of the High Court of Kenya with over 16 years of experience in human rights. She is a certified International Criminal Investigator, a certified SGBV Advisor in the Justice Rapid Response and UN Women expert roster, and a certified professional mediator. Anne is currently pursuing her doctor of philosophy degree in human rights from the University of Nairobi. She is a holder of a Master’s degree in Human Rights from the University of Nairobi, an LLB degree from Moi University and a post graduate diploma from the Kenya School of Law.</p> <p>Anne is currently a Director at the Kenya National Commission on Human Rights (KNCHR) heading its Research, Advocacy and Outreach directorate.</p>
<p>2. Committee Member 2- Elijah Kandie Rottok</p> 	<p>Elijah was appointed member in the year 2018, He has a Master of Laws (LL.M) University of Nairobi, Dip Kenya School of Law (Dip KSL) and Bachelor of Laws Degree (LL.B) Moi University. He has 10 years’ experience in the Human Rights sector.</p> <p>He is a Committee Member of the KNCHR Staff Car Loan and Mortgages Scheme.</p>

4. Committee Member 3 - David Morema





David was appointed as a member to the committee in the year 2018. David holds a bachelor's degree in Purchasing and Supplies Management (JKUAT) and CIPS-UK graduate Diploma. David is currently pursuing an Advanced Diploma in Customs Administration at KESRA. David has also registered for a Masters course in Business Intelligence and Data Analytics at St. Mary's University MN. David is a pragmatic and result oriented professional with over 10 years' experience in matters that pertains to supply chain management.

3. Committee Member 4-Catherine Mwikali Kiiva-George





Mrs Catherine Mwikali Kiiva –George is a certified Human Resources Professional (CHRP) and a Certified Mediator with over 18 years in organizational development, Human Resources and administration. She is a holder of a Master of Science Degree in Management and Organizational Development from the United States International University (USIU), Kenya and a Bachelor of Arts Degree in Anthropology from the University of Nairobi. She also holds a Higher Diploma in Human Resources Management from the Kenya Institute of Management – Nairobi and a certificate in Strategic Leadership Development Programme from the Kenya School of Government. Currently, she is the Deputy Director/Head of Human Resources & Administration.

<p>4. Committee Member 5- Kasaine Saibulu</p> 	<p>Kasaine Saibulu Diploma in Security management Join the fund management in 2018 Position: Assistant officer Member of mortgage and car loan committee Member of Sacco credit committee</p>
<p>5. Committee Member 6- Rosemary Kirui</p> 	<p>Rosemary Kirui was employed by KNCHR in August 2015 as a Legal Officer. She was born in 1988. She holds a Bachelor of Laws and a Diploma from Kenya School of Law.</p>
<p>6. Committee Member 7- Joseph Mwanduka</p> 	<p>Joseph was appointed member in the year 2018, He is a Senior Accountant working with Kenya National Commission of Human Rights. He has a Bachelor of Commerce- Finance Option from The University of Nairobi, He has over 30 years' experience in the accounting field having worked in various organization in different capacities. He is a Committee Member of the KNCHR Staff Car Loan and Mortgages Scheme.</p>

*Kenya National Commission on Human Rights Car and Mortgage Loan Scheme
Annual Report and Financial Statements For the year ended 30th June 2023*

The Fund does not have Trustees as it is still young and managed by Kenya Commercial Bank under the watch of a committee appointed by the host institution –Kenya National Commission on Human Rights (KNCHR).

4. Management Team

Name	Details of qualifications and experience
<p>1. Fund administrator- Dr. Bernard Mogesa</p> 	<p>Dr. Bernard Mogesa became the Chief Executive Officer of KNCHR in 2018. He has over twenty years' work experience. He became the KNCHR Car and Mortgage Loan Scheme Fund Administrator in 2018.</p> <p>He is a holder doctorate degree. He is also a Certified Public Mediator.</p>
<p>2. Chair of the Mortgage and Loan Committee- Ann Marie Okutoyi</p> 	<p>Mrs Anne Okutoyi is an advocate of the High Court of Kenya with over 16 years of experience in human rights. She is a certified International Criminal Investigator, a certified SGBV Advisor in the Justice Rapid Response and UN Women expert roster, and a certified professional mediator. Anne is currently pursuing her doctor of philosophy degree in human rights from the University of Nairobi. She is a holder of a Master's degree in Human Rights from the University of Nairobi, an LLB degree from Moi University and a post graduate diploma from the Kenya School of Law.</p> <p>Anne is currently a Director at the Kenya National Commission on Human Rights (KNCHR) heading its Research, Advocacy and Outreach directorate.</p>
<p>3. Fund Accountant- Joseph Mwanduka</p>	<p>There was no designated Fund Accountant. However, The KNCHR Accountant assisted.</p>



Joseph Mwanduka was appointed member in the year 2018, He is a Senior Accountant working with Kenya National Commission of Human Rights. He has a Bachelor of Commerce-Finance Option from The University of Nairobi, He has over 30 years' experience in the accounting field having worked in various organization in different capacities. He is a Committee Member of the KNCHR Staff Car Loan and Mortgages Scheme.

The Fund does not have a management team of its own but uses a Committee appointed by the host institution-Kenya National Commission on Human Rights (KNCHR).

5. Chairman's Report

The KNCHR mortgage and car loan scheme was operationalized in 2016 and is managed by an internal committee appointed by the Commission Secretary and Commissioners. The external administration of the scheme is by the Kenya Commercial Bank which manages the scheme accounts and processes the individual applications from members of staff.

For the fourth time since its inception, the car loan and mortgage schemes received zero budgetary allocation in the financial year 2022/2023. The scheme has had to rely purely on the revolving funds arising from the repayments of existing loans to facilitate new applications. As a result, this has seen very low numbers of staff out of the total staff establishment access and enjoy the benefits of the schemes as the amounts from the revolving fund are not sufficient to meet the demands of staff who are interested in the schemes. From inception to date, only 28 out of 121 staff have benefitted from the scheme translating to 23.14% of total KNCHR staff which is extremely low to meet the objectives of the scheme as pertains boosting the staff morale and welfare.

Several challenges have been recorded during the implementation of the two schemes in the period under review. The main challenge has been the lack of adequate financial resources to facilitate staff interested in the facilities. This being a key component of staff retention and motivation needs to be urgently addressed to enable the scheme to remain operational.

The other challenge especially with the mortgage facilities has been the long and tedious conveyancing processes where delays in key processes such as those at the lands' registries have incapacitated the finalization of applications at the bank.

Moving forward, there is an urgent need to allocate resources to both the car loan and mortgage accounts as this will go a long way in staff retention and enhancing the morale and welfare of the staff at the Kenya National Commission on Human Rights.



Ann Okutoyi
Chairperson, Scheme Fund Committee

6. Report Of the Fund Manager/ Administrator

I am pleased to present the financial statements for the year ending 30th June 2023, in compliance with Section 84 (2) of the Public Finance Management Act, 2012. The objective of the Kenya National Commission on Human Rights car and mortgage loan scheme is to motivate its staff by facilitating access to low interest credit facilities to own residential homes and acquire vehicles to facilitate their transport to work.

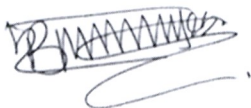
The Commission has engaged the Kenya Commercial Bank to manage the Fund. In the Financial Year 2022/23, one staff member got loan approved to purchase a residential house for Kshs. 9,000,000 which was issued. Additionally, two staff members have received car loans totalling Kshs. 2,900,000.

It is worthwhile to note that since inception, fifteen staff members have applied for staff mortgage out of which 12 members have been facilitated. So far, a total of Kshs.70,328,013 has been disbursed as at 30th June 2023 for houses. A total of Kshs.18,972,100 has been disbursed to 13 staff members for car loan. It is encouraging to note that the beneficiaries of the scheme have continued to service their loans as scheduled, as contained in the financial statements.

In administering the Fund, the Commission maintained adequate financial management controls to ensure compliance, transparency and accountability. The measures were aimed at making sure that the funds are utilized prudently and included maintenance of proper accounting records. Further, the financial Statements have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) and represents a true and fair view of the state of affairs of the Fund for the period under review.

As the Accounting Officer and Fund Administrator, I confirm the completeness of the accounting records maintained for the Fund, which have been relied upon, in the preparation of the financial statements.

Finally, I confirm that in preparing the financial statements, I have assessed the Fund's ability to continue as a going concern and nothing has come to my attention to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.



Dr. Bernard Mogesa

KNCHR Fund Administrator

7. Statement of Performance Against Predetermined Objectives

Guidance

Introduction

The Kenya National Commission on Human Rights' fund performance against predetermined objectives is as detailed below:

Program	Objective	Outcome	Indicator	Performance
KNCHR Staff Car Loan Scheme	Provide loan scheme for purchase of Motor vehicle	Strengthened Welfare of KNCHR Employees	No. of Staff benefited from Car loan Scheme	2 staff members benefited in the FY 2022/23
KNCHR Staff Mortgage Scheme	Provide loan scheme for purchase or development of property	Strengthened Welfare of KNCHR Employees	No. of Staff benefited from Mortgage Scheme	1 staff member benefited in the FY 2022/23

8. Corporate Governance Statement

The KNCHR mortgage and car loan scheme is governed by the internal policy approved by the board in 2015 that sets out the overarching guiding principles and frameworks for the operations. These include stipulating the eligibility criteria of staff, processing of applications, roles, and responsibilities of the key players in the process

The policies set out an elaborate governance structure that gives the necessary check and balances. The policy provides for a Staff Loans Committee composed of 7 members with a quorum of 5 members which shall be constituted by the Commissioners. Membership of the Committee shall be representative of all levels and will be headed by a Chair appointed by the Commissioners.

For the purpose of administration and supervision of the Staff Mortgage Loans Schemes, the Deputy Director of Human Resources sits as secretary to the Committee.

The Current Membership of the Staff Loans Committee is as illustrated on the below table:

Ref	Name	Position
1	Anne Mary Okutoyi	Chairperson
2	David Morema	Member
3	Elijah Rottok	Member
4	Kasaine Saibulu	Member
5	Rosemary Kirui	Member
6	Joseph Mwanduka	Member
7	Catherine Mwikali	Secretary

The Roles and Functions of the Staff Loans Committee are as follows:

- (a) Vet all loans applications and advice the Commission Secretary. In determining the criteria for loans approval, the committee will consider the following;
 - (i) Terms of service
 - (ii) Period of service remaining
 - (iii) Pending disciplinary cases (suspension or interdiction)
 - (iv) Period of employment with KNCHR
 - (v) Waiting period
 - (vi) Ability to repay.

(b) Approve or decline loan application and make recommendations to the Commission Secretary.

(c) Advise Finance during budgeting based on the trend of the previous year.

Approvals of loan applications are done at two levels, by the staff loan committee and the Financial Institution upon appraisal. Appeals and representations of compelling nature may be presented to the Staff Loans Committee.

The Human Resources Manager is bestowed the responsibility of managing and facilitating the issuance of staff mortgage loans. She also serves as the Secretariat to the Staff Loans Committee. The Finance Manager as well has key obligations under the policy including preparing budgets, following up with the Treasury and ensuring funds are remitted to the Financial Institution, managing the funds on behalf of the Commission in conjunction with the Human Resource Manager and advising the Staff Loan Committee on funds balances. In addition, the Internal Auditor also plays a key role in ensuring compliance with the laid down rules and regulations.

The Staff Loans Committee is advisory and the overall approval and accountability lie with the Commission Secretary who is the accounting holder of all funds of the Kenya National Commission on Human Rights. The Commissioners play a general oversight of the scheme.

The process of vetting and approval of applications by the staff loan committee entails deliberations that are minutes and recommendations issued to the Commission Secretary. In the period under review, the following is a log of Staff committee meetings held and the attendance:

Date Of Meeting	Attendance
4 th of August 2022	<ol style="list-style-type: none">1. Anne Mary Okutoyi -Chairing2. Catherine Mwikali3. Kasaine Saibulu4. Joseph Mwanduka5. Elijah Rottok
14 th of November 2022	<ol style="list-style-type: none">1. Anne Mary Okutoyi – Chairing2. Catherine Mwikali3. David Morema4. Rosemary Kirui5. Elijah Rottok
28 th November 2022	<ol style="list-style-type: none">1. Anne Mary Okutoyi – Chairing2. Catherine Mwikali

	<ol style="list-style-type: none">3. David Morema4. Rosemary Kirui5. Kasaine Saibulu6. Elijah Rottok
3 rd of May 2023	<ol style="list-style-type: none">1. Anne Mary Okutoyi – Chairing2. Catherine Mwikali3. David Morema4. Joseph Mwanduka5. Kasaine Saibulu6. Elijah Rottok
12 th of June 2023	<ol style="list-style-type: none">1. Anne Mary Okutoyi – Chairing2. Catherine Mwikali3. David Morema4. Kasaine Saibulu5. Elijah Rottok

The Staff Committee is guided by the Institutional service charter as well as the Human Resource Manual on its conduct and guiding values including declaration of conflict of interest at every meeting and deliberation. The KNCHR Mortgage and Car loan scheme is included in the induction training of all new staff. In terms of remuneration the members currently operate on a pro-bono basis. Based on the amount and nature of work that the Committee carries out in addition to their day-to-day tasks, it is highly recommended that remuneration be considered for the Members.

9. Management Discussion and Analysis

During the Financial year 2022/2023, the KNCHR Car and Mortgage scheme was not given any financial allocation. The scheme, therefore, operated on the available balances in the revolving accounts to facilitate applications.

In the period under review, the internal committee facilitated staff to benefit from the scheme as follows: 2 staff applications to the mortgage scheme totalling Kshs. 19,000,000 were processed and approved. One of these applications has already been facilitated with disbursement while the other is pending disbursement. With regards to the car loan scheme, the committee processed and approved 2 staff applications totalling Kshs. 2,900,000 and in which both amounts have been disbursed to the applicants.

The total number therefore of staff members that have been facilitated from the inception of the scheme to 30th June 2022 is as follows; 13 applications for car loan to the tune of Kenya Shillings 18,972,100 were approved and processed by the bank and all the applicants are currently servicing their respective facilities. With regards to the mortgage scheme, 15 applications totalling to Kenya Shillings 86,078,013 have been approved, out of which 12 staff members are currently servicing their mortgage facilities while 3 applications of the conveyancing formalities pending disbursements.

10. Environmental And Sustainability Reporting

The Kenya National Commission on Human Rights is committed to sustainable development (meeting the needs of the present without compromising the ability of future generations to meet their own needs) as a guiding principle within its work. Concern for the environment is an integral and fundamental part of this commitment. KNCHR aim is to reduce any negative impact on the environment borne out of our operations. Our mandate as the flagship national human rights institution and having base in the regions to serve clusters of Counties, KNCHR assesses the environmental impacts of its operations and set objectives and targets in order to improve environmental performance. The Commission:

- Promotes and encourages involvement of local communities in environmental initiatives/schemes and specifically on areas targeting business and human rights. The Commission, in liaison with other stakeholders has developed a national action plan on business and human rights;
- Promotes responsibility for the environment within the organization and communicates and implements the environmental policy at all levels within the workforce;
- Reduces the use of energy, water and other resources in its work stations;
- Comply with all relevant environmental legislations and regulations as established by NEMA; and
- Identifies and provides appropriate training, advice and information for staff and encourage them to develop new ideas and initiatives.

Community Engagements

As the body charged with the protection and promotion of human rights in Kenya, the Commission has implemented its role of protection and promotion of the rights through various initiatives as follows:

- (a) Processed and investigated complaints on human rights violations against Human Rights Defenders at the grassroots;
- (b) Collaborating with the Witness Protection Agency and Defenders Coalition-the National Coalition of Human Rights Defenders to provide safe houses for witnesses of human rights cases;
- (c) Support to Human Rights Defenders in conflict with the law through representation and

- watching brief by our lawyers on pro bono basis;
- (d) Free training of magistrates and judicial officers on rights of Human Rights Defenders;
 - (e) Review of bills and policies to check on their compliance with national and international human right standards and issuing advisories to the county assemblies and both Senate and the National Assembly;
 - (f) Partnerships and dialogue with relevant bodies such as the Council of Governors, County Assemblies Forum, parliamentary caucuses such as the Kenya Parliamentary Human Rights Association (KEPHRA) and the Parliamentary Caucus on Business and Sustainable Development Goals.
 - (g) Lobbying for enactment/ amendment of legislation or policy on a certain human rights concern or matter of public interest. For instance, the Commission took an active part in advocating for the passage of the Prevention of Torture Act and the National Coroners Service Act through the Kenya Parliamentary Human Rights Caucus.
 - (h) Convening and facilitating stakeholders' engagements to elicit views on particular proposed legislation or policy and encouraging their participation in the public participation processes. For example, the Commission has on various occasions convened disabled persons organizations to discuss the recent proposed amendments to the Persons with Disabilities Act, 2003 and the Mental Health Act and present joint memoranda on key issues.
 - (i) Sensitization and capacity building on implications of certain government policies and legislative proposals
 - (j) Direct engagement with the House Committees and sponsors of Bills on salient issues
 - (k) Working closely with various actors such as the Office of the Attorney General and Department of Justice; direct engagements with Parliamentary and Senate Committees and the relevant line Ministries.
 - (l) The Commission has carried out a study on Alternative Justice Systems.
 - (m) The Commission developed a national Action Plan on Business and Human Rights
 - (n) KNCHR developed County Action Plans and Indicators for the realization of the rights to Water and Sanitation for the Northern Counties of Marsabit and Garissa.

The Commission also engages with communities through membership in various human rights and social justice working groups such as; Referral Partners Network Working Group; Penal Reforms Working Group; Death Penalty Working Group, Judicial Reforms Working Group;

Kenya Transitional Justice Network Working Group; Police Reforms Working Group; Human Rights Defenders Working Group; Protection Working Group on Internal Displacement (PWGID) and Intersex Person's Implementation Coordination Committee amongst others.

11. Report of The Fund Administration Committee

The Fund Administration Committee submit their report together with the audited financial statements for the year ended 30th June, 2023, which show the state of the Fund's affairs.

Principal activities

The principal activities of the Fund are to motivate the KNCHR staff by facilitating access to low interest credit facilities to own houses and cars.

Performance

The performance of the Fund for the year ended June 30, 2023, is set out on page 1 to 6


Fund Administrative Committee

The members of the Board of *Fund Administration Committee* who served during the year are shown on page iv.

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



.....

Ann Mary Okutoyi

Chair of the Board/ Fund Administration Committee

12. Statement of Management's Responsibilities

The Administrator of the Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2023. 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 give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2023, and of the Fund's financial position as at that date.

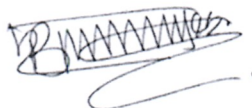
The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

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

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


Approval of the financial statements

The Fund's financial statements were approved by the Fund Administrative Committee on 29th August 2023 and signed on its behalf by:



Dr. Bernard Mogesa

Commission Secretary



Anne Okutoyi

Chairperson, Scheme Fund Committee



John Wamwanga

Finance Manager

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON KENYA NATIONAL COMMISSION ON HUMAN RIGHTS CAR AND MORTGAGE LOAN SCHEME FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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 National Commission on Human Rights Car and Mortgage Loan Scheme as set out on pages 1 to 36, which

Report of the Auditor-General on Kenya National Commission on Human Rights Car and Mortgage Loan Scheme for the year ended 30 June, 2023

comprise of the statement of financial position as at 30 June, 2023 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a 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 the Kenya National Commission on Human Rights Car and Mortgage Loan Scheme as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and Kenya National Commission on Human Rights Car and Mortgage Loan Scheme Fund Regulations, 2015.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya National Commission on Human Rights Car and Mortgage Loan Scheme Management in accordance with ISSAI 130 on 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 judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in 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

Irregular Payment of Loan Administrative Cost

The statement of financial performance and as disclosed in Note 7 to the financial statements reflects interest income of Kshs.1,681,426. Included in this amount is interest income on car loans of Kshs.325,337 being interest on car loans at the rate of 4% per annum. However, the rate charged is 1% higher than the rate stipulated in Regulation

207(1)(d) of the Public Finance Management (National Government) Regulations, 2015 which provides that the administration costs of the Fund shall be a maximum of three (3%) percent of the approved budgets of the Fund.

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

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs) 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, 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, 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

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 processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control 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 Scheme's ability to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Scheme or to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are

in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. 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 and weakness 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 addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, 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 accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control 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 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Scheme's policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Scheme to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Scheme to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

20 December, 2023

14. Statement of Financial Performance for the year ended 30th June 2023.

	Note	FY 2022/2023	FY2021/2022
		Kshs.	Kshs.
Revenue from non-exchange transactions			
Transfers from Parent Ministry/ SC/SAGA	6	-	-
		-	-
Revenue from exchange transactions			
Interest income	7	1,681,426	1,731,200
Other income	8	-	-
		1,681,426	1,731,200
Total revenue		1,681,426	1,731,200
Expenses			
Employee costs	9	-	-
Use of goods and services	10	1,185	1,065
Depreciation and amortization expense	11	-	-
Finance costs	12	1,513,572	1,623,601
Total expenses		1,514,757	1,624,666
Other gains/losses			
Gain/loss on disposal of assets	13	-	-
Gain /Loss on fair value of investments	14	-	-
Surplus/(deficit) before tax		166,669	106,534
Taxation	15	(-)	(-)
Surplus/ (Deficit) after Tax		166,669	106,534

The financial statements were approved on 29th August 2023 and signed by:



Dr. Bernard Mogesa

Fund Administrator



Anne Okutoyi

Chairperson of the Board/Fund



John Wamwanga

**Fund Accountant
ICPAK M/No 2872**

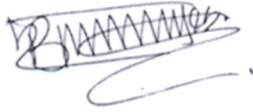
15. Statement of Financial Position as at 30th June 2023

	Note	FY 2022/2023	FY2021/2022
		Kshs.	Kshs.
Assets			
Current assets			
Cash and cash equivalents	16	22,835,698	19,323,420
Receivables from exchange transactions	17	6,841,182	6,963,513
Receivables from Non- exchange transactions	18	-	-
Prepayments	19	-	-
Inventory	20	-	-
Investments in Financial Assets	21	-	-
Total Current Assets		29,676,880	26,286,933
Non-current assets			
Receivables from exchange transactions	17	43,958,305	44,791,583
Property, plant, and equipment	22	-	-
Intangible assets	23	-	-
Investment Property	24	-	-
Total Non-Current Assets		43,958,305	44,791,583
Total assets		73,635,185	73,468,516
Liabilities			
Trade and other payables	25	-	-
Borrowings	26	-	-
Total Current Liabilities		-	-
Non- current liabilities			
Borrowings	26	-	-
Total non- current liabilities		-	-
Total liabilities		-	-
Net assets			
Car loan revolving fund		14,000,000	14,000,000
Mortgage revolving fund		56,940,825	56,940,825
Accumulated surplus (<i>Reserves</i>)		2,694,360	2,527,691
Total net assets and liabilities		73,635,185	73,468,516

*Kenya National Commission on Human Rights Car and Mortgage Loan Scheme
Annual Report and Financial Statements For the year ended 30th June 2023*

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 29th August 2023 and signed by:



Dr. Bernard Mogesa

Fund Administrator



Anne Okutoyi

Chairperson of the Board/Fund



John Wamwanga

**Fund Accountant
ICPAK M/No 2872**

16. Statement of Changes in Net Assets for the year ended 30th June 2023

	Mortgage Fund	Car Loan Fund	Accumulated surplus	Total
	Kshs.	Kshs.	Kshs.	Kshs.
As at 1 July 2021	56,828,013	14,112,812	2,421,159	73,361,984
Surplus/(deficit) for the period	-	-	-	-
Funds received during the year	-	-	-	-
Interest capitalized*	-	-	106,534	106,534
Transfers	-	-	-	-
As at 30 June 2022	56,828,013	14,112,812	2,527,693	73,468,518
Balance as at 1 July 2022	56,828,013	14,112,812	2,527,691	73,468,516
Surplus/(deficit) for the period	-	-	-	-
Prior year adjustments	112,812	(112,812)	-	-
Funds received during the year	-	-	-	-
Interest capitalized*	-	-	166,669	166,669
Transfers	-	-	-	-
As at 30 June 2023	56,940,825	14,000,000	2,694,360	73,635,185

17. Statement of Cash Flows for the year ended 30th June 2023

	Note	FY 2022/2023	FY2021/2022
		Kshs.	Kshs.
Cash flows from operating activities			
Receipts			
Transfers from Parent Ministry/ SC/SAGA		-	-
Interest received	7	1,681,426	1,731,200
Other income		-	-
Undrawn Fund Cancelled (Barasa Kiptoo)		2,390,000	-
Total receipts		4,071,426	1,731,200
Payments			
Employee costs		-	-
Loans Disbursed		11,900,000	4,218,010
Finance cost	10 & 12	1,514,757	1,624,666
Total payments		13,414,757	5,842,676
Net cash flow from operating activities	27	(9,343,331)	(4,111,476)
Cash flows from investing activities			
Purchase of PPE and intangible assets		-	-
Proceeds from sale of PPE		-	-
Proceeds from loan principal repayments		12,855,606	6,963,510
Loan disbursements paid out			
Net cash flows used in investing activities		12,855,606	6,963,510
Cash flows from financing activities			
Receipts into the mortgage revolving fund			
Receipts into the car loan revolving fund		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		3,512,275	2,852,032
Cash and cash equivalents at 1 July 2022	16	19,323,420	16,471,388
Cash and cash equivalents at 30 June 2023	16	22,835,698	19,323,420

18. Statement of Comparison of Budget and Actual amounts for the year ended 30th June 2023

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs. A	Kshs. b	Kshs. C=(a+b)	Kshs. d	Kshs. e=(c-d)	F=d/c
Revenue						
Transfers from other Parent Ministry/ SC/SAGA	-	-	-	-	-	-
Interest income	1,681,426	-	1,681,426	1,681,426	-	100%
Other income	-	-	-	-	-	-
Total Revenue	1,681,426	-	1,681,426	1,681,426	-	100%
Expenses						
Employee cost	-	-	-	-	-	-
Use of goods and services	1,185	-	1,185	1,185	-	100%
Finance cost	1,513,572	-	1,513,572	1,513,572	-	100%
Expenditure	1,514,757	-	1,514,757	1,514,757	-	100%
Surplus for the period	166,669	-	166,669	166,669	-	100%
Capital Expenditure	-	-	-	-	-	-

19. Notes to the Financial Statements

1. General Information

Car and Mortgage Fund is established by and derives its authority and accountability from Public Finance Management Act. The Fund is wholly owned by the Government of Kenya and is domiciled in Kenya. The Fund's principal activity is to issue car loan and mortgage to staff of Kenya National Commission on Human Rights.

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 areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note xx. 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 30th June 2023.*

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity.</p>

Standard	Effective date and impact:
	<p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>

ii. ***New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.***

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>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:</p> <p>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.</p>

iii. ***Early adoption of standards***

The Entity did not early – adopt any new or amended standards in the financial year 2022/2023.

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.

Significant Accounting Policies (Continued)

b. Budget information

The original budget for FY 2022/23 was approved on 1st July 2022. 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. Accordingly, the Fund recorded additional appropriations of 1 July 2023 of the FY 2022/2023 budget following the governing body's approval. 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. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts as per the statement of financial performance has been presented under page six of these financial statements.

c. Property, plant, and equipment (PPE)

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

Significant Accounting Policies (Continued)

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. 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.

Significant Accounting Policies (Continued)

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.

Significant Accounting Policies (Continued)

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.

Significant Accounting Policies (Continued)

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. The Commission maintain revenue and specific reserves which cannot be used to pay for current expenses.

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.

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. Related parties

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

m. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call, and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at Kenya commercial banks at the end of the financial year.

n. Comparative figures

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

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 Kenya National Commission on Human Rights. Its ultimate parent is the Government of Kenya.

q. Currency

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

Significant Accounting Policies (Continued)

4. 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 values of assets are assessed using the following indicators to inform potential future use and value from disposal:

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

Notes to the Financial Statements

6. Transfers from the Parent Ministry/SC/SAGA

Description	FY2022/2023	FY2021/2022
	Kshs.	Kshs.
Transfers from Government entities	-	-
Payments by Government entity on behalf of the Fund	-	-
Unconditional Development grants	-	-
Total	-	-

6(b) Transfers from the Parent Ministry/SC/SAGA

	Kshs	Kshs	Kshs	Kshs
Transfers from the Parent Ministry/SC/SAGA	-	-	-	-
Total	-	-	-	-

7. Interest income

Description	FY 2022/2023	FY 2021/2022
	Kshs.	Kshs.
Interest Income from Mortgage Loans	1,188,232	1,391,520
Interest Income from Car Loans	325,337	232,081
Interest Income from Investments in financial assets	-	-
Interest Income on Bank Deposits	167,857	107,599
Other	-	-
Total Interest Income	1,681,426	1,731,200

Notes to the financial statements (continued)

8. Other income

Description	FY2022/2023	FY2021/2022
	Kshs.	Kshs.
Insurance recoveries	-	-
Income from Sale of Tender documents	-	-
Bad debts recovered	-	-
Miscellaneous income	-	-
Total Other income	-	-

9. Employee Costs

Description	FY2022/2023	FY2021/2022
	Kshs.	Kshs.
Salaries and Wages	-	-
Staff Gratuity	-	-
Staff Training expenses	-	-
Social Security Contribution	-	-
Other	-	-
Total	-	-

10. Use of Goods and Services

Description	FY2022/2023	FY2021/2022
	Kshs.	Kshs.
Loan processing costs	-	-
General office expenses	-	-
Professional services costs	-	-
Administration fees	-	-
Committee allowances	-	-
Printing and Stationery	-	-
Telephone a communication expense	-	-
Bank charges	1,185	1,065
Audit fees	-	-
Provision for Doubtful Debts	-	-
Other	-	-
Total	1,185	1,065

Notes to the Financial Statements (continued)

11. Depreciation and Amortization Expense

Description	FY2022/2023	FY2021/2022
	Kshs.	Kshs.
Property Plant and Equipment	-	-
Intangible assets	-	-
Total	-	-

12. Finance costs

Description	FY2022/2023	FY2021/2022
	Kshs.	Kshs.
Interest on Bank Overdrafts	-	-
Interest on Loans from Banks	1,513,572	1,623,601
Total	1,513,572	1,623,601

13. Gain/(loss) on disposal of assets

Description	FY2022/2023	FY2021/2022
	Kshs.	Kshs.
Property, Plant, and Equipment	-	-
Intangible Assets	-	-
Total	-	-

14. Gain/ (loss) on Fair Value Investments

Description	FY2022/2023	FY2021/2022
	Kshs	Kshs
Investments at Fair Value- Equity investments	-	-
Fair value – Investment property	-	-
Fair value- other financial assets	-	-
Total Gain	-	-

15. Taxation

Description	FY2022/2023	FY2021/2022
	Kshs.	Kshs.
Income tax charge	-	-
Tax Charged on Interest Income	-	-
Income Tax expense	-	-

Notes to the Financial Statements (continued)

16. Cash and cash equivalents

Description	FY2022/2023	FY2021/2022
	Kshs.	Kshs.
KNCHR Car Loan/ Mortgage Account	22,835,698	19,323,420
Fixed Deposits Account	-	-
On – Call Deposits	-	-
Current Account	-	-
Others	-	-
Total Cash and Cash equivalents	22,835,698	19,323,420

16 a) Detailed analysis of the cash and cash equivalents

Financial Institution	Account number	FY2022/2023	FY2021/2022
		Kshs.	Kshs.
Mortgage and Car Loan Fund			
KCB Account	1206077581	20,928,392	18,856,839
KCB Account	1206077107	1,907,306	466,581
Fixed Deposit Accounts			
KCB Account		-	-
Sub- Total		22,835,698	19,323,420
On- Call Deposits			
Bank Xxx		-	-
Sub- Total		-	-
Current Account			
Xx Commercial Bank		-	-
Bank B		-	-
Sub- Total		-	-
Others			
Cash On Hand		-	-
Mobile Money		-	-
Sub- Total		-	-
Grand Total		22,835,698	19,323,420

Notes to the Financial Statements (continued)

17. Receivables from exchange transactions

Description	FY2022/2023		FY2021/2022	
	Kshs.		Kshs.	
Current Receivables				
Interest Receivable		-		-
Current Loan Repayments Due		6,841,182		6,963,513
Other Exchange Debtors		-		-
Less: Impairment Allowance		(-)		(-)
Total Current Receivables		6,841,182		6,963,513
Non-Current Receivables				
Long Term Loan Repayments Due		43,958,305		44,791,583
Total Non- Current Receivables		-		-
Total Receivables		50,799,487		51,755,096
Ageing analysis (receivable from exchange transactions)	Current FY	%of total	Comparative FY	%of total
Less than 1 year	-	%	-	%
Between 1-2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

18. Receivables from Non-Exchange transactions

Description	FY2022/2023		FY2021/2022	
	Kshs.		Kshs.	
Transfers From Government Entities/SC		-		-
Transfer from Car and Management Fund		-		-
Total Receivables		-		-
Ageing analysis (receivable from non-exchange transactions)	Current FY	%of total	Comparative FY	%of total
Less than 1 year	-	%	-	%
Between 1-2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

Notes to the Financial Statements (continued)

19. Prepayments

Description	FY2022/2023	FY2021/2022
	Kshs.	Kshs.
Prepaid Rent	-	-
Prepaid Electricity Costs	-	-
Other Prepayments	-	-
Total	-	-

20. Inventory

Description	FY2022/2023	FY2021/2022
	Kshs.	Kshs.
Consumables	-	-
Other	-	-
Total	-	-

21. Investments in financial assets

Description	FY2022/2023	FY2021/2022
	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	-	-
Sub- total	-	-
Grand total	-	-

Notes to the Financial Statements (continued)

d. Movement of Equity Investments

	<i>FY2022/2023</i>	<i>FY2021/2022</i>
	(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 where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding		Current year	Prior year
	%	%	%	Kshs	Kshs	Kshs
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
	-	-	-	-	-	-

Notes to the Financial Statements (continued)

22. Property, Plant, and Equipment

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Capital Work in progress	Total
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Cost							
At 1st July 2021	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-
Disposals	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Transfers/adjustments	-	-	-	-	-	-	(-)
At 30th June 2022	-	-	-	-	-	-	-
At 1st July 2022	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-
Disposals	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Transfer/adjustments	-	-	-	-	-	-	-
At 30th June 2023	-	-	-	-	-	-	-
Depreciation and impairment							
At 1st July 2021	-	-	-	-	-	-	-
Depreciation for the year	-	-	-	-	-	-	-
Disposals	-	(-)	(-)	(-)	(-)	(-)	(-)
Impairment	-	(-)	(-)	(-)	(-)	(-)	(-)
At 30th June 2022	-	-	-	-	-	-	-
At July 2022	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-
Disposals	-	(-)	(-)	(-)	(-)	(-)	(-)
Impairment	-	(-)	(-)	(-)	(-)	(-)	(-)
Transfer/adjustment	-	-	-	-	-	-	-

*Kenya National Commission on Human Rights Car and Mortgage Loan Scheme
Annual Report and Financial Statements for the year ended 30th June 2023*

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Capital Work in progress	Total
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
At 30 th June 2023	-	-	-	-	-	-	-
Net book values							
At 30 th June 2022	-	-	-	-	-	-	-
At 30 th June 2023	-	-	-	-	-	-	-

Notes to the Financial Statements (continued)

23. Intangible assets

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Cost		
At beginning of the year	-	-
Additions	-	-
Disposal	(-)	(-)
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	-	-
Net book value	-	-

24. Investment Property

Description	2022/2023	2021/2022
	Kshs	Kshs
At beginning of the year	-	-
Additions	-	-
Disposal during the year	(-)	(-)
Depreciation	(-)	(-)
Impairment	(-)	(-)
Gain/(loss) in fair value	-	-
At end of the year	-	-

Kenya National Commission on Human Rights Car and Mortgage Loan Scheme
Annual Report and Financial Statements For the year ended 30th June 2023

Notes to the Financial Statements (continued)

25. Trade and other payables

Description	2022/2023		2021/2022	
	Kshs.		Kshs.	
Trade payables	-		-	
Other payables	-		-	
Total trade and other payables	-		-	
Ageing analysis: (Trade and other payables)	2022/2023	% of total	2021/2022	% of total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

26. Borrowings

	2022/2023	2021/2022
Borrowings	Kshs	Kshs
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Loans from other government institutions	-	-
Other loans	-	-
Total Balance at End Of The Year	-	-

Description	2022/2023		2021/2022	
	Kshs		Kshs	
Short Term Borrowings (Current Portion)	-		-	
Long Term Borrowings	-		-	
Total	-		-	

Notes to the Financial Statements (continued)

27. Net cash flows from operating activities

Description	FY2022/2023	FY2021/2022
	Kshs.	Kshs.
Surplus/ (deficit) for the year before tax	-	-
Adjusted for:		
Depreciation	-	-
Amortisation	-	-
Gains/ losses on disposal of assets	(-)	(-)
Interest income	(1,681,426)	(1,731,198)
Finance cost	1,514,757	1,624,666
Undrawn Fund Cancelled	(2,390,000)	-
Working capital adjustments		
Increase in inventory	(-)	(-)
Increase in receivables	-	-
Increase in payables	-	-
Loan disbursement	(11,900,000)	(4,218,802)
Net cash flow from operating activities	(9,343,331)	(4,112,270)

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:

Notes to the Financial Statements (continued)

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.	Past due Kshs.	Impaired Kshs.
At 30 June 2022				
Receivables From Exchange Transactions- Car loans and mortgages	-	-	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	-	-	-	-
Total	-	-	-	-
At 30 June 2023				
Receivables From Exchange Transactions- Car loans and mortgages	-	-	-	-
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 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.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs.	Kshs.	Kshs.	Kshs.
At 30 June 2022				
Trade Payables	-	-	-	-
Total	-	-	-	-
At 30 June 2023				
Trade Payables	-	-	-	-
Total	-	-	-	-

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 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 and for the day-to-day implementation of those policies.

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

d) Interest rate risk

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

Management of interest rate risk

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

Notes to the Financial Statements (continued)

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	2022/2023	2021/2022
	Kshs.	Kshs.
Revolving fund	-	-
Accumulated surplus (<i>Reserves</i>)	-	-
Total funds	-	-
Less: cash and bank balances	(-)	(-)
Net debt/(excess cash and cash equivalents)	-	-
Gearing	%	%

29. 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.

Notes to the Financial Statements (continued)

b) Related party transactions

i. Transfers from related parties

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Transfers from related parties	-	-

ii. Key management remuneration

Description	2022/2023	2021/2022
	Kshs.	Kshs.
Board of Trustees	-	-
Key Management Compensation	-	-
Total	-	-

30. Events after the Reporting Period

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

31. Ultimate And Holding Entity

The Entity is a Fund under the sponsorship of Kenya National Commission on Human Rights which is a Constitutional Commission.

32. Currency

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

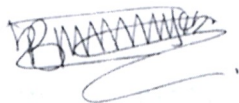
20. Annexes

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	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		KNCHR got a clean audit report		

There were no outstanding issues in previous years audit report.



Dr. Bernard Mogesa

Fund Manager/Accounting Officer

Date: 29 August 2023