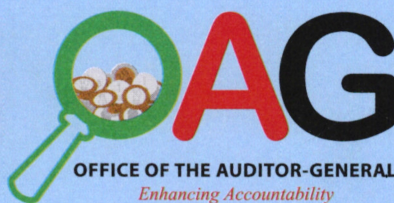
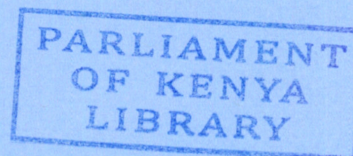


REPUBLIC OF KENYA



REPORT



OF

THE AUDITOR-GENERAL

ON

**TRANS NZOIA COUNTY ASSEMBLY
(MEMBERS AND STAFF) CAR LOAN AND
MORTGAGE SCHEME FUND**

FOR THE YEAR ENDED

30 JUNE, 2025

DATE	04/12/2025
TABLED BY	S.M.L
COMMITTEE	-
CLERK AT THE TABLE	Abdirahman



**TRANS NZOIA COUNTY ASSEMBLY (MEMBERS AND STAFF) CAR
LOAN AND MORTGAGE SCHEME FUND.**

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

**Prepared in accordance with the Accrual Basis of Accounting Method under the International Public
Sector Accounting Standard**

**Trans Nzoia County Assembly (Members and Staff) Car Loan and mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025.**

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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
C&M	Car and Mortgage.

B. Definition of Key Terms

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

Comparative Year- Means the prior period.

2. Key Entity Information and Management

a) Background information

The Trans Nzoia County Assembly (members and staff) Car Loan Mortgage Scheme Fund is established under the County Assembly Service Board. The Fund is established by and derives its authority and accountability from the Public Finance Management ACT (No. 18 of 2012) and Trans Nzoia County Assembly (Members and Staff) Car Loan and Mortgage Scheme Fund Regulations, 2022. The Fund is wholly owned by the Trans Nzoia County Assembly Service Board Government of County government of Trans Nzoia and is domiciled in Kenya. The Fund was established with an initial capital seed of Kshs. 200,000,000 appropriated by the County Assembly in the County Appropriation Amendment Act 2013.

b) Principal Activities

The principal activity/mission/ mandate of the Fund is to provide loan scheme for development, renovation or repair of residential property for the members of the scheme.

The Fund is administered by the Fund Administrator. There is a committee charged with the responsibility of processing loans from applicants in accordance with laid down approved regulations, setting up a revolving Fund for the disbursement of loans, and supervising the day-to-day operations of the Fund.

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

c) Fund Administration Committee.

Ref	Name	Position
1	Chairperson	Hon. Edwin Kosgei Koech
2	Member	Hon. Bonface Cheloti.
3	Member	Hon. Andrew Kutitila.
4	Member	Hon. Emily Rono.
5	Member	Hon. James Mwangi Gitau.
6	Fund Administrator	C.S Lupao Moses Wanjala.
7	Member	Hezron Kiplagat Kemboi
8	Member	Elkana Korir Kipkurgat.
9	Member	Edward Katama Ngeywa

**Trans Nzoia County Assembly (Members and Staff) Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

d) Key Management team

Ref	Name	Position
1	Fund Administrator.	C.S Lupao Moses Wanjala.
2	Fund Accountant.	Brenda Njata Kusimba
3	Director Legal Services.	Edward Katama Ngeywa
4	Head of Human Resource	Elkana Korir Kipkurgat

e) Fiduciary Oversight Arrangements

SN	Position	Name
1	Director Internal Audit	Paul Barasa.
2	Loans Committee.	Hon Edwin Kosgei Koech

f) Registered Offices

P.O. Box 4222-30200
County Assembly Headquarters Building
County Assembly Street,
Kitale, KENYA

g) Fund Contacts

Telephone: (054- 31380)
E-mail: tranzoiacountyassembly@gmail.com

h) Fund Bankers

Family Bank Ltd
P.O. Box 74145
00200
Nairobi, Kenya

i) Independent Auditors

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

j) Principal Legal Adviser


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

k) County Attorney





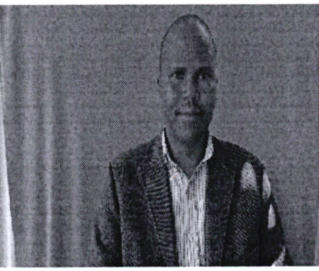
P.O Box4211- 30200
Kitale.

Trans Nzoia County Assembly (Members and Staff) Car Loan and Mortgage Scheme Fund Annual Report and Financial Statements for the year ended June 30, 2025

3. Fund Administration Committee.




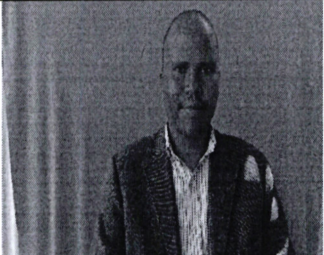
Name	Details of qualifications and experience
 <p>Hon. Edwin Kosgei Koech Chairperson</p>	<p>He was elected as a member of the County Assembly Cherangany/Suwerwa ward in 9th August 2022 and the leader of majority in October 2022. He is the vice Chairperson to the County Assembly Service Board and Chairperson Loans Committee.</p>
 <p>Hon. Bonface Cheloti Member.</p>	<p>He was elected as Member of County Assembly Saboti ward on 9th August 2022. He is the minority Whip and is a member to the Loans Committee.</p>
 <p>Lupao Moses Wanjala Secretary</p>	<p>He is currently employed by the County Assembly Service Board as the County Assembly Clerk with over 25 years in public service. He is a Certified Public Accountant. He is also a holder of Certified Secretaries of Kenya and Holds Master Degree in Public Policy and Management (Strathmore University). He is charged with the responsibility of overall management of the County Assembly and the Fund.</p>
 <p>Hon Andrew Kutitila Member.</p>	<p>He was elected a member of County Assembly Sikhendu ward 9th August 2022 and the chairperson of Finance Budget Committee in October 2022.</p>

Trans Nzoia County Assembly (Members and Staff) Car Loan and Mortgage Scheme Fund Annual Report and Financial Statements for the year ended June 30, 2025

 <p>Hon. James Mwangi - Member</p>	<p>He was elected member of County Assembly Bidii Ward in August 2022. He is the majority Chief whip in the house and a member of the Loans Committee.</p>
 <p>Hon. Emily Chepchirchir Rono - Member.</p>	<p>She was elected Member of County Assembly Makutano ward on 9th August 2022. She is the chairperson of Catering Labour, social Welfare and Children Committee in the house. She is also a member of the Loans Committee.</p>
 <p>Edward Katama Ngeywa Member.</p>	<p>He is currently employed by the County Assembly Services Board as the Director Legal Counsel. He holds a bachelor of Law from Moi University with a Diploma from the Kenya School of Law .He is a holder of Certified Public Secretaries .He has 19 years' work experience as an advocate of the High Court of Kenya .He is charged with the responsibility of providing legal advice.</p>
 <p>Hezron Kiplagat Kemboi Member.</p>	<p>He is currently employed by County Assembly Service Board as Assistant Director Finance. He is serving as the Head of Finance and Accounting department. He is a holder of Bachelors degree in BBM –Finance (Moi University and holds) a Master's Degree in Finance (JKUAT). He has over 10 years in the field of public Finance.</p>
 <p>Elkana Kipkurgat Korir. Member.</p>	<p>He is currently employed by the County Assembly as the head of Human Resource, he holds a bachelor's degree in Human Resource Management and is currently pursuing a MBA in Human Resource he is incharge of overseeing human resource matters.</p>

**Trans Nzoia County Assembly (Members and Staff) Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

4. Management Team

 <p>C.S Lupao Moses Wanjala. Fund Administrator.</p>	<p>He is currently employed by the County Assembly Service Board as the County Assembly Clerk with over 25 years in public service. He is a Certified Public Accountant. He is also a holder of Certified Secretaries of Kenya and Holds Master Degree in Public Policy and Management (Strathmore University).He is charged with the responsibility of overall management of the County Assembly and the Fund.</p>
 <p>CPA Brenda Njata Kusimba Fund Accountant.</p>	<p>She is currently employed by County Assembly Service Board as Chief Accountant. She is a Certified Public Accountant, a holder of a Masters Degree in Financial Management(Catholic University) and a Bachelors degree in Business Management and Information Technology – BM major (Kabarak University).</p>
 <p>Edward Katama Ngeywa Director Legal Services</p>	<p>He is currently employed by the County Assembly Service Board as the Director of Legal Counsel. He holds a Bachelor of Law from Moi University with a Diploma from the Kenya School of Law. He is a holder of Certified Secretaries. He has 19 years’ work experience as an advocate of the high court of Kenya. His charged with the responsibility of providing legal advice.</p>
 <p>Elkana Korir Kipkurgat. Deputy Director Human Resource.</p>	<p>He is currently employed by the County Assembly as the head of Human Resource, he holds a bachelor’s degree in Human Resource Management and is currently pursuing a MBA in Human Resource he is incharge of overseeing human resource matters.</p>

5. Fund Chairperson's Report.

It is my pleasure to present the annual reports and financial statements for Trans Nzoia County Assembly (Members and Staff) Car Loan and Mortgage Scheme Fund for the period ended 30th June 2025. The Financial Statements present the financial performance of the Fund over the past twelve months. The Fund Administration committee took over from the previous Board of Trustees whose Term of service came to an end in the 2021/2022 financial year.

Sustainability

The fund and its stakeholders are increasingly emphasizing on the need to ensure sustainability for both its investments and its resource mobilization and financing capabilities with an objective of ensuring that the fund going concern is secured. During this financial year the fund has been able to secure extra funding from the County Assembly to a tune of **Kshs 10,000,000** to enhance the fund's portfolio.

Review of Performance.

The fund received interest income of **Kshs 5,550,668** and **Kshs. 383,000** being 1% loan processing fee after disbursing loans to staff members of the County Assembly.

Expenditures.

The total expenditures during the period amounted to **Kshs 1,396,327** relating to use of goods and services.

Appreciation.

I take this opportunity to express my sincere gratitude and appreciation to the County government, development partners, stakeholders, management staff and fellow trustees for their continued support which made us achieve these results.

I look forward to your continued support in the year 2025-2026.

Signed:



Hon. Edwin Kosgei Koech.

Chairman-Fund Administration Committee

Trans Nzoia County Assembly (Members and Staff) Car Loan and Mortgage Scheme Fund Annual Report and Financial Statements for the year ended June 30, 2025

6. Report of the Fund Administrator.

It's is my pleasure to present the financial statements for Trans Nzoia County Assembly (Members and Staff) Car Loan and Mortgage Scheme Fund for the period ended 30th June 2025. The Scheme is established under the Public Finance Act (No. 18 of 2012) and Trans Nzoia County Assembly (Members and Staff) Car Loan & Mortgage Scheme Fund Regulations ,2022, the Regulations have undergone tremendous changes to comply with the Public Finance Act and the Salaries and Remuneration advisories on the operations of Car and Mortgage Schemes. Latest amendment was done in December, 2022.

The fund had a budget allocation of **kshs. 114,869,156** which was later revised to **kshs. 101,393,898**. During the year under review the fund received a total of **kshs. 100,577,133** which constitute transfer from county assembly of **kshs. 10,000,000**, interest income of **kshs. 5,550,668**, processing fee of **kshs. 383,000** and proceeds from loan repayments and money held by family bank as collateral of **kshs. 84,643,465**. The major challenge that affected the performance include late remittance of loan recoveries due to delay in exchequer disbursements by National Treasury.

During this year under review, a total of **Kshs. 38,300,000** was disbursed out to 13 members of Staff.

Future Outlook.

In the next financial year 2025/ 2026, the fund intends to disburse a total of **Kshs. 30,000,000 (Thirty million)** to 10 members of staff; this will in turn translate to extra income from interest's earnings

Value for Money Achievement.

The Members of County Assembly and Staff who benefited from the fund have had their livelihoods improved than before through purchase of properties and motor vehicles. The fund on the other hand has achieved value for its money evidenced from total income from loans of **Kshs. 5,550,668** in the period under review. Further at the close of the period, **Kshs. 816,764** was interest due.

Management Risk Management Strategies.

The management's risk strategies of the fund include but are not limited to loan security: All loan applicants are required to provide security as a requirement to qualify for any loan disbursement. This is in form of land title deed that is registered in the name of the person applying for the loan.

Due diligence: All documents provided for as security are subjected to a background check to ascertain their authenticity for example logbook and title deed search.

Loan insurance: All loans disbursed are insured at the cost of the loanee in case of death cases and/or bad debts.

Loanee Credit worthiness vetting: It has to be ascertained by the Loan management committee that all loan applicants are creditworthy by checking the payslip ability against the loan being applied for or the remaining period in service against the repayment period.

**Trans Nzoia County Assembly (Members and Staff) Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

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

Progress and Challenges on Attainment Of The Funds Strategic Objectives.

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

The key development objectives of Trans Nzoia County Assembly (Members and staff) Car Loan and Mortgage Scheme Fund 2023-2027 plan are to;

- a) Provide affordable car loans to members of staff and Members of County Assembly
- b) Provide Mortgage facilities to Members of Staff and Members of County Assembly
- c) Facilitate growth of the fund

Objective	Outcome	Indicator	Performance	Challenges
Provide Car loans and Mortgage to staff members.	Funds were disbursed to staff who applied for loans.	13 members of staff benefited	The fund disbursed Kshs. 38,300,000 To 13 staff members.	Late remittance of loan recoveries from the Assembly due to delays in disbursements from National Treasury.
	To provide car loans and Mortgage to Members of Staff	To provide car loans and Mortgage to Members of Staff	To provide car loans and Mortgage to Members of Staff	Late remittance of loan recoveries from the Assembly due to delays in disbursements from National Treasury.

8. Corporate Governance Statement

The Trans Nzoia County Assembly (Members and Staff) Car Loan and Mortgage Scheme Fund is a revolving fund established pursuant to Public Finance Management Act (No .18 of 2012) and Trans Nzoia County Assembly (Members and Staff) Car Loan and Mortgage Scheme Fund Regulations, 2022. Its mandate is to provide Car Loans and Mortgage to members of County Assembly and Staff. The fund is committed to ensuring compliance with regulatory and supervisory corporate governance requirements.

Essential to the establishment of a corporate governance framework in the fund is a formal governance structure with fund administration committee at its apex. The roles and functionality of the fund are drawn from Trans Nzoia County Assembly (Members and Staff) Car Loan and Mortgage Scheme Fund Regulations, 2022.

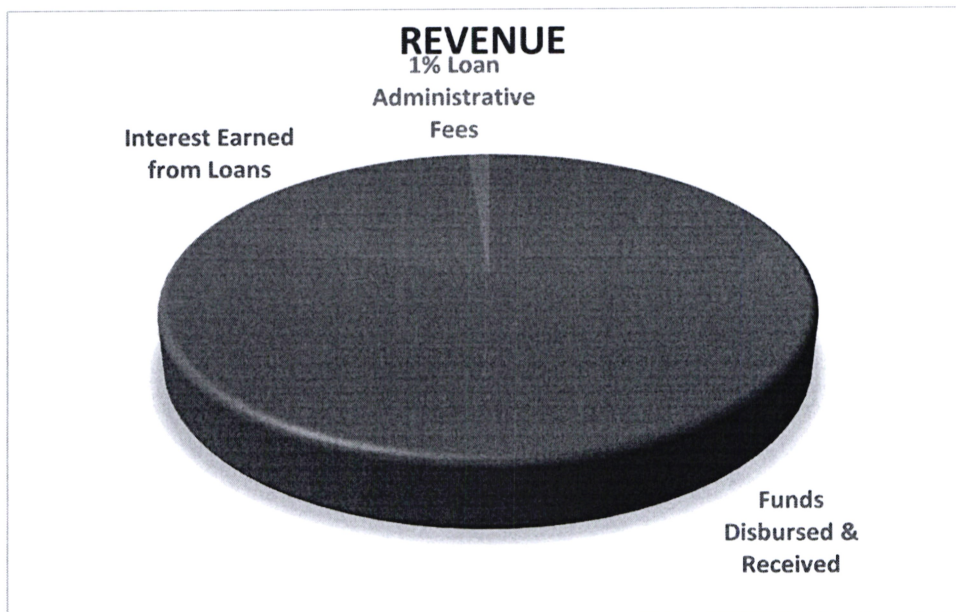
9. Management Discussion and Analysis

The fund has seen tremendous growth and the management have put in place measures to safeguard against risks. The fund activities expose it to a variety of risks including credit and liquidity risks. The fund’s overall risk management programmes focus on the unpredictability of changes in the business environment and seeks to minimize 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 members with an established credit history.

The management has ensured that we comply with statutory requirements relating to the functions of the fund and seeks to make sure that statutory requirements relating to the functions of the fund and seeks to make sure that statutory deductions are remitted on time to avoid penalties and interests for non-compliance.

Revenue

The Fund received a total of **Kshs. 10,000,000** from County Assembly to beef up the revolving fund; Interest earned in the year under review was **Kshs. 5,550,668** and **Kshs. 383,000** 1% administrative fees on loans disbursed.



Cash Flows

In the period under review, the funds disbursed to members of Staff were more compared to the preceding financial year. This was so because of the uptake of mortgage by the new members of Staff of county assembly.

Operational Performance.

The Fund's core operating activity has been to offer car loan and mortgage facilities to members of staff and members of the County Assembly at an affordable 3% interest rate per annum.

10. Environmental and Sustainability Reporting

1. Sustainability strategy and profile

The Trans Nzoia county Assembly (members and staff) car loan and mortgage holds accountability and independence as its core values and uses a participatory and collaborative approach in order to openness and transparency. It has embraced the use of information technology and communication technologies. This has enabled the Fund to promptly communicate with several of its stakeholders.

2. Environmental performance

The fund endeavours to go paperless in terms of communication to external parties and stakeholders. To this end, the management has been provided with laptops to facilitate communication.

3. Employee welfare

Employees of the fund are hired competitively on merit giving equal opportunities to gender, tribe and ethnicity.

4. Market place practices-

The organisation should outline its efforts to:

- a) Trans Nzoia County Assembly (members and staff) competitively source for its services thus giving every supplier equal chance to participate in the tendering.
- b) Payments of services rendered are made promptly as and when the services are provided.
- c) For every public engagement the fund has ensured publication of advertisement in the mainstream media with widest circulation.

5. Corporate Social Responsibility / Community Engagements

Although the fund hasn't participated in any of the community activities due to lack of adequate resources, Trans Nzoia County Assembly Car and Mortgage Fund Scheme hopes to set aside a budgetary allocation in future once the fund portfolio grows.

11. Report of The Fund Administration Committee

The Fund Administration Committee submit their report together with audited financial statements for the period ended 30 June 2025 which shows the state of the Fund's affairs.

Principal activities

The principal activities of the Fund are to provide Loans to members of the County Assembly and Staff of Trans Nzoia County Assembly at an affordable interest of 3%

Results

The results of the Fund for the period ended June 30, 2025 are set out on page 1-5.

Trustees

The members of the Fund Administration Committee who served during the period are shown on page v to vii. The changes in the Board during the financial year are as shown below:

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



.....
Hon. Edwin Koech Kosgei

Chair of the Fund Administration Committee

Date: 04 November, 2025.

12. Statement of Management's Responsibilities

Section 84 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a Fund established by Trans Nzoia County Assembly (Members and Staff) Car Loan and Mortgage Scheme Fund Regulations, 2022 shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

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

The Administrator of the Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Trans Nzoia County Assembly Mortgage Scheme Fund Regulations, 2022. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2025, and of the Fund's financial position as at that date.

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

REPUBLIC OF KENYA



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P.O Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON TRANS NZOIA COUNTY ASSEMBLY (MEMBERS AND STAFF) 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.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Trans Nzoia County Assembly (Members and Staff) Car Loan and Mortgage Scheme Fund set out on pages 1 to 27, which comprise of the statement of financial position as at 30 June, 2025 and the

Report of the Auditor-General on Trans Nzoia County Assembly (Members and Staff) Car Loan and Mortgage Scheme Fund for the year ended 30 June, 2025

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 Trans Nzoia County Assembly (Members and Staff) 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 International Public Sector Accounting Standards (Accrual Basis) and comply with Trans Nzoia County Assembly (Members and Staff) Car Loan and Mortgage Scheme Regulations, 2022 and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Trans Nzoia County Assembly (Members and Staff) 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 opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects total actual revenue of Kshs.16,750,432 against total expenditure of Kshs.949,602 resulting to under-utilization by Kshs.15,800,831 or 94% of the total revenue received. In addition, the statement of comparison of budget and actual amount reflects total budgeted revenue of Kshs.16,821,227 against total budgeted expenditure of Kshs.1,396,327 resulting to an unbalanced budget.

In the circumstances, the under-utilization of funds affected the fulfilment of the Fund's objectives and may have negatively impacted service delivery to members and staff.

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. There were no key audit matters to report in the year under review.

Other Matter

Unresolved Prior Year Matters

In the prior year's audit report, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the Fund in 2024/2025 revealed that the following matters remained unresolved.

	Financial Year	Audit Issue
1	2023/2024	Non-performing Loans
2	2023/2024	Loans Advanced to Members of the County Assembly Service Board
3	2023/2024	Lack of Risk Management Policy
4	2023/2024	Failure to provide Insurance for Loans Advanced

Other Information

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

In connection with my audit on the Fund's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on the 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 Disbursement and Default in Repayment of Loans

The statement of financial position reflects long term receivables from exchange transactions balance of Kshs.188,212,825 as disclosed in Note 6 to the financial statements. This includes a balance of Kshs.38,300,000 in respect of loans disbursed during the year to staff. However, verification of car loan and Mortgage application forms revealed that all the thirteen (13) staff members who applied, were issued with the full amount of loans to purchase land.

This is contrary to Regulation 8(5) of The Public Finance Management (Trans Nzoia County Assembly (Members and Staff) Car Loan and Mortgage Scheme Fund) Regulations, 2022 states that the amount of the first instalment granted for the purchase of land shall not exceed forty per cent (40%) of the maximum loan amount for which the member of the Scheme is eligible. In addition, and as previously reported in 2023/2024 financial year, the balance included Kshs.2,759,362 relating to six (6) members of staff who defaulted in repayment of their loans.

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

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

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

Conclusion

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

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 the Board of Management

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual

Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

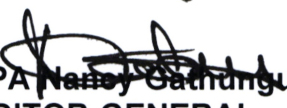
My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable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

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the

effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

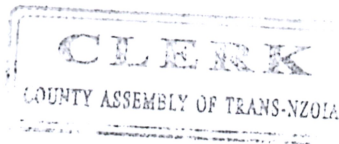
14 November, 2025

**Trans Nzoia County Assembly (Members and Staff) Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

Administrator of the Fund has assessed the Fund's ability to continue as a going concern. 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 **04 November, 2025** and signed on its behalf by:



.....
C.S Lupao Moses Wanjala

Fund Administrator

**Trans Nzoia County Assembly (Members and Staff) Car Loan and mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025.**

14. Statement of Financial Performance for the Period Ended 30 June 2025

Description	Note	2024/2025	2023/2024
		Kshs	Kshs.
Revenue from Non-Exchange Transactions			
Transfers from County Assembly	1	10,000,000	-
		10,000,000	-
Revenue From Exchange Transactions			
Interest Income	2	6,367,432	7,254,615
Other Income	3	383,000	483,021
Total Revenue		16,750,432	7,737,636
Expenses			
Use of goods and services.	4	1,396,327	2,668,394
Total Expenses		1,396,327	2,668,394
Other Gains/Losses			-
Gain/Loss on Disposal of Assets		-	-
Gain /Loss on fair value of investments		-	-
Surplus/(Deficit) for the Period		15,354,106	5,069,242

(The notes set out on pages 20 to 28 form an integral part of these Financial Statements)

The financial statements were amended and approved on **04 November, 2025** by:

.....
Name: C.S Lupao Moses Wanjala.
Administrator of the Fund
ICPAK Member Number: 8315

.....
Name: Brenda Njata Kusimba
Fund Accountant
ICPAK Member Number: 31479



**Trans Nzoia County Assembly (Members and Staff) Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025**

15. Statement of Financial Position as at 30 June 2025

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	5	88,936,790	27,609,259
Short Term Receivables from exchange transactions	6	8,723,554	437,093
Short term borrowing		-	25,398,800
Total current assets		97,660,344	53,445,152
Non-Current Assets			
Long Term Receivables from Exchange Transactions	6	188,212,825	206,627,186
Total non- current assets		188,212,825	206,627,186
Total Assets(A)		285,873,170	260,072,339
Liabilities			
Current Payable-Administration Fee	8	446,725	-
Total Current Liabilities		446,725	-
Total liabilities (B)			
Net Assets(A-B)		285,426,445	260,072,339
Represented By:			
Revolving Fund		260,496,413	250,496,413
Accumulated Surplus/Deficit		24,930,032	9,575,926
Net Assets		285,426,445	260,072,339

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Fund financial statements were amended and approved on 04 November, 2025 and signed by:

.....
Name: C.S Lupao Moses Wanjala
Administrator of the Fund
ICPAK Member Number: 8315

.....
Name: Brenda Njata Kusimba
Fund Accountant
ICPAK Member Number: 31479



**Trans Nzoia County Assembly (Members and Staff) Car Loan and mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025.**

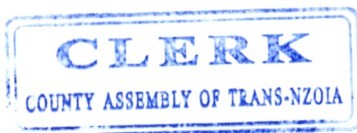
16. Statement of Changes in Net Assets for the period ended June 30, 2025

Description	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		Kshs	Kshs	Kshs
Balance As At 1 July 2023	219,496,413	-	4,506,684	224,003,097
Surplus/(Deficit) For the Period	-	-	5,069,242	5,069,242
Funds Received During the Year	31,000,000	-	-	31,000,000
Balance As At 30 June 2024	250,496,413	-	9,575,926	260,072,339
Balance As At 1 July 2024	250,496,413	-	9,575,926	260,072,339
Surplus/(Deficit) For the Period	-	-	15,354,106	15,354,106
Funds Received During the Year	10,000,000			10,000,000
Balance As At 30 June 2025	260,496,413		24,930,032	285,426,445

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Fund financial statements were amended and approved on 04 November, 2025 and signed by:

.....
Name: C.S Lupao Moses Wanjala
Administrator of the Fund
ICPAK Member Number:8315

.....
Name: Brenda Njata Kusimba
Fund Accountant
ICPAK Member Number: 31479




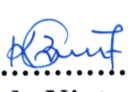
**Trans Nzoia County Assembly (Members and Staff) Car Loan and mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025.**

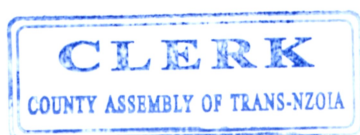
17. Statement of Cash Flows for the Period Ended June 30, 2025

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Interest received	2	5,550,668	7,254,615
Other income	3	383,000	483,021
Total receipts		5,933,668	7,737,636
Payments			
Fund administration expenses		-	-
Use of Goods & services	4	949,602	2,668,394
Total Payments		949,602	2,668,394
Cash flows from operating activities		4,984,066	5,069,242
Less : Increase in Interest receivable		-	531,737
Add: Increase in Accounts Payable		-	(417,322)
Net cash flows from operating activities		4,984,066	5,183,656
Cash flows from investing activities			
Proceeds from loan principal repayments	7	59,244,665	55,840,534
Proceeds from money held by family bank	7	25,398,800	
Loan disbursements paid out	7	(38,300,000)	(48,726,145)
Money held by family bank as collateral		-	(25,398,800)
Increase in principal amounts due for the period		-	(2,732,340)
Net cash flows used in investing activities		46,343,465	(21,016,752)
Cash flows from financing activities			
Proceeds from revolving fund receipts	1	10,000,000	31,000,000
Net cash flows used in financing activities		10,000,000	31,000,000
Net increase/(decrease) in cash & cash Equivalents		61,327,531	15,166,904
Cash and cash equivalents at 1 July 2024		27,609,259	12,442,355
Cash and cash equivalents at 30 June 2025		88,936,790	27,609,259

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Fund financial statements were amended and approved on 04 November, 2025 and signed by:

.....

Name: C.S Lupao Moses Wanjala
Administrator of the Fund
ICPAK Member Number:8315

.....

Name: Brenda Njata Kusimba
Fund Accountant
ICPAK Member Number: 31479



**Trans Nzoia County Assembly (Members and Staff) Car Loan and mortgage Scheme Fund
Annual Report and Financial Statements for the year ended June 30, 2025.**

18. Statement of Comparison Of Budget And Actual Amounts for The Period Ended June 30, 2025.

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	A	b	C=(a+b)	D	e=(c-d)	F=d/c
Revenue						
Transfers from County Assembly	23,758,258	(13,758,258)	10,000,000	10,000,000	-	100%
Interest income	6,438,227	-	6,438,227	6,367,432	70,795	99%
Other income	100,000	283,000	383,000	383,000	-	100%
Total Revenue	30,296,485	(13,475,258)	16,821,227	16,750,432	70,795	100%
Expenses						
Use of goods and services	1,396,327	-	1,396,327	949,602	446,725	68%
Expenditure	1,396,327	-	1,396,327	949,602	446,725	68%
Surplus for the period	28,900,158	(13,475,258)	15,424,900	15,800,831	(375,931)	

Budget Notes.

1. All MCA's and majority of the staff members have been issued with mortgage facility.
2. Members of staff who are yet to benefit from the facility have not yet compiled with basic requirements, thus explains why we are unable to utilize the budgeted revenues.

**Trans Nzoia County Assembly (Members and Staff) Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the period ended June 30, 2025**

19. Notes to the Financial Statements

1. General Information

Trans Nzoia County Assembly Car Loan and Mortgage Fund is established by and derives its authority and accountability from Trans Nzoia County Assembly (Members and Staff) Car Loan and Mortgage Scheme Fund Regulations, 2022. The Fund is wholly owned by the Government of Kenya and is domiciled in Kenya. The Fund's principal activity is to provide affordable car loans and mortgage to members of staff and Members of County Assembly.

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 the relevant Note. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Fund. The financial statements have been prepared in accordance with the PFM Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

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

There are no new standards effective in the FY.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.

Standard	Effective date and impact:
IPSAS 43: Leases	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45: Property Plant and Equipment	<i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46: Measurement	<i>Applicable 1st January 2025</i>

**Trans Nzoia County Assembly (Members and Staff) Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the period ended June 30, 2025**

	<p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47: Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48: Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49: Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>

iii. Early adoption of standards

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

4. Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

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. 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 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.

Trans Nzoia County Assembly (Members and Staff) Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the period ended June 30, 2025

Significant Accounting Policies

b. Budget information

The original budget for FY 2024/2025 was approved by the County Assembly on 27/06/2024. 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 entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of Kshs. 10,000,000 on the FY 2024/2025 budget following the governing body's approval.

The Fund's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 18 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 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.

Significant Accounting Policies

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 an xx-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 Company's financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Trans Nzoia County Assembly (Members and Staff) Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the period ended June 30, 2025

Significant Accounting Policies

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 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.

Significant Accounting Policies

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. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *N/A*.

Trans Nzoia County Assembly (Members and Staff) Car Loan and Mortgage Scheme Fund
Annual Report and Financial Statements for the period ended June 30, 2025

Significant Accounting Policies

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 Entity creates and maintains reserves in terms of specific requirements. The fund does not maintain any reserves.

j. 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.

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

Significant Accounting Policies

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 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.

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 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.

n. Comparative figures

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

o. Events after the reporting period

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

p. Ultimate and Holding Fund

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

q. Currency

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

Trans Nzoia County Assembly (Members and Staff) Car Loan and Mortgage Scheme Fund
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5. Significant judgments and sources of estimation uncertainty

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

a) Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur. (*see 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 is based on the assessment of experts employed by the Fund
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

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Notes to the Financial Statements

1. Transfers from County Assembly

Description	2024/2025	2023/2024
	Kshs	Kshs
Transfers From County Assembly	10,000,000	31,000,000
Total	10,000,000	31,000,000

1(b) Transfers from the County Assembly

Name of the Entity Sending the Grant	Amount recognized to Statement of Financial performance.	Amount recognised in revolving fund.	Total 2024/2025	2023/2024
	Kshs	Kshs	Kshs	Kshs
Transfers from County Assembly	10,000,000	10,000,000	10,000,000	31,000,000
Total	10,000,000	10,000,000	10,000,000	31,000,000

2. Interest income

Description	2024/2025	2023/2024
	Kshs	Kshs
Gross interest income due during the period from MCAS	3,349,100	4,286,924
Gross interest income due during the period from Staff	3,018,332	2,967,691
Gross Interest Income	6,367,432	7,254,615
Less: Interest Received during the period		
Interest received from MCA'S	(2,860,470)	(3,999,120)
Interest received from Staff	(2,690,198)	(1,998,862)
Interest due b/ f received		(819,540)
Total Interest Receivable for the period	816,764	437,093

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Notes to the Financial Statements

3. Other income

Description	2024/2025	2023/2024
	Kshs	Kshs
Loan processing fee received	383,000	483,021
Total Other Interest Income	383,000	483,021

4. Use of Goods and Services

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Bank Charges – Sidian A/C 01026020002766	-	575
Bank Charges – Sidian A/C 01026020004444	-	1668
Bank Charges – Family Bank A/c 093000047820	575	1,160
Administration Fee	1,005,992	1,710,711
Legal fees	389,760	954,280
Gross Total	1,396,327	2,668,394
Bank Charges – Sidian A/C 01026020002766	-	575
Bank Charges – Sidian A/C 01026020004444	-	1668
Bank Charges – Family Bank A/c 093000047820	575	1,160
Administration Fee	559,267	1,710,711
Legal fees	389,760	954,280
Net Total	949,602	2,668,394

5. Cash and cash equivalents

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Sidian – A/c 01026020002766.	-	-
Staff Car and Mortgage 01026020004442	-	-
Family Bank A/C -093000047820	88,936,790	27,609,259
Total Cash And Cash Equivalents	88,936,790	27,609,259

Notes to the Financial Statements

5(a) Detailed analysis of the cash and cash equivalents are as follows:

Financial Institution	Account number	2024-2025	2023-2024
		Kshs.	Kshs.
a) Current Account			
Sidian Bank Kitale Branch	01026020002766	-	-
Sidian Bank Kitale Branch	01026020004442	-	-
Family Bank Kitale branch	093000047820	88,936,790	27,609,259
Sub- Total		88,936,790	27,609,259

6. Receivables from exchange transactions

Description	2024-2025	2023-2024
	Kshs	Kshs
Current Receivables		
Interest Receivable	816,764	437,094
Current Loan Repayments Due	7,906,790	2,732,340
Other Exchange Debtors	-	-
Less: Impairment Allowance	-	-
Total Current Receivables	8,723,554	3,169,434
Non-Current Receivables		
Long Term Loan Repayments Due	188,212,825	229,293,645
Total Non- Current Receivables	188,212,825	229,293,645
Total Receivables From Exchange Transactions	196,936,380	232,463,079

Additional disclosure on interest receivable

Description	2024-2025	2023-2024
	Kshs	Kshs
Interest Receivable		
Interest receivable from current portion of long-term loans of previous years	-	-
Accrued interest receivable from of long-term loans of previous years	-	-
Interest receivable from current portion of long-term loans issued in the current year	816,764	437,094
Current loan repayments due		
Current portion of long-term loans from previous years	188,212,825	229,293,645

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Accrued principal from long-terms loans from previous periods	7,906,790	2,732,340
Current portion of long-term loans issued in the current year		
Other Prepayments (<i>Specify</i>)	-	-
Total	196,936,380	232,463,079

7. Principal Loan Recoveries

Description	2024/2025	2023-2024
	Kshs.	Kshs.
Loans disbursed out		
Loans disbursed during the period for MCA's	-	-
Loans disbursed during the period for Staff	38,300,000	48,726,145
Principal Loans recoveries/ Loans Repayment for the period	59,244,665	55,840,534
Proceeds from money held by family bank	25,398,800	-
Total	84,643,465	55,840,534

8. Trade and other Payables

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Loan administration fee	1,005,992	1,710,711
Less: Paid during the period	(559,267)	(1,710,711)
Balance b/f	446,725	-

9. Net Cash flows from operating activities

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Surplus/ (Deficit) For the Period Before Tax	15,345,106	5,069,242
Adjusted For:		
Depreciation	-	-
Amortization	-	-
Less Gains/losses on disposal of assets	-	-
Less receipts from non-exchange transactions	(10,000,000)	
Finance Cost	-	-
Working Capital Adjustments		
Increase In Receivables	(816,764)	(488,416)
Increase in Payables	446,725	417,322
Surplus / deficit	4,984,066	5,140,336

14. Financial risk management

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

a) Credit risk

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2025				
Receivables From Exchange Transactions	196,936,379	196,936,379	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	88,936,790	88,936,790	-	-
Total	285,873,169	285,873,169	-	-
At 30 June 2024			-	-
Receivables From Exchange Transactions	232,025,986	232,025,986	-	-
Receivables From Non-Exchange Transactions	-	-	-	-
Bank Balances	27,609,259	27,609,259	-	-
Total	259,635,245	259,635,245	-	-

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

b) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs.	Kshs.	Kshs.	Kshs.
At 30 June 2025				
Trade Payables	-	-	446,725	446,725
Total	-	-	446,725	446,725
At 30 June 2024				
Trade Payables	-	-	417,322	417,322
Total	-	-	417,322	417,322

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.

d) Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

**Trans Nzoia County Assembly (Members and Staff) Car Loan and Mortgage Scheme Fund
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The analysis has been performed on the same basis as the prior year and there is no impact on the statement of comprehensive income in terms of increase or decrease in current floating interest rates hence no effect in the profit before tax.

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 entity capital structure comprises of the following funds:

Description	FY2024-2025	FY2023-2024
	Kshs	Kshs
Revolving fund	260,496,413	250,496,413
Accumulated surplus	24,930,032	9,575,926
Total funds	285,426,445	260,072,339
Less: cash and bank balances	(88,936,790)	(27,407,125)
Net debt/(excess cash and cash equivalents)	196,489,655	232,665,214
Gearing	69%	89%

15. 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.

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b) Related party transactions

i. Transfers from related parties

Description	2024/2025	2023/2024
	Kshs.	Kshs.
Transfers from related parties	-	-

16. Events after the reporting period

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

17. Ultimate and Holding Entity

The Trans Nzoia County Assembly (members and staff) Car Loan Mortgage Scheme Fund is established under the County Assembly Service Board. The Fund is established by and derives its authority and accountability from the Public Finance Management ACT (No. 18 of 2012) and Trans Nzoia County Assembly (Members and Staff) Car Loan and Mortgage Scheme Fund Regulations, 2022.

18. Currency

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

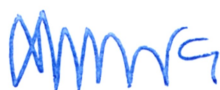
**Trans Nzoia County Assembly (Members and Staff) Car Loan and Mortgage Scheme Fund
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20. Annexes

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)
1	Non-Performing Loans	The observation of the auditor has been noted however, the 6 staff are currently servicing there loans, awaiting for their 14 months' salary arrears which part of it will be used to pay off the amount defaulted.	Not Resolved	December 2025
2	Loans Advanced to Members of the County Assembly Service Board	The management is working on having the regulations amended so that the board members representing the public are captured as members of the scheme.	Not Resolved	January 2026
3	Lack of Risk Management Policy	The management is in the process of fast tracking the development of a risk management policy for the fund operations.	Not Resolved	January 2026
4	Failure to Provide Insurance Policy for the Car Loans and Mortgages Advanced	We here by attach insurance policy for the car loans and mortgages advanced	Resolved	



**CS Lupao Moses Wanjala
Fund Administrator.
Date: 04th November, 2025.**



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Annex II: Inter-Fund Confirmation Letter

Name of transferring entity: **TRANS NZOIA COUNTY ASSEMBLY RECURRENT ACCOUNT**

Name of beneficiary entity: **TRANS NZOIA COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND ACCOUNT.**

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

Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
FT25183H1NRH	02/07/2025	9,758,258	-	9,758,258	
FT25183TZ4GC	02/07/2025	241,742	-	241,742	
Total		<u>10,000,000</u>		<u>10,000,000</u>	

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

Head of Accounts Department - Disbursing Entity:

Name Herion Kupigat Sign [Signature]
Date 14/11/2025



Head of Accounts Department - Beneficiary Entity:

Name BRENDA KWIIMBA Sign [Signature]
Date..... 04/11/2025

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