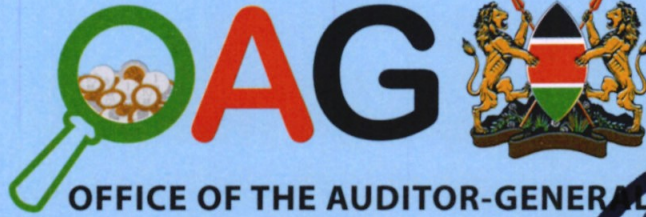


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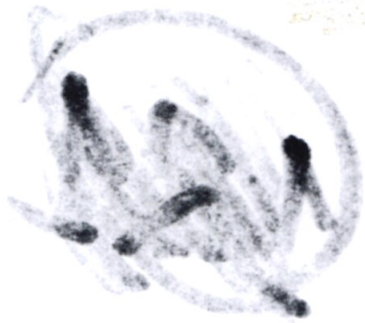
**TRANS NZOIA COUNTY EXECUTIVE CAR
LOAN AND MORTGAGE SCHEME FUND**

FOR THE YEAR ENDED

30 JUNE, 2025



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TRANS NZOIA COUNTY EXECUTIVE CAR LOAN AND MORTGAGE

FUND SCHEME

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

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

**Trans Nzoia County Executives Car Loan and Mortgage Fund Scheme
Annual Report and Financial Statements for the year ended June 30, 2025**

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**Trans Nzoia County Executives Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

1. Acronyms and Glossary of Terms

a) Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
Kshs	Kenya Shillings

b) Glossary of Terms

Fiduciary Management The key management personnel who had financial responsibility

**Trans Nzoia County Executives Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

2. Key Entity Information and Management




a) Background information

Trans Nzoia County Executives Car Loan and Mortgage Fund is established by and derives its authority and accountability from Trans Nzoia County Executive Car Loan & Mortgage Scheme Fund Regulations, 2023 and Section 116 of Public Finance Management Act, 2012. The Fund is wholly owned by the County Government of Trans Nzoia and is domiciled in Kenya.



The fund’s objective is to provide a loan scheme for purchase of Motor Vehicles or Land for development, renovation or repair of residential property by members of the Scheme.

Principal Activities of the Fund is to provide loans and/ or mortgage to members at affordable interest to purchase personal cars and/or renovate and put up descent residents.

b) Board of Trustees/Fund Administration Committee

Ref	Name
1.	 <p><u>Charles Walioli Wabwoba – County Attorney</u></p> <p>He has a Bachelor of Laws {LLB} from Moi University School of Law and a Post Graduate Diploma in Law {Advocate Training Program} from the Kenya School of Law. He has over 8 years of professional experience</p> <p>He is an advocate of the High Court of Kenya and Commissioner for oaths and is very passionate offering simplified legal advice and services. Charles is a member in good standing of the Law Society of Kenya, East African Law Society, and Commissioner for Oaths and Notary Public. He previously worked with Brian Otieno & Company Advocates, Kosgey & Masese Advocates and Walioli and Hussein Advocates</p>
2.	 <p><u>Janerose Nasimiyu Mutama- CECM, Lands, Housing, Physical Planning and Urban Development</u></p> <p>She has a Master Degree of Science in Apparel and Fashion Design and Bachelor’s Degree in Education -Home Science and Technology both from the University of Eldoret. She is an experienced teacher and boarding mistress at Turkana Girls National School St. Johns Girls Sirende. Assistant treasurer Kenya Union of Post Primary Education Teacher (KUPPET) Trans Nzoia County from 2021 to date.</p>
3.	 <p><u>Samson Otieno Ojwang’ – CECM, Health Services and Sanitation.</u></p> <p>Mr Ojwang has a Bachelor Degree of Art in Government and Economic from the University of Nairobi, currently finalising Masters in Peace Studies at Kenyatta University.</p> <p>He has 31 years working in National Government Administration across the country rising to the level of County Commissioner. He joined the County Government as CECM Public Service Management before deployment to the current position.</p>

**Trans Nzoia County Executives Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

4.		<p><u>Stanley Kirui – CECM, Gender, Youth, Sports and Culture</u></p> <p>Mr. Kirui is a holder of Bachelors Degree in Business Information Technology from Jomo Kenyata Universit of Agriculture & Technology and currently studying Master in Business Administration-Strategic Management at Mount Kenya University. He has 11 years experience as an Aviator -Pilot</p>
5.		<p><u>Pepela Wanjala (Dr) – CECM- Finance and Economic Planning</u></p> <p>He has a Higher Diploma in Epidemiogy and is currently undertaking a PhD ongoing Masters in Health Information Management. He has over 17 years of working experience with ministry of health (6 years at the province as provincial surveillance and health information officer, 5 years at HomaBay as District health information officer). He has done various strategic, plans, reports and policies at the ministry of health, and also provided technical assistance among others.</p>

c) Key Management Team

Ref	Name	Position
1	Fund Manager/ Administrator- C.O. Finance & Economic Planning	CPA Emmanuel Wafula Masungo
2	Fund Accountant	CPA Caroline Chebet

**Trans Nzoia County Executives Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

Key Entity and Management (Continued)

d) Fiduciary Oversight Arrangements

Fiduciary oversight arrangements include oversight by internal audit and committee from the County Assembly:

SN	Position	Name
1	Directorate Internal Audit	Andrew Wekesa Wepukhulu
2	Staff car Mortgage and car Loan Advisory Committee	

e) Registered Offices

P.O. Box 4211-30200
Town Hall Building
County Head Quarter
Kitale, KENYA

f) Fund Contacts

Telephone: (254) 30301/2
E-mail: tnzoiacounty@gmail.com
Website: www.transnzoia.go.ke

g) Fund Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Equity Bank
Account Number: 0330 277 826 034
P.O. Box 4211-30200
Kitale, Kenya.
3. SBM Bank
Account Number: 0402 405 993 001
P.O. Box 4211-30200,
Kitale, Kenya.

**Trans Nzoia County Executives Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

Key Entity and Management (Continued)

h) Independent Auditors

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

i) Principal Legal Adviser

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

j) County Attorney

The County Legal Attorney
P.O. Box 4211-30200
Town Hall, County Head Quarter.
Kitale-Kenya

3. Fund Chairperson's Report

The Trans Nzoia County Government developed and approved the Trans Nzoia State and Public Officers Car Loan & Mortgage Loan Fund in the year 2018. The purpose of the fund is to promote both social and economic welfare of the staff by ensuring that they are facilitated to own residential houses and have cars. The fund is guided by the regulation of The Public Finance Management (Trans Nzoia County Executive) Car Loan and Mortgage Scheme Fund of 2018.

In the year under review, the County Government disbursed loans to more members. The fund appointed SBM Bank as a fund administrator on the behalf of the county and an MOU on the same was entered between the County Government and The SBM Bank.

SUSTAINABILITY

The objective of identifying a bank as a Fund administrator was equally to explore ways of enhanced sustainability by further resource mobilization, financing capabilities and investments so as to attain on its mandate in a going concern.

REVIEW OF PERFORMANCE

INCOME AND EXPENDITURES:

The County government was able to disburse Loans from the revolving of Kshs. 8,925,000 (Eight million nine hundred and twenty-five thousand shillings only). In this period, the fund raised Kshs. 3,349,582 from Loans and 28,059 earnings from Deposits in form of interests.

The expenditure, administration costs amounted to Kshs. 20,019.

APPRECIATION:

I take the opportunity to express my gratitude and appreciation to the board committee for their stewardship of the fund to greater heights since the establishment of the fund. Further to the achievement attained, I look further for better engagements so as to achieve the aspirations of the fund in the coming periods.

Pepela Wanjala (Dr.)
Chairperson of the Scheme Fund



**Trans Nzoia County Executives Car Loan and Mortgage Fund Scheme
Annual Report and Financial Statements for the year ended June 30, 2025**

3. Scheme Fund Administrator's Report

I am pleased to present the Scheme's Financial Statement for the financial year 2024/2025, which reflects a strong and stable financial position, supported by prudent fund management and sustained growth in assets.

During the period under review, the Scheme recorded a notable increase in total assets, rising from Kshs 193,511,211 in 2023/2024 to Kshs 251,941,764 in 2024/2025. This growth was driven primarily by improved performance in both current and non-current receivables, coupled with effective liquidity management. Cash and cash equivalents closed the year at Kshs 108,108,776, indicating continued capacity to meet short-term financial obligations.

The Scheme's non-current assets also experienced significant expansion, increasing from Kshs 80,443,034 to Kshs 130,275,039, attributable to enhanced recovery and recognition of long-term receivables from exchange transactions. This demonstrates the Scheme's commitment to securing its long-term financial sustainability.

Total liabilities stood at Kshs 55,000,000, compared to Kshs 5,000,000 in the previous financial year. Despite this increase, the Scheme remained financially robust, closing the year with Net Assets of Kshs 196,941,764, up from Kshs 188,511,211 in 2023/2024. The Revolving Fund maintained its value at Kshs 178,379,626, while the Accumulated Surplus grew from Kshs 10,131,585 to Kshs 18,562,138, reflecting improved operational efficiency and revenue performance.

These results affirm the Scheme's resilience and responsible stewardship of funds. We continue to align our operations with best practices in financial management, ensuring transparency, accountability, and value for our stakeholders.

I wish to express my sincere appreciation to the Scheme members, management, and stakeholders for their continued trust and support. We remain committed to safeguarding the Scheme's financial health and ensuring sustainable growth in the years ahead



CPA Emmanuel Wafula Masungo
ICPAK Member No: 19966
Administrator of the County Public Fund

**Trans Nzoia County Executives Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

4. Statement of Performance against the County Fund’s Predetermined Objectives

Introduction

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

The key development objectives of the *Trans Nzoia County Executives Car Loan and Mortgage Fund* as per the strategic plan for 2018-2022 are to:

- a) *To provide loans to members at affordable interest to purchase personal cars*
- b) *To provide mortgage to members to renovate and or put up descent residents*

Progress on attainment of Strategic development objectives

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Car Loan	To provide loans to members at affordable interest to purchase personal cars	Increased number of members of staff owning cars	Number of members of staff with cars	In FY 2022/2023, we increased loan access to staff
Mortgage	To provide mortgage to members to renovate and or put up descent residents	Increased members of staff owning houses. Improved living conditions of members.	Number of members living in their own houses	Increased loan access by members of staff.

**Trans Nzoia County Executives Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

5. Corporate Governance Statement

The Executive County Government of Trans Nzoia Car Loan & Mortgage Loan scheme is a revolving fund established pursuant to the SRC circular SRC/ADM/CIR/1/13 VOL.11 (128) of 17th December 2014 and the PFM act 2012, section 167.

The mandate of the fund is providing loans for Car and Mortgage to the executive staff members of the county. The fund aspires to be compliant with the regulatory and supervisory governance requirements as per the existing legislations.

INTERNAL CONTROL AND RISK MANAGEMENT:

Internal Control

The fund committee is responsible for reviewing the effectiveness of the fund's system of internal control which is designed to provide reasonable but not absolute assurance regarding the safe guard of assets against unauthorised use.

Internal Control Framework

The fund continues to review its internal control framework to ensure it maintains a strong and effective internal control. There were no significant weaknesses identified during the financial year 2024/2025.

Management Team

The management team headed by the Fund Administrator implements the Loans Management Committee decisions and Policies through committee meetings. The team meets regularly to ensure that the committee have meetings as per the regulations and on need basis.

Auditors

The Fund is audited by the Office of the Auditor General (O.A.G). 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.

**Trans Nzoia County Executives Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

6. Statement of Management's Responsibilities

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

The Administrator of the County Public Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 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 County Public Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. 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 County Public Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

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

Approval of the financial statements

The Fund's financial statements were approved by the Board on 13 August, 2025 and signed on its behalf by:



**Name: CPA Emmanuel Wafula Masungu
ICPAK Number: 19966
Administrator of the County Public Fund**

**Trans Nzoia County Executives Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

REPUBLIC OF KENYA

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Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON TRANS NZOIA COUNTY EXECUTIVE CAR LOAN AND MORTGAGE SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Trans Nzoia County Executive Car Loan and Mortgage Scheme Fund set out on pages 1 to 26, which comprise of the

Report of the Auditor-General on Trans Nzoia County Executive Car Loan and Mortgage Scheme Fund for the year ended 30 June, 2025

statement of financial position as at 30 June, 2025, and the statement of 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, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Trans Nzoia County Executive Car Loan and Mortgage Scheme Fund as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with and comply with the Trans Nzoia County Executive Car Loan and Mortgage Scheme Fund Regulations, 2018 and the Public Finance Management Act, 2012

Basis for Qualified Opinion

1. Unsupported Current Receivables from Exchange Transaction

The statement of financial position reflects current portion of receivables from exchange transaction balance of Kshs.2,247,949 as disclosed in Note 10 to the financial statements. However, supporting ledgers and schedules for the balance were not provided for audit review.

In the circumstances the accuracy and completeness of current portion of receivables from exchange transaction balance of Kshs. 2,247,949 could not be confirmed.

2. Unsupported Long-Term Receivables from Exchange Transactions

The statement of financial position reflects long term receivables from exchange transactions balance of Kshs.94,711,265 as disclosed in Note 10 to the financial statements. However, supporting ledgers and schedules for the balance were not provided for audit review. Further, review of opening balance records from the Fund bank account revealed discrepancies in outstanding loans of two (2) members totalling to Kshs.12,200,000 which were not included in the closing balance. Further, a total of eighty-three (83) amortization schedules were provided for fifty-nine (59) officers, an indication of undocumented loan adjustments and possible issue of multiple loans to officers.

In the circumstances, the accuracy and completeness of long-term receivables from exchange transactions balance of Kshs. 94,711,265 could not be confirmed

3. Unsupported Trade and Other Payables

The statement of financial position reflects trade and other payables balance of Kshs.55,000,000 as disclosed in Note 12 to the financial statements. The balance is in

respect of a loan from a local bank taken on 27 March, 2023 for the provision of administration services to the Scheme Fund out of which it provided Kshs.50,000,000 to the Fund. However, Management recognized the liability into the financial statements at a higher amount of Kshs.55,000,000 hence increasing the liability by Kshs.5,000,000. No explanation or supporting documents was given for the additional increase in liability.

In the circumstances, the accuracy and completeness of trade and other payables from exchange transactions of Kshs.55,000,000 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of Comparison of budget and actual amounts reflects a final income budget of Kshs.28,550,000 while actual income total was Kshs.3,382,261 resulting in a shortfall of Kshs.25,167,739 or 88% of the budget. The shortfall in income may have negatively affected planned programmes of the Fund.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Information

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

In connection with my audit on the Fund's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is

materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, 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. Defaulted Loan Repayments

Review of records indicated that twenty-eight (28) officers had ongoing mortgage recoveries, while five (5) officers were in default with outstanding balances of Kshs.7,000,000 which included one (1) officer whose loan of Kshs.6,000,000 had been dormant since August 2022 with no recovery action being initiated. This was contrary to Regulation 19 of Trans Nzoia County Executive Car Loan and Mortgage Scheme Fund Regulations of 2023 which provides that that the Committee may call in a loan and in default sell the motor vehicle or charged property by public auction where the borrowers in breach of the terms under the loan agreement or covenant contained in the charged of the mortgage instrument.

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

2. Failure to Secure the Loans Issued

Review of records revealed that the Fund had loan portfolio totalling to Kshs.192,465,000 which comprised of car loan amount of Kshs.11,700,000 and mortgage of Kshs.180,765,000 that had been issued to thirty-five (35) officers. However, the minutes of the approving committee were not provided for audit. In addition, the loans issued did not have securities contrary to Regulations 17(1) of The Trans Nzoia County Executive Car Loan and Scheme Fund Regulations, 2023 which provides that a County Government shall have a charge registered on the property financed through a loan granted under

these Regulations and shall be entitled to have its name entered in all documents of title for such property.

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

3. Issuance of Multiple Loans

Review of the loan schedules revealed that twelve (12) officers were advanced multiple loans totaling to Kshs.89,950,000 despite the Fund policy allowing only one (1) facility per officer. There was no evidence of full repayment, restructuring, or clearance of initial loans prior to the next disbursement. This was contrary to the scheme's objectives of equitable benefit distribution and financial sustainability.

In the circumstances, the Scheme Fund ability to utilize the resources effectively, equitably and sustainably 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 EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Unfair Issuance of Multiple Loans to Individuals

Review of the loan schedules revealed that twelve (12) officers were advanced multiple loans totaling to Kshs.89,950,000 despite the Fund policy allowing only one (1) facility per officer. There was no evidence of full repayment, restructuring, or clearance of initial loans prior to the next disbursement. This was contrary to the scheme's objectives of equitable benefit distribution and financial sustainability.

In the circumstances, the Scheme Fund ability to utilize the resources effectively, equitably and sustainably could not be confirmed.

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

Responsibilities of the Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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



FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

11 December, 2025

**Trans Nzoia County Executives Car Loan and Mortgage Fund Scheme
Annual Report and Financial Statements for the year ended June 30, 2025**

8. Statement of Financial Performance for the Year Ended 30 June 2025

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Revenue From Exchange Transactions			
Interest Income	7	3,349,582	4,459,384
Other Income	7	28,059	63,562
Processing fee	7	4,620	
Total Revenue		3,382,261	4,522,946
Expenses			
Administration costs	8		23,830
General expenses – Bank Charges	8	20,019	30,739
Total Expenses		20,019	54,569
Other Gains/Losses			
Gain/Loss on Disposal of Assets			-
Surplus/(Deficit) for the Period		3,362,242	4,468,377



.....
CPA Emmanuel Wafula Masungo
Administrator of the Fund
ICPAK Member Number; 19966



.....
CPA Caroline Chebet
Fund Accountant
ICPAK Member Number: 26048

**Trans Nzoia County Executives Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

9. Statement of Financial Position as at 30 June 2025

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	9	108,108,776	112,400,914
Current Portion of Receivables from Exchange Transactions	10	2,247,949	667,263
Sundry Debtors CGTN borrowing Imprest	11	11,310,000	
Total current assets		121,666,725	113,068,177
Non-Current Assets			
Long Term Receivables from Exchange Transactions	10	94,711,265	44,879,260
Sundry Debtors CGTN borrowing Imprest	11	35,563,774	35,563,774
Total non- current assets		130,275,039	80,443,034
Total Assets (A)		251,941,764	193,511,211
Liabilities			
Current Liabilities			
Non-Current Liabilities			
Trade and Other Payables from Exchange Transactions	12	55,000,000	5,000,000
Total Liabilities (B)		55,000,000	5,000,000
Net Assets (A-B)		196,941,764	188,511,211
Represented By:			
Revolving Fund		178,379,626	178,379,626
Accumulated Surplus		18,562,138	10,131,585
Net Assets		196,941,764	188,511,211

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 25 August, 2025 and signed by:



.....
Name: CPA Emmanuel Wafula Masungo
Administrator of the Fund
ICPAK Member Number:19966



.....
Name: CPA Caroline Chebet
Fund Accountant
ICPAK Member Number: 26048

**Trans Nzoia County Executives Car Loan and Mortgage Fund Scheme
Annual Report and Financial Statements for the year ended June 30, 2025**

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

Description	Revolving Fund	Revaluation Reserve	Accumulated Surplus	Total
	Kshs		Kshs	Kshs
Balance As At 1 July 2023	133,379,626	-	5,663,208	139,042,835
Surplus/(Deficit) For the Period	-	-	4,468,377	4,468,377
Funds Received During the Year	45,000,000	-	-	45,000,000
Balance As At 30 June 2024	178,379,626	-	10,131,585	188,511,211
Balance As At 1 July 2024	178,379,626	-	10,131,585	188,511,211
Surplus/(Deficit) For the Period	-	-	3,362,242	3,362,242
Incorporating Accounts receivables previous omitted	-	-	12,200,000	12,200,000
Correcting overstatement of non-current Receivables	-	-	(2,247,949)	(2,247,949)
Recognition of understated accounts payables	-	-	(50,000,000)	(50,000,000)
Recognition of understated non-current receivables	-	-	54,778,648	54,778,648
Correction of the Overstatement of Loans issued			(9,662,388)	(9,662,388)
Funds Received During the Year	-	-	-	-
Balance As At 30 June 2025	178,379,626	-	18,562,138	196,941,764

**Trans Nzoia County Executives Car Loan and Mortgage Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

11. Statement of Cash Flows for the Year Ended 30 June 2025

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Interest received	7	1,768,896	4,459,384
Receipts from Deposits	7	32,679	63,562
Total receipts		1,801,575	4,522,946
Payments			
Fund administration expenses		-	23,830
General expenses – Bank Charges	8	20,019	30,739
Total Expenses			
Net cash flows from operating activities		1,781,556	4,468,377
Cash flows from investing activities			
Proceeds from loan principal repayments	10	26,127,609	44,787,419
Loans issued	10	(8,925,000)	(30,730,000)
Recognition of Loans Disbursed in Previous Year		(12,200,000)	-
Loan default recovered		233,697	-
Net cash flows used in investing activities		5,236,306	14,057,419
Cash flows from financing activities			
Proceeds from revolving fund receipts	7	-	45,000,000
CGTN borrowing	11	(11,310,000)	(22,663,774)
Repayment of borrowings		-	
Net cash flows used in financing activities		(11,310,000)	22,336,226
Net increase/(decrease) in cash & cash Equivalents		(4,292,138)	40,862,022
Cash and cash equivalents at 1 July 2024	17	112,400,914	71,538,892
Cash and cash equivalents at 30 June 2024/25	17	108,108,776	112,400,914

Trans Nzoia County Executives Car Loan and Mortgage Fund Annual Report and Financial Statements for the year ended June 30, 2025

12. Statement of Comparison of Budget and Actual Amounts for the Period.

Description	Original budget 2024/25	Adjustments	Final budget 2024/25	Actual on comparabl e basis	Performan ce difference	% Utiliz ation
	Kshs		Kshs	Kshs	Kshs	Kshs
	a	b	C=(a+b)	D	e=(c-d)	f=d/c *100
Revenue						
Transfers From County Govt.	50,000,000	(25,000,000)	25,000,000	-	25,000,000	0%
Interest Income	3,500,000		3,500,000	3,349,582	150,418	96%
Other Income	50,000		50,000	32,679	17,321	65%
Total Income	53,550,000	(25,000,000)	28,550,000	3,382,261	25,167,739	12%
Expenses						
Loans to be disbursed	53,519,000	(25,000,000)	28,519,000	8,925,000	19,594,000	0%
General Expenses	31,000		31,000	20,019	10,981	65%,
Total Expenditure	53,550,000	(25,000,000)	28,550,000	8,945,019	19,694,981	31%
Capital Expenditure	-					0%
Surplus For the Period	-			(5,562,758)	5,562,758	

Trans Nzoia County Executives Car Loan and Mortgage Fund Annual Report and Financial Statements for the year ended June 30, 2025

Notes to the Financial Statements

1. General Information

Trans Nzoia County Executives Car Loan and Mortgage Fund entity is established by and derives its authority and accountability from Public Finance Management Act. The entity is wholly owned by the Trans Nzoia County Government and is domiciled in Kenya. The entity’s principal activity is to provide loans to members at affordable interests to purchase personal cars and renovate/or put up descent residents.

2. Statement of compliance and basis of preparation

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

3. Adoption of new and revised standards

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

Standard	Effective date and impact
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2024</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. <p>The model develops a strong link between an Entity’s risk</p>

Trans Nzoia County Executives Car Loan and Mortgage Fund Annual Report and Financial Statements for the year ended June 30, 2025

Standard	Effective date and impact
	<p>management strategies and the accounting treatment for instruments held as part of the risk management strategy.</p> <p>Impact: <i>There was no impact of the amendment to the IPSAS 21 with respect to the current financial report as the entity doesn't have Non-Cash generating Assets and neither it have impaired cash generating assets.</i></p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2024</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> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	
<p>Other improvements to IPSAS</p>	<p>Applicable: 1st January 2024</p> <ul style="list-style-type: none"> 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. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. 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>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>

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

**Trans Nzoia County Executives Car Loan and Mortgage Fund Annual Report and
Financial Statements for the year ended June 30, 2025**

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 cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
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: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 or *the entity adopted the following standards early*

The entity did not early –adopt any new or amended standards in year 2020.

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 entity and can be measured reliably.

ii. Revenue from exchange transactions

Interest income

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

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the 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 2024/2025 was approved by the County Assembly on 27th May 2024.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

Trans Nzoia County Executives Car Loan and Mortgage Fund Annual Report and Financial Statements for the year ended June 30, 2025

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actual as per the statement of financial performance has been presented under section/page 8 of these financial statements.

c) Property, plant and equipment

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

d) Intangible Assets

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

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

e) Investment property

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

f) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the County's financial statements.* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial

Trans Nzoia County Executives Car Loan and Mortgage Fund Annual Report and Financial Statements for the year ended June 30, 2025

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.

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 cashflows 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 cash flows 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

Trans Nzoia County Executives Car Loan and Mortgage Fund Annual Report and Financial Statements for the year ended June 30, 2025

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. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL).

Financial liabilities

Classification

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

g) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method

Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

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

Trans Nzoia County Executives Car Loan and Mortgage Fund Annual Report and Financial Statements for the year ended June 30, 2025

Summary of Significant Accounting Policies (Continued)

h) Provisions

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

Summary of Significant Accounting Policies (Continued)

i) Social Benefits

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

j) Contingent liabilities

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

Contingent assets

The Entity 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 Entity 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.

k) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. *Entity to state the reserves maintained and appropriate policies adopted.*

l) Changes in accounting policies and estimates

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

Trans Nzoia County Executives Car Loan and Mortgage Fund Annual Report and Financial Statements for the year ended June 30, 2025

Summary of Significant Accounting Policies (Continued)

m) Employee benefits – Retirement benefit plans

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

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

n) 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.

o) Borrowing costs

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

p) Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

q) Cash and cash equivalents

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

Trans Nzoia County Executives Car Loan and Mortgage Fund Annual Report and Financial Statements for the year ended June 30, 2025

Summary of Significant Accounting Policies (Continued)

r) Comparative figures

The comparative figures for the previous financial year have been maintained as per the audit certificate.

5. Significant judgments and sources of estimation uncertainty

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

State all judgements, estimates and assumptions made e.g.

Summary of Significant Accounting Policies (Continued)

a) Estimates and assumptions –

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

b) Useful lives and residual values

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

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

c) Provisions

Provisions were raised and management determined an estimate based on the information available.

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

Trans Nzoia County Executives Car Loan and Mortgage Fund Annual Report and Financial Statements for the year ended June 30, 2025

Notes to the Financial Statements

6. Transfers from County Government

Description	2024/2025	2023/2024
	Kshs	Kshs
Transfers From County Govt. –Operations	-	45,000,000
Payments By County on Behalf of The Entity	-	-
Unconditional Development grants	-	-
Total	-	45,000,000

7. Interest income

Description	2024/2025	2023/2024
	Kshs	Kshs
Interest Income from Mortgage Loans	3,349,582	4,459,384
Loan Processing	4,620	
Interest Income On Bank Deposits	28,059	63,562
Total Interest Income	3,382,261	4,522,946

8. Use of Goods and Services

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Administration Fees	-	23,830
Bank Charges	20,019	30,740
Total	20,019	54,570

9. cash and cash equivalents

Description	FY 2024-2025	FY 2023-24
	Kshs	Kshs
County Mortgage Car Loan Account – EQUITY BANK	121,801	1,391,736
County Mortgage Car Loan Account- SBM BANK	107,986,975	111,009,178
Total Cash and Cash Equivalents	108,108,776	112,400,914

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

Financial Institution	Account number	2024/2025	2023/2024
		Kshs	Kshs
a) Current Account			
Equity Bank	0330277826034	121,801	1,391,736
SBM bank	0402405993001	107,986,975	111,009,178
		108,108,776	112,400,914

Trans Nzoia County Executives Car Loan and Mortgage Fund Annual Report and Financial Statements for the year ended June 30, 2025

10. Receivables from exchange transactions

Description	2024/2025	2023/2024
	Kshs	Kshs
Current Receivables		
Interest Receivable	667,263	667,263
Total current interest receivable	3,349,582	4,459,384
Interest receivable during the year	4,016,845	5,126,647
Less: interest received during the year	1,768,896	4,459,384
Total Current Receivables	2,247,949	667,263
Non-Current Receivables		
Current Portion of Long-term Loans from previous year	44,879,260	58,936,679
Outstanding Loans from previous year	12,200,000	-
Current portion of long-term loans issued in the current year	8,925,000	30,730,000
Understated outstanding Loan from previous years	54,834,614	-
Total Principal accounts receivable	120,838,874	89,666,679
Principal loan recoveries	(26,127,609)	(44,787,419)
Total non-current receivables	94,711,265	44,879,260
Total receivables from exchange transactions	96,959,214	45,546,523

11. Sundry Debtors

Trade and other Receivables from exchange transactions

Description	FY 2024-2025		FY 2023-2024	
	Kshs		Kshs	
Trade and other receivables B/F	35,563,774		-	
Trade Receivables CGTN standing Imprest	11,310,000		22,663,774	
County Treasury Borrowings	-		12,900,000	
Total Trade and Other Receivables	46,873,774		35,563,774	
Ageing analysis (Trade and other payables)	Current FY	% of the Total	FY 2023-2024	% of the Total
Under one year	11,310,000	24%	22,663,774	63 %
1-2 years	22,663,774	48%	12,900,000	37%
2-3 years	12,900,000	28 %		%
Total (tie to above total)	46,873,774		35,563,774	

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12. Trade and other payables from exchange transactions

Description	2024/2025		2023/2024	
	Kshs		Kshs	
Trade Payables; SBM	50,000,000		-	
Borrowing from Min of Health	5,000,000		5,000,000	
Total Trade and Other Payables	55,000,000		5,000,000	
Ageing analysis (Trade and other payables)	2024/2025	% of the Total	2023/2024	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	55,000,000	100 %	5,000,000	100 %
Total (tie to above total)	55,000,000	100 %	5,000,000	

13. Cash generated from operations.

Description	2024/2025		2023/2024	
	Kshs		Kshs	
Surplus/ (Deficit) For the Year Before Tax	3,362,242		4,468,377	
Adjusted For:				
Outstanding Interest Income	1,580,686			
Net Cash Flow from Operating Activities	1,781,556		4,468,377	

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

1. Financial risk management

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

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

a) Credit risk

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

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

The entity has significant concentration of credit risk on amounts due from 2025

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.

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b) Liquidity risk management

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

The table below represents cash flows payable by the Fund under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due over 12 months equal their carrying balances, as the impact of discounting is not significant. The amounts will be paid as soon as we get disbursements for 2025/2026

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2025				
Trade Payables	-		55,000,000	55,000,000
Total	-		55,000,000	55,000,000
At 30 June 2024	-		-	-
Trade Payables			5,000,000	5,000,000
Total			5,000,000	5,000,000

c) Market risk

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

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

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

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

i. Foreign currency risk

The entity has no transactional currency exposures. The fund does not therefore manage foreign currency risk:

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ii. Interest rate risk

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

Management of interest rate risk

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

d) Capital risk management.

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

Description	2024/2025	2023/2024
	Kshs	Kshs
Revolving fund	178,379,626	178,379,626
Accumulated surplus	3,362,242	4,468,377
Total funds	181,741,868	182,848,003
Total borrowings		
Less: cash and bank balances	(108,108,776)	(112,400,914)
Net debt/(excess cash and cash equivalents)	73,633,092	70,447,089
Gearing	40.5%	38%

2. Events after the reporting period

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

3. Ultimate and Holding Entity

The entity is a County Public Fund established by PFM Act under the Ministry of Finance. Its ultimate parent is the County Government of Trans Nzoia

4. Currency

The financial statements are presented in Kenya Shillings (Kshs)

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13. 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)
Basis for qualified opinion				
1	Unsupported cash and cash equivalent	Bank statement, cash book and bank certificate were availed	Resolved	Fy 2025
2	Unsupported Loan Disbursement	List of Loans for the disbursement was availed	Resolved	Fy 2025
3	Unsupported Current receivables ksh 667,263	List of receivables submitted	Resolved	Fy 2025
	unsupported trade payables	Management plans to pay as soon as we get disbursements	Resolved	FY 2025
Emphasis of matter				
1	Budgetary Control performance	the fund did not receive all disbursement the Loan applicants were pushed forward	Resolved	FY 2025
REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES				
1	Unsecured Loans	The matter is being addressed	Resolved	FY 2025
2	Defaulted loans	The loans have been recovered and deposits made to the account	Resolved	FY 2025
	Lack of an approved Budget	The budget for FY 2024 was approved	Resolved	FY 2025
REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE				
1	Effectiveness in	We appeared before	Resolved	Fy 2025

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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)
	implementation of Audit Recommendation.	PAIC on 20 Nov 2024 and Discussed , awaiting the report and recommendation		
2	Inaction on internal Audit Report by Board	Availed approved and signed internal Audit Work plan	Resolved	Fy 2025

Guidance Notes:

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

Fund Manager/Accounting Officer (Chief Finance Officer)

Date.....

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Annex II: Inter-Fund Confirmation Letter

[Insert your Letterhead]

Trans Nzoia County Executives Car Loan and Mortgage Fund

[Insert Address]

The Chief Finance Officer wishes to confirm the amounts disbursed to you as at 30th June 2025 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by Trans Nzoia County Executive Car Loan and Mortgage Fund as at 30th June 2025

Reference Number	Date Disbursed	Amounts Disbursed by [CC/SAGA/Fund] (Kshs) as at 30 th June 2025				Amount Received by [beneficiary Fund] (KShs) as at 30 th June 2025 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
Total	-	≡	≡	≡	≡	-	-

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

Head of Accounts department of beneficiary Fund:

Name **Sign** **Date**

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Annex IV: Reporting on Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Ksh s.)	Comments

Basis for Conclusion

1. Effectiveness in Implementation of Audit Recommendation

The Fund was established on 28 June, 2018 with the objective of providing members with loan scheme for the purchase of motor vehicles and purchase, development, renovation or repair of residential property. Further, statutory audits of the fund for the 2017/2018 to 2022/2023 financial years were concluded and audit certificates issued. However, there was no evidence by the Management of the Fund to confirm that the audit recommendations were implemented. In the circumstances, the effectiveness in implementation of audit recommendations could not be confirmed.

Management Response

The Trans Nzoia County assembly interrogated the Auditor General Report for three financial year of the Trans Nzoia County executive Car Loan and Mortgage FY 2019-2020, 2020-2021 & 2021-2022. We appeared before the PAIC 20 Nov 2024 and discussed and we are awaiting the report with the recommendations.

Long outstanding loans from previous Government have been settled through bank Deposits. Annex 7 (a) Letter from PAIC inviting

2. Inaction on Internal Audit Reports by the Board

Review of records revealed that the Audit Work Plan provided was not approved by the Audit Committee while the plan was not shared with the Accounting Officer. Further, it was noted that the Audit Committee prepared a Charter but as at the time of audit in September 2024, the Charter had not been approved and signed by the Governor, the Chairperson of the Audit Committee.

In the circumstances, the effectiveness of the internal audit function could not be confirmed.

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Management Response

An approved internal Audit work plan has been submitted to the auditors for review. The internal audit work plan shall ensure it conducts the review of the fund on annually basis.

Appendix 8 (a) Approved and signed Internal Audit Work Plan.

(b) Internal Audit Committee charter awaiting approval and signing

Yours faithfully,



CPA Emmanuel W. Masungo

Fund Administrator

Trans Nzoia County (Executive) Car Loan and Mortgage Scheme Fund